

**RIGHT WAY INDUSTRIAL CO., LTD. and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
RIGHT WAY INDUSTRIAL CO., LTD.

Introduction

We have reviewed the accompanying consolidated financial statements of RIGHT WAY INDUSTRIAL CO., LTD. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of March 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

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

Conclusion

Based on our reviews and the reports of other auditors (refer to the other matter paragraph), nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of March 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the three months then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Other Matter

Among the subsidiaries included in the consolidated financial statements of the Group, Right Way Industrial (Malaysia) Sdn. Bhd. was not reviewed by us but was reviewed by other auditors. Thus, our opinion, insofar as it relates to the amounts and related information included for this subsidiary, is based

solely on the reports of other auditors. As of March 31, 2024 and 2023, the total assets of this subsidiary amounted to NT \$451,475 thousand and NT \$466,768 thousand respectively, accounting for 14.63% and 14.84% of total consolidated assets, respectively. For the three months ended March 31, 2024 and 2023, the net sales revenue was NT \$45,601 thousand and NT \$46,090 thousand, respectively, accounting for 18.30% and 16.60% of the consolidated net sales revenue, respectively.

The engagement partners on the reviews resulting in this independent auditors' review report are Chi-Chen Lee and Chang-Chun Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 9, 2024

Notice to Readers

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

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 469,447	15	\$ 509,641	16	\$ 567,806	18
Notes receivable (Notes 10 and 20)	13,766	-	16,262	1	19,195	1
Accounts receivable, net (Notes 10 and 20)	183,723	6	187,574	6	215,052	7
Account receivables from related parties (Notes 10, 20, and 27)	6,040	-	7,437	-	9	-
Other receivables (Note 27)	4,740	-	3,975	-	5,367	-
Inventories (Note 11)	370,635	12	351,572	11	424,535	13
Other current financial assets - current (Notes 9 and 28)	46,000	2	46,600	1	1,121	-
Other current assets (Note 14)	58,984	2	65,680	2	62,598	2
Total current assets	<u>1,153,335</u>	<u>37</u>	<u>1,188,741</u>	<u>37</u>	<u>1,295,683</u>	<u>41</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income-non-current (Note 8)	731,168	24	782,046	25	621,749	20
Property, plant and equipment (Notes 13 and 28)	1,115,625	36	1,119,112	35	1,138,811	36
Deferred tax assets	73,913	3	76,244	3	80,458	3
Refundable deposits	924	-	757	-	433	-
Net defined benefit assets	3,691	-	2,447	-	-	-
Other non-current assets (Note 14)	7,719	-	8,573	-	8,539	-
Total non-current assets	<u>1,933,040</u>	<u>63</u>	<u>1,989,179</u>	<u>63</u>	<u>1,849,990</u>	<u>59</u>
TOTAL	<u>\$ 3,086,375</u>	<u>100</u>	<u>\$ 3,177,920</u>	<u>100</u>	<u>\$ 3,145,673</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 15 and 28)	\$ 33,722	1	\$ 55,489	2	\$ 47,997	2
Financial liabilities at fair value through profit or loss - current (Note 7)	32	-	-	-	-	-
Accounts payable (Notes 16 and 27)	130,369	4	124,834	4	141,448	4
Other payable (Note 17)	83,960	3	102,492	3	124,823	4
Current portion of long-term borrowings (Notes 15 and 28)	383	-	374	-	4,358	-
Other current liabilities (Notes 17 and 20)	10,651	-	23,646	1	14,646	-
Total current liabilities	<u>259,117</u>	<u>8</u>	<u>306,835</u>	<u>10</u>	<u>333,272</u>	<u>10</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 15 and 28)	1,356	-	1,437	-	-	-
Deferred tax liabilities	78,700	3	78,215	2	76,990	3
Net defined benefit liabilities - non-current	-	-	-	-	6,634	-
Guarantee deposits	3	-	3	-	3	-
Total non-current liabilities	<u>80,059</u>	<u>3</u>	<u>79,655</u>	<u>2</u>	<u>83,627</u>	<u>3</u>
Total liabilities	<u>339,176</u>	<u>11</u>	<u>386,490</u>	<u>12</u>	<u>416,899</u>	<u>13</u>
EQUITY ATTRIBUTED TO OWNERS OF THE COMPANY (Note 19)						
Ordinary shares	3,003,885	97	3,003,106	95	2,997,768	95
Advance receipts for ordinary shares	-	-	957	-	4,157	-
Total share capital	<u>3,003,885</u>	<u>97</u>	<u>3,004,063</u>	<u>95</u>	<u>3,001,925</u>	<u>95</u>
Capital surplus	424,736	14	424,479	13	422,747	14
Accumulated deficit	(551,921)	(18)	(564,916)	(18)	(633,922)	(20)
Other equity	(198,451)	(6)	(140,185)	(4)	(130,603)	(4)
Total equity attributable to owners of the Company	<u>2,678,249</u>	<u>87</u>	<u>2,723,441</u>	<u>86</u>	<u>2,660,147</u>	<u>85</u>
NON-CONTROLLING INTERESTS (Note 19)	<u>68,950</u>	<u>2</u>	<u>67,989</u>	<u>2</u>	<u>68,627</u>	<u>2</u>
Total equity	<u>2,747,199</u>	<u>89</u>	<u>2,791,430</u>	<u>88</u>	<u>2,728,774</u>	<u>87</u>
TOTAL	<u>\$ 3,086,375</u>	<u>100</u>	<u>\$ 3,177,920</u>	<u>100</u>	<u>\$ 3,145,673</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 20 and 27)	\$ 249,187	100	\$ 277,691	100
OPERATING COSTS (Notes 11, 21 and 27)	<u>209,160</u>	<u>84</u>	<u>232,972</u>	<u>84</u>
GROSS PROFIT	<u>40,027</u>	<u>16</u>	<u>44,719</u>	<u>16</u>
OPERATING EXPENSES (Notes 21 and 27)				
Selling and marketing expenses	8,313	3	6,301	2
General and administrative expenses	21,873	9	20,713	8
Research and development expenses	3,133	1	2,741	1
Expected credit loss	<u>-</u>	<u>-</u>	<u>775</u>	<u>-</u>
Total operating expenses	<u>33,319</u>	<u>13</u>	<u>30,530</u>	<u>11</u>
PROFIT (LOSS) FROM OPERATIONS	<u>6,708</u>	<u>3</u>	<u>14,189</u>	<u>5</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	1,359	-	1,423	-
Other income	1,555	1	765	-
Other gains and losses	7,852	3	10,421	4
Finance costs	<u>(771)</u>	<u>-</u>	<u>(1,049)</u>	<u>-</u>
Total non-operating expenses	<u>9,995</u>	<u>4</u>	<u>11,560</u>	<u>4</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	16,703	7	25,749	9
INCOME TAX EXPENSE (Notes 4 and 22)	<u>3,562</u>	<u>2</u>	<u>3,110</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>13,141</u>	<u>5</u>	<u>22,639</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	<u>(60,996)</u>	<u>(24)</u>	<u>(11,023)</u>	<u>(4)</u>
	<u>(60,996)</u>	<u>(24)</u>	<u>(11,023)</u>	<u>(4)</u>

(Continued)

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 4,227	1	(\$ 3,941)	(1)
Income tax relating to items that may be reclassified subsequently to profit or loss	(682)	-	609	-
	<u>3,545</u>	<u>1</u>	<u>(3,332)</u>	<u>(1)</u>
Other comprehensive income (loss) for the period, net of income tax	(57,451)	(23)	(14,355)	(5)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>(\$ 44,310)</u>	<u>(18)</u>	<u>\$ 8,284</u>	<u>3</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 12,995	5	\$ 21,929	8
Non-controlling interests	<u>146</u>	<u>-</u>	<u>710</u>	<u>-</u>
	<u>\$ 13,141</u>	<u>5</u>	<u>\$ 22,639</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	(\$ 45,271)	(18)	\$ 8,468	3
Non-controlling interests	<u>961</u>	<u>-</u>	<u>(184)</u>	<u>-</u>
	<u>(\$ 44,310)</u>	<u>(18)</u>	<u>\$ 8,284</u>	<u>3</u>
EARNINGS PER SHARE (Note 23)				
Basic	<u>\$ 0.04</u>		<u>\$ 0.09</u>	
Diluted	<u>\$ 0.04</u>		<u>\$ 0.09</u>	

