

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

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 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, 2023 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 12, 2024

## 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, 2023 and 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 material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, based on our audits and the report of other auditors (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, 2023 and 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 Financial Statement Audit and Attestation Engagements of 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 years ended December 31, 2023 and 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, 2023 is as follows:

### Authenticity of Revenue Recognition

As stated in Notes 4 (I) and 21, 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 up 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 obtained an understanding of the design of the internal controls related to revenue from the hub warehouse and tested its operating effectiveness on a sample basis.
2. We obtained the bill of lading for the hub warehouse. To confirm the authenticity of the revenue, we sampled the sales from the shipment to 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, 2023 and 2022, 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 reports of other auditors. As of December 31, 2023 and 2022, the total assets of this subsidiary amounted to NT \$469,929 thousand and NT \$469,744 thousand respectively, accounting for 14.79% and 16.64% of total consolidated assets, respectively. For the years ended December 31, 2023 and 2022, the net sales revenue was NT \$209,239 thousand and NT \$140,504 thousand, respectively, accounting for 18.34% and 12.31% of the consolidated net sales revenue, respectively.

### **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 Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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, 2023 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 12, 2024

Notice to Readers

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

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

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

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Notes 4 and 6)	\$ 509,641	16	\$ 255,822	9
Notes receivable (Notes 4, 9, and 21)	16,262	1	26,881	1
Accounts receivable, net (Notes 4, 9 and 21)	187,574	6	224,198	8
Account receivables from related parties (Notes 4, 9, 21, and 30)	7,437	-	-	-
Other receivables (Notes 4, 9 and 30)	3,975	-	17,897	1
Inventories (Notes 4 and 10)	351,572	11	430,448	15
Non-current assets held for sale (Note 11)	-	-	84,044	3
Other current financial assets - current (Notes 4, 8 and 31)	46,600	1	1,101	-
Other current assets (Note 15)	<u>65,680</u>	<u>2</u>	<u>49,840</u>	<u>2</u>
Total current assets	<u>1,188,741</u>	<u>37</u>	<u>1,090,231</u>	<u>39</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income-non-current (Notes 4 and 7)	782,046	25	519,578	18
Property, plant and equipment (Notes 4, 14 and 31)	1,119,112	35	1,118,423	40
Deferred tax assets (Notes 4 and 23)	76,244	3	82,336	3
Refundable deposits	757	-	433	-
Net defined benefit liabilities (assets) (Notes 4 and 19)	2,447	-	-	-
Other non-current assets (Note 15)	<u>8,573</u>	<u>-</u>	<u>11,872</u>	<u>-</u>
Total non-current assets	<u>1,989,179</u>	<u>63</u>	<u>1,732,642</u>	<u>61</u>
<b>TOTAL</b>	<u>\$ 3,177,920</u>	<u>100</u>	<u>\$ 2,822,873</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 4, 16 and 31)	\$ 55,489	2	\$ 52,830	2
Accounts payable (Notes 17 and 30)	124,834	4	151,727	5
Other payable (Note 18)	102,492	3	113,692	4
Current portion of long-term borrowings (Notes 4, 16 and 31)	374	-	6,529	-
Other current liabilities (Notes 18 and 21)	<u>23,646</u>	<u>1</u>	<u>12,574</u>	<u>1</u>
Total current liabilities	<u>306,835</u>	<u>10</u>	<u>337,352</u>	<u>12</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 4, 16, and 31)	1,437	-	-	-
Deferred tax liabilities (Notes 4 and 23)	78,215	2	76,990	3
Net defined benefit liabilities - non-current (Notes 4 and 19)	-	-	7,744	-
Guarantee deposits	<u>3</u>	<u>-</u>	<u>3</u>	<u>-</u>
Total non-current liabilities	<u>79,655</u>	<u>2</u>	<u>84,737</u>	<u>3</u>
Total liabilities	<u>386,490</u>	<u>12</u>	<u>422,089</u>	<u>15</u>
<b>EQUITY ATTRIBUTED TO OWNERS OF THE COMPANY (Note 20)</b>				
Ordinary shares	<u>3,003,106</u>	<u>95</u>	<u>2,787,768</u>	<u>99</u>
Advance receipts for ordinary shares	957	-	110	-
Total share capital	<u>3,004,063</u>	<u>95</u>	<u>2,787,878</u>	<u>99</u>
Capital surplus	<u>424,479</u>	<u>13</u>	<u>317,088</u>	<u>11</u>
Accumulated deficit	<u>(564,916)</u>	<u>(18)</u>	<u>(655,851)</u>	<u>(23)</u>
Other equity	<u>(140,185)</u>	<u>(4)</u>	<u>(117,142)</u>	<u>(4)</u>
Total equity attributable to owners of the Company	<u>2,723,441</u>	<u>86</u>	<u>2,331,973</u>	<u>83</u>
<b>NON-CONTROLLING INTERESTS (Note 20)</b>	<u>67,989</u>	<u>2</u>	<u>68,811</u>	<u>2</u>
Total equity	<u>2,791,430</u>	<u>88</u>	<u>2,400,784</u>	<u>85</u>
<b>TOTAL</b>	<u>\$ 3,177,920</u>	<u>100</u>	<u>\$ 2,822,873</u>	<u>100</u>

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

# RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 4, 21, and 30)	\$ 1,140,720	100	\$ 1,141,618	100
OPERATING COSTS (Notes 10, 22 and 30)	<u>955,984</u>	<u>84</u>	<u>939,000</u>	<u>82</u>
GROSS PROFIT	<u>184,736</u>	<u>16</u>	<u>202,618</u>	<u>18</u>
OPERATING EXPENSES (Notes 4, 9, 22, and 30)				
Selling and marketing expenses	25,749	2	33,709	3
General and administrative expenses	89,075	8	135,574	12
Research and development expenses	10,966	1	18,086	2
Expected credit loss (gain)	<u>-</u>	<u>-</u>	<u>(1,231)</u>	<u>-</u>
Total non-operating income and expenses	<u>125,790</u>	<u>11</u>	<u>186,138</u>	<u>17</u>
PROFIT (LOSS) FROM OPERATIONS	<u>58,946</u>	<u>5</u>	<u>16,480</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 13, 22, and 30)				
Interest income	6,554	1	2,215	-
Other income	22,254	2	38,444	4
Other gains and losses	16,133	1	59,669	5
Finance costs	(3,295)	-	(11,349)	(1)
Share of loss of associates	<u>-</u>	<u>-</u>	<u>(2,155)</u>	<u>-</u>
Total non-operating expenses	<u>41,646</u>	<u>4</u>	<u>86,824</u>	<u>8</u>
PROFIT BEFORE INCOME TAX FROM CONTINUING OPERATIONS	100,592	9	103,304	9
INCOME TAX EXPENSE (Notes 4 and 23)	<u>12,043</u>	<u>1</u>	<u>11,389</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>88,549</u>	<u>8</u>	<u>91,915</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Note 20)				
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	(14,978)	(1)	9,485	1
Remeasurement of defined benefit plans	5,341	-	(984)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	<u>(1,068)</u>	<u>-</u>	<u>197</u>	<u>-</u>
	<u>(10,705)</u>	<u>(1)</u>	<u>8,698</u>	<u>1</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	(12,790)	(1)	16,947	1

