

**Stock Code: 1506**



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

## **2022 Annual Report**

**Published on May 15, 2023**

<b>The Annual Report is disclosed at:</b>	<b>1. MOPS (<a href="http://mops.twse.com.tw">http://mops.twse.com.tw</a>)</b>
	<b>2. The “Investors” on the Company’s website (<a href="http://www.rightway.com.tw">http://www.rightway.com.tw</a>)</b>

**I. Name, job title, contact telephone, and email address of the Spokesperson as well as the Deputy Spokesperson:**

Spokesperson

Name: Lo, Shih-I

Job Title: General Manager

Telephone: (06) 266-4101

E-mail : Russel.Lo@rightway.tw

Deputy Spokesperson

Name: Huang, Chun-Ta

Job Title: Assistant Vice President, Finance Dept.

Telephone: (06) 266-4101

E-mail : Don.Huang@rightway.tw

**II. Address and phone number of the headquarters, branch offices and factories:**

Headquarters Address: No. 1015, Zhongzheng W. Rd., Dajia Neighborhood, Rende Dist., Tainan City 717-44  
Tel. No.: (06) 266-4101  
Fax No.: (06) 266-4015 、 (06) 266-4374

**III. Name, address, website and telephone of shareholders service agency:**

Name: Shareholder Services Agency Department of Yuanta Securities Co., Ltd.

Address: B1, No. 210, Sec. 3, Chengde Rd., Taipei City 103

Telephone: (02) 2586-5859

Website: <http://agent.yuanta.com.tw>

**IV. Name, firm name, address, website, and Tel. No. of external auditor certifying the latest financial statements:**

External auditors: Lee, Chi-Chen & Wu, Chang-Chun

Name of CPA Firm: Deloitte of Touche

Address: 13F, No. 189, Sec. 1, Yongfu Rd., West Central Dist., Tainan City 700019

Telephone: (06) 213-9988

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

**V. Name of any exchanges where the Company's securities are traded offshore, and the method by which to access information on said offshore securities: None.**

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

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## **One. Letter to Shareholders**

To All Shareholders:

Upon disposal of the investee in China which kept suffering losses in the past two years and integration of internal resources and cost controls in the parent company in Taiwan and subsidiary in Malaysia, and by timely increasing the selling price to reflect fluctuations in foreign exchange rates/price of raw materials and supplies, through the past two years, our gross profit margin has recovered reasonably. Therefore, we delivered the good results in 2022, with a net profit after tax amounting to NT\$92 million, growing from the previous year significantly.

Ta Cheng Steel Group joined the management team of Right Way Group in June 2022, in order to continue the development of Metal Business Dept. and implement the new business unit dedicated to system furniture. For the metal business, we will continue to focus on the development and marketing of aluminum forging and casting core products, and also improve our capacity in turnkey and integration to satisfy customers' needs for a “one-stop shopping service.” Meanwhile, through planning in the past six months, the new business unit dedicated to system furniture has started the mass production step by step beginning in March 2023, targeting the domestic decoration market for the time being.

Looking forward to 2023, we believe that our metal business should be expected to grow and seek profit stably. Also, since the system furniture business joins us, we look forward to the further progress in the entire operating revenue and profitability.

The Company's business overview and plans in the past year are stated as following:

## I. 2022 Business Overview:

### 1. Business plan implementation results:

Unit: In Thousands of New Taiwan Dollars

Items	2021	2022	Difference	Growth rate (%)
Operating revenue	1,064,137	1,141,618	77,481	7.3%
Gross profit	154,025	202,618	48,593	31.5%
Net operating profit (loss)	(30,693)	16,480	47,173	153.7%
Net profit (loss) before tax	38,033	103,304	65,271	171.6%
Net profit (loss)	49,047	91,915	42,868	87.4%

2. Budget implementation status: N/A (No financial forecast was prepared by the Company in 2022)

3. Analysis on financial revenue & expense and profitability:

The Company's annual consolidated operating revenue was NT\$1,141,618 thousand in 2022, growing by 7.3% from NT\$1,064,137 thousand in the previous year. The profit after tax was NT\$91,915 thousand, and earnings per share NT\$0.43, better than the profit after tax and earnings per share, NT\$49,047 thousand and NT\$0.26, in the previous year.

The Company's gross profit margin was 17.8% in 2022, and 14.5% in the previous year. The operating profit ratio was 1.4% in 2022 and the net operating loss ratio was 2.9% in the previous year. The net income margin was 8%, better than 5% in the previous year.

## II. Status on research and development:

The Company's consolidated R&D expenditures were NT\$27,957 thousand and NT\$18,086 thousand in 2021 and 2022, *i.e.*, 2.6% and 1.6% of the consolidated operating revenue, respectively. The Company always believes that only R&D can lead to the sustainability and create the Company's value. Therefore, the Company spares no efforts to invest capital in new products or technologies, in order to expand the Company's business scale.

## III. Summary of 2023 business plan:

### (I) Management philosophy:

1. Improve shareholders' satisfaction relying on stable operating revenue and increasingly growing income.
2. Upgrade customers' satisfaction relying on zero customer complaint, competitive cost and timely delivery.
3. Improve employees' satisfaction relying on safe and comfortable working environment and robust skill training and talent training system.

### (II) Business policy:

1. Continue to build ability in self-making of gravity casting and aluminum alloy forging.
2. Maintain and develop new business lines and customers at home and abroad.
3. Promote the project management system to expressly define the responsibilities and division of labor to demonstrate the high ability in integration.
4. Committed to minimizing the defective rate in development, production, packaging and logistics.
5. Optimize the development and production process, promote VA/VE and stock control mechanism, and reduce the time spent in changeover and defects in trial production.
6. Committed to achieving zero occupational accidents and preventing pollution, conserving energy, reducing carbon, promoting clean production, and establishing sound and safe working environment and management system.

7. Improve education and training, make everyone do his best, and give reward and punishment impartially.

**(III) 2023 business objectives:**

Looking forward to 2023, the Company will focus on the development of business lines including SUVs, industrial products and automobiles/motorcycles. The Company will improve its involvement in development of the existing customers. Meanwhile, OE will focus on the fields of industry and SUVs and AM on the after-sale market of pistons in North America (cars/snow cars/water motorcycles/heavy motorcycle). In the meantime, the Company also makes every endeavor to develop new customers and focus on vehicles (SUVs/electric cars), medical care and industry. For product positioning, the Company will focus on core products, e.g. aluminum recasting and aluminum forging related products, and also improve its ability in outsourcing and integration, such as the related products including pistons/cast iron/die-casting/steel forging, other than the Company's self-made products. In the future, the Company will, relying on its existing foundation, continue to take various corrective actions to satisfy customers' needs. The implementation of the new business for system furniture has been in full swing after the planning through the past six months. The installation of equipment was already completed. The equipment is under trial run and trial production for the time being. The mass production is expected to start from 2023, which will bring new energy and new growth momentum to Right Way Group.

**(IV) Sales volume forecast and the basis thereof:**

The Company engages in the balanced development in the fields of SUVs, industrial products and automobiles/motorcycles, and is diversified across industry type to disperse the Company's business risk and reduce the sales proportion of one single industry.

**(V) Important production and marketing policy:**

1. The Company has been defined as a professional manufacturer in industrial parts with the ability of ODM, primarily targeting the market of export sales. The Company's strategy focuses on development of the SUVs rather than traditional vehicles, and industry customers. Its product lines cover the pistons/connecting rods for engines and extend to other related aluminum casting and aluminum forging parts. Domestically, the Company continues to maintain the close partnership with In the domestic market, it continues to maintain close partnerships with China Motor Corporation and Yulon Motor Co., Ltd.
2. On the basis of the existing product portfolio, the Company will develop similar products of higher technical level and with more added value, in order to satisfy the different needs from higher rank international customers and market the Company's fine-quality products to world-class companies.
3. The Company will also continue to increase its involvement in the markets in North America, Japan and Europe, and develop products related to the leisure industry as the focus of the Company's work to develop markets.
4. The Company will continue to develop new products to satisfy OEM customers' needs. For the AM market, it will provide parts with the equivalent quality provided by the original manufacturers, and also continue to develop new customers, practice the diversified sales policy, and combine the parent company's ability in development of technologies with overseas subsidiaries' production capacity and business locations to integrate resources to backup for each other and strive for business opportunities.
5. Relying on the abilities in design of technologies and outsourcing generated in the past years, the Company is committed to developing pistons and connecting rods for engines and related casting and forging parts, and marketing the pistons tied with connecting rods as packaged products, in order to satisfy customers' needs for a "one-stop solution" and develop the co-marketing of diversified products to improve the sales performance.
6. The Company will also send its sales representatives to work with technicians and QA staff to visit customers overseas, in order to help customers solve technical and quality problems, strive



for the customers' trust in the Company and authorize the development of new products to improve the sales performance.

#### **IV. The Company's future development policy**

1. Invest sufficient R&D expenses and manpower to provide high-quality casting and forging parts, as a part of its complete product development and manufacturing services ranging from engineering design to mass production.
2. Uphold the spirit of "Honor, Innovation and Sustainability," when engaging in the technological cooperation with international enterprises, in order to pursue high quality and develop new products proactively.
3. Continue to expand the facilities to increase its production capacity, reduce costs and shorten the delivery period.

#### **V. Impact of the competitive environment, regulatory environment, and macroeconomic environment:**

The Company supplies goods to OEM customers primarily. By the same token, the Company also provides the same professional services to customers in the after-sale service market. The Company's after-sale service is always proud of providing OE-level quality products to the independent product agents in the after-sale market. Relying on the solid foundation laid by the Company's efforts in developing the automobile and motorcycle industry over several decades, the Company has been definitively capable of working as an ODM. For the time being, the Company is working as a manufacturer of complex and high-tech parts for cars, ATV, snow cars, motorcycles, private yachts, vessels and gasoline/diesel trucks in the world. So far, the Company has an output of millions of casting or forging parts needed by pistons, connecting rods, and steering and suspension systems for its customers.

The Company's products primarily consist of casting and forging parts. With respect to the impact probably posed to the overall environment by waste, wasted and toxic substances and energy consumption, the Company always applies the concrete management program based on the environmental protection laws and regulations to practice its risk management, continue improving the equipment, protect employees' life and safety, promote educational training and employees' health, and benefit employees' welfare.

In the future, the Company will strengthen its corporate governance, perform corporate social responsibility, improve the business performance and pursue R&D innovation. Meanwhile, the Company strongly believes that, with the leadership of the outstanding management team and support from all shareholders, the Company's business will grow stably if the Company continues to uphold the ethical and sustainable management philosophy consistently, so as to create higher long-term value for all shareholders. We sincerely hope that all of you can continue to provide us with support, encouragement, assistance and guidance.

Finally, we hereby represent all of the Company's staff to extend our appreciation to you for taking time out of your busy schedules to attend the shareholders' meeting. We wish all of you good health and all the best.

Chairman: Hsieh, Li-Yun



General Manager: Lo, Shih-I



## **Two. Company Overview**

### **I. Company Profile**

(I) Date of incorporation: March 13, 1965

(II) Address and phone number of the headquarters, branch offices and factories

<u>Item</u>	<u>Address</u>	<u>Tel. No.</u>
Headquarters and factory	No. 1015, Zhongzheng W. Rd., Dajia Neighborhood, Rende Dist., Tainan City 717-44	(06) 266-4101
Malaysia Factory	LOT 20 & 21 HICOM INDUSTRIAL ESTATE,SECTION 26, SECTOR B,40000 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA P. O. Box 7165	60351912022

(III) Business activities:

1. Metal Forging
2. Other Metal Products Manufacturing
3. Surface Treatments
4. Mechanical Equipment Manufacturing
5. Other Machinery Manufacturing
6. Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
7. Motor Vehicles and Parts Manufacturing
8. Motorcycles and Parts Manufacturing
9. Bicycles and Parts Manufacturing
10. Mold and Die Manufacturing
11. Wholesale of Hardware
12. Wholesale of Motor Vehicle Parts and Motorcycle Parts, Accessories

## II. Company History:

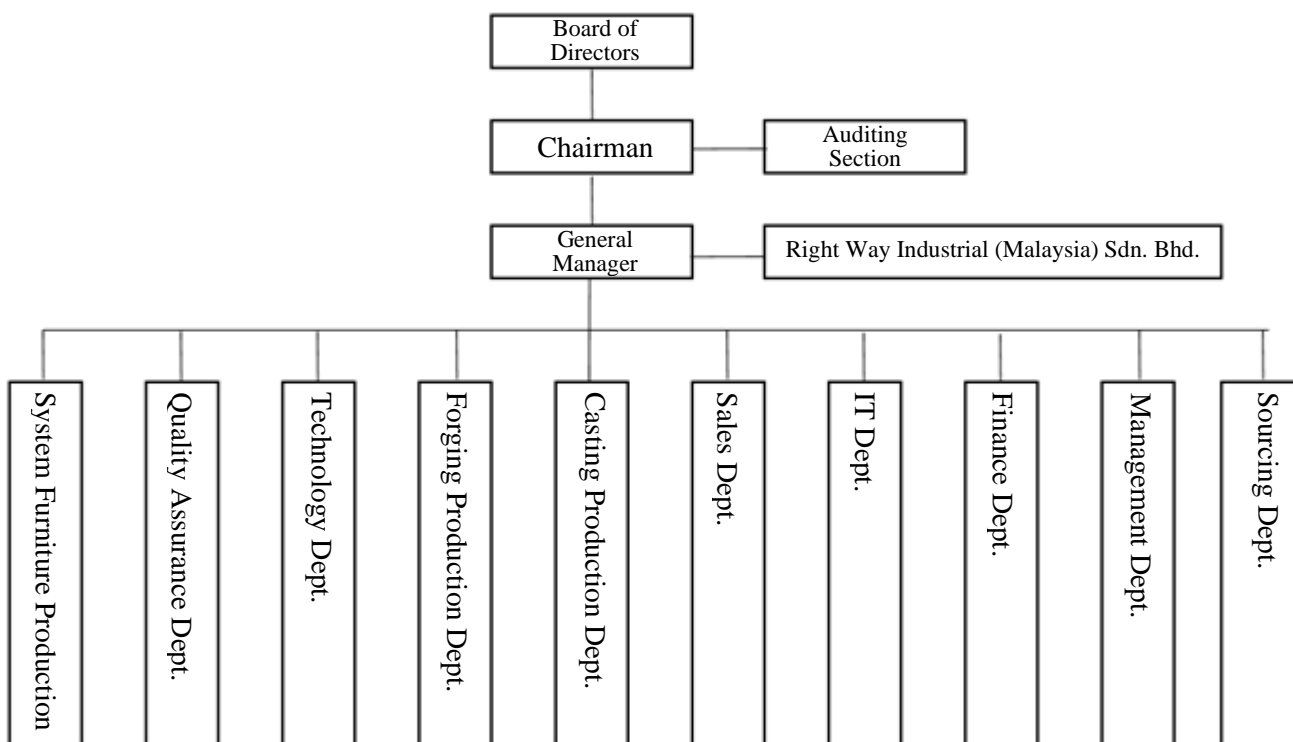
- 1965: Right Way Industrial Co., Ltd. was established at No. 216, Jianguo Rd., Tainan City, with the capital amounting to NT\$1.5 million and Su, Cheng-Ming as the Chairman.
- 1966: Increase capital to NT\$4 million, and re-appoint Liu, Hau-Chi as the Chairman.
- 1967: Relocate the company address to No. 45, Renhe Rd., Tainan City, in order to increase capital for installation of additional processing machine units. Work with Japan ART to produce pistons upon approval of the Ministry of Economic Affairs.
- 1969: Capital increase to NT\$7 million.
- 1970: Set up branches in Taipei, Taichung and Kaohsiung. Increase capital to NT\$10 million.
- 1971: Capital increase by NT\$11 million The pistons under Right Way brand and T.W.Art brand were awarded the CNS market certificate by Bureau of Standards, Metrology and Inspection, M.O.E.A..
- 1972: Increase the bicycle assembly and sales business. Increase capital to NT\$18 million.
- 1973: Work with Japan ART to produce automobile transmission parts upon approval of the Ministry of Economic Affairs. Increase capital to NT\$30 million, and work with Japan ART granted the 555 logo to produce automobile steering tie rods and suspension ball joints.
- 1975: Complete the construction of Rende Plant and start the production of automobile transmission parts. Increase capital to NT\$50 million.
- 1975: Capital increase to NT\$70 million Work with Japan ART to produce wear ring pistons upon approval of the Ministry of Economic Affairs.
- 1977: Capital increase to NT\$73 million.
- 1978: Capital increase to NT\$90.60 million.
- 1979: Capital increase to NT\$113.25 million.
- 1980: Capital increase to NT\$165 million Listed on TWSE on August 11.
- 1981: Capital increase to NT\$236.5 million.
- 1982: Capital increase to NT\$254.24 million.
- 1983: Capital increase to NT\$264.40 million.
- 1984: Capital increase to NT\$360 million.
- 1985: Capital increase to NT\$370.80 million.
- 1987: Relocate the headquarters to Rende Plant, and rename Renhe Plant to Renhe Division.
- 1988: Capital increase to NT\$407.88 million.
- 1989: Capital increase to NT\$535 million, and invest capital in Malaysia and incorporate Right Way Industrial (Malaysia) Sdn. Bhd., of which 74% equity is owned by the Company (equivalent to MYR7.4 million).
- 1990: Capital increase to NT\$645.05 million.
- 1991: Capital increase to NT\$677.3 million.
- 1994: Former Chairman and also the Founder, Liu, Hua-Chi, retired when approaching the retirement age, re-appointed as Honorary Chairman, and succeeded by Ku, Ta-Kang. Pistons, connecting rods, steering system parts and wheels for vehicles have been certified and registered under the ISO-9002 quality assurance system by the Bureau of Standards, Metrology and Inspection, M.O.E.A..
- 1995: Capital increase to NT\$747.74 million.

- 1996: Establish EXCELLENT GROWTH INVESTMENTS LIMITED (BVI), which invested capital in China to incorporate Right Way Auto Parts (Fuzhou) Co., Ltd. on behalf of the Company. Invest in Fu An Investment (HK) Co., Ltd. (BVI) and acquire 45% thereof, indirectly succeeding to Shanghai Moshida Shang Xia Co., Ltd. already investing in China. Invest in Right Way Global Co., Ltd. to acquire 99.875% of its equity. Invest in PHOENIX MOTOR CORPORATION to acquire 10% of its equity, and receive QS9000 certification.
- 1997: Capital increase to NT\$822.52 million.
- 1998: Increase capital to NT\$102.252 million, and invest in Right Way International Technology Co., Ltd. to acquire 51% of its equity, and invest in Bless Way (Malaysia) Sdn. Bhd. to acquire 100% of its equity.
- 1998: Former Chairman Ku, Ta-Kang resigned as the juristic-person representative was re-appointed, who was succeeded to by Chen, Kuo-Hsiung.
- 1999: 1st Production Dept. relocated the piston processing line at Renhe Plant to the headquarters. The plant-office integration reduced the production cost effectively and improve the management functions.
- 2000: Invest in Right Way Auto Parts (Fuzhou) Co., Ltd.; 1st-stage construction project was initiated in September and scheduled to be completed in May 2001.
- 2001: The investee, Right Way Auto Parts (Fuzhou) Co., Ltd., completed the mass production in June 2001.
- 2002: Passed the ISO-14001 environmental management system certification in September
- 2003: Reelection of directors and supervisors.
- 2004: Passed ISO/TS16949:2002 certification.
- 2005: Pass ISO-14001:2004 re-issue and revision certification in September; execute the technological cooperation contract with S KOLBENSCHMIDT GmbH, a Germany-based company; receive the FORD “Outstanding Supplier Golden Award.”
- 2006: Elect the directors and supervisors of 19th Board of Directors, and receive the two major awards, Excellent Supplier and Excellent Resale Supplier 2005, from China Motor Corporation.
- 2007: Honored by the “BRP 2007 Supplier Recognition Program” award.
- 2008: Honored by the Export Sales Quality Excellence Award 2007 from China Motor Corporation.
- 2009: Elect the directors and supervisors of 20th Board of Directors.
- 2010: Elect the directors and supervisors of 21st Board of Directors, honored by the routine management excellence award from Sanyang Motor, 2009~2010 Excellent Supplier Award from ROTAX, 2010 Quality Excellence Supplier form BRP, and 2010 Quality Progress Award from China Motor Corporation. Reduce capital by NT\$300 million to cover losses and increase capital in cash through private placement by 30 million shares to solicit for strategic partners. Capital as NT\$1.02251 billion. By-election of the directors and supervisors of 21st Board of Directors, and Lu, Ming-Kuang elected as the new Chairman.
- 2011: Honored by Excellent Supplier Award from Yulon Motor Co., Ltd. and China Motor Corporation, and Harmonious Labor-Management Relations Excellence Business Unit Award from Tainan City Government.

- 2012: Honored by the Excellent Supplier Award by China Motor Corporation. Increase the capital in cash by 20 million shares and capital amounting to NT\$1.223 billion.
- 2013: Honored by Excellent Supplier Award and Quality Excellence Award from “Jasper Engines & Transmissions.
- 2014: The former principal shareholder, Actron Technology Corporation, quit the management team, and Kuo, Chien-Ting was appointed as the new Chairman. Mayor Lai, Ching-Te visited the headquarters to celebrate the Company’s 50th anniversary.
- 2015: Honored by 2015 Routine Performance Appraisal Award from Sanyang Motor and Silver Award and Zero Quality Award from Arctic Cat; issued domestic 1st convertible corporate bonds to raise the capital amounting to NT\$700 million.
- 2016: Invest in construction of the aluminum alloy forging plant, with TPM management system implemented by BICS.
- 2018: TS 16949 converted to IATF 16949 2015; ISO 14001 2004 converted to ISO 14001 2015.
- 2019: Election of the directors of 24th Board of Directors
- 2020: Capital increase and capital amounting to NT\$1.63162 billion
- 2021: Honored by the Harmonious Labor-Management Relations Excellence Business Unit Award from Tainan City Government.
- 2021: Cash capital increase in private placement, and capital amounting to NT\$1.79162 billion.
- 2022: Election of the directors of 25th Board of Directors
- 2022: Cash capital increase in private placement, and capital amounting to NT\$2.78777 billion. The principal shareholder, Kuo, Chien-Ting, quit the management team. Brighton-Best International (Taiwan) Inc. (Ta Cheng Steel Group) joined the management team.

### Three. Corporate Governance Report

#### I. 2023 Organizational Chart:



Department	Department's functions
General Manager	Follow the decisions made by the Board of Directors, responsible for the Company's operations per instruction given by the Chairman, take charge of the overall planning on the development and supervision of each department's business, execute plans, preside over management meetings and resolve various motions proposed at meetings.
Sales Dept.	Marketing and promotion at the customer end, PR communications inside and outside the Company, and sales at home and abroad.
Quality Assurance Dept.	Responsible for planning, promoting, executing and confirming quality matters.
Technology Dept.	Responsible for new product valuation, production technology, maintenance of machine and equipment, product development and mold design, etc.
Production Dept.	Casting production: The Independent Cost Center is responsible for manufacturing and processing pistons and gravity casting parts, facility management, and quality and cost control.

	<p>Forging production: The Independent Cost Center is responsible for manufacturing forging parts, facility management, and quality and cost control.</p> <p>System furniture: The Independent Cost Center is responsible for manufacturing the system furniture, facility management, and quality and cost control.</p>
Management Dept.	Responsible for the management system and planning of various management regulations, HR, education and training, general affairs, safety at factory premises, legal contracts, labor safety and environmental safety, etc.
Finance Dept.	Responsible for shareholders service, financial scheduling, cash cashier, accounting treatment, taxation/financial settlement and cost analysis, shareholders' meeting matters, and matters related to the Board of Directors (including Audit Committee and Remuneration Committee).
Sourcing Dept.	Responsible for materials & supplies, finished goods inventory management, procurement, production scheduling planning and logistics.
IT Dept.	Responsible for computer hardware and access to networks in the factory, information security, computer system maintenance & support, modification of system programs, process improvement and streamlining, etc.

## II. Profile of Directors, General Managers, Deputy General Managers, Assistant Vice Presidents, and heads of departments and branches:

### (I) Directors

April 11, 2023

Unit: share; %

Title	Nationality/ registration place	Name	Gender and age	Election / Appointment Date	Term Duration	Initial Elected Date	Number of Shares Held at Time of Election		Number of Shares Currently Held		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Main Work Experience or Education Background	Concurrent Position in the Company or other Companies	Other managers, directors of supervisors who are spouse or blood relatives within the second degree			Remark (Note 14)
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relation ship	
Chairman	Republic of China	Brighton-Best International (Taiwan) Inc.	Not applicable	2022/06/20	3 years	2022/06/20	53,540,000	17.84%	53,540,000	17.84%	-	-	-	-	-	-	-	-	-	None
	Republic of China	Representative: Hsieh, Li-Yun	Female 71-80 years old	2022/06/20	3 years	2022/06/20	-	-	-	-	-	-	-	-	Department of Banking, Tatung Institute of Technology Ta Chen International, Inc. Chairman of the Company Brighton-Best International (Taiwan) Inc. Chairman	Note 1	Director	Kuo Jui-Tsai	Couple	None
Director (Note 15)	Republic of China	Brighton-Best International (Taiwan) Inc.	Not applicable	2022/06/20	3 years	2022/06/20	53,540,000	17.84%	53,540,000	17.84%	-	-	-	-	-	-	-	-	-	None
	Republic of China	Representative: Lo, Shih-I	Male 71-80 years old	2022/06/20	3 years	2017/11/16	-	-	190,000	0.06%	-	-	-	-	Department of Business Administration, NTU American Express Bank, Taipei Branch Vice President	Note 2	-	-	-	None
Director	Republic of China	Brighton-Best International (Taiwan) Inc.	Not applicable	2022/06/20	3 years	2022/06/20	53,540,000	17.84%	53,540,000	17.84%	-	-	-	-	-	-	-	-	-	None
	Republic of China	Representative: Li, Chien-Te	Male 41-50 years old	2022/06/20	3 years	2022/06/20	-	-	-	-	-	-	-	-	Graduate Institute of Business Administration, Tungshai University Brighton-Best International (Taiwan) Inc. Financial Manager LOTES CO., LTD. Financial Manager	Note 3	-	-	-	None
Director	Republic of China	Brighton-Best International (Taiwan) Inc.	Not applicable	2022/06/20	3 years	2022/06/20	53,540,000	17.84%	53,540,000	17.84%	-	-	-	-	-	-	-	-	-	None
	Republic of China	Representative: Chiu, Sheng- Tien	Male 41-50 years old	2022/06/20	3 years	2022/06/20	-	-	-	-	-	-	-	-	Department of Accounting, National Cheng Kung University Assistant Manager of Auditing Office, Brighton-Best International (Taiwan) Inc. Financial Assistant Vice President, Ta Chen Lung Mei Home Life Co., Ltd.	Note 4	-	-	-	None
Director	Republic of China	Kuo, Jui-Tsai	Male 71-80 years old	2022/06/20	3 years	2022/06/20	-	-	-	-	-	-	-	-	Department of Financial Management, Tatung Institute of Technology Sales Assistant Vice President, Ta Chen International, Inc. Head of Huiyuan Enterprise Director of Ta Cheng (Changshu)	Note 5	Chairman	Hsieh Li-Yun	Couple	None
Director	Republic of China	Chen, Po-Han	Male 31-40 years old	2022/06/20	3 years	2022/06/20	-	-	-	-	-	-	-	-	Department of Public Finance, NCCU Internal Auditing Manager, Ta Chen Lung Mei Home Life Co., Ltd.	Note 6	-	-	-	None
Director (Note 16)	Republic of China	Dingsheng Capital Co., Ltd.	Not applicable	2019/06/24	3 years	2014/01/24	8,000,000	2.67%	-	-	-	-	-	-	-	-	-	-	-	None
	Republic of China	Representative: Kuo, Chien- Ting	Male 51-60 years old	2019/06/24	3 years	2014/01/24	-	-	311,000	0.10%	-	-	-	-	Fu Jen Catholic University Chairman, Right Way Industrial Co., Ltd. General Manager, Chu Yu Enterprise Co., Ltd. Manager of Consumer Banking Dept., EnTie Commercial Bank	None	-	-	-	None
Director (Note 16)	Republic of China	Dingsheng Capital Co., Ltd.	Not applicable	2019/06/24	3 years	2014/01/24	8,000,000	2.67%	-	-	-	-	-	-	-	-	-	-	-	None
	Republic of China	Representative: Liu, Hsuan-Chi	Male 31-40 years old	2019/06/24	3 years	2018/06/29	-	-	-	-	-	-	-	-	Chungyu University of Film and Arts Director, Formosa Optical Technology Co., Ltd.	Note 7	-	-	-	None
Director (Note 16)	Republic of China	Dingsheng Capital Co., Ltd.	Not applicable	2019/06/24	3 years	2014/01/24	8,000,000	2.67%	-	-	-	-	-	-	-	-	-	-	-	None
	Republic of China	Representative: Li Jo-Kai	Female 31-40 years old	2019/06/24	3 years	2018/06/29	-	-	-	-	-	-	-	-	Department of Applied Foreign Languages, Shih Chien University Assistant Manager of Entertainment Management Dept., Le Daw Multimedia Co., Ltd.	None	-	-	-	None
Director (Note 16)	Republic of China	Ke, Fu-Pin	Male 61-70 years old	2019/06/24	3 years	2015/06/09	-	-	-	-	-	-	-	-	Vanung University Chairman, Rui Xin Insurance Broker Co., Ltd.	Note 8	-	-	-	None
Director (Note 16)	Republic of China	Li, Ming- Hsiang	Male 61-70 years old	2019/06/24	3 years	2015/06/09	-	-	-	-	-	-	-	-	China University of Technology	None	-	-	-	None
Independ- ent Director	Republic of China	Shen, Ming- Chang	Male 61-70 years old	2022/06/20	3 years	2022/06/20	-	-	-	-	-	-	-	-	Department of Business Administration, Fu Jen Catholic University Senior Assistant Vice President, Core Pacific Securities Co., Ltd. Manager of Securities Finance Dept., Union Bank of Taiwan Co., Ltd. Director, Entie Securities Finance Co.	Note 9	-	-	-	None
Independ- ent Director	Republic of China	Wang, Kuan- Hsiang	Male 71-80 years old	2022/06/20	3 years	2022/06/20	-	-	-	-	-	-	-	-	NTU Administrative Leadership Program (40 credits for three school years) Director General of Department of General Affairs, Ministry of Finance	Note 10	-	-	-	None



Title	Nationality/registration place	Name	Gender and age	Election / Appointment Date	Term Duration	Initial Elected Date	Number of Shares Held at Time of Election		Number of Shares Currently Held		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Main Work Experience or Education Background	Concurrent Position in the Company or other Companies	Other managers, directors of supervisors who are spouse or blood relatives within the second degree			Remark (Note 14)
							Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship	
Independent Director	Republic of China	Yeh, Yen-Hsiu	Male 61-70 years old	2022/06/20	3 years	2022/06/20	—	—	—	—	—	—	—	—	Department of Business Administration, Fu Jen Catholic University Director, Tung Ying Industrial Co., Ltd. Sales Assistant Vice President, Tung Ying Industrial Co., Ltd.	Note 11	—	—	—	None
Independent Director (Note 16)	Republic of China	Pang, I-Mao	Male 61-70 years old	2019/06/24	3 years	2016/06/15	—	—	—	—	—	—	—	—	Master in Organic Materials Engineering, Tokyo Institute of Technology Senior Advisor, Lee and Li, Attorneys-at-Law	Note 12	—	—	—	None
Independent Director (Note 16)	Republic of China	Lin, Chien-Chung	Male 51-60 years old	2019/06/24	3 years	2017/06/19	—	—	—	—	—	—	—	—	Department of Law, National Chung Hsing University Deputy General Manager, Chi-Fu Trading Co., Ltd.	Note 13	—	—	—	None
Independent Director (Note 16)	Republic of China	Lin, Chin-Yuan	Male 51-60 years old	2019/06/24	3 years	2017/09/19	9,000	0.000%	9,000	0.000%	—	—	—	—	Department of Business Administration, NCCU Assistant Vice President of Actuary and Commodity Department, Union Insurance Company	None	—	—	—	None

- Note 1: Chairman of EXCELLENT GROWTH INVESTMENTS LIMITED; ;Chairman of Right Way Industrial (Malaysia) Sdn. Bhd.; Chairman of TRIM-Telesis Engineering Sdn Bhd.; Chairman of Ta Chen International, Inc.; Chairman of Ta Chen (B.V.I.) Holding Ltd.;Chairman of Shijiazhuang Tachen Jitai Machinery Co., Ltd. ; Chairman of Ta Chen (Boye) Machinery Co., Ltd.; Director of Brighton-Best International (UK), Limited.; Director and also General Manager of Brighton-Best International (Canada), Inc; Director of Brighton-Best International (AU), Pty Ltd.; Director of Brighton-Best International (NZ), Limited; Chairman of Wei Mei Roller Blind Co., Ltd.; Director of Brighton-Best International Inc. (Cayman); Director of Cheng Rong (Shanghai) International Trade Ltd.; Chairman of Ta Chen Empire Co., Ltd.; Chairman of Yi Rong (Shanghai) Investment Management Ltd.; Chairman of Ta Chen (Hong Kong) Limited; Chairman of Ta Chen Lung Mei Home Life Co., Ltd.; Director of Brighton-Best (Hong Kong) Ltd.; Chairman of Brighton-Best (Hong Kong) Holding Limited; Chairman of Tachen interior Design Co., Ltd.; Chairman of Wei Mei Hsin Shu Interior Decoration Co., Ltd.; Chairman of Hupao Technology Co., Ltd.; Chairman of Noei Geeng Enterprise Co., Ltd.; Chairman of Xie Xin Enterprise Co., Ltd.; Director of Clarke St. Property Holding, LLC..
- Note 2: General Manager of the Company; Director of EXCELLENT GROWTH INVESTMENTS LIMITED; Chairman of RIGHT WAY NORTH AMERICA INC.; Director of Right Way Industrial (Malaysia) Sdn. Bhd.; Director of TRIM-Telesis Engineering Sdn Bhd.
- Note 3: Financial Manager, Brighton-Best International (Taiwan) Inc.
- Note 4: Financial Assistant Vice President, Ta Chen Lung Mei Home Life Co., Ltd.
- Note 5: Sales Assistant Vice President, Ta Chen International, Inc.
- Note 6: Internal Auditing Manager, Ta Chen Lung Mei Home Life Co., Ltd.
- Note 7: Director, Formosa Optical Technology Co., Ltd., Shilin Wenlin Branch
- Note 8: Chairman, Rui Xin Insurance Broker Co., Ltd.
- Note 9: Audit Committee and Remuneration Committee Member of the Company, Independent Director/Audit Committee and Remuneration Committee Member of Ta Chen International, Inc.; Independent Director/Audit Committee and Remuneration Committee Member of Brighton-Best International (Taiwan) Inc.
- Note 10: Audit Committee and Remuneration Committee Member of the Company; Independent Director/Audit Committee and Remuneration Committee Member of Ta Chen International, Inc.
- Note 11: The Company's Audit Committee Member and Remuneration Committee Member
- Note 12: Independent Director, Superior Plating Technology Co., Ltd.
- Note 13: Deputy General Manager, Chi-Fu Trading Co., Ltd.
- Note 14: If the Company's Chairman and General Manager or equivalent (supreme managerial officer) are the same person, or spouse or relative within 1st degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be explained. None
- Note 15: Director Lo, Shih-I was the representative of Dingsheng Capital Co., Ltd., who became the representative of Brighton-Best International (Taiwan) Inc. upon the re-election on June 20, 2022.
- Note 16: Discharged upon the re-election of directors on June 20, 2022.

1. Principal shareholder of juristic-person shareholder

Book closure date: April 11, 2023

Name of Juristic-Person Shareholder	Principal shareholder of juristic-person shareholder
Brighton-Best International (Taiwan) Inc.	Ta Chen Stainless Pipe Co., Ltd.,(42.72%) 、Jinn Her Enterprise Co., Ltd. (6.58%) 、Chao Sheng Co. Ltd. (2.99%) 、Tong Yi Investment Co., Ltd. (2.86%) 、Hsieh, Pei-Jung(2.25%) 、Lin, Fang-Kuan(2.17%) 、GAINS Investment Corporation(2.12%) , Xie, Han Yin(2.07%), De Tend Investment Co., Ltd. (1.71%), Sanbao Wangyue Co., Ltd. (1.52%)

2. Principal shareholder of the juristic-person shareholder's principal shareholder who is a juristic person

Book closure date: April 11, 2023

Name of the juristic person	Principal shareholder of the juristic person
Ta Chen Stainless Pipe Co., Ltd.	Brighton-Best International (Taiwan) Inc. (6.87%) 、Ta Chen Empire Co., Ltd. (5.06%) 、Yuanta Taiwan Dividend Plus ETF (4.21%) 、Da Ying Cheng Investment Co. Ltd. (3.91%) 、Xie, Han-Yin (3.10%) 、Hsieh, Pei-Jung (2.70%) 、Tong Yi Investment Co., Ltd. (1.74%) 、Shieh, Rung-Kun (1.67%) 、Jinn Her Enterprise Co., Ltd.(1.54%) 、Divine Pacific Enterprise Limited (1.48%)
Jinn Her Enterprise Co., Ltd.	Tsai, Yung-Yu(20.92%) 、Chen, Xi-Hui (17.99%) 、Tsai, XiongTian (14.14%) 、, Tsai, Rong-Tai (11.83%) 、Tsai, Jung-Hsien (name changed from Tsai, Song-Han ) (9.34%) 、De Tend Investment Co., Ltd. (6.63%) 、Zhen Jiang Investment Co., Ltd. (6.63%) 、Xie Tai Assets Management Co., Ltd. (6.63%) 、Tsai, Yong-Quan (3.05%) 、Tsai Zang, Xiu-Xiang (2.52%)
Chao Sheng Co. Ltd.	Tsai, Sheng-Han (13.34%) 、Tsai, Chao-Chin (6.67%) 、Tsai, Chao-Sheng (6.67%) 、Tsai, Chao-Song (6.67%) 、Tsai, Chao-Fang (6.67%) 、Tsai, Chao-Chin (6.67%) 、Tsai, Ming-Zhi (6.67%) 、Tsai, Bing-Yao (6.67%) 、Tsai, Zhe-Di (6.67%) 、Tsai, Ming-Xuan (6.67%)
Tong Yi Investment Co., Ltd.	Tsai, Hung-Chiuan (40.00%) 、Tai Chen, Su-Gan (20.00%) 、Tsai, Jen-Rung(20.00%) 、Tsai, Jia- Yan (20.00%)
GAINS Investment Corporation	China Steel Corporation (99.9988%) 、Wang, Chung-Yu (0.0002%) 、Chen, Chen-Jung (0.0002%) 、Tsou, Jo-Chi (0.0002%) 、Cheng, Kuo-Hua (0.0002%) 、Chung, Le-Min (0.0002%) 、Hu, Li-Jen (0.0002%)
De Tend Investment Co., Ltd.	Tsai, Yung-Yu (90%) 、Chen, Xi-Hui (10%)
Sanbao Wangyue Co., Ltd.	Onion Family International Co. Ltd (54.18%) 、Ou, I-Lan (25.32%) 、Lin, Yu-Chih (6.61) 、Ou, Wei-Lun (6.61%) 、Wang, Shih-Yu (6.62%) 、Lin, Yu-Hsi (0.66%)

3. Disclosure of information on the professional qualifications of directors and independence of independent directors:

May 15, 2023

Name \ Conditions	Professional qualifications and experience	Independence	Number of other public companies in which concurrently serving as an independent director
Chairman Hsieh, Li-Yun	(1) The Company's Chairman, with the expertise in business management and financial management. (2) Free from any conditions defined in Article 30 of the Company Act.	-	-
Director Lo, Shih-I	(1) The Company's General Manager, with expertise in business management, financial management and sales & marketing. (2) Free from any conditions defined in Article 30 of the Company Act.	-	-
Director Li, Chien-Te	(1) The Company's director, and also financial manager of Brighton-Best International (Taiwan) Inc., with expertise in financial management. (2) Free from any conditions defined in Article 30 of the Company Act.	-	-
Director Chiu, Sheng-Tien	(1) The Company's director, and also Financial Assistant Vice President of Ta Chen Lung Mei Home Life Co., Ltd., with expertise in financial management. (2) Free from any conditions defined in Article 30 of the Company Act.	-	-
Director Kuo, Jui-Tsai	(1) The Company's director, and also Sales Assistant Vice President of Ta Chen International, Inc., with expertise in sales and marketing. (2) Free from any conditions defined in Article 30 of the Company Act.	-	-
Director Chen, Po-Han	(1) The Company's director, and also Internal Auditing Manager of Ta Chen Lung Mei Home Life Co., Ltd., familiar with the Company's internal control and specialized in internal audit. (2) Free from any conditions defined	-	-

	in Article 30 of the Company Act.		
Director Shen, Ming- Chang	<p>(1) The Company’s current independent director, and also Remuneration Committee and Audit Committee Member.</p> <p>(2) Former positions: Assistant Vice President of Core Pacific Securities Co., Ltd.; Former Manager of Securities Finance Dept., Union Bank of Taiwan; Former Director of Entie Securities Finance Co., with the expertise in financial accounting.</p> <p>(3) Free from any conditions defined in Article 30 of the Company Act.</p>	<p>Independent Director Shen Ming-Chang’s compliance with the independence requirements:</p> <ol style="list-style-type: none"> <li>1. None of them, including he or his spouse or relatives within 2nd degree of kinship, serves as director, supervisor or employee in the Company or any of its affiliates;</li> <li>2. The number and percentage of the Company’s shares held in their own name or in the name of their spouse, or relative within 2nd degree of kinship (or proxy shareholder) are both 0%;</li> <li>3. Independent Director of Ta Chen International, Inc. and Brighton-Best International (Taiwan) Inc., but according to Paragraph 2, Article 3 of the “Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies,” independent directors of parent company and subsidiaries may serve as independent director for each other concurrently.</li> <li>4. No amount of remuneration has been received in the last two years for providing</li> </ol>	2

		commercial, legal, financial, accounting or other professional services to the Company and its affiliates.	
Director Wang, Kuan-Hsiang	<p>(1) The Company's current independent director, and also Remuneration Committee and Audit Committee Member.</p> <p>(2) Former positions: Director General of Department of General Affairs, Ministry of Finance; Supervisor of Financial Information Service Co., Ltd.; Director of BankTaiwan SECURITIES Co., Ltd.; Director of Taiwan Business Bank, Ltd.; Standing Supervisor of Small &amp; Medium Enterprise Credit Guarantee Fund of Taiwan; Supervisor of Farmers Bank of China; Director General of Department of General Affairs, the Directorate General of Budget, Accounting and Statistics (DGBAS) of Executive Yuan; Inspector/Director/Division Chief/Senior Executive Officer/Chief Secretary of Department of Finance, Taipei City Government; Tax Assistant/Tax Collector/Section Chief/Auditor of Taipei City Revenue Service Have work experience in the field of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company for five years</p> <p>(3) Free from any conditions defined in Article 30 of the Company Act.</p>	<p>Independent Director Wang Kuang-Hsiang's compliance with the independence requirements:</p> <ol style="list-style-type: none"> <li>1. None of them, including he or his spouse or relatives within 2nd degree of kinship, serves as director, supervisor or employee in the Company or any of its affiliates;</li> <li>2. The number and percentage of the Company's shares held in their own name or in the name of their spouse, or relative within 2nd degree of kinship (or proxy shareholder) are both 0%;</li> <li>3. Independent Director of Ta Chen International, Inc., but according to Paragraph 2, Article 3 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies," independent directors of parent company and subsidiaries may serve as independent director for each other concurrently.</li> <li>4. No amount of remuneration has been received in the</li> </ol>	1

		last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.	
Director Yeh, Yen-Hsiu	<p>(1) The Company's current independent director, and also Remuneration Committee and Audit Committee Member.</p> <p>(2) Former Director of Tung Ying Industrial Co., Ltd.; Former Sales Assistant Vice President of Tung Ying Industrial Co., Ltd. Have work experience necessary for the business of the Company for five years</p> <p>(3) Free from any conditions defined in Article 30 of the Company Act.</p>	<p>Independent Director Yeh Yen-Hsiu's compliance with the independence requirements:</p> <ol style="list-style-type: none"> <li>1. None of them, including he and his spouse and relatives within 2nd degree of kinship, serves as director, supervisor or employee in the Company or any of its affiliates</li> <li>2. The number and percentage of the Company's shares held in their own name or in the name of their spouse, or relative within 2nd degree of kinship (or proxy shareholder) are both 0%;</li> <li>3. Never served as director, supervisor, or employee in any entity that has certain relationship with the Company (please refer to the subparagraphs 5~8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies )</li> <li>4. No amount of remuneration has been received in the</li> </ol>	0

		last two years for providing commercial, legal, financial, accounting or other professional services to the Company and its affiliates.	
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4. Diversity and independence of the Board of Directors:

(I) Diversity of the Board of Directors: The Company advocates and respects the Board diversity policy, in order to strengthen the corporate governance and urge the robust development of the composition and structure of the Board of Directors. The Company believes that the diversity policy would help improve the Company’s overall performance. The appointment of the Board members is based on their merits and diversified complementary abilities across industries, including basic composition (e.g. age, gender and nationality, etc.). Each of them has the industrial experience and related skills (e.g. financial accounting, marketing and audit, etc.), in addition to the abilities including business judgement, business administration, leadership & decision making and crisis management, etc.. In order to improve the Board of Directors’ functions and achieve the corporate governance targets, the Company’s Board of Directors shall have the following abilities: 1. the ability to make business judgment; 2. the ability to analyze accounting and financial issues; 3. the ability to manage business; 4. the ability to manage crisis; 5. industrial knowledge; 6. international market perspective; 7. leadership; 8. the ability to make decision.

The Company's existing Board member diversity policy and implementation status thereof:

Diversity core	Basic composition						Industrial experience					Expertise						
	Nationality	Gender	Serving as an employee concurrently	Age					Seniority and term of office as an independent director	Professional service and marketing	Finance and banking	Bank and insurance	Commerce and supply	Information and technology	Metal and machinery	Laws	Accounting	Risk management
				31—40 years old	41—50 years old	51—60 years old	61—70 years old	71—80 years old										
Name of Director																		
Hsieh, Li-Yun	Republic of China	Male					√		√	√	√	√	√	√	√	√	√	
Lo, Shih-I	Republic of China	Male	√				√		√	√	√	√	√	√	√	√	√	
Li, Chien-Te	Republic of China	Male		√					√	√	√	√	√	√	√	√	√	
Chiu, Sheng-Tien	Republic of China	Female		√					√	√	√	√	√	√	√	√	√	
Kuo, Jui-Tsai	Republic of China	Male					√		√	√	√	√	√	√	√	√	√	
Chen, Po-Han	Republic of China	Male	√							√	√	√	√	√	√	√	√	
Shen, Ming-Chang	Republic of China	Male				√		√		√	√	√	√	√	√	√	√	
Wang, Kuan-Hsiang	Republic of China	Male					√	√		√	√	√	√	√	√	√	√	
Yeh, Yen-Hsiu	Republic of China	Male				√		√		√	√	√	√	√	√	√	√	

- (1) Specific management objectives of the Company's Board diversity policy and implementation status:
  - A. Specific management objectives:
    - a. At least five of the Board members shall possess any of the abilities referred to in said table.
    - b. Individual directors shall possess at least five abilities referred to in said table.
  - B. Status: All of the Board members have achieved the goals under the diversity policy so far.
- (2) The Company's directors have held the term of office for five years on average. None of the



independent directors has held the term of office for more than three times consecutively. All of the directors are native Taiwanese, including 3 independent directors, i.e. 33%, and 1 director is concurrently an employee, i.e. 11%. In terms of the directors' age, 1 director has attained the age of 31~40 years old, 2 directors are at the age of 41~50 years old, 2 directors are at the age of 61~70 years old, and 4 directors are at the age of 71~80 years old. Meanwhile, the Company also values gender equality in the composition of the Board. The current Board of Directors includes one female member, accounting for 11.11% of the Board seats. In the future, we will strive to increase the proportion of female directors.

- (3) The goals for the Board diversification, complementarity and implementation status have been achieved and maintained. In the future, the Company will develop the policy of diversity based on the Company's business operations, operating dynamics, and development needs, including but not limited to, the two general standards, basic requirements and values & professional knowledge and skills, in order to ensure that the Board members have the knowledge, skills, and experience necessary to perform their duties.

(II) Independence of the Board of Directors: The Company's 9 directors include 3 independent directors, i.e. 33%. Except Chairman Hsieh, Li-Yun and Director Kuo, Jui-Tsai, who are relatives within the 2nd degree of kinship of each other, no other such relationship, such as spousal or relative within 2nd degree of kinship, exists among the other 7 directors. Therefore, the Company is held to be satisfying Paragraph 3, Article 26-3 of the Securities and Exchange Act.

