

Stock code:1587



**Cryomax Cooling System Corp.**

# **The 2023 Annual Report**

**Printed on April 19, 2024**

Annual report inquiry website: <http://mops.twse.com.tw/>

**----- Disclaimer -----**

**THIS IS A TRANSLATION OF THE 2023 ANNUAL REPORT (THE “ANNUAL REPORT”) OF CRYOMAX COOLING SYSTEM CORP.(“THE COMPANY ”).**

**THE TRANSLATION IS INTENDED FOR REFERENCE ONLY AND NO OTHER PURPOSE .**

**THE COMPANY HEREBY DISCLAIMS ANY AND ALL LIABILITIES WHATSOEVER FOR THE TRANSLATION.**

**THE CHINESE TEXT OF THE AGENDA SHALL GOVERN ANY AND ALL MATTERS RELATED TO THE INTERPRETATION OF THE SUBJECT MATTER STATED HEREIN.**

## **I. The spokesperson and acting spokesperson**

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Title: Manager of Finance

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## **II. Address and telephone number of head office and plant**

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Tel: (04)896-7892

Plant Address (Plant I): No. 28, Kung-Chiu Road, Fang-Yuan Industrial District, Changhua County

Plant Address (Plant III): No.3, Kung-Chiu 6<sup>th</sup> Rd., Fang-Yuan Industrial District, Changhua County

Plant Address (Plant V): No. 15, Kung-Chiu Road, Fang-Yuan Industrial District, Changhua County

Plant Address (Plant VI): No. 13, Kung-Chiu Road, Fang-Yuan Industrial District, Changhua County

Plant Tel.: (04)896-7892

## **III. Stock transfer agency**

Name: Horizon Securities Corp.

Address: 3F, NO. 236, Xinyi Road, Sec. 4, Taipei City

Tel.: (02)2326-8818

Website: [http:// www.honsec.com.tw](http://www.honsec.com.tw)

## **IV. The CPA attesting the most recent annual financial statements**

CPAs: LAI,CHIH WEI and WANG,YU-CHUAN

CPA Firm: PricewaterhouseCoopers, Taiwan

Address: 27F, No. 333, Sec. 1, Keelung Road, Taipei City

Tel.: (02)2729-6666

Website: [http:// www.pwc.tw](http://www.pwc.tw)

## **V. The name of any exchanges where the Company's securities are listed offshore, and the method by which to access information on the offshore securities: None**

## **VI. The Company's website: <http://www.cryomaxcooling.com/>**

## Table of Contents

<b>One. Letter to Shareholders .....</b>	<b>1</b>
<b>Two. Company Profile .....</b>	<b>8</b>
<b>I.Date of establishment: .....</b>	<b>8</b>
<b>II.Company history .....</b>	<b>8</b>
<b>Three. Corporate Governance Report .....</b>	<b>9</b>
<b>I.Organizational system .....</b>	<b>9</b>
<b>II.Information on directors, supervisors, President, Vice President, Junior VP, and officers         of departments and branches .....</b>	<b>12</b>
<b>III.Remuneration paid to directors, supervisors, President, and Vice President in the most         recent year .....</b>	<b>29</b>
<b>IV.Implementation of corporate governance .....</b>	<b>36</b>
<b>V.Information on the CPA's audit fees .....</b>	<b>83</b>
<b>VI.Information on the replacement of CPAs .....</b>	<b>83</b>
<b>VII.The chairman, President, or officer in charge of financial or accounting matters of the         company, who has worked in the CPA Firm or its affiliated companies within the last         year .....</b>	<b>84</b>
<b>VIII.Equity transfer and changes in equity pledge of directors, supervisors, managerial         officers, and shareholders who have more than 10% shareholdings in the most recent         year and as of the annual report publication date .....</b>	<b>85</b>
<b>IX.Information on the top ten shareholders who are related to each other or as spouses or         relatives within the second degree of kinship .....</b>	<b>86</b>
<b>X.Investments jointly held by the company , the company s directors , supervisors,         managerial officers , and enterprises directly or indirectly controlled by the company         and with the shareholding ratio calculated aggregately .....</b>	<b>88</b>
<b>Four. Capital raising .....</b>	<b>89</b>
<b>I.Capital and shares .....</b>	<b>89</b>
<b>II.Disclosure of corporate bonds .....</b>	<b>96</b>
<b>III.I Disclosure of preferred stocks .....</b>	<b>96</b>
<b>IV.Disclosure of overseas depository receipts .....</b>	<b>96</b>
<b>V.Disclosure of employee stock warrants .....</b>	<b>96</b>
<b>VI.Disclosure of new restricted employee shares .....</b>	<b>96</b>

<b>VII.Issuance of new shares in connection with merger and acquisition of shares of other companies .....</b>	<b>96</b>
<b>VIII.Disclosure on use of funds .....</b>	<b>96</b>
<b>Five. Operation Overview .....</b>	<b>97</b>
<b>I.Business activities .....</b>	<b>97</b>
<b>II.Market, production, and sales overview .....</b>	<b>106</b>
<b>III.Information on employees for the last 2 years and as of the annual report publication date .....</b>	<b>114</b>
<b>IV.Information on environmental protection expenditure .....</b>	<b>115</b>
<b>V.Labor relations .....</b>	<b>115</b>
<b>VI.Information security management .....</b>	<b>116</b>
<b>VII.Important contracts .....</b>	<b>119</b>
<b>Six. Financial status .....</b>	<b>120</b>
<b>I.Condensed balance sheet and comprehensive income statement for the most recent 5 years with the name of the CPAs and their audit opinion indicated .....</b>	<b>120</b>
<b>II.Financial analysis for the most recent 5 years .....</b>	<b>124</b>
<b>III.The Audit Committee’s review report on the most recent annual financial report .....</b>	<b>128</b>
<b>IV.The Financial Statements of the most recent year .....</b>	<b>128</b>
<b>V.The Financial Statements of the most recent year audited by the independent auditors .....</b>	<b>128</b>
<b>VI.If the company and its affiliated enterprises had financial difficulties in the most recent year and as of the annual report publication date, the impact on the company’s financial status should be detailed .....</b>	<b>128</b>
<b>Seven. Review and analysis of the financial status and financial performance and risk evaluation .....</b>	<b>260</b>
<b>I.Financial status .....</b>	<b>260</b>
<b>II.Financial performance .....</b>	<b>262</b>
<b>III.Review and Analysis of Cash Flow .....</b>	<b>263</b>
<b>IV.The impact of major capital expenditures on the finance and business in the most recent year .....</b>	<b>265</b>
<b>V.Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plan for the coming year .....</b>	<b>265</b>
<b>VI.Analysis and evaluation of risk events in the most recent year and as of the annual report publication date .....</b>	<b>266</b>

<b>VII. Other important matters .....</b>	<b>268</b>
<b>Eight. Special disclosures .....</b>	<b>269</b>
<b>I. Information on affiliated enterprises .....</b>	<b>269</b>
<b>II. Private placement of marketable securities in the most recent year and as of the annual report publication date .....</b>	<b>270</b>
<b>III. Holding or disposal of the company's shares by the subsidiaries in the most recent year and as of the annual report publication date .....</b>	<b>271</b>
<b>IV. Other matters that require additional explanation .....</b>	<b>271</b>
<b>V. Any of the situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the security price in the most recent year and as of the annual report publication date .....</b>	<b>271</b>

## One. Letter to Shareholders

Dear Shareholders,

First of all, we would like to welcome you to attend this year's shareholders' meeting despite your busy schedules. On behalf of the Company, we would like to express our highest gratitude to all shareholders for the support. The following is the report on the Company's 2023 business operating results and future prospects.