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

RIGHT WAY INDUSTRIAL CO., LTD.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Equity Attributable to Owner of the Company									
	Share Capital			Unappropriated Earnings	Other Equity			Total	Non-controlling Interests	Total Equity
	Ordinary Shares	Advance Receipts	Capital Surplus		Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE AT JANUARY 1, 2024	\$ 3,003,106	\$ 957	\$ 424,479	(\$ 564,916)	(\$ 134,215)	(\$ 5,970)	\$ 2,723,441	\$ 67,989	\$ 2,791,430	
Issuance of ordinary shares under employee share options (Note 19)	779	(957)	257	-	-	-	79	-	79	
Net profit for three months ended March 31, 2024	-	-	-	12,995	-	-	12,995	146	13,141	
Other comprehensive loss for three months ended March 31, 2024, net of income tax	-	-	-	-	2,730	(60,996)	(58,266)	815	(57,451)	
Total comprehensive income for the three months ended March 31, 2024	-	-	-	12,995	2,730	(60,996)	(45,271)	961	(44,310)	
BALANCE AT MARCH 31, 2024	\$ 3,003,885	\$ -	\$ 424,736	(\$ 551,921)	(\$ 131,485)	(\$ 66,966)	\$ 2,678,249	\$ 68,950	\$ 2,747,199	
BALANCE AT JANUARY 1, 2023	\$ 2,787,768	\$ 110	\$ 317,088	(\$ 655,851)	(\$ 126,150)	\$ 9,008	\$ 2,331,973	\$ 68,811	\$ 2,400,784	
Issuance of ordinary shares for cash (Note 19)	210,000	-	105,000	-	-	-	315,000	-	315,000	
Compensation cost of employee share options	-	-	659	-	-	-	659	-	659	
Issuance of ordinary shares under employee share options (Note 19)	-	4,047	-	-	-	-	4,047	-	4,047	
Net profit for the three months ended March 31, 2023	-	-	-	21,929	-	-	21,929	710	22,639	
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	-	(2,438)	(11,023)	(13,461)	(894)	(14,355)	
Total comprehensive income for the three months ended March 31, 2023	-	-	-	21,929	(2,438)	(11,023)	8,468	(184)	8,284	
BALANCE AT March 31, 2023	\$ 2,997,768	\$ 4,157	\$ 422,747	(\$ 633,922)	(\$ 128,588)	(\$ 2,015)	\$ 2,660,147	\$ 68,627	\$ 2,728,774	

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

(With Deloitte & Touche review report dated May 9, 2024)

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

For the Three Months Ended March 31

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 16,703	\$ 25,749
Adjustments for:		
Depreciation expenses	12,108	10,457
Expected credit loss (gain) recognized on trade receivables	-	775
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	32	-
Finance costs	771	1,049
Interest income	(1,359)	(1,423)
Compensation cost of employee share options	-	659
(Gain) loss on disposal of property, plant and equipment	(59)	(10)
Gain on disposal of non-current assets held for sale	-	(13,030)
Write-down of inventories	8,697	3,491
Changes in operating assets and liabilities:		
Notes receivable	2,496	7,686
Accounts receivable	5,248	8,362
Other receivables	(685)	12,612
Inventories	(27,760)	2,422
Other current assets	6,925	(11,946)
Accounts payable	5,535	(10,279)
Other payables	(15,046)	(15,624)
Other current liabilities	(12,995)	2,072
Net defined benefit obligation	(1,244)	(1,110)
Cash generated from operations	(633)	21,912
Interest received	1,359	1,423
Interest paid	(771)	(1,049)
Income tax paid	(1,436)	(1,923)
Net cash generated from operating activities	(1,481)	20,363
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	(\$ 10,118)	(\$ 101,270)
Proceed from disposal of investments accounted for using equity method held for sale	-	97,074
Acquisition of property, plant and equipment	(9,389)	(15,861)
Proceeds from disposal of property, plant and equipment	208	10

(Continued)

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	For the Three Months Ended March 31	
	2024	2023
Increase in other financial assets	-	(20)
Decrease in other financial assets	433	-
Decrease in other non-current assets	<u>182</u>	<u>109</u>
Net cash used in investing activities	<u>(18,684)</u>	<u>(19,958)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	73,625	-
Decrease in short-term loans	(95,672)	(4,178)
Proceeds from long-term debt	21	-
Repayments of long-term debt	(112)	(2,101)
Proceeds from issuing ordinary shares for cash	-	315,000
Proceeds from issuing ordinary shares under employee share options	<u>79</u>	<u>4,047</u>
Net cash generated from financing activities	<u>(22,059)</u>	<u>312,768</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>2,030</u>	<u>(1,189)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	<u>(40,194)</u>	<u>311,984</u>
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>509,641</u>	<u>255,822</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 469,447</u>	<u>\$ 567,806</u>

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

(With Deloitte & Touche review report dated May 9, 2024)

(Concluded)

RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

RIGHT WAY INDUSTRIAL CO., LTD. (the “Company”) was incorporated in March 1965, and is mainly engaged in the manufacturing and retail sale of engine, parts of automobile and motorcycles, pistons, piston rings and its accessories, components for steering systems, crankshafts, chains, camshafts, machine tools and system cabinet.

The Company’s shares were listed and have been trading on the Taiwan Stock Exchange since August 1980.

The consolidated financial statements of the Company and its subsidiaries, collectively referred to as the “Group”, are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on May 9, 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosures in Financial Statements”	January 1, 2027
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Group shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 “Presentation and Disclosures in Financial Statements”

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC.

Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair values and net defined benefit liabilities that are determined by deducting the fair value of plan assets from the present value of the defined benefit obligation.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by of the Group. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between: a) The aggregate of the fair value of consideration received and the fair value of any retained interest at the date when control is lost; and b) The previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interest. The Group shall account for all amounts recognized in other comprehensive income in relation to the subsidiary on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

Refer to Note 12 and Tables 4 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

d. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the reporting period; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Income tax expense

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

Please refer to the description of the material accounting judgments and key sources of estimates and uncertainty in the Company's consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	December 31,		
	March 31, 2024	2023	March 31, 2023
Cash on hand	\$ 587	\$ 777	\$ 785
Checking accounts and demand deposits	162,516	180,123	232,106
Cash equivalents (investments with original maturities of 3 months or less)			
Demand deposits	216,500	206,493	195,115
Repurchase agreements collateralized by bonds	<u>89,844</u>	<u>122,248</u>	<u>139,800</u>
	<u>\$ 469,447</u>	<u>\$ 509,641</u>	<u>\$ 567,806</u>

The market annual interest rate range for cash equivalents on the balance sheet date is as follows:

	December 31,		
	March 31, 2024	2023	March 31, 2023
Demand deposits	0.65% ~ 1.285%	1.10% ~ 5.35%	0.585% ~ 5.03%
Repurchase agreements collateralized by bonds	1.03% ~ 1.05%	1.03% ~ 5.22%	0.90% ~ 4.5%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS- MARCH 31, 2024

March 31, 2024

Financial liabilities - current

Financial liabilities held for trading	
Derivative financial liabilities (not under hedge accounting)	
Foreign exchange forward contracts	\$ <u> 32</u>

At the end of the reporting period, foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Contract Amount (In Thousands)
Sell	USD/NTD	April 15,2024 to April 22, 2024	USD 400/NTD 12,741

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31,		
	March 31, 2024	2023	March 31, 2023
<u>Non-current</u>			
Domestic investments			
Listed shares and emerging market shares	\$ 731,168	\$ 782,046	\$ 285,588
Unlisted shares	<u> -</u>	<u> -</u>	<u> 336,161</u>
	<u>\$ 731,168</u>	<u>\$ 782,046</u>	<u>\$ 621,749</u>

Tung Mung Development Co., Ltd. has been listed and started trading on the Emerging Stock Board (ESB) in October 2023. On December 31, 2023, the shares held by the Group were classified from unlisted shares to emerging shares.