- (1) The Company's comments on the independence of the board:  
The Company always believes that the independence of directors should be judged subject to circumstances. The Board is committed to continually assessing the independence of directors by taking into account the relevant factors including, whether the relevant directors may continue to raise constructive questions for the management and other directors, whether the views expressed by them are independent of those of the management or other directors, and whether they speak and behave appropriate inside and outside the Board of Directors. The Company's independent directors usually behave in line with expectations under appropriate circumstances, through their demonstration of said characteristics. Upon taking into account all circumstances referred to herein, the Company believes that all of the independent directors act independently of the Company's staff. For the resume of all directors, including (if any) the relationship with the other members, please refer to the preceding paragraph and MOPS.

## (II) Profile of General Managers, Deputy General Managers, Assistant Vice Presidents, and heads of departments and branches

Book closure date: April 11, 2023

Title (Note 1)	Nationality	Name	Gender	Election / Appointment Date	Shareholding		Shareholding of Spouse and Minor Children		Shares Held in the Name of Others		Main Work Experience or Education Background (Note 2)	Concurrent Position in Other Companies	Managerial officers who are Spouse or Blood Relatives Within the Second Degree			Notes (Note 3)
					Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage	Number of Shares	Shareholding Percentage			Title	Name	Relationship with the Company	
General Manager	Republic of China	Lo, Shih-I	Male	2010.6.25	190,000	0.06%	-	-	-	-	Department of Business Administration, NTU Vice President, American Express Bank, Taipei Branch	Director, EXCELLENT GROWTH INVESTMENTS LIMITED Chairman, RIGHT WAY NORTH AMERICA INC. Director, Right Way Industrial (Malaysia) Sdn. Bhd.	-	-	-	None
Chief Executive Officer	Republic of China	Chen, Ying- Yao (Note 4)	Male	2021.3.22	-	-	-	-	-	-	Department of Secretarial Science, National Taipei University of Business General Manager, Ejectt Inc.	Director, Best Power Service Corporation Chairman, Qi-An Technology Co., Ltd.	-	-	-	None
Deputy General Manager	Republic of China	Huang, Shou- Hsin (Note5)	Male	2018.12.1	90,000	0.03%	-	-	-	-	Department of Economics, NTU Assistant Vice President, Bank SinoPac	None	-	-	-	None
General Manager, Right Way Industrial (Malaysia) Sdn. Bhd.	Malaysia	Ooi, Ai Lee	Female	2015.6.1	-	-	-	-	-	-	Deputy General Manager, Right Way Industrial (Malaysia) Sdn. Bhd.	Director, Right Way Industrial (Malaysia) Sdn. Bhd. Director, TRIM- TELESIS ENGINEERING SDN BHD	-	-	-	None
Deputy General Manager, Manufacturing Dept., Right Way Industrial (Malaysia) Sdn. Bhd.	Republic of China	Chen, Hsin- Ping	Male	2015.6.11	-	-	-	-	-	-	National Taipei University of Technology (formerly known as National Taipei Institute of Technology) Manager, SAN YES AUTOMOTIVE	Director, Right Way Industrial (Malaysia) Sdn. Bhd.	-	-	-	None

											TECHNOLOGY CO., LTD.					
General Manager, Right Way Auto Parts (Fuzhou) Co., Ltd.	Republic of China	Chen, Hao (Note 6)	Male	2016.2.1	60,014	0.02%	-	-	-	-	Department of Business Administration, National Cheng Kung University Deputy General Manager, Right Way Auto Parts (Fuzhou) Co., Ltd.	None	-	-	-	None

Note 1: Including the information about General Manager, Deputy General Manager, Assistant Vice President, and heads of departments and branches, and the information about persons who hold positions equivalent to a General Manager, Deputy General Manager or Assistant Vice President to be disclosed mandatorily.

Note 2: Previous work experiences relating to their current roles; if the person works in the external auditor's firm or its affiliated company during the said-noted time period, the job title and responsibilities must be provided.

Note 3: If the Company's Chairman and General Manager or equivalent (supreme managerial officer) are the same person, or spouse or relative within 1st degree of kinship to the other, the reason, rationality, necessity and relevant information of the corresponding measures should be explained (e.g., the number of independent directors should be increased, or more than half of the directors should not serve as employees or managers concurrently, etc.):None

Note 4: Resigned on April 30, 2022.

Note 5: Resigned as Financial Manager on June 21, 2022 and resigned on June 30, 2022.

Note 6: Resigned on January 31, 2023.

(III) Remuneration paid to Directors, General Manager, and Deputy General Manager in the most recent year

(1) Compensation to Directors and Independent Directors (disclosure of individual director's name and compensation)

Unit: NTD Thousand

Title	Name	Directors' remuneration								Total Remuneration (A+B+C+D) as a % of the Net Income		Remuneration for concurrent position as an employee						Total Compensation (A+B+C+D+E+F+G) as a % of the Net Income		Compensation from investees other than subsidiaries, or parent company				
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances for Operations (D)				Base Compensation, Bonuses, and Allowances (E)		Severance Pay and Pensions (F)		Employees' Profit Sharing Bonus (G)								
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	the Company	All Companies in the Financial Report			The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report				The Company		All Companies in the Financial Report	
										Amount of Cash	Amount of stock							Amount of Cash	Amount of stock					
Chairman	Hsieh, Li-Yun	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100		
Director	Lo, Shih-I	-	-	-	-	-	-	-	-	-	-	6,307	6,307	108	108	-	-	-	-	6,415	6,415	6.7374%	6.7374%	None
Director	Li, Chien-Te	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	6,652	None	
Director	Chiu, Sheng-Tien	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	None	
Director	Kuo, Jui-Tsai	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	5,193	None	
Director	Chen, Po-Han	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	None	None	
Independent Director	Shen, Ming-Chang	127	127	-	-	-	-	-	-	127	0.1334%	127	0.1334%	-	-	-	-	-	-	127	0.1334%	127	0.1334%	2,413
Independent Director	Wang, Kuan-Hsiang	127	127	-	-	-	-	-	-	127	0.1334%	127	0.1334%	-	-	-	-	-	-	127	0.1334%	127	0.1334%	960
Independent Director	Yeh, Yen-Hsiu	127	127	-	-	-	-	-	-	127	0.1334%	127	0.1334%	-	-	-	-	-	-	127	0.1334%	127	0.1334%	None
Chairman (Note)	Kuo, Chien-Ting	-	-	-	-	-	-	-	-	-	-	4,704	4,704	-	-	-	-	-	-	4,704	4,704	4.9404%	4.9404%	None
Director (Note)	Liu, Hsuan-Chi	57	57	-	-	-	20	20	0.0809%	77	0.0809%	-	-	-	-	-	-	-	-	77	0.0809%	77	0.0809%	None
Director (Note)	Li, Jo-Kai	57	57	-	-	-	20	20	0.0809%	77	0.0809%	-	-	-	-	-	-	-	-	77	0.0809%	77	0.0809%	None
Director (Note)	Ke, Fu-Pin	57	57	-	-	-	10	10	0.0704%	67	0.0704%	-	-	-	-	-	-	-	-	67	0.0704%	67	0.0704%	None
Director (Note)	Li, Ming-Hsiang	297	297	-	-	-	20	20	0.3329%	317	0.3329%	-	-	-	-	-	-	-	-	317	0.3329%	317	0.3329%	None
Independent Director (Note)	Pang, I-Mao	113	113	-	-	-	20	20	0.1397%	133	0.1397%	-	-	-	-	-	-	-	-	133	0.1397%	133	0.1397%	None
Independent Director (Note)	Lin, Chien-Chung	113	113	-	-	-	20	20	0.1397%	133	0.1397%	-	-	-	-	-	-	-	-	133	0.1397%	133	0.1397%	None
Independent Director (Note)	Lin, Chin-Yuan	113	113	-	-	-	20	20	0.1397%	133	0.1397%	-	-	-	-	-	-	-	-	133	0.1397%	133	0.1397%	None

1. Please state the policy, system, standards and structure of remuneration payments to independent directors, and describe the relationship between the responsibility, risk, time committed to the organization and other factors and the amount of remuneration to them:  
The remuneration to the Company's independent directors is handled in accordance with the "Regulations Governing Distribution of Remuneration to Directors." Irrespective of the Company's operating profit or loss, or the responsibilities or risks borne by, or time in engagement spent by, the independent directors, the Company shall pay each independent director NTS40,000 per month. The Remuneration Committee shall submit the proposal to the Board of Directors for resolution.

2. In addition to the disclosure shown in the above table, the remuneration received by the directors for their service provided to all companies listed in the financial reports in the most recent fiscal year: None.

Note: Discharged on June 20, 2022

## Remuneration Grade Table

Remuneration Paid to Directors	Name of Director			
	Total Remuneration from the First Four Items (A+B+C+D)		Total Remuneration from the First Seven Items (A+B+C+D+E+F+G)	
	The Company	All Companies in the Financial Report H	The Company	All Companies in the Financial Report I
Below NT\$1,000,000	Hsieh, Li-Yun, Lo, Shih-I, Li, Chien-Te, Chiu, Sheng-Tien, Kuo, Jui-Tsai, Chen, Po-Han, Shen, Ming-Chang, Wang, Kuan-Hsiang, Yeh, Yen-Hsiu, Kuo, Chien-Ting, Liu, Hsuan-Chi, Li, Jo-Kai, Li, Ming-Hsiang, Ke, Fu-Pin, Pang, I-Mao, Lin, Chien-Chung, Lin, Chin-Yuan	Hsieh, Li-Yun, Lo, Shih-I, Li, Chien-Te, Chiu, Sheng-Tien, Kuo, Jui-Tsai, Chen, Po-Han, Shen, Ming-Chang, Wang, Kuan-Hsiang, Yeh, Yen-Hsiu, Kuo, Chien-Ting, Liu, Hsuan-Chi, Li, Jo-Kai, Li, Ming-Hsiang, Ke, Fu-Pin, Pang, I-Mao, Lin, Chien-Chung, Lin, Chin-Yuan	Hsieh, Li-Yun, Li, Chien-Te, Chiu, Sheng-Tien, Kuo, Jui-Tsai, Chen, Po-Han, Shen, Ming-Chang, Wang, Kuan-Hsiang, Yeh, Yen-Hsiu, Liu, Hsuan-Chi, Li, Jo-Kai, Li, Ming-Hsiang, Ke, Fu-Pin, Pang, I-Mao, Lin, Chien-Chung, Lin, Chin-Yuan	Hsieh, Li-Yun, Li, Chien-Te, Chiu, Sheng-Tien, Kuo, Jui-Tsai, Chen, Po-Han, Shen, Ming-Chang, Wang, Kuan-Hsiang, Yeh, Yen-Hsiu, Liu, Hsuan-Chi, Li, Jo-Kai, Li, Ming-Hsiang, Ke, Fu-Pin, Pang, I-Mao, Lin, Chien-Chung, Lin, Chin-Yuan
1,000,000 (inclusive) to 20,000,000 (exclusive)	-	-	-	-
2,000,000 (inclusive) to 3,500,000 (exclusive)	-	-	-	-
3,500,000 (inclusive) to 5,000,000 (exclusive)	-	-	Kuo, Chien-Ting	Kuo, Chien-Ting
5,000,000 (inclusive) to 10,000,000 (exclusive)	-	-	Lo, Shih-I	Lo, Shih-I
10,000,000 (inclusive) to 15,000,000 (exclusive)	-	-	-	-
15,000,000 (inclusive) to 30,000,000 (exclusive)	-	-	-	-
30,000,000 (inclusive) to 50,000,000 (exclusive)	-	-	-	-
50,000,000 (inclusive) to 100,000,000 (exclusive)	-	-	-	-
100,000,000 or above	-	-	-	-
Total	17 persons	17 persons	17 persons	17 persons

\*The basis of compensation disclosed above is different according to the basis of the Income Tax Act. Therefore, the above table has been prepared solely for information disclosure, and not for tax purpose.

(2) Compensation to General Manager and Deputy General Managers

Unit: In Thousands of New Taiwan Dollars

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employees' Profit Sharing Bonus (D)				Total Remuneration (A+B+C+D) as a % of the Net Income		Compensation from investees other than subsidiaries, or parent company
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	
								Amount of Cash	Amount of stock	Amount of Cash	Amount of stock			
General Manager	Lo, Shih-I	2,675	2,675	108	108	3,632	3,632	-	-	-	-	6,415 6.7374%	6,415 6.7374%	None
CEO (Note 1)	Chen, Ying-Yao	213	213	-	-	-	-	-	-	-	-	213 0.2237%	213 0.2237%	None
Deputy General Manager (Note 2)	Huang, Shou-Hsin	1,148	1,148	-	-	751	751	-	-	-	-	1,899 1.9944%	1,899 1.9944%	None
General Manager of Malaysia Factory	Ooi, Ai-Lee	-	1,307	-	-	-	-	-	-	-	-	-	1,307 1.3727%	None
Deputy General Manager of Malaysia Factory	Chen, Hsin-Ping	-	1,581	-	-	-	-	-	-	-	-	-	1,581 1.6605%	None
General Manager of Fuzhou Factory (Note 3)	Chen, Hao	-	2,483	-	2,193	-	-	-	-	-	-	-	4,676 4.9110%	None

\*Disclosure is mandatory for persons who hold positions equivalent to a General Manager or Deputy General Managers (e.g. president, CEO, and director, etc.).

Note 1: Resigned on April 30, 2022

Note 2: Resigned as Financial Manager on June 21, 2022 and resigned on June 30, 2022.

Note 3: Resigned on January 31, 2023.

## Remuneration Grade Table

Remuneration Paid to the General Manager and Deputy General Manager	Name of General Manager and Deputy General Managers	
	The Company	All Companies in the Financial Report
Below NT\$1,000,000	Chen, Ying-Yao	Chen, Ying-Yao
1,000,000 (inclusive) to 20,000,000 (exclusive)	Huang, Shou-Hsin	Huang, Shou-Hsin, Ooi, Ai-Lee, Chen, Hsin-Ping
2,000,000 (inclusive) to 3,500,000 (exclusive)	-	-
3,500,000 (inclusive) to 5,000,000 (exclusive)	-	Chen, Hao
5,000,000 (inclusive) to 10,000,000 (exclusive)	Lo, Shih-I	Lo, Shih-I
10,000,000 (inclusive) to 15,000,000 (exclusive)	-	-
15,000,000 (inclusive) to 30,000,000 (exclusive)	-	-
30,000,000 (inclusive) to 50,000,000 (exclusive)	-	-
50,000,000 (inclusive) to 100,000,000 (exclusive)	-	-
100,000,000 or above	-	-
Total	3 persons	6 persons

Compensation to Top 5 senior managers (disclosure of individual name and compensation) :

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonuses and Allowances (C)		Employees' Profit Sharing Bonus (D)				Total Remuneration (A+B+C+D) as a % of the Net Income		Compensation from investees other than subsidiaries, or parent company
		The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company	All Companies in the Financial Report	The Company		All Companies in the Financial Report		The Company	All Companies in the Financial Report	
								Amount of Cash	Amount of stock	Amount of Cash	Amount of stock			
General Manager	Lo, Shih-I	2,675	2,675	108	108	3,632	3,632	-	-	-	-	6,415 6.7374%	6,415 6.7374%	None
Deputy General Manager (Note 1)	Huang, Shou-Hsin	1,148	1,148	-	-	751	751	-	-	-	-	1,899 1.9944%	1,899 1.9944%	None
General Manager of Malaysia Factory	Ooi, Ai-Lee	-	1,307	-	-	-	-	-	-	-	-	-	1,307 1.3727%	None
Deputy General Manager of Malaysia Factory	Chen, Hsin-Ping	-	1,581	-	-	-	-	-	-	-	-	-	1,581 1.6605%	None
General Manager of Fuzhou Factory (Note 2)	Chen, Hao	-	2,483	-	2,193	-	-	-	-	-	-	-	4,676 4.9110%	None

\*The basis of compensation disclosed above is different according to the basis of the Income Tax Act. Therefore, the above table has been prepared solely for information disclosure, and not for tax purpose.

Note 1: Resigned as Financial Manager on June 21, 2022 and resigned on June 30, 2022.

Note 2: Resigned on January 31, 2023.



(3) Names of managerial officers who are assigned employee remuneration and the status of assignment

Book closure date: April 11, 2023

	Title	Name	Amount of stock	Amount of Cash	Total	Total as % of the Net Income
Managerial officers	General Manager	Lo, Shih-I	0	0	0	0.00
	CEO (Note 1)	Chen, Ying-Yao				
	Deputy General Manager/Financial Manager (Note 2)	Huang, Shou-Hsin				
	Assistant Manager & Technology Supervisor	Chen, Shu-Wei				
	Assistant Vice President/Accounting & Financial Manager	Huang, Chun-Ta				

Note 1: Resigned on April 30, 2022

Note 2: Resigned as Financial Manager on June 21, 2022 and resigned on June 30, 2022.

(IV) Amount of compensation paid in the last 2 years by the Company and all companies included in the consolidated financial statements to the Company's directors, supervisors, general managers, and deputy general managers, and the respective proportion of such compensation to the income after tax referred to in the parent company only financial statements, as well as the policies, standards, and packages by which it was paid, the procedures through which the compensation was determined, and its association with business performance and future risks:

Unit: NT\$Thousand

Items	2021		2022	
	The company	The consolidated financial statement	The company	The consolidated financial statement
Director's total remuneration	9,025	9,025	12,437	12,437
Ratio of director's total remuneration to net income after tax	21.05%	21.05%	13.06%	13.06%
President and vice president's total remuneration	6,787	10,877	8,527	16,091
Ratio of president's and vice president's total remuneration to net income after tax	15.83%	25.37%	8.96%	16.90%

1. The Board of Directors is authorized by the Company to resolve the compensation subject to the directors'/supervisors' engagement in the Company's operations and contribution value, and at the rate generally adopted by the peers in the same industry, according to the Articles of Incorporation. The compensation shall be paid upon approval of the Board of Directors and resolution by the shareholders' meeting.
2. The compensation to the General Manager and deputy general managers shall be authorized in accordance with the Company's "Personnel Management Regulations" applicable at the time of appointment.
3. As the Company's 2022 earnings were used to compensate the loss, no remuneration to employees and directors was estimated.

### III. Implementation of corporate governance

#### (I) Operation of the Board of directors

##### (1) Information about operation of the Board of directors:

The Company completed the re-election of directors to elect the directors of 25th Board of Directors on June 20, 2022. The Board of Directors convened a total of 4 (A) meetings before re-election in 2022, and 8 (A) meetings after the re-election. Attendance is stated as following:

Title	Name	Attendance in person (or as observer) (times) (B)	Attendance by proxy	Percentage of attendance in person (or as observer) (%) (B/A)	Notes
Chairman	Representative of Brighton-Best International (Taiwan) Inc.: Hsieh, Li-Yun	8	0	100	Newly elected on June 20, 2022
Director	Representative of Brighton-Best International (Taiwan) Inc.: Lo, Shih-I	8	0	100	Newly elected on June 20, 2022
Director	Representative of Brighton-Best International (Taiwan) Inc.: Li, Chien-Te	8	0	100	Newly elected on June 20, 2022
Director	Representative of Brighton-Best International (Taiwan) Inc.: Chiu, Sheng-Tien	8	0	100	Newly elected on June 20, 2022
Director	Kuo, Jui-Tsai	8	0	100	Newly elected on June 20, 2022
Director	Chen, Po-Han	8	0	100	Newly elected on June 20, 2022
Independent Director	Shen, Ming-Chang	8	0	100	Newly elected on June 20, 2022
Independent Director	Wang, Kuan-Hsiang	7	0	88	Newly elected on June 20, 2022
Independent Director	Yeh, Yen-Hsiu	8	0	100	Newly elected on June 20, 2022
Director	Dingsheng Capital Co., Ltd. Representative: Kuo, Chien-Ting	4	0	100	Discharged on June 20, 2022
Director	Dingsheng Capital Co., Ltd. Representative: Lo, Shih-I	4	0	100	Discharged on June 20, 2022

Director	Dingsheng Capital Co., Ltd. Representative: Liu, Hsuan-Chi	4	0	100	Discharged on June 20, 2022
Director	Dingsheng Capital Co., Ltd. Representative: Li, Jo-Kai	4	0	100	Discharged on June 20, 2022
Director	Ke, Fu-Pin	2	0	50	Discharged on June 20, 2022
Director	Li, Ming-Hsiang	4	0	100	Discharged on June 20, 2022
Independent Director	Pang, I-Mao	4	0	100	Discharged on June 20, 2022
Independent Director	Lin, Chien-Chung	4	0	100	Discharged on June 20, 2022
Independent Director	Lin, Chin-Yuan	4	0	100	Discharged on June 20, 2022
Other issues to be recorded:					
I.For Board of Directors meetings that meet any of the following descriptions, state the date, session, contents of the motions, independent directors' opinions and how the Company has responded to such opinions:					
(D)Matters specified in Article 14-3 of the Securities and Exchange Act					
Session and Date of the Board of Directors	Content of Motions				Independent directors' opinions and how the Company has responded to such opinions
2022/1/24 25th meeting of the 4th session	<ol style="list-style-type: none"> <li>The Company's plans to sell 100% equity and land, plant and certain equipment of the subsidiary, Right Way Auto Parts (Fuzhou) Co., Ltd..</li> <li>For the plan to grant loans to Fuzhou Assured Brake Systems Co., Ltd..</li> </ol>				Approved by all independent directors unanimously.
2022/3/18 26th meeting of the 24th session	<ol style="list-style-type: none"> <li>The Company's 2021 business report, parent company only financial statements and consolidated financial statements</li> <li>2021 annual profit distribution.</li> <li>For the effectiveness of the Company's 2021 internal control system, and the Statement on Internal Control System.</li> <li>For the application for short-term facility with the bank.</li> <li>For the amendments to certain provisions of the "Articles of Incorporation."</li> <li>For the amendments to certain provisions of the Company's "Rules for Procedure of Shareholders' Meetings."</li> <li>For the amendments to certain provisions of the Company's "Procedure for Acquisition or Disposal of Assets."</li> <li>For loaning to Right Way Auto Parts (Fuzhou) Co., Ltd./</li> </ol>				Approved by all independent directors unanimously.

	<ol style="list-style-type: none"> <li>9. For the direct investment by Right Way Industrial Co., Ltd. in the equity of Fuzhou Super Walco International Trading Corp. held by Right Way Auto Parts (Fuzhou) Co., Ltd. which was scheduled to be acquired from Right Way Auto Parts (Fuzhou) Co., Ltd. via the subsidiary, Wealth Cosmos Limited, initially.</li> <li>10. For the re-election of the Company's directors.</li> <li>11. For the termination of the non-competition restriction imposed on the Company's new directors and their representatives.</li> <li>12. For the acceptance of shareholders' nomination of director/independent director candidates by the Company's 2022 annual general meeting.</li> <li>13. For the date of convening the Company's 2022 annual general meeting, and related matters.</li> </ol>	
2022/4/11 27th meeting of 24th Board of Directors	<ol style="list-style-type: none"> <li>1. For the pricing of the 2022 1st issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.</li> <li>2. For the application for short-term facility with the bank.</li> <li>3. For the raise and payment of the salary to the Company's senior management.</li> </ol>	Approved by all independent directors unanimously.
2022/5/6 28th meeting of 24th Board of Directors	<ol style="list-style-type: none"> <li>1. The Company's consolidated financial statements of Q1 2022</li> <li>2. For the amendments to certain provisions of the "Articles of Incorporation."</li> <li>3. For the amendments to certain provisions of the "Procedure for Acquisition or Disposal of Assets."</li> <li>4. The Company plans to issue common stock in private placement</li> <li>5. Passed the nomination of directors and independent directors.</li> <li>6. Passed the amendments to the causes for convening of the Company's 2022 annual general meeting.</li> </ol>	Approved by all independent directors unanimously.
2022/6/21 1st meeting of 25th Board of Directors	<p>Election:</p> <ol style="list-style-type: none"> <li>1. Upon nomination by Director Lo, Shih-I, all directors agreed to elect Hsieh, Li-Yun as the Chairman of 25th Board of Directors unanimously.</li> </ol> <p>Discussion topics:</p> <ol style="list-style-type: none"> <li>1. For the composition of Remuneration Committee.</li> <li>2. For the renewed appointment of the Company's General Manager, Lo, Shih-I.</li> <li>3. For the employment of the Company's financial manager.</li> <li>4. For the amendments to the Company's "Level of Authority Chart."</li> <li>5. For the limits of the Company's loans from banks and foreign exchange &amp; financial derivatives.</li> </ol>	Approved by all independent directors unanimously.
2022/7/19 2nd meeting of 25th Board of Directors	<ol style="list-style-type: none"> <li>1. For the Company's acquisition of the land at Fuhai Section, Luzhu Dist., Taoyuan City.</li> </ol>	Approved by all independent directors unanimously.

<p>2022/8/11 3rd meeting of 25th Board of Directors</p>	<ol style="list-style-type: none"> <li>1. For the Company’s consolidated financial statements of Q2 2022</li> <li>2. For the Company’s plan to replace the external auditor firm and external auditors as of 3Q 2022.</li> <li>3. For the evaluation on the independence and competence of the external auditors certifying the Company’s financial statements.</li> <li>4. For the amendments to certain provisions of the “Regulations Governing Distribution of Remuneration to Directors.”</li> <li>5. For the Company’s adoption of the “GHG Accounting and Verification Schedule Planning.”</li> <li>6. For the determination of the record date for capital increase out of issuance of new shares for the Company’s employee stock warrants in Q2 2022.</li> <li>7. For the pricing of the 2022 2nd issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.</li> </ol>	<p>Approved by all independent directors unanimously.</p>
<p>2022/11/11 4th meeting of 25th Board of Directors</p>	<ol style="list-style-type: none"> <li>1. For the Company’s consolidated financial statements of Q3 2022</li> <li>2. For the Company’s 2023 internal audit plan.</li> <li>3. For the Company’s 2023 budget plan.</li> <li>4. For the establishment of the corporate governance-related management regulations, amendments to the Procedures for Handling Material Inside Information and Prevention of Insider Trading, establishment of the Articles of Association for Audit Committee, amendments to the “Internal Control System, and establishment of the related management regulations and “Enforcement Rules of Internal Audit.”</li> <li>5. For the appointment of Huang Chun-Ta as the Company’s chief corporate governance officer.</li> <li>6. For cancelation of the facility granted to Right Way Auto Parts (Fuzhou) Co., Ltd..</li> <li>7. For loaning to the subsidiary, Right Way Industrial (Malaysia) Sdn. Bhd..</li> <li>8. For loaning to Fuzhou Assured Brake Systems Co., Ltd..</li> <li>9. For review on the Company’s determination of the salary &amp; bonus to directors and managerial officers, and the year-end bonus to the Company’s directors, existing managerial officers and employees.</li> </ol>	<p>Approved by all independent directors unanimously.</p>
<p>2022/11/21 5th meeting of 25th Board of Directors</p>	<p>For the pricing of the 2022 2nd issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.</p>	<p>Approved by all independent directors unanimously.</p>
<p>2023/1/6 6th meeting of 25th Board of Directors</p>	<p>For the pricing of the 2023 1st issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.</p>	<p>Approved by all independent directors unanimously.</p>
<p>2023/3/13</p>	<ol style="list-style-type: none"> <li>1. The Company’s 2022 business report, parent company only financial statements and consolidated financial statements</li> </ol>	<p>Approved by all independent</p>

7th meeting of the 25th session Board of Directors	<ol style="list-style-type: none"> <li>2. 2022 annual profit distribution.</li> <li>3. Director and employee remuneration distribution plan.</li> <li>4. For the effectiveness of the Company's 2022 internal control system and the Statement on Internal Control System.</li> <li>5. For the evaluation on the independence and competence of the external auditors certifying the Company's financial statements.</li> <li>6. For the amendments to certain provisions of the "Articles of Incorporation."</li> <li>7. For establishment of the branch.</li> <li>8. For the Group's adoption of the "GHG Accounting and Verification Schedule Planning."</li> <li>9. For the date of convening the Company's 2023 annual general meeting, and related matters.</li> </ol>	directors unanimously.
2023/5/11 8th meeting of the 25th session Board of Directors	<ol style="list-style-type: none"> <li>1. The Company's consolidated financial statements of Q1 2023.</li> <li>2. For the proposal to terminate the issuance of common stock in private placement passed by the 2022 shareholders' meeting.</li> <li>3. For the plan to cancel the limit of loans granted to Fuzhou Assured Brake Systems Co., Ltd..</li> <li>4. For the determination of the record date for capital increase out of issuance of new shares for the Company's employee stock warrants in Q2 2023.</li> </ol>	Approved by all independent directors unanimously.

(II) Any other resolution(s) by the Board of Directors meetings passed but with independent directors voicing opposing or qualified opinions on the record or in writing: None

II. For directors' avoidance of motions which involves conflict of interest, the names of directors, contents of the motions, reasons of the recusal for conflict of interest, and participation in voting must be disclosed:

All directors recused themselves from the discussion and voting on the motions related to their salary and remuneration.

III. TWSE/TPEX-listed companies shall disclose the evaluation cycle and period, scope of evaluation, method and contents of evaluation of the Board of Directors' self (or peer) performance evaluation, and specify the status of the evaluation conducted by the Board of Directors.

(1) Execution of evaluation on Board of Directors:

Evaluation cycle	Evaluation period	Scope of evaluation	Assessment methods	Assessment contents
Once per year	January 1, 2022~December 31, 2022	Board of Directors, Audit Committee, Remuneration Committee, and Board members	Internal self-assessment on the Board of Directors, internal self-assessment on Audit Committee and Remuneration Committee, and self-assessment on the Board members	(1) Performance appraisal on the Board of Directors: Participation in the operation of the Company, improvement of the quality of the Board of Directors' decision making, composition and structure of the Board of Directors, election and continuing education of the directors, and internal control. (2) Performance appraisal on individual members: The alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education and internal control. (3) Performance appraisal on functional committees: The participation in the operation of the Company, awareness of the duties of the functional committee, quality of decisions made by the functional committee, composition of the functional committee and election of its members, and internal control.

(2) The performance assessment scores: 5 stands for Extremely Excellent (Strongly Agree); 4 stands for Excellent (Agree); 3 stands for Moderate (Ordinary); 2 stands for Poor (Disagree); 1 stands for extremely poor (Strongly Disagree); the final scores are the average of the sum multiplying by 20.

(3) The performance assessment results are stated as following, which were already reported to the Board of Directors on March 13, 2023.

Scope of evaluation	Weighted scores
Board of Directors	92
Board members	92
Functional committee - Audit Committee	80
Functional committee - Remuneration Committee	80

The performance assessment results of the Company's Board of Directors, Audit Committee, Remuneration Committee and individual Board members were all more than 80 scores, showing that the overall operations of the Company's Board of Directors satisfy the corporate governance requirements.

IV. Enhancements to the functionality of the Board of Directors in the current and the most recent year, and evaluation on the implementation status thereof (e.g. establishment of an Audit Committee, and improvement of information transparency, etc.):

1. The Company has adopted the “Regulations Governing Procedure of Board of Directors’ Meetings.” All of the parliamentary matters related to the Board of Directors shall be executed in accordance with the Regulations. Meanwhile, the information about the directors’ attendance at the Board of Directors’ meetings shall be entered into the MOPS periodically.
2. In order to enhance the corporate governance and improve the Board of Directors’ functions, the Company has had 3 independent directors form the Remuneration Committee in accordance with Article 14-2 of the Securities and Exchange Act to help the Board of Directors perform its functions in reviewing the fairness and reasonableness of the various remuneration management policies.

(II) Information regarding Audit Committee operation:

The Company completed the re-election of directors on June 20, 2022. The Audit Committee convened a total of 4(A) meetings before re-election in 2022 and a total of 8(A) meetings after re-election. Attendance of the independent directors is stated as following:

Title	Name	Actual Attendance in Person (B)	Attendance by Substitution	Actual Attendance Rate (%) (B/A)	Notes
Independent Director	Shen, Ming-Chang	8	0	100	Newly elected on June 20, 2022
Independent Director	Wang, Kuan-Hsiang	7	0	88	Newly elected on June 20, 2022
Independent Director	Yeh, Yen-Hsiu	8	0	100	Newly elected on June 20, 2022
Independent Director	Pang, I-Mao	4	0	100	Discharged on June 20, 2022
Independent Director	Lin, Chien-Chung	4	0	100	Discharged on June 20, 2022
Independent Director	Lin, Chin-Yuan	4	0	100	Discharged on June 20, 2022

Other issues to be recorded:

I. For the Audit Committee meetings that meet any of the following descriptions, state the date, session, contents of motion, independent directors' opposing opinions, reservations or key recommendations, Audit Committee's resolutions, and how the Company has responded to Audit Committee's opinions.

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

Date of the Meeting Session	Content of Motions	Audit Committee's resolutions	How the Company has responded to Audit Committee's opinions
2022/1/24 1st in 2022	<ol style="list-style-type: none"> <li>3. The Company's plans to sell 100% equity and land, plant and certain equipment of the subsidiary, Right Way Auto Parts (Fuzhou) Co., Ltd..</li> <li>4. For the plan to grant loans to Fuzhou Assured Brake Systems Co., Ltd..</li> </ol>	Unanimously approved as proposed.	Not applicable



2022/3/18 2nd in 2022	<ol style="list-style-type: none"> <li>1. The Company's 2021 business report, parent company only financial statements and consolidated financial statements</li> <li>2. 2021 annual profit distribution.</li> <li>3. For the effectiveness of the Company's 2021 internal control system, and the Statement on Internal Control System.</li> <li>4. For the application for short-term facility with the bank.</li> <li>5. For the amendments to certain provisions of the "Articles of Incorporation."</li> <li>6. For the amendments to certain provisions of the Company's "Rules for Procedure of Shareholders' Meetings."</li> <li>7. For the amendments to certain provisions of the Company's "Procedure for Acquisition or Disposal of Assets."</li> <li>8. For loaning to Right Way Auto Parts (Fuzhou) Co., Ltd./</li> <li>9. For the direct investment by Right Way Industrial Co., Ltd. in the equity of Fuzhou Super Walco International Trading Corp. held by Right Way Auto Parts (Fuzhou) Co., Ltd. which was scheduled to be acquired from Right Way Auto Parts (Fuzhou) Co., Ltd. via the subsidiary, Wealth Cosmos Limited, initially.</li> </ol>	Unanimously approved as proposed.	Not applicable
2022/4/11 3rd in 2022	<ol style="list-style-type: none"> <li>1. For the pricing of the 2022 1st issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.</li> <li>2. For the application for short-term facility with the bank.</li> </ol>	Unanimously approved as proposed.	Not applicable
2022/5/6 4th in 2022	<ol style="list-style-type: none"> <li>1. The Company's consolidated financial statements of Q1 2022</li> <li>2. For the amendments to certain provisions of the "Articles of Incorporation."</li> <li>3. For the amendments to certain provisions of the "Procedure for Acquisition or Disposal of Assets."</li> <li>4. The Company plans to issue common stock in private placement</li> </ol>	Unanimously approved as proposed.	Not applicable
2022/6/21 5th in 2022	For the employment of the Company's financial manager.	Unanimously approved as proposed.	Not applicable
2022/7/19 6th in 2022	For the Company's acquisition of the land at Fuhai Section, Luzhu Dist., Taoyuan City.	Unanimously approved as proposed.	Not applicable
2022/8/11 7th in 2022	<ol style="list-style-type: none"> <li>1. For the Company's consolidated financial statements of Q2 2022</li> <li>2. For the Company's plan to replace the external auditor firm and external auditors as of Q3 2022.</li> <li>3. For the evaluation on the independence and competence of the external auditors certifying the Company's financial statements.</li> </ol>	Unanimously approved as proposed.	Not applicable

	4. For the determination of the record date for capital increase out of issuance of new shares for the Company's employee stock warrants in Q2 2022.		
2022/11/11 8th in 2022	<ol style="list-style-type: none"> <li>1. For the Company's consolidated financial statements of Q3 2022</li> <li>2. For the Company's 2023 internal audit plan.</li> <li>3. For the establishment of the corporate governance-related management regulations, amendments to the Procedures for Handling Material Inside Information and Prevention of Insider Trading, establishment of the Articles of Association for Audit Committee, amendments to the "Internal Control System, and establishment of the related management regulations and "Enforcement Rules of Internal Audit."</li> <li>4. For the appointment of Huang, Chun-Ta as the Company's chief corporate governance officer.</li> <li>5. For cancelation of the facility granted to Right Way Auto Parts (Fuzhou) Co., Ltd..</li> <li>6. For loaning to the subsidiary, Right Way Industrial (Malaysia) Sdn. Bhd..</li> <li>7. For the plan to grant loans to Fuzhou Assured Brake Systems Co., Ltd..</li> </ol>	Unanimously approved as proposed.	Not applicable
2022/11/21 9th in 2022	For the pricing of the 2022 2nd issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.	Unanimously approved as proposed.	Not applicable
2023/1/6 1st in 2023	For the pricing of the 2023 1st issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.	Unanimously approved as proposed.	Not applicable
2023/3/13 2nd in 2023	<ol style="list-style-type: none"> <li>1. The Company's 2022 business report, parent company only financial statements and consolidated financial statements</li> <li>2. 2022 annual profit distribution.</li> <li>3. For the effectiveness of the Company's 2022 internal control system and the Statement on Internal Control System.</li> <li>4. For the evaluation on the independence and competence of the external auditors certifying the Company's financial statements.</li> <li>5. For the amendments to certain provisions of the "Articles of Incorporation."</li> <li>6. For establishment of the branch.</li> <li>7. The Company passed the proposal for "Regulations Governing Pre-approval of Provision of Non-Assurance Services."</li> </ol>	Unanimously approved as proposed.	Not applicable
2023/5/11 3rd in 2023	<ol style="list-style-type: none"> <li>1. The Company's consolidated financial statements of Q1 2023.</li> <li>2. The proposal to terminate the issuance of common stock in private placement passed by the 2022 shareholders' meeting is presented.</li> <li>3. For the plan to cancel the limit of loans granted to</li> </ol>	Unanimously approved as proposed.	Not applicable

	Fuzhou Assured Brake Systems Co., Ltd.		
	4. For the determination of the record date for capital increase out of issuance of new shares for the Company's employee stock warrants in Q2 2023.		

(II) Except for the abovementioned matters, others which have not been passed by the Audit Committee but have been approved by more than two-thirds of all directors: Not this situation.

II. For the recusal of independent directors due to conflicts of interest, please state the name of the independent director, the content of motion, the reason for recusal and the participation in voting: None.

III. Communication between independent directors and internal auditing managers and CPAs (material communications, methods and results of the Company's financial and business conditions).

(I) Policy on communication between independent directors and internal auditing officers and CPAs

1. Independent directors meet with the CPAs periodically each year. CPAs will report to the independent directors on the Company's financial position, overall operations and internal audit at the Audit Committee meeting, and communicate with the independent directors about the effect to the account entries by important adjusting journal entries or amendments to laws and regulations, if any. In the event of any significant abnormal situation, a meeting may be convened at any time.
2. The internal auditing officer shall meet with the independent directors once per quarter to report on the internal audit execution status and internal control practices. In the event of any significant abnormal situation, a meeting may be convened at any time.

(II) Summary of the communication history between independent directors and CPAs

Date	Key points
2023/03/13	<ol style="list-style-type: none"> <li>1. The CPA's explanation on 2022 consolidated financial statements and parent company only financial statements.</li> <li>2. The CPA discussed and communicated with the participants about the questions raised by the participants.</li> <li>3. Independent directors' suggestions: No comment.</li> </ol>
2022/11/11	<ol style="list-style-type: none"> <li>1. The CPA explained the audit planning regarding the 2022 consolidated financial statements and parent company only financial statements and communicated the key audit matters.</li> <li>2. The CPA discussed and communicated with the participants about the questions raised by the participants.</li> <li>3. Independent directors' suggestions: No comment.</li> </ol>

(III) Summary of the communication history between independent directors and internal auditing managers

Date	Key points
2022/03/18	<ol style="list-style-type: none"> <li>1. Report on execution of the audit on business in Q4 2021.</li> <li>2. Independent directors' suggestions: No comment.</li> </ol>
2022/05/06	<ol style="list-style-type: none"> <li>1. Report on execution of the audit on business in Q1 2022.</li> <li>2. Independent directors' suggestions: No comment.</li> </ol>
2022/08/11	<ol style="list-style-type: none"> <li>1. Report on execution of the audit on business in Q2 2022.</li> <li>2. Independent directors' suggestions: No comment.</li> </ol>
2022/11/11	<ol style="list-style-type: none"> <li>1. Report on execution of the audit on business in Q3 2022.</li> <li>2. Independent directors' suggestions: No comment.</li> </ol>
2023/03/13	<ol style="list-style-type: none"> <li>1. Report on execution of the audit on business in Q4 2022.</li> <li>2. Independent directors' suggestions: No comment.</li> </ol>

### **Audit Committee's focus of work**

The Company's Audit Committee consists of 3 independent directors, aiming to assist the Board of Directors to perform its obligation to supervise the quality and creditability of the Company's accounting & financial reporting process and audits, in order to improve the efficiency of corporate governance, and to communicate with CPAs and internal auditors on significant events about the Company's business and finance.

The 2022 review is outlined as following:

1. Establishment of or amendments to the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Appraisal on the effectiveness of the internal control system.
3. Establishment of or amendments to the procedures for handling the important business and financial activities, including acquisition or disposal of assets, derivatives trading, loaning to others and making of endorsements/guarantees for others, in accordance with Article 36-1 of the Securities and Exchange Act.
4. Matters involving directors' personal interest.
5. Significant assets or derivatives trading.
6. Significant loaning or making or endorsements or guarantees.
7. Offering, issuance or private placement of equity securities.
8. Appointment/dismissal of, remuneration to, competence, independence and performance of the external auditors.
9. Appointment/dismissal of financial, accounting or internal auditing managers.
10. Review on, and discussion with the external auditors on, the annual financial reports and quarterly financial reports required by the competent authority at home.
11. Any other significant events prescribed by the Company or competent authority.

(III) Status of corporate governance implementation and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons:

Issues to be Assessed	Implementation Status (Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Does the Company follow “Corporate Governance Best Practice Principles” to establish and disclose its corporate governance practices?	Yes		The Company adopted the “Corporate Governance Best Practice Principles” upon approval of the Board of Directors, and released the same on the Company’s website ( <a href="http://www.rightway.com.tw/">http://www.rightway.com.tw/</a> ).	No difference.
II. Shareholding structure and shareholders' equity (I) Does the Company have the internal procedures regulated to handle shareholders’ proposals, doubts, disputes, and litigation matters, and have the procedures implemented accordingly?	Yes		(I) The Company’s Rules for Procedure of Shareholders’ Meetings expressly state that shareholders’ suggestions will be responded to at annual general meetings, and by the spokesperson or deputy spokesperson the company’s spokesperson or deputy spokesperson usually. Meanwhile, no dispute has arisen between the Company and shareholders in the most recent year.	(I) No difference.
(II) Does the Company possess the list of the Company’s major shareholders of ultimate controllers, and the list of the ultimate controllers of the major shareholders?	Yes		(II) The Company, after the ex-right date, can always control the list of shareholders who hold a total of 5% stake and rank inside the Top 100 shareholders precisely, and also maintain a good relationship with the shareholders.	(II) No difference.
(III) Does the Company establish and implement the risk control and firewall mechanism with its affiliated companies?	Yes		(III) The Company has adopted the operating procedure for the supervision of subsidiaries, and implemented the same as required.	(III) No difference.

Issues to be Assessed	Implementation Status (Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Does the Company adopt internal rules prohibiting the Company's insiders from trading securities using information not disclosed to the market?	Yes		(IV) The Company has established its Procedures for Handling Material Inside Information and Prevention of Insider Trading and Code of Ethical Conduct which contain the relevant requirements that prohibit the Company's insiders from trading securities based on the non-public information.	(IV) No difference.
<p>III. Composition and responsibilities of the Board of directors</p> <p>(I) Does the Board of Directors have member diversity policies and specific management goals regulated and implemented substantively?</p> <p>(II) Does the Company, in addition to setting up the Remuneration Committee and Audit Committee lawfully, have other functional committees set up voluntarily?</p>	Yes	No	<p>(I) The Company has adopted the Regulations Governing Procedure of the Board of Directors' Meetings including the member diversity policies and regulations governing implementation thereof. Please refer to the "Diversity and independence of the Board of Directors" on Page 17 of the annual report for details.</p> <p>(II) The Company has established the Remuneration Committee and the Audit Committee which are required by law. Meanwhile, it will set up other functional committees subject to business needs in the future.</p>	<p>(I) No difference.</p> <p>(II) Apart from the establishment of a remuneration committee and an audit committee in accordance with the law, the FSC does not mandate the establishment of other functional committees of the Company.</p>
	Yes			

Issues to be Assessed	Implementation Status (Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons									
	Yes	No	Summary description										
(III) Does the Company establish a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct the performance evaluation regularly at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional office term? .	Yes		(III) The Company has established a set of policies and assessment methods to evaluate the Board of Directors' performance, conduct performance evaluations regularly, at least on an annual basis, and submit the results of performance assessments to the Board of Directors and use them as reference in determining remuneration for individual directors, and their nomination for additional terms of office.	(III) Compliance with the regulations.									
(IV) Does the Company regularly evaluate its external auditors' independence?			(IV) The Company evaluates the external auditors' independence and competence in reference to the AQIs once per year, and submits the result to the Board of Directors for resolution. The 2022 evaluation results have been reviewed and approved by the Board of Directors on March 13, 2023, showing that the external auditors should be held satisfying the Company's independence and competence requirements and be competent to serve as the Company's external auditors.	(IV) No difference.									
			<table border="1"> <thead> <tr> <th>Issues to be Assessed</th> <th>Yes</th> <th>No</th> </tr> </thead> <tbody> <tr> <td>1. The external auditors have no direct or significant indirect financial interests with the Company.</td> <td>✓</td> <td></td> </tr> <tr> <td>2. The external auditors have no close business</td> <td>✓</td> <td></td> </tr> </tbody> </table>	Issues to be Assessed	Yes	No	1. The external auditors have no direct or significant indirect financial interests with the Company.	✓		2. The external auditors have no close business	✓		
Issues to be Assessed	Yes	No											
1. The external auditors have no direct or significant indirect financial interests with the Company.	✓												
2. The external auditors have no close business	✓												

Issues to be Assessed	Implementation Status (Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			relationships with the Company.	
			3. The CPAs have no potential employment relationships with the Company during the audit on the Company.	✓
			4. The external auditors have no financing activities with the Company.	✓
			5. The external auditors do not receive any valuable gift or present from the Company or any of the Company's directors, supervisors or managers (valuing beyond the general social etiquette standards).	✓
			6. The external auditors have not provided the Company with the audit services for seven consecutive years.	✓
			7. The external auditors do not hold any shares of the Company.	✓
			8. None of the external auditors <i>per se</i> or their spouses or dependents, or audit team members currently serves as a director, supervisor or manager of the Company or holds the position that would renders significant influence over the audit cases of the Company during the audit period or in the past two years, and during the future audit period.	✓
			9. Whether the external auditors satisfy the Bulletin of Norm of Professional Ethics for Certified Public Accountant of the Republic of China No. 10, and whether the Company has received the "Statement of Independence" issued by the external auditors.	✓



Issues to be Assessed	Implementation Status (Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
IV. Does the TWSE/TPEX listed company assign the adequate number of competent corporate governance officers, and appoint the chief corporate governance officer responsible for the corporate governance affairs (including but not limited to, provision to directors/supervisors the information needed by them to perform their duties, assistance to directors/supervisors in legal compliance, organization of the Board of Directors meetings and shareholders' meetings pursuant to laws, and preparation of the Board of Directors meeting and shareholders' meeting minutes, etc.)?	Yes		<p>The Company's Board of Directors resolved on November 11, 2022 to appoint the Company's chief corporate governance officer. Assistant Vice President of Finance Dept., Huang, Chun-Ta, was appointed to serve as the chief corporate governance officer responsible for the corporate governance practices.</p> <p>3. Functions:</p> <p>(1) Organization of the Board of Directors meetings and shareholders' meetings pursuant to laws</p> <p>(2) Preparation of the Board of Directors meeting and shareholders' meeting minutes</p> <p>(3) Assistance to directors and supervisors in holding office and continuing education.</p> <p>(4) Provision to directors/supervisors the information needed by them to perform their duties</p> <p>(5) Assistance to directors/supervisors in legal compliance</p> <p>4. The chief corporate governance officer's continuing education program is stated as following:</p> <p>(1) Course name: Global Economic Outlook and Investment Strategies Date: November 11, 2022 Organization: Taiwan Securities Association Course hours: 3</p> <p>(2) Course name: Workshop for Practices of Directors and Supervisors (Including Independent Directors) and Chief Corporate Governance Officer Date: February 21, 2023~February 22, 2023 Organization: Securities and Futures Institute Course hours: 12</p> <p>(3) Course name: Global Economic Outlook and Investment Strategies</p>	No difference.