### 1. 2023 Business Report

#### (1) Business results

Unit: NT\$1,000

Profit and Loss (Individual Financial Statements)	2023	2022	Increase/ Decrease	Change (%)
Net operating income	1,493,762	1,800,057	(306,295)	(17.02)
Operating cost	1,360,232	1,600,440	(240,208)	(15.01)
Unrealized sales loss (benefits)	451	(7,610)	8,061	(105.93)
Net operating gross profits	133,981	192,007	(58,026)	(30.22)
Operating expenses	117,296	133,922	(16,626)	(12.41)
Operating benefits	16,685	58,085	(41,400)	(71.27)
Non-operating income and expenses	40,806	112,298	(71,492)	(63.66)
Pre-tax income	57,491	170,383	(112,892)	(66.26)
Income tax expense	15,430	33,478	(18,048)	(53.91)
Net profit for the period	42,061	136,905	(94,844)	(69.28)

Unit: NT\$1,000

Profit and Loss (Consolidated Financial Statements)	2023	2022	Increase/ Decrease	Change (%)
Net operating income	2,122,061	2,535,296	(413,235)	(16.30)
Operating cost	1,677,394	1,945,906	(268,512)	(13.80)
Unrealized sales benefits	444,667	589,390	(144,723)	(24.55)
Net operating gross profits	389,755	423,032	(33,277)	(7.87)
Operating expenses	54,912	166,358	(111,446)	(66.99)
Non-operating income and expenses	3,245	29,613	(26,368)	(89.04)
Pre-tax income	58,157	195,971	(137,814)	(70.32)
Income tax expense	16,096	59,066	(42,970)	(72.75)
Net profit for the period	42,061	136,905	(94,844)	(69.28)

#### (2) Budget implementation

The Company has not prepared a public financial forecast of 2023, so it is not applicable.

(3) Income and expense

Unit: NT\$1,000

Items (Individual Financial Statements)	2023	2022	Amount of Change
Net cash inflow (outflow) from operating activities	126,534	117,742	8,792
Net cash (outflows) inflows from investing activities	(394,526)	34,868	(429,394)
Net cash flow (outflow) from financing activities	153,805	(46,829)	200,634

Unit: NT\$1,000

Items (Consolidated Financial Statements)	2023	2022	Amount of Change
Net cash inflow (outflow) from operating activities	345,472	366,719	(21,247)
Net cash inflows (outflows) from investing activities	(428,746)	(146,161)	(282,585)
Net cash flow (outflow) from financing activities	97,301	(95,740)	193,041

(4) Profitability Analysis

Year		2023	2022
Analytical Items (Individual Financial Statements)			
Return on Assets (%)		2.14	5.58
Return on Shareholders' Equity (%)		3.03	10.20
Ratio of paid-in capital (%)	Operating Income	2.43	8.46
	Earnings before Taxes	8.38	24.83
Net Profit Margin (%)		2.82	7.61
EPS (NT\$)		0.61	2.00

Year		2023	2022
Analytical Items (Consolidated Financial Statements)			
Return on Assets (%)		2.05	4.94
Return on Shareholders' Equity (%)		3.03	10.20
Ratio of paid-in capital (%)	Operating Income	8.00	24.24
	Earnings before Taxes	8.47	28.55
Net Profit Margin (%)		1.98	5.39
EPS (NT\$)		0.61	2.00

(5) R&D Progress

Due to the trend of environmental protection and the rise of electric vehicles, automobile manufacturers have successively developed low-carbon emission internal combustion engines, changed the fuel supply system, and reduced the delay time of idle speed or increased the turbine, etc. These designs are different from the past. The demand for radiator is large and more precise. How to effectively meet the radiator requirements of vehicles and effectively save production costs, and meet the requirements of various radiator systems for vehicles in harsh environments. The Company and the subsidiaries are committed to the R&D and production of automotive radiator systems, and we hereby list the important R&D achievements in 2023:

Year	R&D Results and Achievements
2023	<ol style="list-style-type: none"><li>1.Successful development of both water-cooled and air-cooled radiators, suitable for projectors.</li><li>2.Successful development of the oil-electric hybrid vehicle ICE and inverter radiator water tank, suitable for hybrid vehicles.</li><li>3.Successful development of the EV electric vehicle radiator water tank, suitable for cooling vehicle inverters and high-voltage electric motor systems.</li><li>4.Successful development of the CDU (Cooling Distribution Unit) all-aluminum and plastic-aluminum radiators, suitable for servers.</li><li>5.Successful development of the low-temperature water tank Intercooler Radiator, designed for cooling the auxiliary low-temperature water tank in intercoolers.</li></ol>

(6) Future research projects and estimated investment costs

1.R&D achievements and future R&D direction

The Company's major products are radiator water tanks for vehicles. In the future, the product lines will expand the development of radiator systems and air conditioning system components for vehicles, and we will continue to develop and improve the radiator water tanks.

(1) External oil-cooled tube

External oil radiator and external transmission fluid radiator are suitable for refitting and sales service markets, and can meet various customization needs. In response to hotter climate, using external oil-cooled tubes can provide higher transmission efficiency, avoid

high-temperature oil film deterioration and loss of protection, and extend the service life of engine cylinders and gearboxes.

(2) High-performance radiator water tank

By adopting the basis of DENSO water tanks, we develop a lightweight and miniaturized water tank, which is suitable for global vehicle radiator water tanks. We study the radiator units to adjust the material characteristics, and by combining with the advantages of self-made water pipes, we are expecting to increase the space for heat dissipation by 30%, and the efficiency by 10% compared with conventional water tanks. Such specifications can realize lightweight and miniaturization, and increase the degree of freedom of the engine room.

(3) Air conditioning system for vehicles - Condenser

The development of vehicle air conditioning system condensers can be integrated with water tanks and fans to develop modules to improve development efficiency and precision.

(4) Heat exchanger for vehicles - Multifunctional water tanks

Based on the development of various types of electric vehicles, new concepts for radiator modules have also emerged, and the multifunctional water tank for hybrid vehicles that combines engine radiators, inverter radiators, and power motors has emerged as the times require. Compared with independent inverter radiators, the multifunctional water tank can save vehicle space, features a simple structure and saves assembly man-hours, and is able to improve efficiency in production lines.