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# RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
Income tax relating to items that may be reclassified subsequently to profit or loss	\$ 2,016	-	\$ (2,799)	-
	<u>(10,774)</u>	<u>(1)</u>	<u>14,148</u>	<u>1</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(21,479)</u>	<u>(2)</u>	<u>22,846</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 67,070</u>	<u>6</u>	<u>\$ 114,761</u>	<u>10</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 86,662	8	\$ 95,215	8
Non-controlling interests	<u>1,887</u>	-	<u>(3,300)</u>	-
	<u>\$ 88,549</u>	<u>8</u>	<u>\$ 91,915</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 67,892	6	\$ 115,109	10
Non-controlling interests	<u>(822)</u>	-	<u>(348)</u>	-
	<u>\$ 67,070</u>	<u>6</u>	<u>\$ 114,761</u>	<u>10</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.29</u>		<u>\$ 0.43</u>	
Diluted	<u>\$ 0.29</u>		<u>\$ 0.43</u>	

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

(Concluded)

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

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Equity Attributable to Owner of the Company								
	Share Capital			Other Equity					
	Ordinary Shares	Advance Receipts	Capital Surplus	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2022	\$ 1,791,618	\$ -	\$ 130,134	\$ (750,756)	\$ (137,346)	\$ -	\$ 1,033,650	\$ 51,936	\$ 1,085,586
Issuance of ordinary shares for cash (Note 20)	990,000	-	185,880	-	-	-	1,175,880	-	1,175,880
Issuance of ordinary shares under employee share options (Notes 20 and 25)	6,150	110	2,191	-	-	-	8,451	-	8,451
Disposal of subsidiaries (Note 20)	-	-	-	-	-	-	-	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	-	-	-	477	-	(477)	-	-	-
Compensation cost of employee share options (Note 25)	-	-	(1,117)	-	-	-	(1,117)	-	(1,117)
BALANCE AT DECEMBER 31, 2022	2,787,768	110	317,088	(655,851)	(126,150)	9,008	2,331,973	68,811	2,400,784
Issuance of ordinary shares for cash (Note 20)	210,000	-	105,000	-	-	-	315,000	-	315,000
Issuance of ordinary shares under employee share options (Notes 20 and 25)	5,338	847	1,732	-	-	-	7,917	-	7,917
Compensation cost of employee share options (Note 25)	-	-	659	-	-	-	659	-	659
Net profit for the year ended December 31, 2023	-	-	-	86,662	-	-	86,662	1,887	88,549
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	4,273	(8,065)	(14,978)	(18,770)	(2,709)	(21,479)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	90,935	(8,065)	(14,978)	67,892	(822)	67,070
BALANCE AT DECEMBER 31, 2023	<u>\$ 3,003,106</u>	<u>\$ 957</u>	<u>\$ 424,479</u>	<u>\$ (564,916)</u>	<u>\$ (134,215)</u>	<u>\$ (5,970)</u>	<u>\$ 2,723,441</u>	<u>\$ 67,989</u>	<u>\$ 2,791,430</u>

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

# RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 100,592	\$ 103,304
Adjustments for:		
Depreciation expenses	46,091	59,515
Expected credit loss (gain) recognized on trade receivables	-	(1,231)
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	-	(14,234)
Finance costs	3,295	11,349
Interest income	(6,554)	(2,215)
Dividend income	(17,192)	-
Compensation cost of employee share options	659	(1,117)
Share of loss of associates	-	2,155
(Gain) loss on disposal of property, plant and equipment	(2,149)	30,844
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
Gain on disposal of non-current assets held for sale	(13,030)	-
Write-down of inventories	21,446	8,245
Changes in operating assets and liabilities:		
Notes receivable	10,619	8,328
Accounts receivable	29,187	(3,679)
Other receivables	13,907	35,040
Inventories	57,430	(50,730)
Other current assets	(8,986)	(8,615)
Accounts payable	(26,893)	16,406
Other payables	(4,494)	(4,173)
Other current liabilities	11,072	(8,878)
Net defined benefit obligation	(5,918)	(4,240)
Cash generated from operations	209,082	80,465
Interest received	6,554	2,215
Interest paid	(3,295)	(11,349)
Income tax paid	(2,407)	(154)
Net cash generated from operating activities	<u>209,934</u>	<u>71,177</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	(277,446)	(434,511)
Purchases of financial assets at fair value through profit or loss	-	(10,619)
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
Proceed from disposal of investments accounted for using equity method held for sale	97,074	-
Proceeds from disposal of subsidiaries	-	276,438
Acquisition of property, plant and equipment	(63,602)	(463,332)
Proceeds from disposal of property, plant and equipment	2,489	44,858

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# RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in other financial assets	\$ (45,823)	\$ -
Decrease in other financial assets	-	18,863
Increase in other non-current assets	(2,641)	(34)
Dividend received	<u>17,192</u>	<u>-</u>
Net cash used in investing activities	<u>(272,757)</u>	<u>(404,323)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in short-term loans	190,613	-
Decrease in short-term loans	(185,992)	(308,832)
Proceeds from long-term debt	-	230,000
Repayments of long-term debt	(4,578)	(757,220)
Decrease in other payables to related parties	-	(11,598)
Proceeds from issuing ordinary shares for cash	315,000	1,175,880
Proceeds from issuing ordinary shares under employee share options	<u>7,917</u>	<u>8,451</u>
Net cash generated from financing activities	<u>322,960</u>	<u>336,681</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(6,318)</u>	<u>(1,321)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	253,819	2,214
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>255,822</u>	<u>253,608</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 509,641</u>	<u>\$ 255,822</u>

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

(With Deloitte & Touche auditors' report dated March 12, 2024)

(Concluded)

# RIGHT WAY INDUSTRIAL CO., LTD. AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (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, machine tools and system cabinet.

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

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

### 2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 12, 2024.

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

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

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<b>New, Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A 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.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

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

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

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

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

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

#### **4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION**

- a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards 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, net defined liabilities and net defined asset which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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 (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by of the Group.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

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

Refer to Note 12 and Tables 4 and 5 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 Company and its 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.

Property, plant and equipment in the course of construction are measured 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 Group 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 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 amortized cost and investments in equity instruments at FVTOCI.

i. 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.

ii. 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 performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from sale of goods

Revenue from the sale of goods comes from sales of automobile parts and system cabinets. 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.

2) Revenue from rendering of services

Revenue from the rendering of services is recognized as revenue when services are rendered. The Group recognizes contract assets over the period in which the services are performed. The contract assets are reclassified to trade receivables when the bills are issued. If the amount received for installation services exceeds the amount of revenue recognized, the difference is recognized as a contract liability.

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

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.

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 (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the 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. MATERIAL 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.

When developing material accounting estimates, 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.

There were no material uncertainties in the accounting policies, estimates and basic assumptions adopted by the Group after being evaluated by the management of the Group.

## 6. CASH AND CASH EQUIVALENTS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Cash on hand	\$ 777	\$ 1,950
Checking accounts and demand deposits	180,123	229,304
Cash equivalents (investments with original maturities of 3 months or less)		
Demand deposits	206,493	9,213
Repurchase agreements collateralized by bonds	<u>122,248</u>	<u>15,355</u>
	<u>\$ 509,641</u>	<u>\$ 255,822</u>

As of December 31, 2023 and 2022, the interest rate of demand deposits were 1.10%-5.35% and 4% per annum, respectively. As of December 31, 2023 and 2022, the interest rate of repurchase agreements collateralized by bonds were 1.03%-5.22% and 3.75% per annum, respectively.