Issues to be Assessed	Implementation Status (Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			Date: March 13, 2023 Organization: Taiwan Securities Association Course hours: 3	
V. Does the Company establish a communication channel for the stakeholders (including but not limited to, shareholders, employees, customers and suppliers), set up the stakeholder section on the Company's website, and respond to the stakeholders regarding their concerns over important corporate social responsibilities?	Yes		The Company has appointed the Spokesperson and Deputy Spokesperson, who may engage in two-way communication via phone, fax or interview, if necessary. Besides, the Company's website ( <a href="http://www.rightway.com.tw/">http://www.rightway.com.tw/</a> ) has also set up the Stakeholder Section to respond to the stakeholders regarding their concerns over important corporate social responsibilities.	No difference.
VI. Has the Company commissioned a professional shareholders service agent to handle shareholders affairs?	Yes		For the time being, the Company has appointed Shareholders Service Agency Dept., Yuanta Securities to handle the shareholders' meetings on behalf of the Company.	No difference.
VII. Information disclosure  (I) Has the Company set up a website to disclose the Company's business, finance and corporate governance information?  (II) Does the Company adopt other information disclosure methods (e.g., establishing an English website,	Yes  Yes		(I) The Company has set up the website ( <a href="http://www.rightway.com.tw/">http://www.rightway.com.tw/</a> ) to introduce the Company's overview and business activities, disclose related information about business, finance and corporate governance on the website, and also enter the same to the MOPS for reference by the public per the competent authority's requirement.  (II) The Company has set up webpages in English and designated dedicated personnel to collect the information about the Company and disclose the same according to facts. Meanwhile, the Company has also appointed a Spokesperson and Deputy Spokesperson. The Company is	(I) No difference.  (II) No difference.

Issues to be Assessed	Implementation Status (Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>designating dedicated persons for collecting and disclosing information of the Company, practicing the spokesperson system, posting the investor conference on the Company's website, etc.)?</p> <p>(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified time limit?</p>	Yes		<p>invited to attend the industry conference organized by Yuanta Securities periodically each year. For the details on business and finance, please visit the List of Investor Conferences or the Investor Conferences on the MOPS.</p> <p>(III) The Company publishes and reports its annual financial report within three months after the end of a fiscal year, and publishes and reports its financial reports for the first, second, and third quarters as well as its operating status for each month before the specified time limit.</p>	(III) No difference.
VIII. Does the Company have other information that enables a better understanding of the Company's corporate governance practices (including but not limited to, employee rights, employee care, investor	Yes		<p>1. The Company has set up the opinion mailbox to accept employees' feedback on their duties and the management, as the reference to help preparation of management systems. The Company also established the Grievance Committee according to the Act of Gender Equality in Employment and Sexual Harassment Prevention Act, in order to process the sexual harassment incidents at workplace. Notwithstanding, no related incidents have been heard so far. The Company established the Labor Union in 1994. The labors and management may communicate with each other with respect to employee rights and the Company's development. No labor-management dispute has arisen since the Company started its business. The</p>	

Issues to be Assessed	Implementation Status (Note 1)			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
relations, supplier relations, stakeholders' interests, continuing education of directors/supervisors, implementation of risk management policies and risk measurements, implementation of customer policy, and insuring against liabilities of the Company's directors and supervisors)?			<p>Company contributes to the pension reserve pursuant to the Labor Standards Act, and deposits the same into an exclusive account pursuant to laws, in order to meet the applications for pension filed by the workers approaching the retirement age. Therefore, workers don't have to worry about their life after retirement, as they have saved deposits. In response to the implementation of the Labor Pension Act, as of July 1, 2005, for employees who choose to apply the defined contribution retirement plan, 6% of their monthly salary shall be appropriated to the Bureau of Labor Insurance according to the Labor Pension Act. The Company and its suppliers and stakeholders will cooperate with each other in the spirit of interdependence and common interests, for co-existence and common prosperity.</p> <p>2. Continuing education of directors and supervisors: The continuing education is offered in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEX Listed Companies" promulgated by TWSE. The details about continuing education attended by the Company's directors/supervisors are disclosed on the "MOPS" (URL: <a href="http://mops.twse.com.tw/">http://mops.twse.com.tw/</a>) periodically.</p> <p>3. The Company also maintains liability insurance for directors periodically.</p>	
<p>IX. Please explain improvements that have been made as well as priorities to improve the results of the Corporate Governance Evaluation issued by the Taiwan Stock Exchange Corporate Governance Center. (Not required, if the Company is not one of the evaluated subjects.)</p> <p>The Company has adopted the Corporate Governance Best Practice Principles and appointed the Chief Corporate Governance Officer upon approval on November 11, 2022. The Company also plans to strengthen the preparation of the ESG report as the first priority.</p>				

Note 1: Always provide explanations in the summary description column, regardless of whether the status is ticked "Yes" or "No."

Note 2: The corporate governance self-assessment report refers to the report on the Company's current operation and execution of various self-assessment indicators as assessed and explained by the Company independently.

(IV) Composition and operations of the Remuneration Committee:

The Remuneration Committee consists of the whole independent director, operating in accordance with the Company's Articles of Association for Remuneration Committee. Its main job responsibilities include:

1. Stipulate and regularly review the performance of the directors and managerial officers, as well as the compensation policies, systems, standards and structure.
2. Regularly evaluate and stipulate the remuneration to directors and managerial officers.

(1) Information on members of the Remuneration Committee:

May 15, 2023

Identity	Name	Professional qualifications and experience	Number of other publicly listed companies in which concurrently serving as a remuneration committee member
Independent Director	Shen, Ming-Chang	Please refer to Pages 14~18.	2
Independent Director	Wang, Kuan-Hsiang	Disclosure of information about professional qualifications of directors and independence of independent directors	1
Independent Director	Yeh, Yen-Hsiu		0

(2) Operations of the Remuneration Committee

1. The Remuneration Committee consists of 3 members.
2. Term of office to be held by the current (4th) Committee: June 20, 2022~June 19, 2025 3rd Remuneration Committee has convened 1 (A) meeting and 4th Remuneration Committee convened 3(A) meetings. Details of members' eligibility and attendance are stated as follows:

Title	Name	Actual Attendance in Person (B)	Attendance by Substitution	Actual Attendance Rate (%) (B/A)	Notes
Convener	Shen, Ming-Chang	3	0	100	Newly elected on June 20, 2022
Committee member	Wang, Kuan-Hsiang	3	0	100	Newly elected on June 20, 2022
Committee member	Yeh, Yen-Hsiu	3	0	100	Newly elected on June 20, 2022
Convener	Pang, I-Mao	1	0	100	Discharged on June 20, 2022
Committee member	Lin, Chien-Chung	1	0	100	Discharged on June 20, 2022
Committee member	Lin, Chin-Yuan	1	0	100	Discharged on June 20, 2022

Other issues to be recorded:

Date, session, contents of motion and resolutions of meetings held by the Remuneration Committee in the most recent year, and how the Company has responded to Remuneration Committee's opinions

Date and session of the meeting	Content of Motions	Remuneration Committee's resolutions	How the Company has responded to Remuneration Committee's opinions
2022/4/1	For the raise and payment of the salary to	Approved by all	Approved by all

1st in 2022	the Company's senior management.	of the Committee members unanimously	present directors unanimously
2022/8/11 2nd in 2022	For the amendments to certain provisions of the "Regulations Governing Distribution of Remuneration to Directors."	Approved by all of the Committee members unanimously	Approved by all present directors unanimously
2022/11/11 3rd in 2022	For review on the Company's determination of the salary & bonus to directors and managerial officers, and the year-end bonus to the Company's directors, existing managerial officers and employees.	Approved by all of the Committee members unanimously	Approved by all present directors unanimously
2023/3/13 1st in 2023	Review on director and employee remuneration distribution plan.	Approved by all of the Committee members unanimously	Approved by all present directors unanimously

Should the Board reject or modify the suggestions from the Remuneration Committee, state the date, session, contents of the motions, resolution made by Board meeting and results thereof, and how the Company has responded to the Remuneration Committee's opinions (describe the differences and reasons, if any, should the Board of Directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): Not this situation.

Should any resolution(s) by the Remuneration Committee be passed but with any member voicing opposing or qualified opinions on the record or in writing, please describe the date and session of the meeting, contents of the motion, the entire members' opinions, and how their opinions are addressed: Not this situation.

(3) Information about the members and operations of the Nomination Committee: N/A.

(V) Status of promotion of sustainable development and the differences from the Sustainable Development Best Practice Principles for TWSE/TPEX

Listed Companies and the reasons:

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development, and set up a dedicated (or one holding concurrent positions) unit to promote sustainable development, with the board authorizing the senior management to manage the organization which is supervised by the board?	Yes		The Company has its Finance Dept. practice the promotion of sustainable development concurrently. Each department shall also use its best effort to perform the ESG practices, subject to its job duties.	No difference
II. Has the Company conducted risk assessments on environmental, social and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulated relevant risk management policies and strategies?	Yes		The risk evaluation boundary refers to the Company. It also conducted the evaluation on the environmental, social and corporate governance issues related to the operations, subject to the principle of materiality and the results of communication with internal/external stakeholders. The management policy on the related risk issues is specified as follows: (I) Environmental issues: 1. Climate change-related risk: The Company keeps watching the temperature control of air conditioners at the business place and office premises, air conditioner and uses energy effectively, hoping to achieve the goal of energy conservation and carbon reduction. Meanwhile, it also improves the internal and external risk communications with respect to the environmental safety and health practices, follow up the government's news in a timely manner, distribute correct information internally, improve the knowledge about epidemic prevention, and respond to the government's epidemic prevention and	No difference

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>promotion practices.</p> <p>(II) Social Issues:</p> <p>1. Supply chain risk: Avoid excessive concentration of sources of procurement, and expand the supplier lineup proactively, in order to adjust the procurement quantity and items from time to time and mitigate the disturbance that might be caused by any single supplier's contingency, if any.</p> <p>2. Information security risk: The Company practices various information security management mechanisms, engages in the training and promotion of various information security programs from time to time, prepares the backup of key systems and databases regularly and stimulates and tests various information security incidents, in order to ensure the security controls by the information systems and users.</p> <p>(III) Corporate Governance Report</p> <p>1. Foreign exchange rate risk: The Company sends the dedicated personnel to execute the controls, collect the information on changes in the foreign exchange rates and forecast on the trends. Additionally, in order to mitigate the foreign exchange rate risk, the Company's adopts the specific improvement measures to cover the payment for procurement with the sales revenue denominated in the same currency to achieve the effect of natural hedging and also continues to improve the foreign exchange hedging operating model.</p> <p>2. Financing costs: The Company, based on Taiwan as the corporate business center, controls its subsidiaries' finance and capital. It provides the subsidiaries with more lenient credit terms and conditions, and also provide financing subject to the subsidiaries' business development needs, in order to reduce</p>	



Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			their dependence on local financial institutions, and considers the interest spreads in various countries in terms of the Group's overall interest to reduce the financing costs.	
<p>III. Environmental issues</p> <p>(I) Does the Company have an appropriate environmental management system established in accordance with its industrial character?</p> <p>(II) Is the Company committed to improving resource efficiency and to the use of renewable materials with low environmental impact?</p>	Yes		<p>(I) The Company has established the ISO 14001 environmental management system. Meanwhile, it continues to pass third-party assurances. In the fearless spirit of "taken from the community, give back to the society," the Company continues to realize its commitment and determination to keep improving. The Company focuses on pollution prevention and source control, and promotes the programs for reduction of natural resource consumption and waste and recycling of resources proactively, e.g. collecting and classifying various types of waste, contracting qualified service providers to process or reuse the same, and improving the reusability of raw materials, so as to utilize the renewable resources to the maximum.</p> <p>(II) In order to fulfill the corporate responsibilities in environmental protection and care for workers' safety and health, and in consideration of the environmental protection consciousness, the need for pollution control and the eco-friendly social responsibility, the Company established the environmental management system per the requirements under ISO-14001 in 2002, and passed the ISO-14001 environmental management system certificate in September of the same year. After that, the Company passed the ISO-14001:2004 re-issuance and revision certification in 2005, and included ROHS clean production into ISO14001 TS16944 in 2012 to set the environmental sustainability goals and review the progress periodically. In 2017, the Company established the ISO-14001 new environmental management system. Then, the Company passed the ISO-14001 2015 new environmental</p>	<p>(I) No difference.</p> <p>(II) No difference.</p>

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(III) Does the Company assess the current and future potential risks and opportunities that climate change may present to enterprises and adopt related responsive measures?	Yes		management system in 2018. The Company will update the systems periodically each year.  (III) In response to energy conservation and carbon reduction, and in order to mitigate the impact posed by the Company's operations to the natural environment, the Company has established multiple relevant strategies, e.g. promotion of the policy that air conditioners may be turned on only when the room temperature in the office is over 28°C and the temperature shall be set at no less than 26°C, and installation of air pollution prevention and control equipment to reduce GHG emissions. In 2019, the Company has completed the construction of the solar panels on the roof of the factory premises for energy conservation and generation of power.	(III) No difference.
(IV) Does the Company maintain statistics on GHG emission, water consumption, and total waste volume in the last two years, and implement policies aiming at energy conservation and reduction of GHG, water consumption or other wastes?	Yes		(IV) In response to laws and regulations, the Company has maintained statistics on GHG emission, water consumption, and total waste volume and also implemented policies aiming at reduction of GHG emission, water consumption or other wastes.	(IV) No difference.
IV. Social Issues (I) Does the Company develop its policies and procedures in accordance with laws and	Yes		(I) The Company provides the protection of employees' basic interests and rights in accordance with the Labor Standards Act, organizes the Worker Welfare Committee pursuant to the relevant laws and	(I) No difference.

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
<p>International Bill of Human Rights?</p> <p>(II) Does the Company adopt and implement reasonable employee benefit policy (including remuneration, vacation and other benefits, etc.), and reflect the operating performance or results to the remuneration to employees adequately?</p> <p>(III) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?</p>	<p>Yes</p> <p>Yes</p>		<p>regulations governing worker welfare, contributes welfare funds as required for employee welfare practices, and establishes a fair communication channel between labor and management.</p> <p>(II) The Company has set up the opinion mailbox of the General Manager via which the employees may state their opinions. Meanwhile, the Company's Labor Union also serves as a communication channel between the labors and management to make the employees entitled to access the information about the Company's business management activities and decision-making and to state their opinions. In order to prevent the sexual harassment at workplace, the Company establishes the Sexual Harassment Prevention Committee. Any sexual harassment incidents may be reported via the exclusive mailbox and hotline.</p> <p>(III) The Company provides employees with a health checkup without charge each year and delegates labor safety staff to train all employees about safety and health education. Meanwhile, it is committed to reducing hazards to employees' safety and health, preventing potential occupational hazards and also providing the nursing personnel residing at the factory premises with necessary first aid equipment and measures. Meanwhile, the Company already executed the cooperation agreement with Kuo General Hospital, under which the Hospital shall send the physicians recognized by the central competent authority to provide healthcare counseling, medical consultation and medical referral services to the employees at the Company's premises at the designated time on a monthly basis during the term of the agreement.</p>	<p>(II) No difference.</p> <p>(III) No difference.</p>

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
	Yes		<p>In order to prevent the employees from occupational accidents, the Company is committed to promoting the related safety education, and also implements various protection measures as below:</p> <ol style="list-style-type: none"> <li>1. Workers engaged in grinding pistons shall wear protective goggles.</li> <li>2. Workers driving forklifts shall wear safety helmets and seat belts, and drive the forklifts at the speed limit of no more than 25 kilometers, and no passengers are allowed.</li> <li>3. Workers working in high temperature environments shall wear protective gloves.</li> <li>4. Workers working in a noisy working environment shall wear earplugs.</li> </ol> <p><u>Occupational Safety and Health Policy</u>  The Company complies with the Occupational Safety and Health Act, and the policies established by related groups. Meanwhile, the Company respects the interested groups' occupational safety and health requirements, in order to construct a healthy and happy workplace.</p> <p>The Company upholds the disaster preparedness and prevention as the core concept, applies appropriate management tools, matures technology and available resources, integrates occupational safety and health issues at the factory premises, proposes effective countermeasures, continues to improve and promote occupational safety culture, and also improves the operating personnel protection management. Meanwhile, it invests resources to improve the prevention of occupational diseases and create a zero disaster environment.</p> <p>Further, the Company also establishes the quantitative indicators, expands the occupational safety and health activities to products and related services, improves the entire occupational safety and health performance, and controls risks effectively.</p>	

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
			<p>The disability injury frequency rate was 4.57 in 2022, an improvement from 2021, but the Company failed to achieve the target for the disability injury frequency rate 0. There were 2 occupational accidents involving 2 workers (0.8% of the total employees at the end of 2022). Thus, the Company also failed to achieve the target for 0 occupational accident.</p> <p>Upon thorough review in the countermeasures, the Company revised the automatic inspection indicators, inspected the machine safety interlocking components and reiterated the Company's safety and survival clauses, as well as activating the management's care for the physical and mental state of employees to ensure the employees' safety at work.</p> <p><u>Labor Operating Environment Monitoring</u></p> <p>In order to protect workers from hazardous substances in the workplace and provide workers with a comfortable and healthy working environment, the Company executes the monitoring of the working environment 4 times a year to understand the workers' exposure to the working environment physically.</p> <p><u>Labor Safety Inspection</u></p> <p>The Company has established the annual labor safety inspection team's work plan. The general manager serves as the general convener. The inspection reports are applied by the labor safety inspection team in the "labor safety inspection system," in order to register the suggested improvements and improvement of deficiencies as reference for all units online. The inspection is conducted once per month, and time to time at factory premises. Subject to the suggested improvements, the labor safety inspection team meeting will discuss the deficiencies each month.</p> <p><u>Equipment Safety Management</u></p> <p>The Company determines the grading of equipment, lists and controls dangerous machine and equipment pursuant to laws, and conducts thorough inspection to ensure the safe operation of the equipment. The Company's</p>	

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons												
	Yes	No	Summary description													
			<p>machine was subject to the regular inspection in accordance with the “Rules for Inspection on Safety of Dangerous Machine and Equipment” to ensure that the equipment was free from safety concerns in 2022.</p> <p><u>Education and Training</u> The Company provides the designated personnel with various professional courses and education &amp; training for the prescribed hours, in accordance with the “Rules for Occupational Safety and Health Education and Training,” in order to communicate various safety and health requirements and emergent response policies to the workers.</p> <p><u>The Company’s Labor Safety Education, Training and Promotion in the Most Recent Three Years</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Persons attended the education and training sessions</th> <th>Man hours (H) for the education and training sessions</th> </tr> </thead> <tbody> <tr> <td>2020</td> <td>235</td> <td>1,327</td> </tr> <tr> <td><u>2021</u></td> <td>246</td> <td>1,378</td> </tr> <tr> <td>2022</td> <td>267</td> <td>1,473</td> </tr> </tbody> </table> <p><u>Certification by the Company</u> The Company’s factory premises have established the ISO 45001 system.</p>	Year	Persons attended the education and training sessions	Man hours (H) for the education and training sessions	2020	235	1,327	<u>2021</u>	246	1,378	2022	267	1,473	
Year	Persons attended the education and training sessions	Man hours (H) for the education and training sessions														
2020	235	1,327														
<u>2021</u>	246	1,378														
2022	267	1,473														

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
(IV) Does the Company have an effective career capacity development training program established for employees?			(IV) The Company conducts the employee satisfaction survey on the issues including working environment, workload and performance appraisal system periodically and also accepts any suggestions proposed by employees. The Company's Labor Union also convenes regular labor-management meetings, and irregular two-way communication meeting between the Union's members and the management. Meanwhile, it has also executed the collective bargaining agreement with the Union, and received commendation as an outstanding unit dedicated to the labor-management harmony from the competent authority consecutively for many years.	(IV) No difference.
(V) Does the Company comply with laws and international standards with respect to customers' health, safety and privacy, marketing and labeling in all products and services offered, and implement consumer or customer interest protection policies and grievance procedures?			(V) The Company primarily engages in the production of metal processing products, which are ultimately applied to equipment or important automotive and motorcycle parts. Before mass production of such products, they would go through the test per the product specifications and customers' requirement. The services related to the products strictly comply with customers' instruction and related laws and regulations. The Company's official website also provides the contact mailbox to accept relevant grievances.	(V) No difference
(VI) Does the Company adopt any specific supplier management policy demanding that the suppliers comply with the related			(VI) The Company identifies the level of customers' grievances and responsible department according to the Regulations Governing Customers' Grievances. Meanwhile, it responds to customers' grievances pursuant to the relevant requirements and in the prescribed	(VI) No difference

Items to be promoted	Implementation Status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and the reasons
	Yes	No	Summary description	
regulations governing environmental protection, occupational safety and health or labors' human rights, and how is the policy implemented?			format within the prescribed time limit, in order to satisfy customers' needs.	
V. Does the Company prepare the corporate ESG report or any report of non-financial information based on international reporting standards or guidelines? Have the abovementioned reports obtained the verification or assurance opinions from third-party certification organizations?	Yes		(I) The Company has issued the ESG report based on the international reporting standards since 2022. Meanwhile, the Company also plans to arrange a third-party certification organization to provide assurance services and obtained third-party assurance.  The Company sets up the Investors Section on the Company's website: <a href="http://www.rightway.com.tw">http://www.rightway.com.tw</a> MOPS: <a href="http://mops.twse.com.tw">http://mops.twse.com.tw</a>	No difference.
VI. If the Company has established its own ethical management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, please describe the current practices and any deviations thereof from such principles: None.				
VII. Other important information for facilitating the understanding of sustainable development and its implementation: None.				



(VI) Status of the Company's practice of ethical corporate management and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons:

(1) Practice of ethical management

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
<p>I. Establish corporate conduct and ethics policy and implementation measures.</p> <p>(I) Does the Company establish ethical management policies approved by the Board and state in its regulations or external correspondence about the ethical management policies and practices and the commitment of the Board of Directors and senior management to actively implement the operating policies?</p> <p>(II) Does the Company establish the assessment mechanism about unethical conduct to analyze and</p>	<p>Yes</p> <p>Yes</p>		<p>(I) The Company has established its own “Ethical Management Best Practice Principles” and “Operating Procedure for Ethical Management and Guidelines for Ethical Conduct,” which were already approved by the Board of Directors. Meanwhile, it states in its regulations or external correspondence about the ethical management policies and practices, and the commitment of the Board of Directors and senior management to actively implement the operating policies.</p> <p>(II) The Company expressly states in the “Operating Procedure for Ethical Management and Guidelines for Ethical Conduct” that any unethical conduct is prohibited, and also discloses therein that it complies with laws and policies.</p>	<p>(I) No difference.</p> <p>(II) No difference.</p>

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
<p>assess the operating activities with higher risk of unethical conduct in the scope of business periodically, and adopt the unethical conduct prevention program based on the mechanism, which shall at least cover the prevention measures referred to in the subparagraphs of Paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies”? ?</p> <p>(III) Does the Company expressly state the SOP, guidelines for conduct and reward &amp; punishment and grievance systems in the unethical conduct prevention program, implement the same precisely, and review</p>	Yes		<p>(III) The Company expressly defines the scope and responsible unit of such program in the “Operating Procedure for Ethical Management and Guidelines for Ethical Conduct,” and reviews periodically whether it is necessary to amend said program.</p>	<p>(III) No difference.</p>

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
amendments to said program?				
<p>II. Practice ethical operations</p> <p>(I) Does the Company evaluate the ethical record of all counterparts it has business relationships with? Are there any ethical management clauses in the agreements it signs with business partners?</p> <p>(II) Does the Company establish a unit dedicated to promoting ethical corporate management under supervision of the Board of Directors which shall be responsible for reporting the status of implementation of the ethical management policy and unethical conduct prevent program to the Board of Directors periodically (at least for once per year)?</p>	<p>Yes</p> <p>Yes</p>		<p>(I) Before engaging in any business transactions, the Company will consider the trading counterparts' legitimacy and unethical conduct record, in order to avoid engaging in transactions with anyone with unethical record. Meanwhile, the Company will expressly state the compliance with the ethical management clauses in the contract.</p> <p>(II) The Company's General Manager Office and internal auditing unit are responsible for supervising the Company to avoid unethical conducts, and ensure that the ethical management policy is practiced in its operating activities. Meanwhile, if it discovers any unethical conduct, it will report the same to the responsible supervisor for authorization of relevant punishment according to the level of authority. The case considered material will be reported to the Board of Directors for resolution.</p>	<p>(I) No difference.</p> <p>(II) No difference.</p>

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
<p>(III) Does the Company have any policy that prevents a conflict of interest and channels that facilitate the report of conflicts of interest, and implement the same precisely?</p> <p>(IV) Does the Company fulfill the ethical management by establishing an effective accounting system and internal control system, and have an internal audit unit research and adopt related audit plans based on the unethical conduct risk assessment result and conduct audits on the status of compliance with the unethical conduct prevention program, or appoint a CPA to conduct the audits?</p> <p>(V) Does the Company provide internal and external ethical</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(III) The Company’s “Operating Procedure for Ethical Management and Guidelines for Ethical Conduct” expressly states the relevant regulations requiring the stakeholders’ recusal from resolution. The Company’s employees may apply the smooth grievance channel to file any grievance directly or via their immediate supervisors.</p> <p>(IV) The Company has established the effective and sound accounting system and internal control system to promote the ERP information system comprehensively, and to connect the five major management functions, including business, finance, human resources, R&amp;D and production and sourcing, to each other via the information system to check the abnormality hierarchically and manage the abnormality. Further, the Company also established the professional and independent internal audit framework to audit the compliance with the system periodically and submit the audit report to the Board of Directors.</p> <p>(V) The Company has the Management Dept. organize the internal training program to promote the laws and regulations governing ethical management on a regular basis. Meanwhile, HR Office will explain the</p>	<p>(III) No difference.</p> <p>(IV) No difference.</p>

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
conduct training programs on a regular basis?			work rules and ethical management requirements to new employees after the new employees report for duty. It will also send employees to attend related external programs, if any, from time to time.	(V) No difference.
<p>III. Operations of the Company's grievance reporting system</p> <p>(I) Does the Company have a specific report and reward system stipulated, a convenient whistle-blowing channel established, and a responsible staff designated to deal with the accused party?</p> <p>(II) Does the Company define the standard operating procedure, followup measures to be taken upon completion of the investigation, and nondisclosure mechanism toward the investigation of reported cases as accepted?</p> <p>(III) Does the Company take proper measures to protect</p>	<p>Yes</p> <p>Yes</p> <p>Yes</p>		<p>(I) The Company has the Management Dept. responsible for conducting the employee satisfaction survey twice per year, as the important channel to verify employees' feedback. Further, the internal information system also provides the mailbox of General Manager, and sets up the opinion mailbox at the factory premises as the channel to accept employees' feedback and whistle-blowing. The whistle-blower's identity and contents of the whistle-blowing shall be kept strictly in confidence.</p> <p>(II) The Company accepts the whistle-blowing cases in accordance with the Regulations Governing Incentives to and Satisfaction Survey for Employees.</p> <p>(III) The Company protects the whistle-blowers from suffering any consequence of reporting an incident. Also, the Company's Labor</p>	<p>(I) No difference.</p> <p>(II) No difference.</p> <p>(III) No difference.</p>

Issues to be Assessed	Implementation Status			Differences from the Ethical Corporate Management Best Practice Principles for the Listed Companies and reasons for discrepancies
	Yes	No	Summary description	
the whistle-blowers from suffering any consequence when reporting an incident?			Union will also accept employees' grievances and help them solve the problems about their interests and rights.	
IV. Enhance information disclosure  Does the Company disclose the contents of its ethical management best practice principles and the result of implementation at its official website and MOPS?	Yes		The Company has designated dedicated personnel to collect the information about the Company and disclose the same according to facts. Meanwhile, the Company has also set up the webpages in English. The Company's website ( <a href="http://www.rightway.com.tw/">http://www.rightway.com.tw/</a> ), and also the "MOPS" (URL: <a href="http://mops.twse.com.tw/">http://mops.twse.com.tw/</a> ) where the Company's information is also made available.	No difference
V. If the Company has established its own ethical management best practice principles in accordance with "Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies," please describe the current practices and any deviations thereof from such principles: None.				
VI. Other important information to facilitate better understanding of the Company's ethical management practices (such as reviewing and amending the Company's existing Ethical Management Best Practice Principles): None.				

(2) Implementation of ethical management and measures adopted therefor: Please access the MOPS or the Company's website

(<http://www.rightway.com.tw>) for the other information that may facilitate better understanding of the information related to the Company.

(VII) If the Company has established corporate governance principles and other relevant guidelines, the access to such principles must be disclosed:

Please visit the MOPS or the Company's website (<http://www.rightway.com.tw>).

(VIII) Other material information that will provide a better understanding of the state of the Company's implementation of corporate governance:

Please visit the MOPS or the Company's website (<http://www.rightway.com.tw>).

(IX) Status of implementation of the Internal Control System:

1. Statement on Internal Control:

Right Way Industrial Co., Ltd.

Statement on Internal Control:

Date: March 13, 2023

Based on the findings of a self-assessment, the Company states the following with regard to its internal control system during the year of 2022:

- I. The Company acknowledges and understands that the establishment, implementation and maintenance of the internal control system are the responsibility of the board and managerial officers, and that such a system has been implemented within the Company. The purpose of this system is to provide reasonable assurance in terms of business performance, efficiency (including profitability, performance, asset security etc), reliable, timely and transparent financial reporting, and regulatory compliance.
- II. The internal control system is designed with inherent limitations. No matter how perfect the internal control system is, it can only provide a reasonable assurance to the fulfillment of the three objectives referred to above. Moreover, the effectiveness of the internal control system could be affected by the changes of environment and circumstances. However, internal control system of the Company features a self-monitoring mechanism that enables immediate rectification of deficiencies upon discovery.
- III. The Company has assessed the effectiveness of the internal control system design and implementation in accordance with the criteria provided in the “Regulations Governing the Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as “the Regulations”). The criteria introduced by the Regulations consisted of five major elements, each representing a different stage of internal control: 1. Control environment; 2. Risk assessment; 3. Control operation; 4. Information and communication; and 5. Supervision. Each component has its own items. Please see the Regulations for details.
- IV. The Company has adopted said criteria to validate the effectiveness of its internal control system design and execution thereof.
- V. Based on the assessment result referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system (including monitoring and management on subsidiaries) as of December 31, 2022, including the achievement rate of effectiveness and efficiency of operations and reliability, timeliness, transparency, and regulatory compliance of reporting, as well as the compliance with applicable laws, regulations, and bylaws, are effective and may reasonably ensure the achievement of aforementioned goals.
- VI. The Statement will be an integral part of the Company’s annual report and prospectus, and will be made public. Any falsehood, concealment or other illegality in the content made public will entail legal liability under Article 20, 32, 171 and 174 of the Securities and Exchange Act.
- VII. The Statement was approved by the Board of Directors’ meeting held on March 18, 2023, with none of the 9 directors present expressing dissenting opinions, and the remainder all affirming the contents of the Statement.

Right Way Industrial Co., Ltd.

Chairman:



Seal/Signature



General Manager:



Seal/Signature

2. CPA’s review report on internal control system, if any: None.

(X) Punishments received by the Company and its internal personnel pursuant to laws and punitive actions issued by the Company against its internal employees in violation of the internal control system provisions for the latest year until the date of publication of the Annual Report, major deficiency and correction status: None.

(XI) Important resolution of the shareholders’ meeting and Board of Directors for the latest year until the date of publication of the Annual Report:

Date	Session	Key Resolutions
2022/1/24	25th meeting of the 4th session Board of Directors	<ol style="list-style-type: none"> <li>1. Passed the Company’s sale of 100% equity and land, plant and certain equipment of the subsidiary, Right Way Auto Parts (Fuzhou) Co., Ltd..</li> <li>2. Passed the motion for loaning to Fuzhou Assured Brake Systems Co., Ltd..</li> </ol>
2022/3/18	26th meeting of the 24th session Board of Directors	<ol style="list-style-type: none"> <li>1. Passed the Company’s 2021 business report, parent company only financial statements and consolidated financial statements.</li> <li>2. Passed the Company’s 2021 earnings distribution plan.</li> <li>3. Passed the appraisal on effectiveness of the Company’s 2021 internal control system, and the Statement on Internal Control System.</li> <li>4. Passed the application for short-term facility with the bank.</li> <li>5. Passed the amendments to certain provisions of the “Articles of Incorporation.”</li> <li>6. Passed the amendments to certain provisions of the Company’s “Rules for Procedure of Shareholders’ Meetings.”</li> <li>7. Passed the amendments to certain provisions of the Company’s “Procedure for Acquisition or Disposal of Assets.”</li> <li>8. Passed the motion for loaning to Right Way Auto Parts (Fuzhou) Co., Ltd..</li> <li>9. Approved the motion for the direct investment by Right Way Industrial Co., Ltd. in the equity of Fuzhou Super Walco International Trading Corp. held by Right Way Auto Parts (Fuzhou) Co., Ltd. which was scheduled to be acquired from Right Way Auto Parts (Fuzhou) Co., Ltd. via the subsidiary, Wealth Cosmos Limited, initially.</li> <li>10. Passed the re-election of the Company’s directors.</li> <li>11. Passed the termination of the non-competition restriction imposed on the Company’s new directors and their representatives.</li> <li>12. Passed the acceptance of shareholders’ nomination of director/independent director candidates by the Company’s 2022 annual general meeting.</li> <li>13. Passed the date of convening the Company’s 2022 annual general meeting, and related matters.</li> </ol>



Date	Session	Key Resolutions
2022/4/11	27th meeting of the 24th session Board of Directors	<ol style="list-style-type: none"> <li>1. Passed the pricing of the 2022 1st issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.</li> <li>2. Passed the application for short-term facility with the bank.</li> <li>3. Passed the motion for raise and payment of the salary to the Company's senior management.</li> </ol>
2022/5/6	28th meeting of the 24th session Board of Directors	<ol style="list-style-type: none"> <li>1. Passed the Company's consolidated financial statements of Q1 2022</li> <li>2. Passed the amendments to certain provisions of the "Articles of Incorporation."</li> <li>3. Passed the amendments to certain provisions of the "Procedure for Acquisition or Disposal of Assets."</li> <li>4. Passed the Company's plan to issue common stock in private placement.</li> <li>5. Passed the nomination of directors and independent directors.</li> <li>6. Passed the amendments to the causes for convening of the Company's 2022 annual general meeting.</li> </ol>
2022/6/20	2022 Annual General Meeting	<p>Ratification Topics:</p> <ol style="list-style-type: none"> <li>1. Ratification of 2021 financial statements</li> <li>2. Ratification of 2021 earnings distribution plan</li> </ol> <p>Election: To elect 9 directors of the Company's 25th Board of Directors as identified in the following name list:</p> <p>Representatives of Brighton-Best International (Taiwan) Inc.:  Director Hsieh, Li-Yun, Director Lo, Shih-I, Director Li, Chien-Te, Director Chiu, Sheng-Tien, Director Kuo, Jui-Tsai, Director Chen, Po-Han, Independent Director Shen, Ming-Chang, Independent Director Wang, Kuan-Hsiang, Independent Director Yeh, Yen-Hsiu</p> <p><b>Implementation status:</b> The registration thereof has already been approved by the Ministry of Economic Affairs and posed on the Company's website on July 6, 2022.</p> <p>Discussion Topics:</p> <ol style="list-style-type: none"> <li>1. Passed the amendments to certain provisions of the Company's "Articles of Incorporation."</li> </ol> <p><b>Implementation status:</b> The registration thereof has already been approved by the Ministry of Economic Affairs and posed on the Company's website on July 6, 2022.</p> <ol style="list-style-type: none"> <li>2. Passed the amendments to certain provisions of the Company's "Procedure for Acquisition or Disposal of Assets."</li> </ol> <p><b>Implementation status:</b> Already published on the Company's website on June 30, 2022, and the amended procedure to apply.</p> <ol style="list-style-type: none"> <li>3. For the termination of the non-competition restriction imposed on the Company's new directors and their representatives.</li> </ol>

Date	Session	Key Resolutions
		<p>4. For the amendments to certain provisions of the Company's "Rules for Procedure of Shareholders' Meetings."  <b>Implementation status:</b> Already published on the Company's website on June 30, 2022, and the amended procedure to apply.</p> <p>Passed the Company's plan to issue common stock in private placement.</p> <p><b><u>The subsequent implementation status of important motions:</u></b></p> <p>1. For the issuance of common stock in private placement passed by 2022 annual general meeting: The Company has offered 15,000 thousand shares, at the price of NT\$15 per share, in December 2022. The raised funds amounted to NT\$225,000 thousand. Meanwhile, the Company also offered 21,000 thousand shares, at the price of NT\$15 per share, in January 2023. The raised funds amounted to NT\$315,000 thousand. The Company has completed the offering of 36,000 thousand shares in a private placement. The total amount was NT\$540,000 thousand which was used to increase the working capital.</p>
2022/6/21	1st meeting of the 25th session Board of Directors	<p>Election:</p> <p>1. Upon nomination by Director Lo, Shih-I, all directors agreed to elect Hsieh, Li-Yun as the Chairman of 25th Board of Directors unanimously.</p> <p>Discussion topics:</p> <p>1. Passed the composition of Remuneration Committee.  2. Passed the renewed appointment of the Company's General Manager, Lo, Shih-I.  3. Passed the the employment of the Company's financial manager.  4. Passed the amendments to the Company's "Level of Authority Chart."  5. Passed the limits of the Company's loans from banks and foreign exchange &amp; financial derivatives.</p>
2022/7/19	2nd meeting of the 25th session Board of Directors	<p>1. Passed the Company's acquisition of the land at Fuhai Section, Luzhu Dist., Taoyuan City.</p>
2022/8/11	3rd meeting of 25th session Board of Directors	<p>1. Passed the Company's consolidated financial statements of Q2 2022  2. Passed the Company's plan to replace the external auditor firm and external auditors as of Q3 2022.  3. Passed the evaluation on independence and competence of the external auditors certifying the Company's financial statements.  4. Passed the amendments to certain provisions of the "Regulations Governing Distribution of Remuneration to Directors."  5. Passed the Company's adoption of the "GHG Accounting and Verification Schedule Planning."</p>

Date	Session	Key Resolutions
		<ol style="list-style-type: none"> <li>6. Passed the determination of the record date for capital increase out of issuance of new shares for the Company's employee stock warrants in Q2 2022.</li> <li>7. Passed the pricing of the 2022 2nd issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.</li> </ol>
2022/11/11	4th meeting of 25th session Board of Directors	<ol style="list-style-type: none"> <li>1. Passed the Company's consolidated financial statements of Q3 2022</li> <li>2. Passed the Company's 2023 internal audit plan.</li> <li>3. Passed the Company's 2023 budget plan.</li> <li>4. Passed the establishment of the corporate governance-related management regulations, amendments to the Procedures for Handling Material Inside Information and Prevention of Insider Trading, establishment of the Articles of Association for Audit Committee, amendments to the "Internal Control System, and establishment of the related management regulations and "Enforcement Rules of Internal Audit."</li> <li>5. Passed the appointment of Huang, Chun-Ta as the Company's chief corporate governance officer.</li> <li>6. Passed the motion for cancelation of the facility granted to Right Way Auto Parts (Fuzhou) Co., Ltd..</li> <li>7. Passed the motion for loaning to the subsidiary, Right Way Industrial (Malaysia) Sdn. Bhd..</li> <li>8. Passed the motion for loaning to Fuzhou Assured Brake Systems Co., Ltd..</li> <li>9. Passed the Company's determination of the salary &amp; bonus to directors and managerial officers, and the year-end bonus to the Company's directors, existing managerial officers and employees.</li> </ol>
2022/11/21	5th meeting of 25th session Board of Directors	Passed the pricing of the 2022 2nd issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.
2023/1/6	6th meeting of 25th session Board of Directors	Passed the pricing of the 2023 1st issuance of common stock in private placement by the Company, selection of subscribers, and change in expected quantity of each offering.
2023/3/13	7th meeting of the 25th session Board of Directors	<ol style="list-style-type: none"> <li>1. Passed the Company's 2022 business report, parent company only financial statements and consolidated financial statements.</li> <li>2. Passed the Company's 2022 earnings distribution plan.</li> <li>3. Passed the director and employee remuneration distribution plan.</li> <li>4. Passed the appraisal on effectiveness of the Company's 2022 internal control system and the Statement on Internal Control System.</li> <li>5. Passed the evaluation on independence and competence of the external auditors certifying the Company's financial statements.</li> </ol>

Date	Session	Key Resolutions
		6. Passed the amendments to certain provisions of the “Articles of Incorporation.” 7. Passed the proposal for establishment of the branch. 8. Passed the Group’s adoption of the “GHG Accounting and Verification Schedule Planning.” 9. Passed the date of convening the Company’s 2023 annual general meeting and related matters.
2023/5/11	8th meeting of the 25th session Board of Directors	1. Passed the Company’s consolidated financial statements of Q1 2023. 2. Passed the proposal to terminate the issuance of common stock in private placement passed by the 2022 shareholders’ meeting is presented. 3. Passed the plan to cancel the limit of loans granted to Fuzhou Assured Brake Systems Co., Ltd.. 4. Passed the determination of the record date for capital increase out of issuance of new shares for the Company’s employee stock warrants in Q2 2023.

(XII) The main contents of important resolutions of the Board passed but with directors or supervisors voicing opposing opinions on the record or in writing during the most recent year and up to the date of publication of the annual report: None.

(XIII) Summary of resignation/dismissal of the Company's related personnel (including Chairman, General Manager, accounting manager, financial manager, chief internal auditing officer, chief corporate governance officer or chief R&D officer) in the most recent year and as of the date of publication of the annual report:

Title	Name	Date of onboard	Date of discharge	Cause of resignation or discharge
Chairman	Kuo, Chien-Ting	2014.01.24	2022.06.20	Discharged upon the re-election of directors
Financial Manager	Huang, Shou-Hsin	2018.12.01	2022.06.21	Redeployment
Chief Executive Officer	Chen, Ying-Yao	2020.11.06	2022.04.30	Personal career planning

#### IV. Audit fee of independent auditors

(I) If a change of CPA firm resulted in a lower audit fee for that year compared to the previous year, the amount and reason of the reduction before and after the change must be disclosed: : None.

(II) If the audit fee was reduced by more than 10% from the previous year, the actual amount, proportion, and reasons for the reduction must be disclosed: None

(III) Breakdown of CPA Professional Fee

Unit: NTD Thousand

Name of Accounting Firm	Name of Accountant	Audit Period	Audit Service	Non-Audit Service	Total	Notes
KPMG Taiwan	Lien, Shu-Ling	2022.01.01~ 2022.06.30	1,400	672	2,072	Non-Audit Service: Certification of subsidiaries' financial statements 300 Business traveling allowance 222 Commercial & industrial registration 80 Others 70
	Wu, Chao-Jen					
Deloitte of Touche	Lee, Chi-Chen	2022.07.01~ 2022.12.31	1,950	845	2,795	Reason for replacement of the CPA: To meet the Company's needs for business and management. Non-Audit Service: Transfer pricing 200 Certification of subsidiaries' financial statements 260 Financial statements in English languages 300 Commercial & industrial registration 35 Professional fees for non-managerial review opinions 50
	Wu, Chang-Chun					

## V. Information on change of auditors:

### (I) Information relating to the former CPA

Date of replacement	Q3 2022		
Cause of replacement, and explanation	In consideration of the Company's needs for business and management, and in order to seek the introduction of the best CPA professional service resources and to provide timely, complete, rigorous and professional consultation and advice on business management, the Company has replaced the external auditors with Lee, Chi-Chen, CPA and Wu, Chang-Chun, CPA since Q3 of 2022.		
To specify whether the client or CPA terminates or rejects the appointment	Counterparty	CPA	Client
	Status		
	Voluntary termination of the appointment	-	✓
	No longer accept (continue) the appointment	-	-
Issuance of the audit report other than the audit report containing unqualified opinions in the most recent two years, and cause thereof	None		
Any disagreement with the issuer	Yes	-	Accounting principles or practices
		-	Disclosure of financial report
		-	Audit scope or steps
		-	Others
	None	✓	
	Explanation: Not applicable		
Other disclosures (To be disclosed under the subparagraphs 6.1(4)~(7) of Article 10 of the Regulations.)	None		

(I) Information relating to the succeeding CPA

Name of Accounting Firm	Deloitte of Touche
Name of Accountant	Lee, Chi-Chen, CPA and Wu, Chang-Chun, CPA
Date of appointment	Q3 2022
Consultation about the accounting treatment of or application of accounting principles to a specific transaction or the type of audit opinion that might be rendered prior to the formal engagement, and the consultation result.	Not applicable
Written disagreements from the succeeding CPA against opinions of the former CPA	Not applicable

(III) The former CPA's response to the items referred to in the subparagraphs 6(1) and (2)3 of Article 10 of the Regulations: None.

**VI. If the chairman, general manager and managerial officers in charge of the Company's finance and accounting operations held any positions within the Company's external auditor firm or its affiliates during the past one year: None.**

**VII. Changes in the transfer or pledge of shares by directors, supervisors, managerial officers, and shareholders holding over 10% of the outstanding shares in the previous year and by the date of publication of the annual report:**

Changes in shareholding of directors, managerial officers, supervisors and principal shareholders

Title	Name	2022		Until May 15, 2022	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Juristic-person director/principal director	Brighton-Best International (Taiwan) Inc.	37,540,000	0	0	0
Chairman	Brighton-Best International (Taiwan) Inc.	Hsieh, Li-Yun	0	0	0
Director		Lo, Shih-I	190,000	0	0
Director		Li, Chien-Te	0	0	0
Director		Chiu, Sheng-Tien	0	0	0
Director	Kuo, Jui-Tsai	0	0	0	0

Title	Name	2022		Until May 15, 2022	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Director	Chen, Po-Han	0	0	0	0
Independent Director	Shen, Ming-Chang	0	0	0	0
Independent Director	Wang, Kuan-Hsiang	0	0	0	0
Independent Director	Yeh, Yen-Hsiu	0	0	0	0
General Manager	Lo, Shih-I	190,000	0	0	0
Financial Assistant Vice President	Huang, Chun-Ta	0	0	40,000	0
Technology Manager	Chen, Shu-Wei	0	0	20,000	0

Remark: Said information about changes in equity was prepared based on the number of shares reported to the competent authority.

**Transfer of equity:**

Any relationship, such as counterpart of the transfer of equity, among directors, supervisors, managerial officers and the top ten shareholders: None.

**Information about pledge of equity:**

Name	Cause of changes in the pledge	Date of change	Trading counterpart	Relationship between trading counterparts and the Company and its directors, supervisors, managerial officers and top ten shareholders:	Number of Shares	Shareholding Percentage	Pledge ratio	Amount of pledged (redeemed) loan
None	-	-	-	-	-	-	-	-



**VIII. Relationship Information, If Among the Company's 10 Largest Shareholders Anyone is a Related Party or a Relative of Spouse or Within the Second Degree of Kinship of Other**

Book closure date: April 11, 2023

Units: Shares; %

Name	Shares held by the Principle		Shares held by the spouse or the minority		Total shares held utilizing others' names		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Notes
	Shares	%	Shares	%	Shares	%	Name	Relations	
Brighton-Best International (Taiwan) Inc. Representative: Hsieh, Li-Yun	53,540,000	17.84	0	0.00	0	0.00	None	None	None
	0	0.00	0	0.00	0	0.00	None	None	None
WIN POWER E and T CO., LTD. Representative: Lin, Ting-Chia	16,000,000	5.33	0	0.00	0	0.00	Note 1	Note 1	None
	0	0.00	0	0.00	0	0.00	None	None	None
YU PAO SYSTEM CABINET CO., LTD. Representative: Lin, Yun-Man	16,000,000	5.33	0	0.00	0	0.00	None	None	None
	0	0.00	0	0.00	0	0.00	None	None	None
SHING HWANG CO., LTD. Representative: Lin, Ting-Chia	15,600,000	5.20	0	0.00	0	0.00	Note 2	Note 2	None
	0	0.00	0	0.00	0	0.00	None	None	None
GREEN SYSTEM CO., LTD. Representative: Chen, Shih-Wen	13,000,000	4.33	0	0.00	0	0.00	None	None	None
	1,000,000	0.33	0	0.00	0	0.00	None	None	None
Hsiao, Chia-Sung	12,561,213	4.19	0	0.00	0	0.00	None	None	None
Feng, Leng-Chih	7,480,000	2.49	0	0.00	0	0.00	None	None	None
Jie Wei Te Investment Limited Representative: Chen, Yen-Chieh	7,000,000	2.33	0	0.00	0	0.00	None	None	None
	3,063,000	1.02	0	0.00	0	0.00	None	None	None
CHUAN MAI ENTERPRISE CO. Representative: Yen, Hsiu-Lien	6,000,000	2.00	0	0.00	0	0.00	None	None	None
	3,000,000	1.00	0	0.00	0	0.00	None	None	None
Cai Jin Investment Co., Ltd. Representative: Kuo, Chien-Ting	5,400,000	1.80	0	0.00	0	0.00	None	None	None
	311,000	0.10	0	0.00	0	0.00	None	None	None

Note 1: Same as the responsible person of SHING HWANG CO., LTD.

Note 2: Same as the responsible person of WIN POWER E & T CO., LTD.