(5) Electric vehicle battery radiator- Water-cooled plate water tank

Based on the existing process equipment, we utilize software for preliminary calculation to develop and verify the reliability of the cooler that meets the environmental requirements.

(6) Electronic cloud server heat exchange - Water-cooled water tanks or

condenser radiators

To meet the needs of electronics factories, we introduce existing process capabilities and develop radiator conditions that satisfy customer needs.

## 2.R&D Projects

The technology research and development of Taiwan integrates Jiwang Mold Factory and Nanjing Factory, and adopts the simultaneous development strategy of technology R&D and patent analysis layout. By the analysis of patents and market-related information before research and development, the correlation between research and development topics and potential markets is improved, and the information analysis is adopted to interpret the informatization and automation of the R&D design process for improving R&D efficiency. DENSO technology is able to improve and develop high-performance radiator water tanks, oil-electric hybrid multi-functional radiator water tanks, and the long-term expansion and development of vehicle component layout and radiator system integration research and development, and the estimated investment in research and development in the next year will account for about 2% to 4% of revenue.

Items	R&D Projects
Radiator Water Tank	Develop lightweight, miniaturized, high-performance cooling water tanks, and multi-functional radiator water tanks for hybrid vehicles
Transmission oil-cooled system	Developed external ATF transmission oil radiator
Air-conditioning cooling system	Develop condenser products
EV cooling system	Develop battery radiator products
Electronic cloud server cooling system	Develop customized water-cooled or condenser products

## 2. 2024 Business Plan

### (1) Business Policy

1. Promoting mass production and shipment from the Mexican factory showcases the advantage of local supply, aiming to secure more customer orders.

2. Maintaining strong cooperative relationships with existing customers and supporting promising partners fosters mutual growth and success.
3. Enhancing factory production efficiency and capacity, while ensuring product quality, to meet customer demands.
4. Leveraging the tariff advantages of shipping from Taiwan to the United States to expand revenue and market share.
5. The group manages as a whole, plans the production of each factory, flexibly allocates the inventory of each factory, and shortens the delivery time for customers.

(2) Expected sales volume and basis

1. Estimated sales volume: The Company has not issued the public financial forecasts. Our estimated sales volume is based on the market overview forecast and the assessment of customer potential in 2023. It is expected that the achievement of sales volume target for 2024 will be optimistic.
2. Basis: Based on the Company's expected goals while considering changes in the overall industry, the prediction is carried out for market demand and external economic prosperity.

(3) Important production and sales policies

1. Focus on quality management and provide customers with the best products and services.
  2. Driving the Mexican factory into the mass production phase to mitigate the impact of geopolitical risks and enhance stability.
  3. Continuously optimizing processes and equipment to increase output and production efficiency, thereby generating profit.
3. Company's future development strategies and impact from external competitive environment, regulatory environment and overall economic environment

The company continues to focus on the development of the core business in the thermal management sector. We specialize in the production and distribution of

automotive radiators and their components, meeting customer demands with high efficiency production and excellent product quality. Additionally, in the non-automotive thermal management products sector, we actively collaborate with customers on product sampling and prototyping to explore new orders. Over the past year, both revenue and profitability were impacted by unfavorable factors such as customer inventory adjustments and price competition among competitors in the industry. Compared to 2022, there was a decline in both revenue and profit. For 2023, the earnings per share were at NT\$0.61.

As 2024 unfolds, while there is still uncertainty surrounding the depreciation of the US dollar due to potential interest rate cuts in the United States, the customer inventory adjustment activities have largely concluded. We anticipate that order volumes will gradually return to normal levels. This year, the main focus is on ramping up production and supply from the Mexican factory. Leveraging advantages such as shortened lead times for customers, reduced shipping costs, and the imposition of tariffs on Chinese-made radiators imported into the United States, we aim to expand our market share and secure more customer orders. In terms of compliance with the regulations, we strictly comply with the requirements of local laws and regulations, and constantly focus on the implementation and control of legal changes. With professional division of labor of the Company's management team and the sound and effective internal control system, we can ensure our compliance with government laws and regulations.

Last but not least, we would like to thank all the shareholders for taking time from your busy schedules to attend this shareholders meeting. Please continue to give us support and advice to the Company's management team. On behalf of all the colleagues in the Company, we would like to express our sincere gratitude and wish you all a healthy and prosperous life.

Cryomax Cooling System Corp.