## 7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Non-current</u>		
Domestic investments		
Listed shares and emerging market shares	\$ 782,046	\$ 239,376
Unlisted shares	<u>-</u>	<u>280,202</u>
	<u>\$ 782,046</u>	<u>\$ 519,578</u>

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

## 8. OTHER FINANCIAL ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Domestic investments		
Time deposits with original maturities more than three months	\$ 46,000	\$ -
Pledged demand deposits (Note 31)	<u>600</u>	<u>1,101</u>
	<u>\$ 46,600</u>	<u>\$ 1,101</u>

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

**9. NOTES RECEIVABLE, ACCOUNT RECEIVABLES (INCLUDING RELATED PARTIES) AND OTHER RECEIVABLE (INCLUDING RELATED PARTIES)**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Notes receivable</u>		
At amortized cost - Gross carrying amount		
Operating	\$ <u>16,262</u>	\$ <u>26,881</u>
<u>Accounts receivable (including related parties)</u>		
At amortized cost - Gross carrying amount	\$ <u>195,011</u>	\$ <u>224,198</u>
<u>Other receivables</u>		
Loans to related parties	\$ -	\$ 12,367
Others	<u>3,975</u>	<u>5,530</u>
	<u>\$ 3,975</u>	<u>\$ 17,897</u>

Notes receivable

As of December 31, 2023 and 2022, the Group measured the expected credit losses on notes receivable based on the number of days overdue. No notes receivables are overdue; therefore, no expected credit loss has been recognized.

Account receivable (including related parties)

The average credit period of sales of goods was 30-120 days. No interest was charged on accounts receivable.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on accounts receivables are estimated using a provision matrix prepared by reference to the past default experience of the customer, the customer's current financial position, economic condition of the industry in which the customer operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, 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, 2023

	<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	0.003%	0%-0.02%	-	
Gross carrying amount	\$ 178,128	\$ 16,883	\$ -	\$ 195,011
Loss allowance (Lifetime ECLs)	-	-	-	-
	<u>\$ 178,128</u>	<u>\$ 16,883</u>	<u>\$ -</u>	<u>\$ 195,011</u>

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%-0.02%	0.15%-0.75%	1.56%-100%	
Gross carrying amount	\$ 189,735	\$ 34,273	\$ 190	\$ 224,198
Loss allowance (Lifetime ECLs)	-	-	-	-
	<u>\$ 189,735</u>	<u>\$ 34,273</u>	<u>\$ 190</u>	<u>\$ 224,198</u>

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

	<b>For the Year Ended December 31,</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ -	\$ 65,204
Net remeasurement of loss allowance (Amount recovered)	-	(1,231)
Less: Amounts written off	-	(65,022)
Foreign exchange gains and losses	-	1,049
	<u>\$ -</u>	<u>\$ -</u>
Balance at December 31	\$ -	\$ -

**10. INVENTORIES**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Merchandise	\$ 79,299	\$ 108,632
Finished good	113,790	138,168
Work in process and semi-finished goods	97,888	121,941
Material	57,150	61,707
Inventory in transit	<u>3,445</u>	<u>-</u>
	<u>\$ 351,572</u>	<u>\$ 430,448</u>

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2023 and 2022 was \$955,984 thousand and \$939,000 thousand, respectively. The cost of inventories recognized as cost of

goods sold for the years ended December 31, 2023 and 2022 included provisions for loss on inventories of \$21,446 thousand and \$8,245 thousand, respectively.

## 11. NON-CURRENT ASSETS HELD FOR SALE - DECEMBER 31, 2022

	<b>December 31, 2022</b>
Long term equity investments held for sale	<u>\$ 84,044</u>

In December 2022, the Group signed a contract with the buyer and planned to sell all 31.66% of Right Way Auto Parts (Fuzhou) Co., Ltd. to non-related parties. Thus, the relevant assets were classified as non-current assets held for sale, and the sale price exceeded the carrying amount of the relevant net assets, so when classified as non-current assets held for sale, no impairment loss should be recognized. In March 2023, the equity transaction was completed with proceeds from disposal of \$97,074 thousand, and a gain of \$13,030 thousand was recognized (included in other gains and losses).

## 12. SUBSIDIARIES

### a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership		Remark
			December 31		
			2023	2022	
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%	Note
Right Way Industrial (Malaysia) Sdn. Bhd.	TRIM Telesis Engineering Sdn. Bhd.	Producer of connecting rod.	89.50%	89.50%	

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

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

Name of subsidiary	Proportion of Ownership and Voting Rights Held by Non-controlling Interests	
	December 31, 2023	December 31, 2022
Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	20.37%	20.37%

Refer to Tables 5 and 6 for the information on the places of incorporation and principal places of business.

Name of subsidiary	Profit (Loss) Allocated to Non-controlling Interests	
	For the year ended December 31	
	2023	2022
Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	\$ <u>(822)</u>	\$ <u>21</u>

Name of subsidiary	Accumulated non-controlling Interests	
	December 31, 2023	December 31, 2022
	Right Way Industrial (Malaysia) Sdn. Bhd. and its subsidiaries	\$ <u>67,989</u>

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

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

	December 31	
	2023	2022
Current assets	\$ 274,959	\$ 258,432
Non-current assets	205,032	240,150
Current liabilities	(144,877)	(161,531)
Non-current liabilities	<u>(2,040)</u>	<u>-</u>
Equity	\$ <u>333,074</u>	\$ <u>337,051</u>
Equity attribute to:		
Owner of the company	\$ 265,085	\$ 268,240
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	67,824	68,631
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	<u>165</u>	<u>180</u>
	\$ <u>333,074</u>	\$ <u>337,051</u>

	For the Year Ended December 31	
	2023	2022
Revenue	\$ <u>302,384</u>	\$ <u>294,338</u>
Net profit(loss) for the year	\$ 9,291	\$ (18,968)
Other comprehensive income (loss) for the year	<u>(13,268)</u>	<u>16,330</u>
Total comprehensive income (loss) for the year	\$ <u>(3,977)</u>	\$ <u>(2,638)</u>

(Continued)

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit (loss) attribute to:		
Owner of the company	\$ 7,404	\$ (15,668)
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	1,894	(4,008)
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	<u>(7)</u>	<u>708</u>
	<u>\$ 9,291</u>	<u>\$ (18,968)</u>
Total comprehensive income (loss) attributed to:		
Owner of the company	\$ (3,155)	\$ (2,659)
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.	(808)	(680)
Non-controlling interests of Industrial (Malaysia) Sdn. Bhd.'s subsidiaries	<u>(14)</u>	<u>701</u>
	<u>\$ (3,977)</u>	<u>\$ (2,638)</u>
Cash inflow (outflow) from:		
Operating activities	\$ 8,674	\$ 30,481
Investing activities	(8,409)	2,458
Financing activities	<u>13,502</u>	<u>(30,159)</u>
Net cash inflow	<u>\$ 13,767</u>	<u>\$ 2,780</u> (Concluded)