**IX. The total number of shares and total equity stake held in any single investee by the Company, its directors and supervisors, managerial officers, and any enterprises controlled either directly or indirectly by the Company:**

**Total equity stake**

Unit: Thousand shares; %

Investee  (Note)	Ownership by the Company		Investment by directors, supervisors, managerial officers and any enterprises controlled either directly or indirectly by the Company		Total Ownership	
	Number of Shares	Percentage of ownership	Number of Shares	Percentage of ownership	Number of Shares	Percentage of ownership
Right Way Industrial (Malaysia) Sdn. Bhd.	28,666	80%	-	-	28,666	80%
Right Way Glogal Co., Ltd.	25,930	100%	-	-	25,930	100%
Right Way North America	-	100%	-	-	-	100%
Excellent Growth Investments Limited	23,263	100%	-	-	23,263	100%

Note: The investment accounted for using the equity method.

## **Four. Financing Activities**

### **I. Notes to capital and shares**

#### **(I) Source of capital**

Year and Month	Issue Price	Authorized Share Capital		Paid-in Capital		Notes		
		Number of Shares (Thousand Shares)	Amount (in thousand)	Number of Shares (Thousand Shares)	Amount (in thousand)	Source of capital	Capital Increase by Assets Other than Cash	Others
1964.11	1,000	1.5	1,500	1.5	1,500	Investment in cash by NT\$1.5 million	None	—
1966.04	1,000	4	4,000	4	4,000	Cash capital increase by NT\$2.5 million	None	—
1967.07	1,000	5	5,000	5	5,000	Cash capital increase by NT\$1 million	None	—
1969.06	1,000	7	7,000	7	7,000	Cash capital increase by NT\$1.25 million, and capital increase out of earnings by NT\$750,000 in 1968	None	—
1970.07	100	100	10,000	100	10,000	Cash capital increase by NT\$1.641, and capital increase out of earnings by NT\$1.359 million in 1969	None	Change of the par value
1971.04	100	110	11,000	110	11,000	Capital increase out of earnings by NT\$1 million in 1970	None	—
1972.07	100	180	18,000	180	18,000	Cash capital increase by NT\$3.37 million, and capital increase out of earnings by NT\$3.63 million in 1971	None	—
1973.07	100	300	30,000	300	30,000	Cash capital increase by NT\$5.16 million, and capital increase out of earnings by NT\$5.04 million and capital increase out of capital surplus by NT\$1.8 million in 1972	None	—
1975.07	100	500	50,000	500	50,000	Cash capital increase by NT\$2.87 million, and capital increase out of earnings by NT\$14.277 million and capital increase out of capital surplus by NT\$2.853 million in 1973 and 1974	None	—

Year and Month	Issue Price	Authorized Share Capital		Paid-in Capital		Notes		
		Number of Shares (Thousand Shares)	Amount (in thousand)	Number of Shares (Thousand Shares)	Amount (in thousand)	Source of capital	Capital Increase by Assets Other than Cash	Others
1976.05	100	700	70,000	700	70,000	Capital increase out of earnings by NT\$6.82 million, capital increase out of capital surplus by NT\$1.735 million, and capital increase out of assets appreciation reserves by NT\$11.445 million in 1975	None	—
1977.12	100	730	73,000	730	73,000	Cash capital increase by NT\$3 million	None	—
1978.05	100	839.5	83,950	839.5	83,950	Capital increase out of earnings by NT\$10.95 million in 1976 and 1977	None	—
1978.12	100	906	90,600	906	90,600	Cash capital increase by NT\$6.65 million	None	—
1979.08	10	15,000	150,000	15,000	150,000	Cash capital increase by NT\$36.75 million	None	—
1980.01	10	16,500	165,000	16,500	165,000	Capital increase out of earnings by NT\$15 million in 1979	None	—
1981.09	10	23,650	236,500	23,650	236,500	Cash capital increase by NT\$55 million, and capital increase out of earnings by NT\$16.5 million in 1980	None	—
1982.09	10	25,423.75	254,237.5	25,424	254,237	Capital increase out of capital surplus by NT\$17.7375 million	None	—
1983.08	10	26,440.70	264,407	26,441	264,407	Additional paid-in capital NT\$10.1695 million	None	—
1984.09	10	36,000	360,000	36,000	360,000	Cash capital increase by NT\$85.01672 million, and capital increase out of earnings by NT\$10.57628 million	None	—
1985.01	10	37,080	370,800	37,080	370,800	Capital increase out of capital surplus by NT\$10.8 million	None	—
1988.07	10	40,788	407,880	40,788	407,880	Cash capital increase by NT\$29.664 million and capital increase out of capital surplus by	None	—

Year and Month	Issue Price	Authorized Share Capital		Paid-in Capital		Notes		
		Number of Shares (Thousand Shares)	Amount (in thousand)	Number of Shares (Thousand Shares)	Amount (in thousand)	Source of capital	Capital Increase by Assets Other than Cash	Others
						NT\$7.416 million in 1986 and 1987		
1989.09	10	53,500	535,000	53,500	535,000	Cash capital increase by NT\$74.0956 million, and capital increase out of earnings by NT\$53.0244 million	None	—
1990.08	10	64,505	645,050	64,505	645,050	Cash capital increase by NT\$40.5 million, capital increase out of earnings by NT\$53.50 million and capital increase out of capital surplus by NT\$16.05 million	None	—
1991.07	10	67,730	677,302.5	67,730	677,302	Additional paid-in capital NT\$32.2525 million	None	—
1995.07	10	100,000	1,000,000	74,774	747,742	Capital increase out of earnings by NT\$35.21973 million in 1984 Capital increase out of capital surplus by NT\$35.21973 million	None	—
1997.07	10	103,000	1,030,000	82,252	822,516	Capital increase out of earnings by NT\$37.3871 million and capital increase out of capital surplus by NT\$37.3871 million in 1996	None	—
1998.02	10	103,000	1,030,000	102,252	1,022,516	Cash capital increase by NT\$200 million	None	—
2010.08	10	103,000	1,030,000	72,252	722,516	Capital reduction to compensate the loss, NT\$300 million	None	—
<b>2010.09</b>	<b>12</b>	<b>103,000</b>	<b>1,030,000</b>	<b>102,252</b>	<b>1,022,516</b>	<b>Cash capital increase by 30 million shares at the par value of NT\$10 per share (in private placement)</b>	<b>None</b>	<b>—</b>
2012.12	17.22	160,000	1,600,000	122,252	1,222,516	Cash capital increase by 200 million shares	None	-
2015.03	24.18	160,000	1,600,000	122,256	1,222,558	Domestic 1st convertible corporate bonds converted to	None	-

Year and Month	Issue Price	Authorized Share Capital		Paid-in Capital		Notes		
		Number of Shares (Thousand Shares)	Amount (in thousand)	Number of Shares (Thousand Shares)	Amount (in thousand)	Source of capital	Capital Increase by Assets Other than Cash	Others
						common stock totaling 4,135 shares		
2018.04	12	248.5	2,485	122,504	1,225,043	Employees' exercise of stock options to apply for issuance of new shares in 2015	None	-
2019.04	12	351.25	3,513	122,856	1,228,555	Employees' exercise of stock options to apply for issuance of new shares in 2015	None	-
2020.04	12	306	306	123,161	1,231,618	Employees' exercise of stock options to apply for issuance of new shares in 2015	None	—
2020.05	10	40,000	400,000	163,161	1,631,618	Cash capital increase by 40 million shares	None	-
<b>2021.12</b>	<b>9.24</b>	<b>16,000</b>	<b>160,000</b>	<b>179,161</b>	<b>1,791,618</b>	<b>Cash capital increase by 16 million shares at the par value of NT\$10 per share (in private placement)</b>	<b>None</b>	<b>-</b>
<b>2022.05</b>	<b>11.32</b>	<b>84,000</b>	<b>840,000</b>	<b>263,161</b>	<b>2,631,618</b>	<b>Cash capital increase by 84 million shares at the par value of NT\$10 per share (in private placement)</b>	<b>None</b>	<b>-</b>
2022.09	13.50	615	6,1500	263,777	2,637,768	Employees' exercise of stock options to apply for issuance of new shares in 2019	None	-
<b>2022.12</b>	<b>15</b>	<b>15,000</b>	<b>150,000</b>	<b>278,777</b>	<b>2,787,768</b>	<b>Cash capital increase by 15 million shares At par value of NT\$10 per share (in private placement)</b>	<b>None</b>	<b>-</b>
<b>2023.02</b>	<b>15</b>	<b>21,000</b>	<b>210,000</b>	<b>299,777</b>	<b>2,997,768</b>	<b>Cash capital increase by 21 million shares At par value of NT\$10 per share (in private placement)</b>	<b>None</b>	<b>-</b>

Note: The capital increase shall also mark the effective date (date of approval) and approval No..

- 1972.07 Effective date (date of approval) for the capital increase: May 8, 1971, Approval No.: (60) (5) (8) Jian-Zi No. 40637.
- 1973.07 Effective date (date of approval) for the capital increase: January 8, 1974, Approval No.: (63) (1) (11) Jian-Zi No. 2130.
- 1973.07 Effective date (date of approval) for the capital increase: September 23, 1975, Approval No.: Jing (64) Shang 23024.
- 1976.05 Effective date (date of approval) for the capital increase: August 30, 1976, Approval No.: Jing (65) Shang 23866.
- 1977.12 Effective date (date of approval) for the capital increase: March 20, 1978, Approval No.: Jing (67) Shang 07817.
- 1978.12 Effective date (date of approval) for the capital increase: February 14, 1979, Approval No.: Jing (68) Shang 04550.
- 1979.04 Effective date (date of approval) for the capital increase: July 30, 1979, Approval No.: Jing (68) Shang 23368.
- 1979.08 Effective date (date of approval) for the capital increase: October 18, 1979, Approval No.: Jing (68) Shang 34741.
- 1980.01 Effective date (date of approval) for the capital increase: November 13, 1980, Approval No.: Jing (69) Shang 39260.
- 1982.09 Effective date (date of approval) for the capital increase: October 18, 1982, Approval No.: Jing (71) Shang 38060.
- 1983.08 Effective date (date of approval) for the capital increase: September 23, 1983, Approval No.: Jing (72) Shang 39267.
- 1984.09 Effective date (date of approval) for the capital increase: November 29, 1984, Approval No.: Jing (73) Shang 46588.
- 1985.01 Effective date (date of approval) for the capital increase: October 3, 1985, Approval No.: Jing (74) Shang 43379.
- 1988.07 Effective date (date of approval) for the capital increase: September 3, 1988, Approval No.: Jing (77) Shang 26861.
- 1989.09 Effective date (date of approval) for the capital increase: December 23, 1989, Approval No.: Jing (78) Shang 136446.
- 1990.08 Effective date (date of approval) for the capital increase: December 14, 1990, Approval No.: Jing (79) Shang 125414.
- 1991.07 Effective date (date of approval) for the capital increase: October 2, 1991, Approval No.: Jing (80) Shang 120694.
- 1995.07 Effective date (date of approval) for the capital increase: September 8, 1995, Approval No.: Jing (84) Shang 113732.
- 1997.07 Effective date (date of approval) for the capital increase: September 2, 1997, Approval No.: Jing (86) Shang 115652.
- 1998.02 Effective date (date of approval) for the capital increase: January 13, 1998, Approval No.: Jing

(87) Shang 100319.

- 2010.09 Effective date (date of approval) for the capital increase: September 24, 2010, Approval No.: Jing-Shou-Shang-Zi No. 09901215860. (in private placement)**
- 2012.12 Effective date (date of approval) for the capital increase: December 17, 2012, Approval No.: Jing-Shou-Shang-Zi No. 10101256090.
- 2014.12 Domestic 1st secured convertible corporate bond: December 29, 2014, Approval No.: Jin-Guan-Zheng-Fa-Zi No. 1030049952.
- 2018.04 Date of approval for 2015 employees' exercise of the stock options to apply for issuance of new shares: April 20, 2018, Approval No.: Jing-Shou-Shang-Zi No. 10701038580.
- 2019.04 Date of approval for 2015 employees' exercise of the stock options to apply for issuance of new shares: April 15, 2019, Approval No.: Jing-Shou-Shang-Zi No. 10801042390.
- 2020.04 Date of approval for 2015 employees' exercise of the stock options to apply for issuance of new shares: April 20, 2020, Approval No.: Jing-Shou-Shang-Zi No. 10901063910.
- 2020.05 Effective date (date of approval) for the capital increase: May 28, 2020, Jing-Shou-Shang-Zi No. 10901078490.
- 2021.12 Effective date (date of approval) for the capital increase: December 28, 2021, Jing-Shou-Shang-Zi No. 11001235370. (in private placement)**
- 2022.05 Effective date (date of approval) for the capital increase: May 12, 2022, Jing-Shou-Shang-Zi No. 11101071720. (in private placement)**
- 2022.09 Date of approval for 2019 employees' exercise of the stock options to apply for issuance of new shares: September 12, 2022, Approval No.: Jing-Shou-Shang-Zi No. 11101176140.
- 2022.12 Effective date (date of approval) for the capital increase: December 28, 2022, Approval No.: Jing-Shou-Shang-Zi No. 11101071720. (in private placement)**
- 2023.02 Effective date (date of approval) for the capital increase: February 9, 2023, Approval No.: Jing-Shou-Shang-Zi No. 11230012250. (in private placement)**

## (II) Capital and Shares

Type of Shares	Authorized Share Capital			Notes
	Shares outstanding (Note)	Un-issued Shares	Total	
Common stock	300,111,501	199,888,499	500,000,000	Shares outstanding, including the number of shares in private placement instead of public offering, 166,000,000 shares

Note: Please specify whether the stock is that issued by a TWSE listed company or a TPEX listed company (please specify, if it is restricted from trading on TWSE or TPEX).

**(III) Information on the shelf registration: None.**



**(IV) Composition of Shareholders:****Composition of Shareholders**

Book closure date: April 11, 2023

Composition of Shareholders	Government Agencies	Financial Institutions	Other Legal Persons	Domestic Natural Persons	Foreign Institutions and Natural Persons	Total
Quantity						
Number of People	0	1	169	29,964	19	30,153
Number of Shares Held	0	2,834	143,171,103	154,330,157	2,607,407	300,111,501
Percentage of ownership	0	0.00%	47.71%	51.42%	0.87%	100.00%

**(V) Diversification of equity:****Diversification of equity**

Par value of NT\$10 per share April 11, 2023

Shareholder Ownership	Number of Shareholders	Number of Shares Held	Ownership (%)
1~999	24,991	2,009,684	0.67
1,000~5,000	3,501	7,478,207	2.49
5,001~10,000	624	5,147,055	1.72
10,001~15,000	241	3,177,076	1.06
15,001~20,000	183	3,439,355	1.15
20,001~30,000	164	4,283,227	1.43
30,001~40,000	75	2,764,314	0.92
40,001~50,000	51	2,380,996	0.79
50,001~100,000	147	10,978,104	3.66
100,001~200,000	64	8,981,851	2.99
200,001~400,000	49	13,796,681	4.6
400,001~600,000	15	7,544,693	2.51
600,001~800,000	7	5,014,678	1.67
800,001~1,000,000	8	7,539,038	2.51
1,000,001 or above	33	215,576,542	71.83
Total	30,153	300,111,501	100

Preferred stock: None.

**(VI) Name list of principal shareholders:**

**List of Main Shareholders**

April 11, 2023

Name of Main Shareholders	Shares	Number of Shares Held	Percentage of ownership
Brighton-Best International (Taiwan) Inc.		53,540,000	17.84%
WIN POWER E and T CO., LTD.		16,000,000	5.33%
YU PAO SYSTEM CABINET CO., LTD.		16,000,000	5.33%
SHING HWANG CO., LTD.		15,600,000	5.20%
GREEN SYSTEM CO., LTD.		13,000,000	4.33%
Hsiao, Chia-Sung		12,561,213	4.19%
Feng, Leng-Chih		7,480,000	2.49%
Jie Wei Te Investment Limited		7,000,000	2.33%
CHUAN MAI ENTERPRISE CO.		6,000,000	2.00%
Cai Jin Investment Co., Ltd.		5,400,000	1.80%

**(VII) Market price, net worth, earnings, and dividends per share and related information for the last 2 years:**

**Information relating to market price, net worth, earnings and dividends per share**

Items		Year	2021	2022	2023/1/1~2023/3/31
Market Price Per Share (Note 1)	Highest		17.00	21.40	23.55
	Lowest		12.15	16.80	20.35
	Average		11.99	16.70	20.77
Net Worth Per Share (Note 2)	Before distribution		5.77	8.36	8.84
	After distribution		5.77	Not applicable	Not applicable
Earnings per share	Weighted Average Shares		163,994,628	278,787,510	300,915,010
	Earnings per share (Note 3)		0.26	0.34	0.09
Dividends Per Share	Cash dividends		0.00	0.00	0.00
	Bonus Share	Shares from Profit	0.00	0.00	0.00
		Additional paid-in capital	0.00	0.00	0.00
	Dividends in Arrears (Note 4)		0.00	0.00	0.00
Analysis of Return on Investment	Price/Earnings Ratio (Note 5)		46.11	38.84	230.78
	Price/Dividends Ratio (Note 6)		0.00	0.00	0.00
	Cash Dividends Yield (Note 7)		0.00	0.00	0.00

Note 1: Please identify the highest and lowest market price per share of common stock for each fiscal year and calculate each fiscal year's average market price based on the trading value and trading volume of each year.

Note 2: Please apply the number of the outstanding issued shares at the end of year as the basis and specify it based on the distribution resolved by the shareholders' meeting of next year.

Note 3: If retroactive adjustment is needed due to allocation of stock bonus, please identify the earnings per share before and after the adjustment.

Note 4: If the equity securities issue terms and conditions require that the stock dividends undistributed in the year may be accumulated and distributed until the year in which earnings are generated, please disclose the stock dividends accumulated and undistributed until the end of the year separately.

Note 5: Price/Earnings ratio = Average closing price per share / Earnings per share of the year.

Note 6: Price/Dividends ratio = Average closing price per share / Cash dividends per share of the year.

Note 7: Cash dividends yield = Cash dividend per share / Average closing price per share of the year.

Note 8: The information about net worth per share and earnings per share shall refer to the information available during the most recent quarter until the date of publication of the annual report, which has been audited (reviewed) by the CPA, while the other sections shall specify the information available in the current year until the date of publication of the annual report.

#### **(VIII) Dividend policy and the implementation status:**

##### 1. Dividend policy:

###### (1) Dividend policy in the Articles of Incorporation:

Subject to the profit sought for the current year, the Company shall allocate 0.1%~3% of the profit as the remuneration to employees. The Board of Directors may resolve to distribute the remuneration in the form of stock or in cash, and the recipients of such stock dividends or cash dividends shall include employees of associated companies that meet certain conditions. The Company may have its Board of Directors resolve to allocate no more than 1.5% of said profit as the remuneration to directors. The proposals for distribution of the remuneration to employees and directors shall be reported to a shareholders' meeting, provided that the profit must first be taken to offset against the Company's cumulative losses, if any, and then the remuneration to employees and directors may be allocated subject to the proportions referred to in the preceding paragraph.

If there is a surplus after account settlement of the fiscal year, the Company shall pay applicable taxes pursuant to laws and make up for any accumulated losses, followed by the allocation of 10% of the remainder as legal reserve, unless such legal reserve amounts to the paid-in capital, and the remainder, if any, is appropriated for special reserve or reversed as special reserve. If there is still a balance, it will be pooled up with the undistributed earnings carried forward from previous years for distribution as shareholder dividend and bonus under a proposal prepared by the Board of Directors subject to the resolution made by a shareholders' meeting.

The Company adopts the dividend policy in response to the current and future development plans and by taking into account the investment environment, funding needs and domestic/foreign competition overview, as well as shareholders' interest. The shareholder dividends may be distributed in stock and in cash per the earnings distribution plan prepared by the Board of Directors. Among the other things, the cash dividend shall be no less than 50% of the total dividends.

###### (2) The distribution of dividends proposed (resolved) this year

The 2022 net income has already applied to compensate the deficit and, therefore, no dividends would be distributed to shareholders.

##### 2. The effects of bonus shares on the Company's business performance and earnings per share for the last two years: The Company never distributed bonus shares for the last two years.

#### **(IX) The impact of bonus shares proposed by this shareholders' meeting on the Company's business performance and earnings per share:**

No proposal for distribution of bonus shares was presented at this shareholders' meeting.

#### **(X) Remuneration to employees, directors and supervisors:**

##### 1. The percentages or ranges with respect to employees' and directors' remuneration specified in the Articles of Incorporation:

Subject to the profit sought for the current year, the Company shall allocate 0.1%~3% of the profit as the remuneration to employees. The Board of Directors may resolve to distribute the remuneration in the form of stock or in cash, and the recipients of such stock dividends or cash dividends shall include employees of associated companies that meet certain conditions.

The Company may have its Board of Directors resolve to allocate no more than 1.5% of said profit as the remuneration to directors. The proposals for distribution of the remuneration to employees and directors shall be reported to a shareholders' meeting, provided that the profit must first be taken to offset against the Company's cumulative losses, if any, and then the remuneration to employees and directors may be allocated subject to the proportions referred to in the preceding paragraph.

2. The basis for the estimation of remunerations to employees and directors in current period, basis of estimation for share-based employee remuneration, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure: According to the 2022 business results, the net profit after tax was NT\$95,215 thousand, which was used to cover the accumulated losses from the previous years. Therefore, no distribution of dividends and remuneration to employees was resolved this year. In the future, if there are distributable earnings remaining after the losses are covered, the Company will estimate the possible employee bonus and remuneration to directors based on the remuneration to directors distributed in the past. The discrepancy, if any, between the actual distributed amount and the estimated figure is to be treated as a change in accounting estimates and stated as income for next year.
3. Remuneration distribution plan approved by the Board of Directors: The Company's operating results until the end of 2022 show accumulated losses; therefore, no distributable earnings may afford for the distribution of employee bonus.
4. Actual payment of the remuneration to employees/directors in the previous year (including the number of shares allocated, the sum of cash paid, and the price at which shares were issued), and any discrepancies from the figures estimated (explain the amount, the cause, and treatment of such discrepancies): The Company's operating results until the end of 2022 show accumulated losses; therefore, no distributable earnings may afford for the distribution of employee bonus/remuneration and remuneration to directors.

**(XI) The Company's buyback of the Company's shares: None**

**II. Issuance of corporate bonds: None**

**III. Issue of preferred stocks: None**

**IV. Issuance of overseas depository receipts: None**

**V. Status of employee stock warrant plan:**

1. Employee stock warrants unexpired:

Type of employee stock warrant	2019 employee stock warrant
Effective date of report	2019/01/03
Date of issuance (offering) and Total Number of units issued	2019/01/07 and 3,600units
Number of units issued	2,300 units (Others 1,300 units not issued )
Number of units still available	0 unit
Quantity of shares subscribable as a percentage of the total quantity of shares issued	0.77%
Duration of subscription for shares	5 years
Contract performance method	Issuance of new shares

Restricted subscription time period and ratio (%)	25%, upon expiration of two years 55%, upon expiration of three years 100%, upon expiration of four years
Number of shares executed	949,750 shares
Subscription amount executed	NT\$12,763,875
Number of shares that have not yet been executed	331,000 shares (1,019,250 shares expired)
Subscription price per share for those having not yet executed the stock options	NT\$13.3
Quantity of shares that have not yet been executed as a percentage of the total quantity of shares issued (%)	0.14%
Effect to the shareholders' equity	The Company's stock options holders may exercise their stock options per the schedule referred to in the Company's Regulations Governing Issuance of Employee Stock Warrants and Subscription for Stock only upon expiration of two years after they are granted the employee stock warrants. Therefore, no substantial dilution can be caused to the shareholders' equity within two years after the issuance.

3. Names and subscription status of managerial officers who have obtained employee stock warrants and of employees who rank among the top ten in terms of the number of shares to which they have subscription rights through employee stock warrants acquired until the date of publication of the annual report

May 5, 2023

	Title	Name	Quantity of subscribable shares acquired	Quantity of subscribable shares acquired as a percentage of the total quantity of shares issued	Executed (Note 2)			Unexecuted (Note 2)				
					Quantity of shares subscribed	Subscription price	Subscription amount	Quantity of shares subscribed as a percentage of the total quantity of shares issued	Subscription price	Subscription amount	Quantity of shares subscribed as a percentage of the total quantity of shares issued	
Managerial officers	Chairman	Kuo, Chien-Ting (Note 1)	710.75 thousand shares	0.24 %	450.75 thousand shares	13.5 13.4 13.3	NT\$6,338 thousand and	0.15 %	240 thousand shares	13.3	NT\$3,192 thousand and	0.08%
	General Manager	Lo, Shih-I										
	General Manager of Malaysia Factory	Ooi, Ai-Lee										
	Deputy General Manager of Malaysia Factory	Chen, Hsin-Ping										
	General Manager of Fuzhou Factory	Cheng, Hao (Note 2)										
	Deputy General Manager	Huang, Shou-Hsin (Note 3)										
	Accounting Manager	Huang, Chun-Ta										
	Technology Manager	Chen, Shu-Wei										
Employee	Employee	Hsieh, Chia-Hung	320 thousand shares	0.11 %	254 thousand shares	13.5 13.4 13.3	NT\$3,405 thousand and	0.08%	66 thousand shares	13.3	NT\$878 thousand and	0.02%
	Employee	Tsai, Fang-Man										
	Employee	Ling, Ching-Pin										
	Employee	Lin, Shih-Chiang										
	Employee	Chen, Chi-Wei										
	Employee	Liu, Kun-Lin										
	Employee	Chen, Hu-Fan										
	Employee	Yang, Hui-Chun										
	Employee	Huang, Shih-Fen										
	Employee	Huang, Hung-Wen										

Note 1: Discharged after the shareholders' meeting on June 20, 2022.

Note 2: Discharged on January 30, 2023

Note 3: Resigned as Financial Manager on June 21, 2022 and resigned on June 30, 2022.

**VI. Restricted stock award and merger & acquisition (including merger, acquisition and split-up): None.**

**VII. Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies: None.**

**VIII. Financing plans and implementation**

2022 cash capital increase in private placement

(I) Contents of plan:

1. Date and No. of approval: Effective date (date of approval) for the capital increase: Jing-Shou-Shang-Zi No. 11001235370
2. Total fund needed by the plan: NT\$1,000,000 thousand
3. Source of fund: For the cash capital increase in private placement, the Company plans to issue 10,000 units at the par value of NT\$10 per share, totaling NT\$1,000,000 thousand.
4. Project and expected progress:

Unit: In Thousands of New Taiwan Dollars

Program	Expected date of completion	Total of the fund required	Expected fund utilization progress							
			2021				2022			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Repayment of bank loan and increase in working capital	2022 Q2	1,000,000	-	-	-	300,000	300,000	400,000	-	-

5. Expected benefit:

The Company plans to issue the common stock set at no more than 100,000 thousand shares for the cash capital increase in private placement. Preliminarily, the Company will raise NT\$1,000,000 thousand, for the purpose of repayment of the bank loan and increase in working capital. Then, the Company may save the borrowing cost each year (based on the average borrowing interest rate 2%, the interest may be saved by NT\$200 thousand per NT\$10,000 thousand raised and applied to increase in the working capital) and also help perfect the Company's available fund level, improve the Company's constitution and restore financial resilience, thus contributing to the Company's stable business growth and also benefiting shareholders' equity positively.

6. Changes in the plan: None.

7. Date of input to the information reporting website designated by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan:

May 14, 2021

(II) Implementation Status:

1. Fund utilization status:

The Company has offered 16,000 thousand shares, at the price of NT\$9.24 per share, in December 2021. The raised fund amounted to NT\$147,840 thousand. Meanwhile, the Company also offered 84,000 thousand shares, at the price of NT\$11.32 per share, in April 2022. The raised fund amounted to NT\$950,880 thousand.

In conclusion, the Company has completed the offering of 100,000 thousand shares in private placement. The total amount was NT\$1,098,720 thousand, out of which NT\$860,328 thousand was used to repay the bank loans and NT\$238,392 thousand to increase the working capital. The utilization progress is considered reasonable.

2. Evaluation on benefit of fund utilization:

The Company may save NT\$11,875 thousand in 2022 and, therefore, may mitigate the Company's financial burden and improve its solvency adequately, and perfect the financial structure so as to benefit



the Company's overall business development Based on the borrowing interest rate on the Company's existing facility, it is expected that the Company may save the interest by NT\$17,812 thousand each year.

#### 2022 2nd cash capital increase in private placement

##### (I) Contents of plan:

1. Date and No. of approval: Effective date (date of approval) for the capital increase: Jing-Shou-Shang-Zi No. 11101071720.

Jing-Shou-Shang-Zi No. 11230012250

2. Total fund needed by the plan: NT\$1,000,000 thousand

3. Source of fund:

For the cash capital increase in private placement, the Company plans to issue 10,000 units at the par value of NT\$10 per share, totaling NT\$1,360,000 thousand.

4. Project and expected progress:

Unit: In Thousands of New Taiwan Dollars

Program	Expected date of completion	Total of the fund required	Expected fund utilization progress							
			2022				2023			
			Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Repayment of bank loan and increase in working capital	2023 Q2	1,360,000	-	-	-	408,000	408,000	544,000	-	-

5. Expected benefit:

The Company plans to issue the common stock set at no more than 100,000 thousand shares for the cash capital increase in private placement. Preliminarily, the Company will raise NT\$1,360,000 thousand, for the purpose of increase in working capital. Then, the Company may save the borrowing cost each year (based on the average borrowing interest rate 2.5%, the interest may be saved by NT\$250 thousand per NT\$10,000 thousand raised and applied to increase in the working capital) and also help perfect the Company's available fund level, improve the Company's constitution and restore financial resilience, thus contributing to the Company's stable business growth and also benefiting shareholders' equity positively.

6. Changes in the plan: None.

7. Date of input to the information reporting website designated by the Securities and Futures Bureau, Financial Supervisory Commission, Executive Yuan:

May 6, 2022

##### (II) Implementation Status:

1. Fund utilization status:

The Company has offered 15,000 thousand shares, at the price of NT\$15 per share, in December 2022. The raised funds amounted to NT\$225,000 thousand. Meanwhile, the Company also offered 21,000 thousand shares, at the price of NT\$15 per share, in January 2023. The raised funds amounted to NT\$315,000 thousand.

In conclusion, the Company has completed the offering of 36,000 thousand shares in private placement. The total amount was NT\$540,000 thousand which was used to increase the working capital. The utilization progress is considered reasonable.

2. Evaluation on benefit of fund utilization:

The Company may save NT\$13,500 thousand in 2023 and, therefore, may mitigate the Company's financial burden and improve its solvency adequately, and perfect the financial structure so as to benefit

the Company's overall business development Computed based on the borrowing interest rate on the Company's existing facility.

## **Five. Overview of Operations**

### **I. Description of Business**

#### **(I) Scope of business:**

##### **1. Main contents**

- (1) Casting, forging, processing, manufacturing, trading and import/export of engines, motorcycles, automobiles and parts thereof, pistons, piston rings, piston shafts and accessories thereof, steering system parts, crankshafts, chain rods, camshafts, machine, tools and parts thereof, bicycles and parts thereof.
- (2) Metal and non-metal casting, forging and production.
- (3) Metal and non-metal surface treatment.
- (4) Manufacturing, processing and trading of mold and die.
- (5) Import/export and agency of said products.

##### **2. Percentage of operation:**

Unit: In Thousands of New Taiwan Dollars

<b>Business lines</b>	<b>2022 turnover</b>	<b>Percentage of operation (%)</b>
Pistons	275,312	24.12%
Forging	541,172	47.40%
Others	325,134	28.48%
Total	1,141,618	100.00%

##### **3. The Company's current product lines:**

- (1) Pistons, connecting rods and engine brackets for engines, and tie rod joints and side rod assemblies for automobiles.
- (2) Ball joints of chassis, steering system parts, balance beam and other forging parts for automobiles.
- (3) Spare parts for industry, such as refrigeration compressor components and outboard motor-related components, etc.

##### **4. New products planned to be developed:**

- (1) Use the high-temperature strength characteristics of NASA materials, develop internal combustion engine products proactively, such as casting and forging of pistons.
- (2) Components related to refrigeration compressors.
- (3) Continued development of parts related to outboard engines.
- (4) Development of aluminum forging parts related to suspension/steering systems.

#### **(II) Industry overview:**

##### **I. Foreword**

As a capital-intensive and technology-intensive traditional industry, the supply chain system in the automobile industry covers a wide range and demonstrates the obvious division of labor model under the Center-Satellite system. A car is made of about 8,000 to 15,000 parts depending on the grade and specifications. These parts involve a wide professional field covering multiple important industries, such as electronics, steel, plastics and petrochemicals. The economic effect produced therefor makes a great contribution to Taiwan's automobile industry.

Taiwan's auto parts manufacturing can be divided into two major parts. One refers to the OEM supply chain system, and the other refers to the parts market focusing on AM after-sale maintenance services. Most of the manufacturers operating as OEM focus on the domestic market and, therefore,

are more likely to be affected by the economy in the domestic automobile market and usually work with automakers closely. Notwithstanding, a few of them transform to the ODM (Original Design Manufacturer) supply chain system dedicated to design and manufacturing at the same time, as their abilities in development and production have improved increasingly and they inherit the design level commissioned by the original manufacturer. The suppliers engaged in AM tend to adopt the export-oriented model and target the USA as the main export country. The suppliers' business performance relies on the quantity of orders from foreign countries.

## II. Global car market review 2022

### Automakers:

With the efforts spent by the suppliers for so many years, the quality of Taiwan's automakers has approached the level in some advanced countries. With the huge capital invested in R&D in recent years, the automakers launched differentiated products that satisfy local consumers' needs and committed to improving customers' service satisfaction, the cars made in Taiwan have been recognized nationally, and the percentage of cars made in Taiwan in the total market was increasing, attaining 87.2%, a new high, in 2004. Since 2005, the percentage of cars made in Taiwan in the total market has declined year by year, declining 3.15% between January~December 2022. In 2022, as the emerging electric vehicles and shortage of chips, the orders placed by local automakers decreased and, therefore, the growth momentum reduced accordingly.

Expansion of the domestic demand market for cars is not an easy job in Taiwan. Suppliers have proactively joined the international division of labor system to expand export sales, and also invested capital to establish factories in Southeast Asia, so as to break through the bottleneck for survival and development.

### Motorcycle makers:

The design and manufacturing technology of motorcycles in Taiwan have been considered completely independent, delivering the quality that is comparable to that of Japan and widely recognized in the world. Meanwhile, Taiwan's motorcycle makers also engage in marketing products under its own brand at home and abroad. The total sales volume of motorcycles has attained the highest record, 1.62 million units (CBU finished products), in 1995, and declined gradually since 1996. Among the other things, the domestic demand market has declined gradually from the highest record, 1.19 million units, in 1994 to about 750,000 units in 2018, a decline by 17.09%, as the mass transportation systems have been constructed successively in metropolitan areas. Therefore, motorcycle makers have kept trying to develop export sales markets for the past years, and invested capital to establish factories in China and Southeast Asia. The export sales ratio of finished products was gradually increasing until the new record, about 41%, was reached in 2009, and then it began declining year by year. The sales was NT\$51.7 billion between January~December 2022, declining by 6.90%.

## III. Taiwan's car market outlook 2023

In recent years, the automobile industry has oriented its business development towards automatic driving, Internet of vehicles, electric power and sharing services increasingly. However, the electric car market became sluggish due to the outbreak of pandemic in Wuhan in 2020. In 2020, as the epidemic was mitigated in Wuhan, the economy recovered, and the car market grew remarkably. The two leading automakers, BMW and Mercedes-Benz, also launched new electric vehicle models and, therefore, opened the new generation traffic flow.

Looking forward to 2023, as various automakers have found the way to deal with the unstable supply chain, the production capacity of new car models is expected to grow step by step. Besides, a great number of outstanding car orders were deferred in 2022. The industry expects that the sales volume of new car models will recover in 2023 from 2022. Notwithstanding, it is still impossible to get rid of the issues, such as inflation and economic recession. The soaring car price is likely to

suppress the industry’s recovery. Given the recovery of new car model supply momentum in 2023, the sales volume of new car models will grow slightly from 2022.

IV. Conclusion

Taiwan's major competitiveness in the electric vehicle industry does not reside in the finished products but the supply chain of components and parts. At the very beginning when Tesla was established, the Taiwan-based suppliers including Chroma and FUKUTA have supplied the key components and parts to Tesla. Meanwhile, there are other suppliers who also have supplied goods to international leading manufacturers.

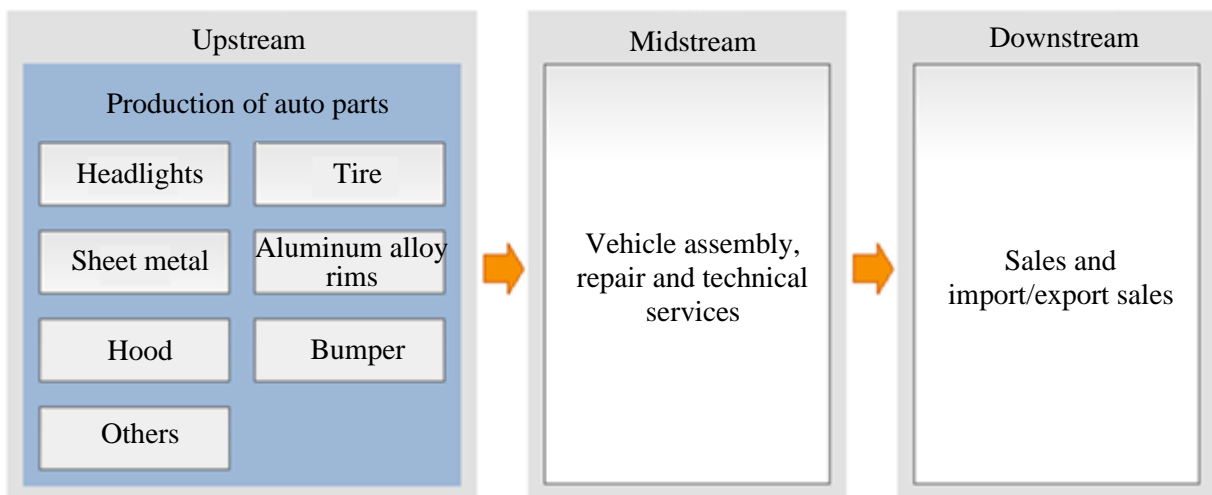
For the time being, Taiwan has the electric car platform led by Foxtron (co-founded by Foxconn and Yulon), which is dedicated to supplying the complete components and parts, including power control modules, power batteries, motors, and smart car electrical systems. Taiwan’s strengths reside in its high compatibility, excellent technologies, and rapid product development. It has remarkable strengths in the field of electric vehicles. Meanwhile, due to the environment protection issue, the development of electric cars has become a vested trend. Though Taiwan’s ability in finished products is weaker, Taiwan is still expected to become one part of the global electric components and parts supply system, in consideration of the complete supply chain and customers’ recognition of the products, as same as the development model in the ICT industry.

V. Company outlook

The Company has been experienced in development of technologies for more than five decades. The product series extend from pistons at the very beginning to the connecting rods and then industrial products. The R&D team always can provide complete product development services. Many of the end users of the Company’s products are world-renowned manufacturers. Therefore, the Company expects to strive for orders placed for electric cars, based on the existing strength in customers, so as to facilitate its transformation.

**(III) Relations between upstream, midstream and downstream segments of the industry**

As the automobile industry is a capital-intensive and technology-intensive traditional industry, its industry chain is quite huge. A car is made of about 30,000 parts, covering the different industries including steel, plastic, rubber, glass, machinery, electrical engineering, electronics and services and the relevant talents with the expertise and skill in R&D, manufacturing, procurement, marketing, management and warranty, that are integrated to form the complete automobile industry. The upstream segment of the industry chain primarily consists of the manufacturers of related components and parts, the mid-stream segment consists of assembly plants and assembly, repair and technical service providers, and the downstream segment consists of importers, agents and sale & service locations. The relations between upstream, midstream and downstream segments of the industry are stated as following:



Source of data: TPEX; IEK; compiled by Right Way

**(IV) Overview of technologies and R&D:**

1. R&D results for the most recent three years:

No.	R&D project	Target	Purpose	Result
1	Development of the leisure industry aluminum casting parts	Implementation of development and production in response to OEM customers' needs	Leisure industry aluminum casting parts to expand the types of aluminum casting parts which the Company may undertake.	Complete samples and provide the same to customers for testing
2	Build the in-plant aluminum forging process capability	Build the basic capability and inspection for in-plant aluminum forging process	Expand and improve aluminum forging production technology and quality inspection	Complete the construction of production line and FPT equipment of the aluminum forging plant Deliver finished products to automakers or customers, and continue to increase the mass production models
3	R&D of new forging piston products	1. Update on and market share of types of pistons 2. Satisfy customers' needs to improve products manufactured under different models	1. High-intensity pistons for special needs used in racing car engines 2. Increase the manufacturing ability for new market orders and demands	Deliver finished products to automakers or customers, and continue to increase the mass production models
4	Development of aluminum casting parts	Increase the in-plant types of products to meet customers' needs and create sales performance	Make customer's parts through casting, and satisfy customer needs with casting parts	Deliver the finished samples and implement mass production parts
5	New product and process forging, processing, production and R&D	Production in response to the implementation of customers' parts	Expand the materials and types of the forging parts which the Company may undertake	Complete the testing and trial assembly of parts, implement them in mass production, e.g. control arm and knuckle arm, etc.
6	Casting, production and R&D of cylinder liner special alloy centrifugal	Localization and implementation of production of parts with OEM customers	Expand the types of products which the Company may undertake	Already complete parts, and implement in mass product

2. Future R&D plans:

No.	R&D project	Target	Purpose	Progress	Expected expenses to be incurred until the end of 2023
1	Special performance aluminum alloy forging piston production & R&D	Expansion of the demand for engines for purpose of racing in new production process	High-end competitive vehicle engine through special alloy forging	Compete the testing and trial assembly of parts, implement them in mass production	Single model: Mold & die NT\$200,000 Inspection & fixture NT\$150,000 Development fees NT\$200,000
2	Production and R&D of steel forging parts	Implementation of production of parts with OEM customers	Expand the types of forging parts which the Company may undertake	Compete the testing and trial assembly of parts, implement them in mass production	Single model: Mold & die NT\$500,000 Inspection & fixture NT\$300,000 Development fees NT\$350,000
3	Continued R&D on the appearance and surface treatment of SUVs	Meet the parts appearance & surface treatment standards required by customers	Expand the types of products which the Company may undertake	Trial production of multiple models for customers' confirmation per customers' needs, and implementation of mass production	Development fees NT\$500,000
4	Production and R&D of forging aluminum alloy parts	Implementation, design, analysis, manufacturing and production in response to new customers' needs for parts	Expand the types of forging aluminum alloy parts which the Company may undertake	Trial production of multiple models for customers' confirmation per customers' needs, and implementation of mass production	Single model: Mold & die NT\$500,000 Inspection & fixture NT\$400,000 Development fees NT\$300,000
5	Production and R&D of parts made of casting iron and casting aluminum	Implementation, manufacturing and production in response to new customers' needs for parts	Expand the types of casting iron and casting aluminum parts which the Company may undertake	Trial production of multiple models for customers' confirmation per customers' needs, and implementation of mass production	Single model: Mold & die NT\$300,000 Inspection & fixture NT\$250,000 Development fees NT\$300,000

### 3. R&D expenditure for the most recent three years:

Year	Expenditure	Notes
2020	NT\$34,200 thousand	Including the salary of R&D personnel, R&D expenditure including the expenses in creation and modification of materials, equipment and fixture.
2021	NT\$27,957 thousand	

2022	NT\$18,086 thousand	
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**(V) Long-term, mid-term and short-term business development plans:**

1. Long-term and short-term business development plans
  - (1) Development of new products for aluminum casting/recasting and aluminum forging parts.
  - (2) Shorten the development and sample delivery time to win customers' willingness to entrust new product development and improve performance.
  - (3) Continue to expand the cooperation with traders, and develop markets at home and abroad.
  - (4) Work with foreign TIER 1 manufacturers, and launch into the foreign industrial OEM factories or SUV OEM factories or passenger car OEM factories directly.
  - (5) Promote the high value-added pistons, such as anodized pistons, transfer printing pistons, and pistons with wear ring coils.
  - (6) Develop broken connecting rod technology proactively, in response to the market demand.
2. Long-term business development plan
  - (1) Development of industrial compressor parts and vessel engine parts
  - (2) Active marketing of the combination of piston and connecting rod to major international manufacturers, and cooperation with domestic upstream suppliers to strive for co-marketing business opportunities.
  - (3) Train professional technical R&D personnel, and develop aluminum parts and steel products and assembly thereof.

**II. Markets, production, and marketing:**

**(I) Territories where the main products are sold:**

Territory	Sales ratio (%)	Territory	Sales ratio (%)
Domestic market	23.7%	America	38.0%
Asia	19.6%	Other territories	18.7%

**(II) Future supply and demand of the market:**

Unit of quantity: Thousand pcs

Items	Total demand	Expected supply	Difference between supply and demand
Pistons	2,631	2,631	None
Forging	7,731	7,731	None
Total	10,362	10,362	None

**(III) Factors advantageous and disadvantageous to the development prospect:**

1. Advantageous factors:
  - (1) The IATF quality management system certification, ISO-14001 environmental management certification, and implementation of ROHS clean production are helpful for upgrading the Company's image, and striving for the orders placed by the advanced countries, such as Europe and the USA.
  - (2) The stable quality and improved co-development momentum benefit the solicitation from orders from OEM for pistons, connecting rods, and steeling/chassis system parts.
  - (3) Application of NASA or special materials.



2. Disadvantageous factors:

- (1) The electric car industry continues to develop, at the cost that has satisfied consumers' needs increasingly. In the long run, the development of internal combustion engines within enterprises will be affected inevitably.
- (2) Competitors from China and Southeast Asia countries have kept improving their quality. Besides, they have the pricing advantages and, therefore, will produce significant pressure gradually.
- (3) Domestic OEMs reduce the development of engine parts, thus affecting the domestic business development.

**(IV) Purpose of main products:**

1. Pistons and connecting rods for automotive and motorcycle engines.
2. Pistons and connecting rods for various internal combustion engine power equipment.
3. Pistons and connecting rods for compressors.
4. Car engine mount.
5. Cylinder liners for various engines.
6. Automotive chassis suspension and steering system parts.
7. Various steel products processing parts.
8. Various aluminum alloy processing parts.
9. Aluminum casting, aluminum forging, iron casting and steel forging components for various automobiles, motorcycles and SUVs.

**(V) Production process of main products:**

1. Production process of pistons:

Raw materials and supplies > melting > casting > heat treatment > surface sand blasting > processing engineering > surface treatment > rinse > quality assurance inspection > assembly and packaging > finished product storage

2. Production process of forging:

Raw materials and supplies > cutting > heating > forging engineering > heat treatment > shaping > surface sand blasting > processing engineering > surface treatment > quality assurance inspection > assembly and packaging > finished product storage.

**(VI) Supply status of main raw materials:**

1. Raw materials applied in bulk: The international quotation for aluminum alloy fluctuates drastically. In order to purchase materials at reasonable price, the Company negotiates with the main suppliers for the price each month. The Company also asks the suppliers to act in response to the Company's inventory management, in order to help control over stable quality and procurement cost, delivery period and inventory management. Further, in addition to China Steel Corporation, there are still multiple steel suppliers available to the Company, so as to increase the room for bargaining and help reduce the procurement cost.

2. For procurement of materials, supplies and parts, the Company inspects key suppliers and improves the supply chain to ensure uninterrupted supply. All spare parts or outsourced processing and processes are handled by the relevant service providers working with the Company permanently. Supplier evaluation is performed through the quality assurance procedure, so that new development cases may be promoted successfully. In order to avoid stockpile and backlog of funds, the Company adopted the resilient principle for "Order in Bulk and Deliver in Batches" to control the preparation of materials.

3. In order to avoid stockpile and backlog of funds, the Company adopted the resilient principle for "Order in Bulk and Deliver in Batches" to control the preparation of materials. Some suppliers chose to shorten the leading time before the supply, and the procurement unit also adjusted the procurement cycle, so that inventories may be controlled effectively.

4. Place orders with qualified suppliers only, comply with related laws and contracts at the time of procurement, and ensure the uninterrupted supply; confirm that the product satisfies environmental protection requirements, in response to the customers' requirements on environmental protection for their products.

## (VII) Top ten buyers/suppliers for the most recent two years

### 1. Information about main clients in the last two years

Unit: In Thousands of New Taiwan Dollars

Items	2021				2022				2023 1 <sup>st</sup> quarter			
	Title	Amount	Percentage of the net sales of the year (%)	Relationship with the Company	Title	Amount	Percentage of the net sales of the year (%)	Relationship with the Company	Title	Amount	To the annual net sales amount until the previous quarter (%)	Relationship with the Company
1	Thermo king Corporation	334,530	31.44	None	Thermo king Corporation	430,137	37.68	None	Thermo king Corporation	117,663	42.37	None
2	Life Style Metal Co., Ltd.	132,977	12.50	None	Life Style Metal Co., Ltd.	103,011	9.02	None	Life Style Metal Co., Ltd.	23,075	8.31	None
	Others	596,630	56.06	None	Others	608,470	53.30	None	Others	136,953	49.32	None
	Net Sales	1,064,137	100.00	-	Net Sales	1,141,618	100.00	-	Net Sales	277,691	100.00	-

Explanation on major changes: There have been no major changes in the main sales customers, and the increase or decrease ratio is still acceptable.