Chairman: LIU, YEN-TI

## Two. Company Profile

### I. Date of establishment:

August 22, 1984

### II. Company history

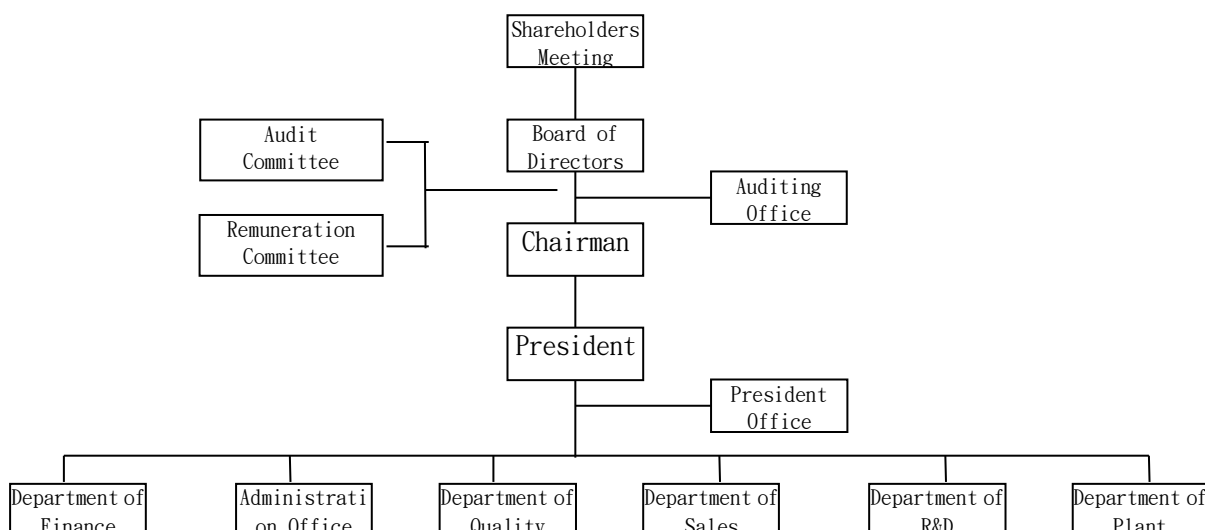
- 1984 Cryomax Cooling System Corp. was approved for incorporation with a capital stock of NT\$2,000 thousand authorized.
- 1985 Trial production was scheduled in January ~ April and the mass production and operation was initiated officially in May.
- 1988 The land for the construction of the 2<sup>nd</sup> plant was purchased and the construction was initiated in March.
- 1994 Qualified by Corporate Synergy Development Center to become a satellite manufacturer of the defense industry.
- 1999 Invested to construct Cryomax Plant III and the development of aluminum process radiator.
- 2001 Passed the ISO-9002 certification, and Cryomax Plant III was in mass production officially, becoming one of the few companies in Taiwan engaging in both copper process and aluminum processes for radiator production.
- 2004 Passed ISO-9001 (2000 edition) updated certification.  
Arranged a cash capital increase and capital increase from earnings for an amount of NT\$25,000 thousand and NT\$21,500 thousand, respectively, and the paid-in capital after capital increase was NT\$236,500 thousand.  
Applied for a name change to “Cryomax Cooling System Corp.”
- 2005 Arranged a cash capital increase of NT\$56,000 thousand with a paid-in capital of NT\$292,500 thousand resulted afterwards.
- 2006 Purchased Plant IV and invested in and established Coolmax-way Auto Parts Co., Ltd. and CRYOMAX U.S.A. INC. as the company’s production base in mainland China and the company’s sales base in North America.  
Arranged a cash capital increase of NT\$12,000 thousand with a paid-in capital of NT\$304,500 thousand resulted afterwards.
- 2007 Arranged a cash capital increase of NT\$25,000 thousand with a paid-in capital of NT\$329,500 thousand resulted afterwards.
- 2008 Arranged a capital increase from additional paid-in capital for an amount of NT\$32,950 thousand with a paid-in capital of NT\$362,450 thousand resulted afterwards.
- 2009 Arranged a capital increase from earnings for an amount of NT\$18,123 thousand with a paid-in capital of NT\$380,573 thousand resulted afterwards.  
The public offering of stock shares was approved by the “Financial Supervisory Commission of the Executive Yuan.”
- 2010 Arranged a capital increase of NT\$22,840 thousand with a paid-in capital of NT\$403,413 thousand resulted afterwards.  
The stock registration with the emerging stock market was approved by Taipei Exchange.
- 2011 Arranged a capital increase from earnings for an amount of NT\$8,068 thousand with a paid-in capital of NT\$411,481 thousand resulted afterwards.
- 2011 Arranged a private placement of NT\$116,058 thousand in cash with a paid-in capital of NT\$527,539 thousand resulted afterwards.
- 2013 Purchased Plant VI and invested in and established Nanjing Cryomax Auto Parts Co., Ltd. as the company’s production base in mainland China.
- 2014 Arranged a capital increase from earnings for an amount of NT\$15,827 thousand with a paid-in capital of NT\$543,366 thousand resulted afterwards.
- 2017 Arranged a capital increase from earnings for an amount of NT\$57,053 thousand with a

- paid-in capital of NT\$600,419 thousand resulted afterwards.
- 2018 Arranged a capital increase of NT\$76,940 thousand with a paid-in capital of NT\$677,359 thousand resulted afterwards.  
The stock listing for trade was approved by Taiwan Stock Exchange Corporation.  
Arranged a treasury stock capital reduction of NT\$12,000 thousand with a paid-in capital of NT\$665,359 thousand resulted afterwards.
- 2019 Arranged a treasury stock capital reduction of NT\$5,000 thousand with a paid-in capital of NT\$660,359 thousand resulted afterwards.  
Arranged a capital increase from earnings for an amount of NT\$13,207 thousand with a paid-in capital of NT\$673,566 thousand resulted afterwards.
- 2020 Arranged a treasury stock capital reduction of NT\$20,000 thousand with a paid-in capital of NT\$653,566 thousand resulted afterwards.
- 2021 Arranged a capital increase from earnings for an amount of NT\$32,678 thousand with a paid-in capital of NT\$686,244 thousand resulted afterwards.
- 2022 Invested and established CRYOMAX MEXICO S.A. de C.V. as the company's production base in Mexico.

### Three. Corporate Governance Report

#### I. Organizational system

##### (I) Organizational structure of the Company



##### (II) Businesses of each department

Department	Business operation
Auditing Office	<ul style="list-style-type: none"> <li>• Protect the company's assets and prevent them from waste, theft, or inefficient use.</li> <li>• Establish and maintain internal control system.</li> <li>• Establish and maintain internal audit system.</li> <li>• Establish and maintain internal control self-performance evaluation program.</li> </ul>

Department	Business operation
President Office	<ul style="list-style-type: none"> <li>• Plan, review, and amend the company's internal management systems.</li> <li>• Research, follow up, and evaluate the company's annual operating policy and strategic planning.</li> <li>• Review the company's internal business regulations.</li> <li>• Implement and follow up on the resolutions of the board of directors and shareholders meeting.</li> <li>• Study the feasibility of the company's investment plans and analyze the relevant benefits.</li> </ul>
Department of Plant Operation	<ul style="list-style-type: none"> <li>• Formulate, promote, and implement the factory's annual production plans and objectives.</li> <li>• Plan and implement the construction, expansion, and improvement of plant facilities.</li> <li>• Manage the repair and maintenance of factory equipment to ensure its smooth operation.</li> <li>• Support the company's industrial security processing and troubleshooting.</li> <li>• Achieve the factory's annual production plans and quality objectives.</li> <li>• Control raw materials and manage finished products' in-and-out of the warehouse.</li> <li>• Plan and prepare manufacturing process and fixtures and tools.</li> </ul>
Department of R&D	<ul style="list-style-type: none"> <li>• Plan, evaluate, integrate, and coordinate new product development projects.</li> <li>• Evaluate, R&amp;D, and plan for the trial production of new construction methods, new materials, and new product.</li> <li>• Formulate R&amp;D project progress, budget, and evaluation report.</li> <li>• Formulate and amend the data related to engineering control, review, and change.</li> <li>• Formulate and review operating standards and bill of materials.</li> <li>• Project convention and implementation.</li> <li>• Review sample specification, and design and inspect fixtures.</li> <li>• Provide technical support, guidance, and contact with relevant contractors.</li> <li>• Handle product improvement.</li> </ul>
Department of Sales	<ul style="list-style-type: none"> <li>• Draft up and promote sales plans.</li> <li>• Calculate product sales cost, and draft up price and sales contracts.</li> <li>• Conduct statistical analysis of domestic and foreign marketing surveys, product promotion and exhibition, and collection of business information.</li> <li>• Analyze market and attend domestic and international exhibitions.</li> <li>• Review orders.</li> <li>• Process customer complaints and customer service.</li> <li>• Handle customer satisfaction survey and feedback processing.</li> </ul>