9. OTHER FINANCIAL ASSETS

	December 31,		
	March 31, 2024	2023	March 31, 2023
<u>Current</u>			
Domestic investments			
Time deposits with original maturities more than three months	\$ 46,000	\$ 46,000	\$ -
Pledged demand deposits (Note 28)	<u>-</u>	<u>600</u>	<u>1,121</u>
	<u>\$ 46,000</u>	<u>\$ 46,600</u>	<u>\$ 1,121</u>

As of March 31, 2024 and December 31, 2023, the interest rate of the time deposits of bank was 1.45%-1.8% per annum.

10. NOTES RECEIVABLE AND ACCOUNT RECEIVABLES (INCLUDING RELATED PARTIES)

	December 31,		
	March 31, 2024	2023	March 31, 2023
<u>Notes receivable</u>			
At amortized cost - Gross carrying amount			
Operating	<u>\$ 13,766</u>	<u>\$ 16,262</u>	<u>\$ 19,195</u>
<u>Accounts receivable (including related parties)</u>			
At amortized cost - Gross carrying amount	\$ 189,763	\$ 195,011	\$ 215,836
Less: Allowance for impairment loss	<u>-</u>	<u>-</u>	<u>(775)</u>
	<u>\$ 189,763</u>	<u>\$ 195,011</u>	<u>\$ 215,061</u>

Notes receivable

As of March 31, 2024, December 31, 2023 and March 31, 2023, the Group measured the expected credit losses on notes receivable based on the number of days overdue. No notes receivables are overdue; therefore, no expected credit loss has been recognized.

Account receivable (including related parties)

The average credit period of sales of goods was 30-120 days. No interest was charged on accounts receivable. The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, unless the transaction partner shows signs of default, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For accounts receivable that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix:

March 31, 2024

	Not Past Due	1 to 90 Days Past Due	Total
Expected credit loss rate	0.001%	0.01%-0.04%	
Gross carrying amount	\$ 167,707	\$ 22,056	\$ 189,763
Loss allowance (Lifetime ECLs)	-	-	-
Amortized cost	<u>\$ 167,707</u>	<u>\$ 22,056</u>	<u>\$ 189,763</u>

December 31, 2023

	Not Past Due	1 to 90 Days Past Due	Total
Expected credit loss rate	0.003%	0%-0.02%	
Gross carrying amount	\$ 178,128	\$ 16,883	\$ 195,011
Loss allowance (Lifetime ECLs)	-	-	-
Amortized cost	<u>\$ 178,128</u>	<u>\$ 16,883</u>	<u>\$ 195,011</u>

March 31, 2023

	Not Past Due	1 to 90 Days Past Due	Over 90 Days Past Due	Total
Expected credit loss rate	0% ~0.04%	0.27% ~0.7%	13.9% ~100%	
Gross carrying amount	\$ 195,796	\$ 18,883	\$ 1,157	\$ 215,836
Loss allowance (Lifetime ECLs)	(49)	(63)	(663)	(775)
Amortized cost	<u>\$ 195,747</u>	<u>\$ 18,820</u>	<u>\$ 494</u>	<u>\$ 215,061</u>

The movements of the loss allowance of trade receivables were as follows:

	For the Three Months Ended March 31	
	2024	2023
Balance at January 1	\$ -	\$ -
Add: Net remeasurement of loss allowance	<u>-</u>	<u>755</u>
Balance at March 31	<u>\$ -</u>	<u>\$ 755</u>

11. INVENTORIES

	December 31,		
	March 31, 2024	2023	March 31, 2023
Merchandise	\$ 71,659	\$ 79,299	\$ 93,845
Finished good	121,995	113,790	138,500
Work in process and semi-finished goods	108,531	97,888	130,306
Material	68,450	57,150	61,884
Inventory in transit	<u>-</u>	<u>3,445</u>	<u>-</u>
	<u>\$ 370,635</u>	<u>\$ 351,572</u>	<u>\$ 424,535</u>

The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 was \$209,160 thousand and \$232,972 thousand, respectively. The cost of inventories recognized as cost of goods sold for the three months ended March 31, 2024 and 2023 included provisions for loss on inventories of \$8,697 thousand and \$3,491 thousand, respectively.

12. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
The Company	Right Way Industrial (Malaysia) Sdn. Bhd.	Producer of quality pistons for motorcycles, commercial vehicles, automobiles, etc.	79.63%	79.63%	79.63%	
	Excellent Growth Investments Limited	Investment business	100.00%	100.00%	100.00%	
	Right Way North America Inc.	Trading of automobiles engine parts.	100.00%	100.00%	100.00%	
	RIGHT WAY GLOBAL CO., LTD.	Trading of automobiles.	-	-	100.00%	Note
Right Way Industrial (Malaysia) Sdn. Bhd.	TRIM Telesis Engineering Sdn. Bhd.	Producer of connecting rod.	89.50%	89.50%	89.50%	

Note: It dissolved on February 21, 2023, and the liquidation completed on October 6, 2023.

b. Details of subsidiaries that have significant non-controlling interests

Name of subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests		
	March 31, 2024	December 31, 2023	March 31, 2023
Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	20.37%	20.37%	20.37%

Refer to Tables 4 for the information on the places of incorporation and principal places of business.

Name of subsidiary	Profit (Loss) Allocated to Non-controlling Interests For the Three Months Ended March 31	
	2024	2023
Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	\$ 961	\$ (184)

Name of subsidiary	Accumulated non-controlling Interests		
	March 31, 2024	December 31, 2023	March 31, 2023
Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	\$ 68,950	\$ 67,989	\$ 68,627

The following financial information of each subsidiary is prepared before intragroup eliminations:

Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 258,210	\$ 274,959	\$ 251,467
Non-current assets	206,100	205,032	232,617
Current liabilities	(124,563)	(144,877)	(147,921)
Non-current liabilities	(1,966)	(2,040)	-
Equity	\$ 337,781	\$ 333,074	\$ 336,163
Equity attribute to:			
Owner of the company	\$ 268,831	\$ 265,085	\$ 267,536
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	68,782	67,824	68,451
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	168	165	176
	\$ 337,781	\$ 333,074	\$ 336,163

	For the Three Months Ended March 31	
	2024	2023
Revenue	\$ <u>63,832</u>	\$ <u>70,049</u>
Net profit(loss) forthe period	\$ 718	\$ 3,488
Other comprehensive income (loss) for the period	<u>3,989</u>	<u>(4,375)</u>
Total comprehensive income (loss) for the period	\$ <u>4,707</u>	\$ <u>(887)</u>
Profit (loss) attribute to:		
Owner of the company	\$ 572	\$ 2,778
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	146	711
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	<u>-</u>	<u>(1)</u>
	\$ <u>718</u>	\$ <u>3,488</u>
Total comprehensive income (loss) attributed to:		
Owner of the company	\$ 3,746	\$ (703)
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	959	(180)
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	<u>2</u>	<u>(4)</u>
	\$ <u>4,707</u>	\$ <u>(887)</u>
Cash inflow (outflow) from:		
Operating activities	\$ 3,676	\$ (7,254)
Investing activities	(2,564)	1
Financing activities	<u>(22,138)</u>	<u>(6,279)</u>
Net cash inflow	\$ <u>(21,026)</u>	\$ <u>(13,532)</u>

13. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Mold Equipment	Other Equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 782,538	\$ 358,985	\$ 774,226	\$ 74,962	\$ 110,283	\$ 59,583	\$ 2,160,577
Additions	-	543	404	180	2,008	30,781	33,916
Disposal	-	-	(743)	-	-	-	(743)
Effects of foreign currency exchange	(<u>1,568</u>)	(<u>1,193</u>)	(<u>5,531</u>)	<u>1</u>	(<u>261</u>)	(<u>290</u>)	(<u>8,842</u>)
Balance at March 31, 2023	\$ <u>780,970</u>	\$ <u>358,335</u>	\$ <u>768,356</u>	\$ <u>75,143</u>	\$ <u>112,030</u>	\$ <u>90,074</u>	\$ <u>2,184,908</u>
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 194,483	\$ 690,674	\$ 64,927	\$ 92,070	\$ -	\$ 1,042,154
Depreciation expenses	-	2,453	6,103	768	1,133	-	10,457
Disposal	-	-	(743)	-	-	-	(743)
Effects of foreign currency exchange	<u>-</u>	(<u>595</u>)	(<u>4,925</u>)	<u>-</u>	(<u>251</u>)	<u>-</u>	(<u>5,771</u>)
Balance at March 31, 2023	\$ <u>-</u>	\$ <u>196,341</u>	\$ <u>691,109</u>	\$ <u>65,695</u>	\$ <u>92,952</u>	\$ <u>-</u>	\$ <u>1,046,097</u>
Carrying amount at March 31, 2023	\$ <u>780,970</u>	\$ <u>161,994</u>	\$ <u>77,247</u>	\$ <u>9,448</u>	\$ <u>19,078</u>	\$ <u>90,074</u>	\$ <u>1,138,811</u>

	Land	Buildings	Machinery Equipment	Mold Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2024	\$ 782,850	\$ 359,445	\$ 774,093	\$ 74,853	\$ 156,121	\$ 6,521	\$ 2,153,883
Additions	-	417	4,789	-	222	1,147	6,575
Disposal	-	(417)	(7,471)	-	(793)	-	(8,681)
Reclassification	-	-	5,370	-	(35)	(5,564)	(229)
Effects of foreign currency exchange	<u>1,393</u>	<u>1,059</u>	<u>5,068</u>	<u>-</u>	<u>249</u>	<u>-</u>	<u>7,769</u>
Balance at March 31, 2024	<u>\$ 784,243</u>	<u>\$ 360,504</u>	<u>\$ 781,849</u>	<u>\$ 74,853</u>	<u>\$ 155,764</u>	<u>\$ 2,104</u>	<u>\$ 2,159,317</u>
Accumulated Depreciation and impairment							
Balance at January 1, 2024	\$ -	\$ 180,732	\$ 690,283	\$ 67,006	\$ 96,750	\$ -	\$ 1,034,771
Depreciation expenses	-	2,705	6,373	663	2,367	-	12,108
Disposal	-	(417)	(7,369)	-	(746)	-	(8,532)
Effects of foreign currency exchange	<u>-</u>	<u>553</u>	<u>4,575</u>	<u>-</u>	<u>217</u>	<u>-</u>	<u>5,345</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 183,573</u>	<u>\$ 693,862</u>	<u>\$ 67,669</u>	<u>\$ 98,588</u>	<u>\$ -</u>	<u>\$ 1,043,692</u>
Carrying amount at January 1, 2024	<u>\$ 782,850</u>	<u>\$ 178,713</u>	<u>\$ 83,810</u>	<u>\$ 7,847</u>	<u>\$ 59,371</u>	<u>\$ 6,521</u>	<u>\$ 1,119,112</u>
Carrying amount at March 31, 2024	<u>\$ 784,243</u>	<u>\$ 176,931</u>	<u>\$ 87,987</u>	<u>\$ 7,184</u>	<u>\$ 57,176</u>	<u>\$ 2,104</u>	<u>\$ 1,115,625</u>

The above items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements

Main buildings 20-50 years

Others 3-20 years

Machinery equipment 1-20 years

Molding equipment 2-35 years

Other equipment 2-21 years

The Group held \$7,483 thousand of agricultural land at Baojia Section, Rende District, Tainan City, as the factory building, which was registered under the name of the related party of the Group's chairman and was pledged as collateral by the Group.

The Group purchased the land located at Fuhai Section, Luzhu Dist., Taoyuan City that amounted to \$395,804 thousand from non-related parties in July 2022, and part of it was registered as agricultural and farmland. Since the land change was completed in August 2023, ownership has been returned and transferred to the Group by the registrant.

Refer to Note 28 for the amount of owner-occupied property, plant, and equipment that was pledged as collateral.

14. OTHER ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Supplies	\$ 14,580	\$ 14,270	\$ 14,588
Prepayments	42,946	48,782	41,851
Input VAT	-	-	3,534
Prepayments for goods	1,458	2,628	2,087
Others	<u>-</u>	<u>-</u>	<u>538</u>
	<u>\$ 58,984</u>	<u>\$ 65,680</u>	<u>\$ 62,598</u>
<u>Non-current</u>			
Prepayments for equipment	\$ 1,307	\$ 1,979	\$ 4,695
Others	<u>6,412</u>	<u>6,594</u>	<u>3,844</u>
	<u>\$ 7,719</u>	<u>\$ 8,573</u>	<u>\$ 8,539</u>

15. BORROWINGS

a. Short-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Secured borrowings (Note 28)</u>			
Bank borrowings	<u>\$ 33,722</u>	<u>\$ 55,489</u>	<u>\$ 47,997</u>

The interest rate ranges of short-term borrowings at the end of March 31, 2024, December 31, 2023 and March 31, 2023 were 4.61%-6.63%, 4.6%-6.95% and 4.31%-6.33%, respectively.

b. Long-term borrowings

The details of the Group's long-term borrowings were as follows:

		March 31, 2024		
	Currency	Interest rate interval	Date of maturity	Amount
Secured bank borrowings	MYR	2.44%~2.51%	2028.8.30	\$ 1,739
Less: Current portion				<u>(383)</u>
Long-term borrowings				<u>\$ 1,356</u>

	December 31, 2023			
	Currency	Interest rate interval	Date of maturity	Amount
Secured bank borrowings	MYR	2.44%~2.51%	2028.8.30	\$ 1,811
Less: Current portion				<u>(374)</u>
Long-term borrowings				<u>\$ 1,437</u>

	March 31, 2023			
	Currency	Interest rate interval	Date of maturity	Amount
Secured bank borrowings (Note 28)	MYR	4.31%-4.9%	2023.10.20	\$ 4,358
Less: Current portion				<u>(4,358)</u>
Long-term borrowings				<u>\$ -</u>

16. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

Accounts payable were generated from operating activities. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

17. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Other payables			
Payables for salaries or bonuses	\$ 26,449	\$ 39,641	\$ 20,446
Payables for outsourced manufacturing overhead	12,240	10,747	15,261
Payables for annual leave	7,474	8,278	6,983
Payables for spares fee	5,456	4,900	10,440
Payables for equipment	4,192	7,678	29,215
Labor and health insurance premiums payable	3,248	3,253	3,404
Maintenance fees	2,626	3,612	2,936
Payables for service cost	1,845	1,526	2,445
Accrued utilities	1,408	1,460	997
Taxes payables	1,007	557	1,020
Freight payables	950	1,080	720
Shares payables	-	-	11,924
Others	<u>17,065</u>	<u>19,760</u>	<u>19,032</u>
	<u>\$ 83,960</u>	<u>\$ 102,492</u>	<u>\$ 124,823</u>

(Continued)

	March 31, 2024	December 31, 2023	March 31, 2023
Other current liabilities			
Contract liabilities	\$ 7,697	\$ 18,535	\$ 13,351
Others	<u>2,954</u>	<u>5,111</u>	<u>1,295</u>
	<u>\$ 10,651</u>	<u>\$ 23,646</u>	<u>\$ 14,646</u>
			(Concluded)

18. RETIREMENT BENEFIT PLANS

For the three months ended March 31, 2024 and 2023, the pension expenses of defined benefit plans were \$61 thousand and \$49 thousand, respectively, and these were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

19. EQUITY

a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)			
Ordinary shares	<u>300,389</u>	<u>300,311</u>	<u>299,777</u>
Publicly traded shares	\$ 1,343,885	\$ 1,343,106	\$ 1,337,768
Privately issued shares	<u>1,660,000</u>	<u>1,660,000</u>	<u>1,660,000</u>
Shares issued and fully paid	<u>\$ 3,003,885</u>	<u>\$ 3,003,106</u>	<u>\$ 2,997,768</u>
Advance receipts for share capital	<u>\$ -</u>	<u>\$ 957</u>	<u>\$ 4,157</u>

The issued ordinary shares have a par value of NT\$10 each and each share is entitled to one vote and the right to receive dividends.