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

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
The Group's share of:		
Total comprehensive income for the year	<u>\$ -</u>	<u>\$ (2,155)</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, 2022	\$ 380,863	\$ 551,390	\$ 1,247,403	\$ 96,572	\$ 181,166	\$ 6	\$ 2,457,400
Transfers out due to lossing control	-	(195,825)	(182,797)	(5,836)	(43,020)	-	(427,478)
Additions	395,927	752	8,677	565	3,431	59,577	468,929
Disposal	-	(5,912)	(327,297)	(16,465)	(33,461)	-	(383,135)
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>
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2022	\$ -	\$ 284,338	\$ 1,011,903	\$ 81,981	\$ 144,772	\$ -	\$ 1,522,994
Transfers out due to lossing control	-	(106,660)	(117,456)	(4,724)	(36,134)	-	(264,974)
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)
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>
<u>Cost</u>							
Balance at January 1, 2023	\$ 782,538	\$ 358,985	\$ 774,226	\$ 74,962	\$ 110,283	\$ 59,583	\$ 2,160,577
Additions	4,824	2,126	14,802	594	10,261	30,229	62,836
Disposal	-	(22,703)	(10,348)	(805)	(2,431)	-	(36,287)
Reclassification	190	24,614	12,167	102	38,812	(82,739)	(6,854)
Effects of foreign currency exchange	(4,702)	(3,577)	(16,754)	-	(804)	(552)	(26,389)
Balance at December 31, 2023	<u>\$ 782,850</u>	<u>\$ 359,445</u>	<u>\$ 774,093</u>	<u>\$ 74,853</u>	<u>\$ 156,121</u>	<u>\$ 6,521</u>	<u>\$ 2,153,883</u>
<u>Accumulated Depreciation and impairment</u>							
Balance at January 1, 2023	\$ -	\$ 194,483	\$ 690,674	\$ 64,927	\$ 92,070	\$ -	\$ 1,042,154
Depreciation expenses	-	10,760	24,597	2,884	7,850	-	46,091
Disposal	-	(22,702)	(10,009)	(805)	(2,431)	-	(35,947)
Effects of foreign currency exchange	-	(1,809)	(14,979)	-	(739)	-	(17,527)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 180,732</u>	<u>\$ 690,283</u>	<u>\$ 67,006</u>	<u>\$ 96,750</u>	<u>\$ -</u>	<u>\$ 1,034,771</u>
Carrying amount at December 31, 2023	<u>\$ 782,850</u>	<u>\$ 178,713</u>	<u>\$ 83,810</u>	<u>\$ 7,847</u>	<u>\$ 59,371</u>	<u>\$ 6,521</u>	<u>\$ 1,119,112</u>

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 an loss that amounted to \$1,875 thousand for the machinery equipment that is no longer operational in April 2022.

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

The Group purchased the land located at Fuhai Section, Luzhu Dist., Taoyuan City that amounted to

\$395,804 thousand from non-related parties in July 2022, and part of it was registered as agricultural and farmland. 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. Since the land change was completed in August 2023, ownership has been returned and transferred to the Group by the registrant.

Refer to Note 31 for the amount of owner-occupied property, plant, and equipment that was pledged as collateral.

## 15. OTHER ASSETS

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Supplies	\$ 14,270	\$ 7,918
Prepayments	48,782	29,765
Input VAT	-	6,774
Prepayments for goods	2,628	5,044
Others	<u>-</u>	<u>339</u>
	<u>\$ 65,680</u>	<u>\$ 49,840</u>
<u>Non-current</u>		
Prepayments for equipment	\$ 1,979	\$ 7,919
Others	<u>6,594</u>	<u>3,953</u>
	<u>\$ 8,573</u>	<u>\$ 11,872</u>

## 16. BORROWINGS

### a. Short-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Secured borrowings (Note 31)</u>		
Bank borrowings	<u>\$ 55,489</u>	<u>\$ 52,830</u>

The interest rate ranges of short-term borrowings at the end of December 31, 2023 and December 31, 2022 were 4.6%-6.95% and 3.25%-6.97%, respectively.

b. Long-term borrowings

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

<b>December 31, 2023</b>				
	<b>Currency</b>	<b>Interest rate interval</b>	<b>Date of maturity</b>	<b>Amount</b>
Secured bank borrowings (Note 31)	MYR	2.44%	2028.8.30	\$ 1,811
Less: Current portion				<u>(374)</u>
Long-term borrowings				<u>\$ 1,437</u>
<b>December 31, 2022</b>				
	<b>Currency</b>	<b>Interest rate interval</b>	<b>Date of maturity</b>	<b>Amount</b>
Secured bank borrowings (Note 31)	MYR	3.38%-4.59%	2023.10.20	\$ 6,529
Less: Current portion				<u>(6,529)</u>
Long-term borrowings				<u>\$ -</u>

**17. ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)**

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

**18. OTHER PAYABLES**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Other payables		
Payables for salaries or bonuses	\$ 39,641	\$ 36,295
Payables for outsourced manufacturing overhead	10,747	18,982
Payables for spares fee	4,900	6,306
Payables for annual leave	8,278	8,405
Labor and health insurance premiums payable	3,253	2,981
Maintenance fees	3,612	2,915
Payables for equipment	7,678	14,384
Accrued utilities	1,460	1,292
Payables for service cost	1,526	2,403
Freight payables	1,080	924
Others	<u>20,317</u>	<u>18,805</u>
	<u>\$ 102,492</u>	<u>\$ 113,692</u>

(Continued)

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Other current liabilities		
Contract liabilities	\$ 18,535	\$ 10,572
Others	<u>5,111</u>	<u>2,002</u>
	<u>\$ 23,646</u>	<u>\$ 12,574</u>
		(Concluded)

## 19. 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>2023</b>	<b>2022</b>
Present value of defined benefit obligation	\$ 94,672	\$ 101,354
Fair value of plan assets	<u>(97,119)</u>	<u>(93,610)</u>
Net defined benefit (asset) liabilities	<u>\$ (2,447)</u>	<u>\$ 7,744</u>



Movements in net defined benefit liabilities (asset) 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, 2022	\$ 98,181	\$ (87,181)	\$ 11,000
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>
Service cost			
Current service cost	37	-	37
Net interest expense (income)	1,394	(1,318)	76
Recognized in profit or loss	<u>1,431</u>	<u>(1,318)</u>	<u>113</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(710)	(710)
Actuarial gain - changes in financial assumptions	1,040	-	1,040
Actuarial loss - experience adjustments	(5,671)	-	(5,671)
Recognized in other comprehensive income	<u>(4,631)</u>	<u>(710)</u>	<u>(5,341)</u>
Contributions from the employer	<u>-</u>	<u>(4,963)</u>	<u>(4,963)</u>
Benefits paid	<u>(3,482)</u>	<u>3,482</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 94,672</u>	<u>\$ (97,119)</u>	<u>\$ (2,447)</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>2023</b>	<b>2022</b>
Operating costs	\$ 103	\$ 80
Operating expenses	<u>10</u>	<u>5</u>
	<u>\$ 113</u>	<u>\$ 85</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:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)	1.250%	1.375%
Expected rate(s) of salary increase	2.000%	2.000%

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Discount rate(s)		
0.25% decrease	<u>\$ (2,063)</u>	<u>\$ (2,332)</u>
0.25% increase	<u>\$ 2,135</u>	<u>\$ 2,417</u>
Expected rate(s) of salary increase/decrease		
0.25% decrease	<u>\$ 2,080</u>	<u>\$ 2,358</u>
0.25% increase	<u>\$ (2,020)</u>	<u>\$ (2,287)</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>2023</b>	<b>2022</b>
Expected contributions to the plans for the next year	<u>\$ 5,263</u>	<u>\$ 4,495</u>
Average duration of the defined benefit obligation	8.8 years	9.3 years