Department	Business operation
Department of Quality Assurance	<ul style="list-style-type: none"> <li>• Promote the company's quality improvement and overall quality work.</li> <li>• Establish, implement, and maintain the quality system.</li> <li>• Conduct relevant quality inspection, including incoming material, outsourcing, manufacturing process, tour inspection, final inspection, and shipment inspection.</li> <li>• Analyze, follow up, manage, correct, and prevent nonconformities and customer complaint.</li> <li>• Implement and manage gauge and instrument calibration.</li> <li>• Conduct statistical analysis and feedback processing of quality reports.</li> </ul>
Administration Office	<ul style="list-style-type: none"> <li>• Manage personnel recruitment, selection, appointment, change, or other personnel processes.</li> <li>• Handle employee labor and health insurance matters, and plan and coordinate personnel trainings.</li> <li>• Renew and amend the company's electronic operations.</li> <li>• Plan, maintain, reproduce, store, and purchase computer software and hardware.</li> <li>• Formulate procurement plans and budgets.</li> <li>• Manage and reserve procurement data and files.</li> <li>• Select, evaluate, manage, and assess suppliers.</li> <li>• Coordinate the management of the company's general affairs, general practice, and repairs.</li> <li>• Manage the company's fixed assets.</li> </ul>
Department of Finance	<ul style="list-style-type: none"> <li>• Draft up the financial plans and compile and review the financial reports.</li> <li>• Plan and control cash budget.</li> <li>• Plan and budget funds, and authorize and distribute funds to each unit.</li> <li>• Negotiate and handle the company's loans and sinking funds.</li> <li>• Apply and issue stock shares, and distribute dividends.</li> <li>• Handle financial operation of external investments.</li> <li>• Prepare for convening the board meetings and shareholders meetings.</li> <li>• Handle other financial and stock related matters.</li> <li>• Review, analyze, compile, and study manufacturing cost.</li> </ul>

## II. Information on directors, supervisors, President, Vice President, Junior VP, and officers of departments and branches

### (I) Directors and supervisors:

#### 1. Information on directors and supervisors

April 1, 2024  
Unit: Shares; %

Title	Nationality or place of registration	Name	Gender & Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
	ROC	Shi-Yuan Investment Company	NA	5.27.2022	3 years	6.14.2019	2,214,427	3.23	2,490,000	3.63	-	-	-	-	NA	NA	-	-	-	
Chairman	ROC	Representative: Liu, Yen-Ti	Male 56 years old	5.27.2022	3 years	12.27.2003	-	-	2,500,000	3.64	500,000	0.73	414,000	0.60	<ul style="list-style-type: none"> <li>●Department of Business Administration, Chaoyang University of Technology</li> <li>●Assistant Manager of the Administration Office of Cryomax Cooling System Corp.</li> </ul>	<ul style="list-style-type: none"> <li>●President of Cryomax Cooling System Corp.</li> <li>●CRYOMAX U.S.A. President</li> <li>●Director of CROHAN</li> <li>●Director of CRYOMAX</li> <li>●Director of Coolmax-way Auto Parts Co., Ltd.</li> <li>●Director of Nanjing Cryomax Auto Parts Co., Ltd.</li> </ul>	Director	Chieh Yu Liu	father and daughter	None

Title	Nationality or place of registration	Name	Gender & Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Yan, Wen-Jyh	Male 60 years old	5.27.2022	3years	5.30.2014	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>●Institute of Mechanical Engineering, National Sun Yat-sen University</li> <li>●Power plant investment consultant of Eversol Corporation</li> <li>●Green Energy and Energy Conservation Consultant of King's Town Bank</li> <li>●President of TIEN LI OFFSHORE WIND TECHNOLOGY CO., LTD.</li> </ul>	<ul style="list-style-type: none"> <li>●Consultant of International Bills Finance Corporation</li> <li>●Independent director of LIGITEK ELECTRONICS CO., LTD.</li> <li>●Responsible person of Keyou Consulting Co., Ltd.</li> </ul>	-	-	-	

Title	Nationality or place of registration	Name	Gender & Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Wang, Chi-Chuan	Male 64 years old	5.27.2022	3 years	6.03.2016	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>●Ph.D., Institute of Mechanical Engineering, National Chiao Tung University</li> <li>●Full-time professor of the Department of Mechanical Engineering, National Chiao Tung University</li> <li>●Special researcher of Industrial Technology Research Institute</li> <li>●Senior Researcher of Industrial Technology Research Institute</li> </ul>	<ul style="list-style-type: none"> <li>●Professor, Department of Mechanical Engineering, National Chiao Tung University</li> <li>●Independent Director of Lemtech Holdings Co., Ltd.</li> <li>●Independent Director of KING SHING INDUSTRIAL CO., LTD.</li> </ul>	-	-	-	

Title	Nationality or place of registration	Name	Gender & Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Wei, Che-chen	Male 64 years old	5.27.2022	3 years	6.05.2015	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>●Department of Accounting, National Chengchi University</li> <li>●Chief of the Listing Department of Taiwan Stock Exchange (in charge of the securities issuance market) Corporation</li> <li>●Chief of the Trading Department of Taiwan Stock Exchange (in charge of the stock exchange market) Corporation</li> <li>●VP of Capital Group / President / President of Mainland China / President</li> <li>●Director of Taiwan Securities Association Business Association</li> <li>●Chairman of Capital Investment Consulting Company</li> <li>●Chairman of Mirae Asset Global Investments (Taiwan)</li> <li>●Independent director of SOE Co., Ltd.</li> <li>●Independent director of Tradetool Auto Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>●Independent director of EPS Bio Technology Corp.</li> <li>●Independent Director of SYSGRATI ON LTD.</li> <li>●Consultant of H&amp;D ASSET MANAGEMENT CO., LTD.</li> </ul>	-	-	-	

Title	Nationality or place of registration	Name	Gender & Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	ROC	Chang, Kuo-Hua	Male 67 years old	5.27.2022	3 years	5.27.2022	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>●Ph.D. of Law, Meijo University, Japan</li> <li>●Founding Director of the Graduate School of Science &amp; Technology Law, National Yunlin University of Science and Technology</li> <li>●Secretary-General of National Yunlin University of Science and Technology</li> <li>●Director of General Affairs, National Yunlin University of Science and Technology</li> <li>●Director of General and Science Education Center, National Yunlin University of Science and Technology</li> <li>●Dean of “Patent Infringement Verification Center” of National Yunlin University of Science and Technology</li> <li>●Executive of School Advisory Committee of National Yunlin University of Science and Technology</li> <li>●Independent director of Enterex International Limited</li> </ul>	<ul style="list-style-type: none"> <li>●Full-time professor of Graduate School of Science &amp; Technology Law, National Yunlin University of Science and Technology</li> <li>●Independent Director of Shining Victory Motor Electronic Co., Ltd.</li> <li>●Independent Director of Y.C.C. PARTS MFG. CO., LTD.</li> </ul>	-	-	-	