- 1) For the period from January 1 to March 31, 2023, the Company's employees exercised 6 thousand employee share options with a price \$13.3 per share, which amounted to \$79 thousand. The base date was March 20, 2024. The application for share capital alteration with the Ministry of Economic Affairs had been completed.
- 2) On January 13, 2023, the Company issued 21,000 thousand ordinary shares for cash through private placement with a premium price of \$15 per share, in which the Company received a full share payment of \$315,000 thousand, taking January 13, 2023 as the base date for capital increase. The application of the changing capital amount was approved by the Ministry of Economic Affairs.
- 3) For the period from January 1 to March 31, 2023, the Company's employees exercised 304 thousand employee share options with a price range of \$13.3-\$13.4 per share, which amounted to \$4,047

thousand. As of March 31, 2023, the remaining 304 thousand shares have not been completed. The remaining part was presented as advance receipts for share capital. The base date for capital increase was June 9, 2023, and the application for capital change registration has been completed with the Ministry of Economic Affairs.

- 4) For the year ended December 31, 2023, the Company's employees exercised 595 thousand employee share options with a price range of \$13.3-\$13.4 per share, which amounted to \$7,917 thousand. Among them, the base dates for 324 thousand shares and 199 thousand shares were June 9, 2023 and November 20, 2023, respectively. As of December 31, 2023, the application for share capital alteration with the Ministry of Economic Affairs had been completed, whereas the alteration of the remaining 72 thousand shares had not been completed and was presented as advance receipts for share capital. The base date for capital increase was March 20, 2024, and the application for capital change registration has been completed with the Ministry of Economic Affairs.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>			
Issuance of ordinary shares	\$ 421,894	\$ 419,760	\$ 415,837
Difference between the consideration received or paid and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	2,842	2,842	2,842
<u>May not be used for any purpose</u>			
Employee share options	-	1,877	4,068
	<u>\$ 424,736</u>	<u>\$ 424,479</u>	<u>\$ 422,747</u>

Note: Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit; however, once the legal reserve has reached the Company's paid-in capital, no further reserve shall be made, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. Refer to Note 21 (g) Employees' compensation and remuneration of directors for the appropriation policy of employees and directors as set forth in the Articles.

In addition, as set forth in the Articles, the Company's dividends policy considers its operating

environment, industry developments, and sustainable development as well as its programs to maintain operating efficiency and meet its capital expenditure budget and financial goals in determining the share or cash dividends to be paid, of which cash dividends shall not be less than 50% of the total dividends paid.

As the Company had accumulated deficits in both 2023 and 2022, on March 12, 2024 and June 9, 2023 the board of directors and shareholders' regular meeting respectively resolved that the Company shall make no appropriations.

The appropriations of profit or loss for 2023 are subject to the resolution in the shareholders' meeting to be held on June 11, 2024 expected.

d. Other equity items

1) Exchange differences on the translation of the financial statements of foreign operations

	<u>For the Three Months Ended March 31</u>	
	2024	2023
Balance at January 1	\$ (134,215)	\$ (126,150)
Recognized for the period		
Exchange differences on the translation of the financial statements of foreign operations	<u>2,730</u>	<u>(2,438)</u>
Balance at March 31	<u>\$ (131,485)</u>	<u>\$ (128,588)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI

	<u>For the Three Months Ended March 31</u>	
	2024	2023
Balance at January 1	\$ (5,970)	\$ 9,008
Recognized for the period		
Unrealized (loss) gain	<u>(60,996)</u>	<u>(11,023)</u>
Balance at March 31	<u>\$ (66,966)</u>	<u>\$ (2,015)</u>

e. Non-controlling interests

	<u>For the Three Months Ended March 31</u>	
	2024	2023
Balance at January 1	\$ 67,989	\$ 68,811
Share in profit for the period	146	710
Other comprehensive income (loss) during the period		
Exchange differences on translating the financial statements of foreign operations	815	(894)
Balance at March 31	<u>\$ 68,950</u>	<u>\$ 68,627</u>

20. REVENUE

	For the Three Months Ended March 31	
	2024	2023
Revenue from contracts with customers		
Revenue from sale of goods	\$ <u>249,187</u>	\$ <u>277,691</u>

a. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Notes receivable	\$ <u>13,766</u>	\$ <u>16,262</u>	\$ <u>19,195</u>	\$ <u>26,881</u>
Accounts receivable	\$ <u>189,763</u>	\$ <u>195,011</u>	\$ <u>215,061</u>	\$ <u>224,198</u>
Contract liabilities (presented under other current liabilities)	\$ <u>7,697</u>	\$ <u>18,535</u>	\$ <u>13,351</u>	\$ <u>10,572</u>

b. Disaggregation of revenue

	For the Three Months Ended March 31	
	2024	2023
Automotive parts and components	\$ 227,469	\$ 277,147
System cabinet	<u>21,718</u>	<u>544</u>
	\$ <u>249,187</u>	\$ <u>277,691</u>

21. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Three Months Ended March 31	
	2024	2023
Bank deposits	\$ 1,359	\$ 1,261
Interest on loan from related parties	<u>-</u>	<u>162</u>
	\$ <u>1,359</u>	\$ <u>1,423</u>

b. Other income

	For the Three Months Ended March 31	
	2024	2023
Rental income	\$ 333	\$ 196
Temporary credits recognized as income	859	172
Others	<u>363</u>	<u>397</u>
	\$ <u>1,555</u>	\$ <u>765</u>

c. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Gain (loss) on disposal of property, plant and equipment	\$ 59	\$ 10
Net foreign exchange gains and losses	8,693	(2,603)
Disposal of investment interests pending for sale using the equity method (Note)	-	13,030
Gain on financial assets at fair value through profit or loss	(32)	-
Others	<u>(868)</u>	<u>(16)</u>
	<u>\$ 7,852</u>	<u>\$ 10,421</u>

Note: In December 2022, the Group signed a contract with the buyer and sold all 31.66% of Right Way Auto Parts (Fuzhou) Co., Ltd. to non-related parties. In March 2023, the equity transaction was completed with proceeds from disposal of \$97,074 thousand, and a gain of \$13,030 thousand was recognized.

d. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank loans	<u>\$ 771</u>	<u>\$ 1,049</u>

e. Depreciation

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	<u>\$ 12,108</u>	<u>\$ 10,457</u>
An analysis of depreciation by function		
Operating costs	\$ 10,529	\$ 8,954
Operating expenses	<u>1,579</u>	<u>1,503</u>
	<u>\$ 12,108</u>	<u>\$ 10,457</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2024	2023
Short-term benefits	\$ 50,044	\$ 49,088
Post-employment benefits		
Defined contribution plans	2,164	1,898
Defined benefit plans (Note 18)	<u>61</u>	<u>49</u>
	<u>\$ 52,269</u>	<u>\$ 51,035</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 35,854	\$ 36,279
Operating expenses	<u>16,415</u>	<u>14,756</u>
	<u>\$ 52,269</u>	<u>\$ 51,035</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates from 0.1% to 3%, distributed in shares or cash by the resolution of the board of directors. The payment objects include employees of affiliated companies who meet certain conditions. According to the aforementioned profit, the Company shall allocate the remuneration of directors no higher than 1.5%. The employees' compensation and remuneration of directors shall be submitted to the report of the regular shareholders' meeting. However, if the Company still had an accumulated deficit, it shall first set aside the amount for offset of deficit, then allocate employee compensation and director compensation according to the aforementioned ratio. Since the Company had an accumulated deficit in both March 31, 2024 and 2023, no employees' compensation and remuneration of directors are accrued. Related information could be found at the Market Observation Post System of the Taiwan Stock Exchange.