### 2. Information about main suppliers in the last two years

Unit: In Thousands of New Taiwan Dollars

Items	2021				2022				2023 1 <sup>st</sup> quarter			
	Title	Amount	Percentage of the net purchase of the year (%)	Relationship with the Company	Title	Amount	Percentage of the net purchase of the year (%)	Relationship with the Company	Title	Amount	To the annual purchase sales amount until the previous quarter (%)	Relationship with the Company
1	Al Forge Tech Co., LTD.	83,978	15.12	None	SUMIMETAL INDUSTRIES (MALAYSIA) SDN BHD	76,395	13.30	None	Al Forge Tech Co., LTD.	22,974	18.35	None
2	SUMIMETAL INDUSTRIES (MALAYSIA) SDN BHD	62,053	11.17	None	Al Forge Tech Co., LTD.	72,100	12.55	None	SUMIMETAL INDUSTRIES (MALAYSIA) SDN BHD	15,982	12.77	None
	Others	409,491	73.71	None	Others	425,929	74.15	None	Others	86,229	68.88	None
	Purchase Net	555,522	100.00	-	Purchase Net	574,424	100.00	-	Purchase Net	125,185	100.00	-

Explanation on major changes: Right Way Group adopted the joint procurement policy for the raw material, aluminum. Notwithstanding, if the aluminum may be procured locally at a lower price, the Company will procure the same locally. Further, the range of increase in the amount paid for procurement of aluminum by Malaysia Plant from SUMIMETAL is considered adequate.

**(VIII) Output value/volume for most recent two years:****List of output value/volume for the most recent two years**

Unit of production capacity/volume: Thousand

pcs; unit of output value: NT\$ Thousand

Production quality Main Products	Year	2021			2022		
		Production capacity	Output volume	Output value	Production capacity	Output volume	Output value
Pistons		4,425	1,603	182,769	4,425	954	192,530
Forging		6,308	5,303	615,900	6,308	2,178	554,988
Others		980	920	149,010	980	548	28,518
Total		11,713	7,826	947,679	11,713	3,680	776,036

**(IX) Sales value/volume for the most recent two years:****List of sales value/volume for the most recent two years**

Unit of production capacity/volume: Thousand pcs;

Unit of output value: NT\$ Thousand

Sales quality Main Products	Year	2021				2022			
		Domestic marketing		Export sales		Domestic marketing		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value	
Pistons		957	107,375	1,493	107,319	441	114,049	775	166,004
Forging		1,432	145,942	1,808	353,695	1,130	289,821	938	241,089
Others		1,325	65,924	2,307	283,882	1,293	97,326	846	233,329
Total		3,714	319,241	5,608	744,896	2,864	501,196	2,559	640,422

**III. Statistics about employees for the most recent two years:****Information about employees for the most two recent years and until the date of publication of the annual report**

Year		2021	2022	Until March 31, 2023
Number of Employees	Production	239	274	283
	Sales	14	12	11
	Administration	138	54	59
	Total	391	340	353
Average Age		42.3	41.5	41.3
Average Service Tenure		13.7	12.0	11.3
Distribution of Educational	Doctoral degree	-	-	-
	Master's degree	1.5	1.8	1.7
	College/University	30.4	31.8	32.6
	Senior high School	39.7	32.9	33.1
	Below senior high school	28.4	33.5	32.6

#### **IV. Environmental protection expenditure:**

In the most recent year and as of the date of publication of the annual report, losses due to environmental pollution (including compensation and environmental protection audit results that violate environmental protection laws and regulations, the date of punishment, the scope of the punishment, the violation of the provisions of the regulations, the contents of the violation of the regulations, the contents of the punishment), and disclose the current and future estimated amount and corresponding measures; if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated:

1. Losses due to environmental pollution: None.
2. The corrective action plan to be adopted in the future and estimated expenditure: Modify the extension of the sewage yard pipeline in line with its water pollution control permit, comprehensive maintenance and improvement of the air pollution equipment in response to the extension renewal permit for five years, and change the waste disposal plan to complete the improvement on disposal of waste, expected to incur the expenditure, NT\$500 (thousand).
3. In order to practice the environmental protection philosophy and fulfill the social responsibility, the Company practices and complies with the environmental protection laws and regulations, in accordance with the emission standards required under related local government laws and regulations.
4. Future capital expenditure in environmental protection
  - (1) Pollution control equipment to be purchased or contents of the improvement: Review on the documents including the relevant regulations governing waste water treatment equipment at new factory premises, asphalt road paving and improvement at factory premises and environmental protection from time to time.
  - (2) Annual fixed expenditure in environmental protection: Garbage and waste disposal and transportation fees, fixed inspection on air, water and waste control equipment, personnel and drug expenditure, etc.
  - (3) Expected expenditure: NT\$2,000 (thousand)
  - (4) Effect of improvement: Satisfy the environmental protection requirements.

#### Quality and environmental certification system

1. The Company passed IATF16949 2016 quality system certification.
2. The Company passed ISO14001 2015 quality system certification.
3. The Company passed ISO45001 2018 system counseling and certification.
4. The Company operated the ISO45001 2018 system in 2022.

## **V. Labor-Management Relationship:**

(I) Employee benefit plans, continuing education, training, retirement systems and the status of their implementation, as well as the status of labor-management agreements and measures for preserving employees' rights and interests:

### 1. Employee benefit plans and implementation status:

- (1) Organize the Worker Welfare Committee in accordance with the worker welfare laws and regulations, and contribute the welfare fund for employee welfare practices pursuant to requirements.
- (2) All employees are entitled to labor insurance, national health insurance, labor pension and group insurance.
- (3) Provide high-quality and inexpensive lunch, and free meals during overtime work.
- (4) The Worker Welfare Committee grants gift vouchers/gift money for Dragon Boat Festival, Moon Festival, and Lunar Year Holidays.
- (5) Year-end bonus at the end of year.
- (6) Gift money for marriage, funeral, ceremony and celebration.
- (7) Worker Welfare Committee organizes employees' travels and subsidizes the traveling allowance.
- (8) Birthday gifts of each month.
- (9) Social activity.
- (10) Free parking.
- (11) Free health checkup for employees each year.
- (12) Employee stock warrants.

### 2. Retirement system and implementation status:

In order to take care of the employees' retirement life, facilitate the harmony between labor and management, and improve employees' work efficiency, the Company adopted its own regulations governing retirement of employees in accordance with the Labor Standards Act, and also established the Pension Supervision Committee to contribute 7.5% of the total salary to the exclusive pension account on a monthly basis according to laws. In response to the implementation of the Labor Pension Act, as of July 1, 2005, for employees who choose to apply the new system, 6% of their monthly salary shall be appropriated to the personal pension account at the Bureau of Labor Insurance.

### 3. Labor-management agreement and maintenance measures for various employee rights:

The Company has established the Labor Union (Fu-Lao-Zi-Huan-Zi No. 1000412577). Meanwhile, the Company will appoint representatives of labors and the management to convene the labor-management meeting periodically pursuant to the Labor Standards Act, and have the Union's members and the management engage in irregular two-way communication meeting. Meanwhile, each employee has executed the indefinite labor contract. The labors and management have executed the collective bargaining agreement (Tainan City Government's approval No.: Nan-Shi-Lao-Zi-Zi No. 1111423525) on November 1, 2022.

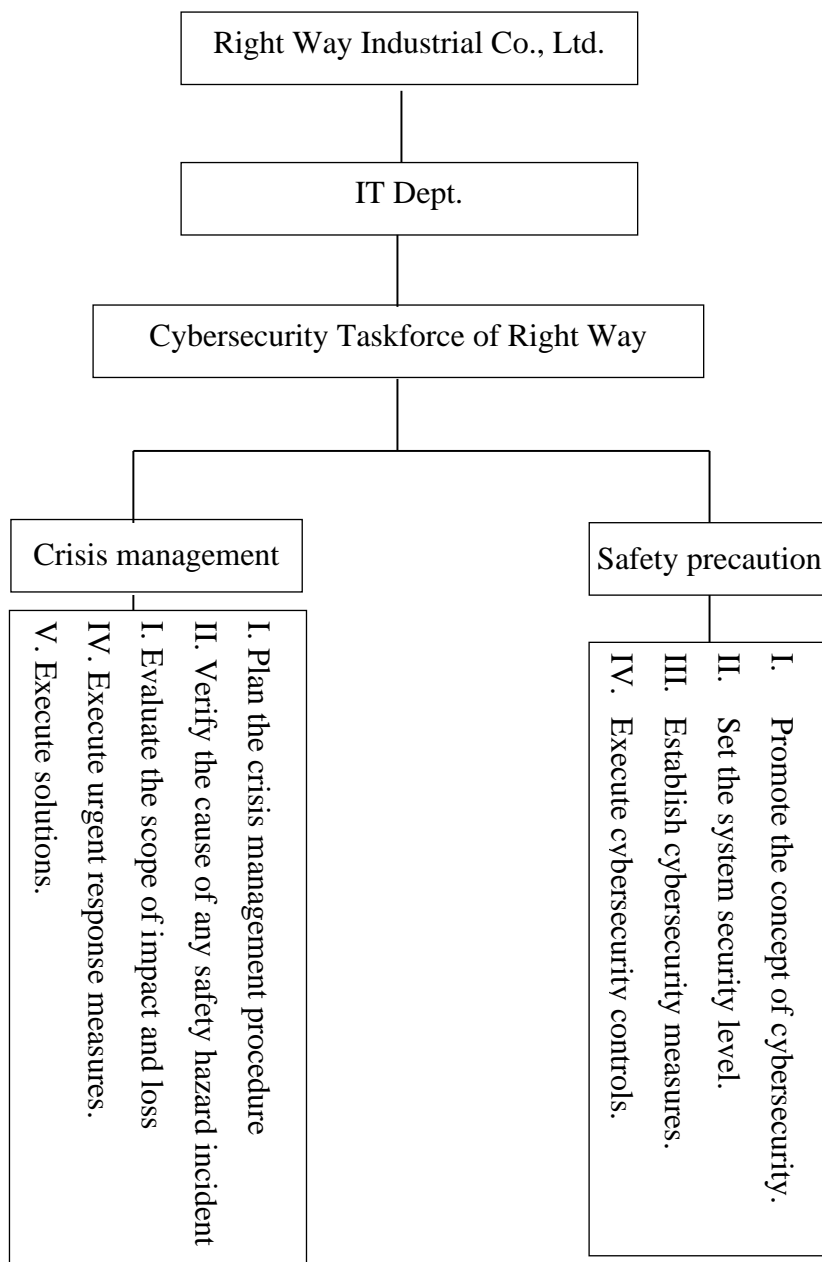
(II) In the most recent year and as of the date of publication of the annual report, losses due to labor-management disputes (including labor inspection results that violate the Labor Standards Act, the date of punishment, the scope of the punishment, the violation of the provisions of the

regulations, the contents of the violation of the regulations, the contents of the punishment), and disclose the current and future estimated amount and corresponding measures; if it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated: None.

## VI. Cybersecurity management:

### (I) Cybersecurity risk management framework

1. The Company adopted the Cybersecurity Urgent Response Plan and Operation Procedure according to the regulations governing urgent response.
2. The Company established the normal task group, “Cybersecurity Taskforce,” of Right Way. The Chief Information Security Officer shall serve as the convener of the Taskforce. The Taskforce members consist of the information staff. One contact person for an emergency is appointed, who is primarily responsible for executing cybersecurity prevention and urgent response measures.
3. Organizational Framework and Functions of “Cybersecurity Taskforce” of Right Way



(II) The Company's cybersecurity policy

1. Establish the information security management regulations in line with laws and customers' needs.
2. Protect the confidentiality, completeness and availability of the Company's and customers' information.
3. Include the common sense that information security is everyone's responsibility into the Company's culture.
4. Provide a safe information operating environment to ensure the Company's sustainable operation.

(III) The Company's concrete management programs, and investments in resources for cyber security management

1. Adopt the multi-layer network architecture design and install various information security protection systems (firewalls) to improve the overall information environment security, and also execute the maintenance contract on a yearly basis.
2. Install the center-control version of the anti-virus system, update the latest version of the virus code periodically and schedule virus scanning on a weekly basis, and also execute the maintenance contract on a yearly basis.
3. Conduct the information system restoration drill at least once each year, and subject it to the approval of General Manager.
4. Follow the factory's standard operating procedure for data processing to control and review the personnel's authority of access to accounts.
5. Send personnel to attend external educational training courses periodically each year, in order to improve the information personnel's information security knowledge and professional skills, and promote the information security practices to all employees periodically.

(IV) No losses have been suffered by the Company due to significant cybersecurity incidents by the date of publication of the annual.

(V) The Company's ID Dept. will analyze and manage the provisions in the operating procedure on the "event risk assessment" subject to the organization's condition each year, and produce the IT Dept.'s event risk assessment report and submit the same to the General Manager for approval. The report includes the analysis on "potential risk events" and "corresponding risk control measures."



**VII. Important contracts:****Important contracts**

Nature of Contract	Counterparty	Contract Period	Important Information	Restrictive clause
Technological support royalty contract	Executed with PAC MATERIALS, LLC	Executed on February 23, 2006	Agreement related to the royalty payable for the materials, NASA-398, NASA-388 and NASA-358, about the Company's pistons	None
Sales contract	China Motor Corporation	Executed on January 1, 2016	Sales agreement for parts	None

## **Six. Overview of Financial Status**

### **I. Condensed balance sheets and statements of comprehensive income for the last five fiscal years**

#### **Condensed Consolidated Balance Sheets - IFRSs**

Items \ Year	Financial information for the past five fiscal years (Note 1)					Financial information until March 31, 2023 (Note 2)	
	2022	2021	2020	2019	2018		
Current assets	1,090,231	1,154,898	977,664	1,057,687	1,308,669	1,295,683	
Property, plant and equipment	1,118,423	934,406	1,086,343	1,313,226	1,419,301	1,138,811	
Intangible assets	-	-	7,752	4,720	7,687	-	
Other assets	614,219	342,859	218,124	353,826	256,271	711,179	
Total assets	2,822,873	2,432,163	2,289,883	2,729,459	2,991,928	3,145,673	
Current liabilities	Before distribution	337,352	779,860	865,931	1,205,328	1,114,311	333,272
	After distribution	-	-	-	-	-	-
Non-current liabilities	84,737	566,717	521,112	642,201	618,301	83,627	
Total Liabilities	Before distribution	422,089	1,346,577	1,387,043	1,847,529	1,732,612	416,899
	After distribution	-	-	-	-	-	-
Equity attributable to the parent	2,331,973	1,033,650	853,637	795,282	1,115,429	2,660,174	
Capital	2,787,878	1,791,618	1,631,618	1,231,618	1,227,735	3,000,916	
Capital surplus	317,088	130,134	139,516	139,739	130,484	423,756	
Retained earnings	Before distribution	(655,851)	(750,756)	(793,236)	(457,863)	(142,988)	(633,922)
	After distribution	-	-	-	-	-	-
Others	(117,142)	(137,346)	(124,261)	(115,212)	(99,802)	(130,603)	
Treasury stock	-	-	-	-	-	-	
Non-controlling interests	68,811	51,936	49,203	86,648	143,887	68,627	
Total equity	Before distribution	2,400,784	1,085,586	902,840	881,930	1,259,316	2,728,774
	After distribution	-	-	-	-	-	-

Note 1: The financial information for each year has been audited and certified by the CPA.

Note 2: Already audited by the CPA.

**Condensed Parent Company Only Balance Sheets - IFRSs**

Items	Year	Financial information for the past five fiscal years (Note 1)					Financial information until March 31, 2023
		2022	2021	2020	2019	2018	
Current assets		829,696	786,937	585,770	561,312	677,749	Not applicable
Property, plant and equipment		878,273	525,024	568,423	612,870	627,275	
Intangible assets		-	-	-	-	-	
Other assets		966,192	758,141	713,901	871,975	1,108,739	
Total assets		2,674,161	2,070,102	1,868,094	2,046,157	2,413,763	
Current liabilities	Before distribution	257,451	476,459	528,570	677,728	688,708	
	After distribution	-	-	-	-	-	
Non-current liabilities		84,737	559,993	485,887	573,147	609,626	
Total Liabilities	Before distribution	342,188	1,036,452	1,014,457	1,250,875	1,298,334	
	After distribution	-	-	-	-	-	
Capital		2,787,878	1,791,618	1,631,618	1,231,618	1,227,735	
Capital surplus		317,088	130,134	139,516	136,739	130,484	
Retained earnings	Before distribution	(655,851)	(750,756)	(793,236)	(457,863)	(142,988)	
	After distribution	-	-	-	-	-	
Others		(117,142)	(137,346)	(124,261)	(115,212)	(99,802)	
Treasury stock		-	-	-	-	-	
Total equity	Before distribution	2,331,973	1,033,650	853,637	795,282	1,115,429	
	After distribution	-	-	-	-	-	

Note 1: The financial information for each year has been audited and certified by the CPA.

## **Condensed Consolidated Statement of Comprehensive Income - IFRSs**

Items \ Year	Financial information for the past five fiscal years (Note 1)					Financial information until March 31, 2023 (Note 2)
	2022	2021	2020	2019	2018	
Operating revenue	1,141,618	1,064,137	844,889	1,176,513	1,203,123	277,691
Gross profit	202,618	154,025	49,638	72,962	65,223	44,719
Net operating profit (loss)	16,480	(30,693)	(144,496)	(275,556)	(207,337)	14,189
Non-operating income and expenses	86,824	68,726	(62,670)	(92,819)	54,717	11,560
Net profit (loss) before tax	103,304	38,033	(207,166)	(368,375)	(152,620)	25,749
Profit (loss) for the period from continuing operations	91,915	35,099	(210,195)	(367,129)	(134,832)	22,639
Gains from discontinued operations	-	13,948	(160,166)	-	-	-
Profit (loss) for the year	91,915	49,047	(370,361)	(367,129)	(134,832)	22,639
Other comprehensive income (profit [loss] after tax) of the period	22,846	(16,919)	(11,506)	(19,496)	2,109	(14,355)
Total comprehensive income	114,761	32,128	(381,867)	(386,625)	(132,723)	8,284
Profit (loss) attributable to owners of the parent	95,215	42,881	(329,985)	(309,482)	(116,612)	21,929
Profit (loss) attributable to non-controlling interests	(3,300)	6,166	(40,376)	(57,647)	(18,220)	710
Total comprehensive income attributable to shareholders of the parent entity	115,109	29,395	(336,592)	(327,459)	(115,904)	8,468
Total comprehensive income attributable to non-controlling interests	(348)	2,733	(45,275)	(59,166)	(16,819)	(184)
Basic earnings (loss) per share	0.43	0.26	(2.19)	(2.52)	(0.95)	0.09

Note 1: The financial information for each year has been audited and certified by the CPA.

Note 2: Already audited by the CPA.

**Condensed Parent Company Only Statement of Comprehensive Income - IFRSs**

Items \ Year	Financial information for the past five fiscal years (Note 1)					Financial information until March 31, 2023
	2022	2021	2020 Year	2019 Year	2018 Year	
Operating revenue	921,898	831,065	662,650	864,603	861,230	Not applicable
Gross profit	192,901	133,733	63,990	127,503	108,338	
Net operating profit (loss)	58,529	30,062	(53,518)	(25,248)	(37,099)	
Non-operating revenue and expenses	48,051	15,695	(273,572)	(276,830)	(85,196)	
Net profit (loss) before tax	106,580	45,757	(327,090)	(302,078)	(122,295)	
Profit or loss from continuing operation	95,215	42,881	(329,985)	(309,482)	(116,612)	
Profit or loss from discontinued operation	-	-	-	-	-	
Profit (loss) for the year	95,215	42,881	(329,985)	(309,482)	(116,612)	
Other comprehensive income (profit [loss] after tax) of the period	19,894	(13,486)	(6,607)	(17,977)	708	
Total comprehensive income	115,109	29,395	(336,592)	(327,459)	(115,904)	

Note 1: The financial information for each year has been audited and certified by the CPA.

**Names and audit opinions of external auditors for the last 5 years:**

Year	Name of Accounting Firm	Name of CPA	Opinion
2018	Deloitte of Touche	Cheng, Ching-Tsung, Chao, Yong-Hsiang	An unqualified opinion and other matters
2019	Deloitte of Touche	Cheng, Ching-Tsung, Chao, Yong-Hsiang	An unqualified opinion and other matters
2020	Deloitte of Touche	Cheng, Ching-Tsung, Chao, Yong-Hsiang	An unqualified opinion and other matters
2021	KPMG Taiwan	Lien, Shu-Ling, Wu, Chao-Jen	An unqualified opinion and other matters
2022	Deloitte of Touche	Lee, Chi-Chen, Wu, Chang-Chun	An unqualified opinion and other matters

## II. Financial analysis for the past five years

### Analysis on Consolidated Financial Statements - IFRSs

Items to be analyzed		Year (Note 1)					Until March 31, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Financial structure (%)	Debt to asset ratio	14.95	55.37	60.57	67.69	57.91	13.25
	Long-term fund to property, plant and equipment ratio	222.23	176.83	131.08	116.06	132.29	246.96
Solvency (%)	Current ratio	323.17	148.09	112.90	87.75	117.44	388.78
	Quick ratio	180.81	89.30	56.67	35.01	58.30	245.20
	Times interest earned	10.10	2.67	(7.01)	(9.75)	(4.52)	25.55
Operating performance	Receivables turnover rate (times)	4.41	4.56	3.38	3.52	3.02	1.14
	Days sales outstanding	83	80	108	104	121	320
	Average inventory turnover (times)	2.22	2.20	1.71	2.11	2.16	0.54
	Accounts payable turnover rate (times)	6.03	7.42	4.66	5.41	6.64	1.59
	Average inventory turnover days	164	166	213	173	169	676
	Property, plant and equipment turnover rate (times)	1.11	1.05	0.70	0.86	0.94	0.25
	Total assets turnover rate (times)	0.43	0.45	0.34	0.41	0.41	0.09
Profitability	ROA (%)	3.84	2.85	(13.93)	(11.87)	(3.8)	0.79
	ROE (%)	5.27	4.93	(41.50)	(34.29)	(10.46)	0.88
	Pre-tax income to paid-in capital (%)	3.71	2.12	(12.70)	(29.91)	(12.43)	0.86
	Net margin (%)	8.05	4.61	(43.84)	(31.20)	(11.21)	8.15
	Earnings per share (NT\$)	0.43	0.26	(2.19)	(2.52)	(0.95)	0.09
Cash flow	Cash flow ratio	21.10	18.29	3.90	1.33	3.52	6.11
	Cash flow adequacy ratio	40.76	50.25	29.18	34.63	37.77	43.09
	Cash flow reinvestment ratio	2.02	4.50	1.05	0.50	1.12	0.53
Leverage	Operating leverage	15.04	(7.44)	(0.82)	(0.50)	(0.71)	4.21
	Financial leverage	3.21	0.57	0.85	0.89	0.88	1.08

Analysis on changes by more than 20% for the most recent two years:

Debt to asset ratio, long-term fund to property, plant and equipment ratio, current ratio and quick ratio: The recovery of the relevant ratios is primarily a result of the repayment of loans and cash capital increase this year, the relevant ratios are better than those in 2021.

Times interest earned: Primarily a result of the increase in the profitability before tax from 2021.

ROA and pre-tax income to paid-in capital, net margin, earnings per share, gross profit margin and financial leverage: The increase in gross profit is primarily a result of the timely increase in price proposed by the Company to customers due to the increase in orders and also the foreign exchange factor and internal cost controls.

Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: Primarily a result of the increase in net cash inflow from operating activities.

Operating leverage: Primarily a result of the increase in operating income by 154% from 2021.

Note 1: The financial information for each year has been audited and certified by the CPA.

Note 2: Already audited by the CPA.

Analysis on Parent Company Only Financial Statements - IFRSs

Items to be analyzed		Year (Note 1)					Until March 31, 2023 (Note 2)
		2022	2021	2020	2019	2018	
Financial structure (%)	Debt to asset ratio	12.80	50.07	54.3	61.13	53.79	Not applicable
	Long-term fund to property, plant and equipment ratio	275.17	303.54	235.66	223.28	275.01	
Solvency (%)	Current ratio	322.27	165.16	110.82	82.82	98.41	
	Quick ratio	206.55	115.65	72.20	37.88	53.24	
	Times interest earned	15.48	4.12	(17.09)	(16.17)	(5.34)	
Operating performance	Receivables turnover rate (times)	4.66	4.92	4.96	5.46	4.58	
	Days sales outstanding	78	74	74	67	80	
	Average inventory turnover (times)	2.82	3.56	2.97	3.25	3.46	
	Accounts payable turnover rate (times)	5.86	7.19	5.84	5.43	6.16	
	Average inventory turnover days	129	102	123	112	106	
	Property, plant and equipment turnover rate (times)	1.31	1.52	1.12	1.39	1.44	
	Total assets turnover rate (times)	0.39	0.42	0.34	0.39	0.35	
Profitability	ROA (%)	4.26	2.77	(16.12)	(13.25)	(4.07)	
	ROE (%)	5.66	4.54	(40.02)	(32.39)	(9.97)	
	To paid-in capital (%)	Operating income	2.10	1.68	(3.28)	(2.05)	
		Pre-tax income	3.82	2.55	(20.05)	(24.53)	(9.96)
	Net margin (%)	10.33	5.16	(49.80)	(35.79)	(13.54)	
	Earnings per share (NT\$)	0.43	0.26	(2.19)	(2.52)	(0.95)	
Cash flow	Cash flow ratio	29.85	20.67	(3.50)	5.68	10.44	
	Cash flow adequacy ratio	45.35	76.32	32.28	44.57	43.03	
	Cash flow reinvestment ratio	2.55	4.36	(0.94)	1.94	3.11	
Leverage	Operating leverage	3.57	5.16	(2.01)	(6.88)	(4.2)	
	Financial leverage	1.14	1.95	0.75	0.59	0.66	

Analysis on changes by more than 20% for the most recent two years:

Debt to asset ratio, current ratio and quick ratio: The recovery of the relevant ratios is primarily a result of the repayment of loans and cash capital increase this year, the relevant ratios are better than those in 2021.

Times interest earned: Primarily a result of the increase in the profitability before tax from 2021.

Average inventory turnover: Primarily a result of the increase in inventory from 2021, and the growth of sales resulting in the increase in the cost of goods sold.

Average inventory turnover days:

ROA, ROE, pre-tax income to paid-in capital, net margin, earnings per share, gross profit margin and financial leverage: The increase in gross profit is primarily a result of the timely increase in price proposed by the Company to customers due to the increase in orders and also the foreign exchange factor and internal cost controls. .

Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: The profitability ratios increase from the rate of return in 2021.

Operating leverage: The increase in operating leverage this year from the rate of return in 2021 is primarily a result of the increase in the operating income by 95% this year from 2021.

Note 1: The financial information for each year has been audited and certified by the CPA.

Note 2: Already audited by the CPA.

Note 3: The calculation formula for financial analysis is stated as following:

1. Financial structure

(1) Debt-to-asset ratio = Total liabilities / Total assets

(2) Long-term fund to property, plant and equipment ratio=(Total equity+non-current liabilities)/property, plant and equipment, net.

2. Solvency

(1) Current ratio = Current assets / Current liabilities

(2) Quick ratio = (Current assets - inventories - pre-paid expenses) / Current liabilities

(3) Times interest earned = Earnings before interest and taxes / Interest expenses

3. Operating performance

(1) Receivables (including accounts receivable and notes receivable due to business operation) turnover = Net sales / the balance of average receivables of different periods (including accounts receivable and notes receivable due to business operation).

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

(3) Average inventory turnover = cost of goods sold/Average inventory

(4) Payables (including accounts payables and notes payable due to business operation) turnover = Cost of goods sold / the balance of average payables of different periods (including accounts payables and notes payable due to business operation).

(5) Average inventory turnover days = 365 / Inventory turnover.

(6) Property, plant and equipment=Net sales/average property, plant and equipment, net

(7) Total asset turnover = Net sales/ Average total assets.

4. Profitability

(1) ROA = [Net income + Interest expenses (1 - tax rate)] / Average total assets.

(2) ROE=Income after tax/Average total equity

(3) Net margin = Net income / Net sales

(4) Earnings per share = (Income attributable to owners of the parent- Preferred stock dividend) / Weighted average number of shares outstanding.

5. Cash flow

(1) Cash flow ratio = Net cash from operating activities / Current Liabilities

(2) Cash flow adequacy ratio = Five-year sum of net cash flow from operations / Five-year sum of capital expenditures, increase in inventory, and cash dividend.

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

6. Leverage:

(1) Operating leverage = (Net operating revenue - Variable operating costs and expenses) / Operating profit.

(2) Financial leverage = Operating profit / (Operating profit - Interest expense).



### III. Audit Committee's Report on 2022 Financial Statements:

Right Way Industrial Co., Ltd.

#### Audit Committee Report

The Company's 2022 financial statements, which were already audited by Deloitte Taiwan, earnings distribution plan and business report prepared and submitted by the Board of Directors have been audited by the Audit Committee. Based on the Audit Committee's review, it found no inconsistency existing in said financial statements, earnings distribution plan and business report. The Report is presented in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review it accordingly.

For

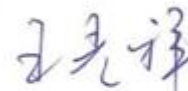
2023 Annual General Meeting of Right Way Industrial Co., Ltd.

Audit Committee of Right Way Industrial Co., Ltd.

Independent Director: Shen Ming-Chang



Independent Director: Wang Kuan-Hsiang



Independent Director: Yeh Yen-Hsiu



March 13, 2023

**IV. For the financial statements including the external auditor's report, two-year balance sheet, statement of comprehensive income, Statement of Changes in Equity, Statement of Cash Flows, and notes or schedules thereto, please refer to Page 128-198 of the annual report.**

**V. Parent company only financial statements audited and certified by CPAs for the most recent fiscal year. Exclusive of List of Major Accounting Items: Please refer to Page 199-258 of the annual report.**

**VI. If the Company or its affiliates have experienced financial difficulties in the most recent fiscal years or during the current fiscal year up to the date of publication of the annual report, the annual report shall explain how said difficulties will affect the Company's financial situation: None.**

## **Seven. Review and Analysis of the Financial Position and Performance and Risk Management**

### **I. Overview of Finance:**

#### **Comparative and analysis list of financial performance**

Unit: In Thousands of New Taiwan Dollars

Items	Year		Difference	
	2021	2022	Amount	%
Current assets	1,154,898	1,090,231	(64,667)	(6)
Fund and long-term investment	84,956	-	(84,956)	(100)
Property, plant and equipment	934,406	1,118,423	184,017	20
Intangible assets	-	-	-	-
Other assets	257,903	614,219	356,316	138
Total assets	2,432,163	2,822,873	390,710	16
Current liabilities	779,860	337,352	(442,508)	(57)
Long-term liabilities	478,724	-	(478,724)	(100)
Other liabilities	87,993	84,737	(3,256)	(4)
Total Liabilities	1,346,577	422,089	(924,488)	(69)
Capital	1,791,618	2,787,878	996,260	56
Capital surplus	130,134	317,088	186,954	144
Accumulated profit or loss	(750,756)	(655,851)	94,905	(13)
Other shareholders' equity	(137,346)	(117,142)	20,204	(15)
Equity attributable to owners of the Company	1,033,650	2,331,973	1,298,323	126
Non-controlling interests	51,936	68,811	16,875	32
Total shareholders' equity	1,085,586	2,400,784	1,315,198	121

Analysis of percentage increase/decrease over 20%:

1. Fund and long-term investment: Primarily a result of the transfer of the long-term equity investment to be disposed of to the current assets.
2. Property, plant and equipment: Primarily a result of the purchase of the land in Taoyuan.
3. Other assets: Primarily a result of the subscription for the shares of TUNG MUNG DEVELOPMENT CO., LTD. and Brighton-Best International (Taiwan) Inc..
4. Current liabilities, long-term liabilities and total liabilities: Primarily a result of the repayment of loans.
5. Capital, capital surplus, equity attributable to owners of the Company, and total shareholders' equity: Primarily a result of the cash capital increase.
6. Non-controlling interests: Primarily a result of cumulative exchange of foreign operations due to the foreign exchange volatility.
7. Future Response Plan: The above changes have not materially adversely affected the Company, and there are no material abnormalities in the Company's overall performance, so there is no need to formulate a response plan.

## II. Financial Performance:

### (I) Comparison and analysis of operating results

Unit: NTD Thousand

Items \ Year	2021	2022	Increase (decrease) in amount	Variation %	Notes
<b>Net revenue</b>	1,064,137	1,141,618	77,481	7	
Operating costs	910,112	939,000	22,888	3	
<b>Gross profit</b>	154,025	202,618	48,593	32	Description 1
Operating expenses	184,718	186,138	1,420	1	
<b>Operating income</b>	(30,693)	16,480	47,173	(154)	Description 2
Non-operating income and expenses	68,726	86,824	18,098	26	Description 3
<b>Net profit before tax from continuing operations</b>	38,033	103,304	65,271	172	Description 3
Income tax gains (expenses)	(2,934)	(11,389)	(8,455)	288	Description 3
<b>Profit after tax from continuing operations</b>	35,099	91,915	56,816	162	Description 3
Losses on discontinued operations	13,948	-	(13,948)	(100)	Description 4
Other comprehensive income	(16,919)	22,846	39,765	(235)	Description 5
<b>Total comprehensive income</b>	32,128	114,761	82,633	257	Description 2
<p>Analysis of percentage increase/decrease over 20%:</p> <p>Description 1. As a result of the increase customers' orders in 2022, and the increase in price proposed to the customers and internal fixed cost conservation and control, resulting in the increase in gross profit.</p> <p>Description 2. The better performance of operating income is a result of the increase in operating revenue in 2022.</p> <p>Description 3. Primarily a result of the profit sought, and disposal of subsidiaries and non-current group held for sale, in 2022.</p> <p>Description 4. Primarily a result of loss on reversal of discontinued operations in 2021.</p> <p>Description 5: Primarily a result of cumulative exchange of foreign operations due to the foreign exchange volatility.</p>					

### (II) Sales volume forecast and the basis thereof:

Please refer to "One. Letter to Shareholders" on Pages 1~4 and "Markets, production, and marketing" on Page 99.

### III. Analysis on Cash Flow:

#### Review and analysis of cash flows

Unit: In Thousands of New Taiwan Dollars

Balance of cash, beginning	Cash flow (net cash flow from operating activities) for the year	Cash outflow (net cash flow from investing activities/financing activities/effect of changes in foreign exchange rate) for the year	Cash surplus	Financing of cash deficit	
				Investment Project	Wealth Management Project
253,608	71,177	68,963	255,822	None	None

1. Analysis on changes in cash flow for the year:

Operating activities: Primarily as a result of the decrease in accounts payable.

Investing activities: Primarily as a result of the acquisition of shares and real estate of TUNG MUNG DEVELOPMENT CO., LTD. and Brighton-Best International (Taiwan) Inc..

Financing activities: Primarily a result of the repayment of loans.

2. Financing of cash deficit: None.

3. Cash flow analysis for the coming year:

Balance of cash, beginning	Cash inflow for the year	Cash outflow for the year	Cash surplus	Financing of cash deficit	
				Investment Project	Wealth Management Project
255,822	523,017	200,837	578,002	None	None

Explanation: No cash deficient will occur for the next year.

### IV. Impact of major capital expenditures on business and finance during the latest fiscal year: None.

**V. Company's re-investment 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:**

Unit: NT\$ and foreign currency in thousand

Name of the investees	Investment policy	Investment gains (losses) recognized for the current period	Major causes for profit or loss thereof	Improvements	Investment plans for the next year
Right Way Industrial (Malaysia) Sdn. Bhd.	Manufacturing car and motorcycle pistons	(21,525)	Recognized as the loss on scrapping of inventories	None	None
Excellent Growth Investments Limited	General investment	38,581	Recognized as the gains on disposal of the investment in Right Way Auto Parts (Fuzhou) and Shanghei Kun Yi.	None	None
Right Way Glogal Co., Ltd.	Automobiles /motorcycle Trading	(75)	No business activities	Expected to be liquidated in 2023	None
Total		(16,981)	Note: Only the major investment projects which recognized investment gain and loss for the current period are identified.		

## VI. Analysis and Assessment on Risk Management:

(I) Impact of changes in interest rates and currency exchange and inflation on the Company's profit and loss and the response measures to be taken in the future:

Items	Amount in 2022 (in thousand)	Items	Amount in 2022 (in thousand)
Interest income	2,215	Interest expenditure	11,349
Net exchange gains	41,989	Net exchange losses	14,912
Total	44,204	Total	26,261
Notes	The effects of the changes in interest rate and foreign exchange rate to the Company's income was NT\$17,943 thousand in 2022.		

The Company evaluates the changes in interest rates periodically, and negotiates with correspondent banks to seek the most favorable financing rates in a timely manner to reduce financial expenditure. For the changes in foreign exchange rate, as the Company's import and export sales require foreign exchange, under the principles for operating foreign exchange, the revenue from foreign exchange, if any, shall be deposited into the foreign currency deposit account to satisfy the need for foreign exchange expenditure, if any. Meanwhile, the Company will assess the changes in foreign exchange to seek appropriate operations.

- (II) Policies on high-risk and highly leveraged investments, loans to third parties, endorsements/guarantees, and derivatives trading, main causes of profit or loss incurred, and future responsive measures: The Company never engaged in high-risk and highly leveraged investments, derivatives trading, and endorsements/guarantees in 2022. The information of loans to third parties please refer to Pages 190. For the main causes of profit or loss incurred in 2022, please refer to the "Comparison and analysis of operating results" on Page 119.
- (III) Future R&D plans and R&D expenses expected to be invested: For details, please refer to Page 98.
- (IV) Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response: Since execution of the trade agreement by the two sides of the Straits, the cooperation between the two sides has rapidly grown and thereby drove the automobile industry's growth significantly. China has become the world's largest automobile consumer market and also the world's largest automobile production base. In response to the local policy, and in order to strive for orders locally, local production has become the main business model. For this reason, the Company plans to expand the factory premises and production lines of Right Way Auto Parts (Fuzhou) Co., Ltd. and also continue to strengthen the management of local customers to strive for more OEM orders and fit the trend in the automobile industry.
- (V) Impact on the Company's business and finance due to technological changes, and responsive measures: The Company engages in the traditional industry and, therefore, no direct or significant impact has been posed by technological changes to the Company's business and finance.
- (VI) Impact on crisis management in the event of a change in corporate identity, and responsive measures: None.
- (VII) Expected benefits and possible risks of merger and acquisition, and responsive measures: The Company has no M&A plans.
- (VIII) Expected benefits and possible risks of facilities expansion, and responsive measures: None.
- (IX) Risks and responsive measures associated with concentrated sales or purchases: The Company has no concentrated sales or purchases. Meanwhile, in order to avoid excessive concentrated purchases, the Company upholds the principle for cooperation with two suppliers under its procurement policy for evading risks.

- (X) Impact and risk on the Company due to major transfer or conversion of equity by directors, supervisors, or shareholders with more than 10% ownership interest, and responsive measures: According to Article 26 of the Securities and Exchange Act, the total shares of nominal stocks held by the entire body of either directors or supervisors of an issuer shall not be less than a specified percentage of its total issued shares. Therefore, the Company doesn't suffer any business risk arising from major transfer or conversion of equity by directors, supervisors, or shareholders with more than 10% ownership interest.
- (XI) Impact and risks on the Company due to a change of the right of management, and responsive measures: None.
- (XII) Litigations and non-contentious cases: None.
- (XIII) Other important risks and responsive measures: For the information security risk assessment & analysis and responsive measures, in order to practice the information security management, the Company strictly controls the access to data and maintenance of the data security, and installs firewalls, spam filtering and anti-virus software to control and maintain the Company's normal operations. The Company's IT Dept. is responsible for establishing the information security policy and promoting the information security. It will also conduct the audit on information security to mitigate the Company's information security risk.

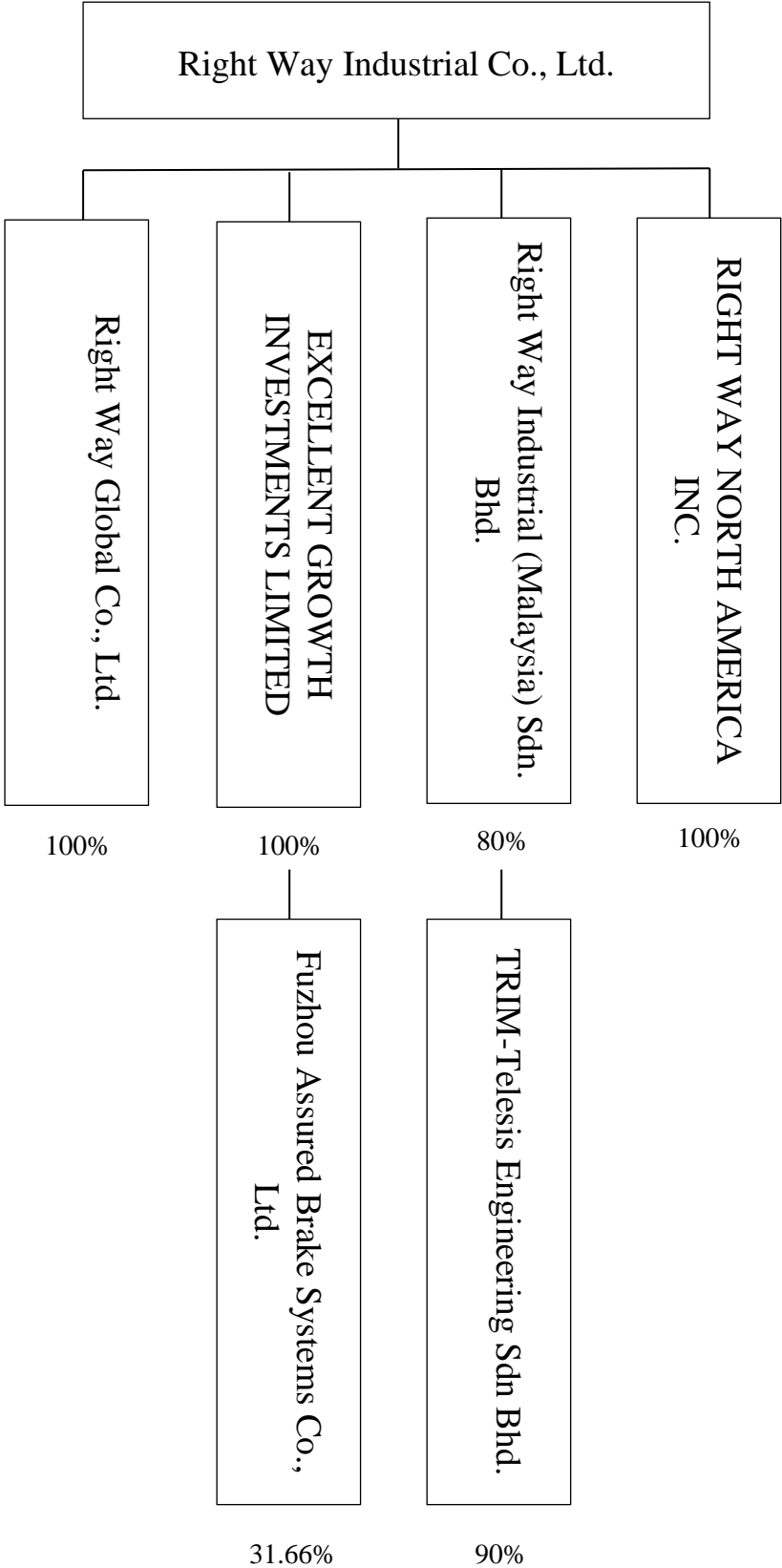
**VII. Other important matters: None.**



**Eight. Special Matters to be Included**

**I. Information related to the Company's affiliates:**

2022 Related Party Structure



## (I) Information related to the Company's affiliates

<b>Item</b>	<b>Date of Establishment</b>	<b>Address</b>	<b>Total amount of paid-in capital</b>	<b>Main business and products</b>
Right Way Global Co., Ltd.	1996.05.18	No. 1015, Zhongzheng W. Rd., Dajia Neighborhood, Rende Dist., Tainan City 717-44	NT\$259,300 thousand	Trading of cars and motorcycles
Right Way Industrial (Malaysia) Sdn. Bhd.	1989.04.18	LOT 20 & 21 HICOM INDUSTRIAL ESTATE, SECTION 26, SECTOR B, 40000 SHAH ALAM, SELANGOR DARUL EHSAN, MALAYSIA P. O. Box 7165	MYR36,822 thousand	Manufacturing car and motorcycle pistons
TRIM-Telesis Engineering Sdn Bhd	2001.4.17	LOT 28 & 29, Kaw. Perindustrian Ayer Keroh, 75450 Melaka. MALAYSIA	MYR10,000 thousand	Manufacturing of connecting rods
Excellent Growth Investments Limited	1995.8.16	Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG1110, British Virgin Islands.	NTD 723,972 thousand	General investment
Right Way North America, Inc.	2010.10.01	150 West First Street, New Richmond, WI 54017, USA	NT\$1,575 thousand	Car and motorcycle engines Trading of parts
Fuzhou Assured Brake Systems Co., Ltd.	2004.06.21	No.13, Hongkuan Avenue, Hongkuan Industry Village, Fuqing City, Fujian Province	CNY75,302 thousand	Production and sale of car and motorcycle brakes

(II) Information on the directors, supervisors and general manager of each affiliate

Company Name	Title	Name or Representative	Shareholding	
			Amount	Ownership (%)
Right Way Global Co., Ltd.	Chairman	Right Way Industrial Co., Ltd. Representative: Hsieh, Li-Yun	NTD259,300	100
Right Way Industrial (Malaysia)Sdn. Bhd.	Chairman	Right Way Industrial Co., Ltd. Representative: Hsieh, Li-Yun	MYR30,276	80
	Director and General Manager concurrently	Right Way Industrial Co., Ltd. Representative: Ooi, Ai-Lee		
	Director	Right Way Industrial Co., Ltd. Representative: Lo, Shih-I Representative: Li, Chien-Te		
TRIM-Telesis Engineering Sdn Bhd.	Chairman	Right Way Industrial (Malaysia)Sdn. Bhd. Representative: Hsieh, Li-Yun	MYR7,235	90
	Director	Right Way Industrial (Malaysia)Sdn. Bhd. Representative: Lo, Shih-I Representative: Ooi, Ai-Lee		
Excellent Growth Investments Limited	Chairman	Right Way Industrial Co., Ltd. Representative: Hsieh, Li-Yun	NTD723,972	100
	Director	Right Way Industrial Co., Ltd. Representative: Lo, Shih-I Representative: Li, Chien-Te		
Right Way North America, Inc	Director	Right Way Industrial Co., Ltd. Representative: Lo, Shih-I	NTD1,575	100
Fuzhou Assured Brake Systems Co., Ltd. (Note)	Chairman	Hsu, Yao-Jen	USD2,834	31.66
	Director and General Manager	Li, Chao-I		
	Director	Lin, Chia-Feng		
	Director	Li, Chi-Hsing		
	Director	Lian, Hsiang-Fu		
	Director	Chen, Chin-Lung		
	Director	Chi, Ching-Te		
	Supervisor	Liu, Hun-Chuan		
	Supervisor	Chang, Yuan-Chi		

Note: The Company's Board of Directors resolved in December 2022 to dispose of 31.66% of the equity of the affiliated company, Fuzhou Assured Brake Systems Co., Ltd., held by it via Excellent Growth Investments Limited. Therefore, the information about directors, supervisors and general manager upon registration of the changes is disclosed.

(III) Information on the controlling and subordinate companies presumably sharing the same shareholders: None.

(IV) Explanation about business operated by all affiliates: The Company and its affiliates engaged in the business activities including manufacturing and trading car and motorcycle parts.

(V) Financial overview and business results of affiliates

Unit: NT\$ Thousand, except NT\$ for the earnings (loss) per share

Date: December 31, 2022

Company Name	Paid-in capital	Total assets	Total Liabilities	Net worth	Operating revenue	Operating income	Profit and loss for the period	Earnings per share
Right Way Industrial (Malaysia) Sdn. Bhd.	211,024	498,581	161,531	337,051	294,338	(15,972)	(19,676)	(0.55)
Excellent Growth Investments Limited	723,972	84,118	171	83,947	-	-	38,581	1.66
Right Way North America Inc.	1,575	15,767	10,179	5,588	16,708	41	30	Note 3
Right Way Global Co., Ltd.	259,300	55	-	55	-	(75)	(75)	-
TRIM-Telesis Engineering Sdn Bhd.	50,428	371	21	350	1,780	136	6,767	0.68

Note 1. The shares issued are calculated at the part value, NT\$10, of the capital.

2. The balance sheet titles and statement of income titles are converted based on the foreign exchange rate on the balance sheet date.