Title	Nationality or place of registration	Name	Gender & Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	ROC	Chieh Yu Liu	Female 29 years old	5.27.2022	3 years	5.27.2022	339,000	0.49	410,000	0.60	-	-	-	-	<ul style="list-style-type: none"> <li>•School of International Liberal Studies, Kwansai Gakuin University, Bachelor</li> </ul>	<ul style="list-style-type: none"> <li>•Executive Secretary of CRYOMAX U.S.A. INC.</li> <li>•President of CRYOMAX MEXICO S.A. de C.V.</li> </ul>	Legal Person Director Spokesperson	Li, Yen-Ti	father and daughter	
Director	ROC	Daman Investment Co., Ltd.	NA	5.27.2022	3 years	4.18.2017	2,538,774	3.70	2,538,774	3.70	-	-	-	-	NA	NA	-	-	-	
	ROC	Representative: Tsou, Yung-Chen	Male 46 years old	5.27.2022	3 years	4.18.2017	-	-	-	-	668,012	0.97	-	-	<ul style="list-style-type: none"> <li>•Department of Electronics, Kao Yuan University</li> <li>•Responsible person of Dalo Automobile Water Tank Co., Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>•Responsible person of Dalo Automobile Water Tank Co., Ltd.</li> <li>•Director of Daman Investment Co., Ltd.</li> </ul>	-	-	-	

Title	Nationality or place of registration	Name	Gender & Age	Date elected or appointed	Term of office	Date first elected or appointed	Shareholding when elected or appointed		Current shareholding		Current shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in the Company and other companies now	Spouse or relatives within the second degree of kinship who are officers, directors, or supervisors of the Company			Remarks
							Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio			Title	Name	Relationship	
Director	Japan	DENSO CORPORATION	NA	5.27.2022	3 years	5.31.2012	14,147,072	20.62	14,147,072	20.62	-	-	-	-	NA	NA	-	-	-	
	Japan	Representative: Fukumi Yasuo	Male 55 years old	5.27.2022	Note 3	3.31.2021	-	-	-	-	-	-	-	-	<ul style="list-style-type: none"> <li>●Department of Economics, Ritsumeikan University</li> <li>●Master of International relations Studies, Ritsumeikan University</li> <li>●Manager of DENSO Corporation</li> </ul>	<ul style="list-style-type: none"> <li>●Manager of Denso (China) Investment Co.,Ltd.</li> </ul>	-	-	-	

Note 1: If the chairman, President, or the individual (top management) holds equivalent position are the same person, spouses, or first-degree relatives to each other, please detail the reason, rationality, necessity, and countermeasures:

- (1) Reason, rationality, and necessity: Mr. Liu, Yen-Ti, the President of the company, has joined the company as the section head of sales since 1999, and was assigned to the Department of Finance, Administration Office, etc. throughout the employment. He was appointed as the President by the board of directors in 2004. The former chairman had resigned in 2006 due to personal career planning; therefore, the board of directors had resolved to appoint Mr. Liu, Yen-Ti to assume the position of chairman concurrently in order to improve management efficiency and decision-making.
- (2) Countermeasures: The company has complied with the “Securities and Exchange Act,” “Regulations Governing Procedure for Board of Directors Meetings of public companies,” and “Corporate Governance Best Practice Principles” to substantiate corporate governance, and has an Audit Committee in service to enhance the supervisory function of the board of directors. The majority of the board directors are not concurrently employees or managerial officers of the company. One additional independent director was elected, for a total of 4 independent directors on board, in the election held on May 27, 2022 in accordance with Article 4 of the “Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board’s Exercise of Powers.”

## 2. Major shareholders of corporate shareholders

April 1, 2024

Names of corporate shareholders	Major shareholders of corporate shareholders
DENSO Corporation	Toyota Motor Corporation (24.16%)、The Master Trust Bank of Japan, Ltd.(Trust Account) (11.76%)、Toyota Industries Corporation (9.26%)、Custody Bank of Japan, Ltd. (Trust account) (4.85%)、Toyota Fudosan Co., Ltd. (4.44%)、Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.) (2.89%)、Denso Employees' Shareholding Association (1.73%)、AISIN CORPORATION (1.67%)、SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited) (1.07%)、STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.) (0.98%)
Daman Investment Co., Ltd.	Shuting Zheng (39.17%) and Tsou, Yung-Chen (60.83%)
Shi-Yuan Investment Company	Liu, Yen-Ti (17.05%), Meizhi Hsu (17.05%), Chieh Yu Liu (32.95%), & Jinting Liu (32.95%)

## 3. Major shareholder of a major juridical shareholder

April 1, 2024

Juridical Person	Major shareholders of juridical person
Toyota Motor Corporation	The Master Trust Bank of Japan, Ltd. (14.05%)、Toyota Industries Corporation (8.79%)、Custody Bank of Japan, Ltd. (6.70%)、Nippon Life Insurance Company (4.67%)、JPMorgan Chase Bank, N.A. (3.94%)、DENSO Corporation (3.31%)、State Street Bank and Trust Company (2.47%)、The Bank of New York Mellon as Depository Bank for Depository Receipt Holders (2.15%)、Mitsui Sumitomo Insurance Company, Limited (2.09%)、Tokio Marine & Nichido Fire Insurance Co., Ltd. (1.88%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	Mitsubishi UFJ Trust and Banking Corporation (46.50%)、Nippon Life Insurance Company (33.50%)、Meiji Yasuda Life Insurance Company (10.00%)、The Norinchukin Trust & Banking Co., Ltd. (10.00%)
Toyota Industries Corporation	Toyota Motor Corporation (24.67%)、DENSO Corporation (9.55%)、The Master Trust Bank of Japan, Ltd. <Trust Account> (7.82%)、TOYOTA FUDOSAN CO., LTD (5.25%)、Toyota Tsusho Corporation (4.93%)、Custody Bank of Japan, Ltd. <Trust Account> (2.77%)、Nippon Life Insurance Company (2.12%)、AISIN CORPORATION (2.12%)、Aioi Nissay Dowa Insurance Co., Ltd. (1.47%)、State Street Trust and Banking Co., Ltd. (1.13%)

Juridical Person	Major shareholders of juridical person
Custody Bank of Japan, Ltd. (Trust account)	Sumitomo Mitsui Trust Holdings, Inc. (33.3%)、Mizuho Financial Group, Inc. (27.0%)、Resona Bank, Limited (16.7%)、The Dai-ichi Life Insurance Company, Limited (8.0%)、Asahi Mutual Life Insurance Company (5.0%)、Meiji Yasuda Life Insurance Company (4.5%)、Japan Post Insurance Co., Ltd. (3.5%)、Fukoku Mutual Life Insurance Company (2.0%)
Toyota Fudosan Co., Ltd.	Toyota Motor Corporation、Toyota Industries Corporation、DENSO CORPORATION、AISIN CORPORATION、JTEKT CORPORATION、Toyota Tsusho Corporation、Aichi Steel Corporation、TOYOTA BOSHOKU CORPORATION、Toyoda Gosei Co., Ltd.、TOYOTA AUTO BODY CO., LTD.、Toyota Motor East Japan, Inc.、Hino Motors, Ltd.、Daihatsu Motor Co., Ltd.、TOYOTA MOTOR KYUSHU, INC.、TOYOTA HOUSING CORPORATION
Nippon Life Insurance Company (Standing proxy: The Master Trust Bank of Japan, Ltd.)	N/A
Denso Employees' Shareholding Association	Denso Employee
AISIN CORPORATION	Toyota Motor Corporation (24.80)、The Master Trust Bank of Japan, Ltd. (trust account) (9.89%)、Toyota Industries Corporation (7.68%)、DENSO Corporation (4.81%)、Custody Bank of Japan, Ltd. (trust account) (4.07%)、Aisin employee stock ownership (2.64%)、Toyota Fudosan Co., Ltd. (2.35%)、Nippon Life Insurance Company (2.33%)、Kochi Shinkin Bank (1.93%)、National Mutual Insurance Federation of Agricultural Cooperatives (1.27%)
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Tokyo Branch, The Hongkong and Shanghai Banking Corporation Limited)	N/A
STATE STREET BANK WEST CLIENT - TREATY 505234 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	N/A