h. Gains and losses on foreign currency exchange

	<u>For the Three Months Ended March 31</u>	
	2024	2023
Foreign exchange gains	\$ 15,764	\$ 1,654
Foreign exchange losses	<u>(7,071)</u>	<u>(4,257)</u>
Net gains	<u>\$ 8,693</u>	<u>\$ (2,603)</u>

22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<u>For the Three Months Ended March 31</u>	
	2024	2023
Current tax		
In respect of the current period	\$ 1,428	\$ 623
Deferred tax		
In respect of the current period	<u>2,134</u>	<u>2,487</u>
	<u>\$ 3,562</u>	<u>\$ 3,110</u>

b. Income tax recognized in other comprehensive income

	<u>For the Three Months Ended March 31</u>	
	2024	2023
Deferred tax		
In respect of the current period		
Translation of the financial statements of foreign operations	<u>\$ (682)</u>	<u>\$ 609</u>

c. Income tax assessments

Tax returns of the Company and its domestic subsidiaries income through 2021 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Period

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Profit for the period attributable to owners of the Company	\$ <u>12,995</u>	\$ <u>21,929</u>

Shares

Unit: In Thousands of Shares

	<u>For the Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Weighted average number of ordinary shares used in the computation of basic earnings per share	300,388	237,425
Effect of potentially dilutive ordinary shares:		
Bonuses for employees	<u>-</u>	<u>219</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>300,388</u>	<u>237,644</u>

24. CASH FLOW INFORMATION

Non-cash transactions

The Group entered into the following non-cash investing activities:

	<u>March 31</u>	
	<u>2024</u>	<u>2023</u>
Increase in property, plant and equipment	\$ 6,575	\$ 33,916
Decrease (increase) in payables for equipment	3,486	(14,831)
(Decrease) increase in prepayments for equipment	<u>(672)</u>	<u>(3,224)</u>
	<u>\$ 9,389</u>	<u>\$ 15,861</u>
Increase in financial assets at fair value through other comprehensive income	\$ 10,118	\$ 113,194
Increase in stock payable	<u>-</u>	<u>(11,924)</u>
	<u>\$ 10,118</u>	<u>\$ 101,270</u>

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged for the three months ended March 31, 2024 and 2023.

The capital structure of the Group consists of net debt and equity of the Group. Key management personnel of the Group review the capital structure on annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the number of new shares issued.

26. FINANCIAL INSTRUMENTS

a. Fair value

The carrying amounts of the Group's financial instruments that are not measured at fair value, such as cash and cash equivalents, accounts receivable, refundable deposits, bank borrowings, and accounts payable, approximate their fair values.

b. Fair values of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity				
Listed securities	\$ 440,651	\$ -	\$ -	\$ 440,651
Emerging market securities	<u>-</u>	<u>-</u>	<u>290,517</u>	<u>290,517</u>
	<u>\$ 440,651</u>	<u>\$ -</u>	<u>\$ 290,517</u>	<u>\$ 731,168</u>
Financial liabilities at fair value through profit or loss				
Derivative financial liabilities	<u>\$ -</u>	<u>\$ 32</u>	<u>\$ -</u>	<u>\$ 32</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity				
Listed securities	\$ 450,819	\$ -	\$ -	\$ 450,819
Emerging market securities	<u>-</u>	<u>-</u>	<u>331,227</u>	<u>331,227</u>
	<u>\$ 450,819</u>	<u>\$ -</u>	<u>\$ 331,227</u>	<u>\$ 782,046</u>

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity				
Listed securities	\$ 285,588	\$ -	\$ -	\$ 285,588
Unlisted securities	<u>-</u>	<u>-</u>	<u>336,161</u>	<u>336,161</u>
	<u>\$ 285,588</u>	<u>\$ -</u>	<u>\$ 336,161</u>	<u>\$ 621,749</u>

There were no transfers between Levels 1 and 2 in the current and prior period.

2) Valuation techniques and inputs applied for the purpose of Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Financial Assets at FVTOCI</u>
Derivatives - foreign exchange forward contracts and cross-currency swap contracts	Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties.

3) Reconciliation of Level 3 fair value measurements of financial instruments

For the three months ended March 31, 2024

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2024	\$ 331,227
Recognized in other comprehensive income	<u>(40,710)</u>
Balance at March 31, 2024	<u>\$ 290,517</u>

For the three months ended March 31, 2023

	Financial Assets at FVTOCI Equity Instruments
Balance at January 1, 2023	\$ 280,202
Recognized in other comprehensive income	2,053
Purchase	<u>53,906</u>
Balance at March 31, 2023	<u>\$ 336,161</u>

4) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic emerging market shares and unlisted equity securities were determined using the market approach.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets at amortized costs (Note 1)	\$ 724,640	\$ 772,246	\$ 808,983
Financial assets at FVTOCI-equity instrument investments	731,168	782,046	621,749
<u>Financial liabilities</u>			
Financial liabilities at FVTPL			
Held for trading	32	-	-
Financial liabilities measured at amortized cost (Note 2)	249,793	284,629	318,629

Note 1: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable, other receivables, other current financial assets - current, and refundable deposits.

Note 2: The balances include financial liabilities measured at amortized cost, which comprise short-term loans, accounts payable, other payables, long-term loans (including long-term loans due in one year), and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the USD. The table below shows the Group's sensitivity analysis when the exchange rate of the Group's NTD (functional currency) against each of relevant foreign currencies increased and decreased by 5%. The following table below represent

the amount of increase in the net profit before tax when the NTD appreciates by 5% compared to the relevant currencies. When the NTD depreciates by 5% compared to the relevant currencies, the impact on the net profit before tax will be negative for the same amount.

	USD Impact	
	For the Three Months Ended March 31	
	2024	2023
Profit or loss	\$ 4,651	\$ 13,682

This was mainly attributable to the outstanding exposure on foreign currency cash and cash equivalents, accounts receivable and accounts payable, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency decrease because the Group's sales in USD increased, which resulted in a decline in the accounts receivable in USD.

b) Interest rate risk

The Group is exposed to interest rate risk because the Group borrowed funds at floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of floating rate borrowings.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial assets	\$ 352,344	\$ 374,741	\$ 334,915
Cash flow interest rate risk			
Financial assets	161,757	179,230	233,127
Financial liabilities	35,461	57,300	52,355

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 and 2023 would have decreased/increased by \$158 thousand and \$226 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax profit for the three months ended March 31, 2024 and 2023 would have increased/decreased by \$40,460 thousand and \$31,087 thousand, respectively.

The Group's sensitivity to equity prices increased because the Group increased its investment in financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation could arise from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The transaction objects of the Group are all corporate organizations with good credit, and no significant credit risk is expected. Also, the financial status of accounts receivable customers is also continuously evaluated.

The Group's concentration of credit risk was mainly in the Group's largest customer, which accounted for 21%, 22% and 30% of total trade receivables as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group's operating funds and acquired bank loan facilities are enough to cover future operating costs; therefore, there is no liquidity risk due to unable raise funds to fulfil contracts.

a) Liquidity and interest risk rate tables for non-derivative financial liabilities

The following tables detail the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The tables included both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amount was derived from the effective interest rates at the end of the reporting period.

March 31, 2024

	Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 114,872	\$ 108,350	\$ 1,107	\$ 3
Floating interest rate bank loans	5,402	26,318	2,733	1,460
	<u>\$ 110,274</u>	<u>\$ 134,668</u>	<u>\$ 3,840</u>	<u>\$ 1,463</u>

December 31, 2023

	Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 114,029	\$ 110,889	\$ 2,408	\$ 3
Floating interest rate bank loans	31,673	21,802	2,830	1,555
	<u>\$ 145,702</u>	<u>\$ 132,691</u>	<u>\$ 5,238</u>	<u>\$ 1,558</u>

March 31, 2023

	Less than 1 Month	1 Month to 3 Months	3 Months to 1 Year	1+ Years
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 116,161	\$ 145,380	\$ 4,730	\$ 3
Floating interest rate bank loans	21,518	31,206	-	-
	<u>\$ 137,679</u>	<u>\$ 176,586</u>	<u>\$ 4,730</u>	<u>\$ 3</u>

The amounts included above for variable interest rate instruments for non-derivative financial liabilities were subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the reporting period.

b) Financing facilities

The financing facilities of bank borrowings were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Amount used	\$ 35,461	\$ 57,300	\$ 52,355
Amount unused	<u>591,538</u>	<u>468,411</u>	<u>1,838,963</u>
	<u>\$ 626,999</u>	<u>\$ 525,711</u>	<u>\$ 1,891,318</u>

27. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Brighton-Best International (Taiwan) Inc., which owned 17.82%, 17.82% and 17.84% of the ordinary shares of the Company as of March 31, 2024, December 31, 2023 and March 31, 2023, respectively. Also, after the re-election of the directors at the shareholders' meeting in June 2022, Brighton-Best International (Taiwan) Inc. had control of more than half of the directors' seats, giving it substantial control over the Company. The Company's ultimate parent and ultimate controlling party is Ta Chen Stainless Pipe Co., Ltd. By securing multiple seats on the board of directors of this company and having its representative elected as the chairman of the board, it holds substantial control over the company.