3. No earnings per share are calculated, as no shares are issued.

※ Consolidated financial statements of affiliates: Please refer to Pages 128~198.

※ Affiliation Report: Please refer to Page 129.

**II. Status of private placement of securities during the most recent fiscal year and up to the date of publication of the annual report: Please refer to Pages 91-93.**

**III. Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year and up to the date of publication of the annual report: Not this situation.**

**IV. Other matters that require additional description: None.**

**Nine. Events that significantly impacted shareholders' equity or security price: None.**

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

**DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF  
AFFILIATES**

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2022 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

RIGHT WAY INDUSTRIAL CO., LTD.

By

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LI-YUN SHIEH  
Chairman  
March 13, 2023

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited 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 December 31, 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, based on our audits and the report of other auditors (please refer to the Other Matter paragraph), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the 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 Matter**

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2022 is as follows:

#### Authenticity of Revenue Recognition

As stated in Notes 4 (1) and 22, the Group's primary source of revenue is the manufacturing and sale of engine parts, pistons, and forging parts of automobiles and motorcycles. Due to the needs of particular customers, the Group stored a portion of the inventory at the hub warehouse designated by the customers. Revenue recognition relies on the statements provided by the custodian of the hub warehouse, where the revenue is recognized once the customers pick the goods from the warehouse.

Since the Group does not directly manage the hub warehouse, the revenue recognition process usually involves manual work and significantly influences the financial reports. Therefore, the authenticity of revenue recognition from the hub warehouse is identified as a key audit matter.

Our audit procedures performed in respect of the above-mentioned key audit matter included the following:

1. We understood the design of the internal controls related to revenue from the hub warehouse and tested on a sample basis its operating effectiveness.
2. We obtained the bill of lading for the hub warehouse. To confirm the authenticity of the revenue, we sampled the revenue from the shipment of the hub warehouse and checked them against the corresponding documents. We also verified whether the recipient of the goods is the same as the payee.

#### **Other Matter**

We have also audited the Standalone financial statements of Right Way Industrial Co. Ltd. as of and for the years ended December 31, 2022, and 2021 on which the other auditor and we have issued an unmodified opinion with other matter paragraph.

Among the subsidiaries included in the consolidated financial statements of the Group, Right Way Industrial (Malaysia) Sdn. Bhd. was not audited by us but was audited 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 report of other auditors. The total assets of this subsidiary amounted to \$469,744 thousand as of December 31, 2022, accounting for 16.64% of total consolidated assets. Net sales revenue was \$140,504 thousand, accounting for 12.31% of the consolidated net sales revenue.

The consolidated financial statements of the Group for the year ended December 31, 2021 were audited by the other auditor who expressed an unmodified opinion with other matter paragraph on those statements on March 29, 2022.

#### **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 International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.



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

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

### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2023

*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**  
**DECEMBER 31, 2022 AND 2021**  
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 255,822	9	\$ 253,608	10
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 30)	-	-	65,184	3
Notes receivable (Notes 4, 9, and 22)	26,881	1	35,209	1
Accounts receivable, net (Notes 4, 9 and 22)	224,198	8	231,595	10
Other receivables (Notes 4 and 9)	17,897	1	54,302	2
Inventories (Notes 4 and 10)	430,448	15	415,832	17
Non-current assets held for sale (Note 11)	84,044	3	36,657	1
Other current financial assets - current (Note 32)	1,101	-	20,525	1
Other current assets (Note 16)	49,840	2	41,986	2
Total current assets	<u>1,090,231</u>	<u>39</u>	<u>1,154,898</u>	<u>47</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income-non-current (Notes 4, 8 and 30)	519,578	18	149,559	6
Investments accounted for using the equity method (Notes 4 and 13)	-	-	84,956	4
Property, plant and equipment (Notes 4, 14 and 32)	1,118,423	40	934,406	39
Right-of-use assets (Notes 4, 15 and 32)	-	-	4,295	-
Deferred tax assets (Notes 4 and 24)	82,336	3	96,066	4
Refundable deposits	433	-	3,986	-
Other non-current assets (Note 16)	11,872	-	3,997	-
Total non-current assets	<u>1,732,642</u>	<u>61</u>	<u>1,277,265</u>	<u>53</u>
<b>TOTAL</b>	<u>\$ 2,822,873</u>	<u>100</u>	<u>\$ 2,432,163</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 17, 28 and 32)	\$ 52,830	2	\$ 357,423	15
Accounts payable (Note 18)	151,727	5	135,601	5
Other payables (Notes 19 and 31)	113,692	4	118,694	5
Liabilities directly associated with disposal groups held for sale (Note 11)	-	-	91,965	4
Current portion of long-term borrowings (Notes 4, 17, 28 and 32)	6,529	-	54,553	2
Other current liabilities (Note 19)	12,574	1	21,624	1
Total current liabilities	<u>337,352</u>	<u>12</u>	<u>779,860</u>	<u>32</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 4, 17, 28 and 32)	-	-	478,724	20
Deferred tax liabilities (Notes 4 and 24)	76,990	3	76,990	3
Net defined benefit liabilities - non-current (Notes 4 and 20)	7,744	-	11,000	-
Guarantee deposits	3	-	3	-
Total non-current liabilities	<u>84,737</u>	<u>3</u>	<u>566,717</u>	<u>23</u>
Total liabilities	<u>422,089</u>	<u>15</u>	<u>1,346,577</u>	<u>55</u>
<b>EQUITY ATTRIBUTED TO OWNERS OF THE COMPANY (Note 21)</b>				
Ordinary shares	2,787,768	99	1,791,618	74
Advance receipts for ordinary shares	110	-	-	-
Total share capital	<u>2,787,878</u>	<u>99</u>	<u>1,791,618</u>	<u>74</u>
Capital surplus	317,088	11	130,134	5
Accumulated deficit	(655,851)	(23)	(750,756)	(31)
Other equity	(117,142)	(4)	(137,346)	(5)
Total equity attributable to owners of the Company	<u>2,331,973</u>	<u>83</u>	<u>1,033,650</u>	<u>43</u>
<b>NON-CONTROLLING INTERESTS (Note 21)</b>	<u>68,811</u>	<u>2</u>	<u>51,936</u>	<u>2</u>
Total equity	<u>2,400,784</u>	<u>85</u>	<u>1,085,586</u>	<u>45</u>
<b>TOTAL</b>	<u>\$ 2,822,873</u>	<u>100</u>	<u>\$ 2,432,163</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

## RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4 and 22)	\$ 1,141,618	100	\$ 1,064,137	100
OPERATING COSTS (Notes 10, 23 and 31)	<u>939,000</u>	<u>82</u>	<u>910,112</u>	<u>86</u>
GROSS PROFIT	<u>202,618</u>	<u>18</u>	<u>154,025</u>	<u>14</u>
OPERATING EXPENSES (Notes 4, 9 and 23)				
Selling and marketing expenses	33,709	3	32,977	3
General and administrative expenses	135,574	12	117,803	11
Research and development expenses	18,086	2	27,957	3
Expected credit loss (gain)	<u>(1,231)</u>	<u>-</u>	<u>5,981</u>	<u>-</u>
Total operating expenses	<u>186,138</u>	<u>17</u>	<u>184,718</u>	<u>17</u>
PROFIT (LOSS) FROM OPERATIONS	<u>16,480</u>	<u>1</u>	<u>(30,693)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 23, and 31)				
Interest income	2,215	-	591	-
Other income	38,444	4	146,378	13
Other gains and losses	59,669	5	(54,254)	(5)
Finance costs	(11,349)	(1)	(22,765)	(2)
Share of profit of associates	<u>(2,155)</u>	<u>-</u>	<u>(1,224)</u>	<u>-</u>
Total non-operating expenses	<u>86,824</u>	<u>8</u>	<u>68,726</u>	<u>6</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	103,304	9	38,033	3
INCOME TAX EXPENSE (Notes 4 and 24)	<u>11,389</u>	<u>1</u>	<u>2,934</u>	<u>-</u>
NET PROFIT FROM CONTINUING OPERATIONS	<u>91,915</u>	<u>8</u>	<u>35,099</u>	<u>3</u>
NET PROFIT FROM DISCONTINUED OPERATIONS	<u>-</u>	<u>-</u>	<u>13,948</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>91,915</u>	<u>8</u>	<u>49,047</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 21 and 24)				
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	9,485	1	-	-
Remeasurement of defined benefit plans	(984)	-	(501)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>197</u>	<u>-</u>	<u>100</u>	<u>-</u>
	<u>8,698</u>	<u>1</u>	<u>(401)</u>	<u>-</u>

(Continued)

# RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	\$ 16,947	1	\$ (19,790)	(2)
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>(2,799)</u>	<u>-</u>	<u>3,272</u>	<u>-</u>
	<u>14,148</u>	<u>1</u>	<u>(16,518)</u>	<u>(2)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>22,846</u>	<u>2</u>	<u>(16,919)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 114,761</u>	<u>10</u>	<u>\$ 32,128</u>	<u>3</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 95,215	8	\$ 42,881	4
Non-controlling interests	<u>(3,300)</u>	<u>-</u>	<u>6,166</u>	<u>1</u>
	<u>\$ 91,915</u>	<u>8</u>	<u>\$ 49,047</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owner(s) of the Company	\$ 115,109	10	\$ 29,395	3
Non-controlling interests	<u>(348)</u>	<u>-</u>	<u>2,733</u>	<u>-</u>
	<u>\$ 114,761</u>	<u>10</u>	<u>\$ 32,128</u>	<u>3</u>
EARNINGS PER SHARE (Note 25)				
From continuing and discontinued operations				
Basic	<u>\$ 0.43</u>		<u>\$ 0.26</u>	
Diluted	<u>\$ 0.43</u>		<u>\$ 0.26</u>	
From continuing operations				
Basic	<u>\$ 0.43</u>		<u>\$ 0.21</u>	
Diluted	<u>\$ 0.43</u>		<u>\$ 0.21</u>	

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Equity Attributable to Owner of the Company							Total	Non-controlling Interests	Total Equity
	Share Capital			Unappropriated Earnings	Other 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, 2021	\$ 1,631,618	\$ -	\$ 139,516	\$ (793,236)	\$ (124,261)	\$ -	\$ 853,637	\$ 49,203	\$ 902,840	
Issuance of ordinary shares for cash (Note 21)	160,000	-	(12,160)	-	-	-	147,840	-	147,840	
Compensation cost of employee share options (Note 26)	-	-	2,778	-	-	-	2,778	-	2,778	
Net profit for the year ended December 31, 2021	-	-	-	42,881	-	-	42,881	6,166	49,047	
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	(401)	(13,085)	-	(13,486)	(3,433)	(16,919)	
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	42,480	(13,085)	-	29,395	2,733	32,128	
BALANCE AT DECEMBER 31, 2021	1,791,618	-	130,134	(750,756)	(137,346)	-	1,033,650	51,936	1,085,586	
Issuance of ordinary shares for cash	990,000	-	185,880	-	-	-	1,175,880	-	1,175,880	
Issuance of employee share options (Note 26)	6,150	110	2,191	-	-	-	8,341	-	8,451	
Disposal of subsidiaries (Note 27)	-	-	-	-	-	-	-	17,223	17,223	
Net profit for the year ended December 31, 2022	-	-	-	95,215	-	-	95,215	(3,300)	91,915	
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	(787)	11,196	9,485	19,894	2,952	22,846	
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	94,428	11,196	9,485	115,109	(348)	114,761	
Disposal of financial assets at fair value through other comprehensive income (Note 8)	-	-	-	477	-	(477)	-	-	-	
Compensation cost of employee share options (Note 26)	-	-	(1,117)	-	-	-	(1,117)	-	(1,117)	
BALANCE AT DECEMBER 31, 2022	\$ 2,787,768	\$ 110	\$ 317,088	\$ (655,851)	\$ (126,150)	\$ 9,008	\$ 2,331,863	\$ 68,811	\$ 2,400,784	

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

# RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax from continuing operations	\$ 103,304	\$ 38,033
Income before income tax from discontinued operations	-	13,948
Income before income tax	103,304	51,981
Adjustments for:		
Depreciation expenses	59,515	92,446
Amortization expenses	-	3,255
Expected credit loss (gain) recognized on trade receivables	(1,231)	5,981
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	(14,234)	15,858
Finance costs	11,349	22,765
Interest income	(2,215)	(591)
Compensation cost of employee share options	(1,117)	2,778
Share of profit of associates	2,155	1,224
Loss (gain) on disposal of property, plant and equipment	30,844	(416)
Gain on disposal of subsidiaries	(59,710)	-
Gain on derecognized non-current assets held for sell groups	(37,774)	-
Impairment loss on property, plant, equipment	1,875	18,704
Impairment loss on intangible assets	-	4,497
Write-down of inventories	8,245	8,549
Gain on lease modifications	-	(7,327)
Changes in operating assets and liabilities:		
Notes receivable	8,328	(24,054)
Accounts receivable	(3,679)	(47,725)
Other receivables	35,040	(10,321)
Inventories	(50,730)	(13,046)
Other current assets	(8,615)	32,773
Notes payable	-	(599)
Accounts payable	16,406	35,907
Other payables	(4,173)	32,396
Other current liabilities	(8,878)	(484)
Net defined benefit obligation	(4,240)	(4,882)
Cash generated from operations	80,465	219,669
Interest received	2,215	591
Interest paid	(11,349)	(22,765)
Income tax paid	(154)	(456)
Net cash generated from operating activities	71,177	197,039
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(434,511)	(149,559)
Purchases of financial assets at fair value through profit or loss	(10,619)	(43,670)
Proceeds from sale of financial assets at fair value through other comprehensive income	73,977	-
Proceeds from sale of financial assets at fair value through profit or loss	90,037	29,253
Proceeds from disposal of subsidiaries	276,438	-

(Continued)

## RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

### CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
Acquisition property, plant and equipment	\$ (463,332)	\$ (71,676)
Proceeds from disposal of property, plant and equipment	44,858	1,124
Decrease in other receivables	-	67,721
Increase in other receivables due from related parties	-	(11,592)
Increase in other financial assets	-	(4,564)
Decrease in other financial assets	18,863	-
Decrease in other non-current assets	<u>(34)</u>	<u>1,406</u>
Net cash used in investing activities	<u>(404,323)</u>	<u>(181,557)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term loans	(308,832)	(92,824)
Proceeds from long-term debt	230,000	150,000
Repayments of long-term debt	(757,220)	(63,705)
Increase in other payables to related parties	-	11,592
Decrease in other payables to related parties	(11,598)	-
Repayments of lease liabilities	-	(448)
Decrease in long-term notes and bills payable	-	(14,580)
Proceeds from issuing shares	<u>1,184,331</u>	<u>147,840</u>
Net cash generated from financing activities	<u>336,681</u>	<u>137,875</u>
<b>EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS</b>	<u>(1,321)</u>	<u>(10,340)</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	2,214	143,017
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>	<u>253,608</u>	<u>111,044</u>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR</b>	<u>\$ 255,822</u>	<u>\$ 254,061</u>
Cash and cash equivalents reported in the statement of financial position	\$ 255,822	\$ 253,608
Non-current assets (or disposal groups) classified as held for distribution to owners	<u>-</u>	<u>453</u>
Cash and cash equivalents at the end of the year	<u>\$ 255,822</u>	<u>\$ 254,061</u>

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

(Concluded)



# RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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, and machine tools.

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 and authorized for issue on March 13, 2023.

### 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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

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

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied

prospectively to transactions that occur on or after January 1, 2022.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of the above standards and interpretations will not have a material impact on the Group's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
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

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

Note 2: The seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

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

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- 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 value.

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. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right 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.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (including 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 the Company.

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.

Refer to Note 12 and Tables 6 and 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity in the Group, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

f. Inventories

Inventories consist of raw material, work in progress, semi-finished goods, finished goods and merchandise. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the Group's share of the equity of associates.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of impairment loss shall be recognized to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

h. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i Impairment of property, plant and equipment and right-of-use assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment and right-of-use assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Non-current assets held for sale

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset (or disposal group) is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, and the sale should be expected to qualify for recognition as a completed sale within 1 year from the date of classification.

When a sale plan would result in a loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale, regardless of whether the Group will retain a non-controlling interest in that subsidiary after the sale.

When the Group is committed to a sale plan involving the disposal of an investment or a portion of an investment in an associate or a joint venture, only the investment or the portion of the investment that will be disposed of is classified as held for sale when the classification criteria are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. If the Group ceases to have significant influence or joint control over the investment after the disposal takes place, the Group

accounts for any retained interest that has not been classified as held for sale in accordance with the accounting policies for financial instruments.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Such assets classified as held for sale are not depreciated.

k. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are included in the initially recognized amount of the financial assets.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

ii Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable including related parties, other receivables, refundable deposits including recognized in other current assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective

interest method less any impairment loss. Exchange differences are recognized in profit or loss.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

### b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group considers that internal or external information that shows the debtor is unlikely to pay its creditors as indication that a financial asset is in default (without taking into account any collateral held by the Group).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

1. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of automobile parts. Sales of goods are recognized as revenue when the conditions of sales are satisfied because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and accounts receivable are recognized concurrently. Advance receipts are recognized as a contract liability until trade terms have been reached.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a



recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

p. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Group revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

### 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## 5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies adopted by the Group do not involve material accounting judgments, estimates and assumptions.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Cash on hand	\$ 1,950	\$ 969
Checking accounts and demand deposits	229,304	252,639
Cash equivalents (investments with original maturities of 3 months or less)		
Demand deposits	9,213	-
Repurchase agreements collateralized by bonds	<u>15,355</u>	<u>-</u>
	<u>\$ 255,822</u>	<u>\$ 253,608</u>

The interest rate of demand deposits and repurchase agreements collateralized by bonds as of December 31, 2022 is 4% and 3.75%, respectively.

**7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Amount</b>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>	
Financial assets mandatorily classified as at FVTPL	
Non-derivative financial assets	
Domestic listed shares	<u>\$ 65,184</u>

**8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME**

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Non-current</u>		
Domestic investments		
Listed shares	\$ 239,376	\$ -
Unlisted shares	<u>280,202</u>	<u>149,559</u>
	<u>\$ 519,578</u>	<u>\$ 149,559</u>

**9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLE**

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
<u>Notes receivable</u>		
At amortized cost from operations	<u>\$ 26,881</u>	<u>\$ 35,209</u>
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 224,198	\$ 296,799
Less: Allowance for impairment loss	<u>-</u>	<u>(65,204)</u>
	<u>\$ 224,198</u>	<u>\$ 231,595</u>
<u>Other receivables</u>		
Loans to related parties	\$ 12,367	\$ 11,598
Purchase of equipment	-	29,274
Others	<u>5,530</u>	<u>13,430</u>
	<u>\$ 17,897</u>	<u>\$ 54,302</u>

Notes receivable

As of December 31, 2022 and 2021, 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

The average credit period of sales of goods was 30-120 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments except when the debtor 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:

#### December 31, 2022

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0.02%	0.15% ~ 0.75%	1.56% ~ 100%	
Gross carrying amount	\$ 189,735	\$ 34,273	\$ 190	\$ 224,198
Loss allowance (Lifetime ECLs)	-	-	-	-
Amortized cost	<u>\$ 189,735</u>	<u>\$ 34,273</u>	<u>\$ 190</u>	<u>\$ 224,198</u>

#### December 31, 2021

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0% ~ 0.03%	0% ~ 9%	5.12% ~ 100%	
Gross carrying amount	\$ 206,712	\$ 24,202	\$ 65,885	\$ 296,799
Loss allowance (Lifetime ECLs)	(9)	(64)	(65,131)	(65,204)
Amortized cost	<u>\$ 206,703</u>	<u>\$ 24,138</u>	<u>\$ 754</u>	<u>\$ 231,595</u>

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

	<b>For the Year Ended December 31,</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 65,204	\$ 89,177
Net remeasurement of loss allowance (Amount recovered)	(1,231)	5,981
Less: Amounts written off	(65,022)	(16,720)
Less: Transferred to non-current asset held for sale	-	(12,619)
Foreign exchange gains and losses	<u>1,049</u>	<u>(615)</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 65,204</u>

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Merchandise	\$ 108,632	\$ 68,606
Finished good	138,168	154,509
Work in process and semi-finished goods	121,941	127,177
Material	<u>61,707</u>	<u>65,540</u>
	<u>\$ 430,448</u>	<u>\$ 415,832</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$939,000 thousand and \$910,112 thousand, respectively. The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 included provisions for loss on inventories of \$8,245 thousand and \$8,549 thousand, respectively.

## 11. NON-CURRENT ASSETS AND DISPOSAL GROUPS CLASSIFIED AS HELD FOR SALE

### a. Discontinued operations - for the year ended December 31, 2021

The Group's subsidiary, Excellent Growth Investments Limited., resolved at the board meeting on January 12, 2021, agreeing to dispose of 77% of the common stock of Admiral Skill Limited and all of the preferred stock of Joint Fortune Company.

Since IFRS 5, "Non-current Asset Held for Sale and Discontinued Operations", is applicable in this transaction, the assets were reclassified from disposal assets to non-current assets held for sale. Also, as it meets the definition of discontinued operations, it is presented as discontinued operations.

The details of profit (loss) from discontinued operations and the related cash flow information were as follows:

	<b>For the Year Ended December 31, 2021</b>
Other revenue, net income before tax and profit from discontinued operations	\$ <u>13,948</u>
Profit (loss) from discontinued operations attributable to:	\$ -
Owners of the Company	8,096
Non-controlling interest	<u>5,852</u>
	<u>\$ 13,948</u>

Note: No cash flow was generated from the discontinued operations.

b. Disposal groups held for sale - for the year ended December 31, 2021

	<b>December 31, 2021</b>
Non-current assets held for sale	\$ <u>36,657</u>
Liabilities directly associated with disposal groups classified as held for sale	<u>\$ 91,965</u>

The details of the related non-current assets and liabilities held for sale were as follows:

	<b>December 31, 2021</b>
Cash and cash equivalents	\$ 453
Financial assets at amortized cost - current	331
Other receivables	78
Other current assets	2,607
Property, plant and equipment	<u>33,188</u>
Non-current assets held for sale	<u>\$ 36,657</u>
Accounts payable	\$ 9,427
Other payable	81,725
Other current liabilities	<u>813</u>
Liabilities directly associated with disposal groups classified as held for sale	<u>\$ 91,965</u>

On August 23, 2022, the Group obtained a bankruptcy petition ruling of Shanghai Unimax Precision Metal Forming Products Co., Ltd., which Admiral Skill Limited invested in. Therefore, the Group derecognized the book value of the disposal group held for sale and recognized a gain on disposal that amounted to \$37,774 thousand (presented in other gains and losses). The book value previously mentioned included non-controlling interests.

- c. Investments accounted for using the equity method held for sale - for the year ended December 31, 2022

**December 31,  
2022**

Long term equity investments held for sale \$ 84,044

The Group entered into an agreement in December 2022 with the buyer, agreeing to dispose of 31.66% of its shareholdings of Right Way Auto Parts (Fuzhou) Co., Ltd. to non-related parties. Thus, the related assets are classified under non-current assets held for sale. Since the proceeds exceeded the associated assets' carrying amounts, no impairment loss shall be recognized while classifying the assets as non-current assets held for sale.

## 12. SUBSIDIARIES

- a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			2022	2021	
The Company	Right Way Industrial (Malaysia) Sdn. Bhd.	Producer of quality pistons for motorcycles, commercial vehicles, automobiles, etc.	79.63%	79.63%	
	Excellent Growth Investments Limited	Investment business	100.00%	100.00%	
	Right Way North America Inc.	Trading of automobiles engine parts.	100.00%	100.00%	
	RIGHT WAY GLOBAL CO., LTD.	Trading of automobiles.	100.00%	100.00%	
	Wealth Cosmo Limited	Trading of automobiles.	-	100.00%	1)
	Smart Media Technology Co., Ltd.	Trading of electronic devices.	-	100.00%	2)
	Yao Sheng Green Energy Co., Ltd.	Solar Engineering	-	100.00%	3)
	Yao Guang Green Power Co., Ltd.	Solar Engineering	-	100.00%	4)
	Yao Yang Electric Co., Ltd.	Solar Engineering	-	100.00%	4)
Right Way Industrial (Malaysia) Sdn. Bhd.	TRIM Telesis Engineering Sdn. Bhd.	Producer of connecting rod.	89.50%	89.50%	
Excellent Growth Investments Limited	Right Way Auto parts (Fuzhou) Co., Ltd.	Manufacture of piston steering system for automobile and motorcycle.	-	100.00%	5)
Right Way Auto parts (Fuzhou) Co., Ltd.	Fuzhou Weibao International Trade Co., Ltd.	Hardware products, raw material for rubber, electronic devices and machinery.	-	100.00%	6)
Excellent Growth Investments Limited	Admiral Skill Limited.	Investment business	-	77.00%	7)
Admiral Skill Limited.	Joint Fortune Company	Investment business	-	89.28%	7)
Joint Fortune Company	Shanghai Unimax Precision Metal Forming Co., Ltd.	Development and manufacture of hydroformed parts for OEMs	-	100.00%	7)



- 1) Wealth Cosmo Limited applied for liquidation and returned capital on May 30, 2022, and obtained the proof of registration of annulment.
- 2) Sold on May 3, 2022.
- 3) Dissolved on January 12, 2022, and completed liquidation on July 28, 2022.
- 4) Dissolved on January 11, 2022, and completed liquidation on July 28, 2022.
- 5) Sold on June 30, 2022.
- 6) Completed liquidation on June 29, 2022.
- 7) Reclassified to non-current assets held for sale and liabilities directly associated with non-current assets held for sale and were derecognized in September 2022. Refer to Note 11 for information on non-current assets held for sale.

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

<b>Name of subsidiary</b>	<b>Proportion of Ownership and Voting Rights Held by Non-controlling Interests</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	20.37%	20.37%

<b>Name of subsidiary</b>	<b>Profit (Loss) Allocated to Non-controlling Interests</b>	
	<b>For the year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	\$ <u>21</u>	\$ <u>(3,301)</u>

<b>Name of subsidiary</b>	<b>Accumulated non-controlling interests</b>	
	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	\$ <u>68,811</u>	\$ <u>68,790</u>

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

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

	<b>December 31, 2022</b>	<b>December 31, 2021</b>
Current assets	\$ 258,432	\$ 275,777
Non-current assets	240,150	224,131
Current liabilities	(161,531)	(153,497)
Non-current liabilities	<u>-</u>	<u>(6,723)</u>
Equity	<u>\$ 337,051</u>	<u>\$ 339,688</u>
Equity attribute to:		
Owner of the company	\$ 268,240	\$ 270,898
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	68,631	69,311
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	<u>180</u>	<u>(521)</u>
	<u>\$ 337,051</u>	<u>\$ 339,668</u>
	<b><u>For the Year Ended December 31</u></b>	
	<b><u>2022</u></b>	<b><u>2021</u></b>
Revenue	<u>\$ 294,338</u>	<u>\$ 228,884</u>
Net profit(loss) for the year	\$ (18,968)	\$ 3,090
Other comprehensive income (loss) for the year	<u>16,330</u>	<u>(17,795)</u>
Total comprehensive income (loss) for the year	<u>\$ (2,638)</u>	<u>\$ (14,705)</u>
Profit(loss) attribute to:		
Owner of the company	\$ (15,668)	\$ 2,776
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	(4,068)	710
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	<u>708</u>	<u>(396)</u>
	<u>\$ (18,968)</u>	<u>\$ 3,090</u>
Total comprehensive income (loss) attributed to:	\$ (2,659)	\$ (11,404)
Owner of the company	(680)	(2,918)
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	<u>701</u>	<u>(383)</u>
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	<u>\$ (2,638)</u>	<u>\$ (14,705)</u>
Cash inflow (outflow) from:		
Operating activities:	\$ 30,481	\$ 20,542
Investing activities:	2,458	(144)
Financing activities:	<u>(30,159)</u>	<u>(6,716)</u>
Net cash inflow (outflow)	<u>\$ 2,780</u>	<u>\$ 13,682</u>

### 13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Investments in associates that are not individually material	\$ _____ -	\$ <u>84,956</u>

The information of associates that are not individually material is summarized below:

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
The Group's share of:		
Total comprehensive income for the year	\$ <u>(2,155)</u>	\$ <u>(1,224)</u>

All associates mentioned above were accounted for using the equity method by the Group.

The Group reclassified investments accounted for using the equity method to non-current assets. Refer to Note 11 for further details.

### 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery equipment	Mold equipment	Other equipment	Construction in Progress	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 386,960	\$ 555,404	\$ 1,549,186	\$ 181,481	\$ 198,166	\$ 12,324	\$ 2,883,521
Additions	-	505	9,815	2,915	2,000	2,072	17,307
Disposal	-	(2,183)	(1,894)	(1,191)	(1,843)	(167)	(7,278)
Reclassification	-	3,795	-	3,650	(3,582)	(14,222)	(10,359)
Reclassified to non-current assets held for sale (Note 11)	-	-	(280,976)	(89,577)	(11,997)	-	(382,550)
Effects of foreign currency exchange	(6,097)	(6,131)	(28,728)	(706)	(1,578)	(1)	(43,241)
Balance at December 31, 2021	<u>\$ 380,863</u>	<u>\$ 551,390</u>	<u>\$ 1,247,403</u>	<u>\$ 96,572</u>	<u>\$ 181,166</u>	<u>\$ 6</u>	<u>\$ 2,457,400</u>
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 265,472	\$ 1,219,684	\$ 164,964	\$ 147,058	\$ -	\$ 1,797,178
Depreciation expenses	-	23,878	52,241	6,405	9,280	-	91,804
Impairment loss	-	-	18,474	7	223	-	18,704
Disposal	-	(2,183)	(1,894)	(1,191)	(1,302)	-	(6,570)
Reclassification	-	-	-	1,797	(1,797)	-	-
Reclassified to non-current assets held for sale (Note 11)	-	-	(252,661)	(89,312)	(7,389)	-	(349,362)
Effects of foreign currency exchange	-	(2,829)	(23,941)	(689)	(1,301)	-	(28,760)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 284,338</u>	<u>\$ 1,011,903</u>	<u>\$ 81,981</u>	<u>\$ 144,772</u>	<u>\$ -</u>	<u>\$ 1,522,994</u>
Carrying amount at December 31, 2021	<u>\$ 380,863</u>	<u>\$ 267,052</u>	<u>\$ 235,500</u>	<u>\$ 14,591</u>	<u>\$ 36,394</u>	<u>\$ 6</u>	<u>\$ 934,406</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 380,863	\$ 551,390	\$ 1,247,403	\$ 96,572	\$ 181,166	\$ 6	\$ 2,457,400
Additions	395,927	752	8,677	565	3,431	59,577	468,929
Disposal	-	(5,912)	(327,297)	(16,465)	(33,461)	-	(383,135)
Disposal of subsidiaries (Note 27)	-	(195,825)	(182,797)	(5,836)	(43,020)	-	(427,478)
Effects of foreign currency exchange	5,748	8,580	28,240	126	2,167	-	44,861
Balance at December 31, 2022	<u>\$ 782,538</u>	<u>\$ 358,985</u>	<u>\$ 774,226</u>	<u>\$ 74,962</u>	<u>\$ 110,283</u>	<u>\$ 59,583</u>	<u>\$ 2,160,577</u>

(Continued)

	Land	Buildings	Machinery equipment	Mold equipment	Other equipment	Construction in Progress	Total
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 284,338	\$ 1,011,903	\$ 81,981	\$ 144,772	\$ -	\$ 1,522,994
Depreciation expenses	-	15,187	33,790	3,775	6,687	-	59,439
Impairment loss	-	-	1,875	-	-	-	1,875
Disposal	-	(2,716)	(263,380)	(16,202)	(25,135)	-	(307,433)
Disposal of subsidiaries (Note 27)	-	(106,660)	(117,456)	(4,724)	(36,134)	-	(264,974)
Effects of foreign currency exchange	-	4,334	23,942	97	1,880	-	30,253
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 194,483</u>	<u>\$ 690,674</u>	<u>\$ 64,927</u>	<u>\$ 92,070</u>	<u>\$ -</u>	<u>\$ 1,042,154</u>
Carrying amount at December 31, 2022	<u>\$ 782,538</u>	<u>\$ 164,502</u>	<u>\$ 83,552</u>	<u>\$ 10,035</u>	<u>\$ 18,213</u>	<u>\$ 59,583</u>	<u>\$ 1,118,423</u>

(Concluded)

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 recognized impairment loss that amounted to \$1,875 thousand for the machinery equipment that are no longer usable in April 2022. The Group's sale of some of the products, including pistons, connecting rods, aluminium forgings, and hydroformed fittings, is not as expected. Thus, the Group expected the future economic benefits of the machinery equipment used to produce those products to decrease, causing its recoverable amount to be lower than the book value. Therefore, an impairment loss of \$18,704 thousand was recognized in 2021.

The Group held \$7,483 thousand of agricultural land at Baojia section, Rende Dist., 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. As of December 31, 2022, the Group had entered into a contract with the related party of the Group's chairman to use the related party's name for real estate registration.

Refer to Note 32 for the amount of owner-occupied property, plant, and equipment that was pledged as collateral.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Carrying amount</u>		
Land	<u>\$ -</u>	<u>\$ 4,295</u>

Refer to Note 32 for details of the above right-of-use assets pledged as collateral for loans and financing facilities from the bank and leasing company.

	<u>For the Year Ended December 31</u>	
	2022	2021
Depreciation charge for right-of-use assets		
Land	\$ <u>76</u>	\$ <u>642</u>

Despite the information above, there is no material sublease or impairment of right-of use assets in 2022 and 2021.

b. Other lease information

	<u>For the Year Ended December 31</u>	
	2022	2021
Expenses relating to short-term and low-value leases	\$ <u>1,136</u>	\$ <u>1,809</u>
Total cash outflow for leases	\$ <u>1,136</u>	\$ <u>2,257</u>

## 16. OTHER ASSETS

	<u>December 31</u>	
	2022	2021
<u>Current</u>		
Supplies	\$ 7,918	\$ 13,161
Prepayments	29,765	25,798
Input VAT	6,774	-
Prepayments for goods	5,044	2,657
Others	<u>339</u>	<u>370</u>
	<u>\$ 49,840</u>	<u>\$ 41,986</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 7,919	\$ 78
Others	<u>3,953</u>	<u>3,919</u>
	<u>\$ 11,872</u>	<u>\$ 3,997</u>

## 17. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2022	2021
<u>Secured borrowings (Note 32)</u>		
Bank borrowings	\$ <u>52,830</u>	\$ <u>357,423</u>

The interest rate ranges of short-term borrowings at the end of December 31, 2022 and December 31,

2021 were 3.25% ~ 6.97% and 2% ~ 7.59%, respectively.

b. Long-term borrowings

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

<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Interest rate interval</b>	<b>Date of maturity</b>	<b>Amount</b>
Secured bank borrowings	MYR	3.38% ~ 4.59%	2023.10.20	\$ 6,529
Less: Current portion				<u>(6,529)</u>
Long-term borrowings				<u>\$ -</u>
<b>December 31, 2021</b>				
	<b>Currency</b>	<b>Interest rate interval</b>	<b>Date of maturity</b>	<b>Amount</b>
Secured bank borrowings	NTD	2.00% ~ 2.14%	2023.04.12 ~ 2024.02.17	\$ 519,000
	MYR	3.38% ~ 3.98%	2023.10.20	14,277
Less: Current portion				<u>(54,553)</u>
Long-term borrowings				<u>\$ 478,724</u>

**18. ACCOUNTS PAYABLE**

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.

**19. OTHER PAYABLES**

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 36,295	\$ 15,790
Payables for outsourced manufacturing overhead	18,982	13,537
Payables for equipment	14,384	946
Payables for annual leave	8,405	8,673
Payables for service cost	2,403	25,738
Payables for spares fee	6,306	5,565
Loans from related parties (Note 31)	-	11,598
Others	<u>26,917</u>	<u>36,847</u>
	<u>\$ 113,692</u>	<u>\$ 118,694</u>
Other current liabilities		
Contract liabilities	\$ 10,572	\$ 8,326
Others	<u>2,002</u>	<u>13,298</u>
	<u>\$ 12,574</u>	<u>\$ 21,624</u>

## 20. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Group's domestic consolidated entities adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The Group's subsidiaries in China and Malaysia are members of a state-managed retirement benefit plan operated by each government. The subsidiaries are required to contribute a specified percentage of payroll costs to the retirement benefit plan.

### b. Defined benefit plans

The defined benefit plans adopted by the Group in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Group contribute amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 101,354	\$ 98,181
Fair value of plan assets	<u>(93,610)</u>	<u>(87,181)</u>
Net defined benefit liabilities	<u>\$ 7,744</u>	<u>\$ 11,000</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities</b>
Balance at January 1, 2021	\$ 110,369	\$ (94,988)	\$ 15,381
Service cost			
Current service cost	31	-	31
Net interest expense (income)	546	(481)	65
Recognized in profit or loss	<u>577</u>	<u>(481)</u>	<u>96</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,575)	(1,575)
Actuarial loss - changes in demographic assumptions	2,420	-	2,420
Actuarial gain - changes in financial assumptions	(1,235)	-	(1,235)
Actuarial loss - experience adjustments	891	-	891
Recognized in other comprehensive income	<u>2,076</u>	<u>(1,575)</u>	<u>501</u>
Contributions from the employer	<u>-</u>	<u>(4,978)</u>	<u>(4,978)</u>
Benefits paid	<u>(14,841)</u>	<u>14,841</u>	<u>-</u>
Balance at December 31, 2021	<u>98,181</u>	<u>(87,181)</u>	<u>11,000</u>
Service cost			
Current service cost	31	-	31
Net interest expense (income)	614	(560)	54
Recognized in profit or loss	<u>645</u>	<u>(560)</u>	<u>85</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,219)	(7,219)
Actuarial gain - changes in financial assumptions	(2,536)	-	(2,536)
Actuarial loss - experience adjustments	10,739	-	10,739
Recognized in other comprehensive income	<u>8,203</u>	<u>(7,219)</u>	<u>984</u>
Contributions from the employer	<u>-</u>	<u>(4,325)</u>	<u>(4,325)</u>
Benefits paid	<u>(5,675)</u>	<u>5,675</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 101,354</u>	<u>\$ (93,610)</u>	<u>\$ 7,744</u>

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 80	\$ 91
Operating expenses	<u>5</u>	<u>5</u>
	<u>\$ 85</u>	<u>\$ 96</u>



Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the [government/corporate] bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)	1.375%	0.625%
Expected rate(s) of salary increase	2.000%	1.500%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25% decrease	\$ (2,332)	\$ (2,453)
0.25% increase	\$ 2,417	\$ 2,545
Expected rate(s) of salary increase/decrease		
0.25% decrease	\$ 2,358	\$ 2,478
0.25% increase	\$ (2,287)	\$ (2,401)

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Expected contributions to the plans for the next year	\$ 4,495	\$ 4,711
Average duration of the defined benefit obligation	9.3 years	10.1 years

## 21. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>400,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>278,777</u>	<u>179,162</u>
Publicly traded shares	\$ 1,337,768	\$ 1,331,618
Privately issued shares	<u>1,450,000</u>	<u>460,000</u>
Shares issued and fully paid	<u>\$ 2,787,768</u>	<u>\$ 1,791,618</u>
Advance receipts for share capital	<u>\$ 110</u>	<u>\$ -</u>

On July 19, 2021, the Company's board of shareholders resolved and authorized to issue through private issuance with the limit of three instalments of not more than 100,000 thousand ordinary shares with a par value of \$10. On December 1, 2021, the Company issued through private issuance of 16,000 thousand common shares with a discounted value of \$9.24 per share, which amounted to \$147,840 thousand. The above transaction and the legal registration have both been completed.

On April 15, 2022, the Company issued through private issuance of 84,000 thousand common shares with a premium price of \$11.32 per share, which amounted to \$950,880 thousand. The above transaction and the change of registration have both been completed.

On June 20, 2022, the Company's board of shareholders resolved and authorized to issue through private issuance with the limit of three instalments of not more than 100,000 thousand ordinary shares with a par value of \$10. On December 5, 2022, the Company issued through private issuance of 15,000 thousand common shares with a premium price of \$15 per share, which amounted to \$225,000 thousand. The above transaction and the legal registration have both been completed.

As mentioned above, a total of 99,000 thousand of shares have been issued for cash, and the share capital increase amounted to \$990,000 thousand.

The Company's employees exercised stock options of 626 thousand shares at the price of \$13.5 per share, which amounted to \$8,451 thousand. As of December 31, 2022, the application of share capital alteration of 615 thousand shares with the Ministry of Economic Affairs had been completed, whereas the alteration of the remaining 11 thousand shares had not been completed and was presented as advance receipts for share capital.

On January 13, 2023, the Company issued through private issuance of 22,000 thousand common shares with a premium price of \$15 per share, which amounted to \$315,000 thousand and was fully received on January 13, 2023, which is set as the record date. The related legal registration process is still in progress.

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 310,837	\$ 122,766
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
<u>May not be used for any purpose</u>		
Employee share options	<u>3,409</u>	<u>4,526</u>
	<u>\$ 317,088</u>	<u>\$ 130,134</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 23 (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 2022 and 2021, on June 20, 2022 and July 9, 2022, the shareholders resolved that the Company shall make no appropriations.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (137,346)	\$ (124,261)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>11,196</u>	<u>(13,085)</u>
Balance at December 31	<u>\$ (126,150)</u>	<u>\$ (137,346)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI - for the year ended December 31, 2022

	<b>Amount</b>
Balance at January 1	\$ -
Recognized for the year	
Unrealized gain (loss)	9,485
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(477)</u>
Balance at December 31	<u>\$ 9,008</u>

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 51,936	\$ 49,203
Share in profit for the year	(3,300)	6,166
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign operations	2,952	(3,433)
Disposal of subsidiaries	<u>17,223</u>	<u>-</u>
Balance at December 31	<u>\$ 68,811</u>	<u>\$ 51,936</u>

**22. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 1,141,618</u>	<u>\$ 1,064,137</u>

a. Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable	\$ 26,881	\$ 35,209	\$ 11,155
Accounts receivable	<u>\$ 224,198</u>	<u>\$ 231,595</u>	<u>\$ 189,276</u>
Contract liabilities (presented under other current liabilities)	<u>\$ 10,572</u>	<u>\$ 8,326</u>	<u>\$ 11,925</u>

b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Automotive parts and components	\$ 816,484	\$ 735,443
Processing	73,519	122,859
Others	<u>251,615</u>	<u>205,835</u>
	<u>\$ 1,141,618</u>	<u>\$ 1,064,137</u>

### 23. PROFIT BEFORE INCOME TAX

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 1,408	\$ 142
Interest on loan from related parties	807	283
Others	<u>-</u>	<u>166</u>
	<u>\$ 2,215</u>	<u>\$ 591</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Litigation compensation income	\$ -	\$ 125,815
Litigation fees returned	2,437	-
Rental income	2,039	-
Mold designing income (Note 31)	6,400	-
Temporary credits recognized as income	6,312	-
Compensation income	7,525	-
Debt recognized as income	-	10,045
Others	13,731	26,874
Less: discontinued operations	<u>-</u>	<u>(16,356)</u>
	<u>\$ 38,444</u>	<u>\$ 146,378</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain (loss) on disposal of property, plant and equipment	\$ (30,844)	\$ 416
Impairment loss on intangible assets	-	(4,497)
Net foreign exchange gains and losses	27,077	(4,671)
Gain on disposal of subsidiaries	59,710	-
Gain on derecognized non-current held for sell groups	37,774	-
Gain (loss) from financial assets at fair value through profit or loss	14,234	(15,858)
Impairment loss on property, plant and equipment	(1,875)	(18,704)
Gain from lease modification	-	7,327
Severance payments	(38,068)	-
Others	(8,339)	(20,675)
Less: discontinued operations	<u>-</u>	<u>2,408</u>
	<u>\$ 59,669</u>	<u>\$ (54,254)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	<u>\$ 11,349</u>	<u>\$ 22,765</u>

e. Depreciation and amortization

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 59,439	\$ 91,804
Right-of-use assets	76	642
Intangible assets	<u>-</u>	<u>3,225</u>
	<u>\$ 59,515</u>	<u>\$ 95,671</u>
 An analysis of depreciation by function		
Operating costs	\$ 47,597	\$ 69,200
Operating expenses	<u>11,918</u>	<u>23,246</u>
	<u>\$ 59,515</u>	<u>\$ 92,446</u>
 An analysis of amortization by function		
Operating expenses	<u>\$ -</u>	<u>\$ 3,225</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 234,693	\$ 225,188
Post-employment benefits		
Defined contribution plans	8,357	10,044
Defined benefit plans (Note 20)	<u>85</u>	<u>96</u>
	<u>\$ 234,135</u>	<u>\$ 235,328</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 146,867	\$ 156,116
Operating expenses	<u>96,268</u>	<u>79,212</u>
	<u>\$ 243,155</u>	<u>\$ 235,328</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% and no higher than 1.5%, respectively, of net profit before income tax. However, if the Company still had an accumulated deficit, it shall first set aside the amount for offset of deficit. Since the Company had an accumulated deficit in both 2022 and 2021, 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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 41,989	\$ 6,070
Foreign exchange losses	<u>(14,912)</u>	<u>(10,741)</u>
Net gains (losses)	<u>\$ 27,077</u>	<u>\$ (4,671)</u>

## 24. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 261	\$ 213
Deferred tax		
In respect of the current year	<u>11,128</u>	<u>2,721</u>
	<u>\$ 11,389</u>	<u>\$ 2,934</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	\$ <u>103,304</u>	\$ <u>51,981</u>
Income tax expense calculated at the statutory rate	\$ 20,661	\$ 10,396
Nondeductible expenses in determining taxable income	963	6,987
Tax-exempt income	(10,191)	-
Unrecognized loss carryforwards and deductible temporary differences	711	(13,026)
Effect of different tax rates of group entities operating in other jurisdictions	(755)	(1,726)
Others	<u>-</u>	<u>303</u>
	<u>\$ 11,389</u>	<u>\$ 2,934</u>

The corporate tax rate applicable to subsidiaries in China and Malaysia is 25% and 24%, respectively. Tax rates used by other entities of the Group operating in other jurisdictions are based on the tax laws in those jurisdictions.

b. Deferred tax assets and liabilities

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Defined benefit plans	\$ 2,083	\$ (848)	\$ 197	\$ 1,432
Unrealized investment loss	28,915	(623)	-	28,292
Exchange differences on translating the financial statements of foreign operations	34,336	-	(2,799)	31,537
Unrealized exchange losses	-	702	-	702
Idle capacity	-	163	-	163
Others	<u>7,133</u>	<u>(3,144)</u>	<u>-</u>	<u>3,989</u>
	72,467	(3,750)	(2,602)	66,115
Tax losses	<u>23,599</u>	<u>(7,378)</u>	<u>-</u>	<u>16,221</u>
	<u>\$ 96,066</u>	<u>\$ (11,128)</u>	<u>\$ (2,602)</u>	<u>\$ 82,336</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences				
Land appreciation reserve	<u>\$ 76,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,990</u>



For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Defined benefit plans	\$ 2,959	\$ (976)	\$ 100	\$ 2,083
Unrealized investment loss	51,777	(22,862)	-	28,915
Exchange differences on translating the financial statements of foreign operations	31,064	-	3,272	34,336
Others	<u>9,197</u>	<u>(2,064)</u>	<u>-</u>	<u>7,133</u>
	94,997	(25,902)	3,372	72,467
Tax losses	<u>24,319</u>	<u>(720)</u>	<u>-</u>	<u>23,599</u>
	<u>\$ 119,316</u>	<u>\$ (26,622)</u>	<u>\$ 3,372</u>	<u>\$ 96,066</u>

**Deferred Tax Liabilities**

Temporary differences				
Land appreciation reserve	\$ 76,990	\$ -	\$ -	\$ 76,990
Unrealized investment gain	23,800	(23,800)	-	-
Others	<u>101</u>	<u>(101)</u>	<u>-</u>	<u>-</u>
	<u>\$ 100,981</u>	<u>\$ (23,901)</u>	<u>\$ -</u>	<u>\$ 76,990</u>

- c. Deductible temporary differences, unused loss carryforwards and unused investment credits for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Loss carryforwards of the Company		
Expiry in 2023	\$ -	\$ 59,021
Expiry in 2024	-	15,030
Expiry in 2026	<u>-</u>	<u>24,767</u>
	<u>\$ -</u>	<u>\$ 98,818</u>
Loss carryforwards of subsidiaries		
Expiry in 2024	\$ 8,481	\$ 8,481
Expiry in 2026	19	19
Expiry in 2027	63	63
Expiry in 2028	63	63
Expiry in 2029	53	53
Expiry in 2030	51	9,330
Expiry in 2031	54	27,444
Expiry in 2032	<u>75</u>	<u>-</u>
	<u>\$ 8,859</u>	<u>\$ 45,453</u>

(Continued)

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Deductible temporary differences		
Unrealized loss of subsidiaries	\$ 158,458	\$ 154,345
Others	<u>3,594</u>	<u>9,091</u>
	<u>\$ 162,052</u>	<u>\$ 163,436</u>

(Concluded)

d. Information on unused loss carryforwards

Loss carryforwards of the Company as of December 31, 2022 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 33,103	2029
<u>48,004</u>	2030
<u>\$ 81,107</u>	

Loss carryforwards of subsidiaries as of December 31, 2022 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 8,481	2024
19	2026
63	2027
63	2028
53	2029
51	2030
54	2031
<u>75</u>	2032
<u>\$ 8,859</u>	

e. Income tax assessments

Tax returns of the Company and its domestic subsidiaries income through 2020 have been assessed by the tax authorities.