4. Information disclosure of directors' professional qualifications and independent directors' independence

April 1, 2024

Name (Note)		Criteria	Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Director	Shi-Yuan Investment Company Representative: Liu, Yen-Ti		Graduated from the Department of Business Administration of Chaoyang University of Technology and serving as the incumbent chairman and President of the company who possesses experience in business, finance, accounting, and the necessary work experience for the job; also, dedicating to the fields related to automobile radiators with professional leadership, marketing, operation management, and strategic planning ability exercised at work.	There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.	-
Director	DENSO Corporation Representative: Fukumi Yasuo		Graduated from the Graduate School of International Relations of Ritsumeikan University in Japan as a master who possesses experience in business, finance, accounting, and the necessary work experience for the job; also, dedicating to the field related to auto parts with professional leadership, operation management, and strategic planning ability exercised at work.	There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.	-
Director	Daman Investment Co., Ltd. Representative: Tsou, Yung-Chen		Graduated from the Department of Electronics, Kao Yuan University who possesses experience in business and the necessary work experience for the job; also, dedicating to the field related to auto radiators with marketing and operation management ability exercised at work.	There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.	-

Name (Note)		Criteria	Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Director	Chieh Yu Liu		Graduated from the School of International Liberal Studies, Kwansai Gakuin University as of a Bachelor, and is the incumbent Executive Secretary of CRYOMAX U.S.A. INC. and the President of CRYOMAX MEXICO S.A. de C.V. who possesses experience in business and the work experience necessary for the job; also, dedicating to the field related to auto radiators with operation management and strategic planning ability exercised at work.	There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.	-
Independent Director	Yan, Wen-Jyh		Graduated from the Institute of Mechanical Engineering of Sun Yat-sen University who is the convener of the company's Remuneration Committee and Audit Committee, an independent director of LIGITEK ELECTRONICS CO., LTD., a consultant of International Bills Finance Corporation, and the responsible person of Keyou Consulting Co., Ltd. He was the consultant of Leales Group who possesses experience in business and the necessary work experience for the job, as well as rich industrial experience.	There has been no occurrence of any of the circumstances as stated in Article 30 of the Company Act during the two-year period before the election and the term of office, not being elected by proxy of the government, juridical person, or representative in accordance with the provisions of Article 27 of the Company Act, and the following independence evaluation conditions: (1) Not an employee of the company or any of its affiliated enterprises. (2) Not a director or supervisor of the company or its affiliated enterprises (except for independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local laws of the country where it located). (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of 1% or more of the total number of issued shares of the company or ranking in the top 10 in holdings.	1

Criteria		Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Name (Note)				
Independent Director	Wei, Chen	<p>Graduated from the Accounting Department of National Chengchi University who is a member of the company's Remuneration Committee and Audit Committee, an independent director of EPS Bio Technology Corp., a consultant of H&amp;D ASSET MANAGEMENT CO., LTD., and an independent director of SYSGRATION LTD. He was once an employee of Taiwan Stock Exchange Corporation who possesses experience in business, finance, accounting, and the work experience necessary for the job with extensive experience in business operations exercised at work.</p>	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the 5<sup>th</sup> degree of kinship, of a managerial officer under subparagraph (1) or any of the persons under subparagraph (2) and (3).  (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except for independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local laws of the country where it located).  (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: A director, supervisor, or employee of that other company (except for independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local laws of the country where it located).  (7) If the chairman, President, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: A director (or executive), supervisor, or employee of that other company or institution (except for independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local laws of the country where it located).  (8) Not a director (executive), supervisor (supervisor), managerial officer, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business</p>	2
Independent Director	Wang, Chuan	<p>Graduated from the Institute of Mechanical Engineering of Jiaotong University with a Ph.D. degree received who is a member of the company's Remuneration Committee and Audit Committee, a full-time distinguished professor of the Department of Mechanical Engineering of Jiaotong University, an independent director of Lemtech Holdings Co., Ltd., and a former full-time professor of the Department of Mechanical Engineering of Jiaotong University and a senior researcher of the ITRI. He is a professor at a national university in a department related to the company's business operation with rich experience in product research.</p>	<p>(4) Not a spouse, relative within the second degree of kinship, or lineal relative within the 5<sup>th</sup> degree of kinship, of a managerial officer under subparagraph (1) or any of the persons under subparagraph (2) and (3).  (5) Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act (except for independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local laws of the country where it located).  (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: A director, supervisor, or employee of that other company (except for independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local laws of the country where it located).  (7) If the chairman, President, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: A director (or executive), supervisor, or employee of that other company or institution (except for independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local laws of the country where it located).  (8) Not a director (executive), supervisor (supervisor), managerial officer, or shareholder holding 5% or more of the shares, of a specific company or institution that has a financial or business</p>	2

Criteria		Professional qualification and experience	Independence	Number of other public companies in which the individual is concurrently serving as an independent director
Name (Note)				
Independent Director	Chang, Kuo-Hua	<p>Graduated with a Ph.D. of Law from Meijo University, Japan who is a member of the company's Remuneration Committee and Audit Committee, a full-time professor of Graduate School of Science &amp; Technology Law, National Yunlin University of Science and Technology, an independent director of Shining Victory Motor Electronic Co., Ltd., and an independent director of Y.C.C. PARTS MFG. CO., LTD. He was once an independent director of Enterex International Limited, and a professor of the Institute of Science and Technology Law of a National University with rich experience to share.</p>	<p>relationship with the company (However, if the specific company or institution holds 20% or more and no more than 50% of the total number of issued shares of the company; also, independent directors appointed by the company and its parent company, subsidiaries, or subsidiaries of the same parent company in accordance with this Act or the local laws of the country where it located).</p> <p>(9) Not a professional individual who, or an owner, partner, director (executive), supervisor (supervisor), or managerial officer of a proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliated enterprise of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliated enterprise of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the Remuneration Committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Company Act, the Business Mergers and Acquisitions Act, or related laws or regulations.</p> <p>(10) Spouse or relatives within the second degree of kinship are not directors or employees of the Company or the Company's affiliated enterprises.</p> <p>(11) There is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.</p> <p>(12) Not being elected by proxy of the government, juridical person, or representative in accordance with the provisions of Article 27 of the Company Act.</p>	2

Note: Information of incumbent directors and independent directors is disclosed hereinafter.