Details of transactions between the Group and other related parties are disclosed below:

a. Related party name and category

Related Party Name	Ultimate related Party Category
Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent entity
Brighton-Best International (Taiwan) Inc.	Parent entity
Ta Chen Lung Mei Home Life Co., Ltd.	Fellow Subsidiary
Fuzhou Assured Brake System Co., Ltd.	Associate until February 8, 2023 (Note 2)
VICTOR, HSIEN	Related party in substance, director of ultimate parent entity since June 26, 2023 (Note 1)

Note 1: Refer to Note 13 about the land ownership registered under the related party's name.

Note 2: The transaction amount and account balance disclosed in this note are all generated when it is a related party.

b. Operating revenue

Line Item	Related Party Category/Name	For the Three Months Ended March 31	
		2024	2023
Operating revenue	Ultimate parent entity		
	Ta Chen Stainless Pipe Co., Ltd.	\$ 13	\$ 9
	Fellow Subsidiary		
	Ta Chen Lung Mei Home Life Co., Ltd.	<u>17,626</u>	<u>127</u>
		<u>\$ 17,639</u>	<u>\$ 136</u>

The sale prices and terms to related parties were not significantly different from those of non-related parties.

c. Net purchases

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Ultimate parent entity		
Ta Chen Stainless Pipe Co., Ltd.	<u>\$ 7,835</u>	<u>\$ 272</u>

The Group does not have identical products for comparison with the purchase price of the related party. The payment term for related parties is 30 days from the monthly settlement.

d. Receivables from related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Account receivables from related parties	Ultimate parent entity Ta Chen Stainless Pipe Co., Ltd. Fellow Subsidiary	\$ -	\$ -	\$ 9
	Ta Chen Lung Mei Home Life Co., Ltd.	6,040	7,437	-
Other receivables	Fellow Subsidiary Ta Chen Lung Mei Home Life Co., Ltd.	255	325	-
		<u>\$ 6,295</u>	<u>\$ 7,762</u>	<u>\$ 9</u>

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2023, no impairment losses were recognized for trade receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable to related parties	Ultimate parent entity Ta Chen Stainless Pipe Co., Ltd. Fellow Subsidiary	\$ 3,144	\$ 6,575	\$ 286
	Ta Chen Lung Mei Home Life Co., Ltd.	22	240	-
		<u>\$ 3,166</u>	<u>\$ 6,815</u>	<u>\$ 286</u>

The outstanding trade payables to related parties are unsecured.

f. Lease arrangements

Line Item	Related Party Category	For the Three Months Ended March 31	
		2024	2023
Lease expense	Ultimate parent entity Ta Chen Stainless Pipe Co., Ltd.	\$ 3,600	\$ 3,600
	Parent entity Brighton-Best International (Taiwan) Inc.	3,300	3,300
		<u>\$ 6,900</u>	<u>\$ 6,900</u>

The Group leased machinery equipment from its ultimate parent entity and parent entity in January 2024. The lease term of the contract was 1 years; the rental is based on similar asset's market rental rates and fixed lease payments are paid monthly.

g. Loans to related parties

Interest Income

Related Party Category/Name	For the Three Months Ended March 31	
	2024	2023
Associate		
Fuzhou Assured Brake System Co., Ltd.	\$ <u> -</u>	\$ <u> 162</u>

The Group obtained loans from related parties at rates comparable to market interest rates. The loans from the related parties are all unsecured.

h. Other transactions with related parties

Related Party Category/Name	Line Item	For the Three Months Ended March 31	
		2024	2023
Ultimate parent entity			
Ta Chen Stainless Pipe Co., Ltd	Operating expenses	\$ 4	\$ -
Fellow Subsidiary			
Ta Chen Lung Mei Home Life Co., Ltd.	Operating costs	-	10
	Operating expenses	<u>254</u>	<u>-</u>
		\$ <u>258</u>	\$ <u>10</u>

i. Remuneration of key management personnel

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 1,567	\$ 1,097
Share-based payment	-	1
Post-employment benefits	<u>27</u>	<u>27</u>
	\$ <u>1,594</u>	\$ <u>1,125</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	March 31, 2024	December 31, 2023	March 31, 2023
Restricted bank deposit (presented under other current financial asset-current)	\$ -	\$ 600	\$ 1,121
Land	428,888	427,494	780,970
Property, plant and equipment, net (except land)	<u>133,831</u>	<u>135,687</u>	<u>129,310</u>
	\$ <u>562,719</u>	\$ <u>563,781</u>	\$ <u>911,401</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unused letters of credit for purchases

	March 31, 2024	December 31, 2023	March 31, 2023
Unused letters of credit	\$ <u>1,935</u>	\$ <u>851</u>	\$ <u>1,048</u>

b. Notes payable on deposit guarantee for loan

	March 31, 2024	December 31, 2023	March 31, 2023
Notes payable on deposit guarantee	\$ <u>380,330</u>	\$ <u>337,300</u>	\$ <u>1,297,280</u>

c. Performance notes deposit guarantee

	March 31, 2024	December 31, 2023	March 31, 2023
Deposit guarantee	\$ <u>1,500</u>	\$ <u>1,500</u>	\$ <u>1,500</u>

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

March 31, 2024

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 2,823	32 (USD:NTD)	\$ 90,342
USD	836	6.78 (USD:MYR)	26,757
USD	18	4.408 (USD:RMB)	78
<u>Financial liabilities</u>			
Monetary items			
USD	85	32 (USD:NTD)	2,718
USD	3,161	6.78 (USD:MYR)	21,431

December 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,123	30.705 (USD:NTD)	\$ 126,609
USD	963	4.5828 (USD:MYR)	29,574
USD	2	7.0961 (USD:RMB)	75
<u>Financial liabilities</u>			
Monetary items			
USD	23	30.705 (USD:NTD)	714
USD	666	4.5828 (USD:MYR)	20,443

March 31, 2023

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>Financial assets</u>			
Monetary items			
USD	\$ 9,738	30.45 (USD:NTD)	\$ 296,513
USD	173	6.88 (USD:MYR)	5,272
USD	2	4.431 (USD:RMB)	55
<u>Financial liabilities</u>			
Monetary items			
USD	182	30.45 (USD:NTD)	\$ 5,533
USD	745	6.88 (USD:MYR)	22,672

The Group is mainly exposed to the USD. The following information was aggregated by the functional currencies of the entities in the Group, and the exchange rates between the respective functional currencies and the presentation currency were disclosed. The significant realized and unrealized foreign exchange gains (losses) were as follows:

For the Three Months Ended March 31				
		2024	2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD	1 (NTD:NTD)	\$ 7,733	1 (NTD:NTD)	\$ (2,238)
MYR	6.6644 (MYR:NTD)	960	6.9256 (MYR:NTD)	(365)
		<u>\$ 8,693</u>		<u>\$ (2,603)</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (None)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
- 9) Trading in derivative instruments (Note 7)
- 10) Intercompany relationships and significant intercompany transactions (Table 3)

b. Information on investees (Table 4)

c. Information on investments in mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 5)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance is based on the geographical locations and the major products and services.