## 25. 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 Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit for the year attributable to owners of the Company	\$ 95,215	\$ 42,881
Less: Profit or loss from discontinued operations	<u>-</u>	<u>(8,096)</u>
Profit (loss) from continuing operations	<u>\$ 95,215</u>	<u>\$ 34,785</u>

### Shares

Unit: In Thousands of Shares

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	219,225	163,995
Effect of potentially dilutive ordinary shares:		
Bonuses for employees	<u>196</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>219,421</u>	<u>163,995</u>

Since the exercise price is greater than the market price, which will result in an anti-dilutive effect, the employee stock options are excluded when computing the diluted weighted average shares of ordinary shares outstanding in 2021.

## 26. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company were granted 2,300 units and 1,000 units of options in January 2019 and November 2016, respectively, where each option entitles the holder with the right to subscribe for 1,000 ordinary shares of the Company. The options granted are valid for 5 years and exercisable at certain percentages after the second year from the grant date. The options were granted at an exercise price of at least 75% of the closing price of the Company's ordinary shares listed on the Taiwan Stock Exchange at the grant date, during which the board of directors will decide the actual exercise price. In addition, the exercise price is adjusted accordingly for any subsequent changes in the Company's ordinary shares or when a cash dividend is being paid.

Options granted in January 2019 and November 2016 are priced using the Pseudo American Option pricing model, and the inputs to the model are as follows:

	<b>January 2019</b>	<b>November 2016</b>
Grant-date share price	\$ 21.30	\$ 14.15
Exercise price	\$ 15.98	\$ 12.00
Expected volatility	29.98%	28.599%
Expected life (in years)	5	5
Expected dividend yield	-	-
Risk-free interest rate	0.54% - 0.73%	0.51% - 0.73%

Expected volatility is based on the historical share price volatility in the past 5 years.

Information on employee share options was as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Weighted-average Exercise Price (\$)</b>	<b>Number of Options (In Thousands of Units)</b>	<b>Weighted-average Exercise Price (\$)</b>	<b>Number of Options (In Thousands of Units)</b>
Balance at January 1	\$ 14.79	1,505	\$ 14.27	2,033
Options granted	14.79	40	-	-
Options losses	13.49	(264)	11.76	(67)
Options expected to expire	-	-	11.76	(461)
Options exercised	13.53	<u>(626)</u>	-	<u>-</u>
Balance at December 31	13.4	<u><u>655</u></u>	14.79	<u><u>1,505</u></u>
Balance allowed for exercise of options at December 31	13.4	<u><u>263</u></u>	14.79	<u><u>376</u></u>

## 27. DISPOSAL OF SUBSIDIARY - RIGHTWAY AUTOPARTS (FUZHOU) CO., LTD.

The Group entered into a sales agreement on June 30, 2022 to dispose of 100% of the shares of Rightway Autoparts (Fuzhou) Co., Ltd., which manufactures the piston steering system for automobiles and motorcycles. The disposal was completed on June 30, 2022, on which date the control of the subsidiary transferred to the acquirer.

### a. Consideration received from disposal

	<b>Amount</b>
Consideration received in cash	\$ <u><u>276,338</u></u>

### b. Analysis of assets and liabilities on the date control was lost

	<b>Amount</b>
Current assets	\$ 13,350
Accounts receivable and other receivables	
Inventory	27,868
Other current assets	4,364
Non-current assets	
Property, plant and equipment	162,504
Right-of-use assets	4,312
Guarantee deposits paid	4,444
Current liabilities	
Other payables	<u>(242)</u>
Net assets disposed of	\$ <u><u>216,600</u></u>

c. Gain on disposal of the subsidiary

	<b>Amount</b>
Consideration received	\$ 276,338
Net assets disposed of	<u>216,600</u>
Gain on disposal	<u>\$ 59,738</u>

d. Net cash inflow on disposal of the subsidiary

	<b>Amount</b>
Consideration received in cash	<u>\$ 276,338</u>

## 28. CASH FLOW INFORMATION

a. Non-cash transactions

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Increase in property, plant and equipment	\$ 468,929	\$ 17,307
Decrease (increase) in payables for equipment	(13,438)	54,369
Increase in prepayments for equipment	<u>7,841</u>	<u>-</u>
	<u>\$ 462,332</u>	<u>\$ 71,676</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>		<b>Closing Balance</b>
			<b>Effect of Exchange Rate Changes</b>	<b>New (expired) Leases</b>	
Short-term borrowings	\$ 357,423	\$ (308,832)	\$ 4,239	\$ -	\$ 52,830
Long-term borrowings	<u>533,277</u>	<u>(527,220)</u>	<u>472</u>	<u>-</u>	<u>6,529</u>
	<u>\$ 890,700</u>	<u>\$ (836,052)</u>	<u>\$ 4,711</u>	<u>\$ -</u>	<u>\$ 59,359</u>

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>		<b>Closing Balance</b>
			<b>Effect of Exchange Rate Changes</b>	<b>New (expired) Leases</b>	
Short-term borrowings	\$ 454,606	\$ (92,824)	\$ (4,359)	\$ -	\$ 357,423
Long-term borrowings	448,098	80,295	(1,116)	-	533,277
Long-term notes payable	14,580	(14,580)	-	-	-
Lease liabilities	<u>36,832</u>	<u>(448)</u>	<u>-</u>	<u>(36,384)</u>	<u>-</u>
	<u>\$ 954,116</u>	<u>\$ (21,557)</u>	<u>\$ (5,475)</u>	<u>\$ (36,384)</u>	<u>\$ 890,700</u>

## 29. 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 2022 and 2021.

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.

## 30. 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

##### December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity				
Listed securities	\$ 239,376	\$ -	\$ -	\$ 239,376
Unlisted securities	<u>-</u>	<u>-</u>	<u>280,202</u>	<u>280,202</u>
	<u>\$ 239,376</u>	<u>\$ -</u>	<u>\$ 280,202</u>	<u>\$ 519,578</u>

##### December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Investments in equity				
Listed securities	<u>\$ 65,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,184</u>
Financial assets at FVTOCI				
Investments in equity				
Unlisted securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,559</u>	<u>\$ 149,559</u>

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

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

For the year ended December 31, 2022

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 149,559
Recognized in other comprehensive income	10,760
Reclassified	(477)
Purchase	193,860
Disposals	<u>(73,500)</u>
Balance at December 31, 2022	<u>\$ 280,202</u>

For the year ended December 31, 2021

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ -
Purchase	<u>149,559</u>
Balance at December 31, 2021	<u>\$ 149,559</u>

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

The fair values of unlisted equity securities were determined using the market approach.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 65,184
Financial assets at amortized costs (Note 1)	526,332	599,225
Financial assets at FVTOCI	519,578	149,559
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	324,781	1,144,998

Note1: 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 (presented under other non-current assets).

Note1: 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 (including those eliminated on consolidation) and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Note 34.

Sensitivity analysis

The Group is mainly exposed to the USD. The following table details the Group's sensitivity to an increase and decrease in the functional currency against the relevant foreign currencies. If the functional currency had weakened against 5% the relevant currency, the pre-tax profit would have increased by the following amounts:

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 12,358	\$ 6,752

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 increased because the Group's sales in USD increased, which resulted in a rise 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:

	<u>December 31</u>	
	2022	2021
Fair value interest rate risk		
Financial assets	\$ 24,568	\$ -
Cash flow interest rate risk		
Financial assets	229,831	252,103
Financial liabilities	59,359	890,700

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$852 thousand and \$3,193 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 year.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$0 thousand and \$3,259 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by \$25,979 thousand and \$7,478 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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 Group's concentration of credit risk was mainly in the Group's largest customer, which accounted for 39% and 26% of total trade receivables as of December 31, 2022 and 2021, 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.

December 31, 2022

	<b>Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 115,580	\$ 145,908	\$ 3,931	\$ 3
Floating interest rate bank loans	27,858	31,888	-	-
	<u>\$ 143,438</u>	<u>\$ 177,796</u>	<u>\$ 3,931</u>	<u>\$ 3</u>

December 31, 2021

	<b>Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 121,090	\$ 115,914	\$ 14,141	\$ 3,425
Floating interest rate bank loans	94,910	84,518	246,391	484,858
	<u>\$ 216,000</u>	<u>\$ 200,432</u>	<u>\$ 260,352</u>	<u>\$ 488,283</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:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Amount used	\$ 59,359	\$ 890,700
Amount unused	<u>1,775,660</u>	<u>181,497</u>
	<u>\$ 1,835,019</u>	<u>\$ 1,072,197</u>

### 31. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Brighton-Best International (Taiwan) Inc., which owned 19.20% and 8.93% of the ordinary shares of the Company as of December 31, 2022 and 2021, respectively. Also, after the re-election of the directors at the shareholders' meeting in June 2022, Ta Chen Stainless Pipe Co., Ltd. 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.

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

a. Related party name and category

<b>Related Party Name</b>	<b>Ultimate related Party Category</b>
Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent entity
Ta Chen Lung Mei Home Life Co., Ltd.	Fellow Subsidiary
KUO, CHIEN-TING	Chairman of the board until June 20, 2022
LEE, MING-HSIANG	Board of directors until June 20, 2022
CHEN, HAU	Related party in substance
Fuzhou Assured Brake System Co., Ltd.	Associate
HSIEN, ERH-YI	Related party in substance (Note)

Note: Refer to Note 14 about the land ownership registered under the related party's name.

b. Net purchases

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Associate		
Right Way Auto Parts Fuzhou	<u>\$ 402</u>	<u>\$ -</u>

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

c. Loans to related parties (including principal and interest)

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Other receivables from related parties</u>		
Associate		
Fuzhou Assured Brake System Co., Ltd.	\$ <u>12,367</u>	\$ <u>11,598</u>
<u>Interest Income</u>		
Associate		
Fuzhou Assured Brake System Co., Ltd.	\$ <u>807</u>	\$ <u>283</u>

The Group provided the companies mentioned above with unsecured loans at rates comparable to market average interest rates.

d. Loans from related parties

<b>Related Party Category</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Other payables to related parties</u>		
Related party in substance	\$ <u>-</u>	\$ <u>11,598</u>
Interest expense		
Related party in substance	\$ <u>131</u>	\$ <u>181</u>

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

e. Endorsements and guarantees – For the year ended December 31, 2021

Endorsements and guarantees given by related parties

<b>Related Party Category</b>	<b>Amount</b>
Related party in substance	
Amount endorsed	\$ <u>894,000</u>
Amount utilized (reported as secured bank loans)	\$ <u>738,960</u>

f. Other transactions with related parties

- 1) The Group provided the parent company with mold designing services. Other income, which amounted to \$6,400 thousand, was recognized for the year ended December 31, 2022.
- 2) The Group entrusted its sister company to purchase computer equipment. The expense amounted to \$197 thousand, which is presented under operating expenses.

g. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 14,846	\$ 15,216
Share-based payment	-	819
Post-employment benefits	<u>187</u>	<u>382</u>
	<u>\$ 15,033</u>	<u>\$ 16,417</u>

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

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Restricted bank deposit (presented under other current financial asset-current)	\$ 1,101	\$ 20,525
Land	386,612	380,863
Property, plant and equipment, net (except land)	131,633	235,915
Right-of-use asset - land	<u>-</u>	<u>4,295</u>
	<u>\$ 519,346</u>	<u>\$ 641,598</u>

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unused letters of credit for purchases

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unused letters of credit	<u>\$ 598</u>	<u>\$ 2,427</u>

b. Notes payable on deposit guarantee for loan

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes payable on deposit guarantee	<u>\$ 1,219,000</u>	<u>\$ 436,000</u>

c. New Taipei City "Detail plan of modification of Banqiao urban plan (Jiangcui North Area)" the development unit of AB District self-runs the city's land rezoning case:

- 1) In March 2008, the Company entered into a preliminary land sale and purchase agreement with a publicly listed company, Mayer Steel Pipe Corporation (hereinafter referred to as Mayer company), to purchase the land (about 4,629.86 square-meter), where the landowner of the land rezoning case mentioned above would be distributed. The contract amounted to \$631,340 thousand, and the Company had paid \$30,890 thousand under the contract. The transfer procedures have not yet been completed. As stated in the contract, the landowner shall establish a 1.20 times priority other right

according to the payment progress for the Company. In addition, if the landowner has the circumstances of violation of the agreement as stated in the agreement, the Company is allowed to terminate the contract and demand compensation that double the amount the Company had paid.

- 2) On October 23, 2013, the Company filed a civil lawsuit with the Taiwan Taipei District Court requesting the payment of a penalty. On April 15, 2016, the Taiwan Taipei District Court ruled in the civil judgment Chong-Su-Zi No. 1206 of 2013 that the landowner shall pay the Company \$61,780 thousand together with interest at 5% per annum from October 31, 2013 to the date of settlement. The verdict for the case was reached in the Supreme court Tai-shang-zi No. 2437 of 2017 on August 27, 2018.
- 3) The Company continues to appeal against the unearned benefits arising from the case. On August 27, 2010, the Supreme Court remanded the judgment to the High Court for retrial with Tai-shang-Zi No. 2437 of 2017. The Supreme court ruled in Chong-Shang-Geng-Yi-Zi No. 126 of 2018 that the landowner shall pay the Company \$49,302 thousand together with interest at 5% per annum from July 6, 2014 to the date of settlement. On December 31, 2020, the Supreme court dismissed the counterparty's appeal against the preceding ruling. The Company received the payment on January 26, 2021.
- 4) The Company appeals against the ruling of Chong-Shang-Geng-Yi-Zi No. 126 of 2018 mentioned above for the unearned benefits arising from the case. The case was remanded to the High Court by the Supreme Court on December 30, 2020, in Tai-shang-Zi No. 2597 of 2020, and thus the appeal is withdrawn since there is no need for continuation. Both parties reached a settlement on December 29, 2021, and the Company received a cash settlement amounting to \$150,000 thousand. After deducting the relevant costs, \$125,815 thousand was recognized under other income.

#### 34. 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:

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,173	30.71 (USD:NTD)	\$ 250,995
USD	66	4.406 (USD:MYR)	2,026
USD	2	6.9669 (USD:RMB)	55
<u>Financial liabilities</u>			
Monetary items			
USD	193	30.71 (USD:NTD)	5,915

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 4,743	27.68 (USD:NTD)	\$ 131,289
USD	176	4.1687 (USD: MYR)	4,884
USD	97	6.372 (USD: RMB)	2,688
<u>Financial liabilities</u>			
Monetary items			
USD	77	27.68 (USD:NTD)	2,141
USD	61	6.372 (USD: RMB)	1,683

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:

<b>For the Year Ended December 31</b>				
		<b>2022</b>	<b>2021</b>	
<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
NTD	1 (NTD:NTD)	\$ 24,179	1 (NTD:NTD)	\$ (5,721)
MYR	6.7746 (MYR:NTD)	2,823	6.7482 (MYR:NTD)	516
RMB	4.4219 (RMB:NTD)	<u>75</u>	4.3414 (RMB:NTD)	<u>534</u>
		<u>\$ 27,077</u>		<u>\$ (4,671)</u>

### 35. 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 (Table 3)
- 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 (Table 4)
- 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 (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 5)
- b. Information on investees (Table 6)
- 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 7)
- 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 8)

### 36. 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.

#### a. Segment revenue and results

	China	Eastern South Asia	Taiwan	Other Segments (Note)	Adjustments and Eliminations	Consolidated
<u>Year ended December 31, 2022</u>						
Revenue from external customers	\$ 81,672	\$ 140,504	\$ 901,492	\$ 17,950	\$ -	\$ 1,141,618
Inter segment revenue	<u>6,439</u>	<u>153,834</u>	<u>20,406</u>	<u>4,691</u>	<u>(185,370)</u>	<u>-</u>
Segment revenue	<u>\$ 88,111</u>	<u>\$ 294,338</u>	<u>\$ 921,898</u>	<u>\$ 22,641</u>	<u>\$ (185,370)</u>	<u>\$ 1,141,618</u>
Segment income	<u>\$ (21,854)</u>	<u>\$ (15,972)</u>	<u>\$ 58,529</u>	<u>\$ (8,410)</u>	<u>\$ 4,187</u>	\$ 16,480
Non-operating income and expenses						98,173
Finance costs						<u>(11,349)</u>
Income before income tax						<u>\$ 103,304</u>
<u>Year ended December 31, 2021</u>						
Revenue from external customers	\$ 138,081	\$ 97,945	\$ 790,655	\$ 37,456	\$ -	\$ 1,064,137
Inter segment revenue	<u>4,606</u>	<u>130,939</u>	<u>40,410</u>	<u>17,542</u>	<u>(193,497)</u>	<u>-</u>
Segment revenue	<u>\$ 142,687</u>	<u>\$ 228,884</u>	<u>\$ 831,065</u>	<u>\$ 54,998</u>	<u>\$ (193,497)</u>	<u>\$ 1,064,137</u>
Segment income	<u>\$ (40,696)</u>	<u>\$ 7,603</u>	<u>\$ 30,062</u>	<u>\$ (27,726)</u>	<u>\$ 64</u>	\$ (30,693)
Non-operating income and expenses						91,491
Finance costs						<u>(22,765)</u>
Income before income tax						<u>\$ 38,033</u>

Note: Includes discontinued segment.



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.

b. Revenue from major products

The following is an analysis of the Group's revenue from continuing operations from its major products and services:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from sale of automobile parts	\$ 816,484	\$ 735,443
Revenue from processing	73,519	122,859
Others	<u>251,615</u>	<u>205,835</u>
	<u>\$ 1,141,618</u>	<u>\$ 1,064,137</u>

c. Geographical information

The Group operates in four principal geographical locations - Taiwan, Malaysia, China and the United States.

The Group's revenue from continuing operations from external customers and information about its non-current assets by geographical location are detailed below:

	<b>Revenue from External Customers</b>	
	<b>For the Year ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Taiwan	\$ 270,520	\$ 293,122
Malaysia	135,593	88,594
China	88,575	151,672
The United States	433,456	335,359
Other	<u>213,474</u>	<u>195,390</u>
	<u>\$ 1,141,618</u>	<u>\$ 1,064,137</u>

	<b>Non-current Assets</b>	
	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Taiwan	\$ 890,145	\$ 528,943
Malaysia	240,150	224,131
China	-	189,624
The United States	-	-
Other	<u>-</u>	<u>-</u>
	<u>\$ 1,130,295</u>	<u>\$ 942,698</u>

Non-current assets excluded those classified as financial instruments, investments accounted for using the equity method and deferred tax assets.

d. Information about major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Customer A	\$ 430,137	\$ 334,530
Customer B	<u>103,011</u>	<u>132,977</u>
	<u>\$ 533,148</u>	<u>\$ 467,507</u>

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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 Auto Parts (Fuzhou) Co., Ltd.	Other receivables from related parties	Y	\$ 29,475	\$ -	\$ -	5.0%	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 349,796	\$ 932,789
		Right Way Auto Parts (Fuzhou) Co., Ltd.	Other receivables from related parties	Y	32,215	-	-	5.0%	2	-	Operating capital	-	None	-	349,796	932,789
		Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables from related parties	Y	48,323	-	-	5.0%	1	153,834	-	-	None	-	153,834	932,789
		Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables from related parties	Y	46,335	46,065	46,065	5.0%	1	153,834	-	-	None	-	153,834	932,789
		Fuzhou Assured Brake Systems Co., Ltd.	Other receivables from related parties	Y	18,024	17,632	11,769	7.0%	2	-	Operating capital	-	None	-	349,796	932,789
1	Rightway Auto Parts (Fu Zhou) Co., Ltd	Fuzhou Assured Brake Systems Co., Ltd.	Other receivables from related parties	Y	13,518	-	-	7.0%	2	-	Operating capital	-	None	-	-	-
2	Smart Media Technology Co., Ltd	Zhenlin Technology Co., Ltd.	Other receivables	N	15,910	-	-	-	1	-	-	-	None	-	-	-

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.
- 3) The limit of the need for short-term financing of Right Way Auto parts (Fuzhou) Co., Ltd. is 40% of net worth in the most recent audited or reviewed financial statements.
- 4) Aggregate Financing Limit of the Right Way Auto parts (Fuzhou) Co., Ltd. is 40% of net worth in the most recent audited or reviewed financial statements.
- 5) Smart Media Technology Co., Ltd is sold in April 2022.
- 6) Right Way Auto parts (Fuzhou) Co., Ltd. is sold in June 2022.
- 7) The Company resolved in the board of directors' meeting in December 2022 to dispose of all of its shareholdings (31.66%) of Fuzhou Assured Brake Systems Co., Ltd. held by Excellent Growth Investment to a non-related party, and since the Company accounted it for using the equity method, the carrying amount of \$84,044 thousand was reclassified as non-current assets held for sale.

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

**RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				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	6,316,000	\$ 239,376	0.61	\$ 239,376	The amount is already recognized as impairment losses
	Unlisted shares -Phoenix Motor Corporation	None	Financial assets at fair value through profit or loss - current	600,000	-	-	-	
	Unlisted shares - ROC Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	25,706,588	280,202	6.18	280,202	

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE YEAR ENDED DECEMBER 31, 2022  
 (Amounts in Thousands of New Taiwan Dollars)

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Fuhai Lujhu District of Taoyuan City	2022.07.19 (Board of Directors' resolution date)	\$ 391,387	Paid	Non-related party	None	-	-	-	\$ -	With reference to market conditions and the professional appraisal price	For operation	None

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

FOR THE YEAR ENDED DECEMBER 31, 2022

(Amounts in Thousands of New Taiwan Dollars)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Right Way Industrial Co., Ltd.	Right Way Industrial (Malaysia) Sdn. Bhd.	Subsidiaries (100% ownership)	Purchase	\$ 153,834	38.21	Purchase 75 days after monthly closing	No third-party could be compared	No third-party could be compared	\$ (37,259)	(24.56)	-

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

**RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES**

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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	\$ 153,834	Based on general transaction price, payment 75 days after monthly closing	13.48
		Right Way Industrial (Malaysia) Sdn. Bhd.	1	Accounts payable	37,259	-	1.32
		Right Way Industrial (Malaysia) Sdn. Bhd.	1	Other receivables	46,065	-	1.64
		Right Way North America Inc.	1	Sales	13,628	Based on general transaction price, Received 180 days after monthly closing	1.19

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 reports.

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

### INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(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 December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	Right Way Industrial (Malaysia) Sdn. Bhd.	Malaysia	Automotive and motorcycle piston manufacturing	\$ 211,024 (MYR 30,276)	\$ 211,024 (MYR 30,276)	28,665,667	79.63	\$ 262,382	\$ (19,676)	\$ (21,525)	Subsidiary
	Excellent Growth Investments Limited	British Virgin Islands	Investment	723,972	899,823	23,262,626	100	83,947	38,581	38,581	Subsidiary
	Right Way North America Inc.	USA	Automotive and motorcycle engine parts for sale	1,575	1,575	-	100	5,588	30	30	Subsidiary
	Right Way Global Co., Ltd.	Taiwan	Automotive and motorcycle sales and purchases	259,300	259,300	25,930,000	100	55	(75)	(75)	Subsidiary
	Wealth Cosmo Limited	Seychelles	Automotive and motorcycle sales and purchases	-	755	-	-	-	-	-	Subsidiary (Note 4)
	Smart Media Technology Co., Ltd	Taiwan	Electrical appliances trading industry	-	40,000	-	-	-	-	-	Subsidiary (Note 5)
	Yao sheng Green Energy Co., Ltd.	Taiwan	Solar module	-	1,000	-	-	-	(22)	(22)	Subsidiary (Note 6)
	Yao guang Green Power Co., Ltd.	Taiwan	Solar module	-	5,000	-	-	-	(13)	(13)	Subsidiary (Note 7)
	Yao Yang Electric Co., Ltd.	Taiwan	Solar module	-	1,000	-	-	-	(15)	(15)	Subsidiary (Note 7)
Right Way Industrial (Malaysia) Sdn. Bhd.	TRIM Telesis Engineering Sdn. Bhd.	Malaysia	Rod manufacturing	50,428 (MYR 7,235)	50,428 (MYR 7,235)	8,950,000	89.5	1,531	6,767	6,200	Subsidiary
Excellent Growth Investments Limited.	Admiral Skill Limited	British Virgin Islands	Investment	-	166,141 (USD 5,410)	-	-	-	-	-	Subsidiary
Admiral Skill Limited	Joint Fortune Company Limited	Cayman Islands	Investment	-	319,998 (USD 10,420)	-	-	-	-	-	Subsidiary (Note 8)
Right Way Global Co., Ltd.	Taiwan Ssangyong Co., Ltd.	Taiwan	Retail sale of motor vehicles	16,920	16,920	19,588	0.05	-	-	-	Subsidiary (Note 8) Associate (Note 1)

Note 1: Fully recognized impairment loss.

Note 2: Subsidiaries were eliminated when preparing the consolidated financial reports.

Note 3: Refer to Table 7 for the information on the investee company in mainland China.

Note 4: Applied for liquidation and return of capital on May 30, 2022, and obtained a certificate of cancellation.

Note 5: Sold on May 3, 2022.

Note 6: Dissolved on January 12, 2022, and completed the liquidation on July 28, 2022.

Note 7: Dissolved on January 11, 2022, and completed the liquidation on July 28, 2022.

Note 8: Transfer of assets held for sale and liabilities directly related to assets held for sale in first quarter 2021 and eliminated to the aforementioned carrying amount in September 2022, refer to Note 11.



## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 6)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 6)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 6)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward (Note 4)						
Right Way Auto parts (Fuzhou) Co., Ltd.	Manufacture and sale of piston engine parts	568,135 (USD 18,500)	(2)	\$ 568,135 (USD 18,500)	-	\$ 181,916 (USD 6,121)	\$ -	\$ 38,212	-	\$ 38,212	\$ -	\$ -
Fuzhou Weibao International Trade Co., Ltd.	Hardware products, hardware and electric materials, rubber raw materials, general machinery, electronic products	4,408 (CNY 1,000)	(3)	-	-	-	-	(1,620)	-	(1,620)	-	-
Shanghai Unimax Precision Metal Forming Products Co., Ltd. (Note 7)	Automotive parts and other metal molded products	465,507 (CNY105,605)	(3)	152,659 (USD 4,971)	-	-	-	-	-	-	-	-
Fuzhou Assured Brake Systems Co., Ltd. (Note 8)	Automotive and motorcycle manufacture of mechanical brakes	331,931 (CNY75,302)	(2)	87,032 (USD 2,834)	-	-	87,032 (USD 2,834)	(5,083)	31.66	(2,155)	-	-

Name of Investment Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Note 6)	Investment Amount Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Right Way	619,851 (USD 20,184)	807,826 (USD 26,305)	1,399,184 (Note 3)

Note 1: Methods of investment are classified as follows:

- 1) Direct investment.
- 2) Investments through Excellent Growth Investments Limited.
- 3) Others: Direct investment through Rightway Autoparts (Fuzhou) Co., Ltd.; Shanghai Kunyi Precision Metal Forming Products Co., Ltd. is acquired through Admiral Skill Limited.

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% = \$2,331,973 x 60% = \$1,399,184.

Note 4: Indirect investment in Right Way Auto parts (Fuzhou) Co., Ltd. was submitted to the Investment Commission for review on June 17, 2022. The recovery of investment amounted to US\$6,121 thousand and was approved for cancellation on July 6, 2022.

Note 5: Investees mentioned above were eliminated when preparing the consolidated financial reports except for Fuzhou Assured Brake Systems Co., Ltd.

Note 6: Related amounts were based on the average exchange rate of the Bank of Taiwan as of December 31, 2022 (NT\$30.71 for US\$1, NT\$4.408 for RMB1).

Note 7: For the transfer of assets held for sale and liabilities directly related to assets held for sale in first quarter 2021 and eliminated to the aforementioned carrying amount in September 2022, refer to Note 11 of the financial statements. The cancellation of investment was approved by the Investment Commission, MOEA (2) No. 11000013340 dated on February 18, 2021.

Note 8: The Company resolved in the board of directors' meeting in December 2022 to dispose of all of its shareholdings (31.66%) of Fuzhou Assured Brake Systems Co., Ltd. held by Excellent Growth Investment to a non-related party, refer to Note 11.

**RIGHT WAY INDUSTRIAL CO., LTD****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.,	53,540,000	19.20
Win Power E&T Co., Ltd.	16,000,000	5.74
Yu Pao System Cabinet Co., Ltd.	16,000,000	5.74
Shing Hwang Co., Ltd.	15,600,000	5.60

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.

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

**Standalone Financial Statements for the  
Years Ended December 31, 2022 and 2021 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinion**

We have audited the accompanying standalone financial statements of RIGHT WAY INDUSTRIAL CO., LTD. (the "Company"), which comprise the standalone balance sheets as of December 31, 2022, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

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

### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Standalone 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 Matter**

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the standalone financial statements for the year ended December 31, 2022. The matter was addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on the matter.

The key audit matter of the Company's standalone financial statements for the year ended December 31, 2022 is as follows:

#### Authenticity of Revenue Recognition

As stated in Notes 4 (k) and 20, the Company's primary source of revenue is the manufacturing and sale of engine parts, pistons, and forging parts of automobiles and motorcycles. Due to the needs of particular customers, the Company stored portion of the inventory at the hub warehouse designated by the customers. Revenue recognition relies on the statements provided by the custodian of the hub warehouse, where the revenue is recognized once the customers pick the goods from the warehouse.

Since the Company does not directly manage the hub warehouse, the revenue recognition process usually involves manual work and significantly influences the financial reports. Therefore, the authenticity of revenue recognition from the hub warehouse is identified as a key audit matter.

Our audit procedures performed in respect of the above-mentioned key audit matter included the following:

1. We understood the design of the internal controls related to revenue from the hub warehouse and tested on a sample basis its operating effectiveness.
2. We obtained the bill of lading for the hub warehouse. To confirm the authenticity of the revenue, we sampled the revenue from the shipment of the hub warehouse and checked them against the corresponding documents. We also verified whether the recipient of the goods is the same as the payee.

#### **Other Matter**

Among the subsidiaries included in the standalone financial statements of the Company, some subsidiaries classified as investments accounted for using the equity method were not audited by us but were audited by other auditors. Thus, our opinion, insofar as it relates to the amounts of investments accounted for using the equity method and other comprehensive income included in the financial statements for these investees, is based solely on the reports of other auditors. The balance of investments accounted for using the equity method of the aforementioned investees was NT\$262,382 thousand, representing 9.81% of the Company's total assets as of December 31, 2022. The other comprehensive loss of the aforementioned investees was NT\$(21,525) thousand, representing (18.70)% of the Company's total comprehensive income for the year ended December 31, 2022.

The standalone financial statements of the Company for the year ended December 31, 2021 were audited by the other auditor who expressed an unmodified opinion with other matter paragraph on those statements on March 29, 2022.

#### **Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

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

In preparing the standalone 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 Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone 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 auditing standards generally accepted in 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 standalone financial statements.

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

1. Identify and assess the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the Company 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 standalone financial statements for the year ended December 31, 2022 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 13, 2023

*Notice to Readers*

*The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent 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. 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 financial statements shall prevail.*



# RIGHT WAY INDUSTRIAL CO., LTD.

## STANDALONE BALANCE SHEETS DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2022		December 31, 2021	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 228,096	9	\$ 182,499	9
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	-	-	65,184	3
Notes receivable (Notes 4, 9 and 20)	26,881	1	29,836	1
Accounts receivable, net (Notes 4, 9 and 20)	164,390	6	147,424	7
Accounts receivable due from related parties, net (Notes 4, 9, 20 and 28)	11,411	-	15,522	1
Other receivables (Notes 4 and 9)	860	-	30,941	1
Other receivables due from related parties (Notes 4, 9 and 28)	66,391	3	59,091	3
Current tax assets (Notes 4 and 22)	76	-	-	-
Current inventories (Notes 4 and 10)	297,914	11	218,567	11
Other current financial assets (Note 29)	1,101	-	20,525	1
Other current assets (Note 14)	32,576	1	17,348	1
<b>Total current assets</b>	<b>829,696</b>	<b>31</b>	<b>786,937</b>	<b>38</b>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	519,578	19	149,559	7
Investments accounted for using the equity method (Notes 4 and 11)	351,972	13	507,768	25
Property, plant and equipment (Notes 4, 12 and 29)	878,273	33	525,024	25
Deferred tax assets (Notes 4 and 22)	82,336	3	96,066	5
Other non-current assets (Note 14)	12,306	1	4,748	-
<b>Total non-current assets</b>	<b>1,844,465</b>	<b>69</b>	<b>1,283,165</b>	<b>62</b>
<b>TOTAL</b>	<b>\$ 2,674,161</b>	<b>100</b>	<b>\$ 2,070,102</b>	<b>100</b>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 15, 25 and 29)	\$ -	-	\$ 219,960	11
Accounts payable (Note 16)	97,624	4	83,773	4
Accounts payable to related parties (Note 28)	37,259	1	30,185	1
Other payables (Note 17)	108,598	4	85,743	4
Current portion of long-term borrowings (Notes 15, 25 and 29)	-	-	47,000	2
Other current liabilities (Notes 17 and 20)	13,970	1	9,798	1
<b>Total current liabilities</b>	<b>257,451</b>	<b>10</b>	<b>476,459</b>	<b>23</b>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 15, 25 and 29)	-	-	472,000	23
Deferred tax liabilities (Notes 4 and 22)	76,990	3	76,990	4
Net defined benefit liability - non-current (Notes 4 and 18)	7,744	-	11,000	-
Guarantee deposits received	3	-	3	-
<b>Total non-current liabilities</b>	<b>84,737</b>	<b>3</b>	<b>559,993</b>	<b>27</b>
<b>Total liabilities</b>	<b>342,188</b>	<b>13</b>	<b>1,036,452</b>	<b>50</b>
<b>EQUITY ATTRIBUTED TO OWNERS OF THE COMPANY (Note 19)</b>				
Ordinary shares	2,787,768	104	1,791,618	87
Advance receipts for ordinary shares	110	-	-	-
<b>Total share capital</b>	<b>2,787,878</b>	<b>104</b>	<b>1,791,618</b>	<b>87</b>
Capital surplus	317,088	12	130,134	6
Accumulated deficit	(655,851)	(25)	(750,756)	(36)
Other equity	(117,142)	(4)	(137,346)	(7)
<b>Total equity attributable to owners of the Company</b>	<b>2,331,973</b>	<b>87</b>	<b>1,033,650</b>	<b>50</b>
<b>TOTAL</b>	<b>\$ 2,674,161</b>	<b>100</b>	<b>\$ 2,070,102</b>	<b>100</b>

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

## RIGHT WAY INDUSTRIAL CO., LTD.

### STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 20 and 28)	\$ 921,898	100	\$ 831,065	100
OPERATING COSTS (Notes 10, 21 and 28)	<u>728,997</u>	<u>79</u>	<u>697,332</u>	<u>84</u>
GROSS PROFIT	<u>192,901</u>	<u>21</u>	<u>133,733</u>	<u>16</u>
UNREALIZED PROFIT FROM SALES	-	-	(49)	-
REALIZED PROFIT FROM SALES	<u>49</u>	<u>-</u>	<u>1,369</u>	<u>-</u>
REALIZED GROSS PROFIT	<u>192,950</u>	<u>21</u>	<u>135,053</u>	<u>16</u>
OPERATING EXPENSES (Notes 9, 21, and 28)				
Selling and marketing expenses	17,059	2	16,708	2
General and administrative expenses	104,642	12	78,840	10
Research and development expenses	12,230	1	10,164	1
Expected credit loss (gain)	<u>490</u>	<u>-</u>	<u>(721)</u>	<u>-</u>
Total operating expenses	<u>134,421</u>	<u>15</u>	<u>104,991</u>	<u>13</u>
PROFIT FROM OPERATIONS	<u>58,529</u>	<u>6</u>	<u>30,062</u>	<u>3</u>
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 28)				
Interest income	3,859	-	1,813	-
Other income	24,459	3	133,691	16
Other gains and losses	10,134	1	(36,950)	(4)
Finance costs	(7,362)	(1)	(14,668)	(2)
Share of profit or loss of subsidiaries and associates	<u>16,961</u>	<u>2</u>	<u>(68,191)</u>	<u>(8)</u>
Total non-operating expenses	<u>48,051</u>	<u>5</u>	<u>15,695</u>	<u>2</u>
INCOME BEFORE INCOME TAX	106,580	11	45,757	5
INCOME TAX EXPENSE (Notes 4 and 22)	<u>11,365</u>	<u>1</u>	<u>2,876</u>	<u>-</u>
NET PROFIT FOR THE YEAR	<u>95,215</u>	<u>10</u>	<u>42,881</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19 and 22)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(984)	-	(501)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	9,485	1	-	-

(Continued)

## RIGHT WAY INDUSTRIAL CO., LTD.

### STANDALONE STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	%	Amount	%
Income tax related to items that will not be reclassified subsequently to profit or loss	\$ <u>197</u>	<u>-</u>	\$ <u>100</u>	<u>-</u>
	<u>8,698</u>	<u>1</u>	<u>(401)</u>	<u>-</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating of the financial statement of foreign operations	13,995	1	(16,357)	(2)
Income tax related to items may be reclassified subsequently to profit or loss	<u>(2,799)</u>	<u>-</u>	<u>3,272</u>	<u>1</u>
	<u>11,196</u>	<u>1</u>	<u>(13,085)</u>	<u>(1)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>19,894</u>	<u>2</u>	<u>(13,486)</u>	<u>(1)</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 115,109</u>	<u>12</u>	<u>\$ 29,395</u>	<u>4</u>
<b>EARNINGS PER SHARE (New Taiwan Dollars; Note 23)</b>				
Basic	\$ 0.43		\$ 0.26	
Diluted	0.43		0.26	

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

(Concluded)

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

**STANDALONE STATEMENTS OF CHANGES IN EQUITY  
YEARS ENDED DECEMBER 31, 2022 AND 2021  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owner of the Company						Total Equity
	Share Capital			Unappropriated Earnings	Other 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, 2021	\$ 1,631,618	\$ -	\$ 139,516	\$ (793,236)	\$ (124,261)	\$ -	\$ 853,637
Issuance of ordinary shares for cash (Note 19)	160,000	-	(12,160)	-	-	-	147,840
Net profit for the year ended December 31, 2021	-	-	-	42,881	-	-	42,881
Other comprehensive income (loss) for the year ended December 31, 2021, net of income tax	-	-	-	(401)	(13,085)	-	(13,486)
Total comprehensive income (loss) for the year ended December 31, 2021	-	-	-	42,480	(13,085)	-	29,395
Compensation cost of employee share options (Note 24)	-	-	2,778	-	-	-	2,778
BALANCE AT DECEMBER 31, 2021	1,791,618	-	130,134	(750,756)	(137,346)	-	1,033,650
Issuance of ordinary shares for cash (Note 19)	990,000	-	185,880	-	-	-	1,175,880
Issuance of employee share options (Note 19)	6,150	110	2,191	-	-	-	8,451
Net profit for the year ended December 31, 2022	-	-	-	95,215	-	-	95,215
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	(787)	11,196	9,485	19,894
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	94,428	11,196	9,485	115,109
Disposal of financial assets at fair value through other comprehensive income (Note 8)	-	-	-	477	-	(477)	-
Compensation cost of employee share options (Note 24)	-	-	(1,117)	-	-	-	(1,117)
BALANCE AT DECEMBER 31, 2022	\$ 2,787,768	\$ 110	\$ 317,088	\$ (655,851)	\$ (126,150)	\$ 9,008	\$ 2,331,973

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

## RIGHT WAY INDUSTRIAL CO., LTD.

### STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 106,580	\$ 45,757
Adjustments for:		
Depreciation expenses	30,230	38,960
Expected credit loss recognized (reversed) on trade receivables	490	(721)
Net loss (gain) on financial assets at fair value through profit or loss	(14,234)	15,858
Finance costs	7,362	14,668
Interest income	(3,859)	(1,813)
Compensation cost of employee share options	(1,117)	2,778
Share of loss (profit) of subsidiaries and associates	(16,961)	68,191
Loss (gain) on disposal of property, plant and equipment	22,220	(539)
Loss on disposal of subsidiaries	28	-
Impairment loss on property, plant and equipment	1,875	-
Unrealized gain on the transaction with subsidiaries	-	49
Realized gain on the transaction with subsidiaries	(49)	(1,369)
Net loss on foreign currency exchange	-	3
Gain on lease modifications	-	29
Changes in operating assets and liabilities:		
Notes receivable	2,955	(18,681)
Accounts receivable (including related parties)	(13,345)	(28,161)
Other receivables (including related parties)	22,778	(29,225)
Inventories	(79,348)	(45,728)
Other current assets	(15,228)	20,600
Notes payable	-	(599)
Accounts payable (including related parties)	20,925	34,544
Other payables	9,416	11,590
Other current liabilities	4,172	(8,414)
Net defined benefit liabilities	(4,240)	(4,882)
Cash generated from operations	80,650	112,895
Interest received	3,859	1,813
Interest paid	(7,362)	(14,668)
Income tax paid	(309)	(155)
Net cash generated from operating activities	<u>76,838</u>	<u>99,885</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(434,511)	(149,559)
Proceeds from sale of financial assets at fair value through other comprehensive income	73,977	-
Purchase of financial assets at fair value through profit or loss	(10,619)	(43,670)
Proceeds from sale of financial assets at fair value through profit or loss	90,037	29,253
Proceeds from disposal of subsidiaries	186,773	-
Payments for property, plant and equipment	(440,273)	(7,282)

(Continued)

## RIGHT WAY INDUSTRIAL CO., LTD.

### STANDALONE STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars)

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	2022	2021
Proceeds from disposal of property, plant and equipment	\$ 38,218	\$ 952
Decrease in other receivables (including related parties)	-	52,341
Increase in other financial assets	-	(6,778)
Decrease in other financial assets	19,820	-
Increase in other non-current assets	<u>(34)</u>	<u>-</u>
Net cash used in investing activities	<u>(476,612)</u>	<u>(124,743)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Decrease in short-term loans	(219,960)	(71,429)
Proceeds from long-term debt	230,000	150,000
Repayments of long-term debt	(749,000)	(47,000)
Repayment of lease liabilities	-	(448)
Decrease in long-term notes payable	-	(14,580)
Proceeds from issuing shares	<u>1,184,331</u>	<u>147,840</u>
Net cash generated from financing activities	<u>445,371</u>	<u>164,383</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	45,597	139,525
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>182,499</u>	<u>42,974</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 228,096</u>	<u>\$ 182,499</u>

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

(With Deloitte & Touche auditors' report dated March 13, 2023)

(Concluded)

# RIGHT WAY INDUSTRIAL CO., LTD.

## NOTES TO STANDALONE FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 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, and machine tools.

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

The standalone financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF STANDALONE FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company’s board of directors and authorized for issue on March 13, 2023.

### 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 “IFRSs”) endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company’s accounting policies.

- b. The IFRSs endorsed by the FSC for application starting from 2023

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB</b>
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied

prospectively to transactions that occur on or after January 1, 2022.

As of the date the standalone financial statements were authorized for issue, the Company has assessed that the application of the above standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
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
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
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
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

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

Note 2: The seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

As of the date the standalone financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

- b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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.

When preparing the standalone financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and associates and the related equity items, as appropriate, in the standalone financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) 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:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Company does not have an unconditional right 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.

d. Foreign currencies

In preparing the financial statements of each individual entity in the Company, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in a foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the standalone financial statements, the assets and liabilities of the Company's foreign operations (including subsidiaries in other countries that use currencies which are different from the currency of the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income.

On the disposal of a foreign operation (i.e., a disposal of the Company's entire interest in a foreign operation, or a disposal involving the loss of control over a subsidiary that includes a foreign operation,

or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation are reclassified to profit or loss.

e. Inventories

Inventories consist of raw material, work in progress, semi-finished goods, finished goods and merchandise. Inventories are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in associates

An associate is an entity over which the Company has significant influence and which is neither a subsidiary nor an interest in a joint venture.

The Company uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate are initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the associate. The Company also recognizes the changes in the Company's share of the equity of associates.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of impairment loss shall be recognized to the extent that the recoverable amount of the investment subsequently increases.

The Company discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Company accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required had that associate directly disposed of the related assets or liabilities.

g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of other equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which

includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the standalone financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the standalone financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

#### h. Property, plant, and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

#### i. Impairment of property, plant and equipment

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying

amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are included in the initially recognized amount of the financial assets.

1) Financial assets

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

a) Measurement category

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 27.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, accounts receivable including related parties, other receivables

including related parties, and refundable deposits including recognized in other current assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

### b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting

date.

For internal credit risk management purposes, the Company considers that internal or external information that shows the debtor is unlikely to pay its creditors as indication that a financial asset is in default (without taking into account any collateral held by the Company).

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss that had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods comes from sales of automobile parts. Sales of goods are recognized as revenue when the conditions of sales are satisfied because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Revenue and accounts receivable are recognized concurrently. Advance receipts are recognized as a contract liability until trade terms have been reached.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments from operating leases are recognized as income on a straight-line basis over the

terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

m. Borrowing costs

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plans.

o. Share-based payment arrangements

The fair value at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. The expense is recognized in full at the grant date if the grants are vested immediately. The grant date of treasury shares transferred to employees is the date on which the board of directors approves the transaction.

At the end of each reporting period, the Company revises its estimate of the number of employee share options that are expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expenses reflect the revised estimate, with a corresponding adjustment to capital surplus - employee share options.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according

to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

## 2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

## 3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

## **5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Company's accounting policies, management is required to make judgments, estimates and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that



period or in the period of the revisions and future periods if the revisions affect both current and future periods.

The accounting policies adopted by the Company do not involve material accounting judgments, estimates and assumptions.

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2022	2021
Cash on hand	\$ 1,830	\$ 382
Checking accounts and demand deposits	201,698	182,117
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	9,213	-
Repurchase agreements collateralized by bonds	<u>15,355</u>	<u>-</u>
	<u>\$ 228,096</u>	<u>\$ 182,499</u>

The interest rate of demand deposits and repurchase agreements collateralized by bonds as of December 31, 2022 is 4% and 3.75%, respectively.

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS – FOR THE YEAR ENDED DECEMBER 31, 2021

	<b>Amount</b>
<u>Financial assets at fair value through profit or loss (FVTPL) - current</u>	
Financial assets mandatorily classified as at FVTPL	
Non-derivative financial assets	
Domestic listed shares	<u>\$ 65,184</u>

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2022	2021
<u>Non-current</u>		
Domestic investments		
Unlisted shares	\$ 280,202	\$ 149,559
Listed shares	<u>239,376</u>	<u>-</u>
	<u>\$ 519,578</u>	<u>\$ 149,559</u>

**9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES) AND OTHER RECEIVABLES**

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Notes receivable</u>		
At amortized cost		
Notes receivable - operating	\$ 26,881	\$ 29,836
<u>Accounts receivable (including related parties)</u>		
At amortized cost		
Gross carrying amount	\$ 175,801	\$ 172,978
Less: Allowance for impairment loss	-	(10,032)
	<u>\$ 175,801</u>	<u>\$ 162,946</u>
<u>Other receivables (including related parties)</u>		
Loans to related parties	\$ 58,590	\$ 59,086
Purchase of equipment	7,801	29,274
Others	<u>860</u>	<u>1,672</u>
	<u>\$ 67,251</u>	<u>\$ 90,032</u>

Notes receivable

As of December 31, 2022 and 2021, the Company 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.

Accounts receivable (including related parties)

The average credit period of sales of goods was 30-120 days. No interest was charged on accounts receivable. In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced.

The Company measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments except when the debtor 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 Company 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 Company 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 Company's provision matrix:

December 31, 2022

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0.02%	0.15% ~ 0.75%	1.56% ~ 100%	
Gross carrying amount	\$ 151,053	\$ 24,558	\$ 190	\$ 175,801
Loss allowance (Lifetime ECLs)	-	-	-	-
	<u>151,053</u>	<u>24,558</u>	<u>190</u>	<u>175,801</u>
Amortized cost	<u>\$ 151,053</u>	<u>\$ 24,558</u>	<u>\$ 190</u>	<u>\$ 175,801</u>

December 31, 2021

	<b>Not Past Due</b>	<b>1 to 90 Days Past Due</b>	<b>Over 90 Days Past Due</b>	<b>Total</b>
Expected credit loss rate	0%	0%	95.42% ~ 100%	
Gross carrying amount	\$ 139,965	\$ 22,499	\$ 10,514	\$ 172,978
Loss allowance (Lifetime ECLs)	-	-	(10,032)	(10,032)
	<u>139,965</u>	<u>22,499</u>	<u>482</u>	<u>162,946</u>
Amortized cost	<u>\$ 139,965</u>	<u>\$ 22,499</u>	<u>\$ 482</u>	<u>\$ 162,946</u>

The movements of the loss allowance of accounts receivable were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ 10,032	\$ 10,753
Net remeasurement of loss allowance (Amount recovered)	490	(721)
Less: Amounts written off	<u>(10,522)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 10,032</u>

## 10. INVENTORIES

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Merchandise	\$ 101,004	\$ 58,121
Finished good	75,128	66,033
Work in process and semi-finished goods	75,640	63,730
Material	<u>46,142</u>	<u>30,683</u>
	<u>\$ 297,914</u>	<u>\$ 218,567</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2022 and 2021 was \$728,997 thousand and \$697,332 thousand, respectively.