## 20. EQUITY

### a. Ordinary shares

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Number of shares authorized (in thousands)	<u>500,000</u>	<u>500,000</u>
Shares authorized	<u>\$ 5,000,000</u>	<u>\$ 5,000,000</u>
Number of shares issued and fully paid (in thousands)		
Ordinary shares	<u>300,311</u>	<u>278,777</u>
Publicly traded shares	\$ 1,343,106	\$ 1,337,768
Privately issued shares	<u>1,660,000</u>	<u>1,450,000</u>
Shares issued and fully paid	<u>\$ 3,003,106</u>	<u>\$ 2,787,768</u>
Advance receipts for share capital	<u>\$ 957</u>	<u>\$ 110</u>

- 1) On January 13, 2023, the Company issued 21,000 thousand ordinary shares for cash through private placement with a premium price of \$15 per share, in which the Company received a full share payment of \$315,000 thousand, taking January 13, 2023 as the base date for capital increase. The application of the changing capital amount was approved by the Ministry of Economic Affairs.
- 2) For the year ended December 31, 2023, the Company's employees exercised 595 thousand employee share options with a price range of \$13.3-\$13.4 per share, which amounted to \$7,917 thousand. Among them, the base dates for 324 thousand shares and 199 thousand shares were June 9, 2023 and November 20, 2023, respectively. As of December 31, 2023, the application for share capital alteration with the Ministry of Economic Affairs had been completed, whereas the alteration of the remaining 72 thousand shares had not been completed and was presented as advance receipts for share capital.
- 3) On April 15, 2022, the Company issued 84,000 thousand ordinary shares for cash through private placement with a premium price of \$11.32 per share. The capital increase amounted to \$950,880 thousand, taking April 15, 2022 as the base date. The aforementioned transaction and the application of registration have both been completed.

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

- 4) For the year ended December 31, 2022, the Company's employees exercised 626 thousand employee share options with a price of \$13.5 per share, which amounted to \$8,451 thousand. As of December 31, 2023, the exercise of employee share options for 615 thousand shares has been completed. The capital change registration application with the Ministry of Economic Affairs, with August 26, 2022 as the base date for capital increase, and the remaining 11 thousand shares have not been completed. The remaining part was presented as advance receipts for share capital. In subsequent years, the base date for capital increase was June 9, 2023, and the application for capital change registration has been completed with the Ministry of Economic Affairs.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (Note)</u>		
Issuance of ordinary shares	\$ 419,760	\$ 313,028
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>1,877</u>	<u>1,218</u>
	<u>\$ 424,479</u>	<u>\$ 317,088</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 22 (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 9, 2023 and June 20, 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>2023</b>	<b>2022</b>
Balance at January 1	\$ (126,150)	\$ (137,346)
Recognized for the year		
Exchange differences on the translation of the financial statements of foreign operations	<u>(8,065)</u>	<u>11,196</u>
Balance at December 31	<u>\$ (134,215)</u>	<u>\$ (126,150)</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 9,008	\$ -
Recognized for the year		
Unrealized (loss) gain	(14,978)	9,485
Cumulative unrealized loss of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(477)</u>
Balance at December 31	<u>\$ (5,970)</u>	<u>\$ 9,008</u>

e. Non-controlling interests

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 68,811	\$ 51,936
Share in profit for the year	1,887	(3,300)
Other comprehensive income (loss) during the year		
Exchange differences on translating the financial statements of foreign operations	(2,709)	2,952
Disposal of subsidiaries	<u>-</u>	<u>17,223</u>
Balance at December 31	<u>\$ 67,989</u>	<u>\$ 68,811</u>

**21. REVENUE**

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 1,140,720</u>	<u>\$ 1,141,618</u>

a. Contract balances

	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Notes receivable	\$ 16,262	\$ 26,881	\$ 35,209
Accounts receivable	<u>\$ 195,011</u>	<u>\$ 224,198</u>	<u>\$ 231,595</u>
Contract liabilities (presented under other current liabilities)	<u>\$ 18,535</u>	<u>\$ 10,572</u>	<u>\$ 8,326</u>

b. Disaggregation of revenue

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Automotive parts and components	\$ 798,248	\$ 816,484
Processing	47,713	73,519
System cabinet	33,790	-
Others	<u>260,969</u>	<u>251,615</u>
	<u>\$ 1,140,720</u>	<u>\$ 1,141,618</u>

## 22. PROFIT BEFORE INCOME TAX

a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 6,392	\$ 1,408
Interest on loan from related parties	<u>162</u>	<u>807</u>
	<u>\$ 6,554</u>	<u>\$ 2,215</u>

b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Dividend income	\$ 17,192	\$ -
Litigation fees returned	-	2,437
Rental income	1,034	2,039
Mold designing income (Note 30)	-	6,400
Temporary credits recognized as income	172	6,312
Compensation income	-	7,525
Others	<u>3,856</u>	<u>13,731</u>
	<u>\$ 22,254</u>	<u>\$ 38,444</u>

c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Gain (loss) on disposal of property, plant and equipment	\$ 2,149	\$ (30,844)
Gain on disposal of investments accounted for using equity method held for sale	13,030	-
Net foreign exchange gains and losses	971	27,077
Gain on disposal of subsidiaries	-	59,710
Gain on derecognized non-current held for sell groups (Note)	-	37,774
Gain on financial assets at fair value through profit or loss	-	14,234
Impairment loss on property, plant and equipment	-	(1,875)
Severance payments	-	(38,068)
Others	(17)	(8,339)
	<u>\$ 16,133</u>	<u>\$ 59,669</u>

Note: On August 23, 2022, the Group obtained a bankruptcy application ruling held by Admiral Skill Limited to invest in Shanghai Kunyi Precision Metal Forming Products Co., Ltd., and recognized the gain on disposal of \$37,774 thousand.

d. Finance costs

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ 3,295	\$ 11,218
Interest on loans from related parties	-	131
	<u>\$ 3,295</u>	<u>\$ 11,349</u>

e. Depreciation

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Property, plant and equipment	\$ 46,091	\$ 59,439
Right-of-use assets	-	76
	<u>\$ 46,091</u>	<u>\$ 59,515</u>
An analysis of depreciation by function		
Operating costs	\$ 39,715	\$ 47,597
Operating expenses	6,376	11,918
	<u>\$ 46,091</u>	<u>\$ 59,515</u>

f. Employee benefits expense

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term benefits	\$ 196,218	\$ 234,693
Post-employment benefits		
Defined contribution plans	7,980	8,357
Defined benefit plans (Note 19)	<u>113</u>	<u>85</u>
	<u>\$ 204,371</u>	<u>\$ 234,135</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 143,139	\$ 146,867
Operating expenses	<u>61,232</u>	<u>96,268</u>
	<u>\$ 204,371</u>	<u>\$ 243,155</u>

g. Employees' compensation and remuneration of directors

According to the Company's Articles, the Company accrues employees' compensation and remuneration of directors at rates from 0.1% to 3%, distributed in shares or cash by the resolution of the board of directors. The payment objects include employees of affiliated companies who meet certain conditions. According to the aforementioned profit, the Company shall allocate the remuneration of directors no higher than 1.5%. The employees' compensation and remuneration of directors shall be submitted to the report of the regular shareholders' meeting. However, if the Company still had an accumulated deficit, it shall first set aside the amount for offset of deficit, then allocate employee compensation and director compensation according to the aforementioned ratio. Since the Company had an accumulated deficit in both 2023 and 2022, 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>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 20,465	\$ 41,989
Foreign exchange losses	<u>(19,494)</u>	<u>(14,912)</u>
Net gains	<u>\$ 971</u>	<u>\$ 27,077</u>