Segment revenue and results

	Taiwan- Automotive parts and components	Taiwan- System cabinet	Eastern South Asia- Automotive parts and components	Other Segments (Note)	Adjustments and Eliminations	Consolidated
<u>For the three months ended March 31,</u>						
<u>2024</u>						
Revenue from external customers	\$ 176,132	\$ 21,718	\$ 45,601	\$ 5,736	\$ -	\$ 249,187
Inter segment revenue	<u>3,017</u>	<u>-</u>	<u>18,231</u>	<u>-</u>	<u>(21,248)</u>	<u>-</u>
Segment revenue	<u>\$ 179,149</u>	<u>\$ 21,718</u>	<u>\$ 63,832</u>	<u>\$ 5,736</u>	<u>(\$ 21,248)</u>	<u>\$ 249,187</u>
Segment income	<u>\$ 11,673</u>	<u>(\$ 9,572)</u>	<u>\$ 2,262</u>	<u>(\$ 2)</u>	<u>\$ 2,347</u>	\$ 6,708
Non-operating income and expenses						10,766
Finance costs						<u>(771)</u>
Income before income tax						<u>\$ 16,703</u>
<u>For the three months ended March 31,</u>						
<u>2023</u>						
Revenue from external customers	\$ 227,559	\$ 544	\$ 46,090	\$ 3,498	\$ -	\$ 277,691
Inter segment revenue	<u>3,187</u>	<u>-</u>	<u>23,959</u>	<u>-</u>	<u>(27,146)</u>	<u>-</u>
Segment revenue	<u>\$ 230,746</u>	<u>\$ 544</u>	<u>\$ 70,049</u>	<u>\$ 3,498</u>	<u>(\$ 27,146)</u>	<u>\$ 277,691</u>
Segment income	<u>\$ 24,035</u>	<u>(\$ 16,211)</u>	<u>\$ 5,838</u>	<u>(\$ 11)</u>	<u>\$ 538</u>	\$ 14,189
Non-operating income and expenses						12,609
Finance costs						<u>(1,049)</u>
Income before income tax						<u>\$ 25,749</u>

Segment profit represented the profit earned by each segment without income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

Since the chief operating decision maker makes decisions based on segment results, there is no information of assets and liabilities classified for assessment of different business performance and only the results of reportable segments are listed.

RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Company	Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables	Y	\$ 48,000	\$ 48,000	\$ 48,000	5.0	1	\$ 94,645	-	\$ -	None	\$ -	\$ 94,645	\$ 1,071,300

Note 1: The No. column is denoted as follows:

- 1) Issuer is numbered 0.
- 2) Investees are numbered starting from 1.

Note 2: The nature of financing is numbered as follows:

- 1) Business transaction is "1".
- 2) The need for short-term financing is "2".

Note 3:

- 1) The need for short-term financing: 15% of the Company's net worth in the most recent audited or reviewed financial statements; Business transaction: to the extent that it does not exceed the amount of business transactions between the two parties, in which the amount of business transactions refers to the higher of the amount of goods purchased or sold between the parties.
- 2) Aggregate Financing Limit of the Company is 40% of its net worth in the most recent audited or reviewed financial statements.

Note 4: The transaction was eliminated when preparing the consolidated financial statement.

RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2024

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	March 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
The Company	Listed shares - Brighton-Best International (Taiwan) Inc.	Parent entity	Financial assets at fair value through other comprehensive income - non-current	13,037,000	\$ 440,651	1.26	\$ 440,651	The amount is already recognized as impairment losses
	Listed shares - ROC Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	30,840,493	290,517	7.41	290,517	
	Unlisted shares -Phoenix Motor Corporation	None	Financial assets at fair value through profit or loss - current	600,000	-	-	-	

RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(Amounts in Thousands of New Taiwan Dollars)**

No.	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	Right Way Industrial Co., Ltd.	Right Way Industrial (Malaysia) Sdn. Bhd.	1	Purchase	\$ 18,231	Based on general transaction price, payment 75 days after monthly closing	7.32
		Right Way Industrial (Malaysia) Sdn. Bhd.	1	Other receivables	52,484	-	1.70
		Right Way North America Inc.	1	Operating Revenue	3,017	Based on general transaction price, Received 180 days after monthly closing	1.21

Note 1: The No. column is denoted as follows:

- 1) 0 for Parent entity
- 2) Subsidiaries are numbered starting from 1

Note 2: The relationships with counterparties are as follows:

- 1) Parent to subsidiaries
- 2) Subsidiaries to parent
- 3) Subsidiaries to subsidiaries

Note 3: Regarding the ratio of transaction amount to consolidated total sales or total assets, it is computed based on the ending balance to consolidated total assets for balance sheet account and based on accumulated balance to consolidated total sales for profit or loss accounts.

Note 4: Intercompany relationships and significant intercompany transactions that account for less than 1% of the total sales and total assets are not disclosed.

Note 5: The transaction above was eliminated when preparing the consolidated financial statement.

RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

INFORMATION ON INVESTEEES

FOR THE THREE MONTHS ENDED MARCH 31, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	January 1, 2024	Number of Shares	%	Carrying Amount			
The Company	Right Way Industrial (Malaysia) Sdn. Bhd.	Malaysia	Automotive and motorcycle piston manufacturing	\$ 205,271 (MYR 30,276)	\$ 205,271 (MYR 30,276)	28,665,667	79.63	\$ 268,143	\$ 718	\$ 2,919	Subsidiary
	Excellent Growth Investments Limited	British Virgin Islands	Investment	626,415	626,415	20,073,457	100	94	-	-	Subsidiary
	Right Way North America Inc.	USA	Automotive and motorcycle engine parts for sale	1,575	1,575	-	100	5,228	(1)	(1)	Subsidiary
Right Way Industrial (Malaysia) Sdn. Bhd.	TRIM Telesis Engineering Sdn. Bhd.	Malaysia	Rod manufacturing	49,053 (MYR 7,235)	49,053 (MYR 7,235)	8,950,000	89.50	1,428	-	-	Subsidiary

Note 1: Subsidiaries were eliminated when preparing the consolidated financial reports.

Note 2: Refer to Table 5 for the information on the investee company in mainland China.

RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024

(In Thousands of New Taiwan Dollars or Foreign Currency, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital (Note 4)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (Note 4)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of March 31, 2024 (Note 4)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of March 31, 2024, 2024	Accumulated Repatriation of Investment Income as of March 31, 2024	Remark
					Outward	Inward (Note 4)							
—	—	\$ -	—	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	\$ -	\$ -	

Name of Investment Company	Accumulated Outward Remittance for Investment in Mainland China as of March 31, 2024 (Note 4)	Investment Amount Authorized by Investment Commission, MOEA (Note 4)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Right Way	\$ 543,840 (USD 16,995)	\$ 543,840 (USD 16,995)	\$ 1,606,949 (Note 3)

Note 1: Methods of investment are classified as follows:

- 1) Direct investment.
- 2) Investments through Excellent Growth Investments Limited.
- 3) Others.

Note 2: In the column of investment gain (loss):

If company is still in the preparatory stage with no investment gains or losses yet, it should be disclosed.
Basis of recognition of investment gains or losses should be disclosed for the following:

- 1) The financial statements were audited and attested by a certified public accounting firm with business relationship with an accounting firm in the Republic of China.
- 2) The financial statements were audited and attested by certified public accountants of Taiwan.
- 3) Others: The financial statements were not audited and attested by certified public accountants.

Note 3: Net equity x 60% = \$2,678,249 x 60% = \$1,606,949

Note 4: The related amounts were based on the average exchange rate of the Bank of Taiwan as of March 31, 2024 (NT\$32.00 for US\$1)

TABLE 6**RIGHT WAY INDUSTRIAL CO., LTD****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.,	53,540,000	17.82
Win Power E&T Co., Ltd.	16,000,000	5.32
Yu Pao System Cabinet Co., Ltd.	16,000,000	5.32
Shing Hwang Co., Ltd.	15,600,000	5.19

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the standalone financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to the Market Observation Post System.