## 11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD – INVESTMENTS IN SUBSIDIARIES

	December 31			
	2022		2021	
	Amount	Percentage of Ownership (Note 1)	Amount	Percentage of Ownership (Note 1)
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 262,382	79.63	\$ 270,898	79.63
Excellent Growth Investments Limited (Note 2)	83,947	100	220,792	100
Right Way North America Inc.	5,588	100	5,008	100
Right Way Global Co., Ltd.	55	100	130	100
Wealth Cosmo Limited (Note 3)	-	-	610	100
Smart Media Technology Co., Ltd. (Note 4)	-	-	4,676	100
Yao Sheng Green Energy Co., Ltd. (Note 5)	-	-	504	100
Yao Guang Green Power Co., Ltd. (Note 6)	-	-	4,565	100
Yao Yang Electric Co., Ltd. (Note 6)	-	-	<u>585</u>	100
	<u>\$ 351,972</u>		<u>\$ 507,768</u>	

Note 1: The proportion of ownership and voting rights of the subsidiaries as of the balance sheet date.

Note 2: a. In December 2022, the Company's board of directors approved to dispose of 31.66% of Right Way Auto Parts (Fuzhou) Co., Ltd. held by Excellent Growth Investments Limited to non-related parties. Thus, the book value of investment accounted for using the equity method \$84,044 thousand are classified under non-current assets held for sale. Refer to Note 11 to the Company's consolidated financial statements for the year ended December 31, 2022 for further information.

b. The Company entered into a sales agreement in June 2022 to dispose of 100% of the shares of Right Way Auto parts (Fuzhou) Co., Ltd., which manufactures the piston steering system for automobiles and motorcycles. The disposal was completed in June 2022, on which date the control of the subsidiary transferred to the acquirer. Refer to Note 27 to the Company's consolidated financial statements for the year ended December 31, 2022 for further information.

c. The Company's subsidiary, Excellent Growth Investments Limited., resolved at the board meeting on January 12, 2021, agreeing to dispose of 77% of the common stock of Admiral Skill Limited and all of the preferred stock of Joint Fortune Company. On August 23, 2022, the Group obtained a bankruptcy petition ruling of Shanghai Unimax Precision Metal Forming Products Co., Ltd., which Admiral Skill Limited invested in. Therefore, the Company derecognized the book value of the disposal group held for sale. Refer to Note 11 to the Company's consolidated financial statements for the year ended December 31, 2022 for further information.

Note 3: Applied for liquidation and returned capital on May 30, 2022, and obtained the proof of registration of annulment.

Note 4: Sold on May 3, 2022.

Note 5: Dissolved on January 12, 2022, and completed liquidation on July 28, 2022.

Note 6: Dissolved on January 11, 2022, and completed liquidation on July 28, 2022.

Refer to Table 5 and 6 for the details of the subsidiaries directly and indirectly held by the Company (including the locations and main businesses).

## 12. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Molding Equipment	Other Equipment	Property Under Construction	Total
<u>Cost</u>							
Balance at January 1, 2021	\$ 265,194	\$ 269,360	\$ 458,907	\$ 91,224	\$ 104,236	\$ 12,155	\$ 1,201,076
Additions	-	-	1,162	693	1,943	2,072	5,870
Disposal	-	(2,183)	(1,861)	(1,191)	(1,481)	-	(6,716)
Reclassification	-	3,795	-	68	-	(14,222)	(10,359)
Balance at December 31, 2021	<u>\$ 265,194</u>	<u>\$ 270,972</u>	<u>\$ 458,208</u>	<u>\$ 90,794</u>	<u>\$ 104,698</u>	<u>\$ 5</u>	<u>\$ 1,189,871</u>
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2021	\$ -	\$ 134,366	\$ 346,342	\$ 74,977	\$ 76,968	\$ -	\$ 632,653
Depreciation expenses	-	10,146	19,420	3,836	5,095	-	38,497
Disposal	-	(2,183)	(1,860)	(1,191)	(1,069)	-	(6,303)
Balance at December 31, 2021	<u>\$ -</u>	<u>\$ 142,329</u>	<u>\$ 363,902</u>	<u>\$ 77,622</u>	<u>\$ 80,994</u>	<u>\$ -</u>	<u>\$ 664,847</u>
Carrying amount at December 31, 2021	<u>\$ 265,194</u>	<u>\$ 128,643</u>	<u>\$ 94,306</u>	<u>\$ 13,172</u>	<u>\$ 23,704</u>	<u>\$ 5</u>	<u>\$ 525,024</u>
<u>Cost</u>							
Balance at January 1, 2022	\$ 265,194	\$ 270,972	\$ 458,208	\$ 90,794	\$ 104,698	\$ 5	\$ 1,189,871
Additions	395,927	752	8,296	565	3,430	36,822	445,792
Disposal	-	(5,068)	(120,624)	(16,396)	(18,021)	-	(160,109)
Balance at December 31, 2022	<u>\$ 661,121</u>	<u>\$ 266,656</u>	<u>\$ 345,880</u>	<u>\$ 74,963</u>	<u>\$ 90,107</u>	<u>\$ 36,827</u>	<u>\$ 1,475,554</u>
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 142,329	\$ 363,902	\$ 77,622	\$ 80,994	\$ -	\$ 664,847
Depreciation expenses	-	8,942	13,488	3,438	4,362	-	30,230
Impairment loss	-	-	1,875	-	-	-	1,875
Disposal	-	(2,548)	(68,391)	(16,133)	(12,599)	-	(99,671)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 148,723</u>	<u>\$ 310,874</u>	<u>\$ 64,927</u>	<u>\$ 72,757</u>	<u>\$ -</u>	<u>\$ 597,281</u>
Carrying amount at December 31, 2022	<u>\$ 66,121</u>	<u>\$ 117,933</u>	<u>\$ 35,006</u>	<u>\$ 10,036</u>	<u>\$ 17,350</u>	<u>\$ 36,827</u>	<u>\$ 878,273</u>

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

Buildings	
Main buildings	20-46 years
Other	3-20 years
Machinery Equipment	2-40 years
Molding Equipment	2-35 years
Other Equipment	2-20 years

The Company recognized impairment loss that amounted to \$1,875 thousand for the machinery equipment that are no longer usable in April 2022.

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

The Company 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. As of December 31, 2022, the Company had entered into a contract with the related party of the Company's chairman to use the related party's name for real estate registration.

Refer to Note 29 for the amount of owner-occupied property, plant, and equipment that was pledged as collateral.

### 13. LEASE ARRANGEMENTS

- a. Right-of-use assets - for the year ended December 31, 2021

	<b>Amount</b>
Depreciation charge for right-of-use assets	
Buildings	\$ <u>463</u>

- b. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Expenses relating to short-term and low-value leases	\$ <u>1,136</u>	\$ <u>1,302</u>
Total cash outflow for leases	\$ <u>1,136</u>	\$ <u>1,762</u>

### 14. OTHER ASSETS

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Current</u>		
Supplies	\$ 7,918	\$ 10,326
Prepayments	7,939	4,967
Input VAT	6,774	-
Prepayments for goods	5,044	1,182
Others	<u>4,901</u>	<u>873</u>
	\$ <u>32,576</u>	\$ <u>17,348</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 7,919	\$ -
Refundable deposits	433	829
Others	<u>3,954</u>	<u>3,919</u>
	\$ <u>12,306</u>	\$ <u>4,748</u>

## 15. BORROWINGS - FOR THE YEAR ENDED DECEMBER 31, 2021

### a. Short-term borrowings

	<b>Amount</b>
<u>Secured borrowings (Note 29)</u>	
Bank borrowings	\$ <u>219,960</u>

The interest rate range of short-term borrowings at the end of December 31, 2021 was 2%-2.65%.

### b. Long-term borrowings

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

	<u>December 31, 2021</u>			
	Currency	Interest rate interval	Date of maturity	Amount
Secured bank borrowings (Note 29)	NTD	2.00%-2.14%	2023.04.12-2024.02.17	\$ 519,000
Less: Current portion				<u>(47,000)</u>
Long-term borrowings				<u>\$ 472,000</u>

## 16. ACCOUNTS PAYABLE

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

## 17. OTHER PAYABLES

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 36,295	\$ 12,875
Payables for outsourced manufacturing overhead	18,982	13,537
Payables for purchases of equipment	14,384	946
Payables for annual leave	8,405	8,673
Payable for spares fee	6,306	5,565
Payables for service cost	2,403	25,738
Others	<u>21,823</u>	<u>18,409</u>
	<u>\$ 108,598</u>	<u>\$ 85,743</u>
Other current liabilities		
Contract liabilities	\$ 10,572	\$ 8,326
Others	<u>3,398</u>	<u>1,472</u>
	<u>\$ 13,970</u>	<u>\$ 9,798</u>

## 18. RETIREMENT BENEFIT PLANS

### a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

### b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contribute amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year.

The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets in respect of the Company's defined benefit plans are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Present value of defined benefit obligation	\$ 101,354	\$ 98,181
Fair value of plan assets	<u>(93,610)</u>	<u>(87,181)</u>
Net defined benefit liabilities	<u>\$ 7,744</u>	<u>\$ 11,000</u>

Movements in net defined benefit liabilities were as follows:

	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Balance at January 1, 2021	\$ <u>110,369</u>	\$ <u>(94,988)</u>	\$ <u>15,381</u>
Service cost			
Current service cost	31	-	31
Net interest expense (income)	<u>546</u>	<u>(481)</u>	<u>65</u>
Recognized in profit or loss	<u>577</u>	<u>(481)</u>	<u>96</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(1,575)	(1,575)
Actuarial loss - changes in demographic assumptions	2,420	-	2,420
Actuarial gain - changes in financial assumptions	(1,235)	-	(1,235)

(Continued)



	<b>Present Value of the Defined Benefit Obligation</b>	<b>Fair Value of the Plan Assets</b>	<b>Net Defined Benefit Liabilities (Assets)</b>
Actuarial loss - experience adjustments	\$ 891	\$ -	\$ 891
Recognized in other comprehensive income	2,076	(1,575)	501
Contributions from the employer	-	(4,978)	(4,978)
Benefits paid	(14,841)	14,841	-
Balance at December 31, 2021	<u>98,181</u>	<u>(87,181)</u>	<u>11,000</u>
Service cost			
Current service cost	31	-	31
Net interest expense (income)	614	(560)	54
Recognized in profit or loss	<u>645</u>	<u>(560)</u>	<u>85</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(7,219)	(7,219)
Actuarial gain - changes in financial assumptions	(2,536)	-	(2,536)
Actuarial loss - experience adjustments	10,739	-	10,739
Recognized in other comprehensive income	8,203	(7,219)	984
Contributions from the employer	-	(4,325)	(4,325)
Benefits paid	(5,675)	5,675	-
Balance at December 31, 2022	<u>\$ 101,354</u>	<u>\$ 93,610</u>	<u>\$ 7,744</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Operating costs	\$ 80	\$ 91
Operating expenses	<u>5</u>	<u>5</u>
	<u>\$ 85</u>	<u>\$ 96</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)	1.375%	0.625%
Expected rate(s) of salary increase	2.00%	1.50%

If possible reasonable changes in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Discount rate(s)		
0.25% increase	<u>\$ (2,332)</u>	<u>\$ (2,453)</u>
0.25% decrease	<u>\$ 2,417</u>	<u>\$ 2,546</u>
Expected rate(s) of salary increase/decrease		
0.25% increase	<u>\$ 2,358</u>	<u>\$ 2,478</u>
0.25% decrease	<u>\$ (2,287)</u>	<u>\$ (2,401)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Expected contributions to the plans for the next year	<u>\$ 4,495</u>	<u>\$ 4,711</u>
Average duration of the defined benefit obligation	9.3 years	10.1 years

## 19. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>400,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 4,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>278,777</u>	<u>179,162</u>
Publicly traded shares	\$ 1,337,768	\$ 1,331,618
Privately issued shares	<u>1,450,000</u>	<u>460,000</u>
Shares issued and fully paid	<u>\$ 2,787,768</u>	<u>\$ 1,791,618</u>
Advance receipts for share capital	<u>\$ 110</u>	<u>\$ -</u>

- 1) On July 19, 2021, the Company's board of shareholders resolved and authorized to issue through private issuance with the limit of three instalments of not more than 100,000 thousand ordinary shares with a par value of \$10. On December 1, 2021, the Company issued through private issuance of 16,000 thousand common shares with a discounted value of \$9.24 per share, which amounted to \$147,840 thousand. The above transaction and the legal registration have both been completed.
- 2) On April 15, 2022, the Company issued through private issuance of 84,000 thousand common shares with a premium price of \$11.32 per share, which amounted to \$950,880 thousand. The above transaction and the change of registration have both been completed.

On June 20, 2022, the Company's board of shareholders resolved and authorized to issue through private issuance with the limit of three instalments of not more than 100,000 thousand ordinary shares with a par value of \$10. On December 5, 2022, the Company issued through private issuance of 15,000 thousand common shares with a premium price of \$15 per share, which amounted to \$225,000 thousand. The above transaction and the legal registration have both been completed.

As mentioned above, a total of 99,000 thousand of shares have been issued for cash in 2022, and the share capital increase amounted to \$990,000 thousand.

- 3) The Company's employees exercised stock options of 626 thousand shares at the price of \$13.5 per share, which amounted to \$8,451 thousand in 2022. As of December 31, 2022, the application of share capital alteration of 615 thousand shares with the Ministry of Economic Affairs had been completed, whereas the alteration of the remaining 11 thousand shares had not been completed and was presented as advance receipts for share capital.
- 4) On January 13, 2023, the Company issued through private issuance of 21,000 thousand common shares with a premium price of \$15 per share, which amounted to \$315,000 thousand and was fully received on January 13, 2023, which is set as the record date. The related legal registration process is still in progress.
- 5) Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and a right to dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 310,837	\$ 122,766
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
<u>May not be used for any purpose</u>		
Employee share options	<u>3,409</u>	<u>4,526</u>
	<u>\$ 317,088</u>	<u>\$ 130,134</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 2022 and 2021, on June 20, 2022 and July 9, 2021, the shareholders resolved that the Company shall make no appropriations.

d. Other equity items

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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Balance at January 1	\$ (137,346)	\$ (124,261)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>11,196</u>	<u>(13,085)</u>
Balance at December 31	<u>\$ (126,150)</u>	<u>\$ (137,346)</u>

2) Unrealized gain (loss) on financial assets at FVTOCI - for the year ended December 31, 2022

	<b>Amount</b>
Balance at January 1	\$ -
Recognized for the year	
Unrealized gain (loss)	9,485
Cumulative unrealized gain (loss) of equity instruments transferred to retained earnings due to disposal	<u>(477)</u>
Balance at December 31	<u>\$ 9,008</u>

## 20. REVENUE

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Revenue from contracts with customers		
Revenue from sale of automobile parts	\$ 660,111	\$ 583,775
Revenue from processing	3,394	14,057
Others	<u>258,393</u>	<u>233,233</u>
	<u>\$ 921,898</u>	<u>\$ 831,065</u>

### Contract balances

	<b>December 31, 2022</b>	<b>December 31, 2021</b>	<b>January 1, 2021</b>
Notes receivable	\$ <u>26,881</u>	\$ <u>29,836</u>	\$ <u>11,155</u>
Accounts receivable	\$ <u>175,801</u>	\$ <u>162,946</u>	\$ <u>134,064</u>
Contract liabilities (presented under other current liabilities)	\$ <u>10,572</u>	\$ <u>8,326</u>	\$ <u>11,772</u>

## 21. PROFIT BEFORE INCOME TAX

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Bank deposits	\$ 1,256	\$ 18
Interest on loan from related parties	2,603	1,631
Others	<u>-</u>	<u>164</u>
	<u>\$ 3,859</u>	<u>\$ 1,813</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Litigation compensation income	\$ -	\$ 125,815
Litigation fees returned	2,437	-
Rental income	753	-
Mold designing income (Note 28)	6,400	-
Temporary credits recognized as income	6,312	-
Others	<u>8,557</u>	<u>7,876</u>
	<u>\$ 24,459</u>	<u>\$ 133,691</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Gain (loss) on disposal of property, plant and equipment	\$ (22,220)	\$ 539
Net foreign exchange gains (losses)	24,178	(5,722)
Gain (loss) from financial assets at fair value through profit or loss	14,234	(15,858)
Loss from lease modification	-	(29)
Others	<u>(6,058)</u>	<u>(15,880)</u>
	<u>\$ 10,134</u>	<u>\$ (36,950)</u>

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Interest on bank loans	<u>\$ 7,362</u>	<u>\$ 14,668</u>

e. Depreciation

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Property, plant and equipment	\$ 30,230	\$ 38,497
Right-of-use assets	<u>-</u>	<u>463</u>
	<u>\$ 30,230</u>	<u>\$ 38,960</u>
An analysis of depreciation by function		
Operating costs	\$ 24,820	\$ 32,337
Operating expenses	<u>5,410</u>	<u>6,623</u>
	<u>\$ 30,230</u>	<u>\$ 38,960</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term benefits	\$ 180,855	\$ 157,325
Post-employment benefits		
Defined contribution plans	5,961	6,015
Defined benefit plans (Note 18)	<u>85</u>	<u>96</u>
	<u>\$ 186,901</u>	<u>\$ 163,436</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 105,158	\$ 103,528
Operating expenses	<u>81,743</u>	<u>59,908</u>
	<u>\$ 186,901</u>	<u>\$ 163,436</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% and no higher than 1.5%, respectively, of net profit before income tax. However, if the Company still had an accumulated deficit, it shall first set aside the amount for offset of deficit. Since the Company had an accumulated deficit in both 2022 and 2021, 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

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Foreign exchange gains	\$ 33,263	\$ 2,562
Foreign exchange losses	<u>(9,085)</u>	<u>(8,284)</u>
Net gains (losses)	<u>\$ 24,178</u>	<u>\$ (5,722)</u>

## 22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Current tax		
In respect of the current year	\$ 237	\$ 155
Deferred tax		
In respect of the current year	<u>11,128</u>	<u>2,721</u>
Income tax expense recognized in profit or loss	<u>\$ 11,365</u>	<u>\$ 2,876</u>

A reconciliation of accounting profit and income tax expense is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit before tax	<u>\$ 106,580</u>	<u>\$ 45,757</u>
Income tax expense calculated at the statutory rate	\$ 21,316	\$ 9,151
Nondeductible expenses in determining taxable income	963	11,937
Tax-exempt income	(10,191)	-
Unrecognized loss carryforwards and deductible temporary differences	(723)	(18,515)
Others	<u>-</u>	<u>303</u>
Income tax expense recognized in profit or loss	<u>\$ 11,365</u>	<u>\$ 2,876</u>

b. Income tax recognized in other comprehensive income

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 197	\$ 100
Translation of foreign operations	<u>(2,799)</u>	<u>3,272</u>
	<u>\$ (2,602)</u>	<u>\$ 3,372</u>

c. Current tax assets - December 31, 2022

	<b>Amount</b>
Current tax assets	
Income tax receivable	<u>\$ 76</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets were as follows:

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Defined benefit obligations	\$ 2,083	\$ (848)	\$ 197	\$ 1,432
Unrealized investment loss	28,915	(623)	-	28,292
Exchange differences on translating the financial statements of foreign operations	34,336	-	(2,799)	31,537
Unrealized exchange losses	-	702	-	702
Idle capacity	-	163	-	163
Others	<u>7,133</u>	<u>(3,144)</u>	<u>-</u>	<u>3,989</u>
	72,467	(3,750)	(2,602)	66,115
Tax losses	<u>23,599</u>	<u>(7,378)</u>	<u>-</u>	<u>16,221</u>
	<u>\$ 96,066</u>	<u>\$ (11,128)</u>	<u>\$ (2,602)</u>	<u>\$ 82,336</u>
<b>Deferred Tax Liabilities</b>				
Temporary differences				
Land appreciation reserve	<u>\$ 76,990</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 76,990</u>



For the year ended December 31, 2021

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Defined benefit obligations	\$ 2,959	\$ (976)	\$ 100	\$ 2,083
Unrealized investment loss	51,777	(22,862)	-	28,915
Exchange differences on translating the financial statements of foreign operations	31,064	-	3,272	34,336
Others	<u>9,197</u>	<u>(2,064)</u>	<u>-</u>	<u>7,133</u>
	94,997	(25,902)	3,372	72,467
Tax losses	<u>24,319</u>	<u>(720)</u>	<u>-</u>	<u>23,599</u>
	<u>\$ 119,316</u>	<u>\$ (26,622)</u>	<u>\$ 3,372</u>	<u>\$ 96,066</u>
 <b>Deferred Tax Liabilities</b>				
Temporary differences				
Land appreciation reserve	\$ 76,990	\$ -	\$ -	\$ 76,990
Unrealized investment gain	23,800	(23,800)	-	-
Others	<u>101</u>	<u>(101)</u>	<u>-</u>	<u>-</u>
	<u>\$ 100,981</u>	<u>\$ (23,901)</u>	<u>\$ -</u>	<u>\$ 76,990</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the standalone balance sheets

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
Deductible temporary differences		
Unrealized losses of subsidiaries	\$ 158,458	\$ 154,345
Others	<u>3,594</u>	<u>-</u>
	<u>\$ 162,052</u>	<u>\$ 154,345</u>

- f. Information on unused loss carryforwards

Loss carryforwards of the Company as of December 31, 2022 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 33,103	2029
<u>48,004</u>	2030
<u>\$ 81,107</u>	

- g. Income tax assessments

The Company's income tax returns through 2020 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 Year

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Net profit for the year	\$ 95,215	\$ 42,881

### Shares

Unit: In Thousands of Shares

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	219,225	163,995
Effect of potentially dilutive ordinary shares:		
Bonuses for employees	<u>196</u>	<u>-</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>219,421</u>	<u>163,995</u>

Since the exercise price is greater than the market price, which will result in an anti-dilutive effect, employee stock options are excluded when computing the diluted weighted average shares of ordinary shares outstanding in 2021.

## 24. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company were granted 2,300 units and 1,000 units of options in January 2019 and November 2016, respectively, where each option entitles the holder with the right to subscribe for 1,000 ordinary shares of the Company. The options granted are valid for 5 years and exercisable at certain percentages after the second year from the grant date. The options were granted at an exercise price of at least 75% of the closing price of the Company's ordinary shares listed on the Taiwan Stock Exchange at the grant date, during which the board of directors will decide the actual exercise price. In addition, the exercise price is adjusted accordingly for any subsequent changes in the Company's ordinary shares or when a cash dividend is being paid.

Options granted in January 2019 and November 2016 are priced using the Pseudo American Option pricing model, and the inputs to the model are as follows:

	<b>January 2019</b>	<b>November 2016</b>
Grant-date share price	\$ 21.30	\$ 14.15
Exercise price	\$ 15.98	\$ 12.00
Expected volatility	29.98%	28.599%
Expected life (in years)	5	5
Expected dividend yield	-	-
Risk-free interest rate	0.54% - 0.73%	0.51% - 0.73%

Expected volatility is based on the historical share price volatility in the past 5 years.

Information on employee share options was as follows:

	For the Year Ended December 31			
	2022		2021	
	Weighted-average Exercise Price (\$)	Number of Options (In Thousands of Units)	Weighted-average Exercise Price (\$)	Number of Options (In Thousands of Units)
Balance at January 1	\$ 14.79	1,505	\$ 14.27	2,033
Options granted	14.79	40	-	-
Options losses	13.49	(264)	11.76	(67)
Options expected to expire	-	-	11.76	(461)
Options exercised	13.53	<u>(626)</u>	-	<u>-</u>
Balance at December 31	13.4	<u>655</u>	14.79	<u>1,505</u>
Balance allowed for exercise of options at December 31	13.4	<u>263</u>	14.79	<u>376</u>

## 25. CASH FLOW INFORMATION

### a. Non-cash transactions

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

	For the Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	\$ 445,792	\$ 5,870
Increase (decrease) in payables for equipment	(13,438)	1,412
Increase in prepayments for equipment	<u>7,919</u>	<u>-</u>
	<u>\$ 440,273</u>	<u>\$ 7,282</u>

### b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Opening Balance	Cash Flows	Non-cash Changes	Closing Balance
			New (expired) Leases	
Short-term borrowings	\$ 219,960	\$ (219,960)	\$ -	\$ -
Long-term borrowings	<u>519,000</u>	<u>(519,000)</u>	<u>-</u>	<u>-</u>
	<u>\$ 738,960</u>	<u>\$ (738,960)</u>	<u>\$ -</u>	<u>\$ -</u>

For the year ended December 31, 2021

	<b>Opening Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes New (expired) Leases</b>	<b>Closing Balance</b>
Short-term borrowings	\$ 291,389	\$ (71,429)	\$ -	\$ 219,960
Long-term borrowings	416,000	103,000	-	519,000
Long-term notes payable	14,580	(14,580)	-	-
Lease liabilities	<u>2,423</u>	<u>(448)</u>	<u>(1,975)</u>	<u>-</u>
	<u>\$ 724,392</u>	<u>\$ 16,543</u>	<u>\$ (1,975)</u>	<u>\$ 738,960</u>

## 26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged for 2022 and 2021.

The capital structure of the Company consists of net debt and equity. Key management personnel of the Company 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.

## 27. FINANCIAL INSTRUMENTS

### a. Fair value

The carrying amounts of the Company'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

December 31, 2022

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity				
Listed securities	\$ 239,376	\$ -	\$ -	\$ 239,376
Unlisted securities	<u>-</u>	<u>-</u>	<u>280,202</u>	<u>280,202</u>
	<u>\$ 239,376</u>	<u>\$ -</u>	<u>\$ 280,202</u>	<u>\$ 519,578</u>

December 31, 2021

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Investments in equity				
Listed securities	<u>\$ 65,184</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 65,184</u>
Financial assets at FVTOCI				
Investments in equity				
Unlisted securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 149,559</u>	<u>\$ 149,559</u>

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

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

For the year ended December 31, 2022

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2022	\$ 149,559
Recognized in other comprehensive income	10,760
Reclassified	(477)
Purchase	193,860
Disposals	<u>(73,500)</u>
Balance at December 31, 2022	<u>\$ 280,202</u>

For the year ended December 31, 2021

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2021	\$ -
Purchase	<u>149,559</u>
Balance at December 31, 2021	<u>\$ 149,559</u>

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

The fair values of unlisted equity securities were determined using the market approach.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at FVTPL	\$ -	\$ 65,184
Financial assets at amortized cost (Note 1)	499,563	486,667
Financial assets at FVTOCI - Equity Instruments	519,578	149,559
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	243,484	938,664

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, and refundable deposits (presented under other non-current assets).

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 Company'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 Company 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 Company'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 Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

a) Foreign currency risk

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

The carrying amounts of the Company'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 31.

Sensitivity analysis

The Company is mainly exposed to the USD. The following table details the Company's sensitivity to an increase and decrease in the functional currency against the relevant foreign currencies. If the functional currency had weakened against 5% the relevant currency, the pre-tax profit would have increased by the following amounts:

	<b>USD Impact</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Profit or loss	\$ 12,254	\$ 8,686

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

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

b) Interest rate risk

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

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

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Fair value interest rate risk		
Financial assets	\$ 24,568	\$ -
Cash flow interest rate risk		
Financial assets	202,699	202,541
Financial liabilities	-	738,960

If interest rates had been 0.5% higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased/increased by \$1,013 thousand and \$2,682 thousand, respectively.

c) Other price risk

The Company 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 year.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by \$0 thousand and \$3,259 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the year ended December 31, 2022 and 2021 would have increased/decreased by \$25,979 thousand and \$7,478 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

The Company's sensitivity to equity prices increased because the Company 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 Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to failure of counterparties to discharge an obligation and financial guarantees provided by the Company.

The Company does not expect significant credit risk because the counterparties are creditworthy financial institutions and companies. The Group does not expect significant credit risk because the counterparties are creditworthy financial institutions and companies. In addition, ongoing credit evaluation is performed on the financial condition of customers in accounts receivable.

The Company's concentration of credit risk was mainly in the Company's largest customer, which accounted for 49% and 43% of total trade receivables as of December 31, 2022 and 2021, respectively.

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Company'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 Company's operating funds and acquired short-term 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 Company'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 Company 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.

#### December 31, 2022

	<b>Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ <u>102,050</u>	\$ <u>130,150</u>	\$ <u>11,281</u>	\$ <u>3</u>



December 31, 2021

	<b>Less than 1 Month</b>	<b>1 Month to 3 Months</b>	<b>3 Months to 1 Year</b>	<b>1+ Years</b>
<u>Non-derivative financial liabilities</u>				
Non-interest bearing liabilities	\$ 96,899	\$ 102,495	\$ 310	\$ 3
Secured borrowings	<u>41,272</u>	<u>47,237</u>	<u>190,193</u>	<u>478,134</u>
	<u>\$ 138,171</u>	<u>\$ 149,732</u>	<u>\$ 190,503</u>	<u>\$ 478,137</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

	<u>December 31</u>	
	<b>2022</b>	<b>2021</b>
Amount unused	<u>\$ 1,710,000</u>	<u>\$ 54,040</u>

## 28. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Brighton-Best International (Taiwan) Inc., which owned 19.20% and 8.93% of the ordinary shares of the Company as of December 31, 2022 and 2021, 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.

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

a. Related party name and category

<b>Related Party Name</b>	<b>Related Party Category</b>
Ta Chen Stainless Pipe Co., Ltd.	Ultimate Parent entity
Ta Chen Lung Mei Home Life Co., Ltd.	Fellow company
Right Way Industrial (Malaysia) Sdn. Bhd.	Subsidiary
Right Way North America Inc.	Subsidiary
Right Way Auto Parts (Fu Zhou) Co., Ltd.	Subsidiary until June 30, 2022
Fuzhou Weibao International Trade Co., Ltd.	Subsidiary until June 29, 2022
Yao Sheng Green Energy Co., Ltd.	Subsidiary until July 28, 2022
KUO, CHIEN-TING	Chairman of the board until June 20, 2022
LEE, MING-HSIANG	Board of directors until June 20, 2022
CHEN, HAU	Related party in substance
Fuzhou Assured Brake Systems Co., Ltd.	Associate
HSIEN, ERH-YI	Related party in substance (Note)

Note: Refer to Note 12 about the land ownership registered under the related party's name.

b. Sales of goods

Line Item	Related Party Category	For the Year Ended December 31	
		2022	2021
Sales	Subsidiaries	\$ <u>20,406</u>	\$ <u>40,410</u>

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

c. Net purchases

Related Party Category/Name	For the Year Ended December 31	
	2022	2021
Subsidiary		
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 153,834	\$ 130,939
Others	<u>5,093</u>	<u>17,955</u>
	\$ <u>158,927</u>	\$ <u>148,894</u>

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

d. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts receivable from related parties	Subsidiaries		
	Right Way North America Inc.	\$ 11,411	\$ 8,097
	Others	<u>-</u>	<u>7,425</u>
		\$ <u>11,411</u>	\$ <u>15,522</u>
Other receivables from related parties	Subsidiaries	\$ <u>7,801</u>	\$ <u>5</u>

The outstanding receivables from related parties are unsecured. For the years ended December 31, 2022 and 2021, no impairment loss was recognized for receivables from related parties.

e. Payables to related parties

Line Item	Related Party Category/Name	December 31	
		2022	2021
Accounts payable to related parties	Subsidiary		
	Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 37,259	\$ 22,964
	Others	<u>-</u>	<u>7,221</u>
		\$ <u>37,259</u>	\$ <u>30,185</u>

f. Loans to related parties (including principal and interest)

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
<u>Other receivables from related parties</u>		
Subsidiaries		
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 46,223	\$ 42,107
Right Way Auto Parts (Fu Zhou) Co., Ltd	-	16,979
Associates		
Fuzhou Assured Brake Systems Co., Ltd	<u>12,367</u>	<u>-</u>
	<u>\$ 58,590</u>	<u>\$ 59,086</u>
<u>Interest Income</u>		
Subsidiaries		
Right Way Industrial (Malaysia) Sdn. Bhd.	\$ 1,791	\$ 1,894
Right Way Auto Parts (Fu Zhou) Co., Ltd	243	355
Right Way North America Inc.	-	(625)
Others	-	7
Associates		
Fuzhou Assured Brake Systems Co., Ltd	<u>569</u>	<u>-</u>
	<u>\$ 2,603</u>	<u>\$ 1,631</u>

The Company provided the companies mentioned above with unsecured loans at rates comparable to market interest rates. However, the interest on the loan made to the subsidiary Right Way North America Inc. was waived for 2021.

g. Endorsements and guarantees - December 31, 2021

Endorsements and guarantees given by related parties

<b>Related Party Category/Name</b>	<b>Amount</b>
Related party in substance	
Amount endorsed	<u>\$ 894,000</u>
Amount utilized (reported as secured bank loans)	<u>\$ 738,960</u>

h. Other transactions with related parties

- 1) The Company provided the parent company with mold designing services. Other income, which amounted to \$6,400 thousand, was recognized for the year ended December 31, 2022.
- 2) The Company entrusted its sister company to purchase computer equipment. The expense amounted to \$197 thousand, which is presented under operating expenses for the year ended December 31, 2022.

i. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Short-term employee benefits	\$ 14,019	\$ 13,415
Share-based payment	-	819
Post-employment benefits	<u>187</u>	<u>382</u>
	<u>\$ 14,026</u>	<u>\$ 14,616</u>

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

## 29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Restricted bank deposit (presented under other current financial assets)	\$ 1,101	\$ 20,525
Land	265,194	265,194
Property, plant and equipment, net (except land)	<u>117,934</u>	<u>128,643</u>
	<u>\$ 384,229</u>	<u>\$ 414,362</u>

## 30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

a. Unused letters of credit for purchases

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Unused letters of credit	<u>\$ 598</u>	<u>\$ 2,427</u>

b. Notes payable on deposit guarantee for loan

	<b>December 31</b>	
	<b>2022</b>	<b>2021</b>
Notes payable on deposit guarantee	<u>\$ 1,219,000</u>	<u>\$ 436,000</u>

c. New Taipei City "Detail plan of modification of Banqiao urban plan (Jiangcui North Area)" the development unit of AB District self-runs the city's land rezoning case:

- 1) In March 2008, the Company entered into a preliminary land sale and purchase agreement with a publicly listed company, Mayer Steel Pipe Corporation (hereinafter referred to as Mayer company), to purchase the land (about 4,629.86 square-meter), where the landowner of the land rezoning case mentioned above would be distributed. The contract amounted to \$631,340 thousand, and the Company had paid \$30,890 thousand under the contract. The transfer procedures have not yet been completed. As stated in the contract, the landowner shall establish a 1.20 times priority other right according to the payment progress for the Company. In addition, if the landowner has the

circumstances of violation of the agreement as stated in the agreement, the Company is allowed to terminate the contract and demand compensation that double the amount the Company had paid.

- 2) On October 23, 2013, the Company filed a civil lawsuit with the Taiwan Taipei District Court requesting the payment of a penalty. On April 15, 2016, the Taiwan Taipei District Court ruled in the civil judgment Chong-Su-Zi No. 1206 of 2013 that the landowner shall pay the Company \$61,780 thousand together with interest at 5% per annum from October 31, 2013 to the date of settlement. The verdict for the case was reached in the Supreme court Tai-shang-zi No. 2437 of 2017 on August 27, 2018.
- 3) The Company continues to appeal against the unearned benefits arising from the case. On August 27, 2018, the Supreme Court remanded the judgment to the High Court for retrial with Tai-shang-Zi No. 2437 of 2017. On August 20, 2019, the Supreme court ruled in Chong-Shang-Geng-Yi-Zi No. 126 of 2018 that the landowner shall pay the Company \$49,302 thousand together with interest at 5% per annum from July 6, 2014 to the date of settlement. On December 31, 2020, the Supreme court dismissed the counterparty's appeal against the preceding ruling with Tai-Shang-zi No.2597 of 2020, the case is a conviction. The Company received the payment on January 26, 2021.
- 4) The Company appeals against the ruling of Chong-Shang-Geng-Yi-Zi No. 126 of 2018 mentioned above for the unearned benefits arising from the case. The case was remanded to the High Court by the Supreme Court on December 30, 2020, in Tai-shang-Zi No. 2597 of 2020, and thus the appeal is withdrawn since there is no need for continuation. Both parties reached a settlement on December 29, 2021, and the Company received a cash settlement amounting to \$150,000 thousand. After deducting the relevant costs, \$125,815 thousand was recognized under other income.

### 31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,173	30.71 (USD:NTD)	\$ 250,995
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
MYR	37,644	6.970 (MYR:NTD)	262,382
CNY	19,044	4.408 (CNY:NTD)	83,947
<u>Financial liabilities</u>			
Monetary items			
USD	193	30.71 (USD:NTD)	5,915

December 31, 2021

	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,442	27.680 (USD:NTD)	\$ 205,998
<u>Non-monetary items</u>			
Investments accounted for using the equity method			
MYR	40,798	6.640 (MYR:NTD)	270,898
CNY	50,827	4.344 (CNY:NTD)	220,792
<u>Financial liabilities</u>			
Monetary items			
USD	1,166	27.680 (USD:NTD)	32,281

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	<b>For the Year Ended December 31</b>			
	<b>2022</b>		<b>2021</b>	
	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Exchange Rate</b>	<b>Net Foreign Exchange Gain (Loss)</b>
		<b>Net Foreign Exchange Gain (Loss)</b>		<b>Net Foreign Exchange Gain (Loss)</b>
USD	30.71 (USD:NTD)	\$ <u>24,178</u>	27.68 (USD:NTD)	\$ <u>(5,722)</u>

### 32. 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) (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 (Table 3)
- 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 (Table 4)

- 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 (None)
- b. Information on investees (Table 5)
- 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 6)
- 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 7)

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(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 Auto Parts (Fuzhou) Co., Ltd	Other receivables from related parties	Y	\$ 29,475	\$ -	\$ -	5.0%	2	\$ -	Operating capital	\$ -	None	\$ -	\$ 349,796	\$ 932,789
		Right Way Auto Parts (Fuzhou) Co., Ltd	Other receivables from related parties	Y	32,215	-	-	5.0%	2	-	Operating capital	-	None	-	349,796	932,789
		Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables from related parties	Y	48,323	-	-	5.0%	1	153,834	-	-	None	-	153,834	932,789
		Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables from related parties	Y	46,335	46,065	46,065	5.0%	1	153,834	-	-	None	-	153,834	932,789
		Fuzhou Assured Brake Systems Co., Ltd.	Other receivables from related parties	Y	18,024	17,632	17,769	7.0%	2	-	Operating capital	-	None	-	349,796	932,789
1	Right Way Auto Parts (Fu Zhou) Co., Ltd	Fuzhou Assured Brake Systems Co., Ltd.	Other receivables from related parties	Y	13,518	-	-	7.0%	2	-	Operating capital	-	None	-	-	-
2	Smart Media Technology Co., Ltd	Zhenlin Technology Co., Ltd.	Other receivables	N	15,910	-	-	-	1	-	-	-	None	-	-	-

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.
- 3) The limit of the need for short – term financing of Right Way Auto parts (Fuzhou) Co., Ltd. is 40% of net worth in the most recent audited or reviewed financial statements.
- 4) Aggregate Financing Limit of the Right Way Auto parts (Fuzhou) Co., Ltd. is 40% of net worth in the most recent audited or reviewed financial statements.
- 5) Smart Media Technology Co., Ltd is sold in April 2022.
- 6) Right Way Auto parts (Fuzhou) Co., Ltd. is sold in June 2022.
- 7) The Company resolved in its board of directors' meeting in December 2022 to dispose of all of its shareholdings (31.66%) of Fuzhou Assured Brake Systems Co., Ltd. held by Excellent Growth Investment to a non-related party, and since the Company accounted it for using the equity method, the carrying amount of \$84,044 thousand was reclassified as non-current assets held for sale.

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



**RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2022**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2022				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	6,316,000	\$ 239,376	0.61	\$ 239,376	The amount is already recognized as impairment losses
	Unlisted shares -Phoenix Motor Corporation	None	Financial assets at fair value through profit or loss - current	600,000	-	-	-	
	Unlisted shares - ROC Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	25,706,588	280,202	6.18	280,202	

**RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES**

**ACQUISITION OF INDIVIDUAL REAL ESTATE AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2022  
(Amounts in Thousands of New Taiwan Dollars)**

Buyer	Property	Event Date	Transaction Amount	Payment Status	Counterparty	Relationship	Information on Previous Title Transfer If Counterparty Is A Related Party				Pricing Reference	Purpose of Acquisition	Other Terms
							Property Owner	Relationship	Transaction Date	Amount			
The Company	Fuhai Lujhu District of Taoyuan City	2022.07.19 (Board of Directors' resolution date)	\$ 391,387	Paid	Non-related party	None	-	-	-	\$ -	With reference to market conditions and the professional appraisal price	For operation	None

**RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES****TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL****FOR THE YEAR ENDED DECEMBER 31, 2022****(Amounts in Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Right Way Industrial Co., Ltd.	Right Way Industrial (Malaysia) Sdn. Bhd.	Subsidiaries (100% ownership)	Purchase	\$ 153,834	38.21	Purchase 75 days after monthly closing	No third-party could be compared	No third-party could be compared	\$ (37,259)	(24.56)	-

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

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

## INFORMATION ON INVESTEEES

FOR THE YEAR ENDED DECEMBER 31, 2022

(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 December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	Right Way Industrial (Malaysia) Sdn. Bhd.	Malaysia	Automotive and motorcycle piston manufacturing	\$ 211,024 (MYR 30,276)	\$ 211,024 (MYR 30,276)	28,665,667	79.63	\$ 262,382	\$ (19,676)	\$ (21,525)	Subsidiary
	Excellent Growth Investments Limited	British Virgin Islands	Investment	723,972	899,823	23,262,626	100	83,947	38,581	38,581	Subsidiary
	Right Way North America Inc.	USA	Automotive and motorcycle engine parts for sale	1,575	1,575	-	100	5,588	30	30	Subsidiary
	Right Way Global Co., Ltd.	Taiwan	Automotive and motorcycle sales and purchases	259,300	259,300	25,930,000	100	55	(75)	(75)	Subsidiary
	Wealth Cosmo Limited	Seychelles	Automotive and motorcycle sales and purchases	-	755	-	-	-	-	-	Subsidiary (Note 4)
	Smart Media Technology Co., Ltd	Taiwan	Electrical appliances trading industry	-	40,000	-	-	-	-	-	Subsidiary (Note 5)
	Yao Sheng Green Energy Co., Ltd.	Taiwan	Solar module	-	1,000	-	-	-	(22)	(22)	Subsidiary (Note 6)
	Yao Guang Green Power Co., Ltd.	Taiwan	Solar module	-	5,000	-	-	-	(13)	(13)	Subsidiary (Note 7)
	Yao Yang Electric Co., Ltd.	Taiwan	Solar module	-	1,000	-	-	-	(15)	(15)	Subsidiary (Note 7)
Right Way Industrial (Malaysia) Sdn. Bhd.	TRIM Telesis Engineering Sdn. Bhd.	Malaysia	Rod manufacturing	50,428 (MYR 7,235)	50,428 (MYR 7,235)	8,950,000	89.5	1,531	6,767	6,200	Subsidiary
Excellent Growth Investments Limited.	Admiral Skill Limited	British Virgin Islands	Investment	-	166,141 (USD 5,410)	-	-	-	-	-	Subsidiary
Admiral Skill Limited	Joint Fortune Company Limited	Cayman Islands	Investment	-	319,998 (USD 10,420)	-	-	-	-	-	Subsidiary (Note 8)
Right Way Global Co., Ltd.	Taiwan Sangyong Co., Ltd.	Taiwan	Retail sale of motor vehicles	16,920	16,920	19,588	0.05	-	-	-	Subsidiary (Note 8) Associate (Note 1)

Note 1: Fully recognized impairment loss.

Note 2: Subsidiaries were eliminated when preparing the consolidated financial reports.

Note 3: Refer to Table 7 for the information on the investee company in mainland China.

Note 4: Applied for liquidation and return of capital on May 30, 2022, and obtained a certificate of cancellation.

Note 5: Sold on May 3, 2022.

Note 6: Dissolved on January 12, 2022, and completed the liquidation on July 28, 2022.

Note 7: Dissolved on January 11, 2022, and completed the liquidation on July 28, 2022.

Note 8: Transfer of assets held for sale and liabilities directly related to assets held for sale in first quarter 2021 and eliminated to the aforementioned carrying amount in September 2022, refer to Note 11 of the Company's consolidated financial statements.

**TABLE 6**

**RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES**

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2022**

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

Investee Company	Main Businesses and Products	Paid-in Capital (Note 6)	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 6)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022 (Note 6)	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 2)	Carrying Amount as of December 31, 2022	Accumulated Repatriation of Investment Income as of December 31, 2022
					Outward	Inward (Note 4)						
Right Way Auto parts (Fuzhou) Co., Ltd.	Manufacture and sale of piston engine parts	\$ 568,135 ( USD 18,500 )	(2)	568,135 ( USD 18,500 )	\$ -	\$ 181,916 ( USD 6,121 )	\$ -	\$ 38,212	-	\$ 38,212	\$ -	\$ -
Fuzhou Weibao International Trade Co., Ltd.	Hardware products, hardware and electric materials, rubber raw materials, general machinery, electronic products	4,408 ( CNY 1,000 )	(3)	-	-	-	-	(1,620)	-	(1,620)	-	-
Shanghai Kunyi Precision Metal Forming Products Co., Ltd. (Note 7)	Automotive parts and other metal molded products	465,507 ( CNY 105,605 )	(3)	152,659 ( USD 4,971 )	-	-	-	-	-	-	-	-
Fuzhou Assured Brake Systems Co., Ltd. (Note 8)	Automotive and motorcycle manufacture of mechanical brakes	331,931 ( CNY 75,302 )	(2)	87,032 ( USD 2,834 )	-	-	87,032 ( USD 2,834 )	(5,083)	31.66	(2,155)	-	-

Name of Investment Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022 (Note 6)	Investment Amount Authorized by Investment Commission, MOEA (Note 6)	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Right Way	\$ 619,851 ( USD 20,184 )	\$ 807,826 ( USD 26,305 )	\$ 1,399,184 ( Note 3 )

Note 1: Methods of investment are classified as follows:

- 1) Direct investment.
- 2) Investments through Excellent Growth Investments Limited.
- 3) Others: Direct investment through Right Way Autoparts (Fuzhou) Co., Ltd.; Shanghai Kunyi Precision Metal Forming Products Co., Ltd. is acquired through Admiral Skill Limited.

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% = \$2,331,973 x 60% = \$1,399,184.

Note 4: Indirect investment in Right Way Auto parts (Fuzhou) Co., Ltd. was submitted to the Investment Commission for review on June 17, 2022. The recovery of investment amounted to US\$6,121 thousand and was approved for cancellation on July 6, 2022.

Note 5: Investees mentioned above were eliminated when preparing the consolidated financial reports except for Fuzhou Assured Brake Systems Co., Ltd.

Note 6: Related amounts were based on the average exchange rate of the Bank of Taiwan as of December 31, 2022 (NT\$30.71 for US\$1, NT\$4.408 for RMB1).

Note 7: For the transfer of assets held for sale and liabilities directly related to assets held for sale in first quarter 2021 and eliminated to the aforementioned carrying amount in September 2022, refer to Note 11 of the Company's consolidated financial statements. The cancellation of investment was approved by the Investment Commission, MOEA (2) No. 11000013340 dated on February 18, 2021.

Note 8: The Company resolved in the board of directors' meeting in December 2022 to dispose of all of its shareholdings (31.66%) of Fuzhou Assured Brake Systems Co., Ltd. held by Excellent Growth Investment to a non-related party, refer to Note 11 of the Company's consolidated financial statements.

**TABLE 7****RIGHT WAY INDUSTRIAL CO., LTD****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2022**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.	53,540,000	19.20
Win Power E&T Co., Ltd.	16,000,000	5.74
Yu Pao System Cabinet Co., Ltd.	16,000,000	5.74
Shing Hwang Co., Ltd.	15,600,000	5.60

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.

RIGHT WAY INDUSTRIAL CO.,LTD.



Chairman: Hsieh, Li-Yun



Published on May 15, 2023





**Specialized in manufacturing:**

**Various pistons  
Car steering system parts  
Forging**



URL of the Company's website:  
[www.rightway.com.tw](http://www.rightway.com.tw)  
TEL:(06)266-4101 FAX:(06)266-4015  
No. 1015, Zhongzheng W. Rd., Dajia Neighborhood,  
Rende Dist., Tainan City 717-44