## 23. 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>2023</b>	<b>2022</b>
Current tax		
In respect of the current year	\$ 3,778	\$ 261
Deferred tax		
In respect of the current year	<u>8,265</u>	<u>11,128</u>
	<u>\$ 12,043</u>	<u>\$ 11,389</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 100,592</u>	<u>\$ 103,304</u>
Income tax expense calculated at the statutory rate	\$ 20,118	\$ 20,661
Non-deductible expenses in determining taxable income	628	963
Tax-exempt income	(3,438)	(2,847)
Unrecognized liquidation losses of subsidiaries	(23,561)	(7,344)
Unrecognized loss carryforwards and deductible temporary differences	19,223	711
Controlled foreign corporation tax	2,644	-
Effect of different tax rates of group entities operating in other jurisdictions	<u>(3,571)</u>	<u>(755)</u>
	<u>\$ 12,043</u>	<u>\$ 11,389</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, 2023

<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	\$ 1,432	\$ (986)	\$ (446)	\$ -
Unrealized investment loss	28,292	(28,292)	-	-
Exchange differences on translating the financial statements of foreign operations	31,537	-	2,016	33,553
Unrealized exchange losses	702	853	-	1,555
Unrealized gain on transactions with associate or joint ventures	-	332	-	332
Idle capacity	163	(151)	-	12
Others	<u>3,989</u>	<u>(581)</u>	<u>-</u>	<u>3,408</u>
	66,115	(28,825)	1,570	38,860
Tax losses	<u>16,221</u>	<u>21,163</u>	<u>-</u>	<u>37,384</u>
	<u>\$ 82,336</u>	<u>\$ (7,662)</u>	<u>\$ 1,570</u>	<u>\$ 76,244</u>

**Deferred Tax Liabilities**

Temporary differences				
Land appreciation reserve	\$ 76,990	\$ -	\$ -	\$ 76,990
Defined benefit plans	-	-	622	622
Others	<u>-</u>	<u>603</u>	<u>-</u>	<u>603</u>
	<u>\$ 76,990</u>	<u>\$ 603</u>	<u>\$ 622</u>	<u>\$ 78,215</u>

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>

(Continued)

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Land appreciation reserve	\$ 76,990	\$ -	\$ -	\$ 76,990 (Concluded)

- 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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Loss carryforwards of the Company</u>		
Expiry in 2033	\$ 101,526	\$ -
<u>Loss carryforwards of subsidiaries</u>		
Expiry in 2024	\$ -	\$ 8,481
Expiry in 2026	-	19
Expiry in 2027	-	63
Expiry in 2028	-	63
Expiry in 2029	-	53
Expiry in 2030	-	51
Expiry in 2031	-	54
Expiry in 2032	-	75
	<u>\$ -</u>	<u>\$ 8,859</u>
<u>Deductible temporary differences</u>		
Unrealized loss of subsidiaries	\$ 123,052	\$ 151,623
Others	-	3,594
	<u>\$ 123,052</u>	<u>\$ 155,217</u>

- d. Information on unused loss carryforwards

Loss carryforwards of the Company as of December 31, 2023 comprised:

<b>Unused Amount</b>	<b>Expiry Year</b>
\$ 1,663	2027
46,740	2029
48,004	2030
<u>192,043</u>	2033
<u>\$ 288,450</u>	

- e. Income tax assessments

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

## 24. 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>2023</b>	<b>2022</b>
Profit for the year attributable to owners of the Company	\$ <u>86,662</u>	\$ <u>95,215</u>

### Shares

Unit: In Thousands of Shares

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	299,344	219,225
Effect of potentially dilutive ordinary shares:		
Bonuses for employees	<u>267</u>	<u>196</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>299,611</u>	<u>219,421</u>

## 25. SHARE-BASED PAYMENT ARRANGEMENTS

Qualified employees of the Company were granted 2,300 units of options in January 2019, 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 are priced using the Pseudo American Option pricing model, and the inputs to the model are as follows:

	<b>January 2019</b>
Grant-date share price	\$ 21.30
Exercise price	15.98
Expected volatility	29.98%
Expected life (in years)	5
Expected dividend yield	-
Risk-free interest rate	0.54% - 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>2023</b>		<b>2022</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	\$ 13.4	655	\$ 14.79	1,505
Options granted	-	-	14.79	40
Options losses	-	-	13.49	(264)
Options exercised	13.3-13.4	<u>(595)</u>	13.53	<u>(626)</u>
Balance at December 31	13.3	<u>60</u>	13.4	<u>655</u>
Balance allowed for exercise of options at December 31	13.3	<u>60</u>	13.4	<u>263</u>

The compensation costs recognized in 2023 and 2022 were NT\$659 thousand and NT\$(1,117) thousand, respectively.

## **26. 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>276,338</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>216,600</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>

## 27. CASH FLOW INFORMATION

### Non-cash transactions

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

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Increase in property, plant and equipment	\$ 62,836	\$ 468,929
Decrease (increase) in payables for equipment	6,706	(13,438)
(Decrease) increase in prepayments for equipment	<u>(5,940)</u>	<u>7,841</u>
	<u>\$ 63,602</u>	<u>\$ 462,332</u>

## 28. 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 2023 and 2022.

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.

## 29. 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, 2023

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

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	-	-	280,202	280,202
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
	<u>\$ 239,376</u>	<u>\$ -</u>	<u>\$ 280,202</u>	<u>\$ 519,578</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, 2023

	<b>Financial Assets at FVTOCI Equity Instruments</b>
Balance at January 1, 2023	\$ 280,202
Recognized in other comprehensive income	(2,881)
Purchase	<u>53,906</u>
Balance at December 31, 2023	<u>\$ 331,227</u>

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>

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

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

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at amortized costs (Note 1)	\$ 772,246	\$ 526,332
Financial assets at FVTOCI-equity instrument investments	782,046	519,578
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost (Note 2)	284,629	324,781

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

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

d. Financial risk management objectives and policies

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

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



1) Market risk

a) Foreign currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (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 33.

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:

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 6,755	\$ 11,158

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

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

b) Interest rate risk

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

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

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 374,741	\$ 24,568
Cash flow interest rate risk		
Financial assets	179,230	229,831
Financial liabilities	57,300	59,359

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, 2023 and 2022 would have decreased/increased by \$610 thousand and \$852 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, 2023 and 2022 would have increased/decreased by \$39,102 thousand and \$25,979 thousand, respectively.

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

2) Credit risk

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

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

The Group's concentration of credit risk was mainly in the Group's largest customer, which accounted for 22% and 39% of total trade receivables as of December 31, 2023 and 2022, 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, 2023

	<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	\$ 114,029	\$ 110,889	\$ 2,408	\$ 3
Floating interest rate bank loans	31,673	21,802	2,830	1,555
	<u>\$ 145,702</u>	<u>\$ 132,691</u>	<u>\$ 5,238</u>	<u>\$ 1,558</u>

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>

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:

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
Amount used	\$ 57,300	\$ 59,359
Amount unused	<u>468,411</u>	<u>1,775,660</u>
	<u>\$ 525,711</u>	<u>\$ 1,835,019</u>

### 30. TRANSACTIONS WITH RELATED PARTIES

The Company's parent company is Brighton-Best International (Taiwan) Inc., which owned 17.82% and 19.20% of the ordinary shares of the Company as of December 31, 2023 and 2022, respectively. Also, after the re-election of the directors at the shareholders' meeting in June 2022, Brighton-Best International (Taiwan) Inc. had control of more than half of the directors' seats, giving it substantial control over the Company. The Company's ultimate parent and ultimate controlling party is Ta Chen Stainless Pipe Co., Ltd. By securing multiple seats on the board of directors of this company and having its representative elected as the chairman of the board, it holds substantial control over the company.

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

a. Related party name and category

Related Party Name	Ultimate related Party Category
Ta Chen Stainless Pipe Co., Ltd.	Ultimate parent entity
Brighton-Best International (Taiwan) Inc.	Parent entity
Ta Chen Lung Mei Home Life Co., Ltd.	Fellow Subsidiary
KUO, CHIEN-TING	Chairman of the board until June 20, 2022 (Related party in substance, Note 2)
LEE, MING-HSIANG	Board of directors until June 20, 2022 (Related party in substance, Note 2)
CHEN, HAU	President of Subsidiary until June 30, 2022 (Related party in substance, Note 2)
Fuzhou Assured Brake System Co., Ltd.	Associate until February 8, 2023 (Note 2)
VICTOR, HSIEN	Related party in substance, director of ultimate parent entity since June 26, 2023 (Note 1)

Note 1: Refer to Note 14 about the land ownership registered under the related party's name.

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

b. Operating revenues 2023

Related Party Category/Name	For the Year Ended December 31, 2023
Ultimate parent entity	
Ta Chen Stainless Pipe Co., Ltd.	\$ 815
Fellow Subsidiary	
Ta Chen Lung Mei Home Life Co., Ltd.	<u>27,969</u>
	<u>\$ 28,784</u>

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

c. Net purchases

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Associate		
Right Way Auto Parts Fuzhou	\$ -	\$ 402
Ultimate parent entity		
Ta Chen Stainless Pipe Co., Ltd.	<u>16,177</u>	<u>-</u>
	<u>\$ 16,177</u>	<u>\$ 402</u>

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

d. Loans from related parties

Interest expense - 2022

<b>Related Party Category/Name</b>	<b>December 31, 2022</b>
Related party in substance	\$ <u>131</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. Loans to related parties (including principal and interest)

Other receivables from related parties - December 31, 2022

<b>Related Party Category/Name</b>	<b>December 31, 2022</b>
Associate	
Fuzhou Assured Brake System Co., Ltd.	\$ <u>12,367</u>

Interest Income

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Associate		
Fuzhou Assured Brake System Co., Ltd.	<u>\$ 162</u>	<u>\$ 807</u>

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

f. Receivables from related parties - December 31, 2023

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>Amount</b>
Account receivables from related parties	Fellow Subsidiary Ta Chen Lung Mei Home Life Co., Ltd.	\$ 7,437
Other receivables	Fellow Subsidiary Ta Chen Lung Mei Home Life Co., Ltd.	325
		<u>7,762</u>
		<u>\$ 7,762</u>

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

g. Payables to related parties - December 31, 2023

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>Amount</b>
Accounts payable to related parties	Ultimate parent entity Ta Chen Stainless Pipe Co., Ltd. Fellow Subsidiary Ta Chen Lung Mei Home Life Co., Ltd.	\$ 6,575 240
		<u>6,815</u>
		<u>\$ 6,815</u>

The outstanding trade payables to related parties are unsecured.

h. Acquisitions of property, plant and equipment

<b>Related Party Category</b>	<b>Purchase Price 2023</b>
Ultimate parent entity Ta Chen Stainless Pipe Co., Ltd.	\$ 333
Fellow Subsidiary Ta Chen Lung Mei Home Life Co., Ltd.	<u>844</u>
	<u>\$ 1,177</u>

i. Lease arrangements - 2023

<b>Related Party Category</b>	<b>Amount</b>
<u>Interest expense</u>	
Ultimate parent entity Ta Chen Stainless Pipe Co., Ltd.	\$ 14,400
Parent entity Brighton-Best International (Taiwan) Inc.	<u>13,200</u>
	<u>\$ 27,600</u>

The Group leased machinery equipment from its ultimate parent entity and parent entity in January 2023. The lease term of the contract was 1 years; the rental is based on similar asset's market rental rates and fixed lease payments are paid monthly.

j. Other transactions with related parties

<b>Related Party Category/Name</b>	<b>Line Item</b>	<b>2023</b>	<b>2022</b>
Ultimate parent entity			
Ta Chen Stainless Pipe Co., Ltd	Operating costs	\$ 14	\$ -
	Operating expenses	<u>85</u>	<u>-</u>
		<u>\$ 99</u>	<u>\$ -</u>
	Other income	<u>\$ -</u>	<u>\$ 6,400</u>
Fellow Subsidiary			
Ta Chen Lung Mei Home Life Co., Ltd.	Operating costs	\$ 246	\$ 197
	Operating expenses	<u>348</u>	<u>-</u>
		<u>\$ 594</u>	<u>\$ 197</u>

k. Remuneration of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ 4,367	\$ 14,846
Share-based payment	1	-
Post-employment benefits	<u>108</u>	<u>187</u>
	<u>\$ 4,476</u>	<u>\$ 15,033</u>

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

### 31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Restricted bank deposit (presented under other current financial asset-current)	\$ 600	\$ 1,101
Land	427,494	386,612
Property, plant and equipment, net (except land)	<u>135,687</u>	<u>131,633</u>
	<u>\$ 563,781</u>	<u>\$ 519,346</u>

### 32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

- a. Unused letters of credit for purchases

	<u>December 31</u>	
	2023	2022
Unused letters of credit	\$ <u>851</u>	\$ <u>598</u>

- b. Notes payable on deposit guarantee for loan

	<u>December 31</u>	
	2023	2022
Notes payable on deposit guarantee	\$ <u>337,300</u>	\$ <u>1,219,000</u>

### 33. 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, 2023

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

Financial liabilities

Monetary items			
USD	23	30.705 (USD:NTD)	714
USD	666	4.5828 (USD:MYR)	20,443

December 31, 2022

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<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

(Continued)



	<b>Foreign Currency (In Thousands)</b>	<b>Exchange Rate</b>	<b>Carrying Amount (In Thousands)</b>
<u>Financial liabilities</u>			
Monetary items			
USD	\$ 193	30.71 (USD:NTD)	\$ 5,915
USD	782	4.406 (USD:MYR)	24,011
			(Concluded)

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>2023</b>			<b>2022</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)	\$ 219	1 (NTD:NTD)	\$ 24,179
MYR	6.8351 (MYR:NTD)	752	6.7746 (MYR:NTD)	2,823
RMB	4.3956 (RMB:NTD)	<u>-</u>	4.4219 (RMB:NTD)	<u>75</u>
		<u>\$ 971</u>		<u>\$ 27,077</u>

### 34. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

10) Intercompany relationships and significant intercompany transactions (Table 3)

- b. Information on investees (Table 4)  
c. Information on investments in mainland China

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

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

### 35. 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

	Taiwan	Eastern South Asia	China	Other Segments (Note)	Adjustments and Eliminations	Consolidated
<u>Year ended December 31, 2023</u>						
Revenue from external customers	\$ 920,691	\$ 209,239	\$ -	\$ 10,790	\$ -	\$ 1,140,720
Inter segment revenue	<u>17,363</u>	<u>93,145</u>	<u>-</u>	<u>-</u>	<u>(110,508)</u>	<u>-</u>
Segment revenue	<u>\$ 938,054</u>	<u>\$ 302,384</u>	<u>\$ -</u>	<u>\$ 10,790</u>	<u>\$ (110,508)</u>	<u>\$ 1,140,720</u>
Segment income	<u>\$ 40,853</u>	<u>\$ 15,261</u>	<u>\$ -</u>	<u>\$ 10</u>	<u>\$ 2,822</u>	\$ 58,946
Non-operating income and expenses						44,941
Finance costs						<u>(3,295)</u>
Income before income tax						<u>\$ 100,592</u>
<u>Year ended December 31, 2022</u>						
Revenue from external customers	\$ 901,492	\$ 140,504	\$ 81,672	\$ 17,950	\$ -	\$ 1,141,618
Inter segment revenue	<u>20,406</u>	<u>153,834</u>	<u>6,439</u>	<u>4,691</u>	<u>(185,370)</u>	<u>-</u>
Segment revenue	<u>\$ 921,898</u>	<u>\$ 294,338</u>	<u>\$ 88,111</u>	<u>\$ 22,641</u>	<u>\$ (185,370)</u>	<u>\$ 1,141,618</u>
Segment income	<u>\$ 58,529</u>	<u>\$ (15,972)</u>	<u>\$ (21,854)</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>

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

Refer to Note 21 for information of the Group's revenue from continuing operations from its major products and services.

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>Non-current Assets</b>	
	<b>For the Year Ended December 31</b>		<b>December 31</b>	
	<b>2023</b>	<b>2022</b>	<b>2023</b>	<b>2022</b>
Taiwan	\$ 209,933	\$ 270,520	\$ 922,653	\$ 890,145
Malaysia	161,563	135,593	205,032	240,150
China	4,903	88,575	-	-
The United States	575,725	433,456	-	-
Others	<u>188,596</u>	<u>213,474</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,140,720</u>	<u>\$ 1,141,618</u>	<u>\$ 1,127,685</u>	<u>\$ 1,130,295</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>2023</b>	<b>2022</b>
Customer A	\$ 448,961	\$ 430,137

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(Amounts in Thousands of New Taiwan Dollars)

No.	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 3)	Aggregate Financing Limit (Note 3)
													Item	Value		
0	The Company	Right Way Industrial (Malaysia) Sdn. Bhd.	Other receivables	Y	\$ 48,638	\$ 46,058	\$ 38,381	5.0	1	\$ 94,645	-	\$ -	None	\$ -	\$ 94,645	\$ 1,089,376
		Fuzhou Assured Brake Systems Co., Ltd.	Other receivables	N	17,780	-	-	7.0	2	-	Operating capital	-	None	-	408,516	1,089,376

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

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

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

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

Note 3:

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

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

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

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

**(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, 2023				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	12,735,000	\$ 450,819	1.23	\$ 450,819	The amount is already recognized as impairment losses
	Listed shares - ROC Tung Mung Development Co., Ltd.	None	Financial assets at fair value through other comprehensive income - non-current	30,840,493	331,227	7.41	331,227	
	Unlisted shares -Phoenix Motor Corporation	None	Financial assets at fair value through profit or loss - current	600,000	-	-	-	

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

### INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS FOR THE YEAR ENDED DECEMBER 31, 2023 (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	\$ 94,645	Based on general transaction price, payment 75 days after monthly closing	8.30
		Right Way Industrial (Malaysia) Sdn. Bhd.	1	Other receivables	44,522	-	1.39
		Right Way North America Inc.	1	Operating Revenue	12,572	Based on general transaction price, Received 180 days after monthly closing	1.10

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

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

Note 2: The relationships with counterparties are as follows:

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

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

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

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

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

**INFORMATION ON INVESTEEES**

**FOR THE YEAR ENDED DECEMBER 31, 2023**

**(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, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	Right Way Industrial (Malaysia) Sdn. Bhd.	Malaysia	Automotive and motorcycle piston manufacturing	\$ 202,849 (MYR 30,276)	\$ 202,849 (MYR 30,276)	28,665,667	79.63	\$ 262,048	\$ 9,298	\$ 10,225	Subsidiary
	Excellent Growth Investments Limited	British Virgin Islands	Investment	626,415	723,972	20,073,457	100	92	13,222	13,222	Subsidiary
	Right Way North America Inc.	USA	Automotive and motorcycle engine parts for sale	1,575	1,575	-	100	3940	9	9	Subsidiary
	Right Way Global Co., Ltd.	Taiwan	Automotive and motorcycle sales and purchases	-	259,300	-	-	-	(15)	(15)	Subsidiary (Note 2)
Right Way Industrial (Malaysia) Sdn. Bhd.	TRIM Telesis Engineering Sdn. Bhd.	Malaysia	Rod manufacturing	48,475 (MYR 7,235)	48,475 (MYR 7,235)	8,950,000	89.5	1,411	(69)	(62)	Subsidiary
Right Way Global Co., Ltd.	Taiwan Sangyong Co., Ltd.	Taiwan	Retail sale of motor vehicles	-	16,920	-	-	-	-	-	Associate (Note 1)

Note 1: Sold on January 19, 2023.

Note 2: Dissolved on February 21, 2023, the remaining shares were returned on July 26, 2023 and completed the liquidation on October 6, 2023.

Note 3: Subsidiaries were eliminated when preparing the consolidated financial reports.

Note 4: Refer to Table 5 for the information on the investee company in mainland China.

## RIGHT WAY INDUSTRIAL CO., LTD AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023

(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, 2022 (Note 6)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023 (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, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Remark
					Outward	Inward (Note 4)							
Fuzhou Assured Brake Systems Co., Ltd.	Automotive and motorcycle manufacture of mechanical brakes	\$ 325,832 (CNY 75,302)	2.	\$ 87,018 (USD 2,834)	\$ -	\$ 97,074 (USD 3,189)	\$ -	\$ -	-	\$ (3)	\$ -	\$ -	Note 5

Name of Investment Company	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023 (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	\$ 521,831 (USD 16,995)	\$ 521,831 (USD 16,995)	\$ 1,634,065 (Note 3)

Note 1: Methods of investment are classified as follows:

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

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

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

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

Note 3: Net equity x 60% = \$2,723,441 x 60% = \$1,643,065

Note 4: Besides inwards, related amounts were based on the average exchange rate of the Bank of Taiwan as of December 31, 2023 (NT\$30.705 for US\$1, NT\$4.327 for RMB\$1)

Note 5: 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, the sale procedure was completed in March 2023, refer to Note 11.

Note 6: The Group indirectly invested in Fuzhou Assured Brake Systems Co., Ltd., and reported it to Investment Commission, MOEA for review on April 20, 2023. The investment amount was recovered in the amount of US\$3,189 thousand, and the cancellation was approved on April 27, 2023.



**TABLE 6****RIGHT WAY INDUSTRIAL CO., LTD****INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Brighton-Best International (Taiwan) Inc.,	53,540,000	17.82
Win Power E&T Co., Ltd.	16,000,000	5.33
Yu Pao System Cabinet Co., Ltd.	16,000,000	5.33
Shing Hwang Co., Ltd.	15,600,000	5.19

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

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