#### 5. Board diversity and independence:

- (1) Board diversity: According to the company's "Corporate Governance Best Practice Principles," the composition of the Board of Directors should be with the factor of diversity taking into consideration. An appropriate diversification policy should be formulated by referring to the company's business operation, operation pattern, and development needs, which should include but not be limited to the following two

aspects: A. Basic requirements and values: Gender, age, nationality, culture, etc. B. Professional knowledge and skills: Professional background (such as, law, accounting, industry, finance, marketing, and/or technology), professional skills, industry experience, etc. Board directors should generally possess the necessary knowledge, skill, and experience to perform their duties. In order to achieve the desired objectives of corporate governance, it is desirable that the Board of Directors taking as a whole has the following competencies: The ability to make judgments about operation, accounting and financial analysis, business management ability, crisis management ability, industry knowledge, leadership, and decision-making ability.

The company's board of directors consists of 8 directors, including 4 independent directors, who come from professional fields, such as commerce, manufacturing, finance, and accounting so to assist the company with valuable advices and experiences shared throughout the company's development.

	Name	Nationality	Gender	Age	An employee of the company	Operational judgement ability	Accounting & finance analysis ability	Operation management ability	Crisis handling ability	Industrial knowledge	International market view	Leadership	Decision-making ability
Director	Liu, Yen-Ti	ROC	Male	56	V	V	V	V	V	V	V	V	V
Director	Fukumi Yasuo	Japan	Male	55		V	V	V	V	V	V	V	V
Director	Tsou, Yung-Chen	ROC	Male	46		V		V	V	V	V	V	V
Director	Chieh Yu Liu	ROC	Female	29		V		V	V	V	V	V	V
Independent Director	Yan, Wen-Jyh	ROC	Male	60		V		V	V	V	V	V	V
Independent Director	Wei, Che-chen	ROC	Male	64		V	V	V	V	V	V	V	V
Independent Director	Wang, Chi-Chuan	ROC	Male	64		V		V	V	V	V	V	V
Independent Director	Chang, Kuo-Hua	ROC	Male	67		V		V	V	V	V	V	V

(2) Board independence: The company's current board of directors is composed of 8 directors, including 4 professionals with independent qualifications invited to be the independent directors (accounted 50% of the total board directors). The board of directors is to exercise power independently.

The company's incumbent directors do not have any of the conditions specified in Article 26-3, paragraph 3 and paragraph 4 of the Securities and Exchange Act; also, the majority of the board directors are not a spouse or a relative within the second degree of kinship with one another; and the company's supervisors were replaced by the Audit Committee that was setup on April 18, 2017.

## (II) Information on President, Vice President, Junior VP, and officers of departments and branches

April 1, 2024 Unit: Shares, %

Job title	Nationality	Name	Gender	Date elected or appointed	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in other companies now	Managerial officers with spouses or relatives within the second degree of kinship			Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
President	ROC	Liu, Yen-Ti	Male	1.01.2004	2,500,000	3.64	500,000	0.73	500,000	0.60	Department of Business Administration, Chaoyang University of Science and Technology Assistant Manager of the Administration Office, Cryomax Cooling System Corp.	President of CRYOMAX U.S.A. Director of CROHAN Director of CRYOMAX Director of Coolmax-way Auto Parts Co., Ltd. Director of Nanjing Cryomax Auto Parts Co., Ltd.	-	-	-	Note1
VP of President Office	ROC	Bowen Shi	Male	8.21.2006	-	-	-	-	-	-	MBA of Tunghai University Junior VP of Vietnam Plant, Chia Meei Group	-	-	-	-	Note2
VP of Sales Department	ROC	Pinchi Jiang	Male	8.23.2004	86,575	0.13	31,180	0.05	-	-	Department of Accounting, Fu Jen Catholic University Chief of Business Development Section, Seventh Commercial Bank Team leader of Huang Guizhu CPA Firm	-	-	-	-	
VP of President Office	ROC	Anhua Luo	Male	4.16.2007	47,293	0.07	-	-	-	-	Department of International Trade, Soochow University Sales Manager of The Chinese Bank	VP of Nanjing Cryomax Auto Parts Co., Ltd.	-	-	-	
VP of President Office	ROC	Zifang Yang	Male	6.09.2022	15,000	0.02	-	-	-	-	Department of Business Administration, Chaoyang University of Technology Taichung Business Office of Taichung Bank	-	-	-	-	
VP of President Office	ROC	Guangzheng Her	Male	4.01.2023	30,212	0.04	-	-	-	-	Department of Business Administration, Chaoyang University of Technology Junior VP of Cryomax Cooling System Corp.	VP of Coolmax-way Auto Parts Co., Ltd.	-	-	-	

Job title	Nationality	Name	Gender	Date elected or appointed	Shareholding		Shareholding of spouse and minor children		Shareholding in the name of others		Major Experience (Education)	Concurrent positions in other companies now	Managerial officers with spouses or relatives within the second degree of kinship			Remarks
					Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation	
Manager of R&D Department	ROC	Jinyo Chen	Male	8.01.2011	336	0.0005	-	-	-	-	The Department of Mechanical Engineering, Chienkuo Technology University Manager of Plant Operation Department of Cryomax Cooling System Corp.	-	-	-	-	
Manager of Finance Department	ROC	HSU, NAI-LU NG	Male	3.01.2015	27,527	0.04	-	-	-	-	Department of Accounting, Feng Chia University Assistant Manager of Finance Department of Cryomax Cooling System Corp.	-	-	-	-	

Note1: If the chairman, President, or the individual (top management) holds equivalent position are the same person, spouses, or first-degree relatives to each other, please detail the reason, rationality, necessity, and countermeasures:

- (1) Reason, rationality, and necessity: Mr. Liu, Yen-Ti, the President of the company, has joined the company as the section head of sales since 1999, and was assigned to the Department of Finance, Administration Office, etc. throughout the employment. He was appointed as the President by the board of directors in 2004. The former chairman had resigned in 2006 due to personal career planning; therefore, the board of directors had resolved to appoint Mr. Liu, Yen-Ti to assume the position of chairman concurrently in order to improve management efficiency and decision-making.
- (2) Countermeasures: The company has complied with the "Securities and Exchange Act," "Regulations Governing Procedure for Board of Directors Meetings of public companies," and "Corporate Governance Best Practice Principles" to substantiate corporate governance, and has an Audit Committee in service to enhance the supervisory function of the board of directors. The majority of the board directors are not concurrently employees or managerial officers of the company. One additional independent director was elected, for a total of 4 independent directors in service, in the election on May 27, 2022 in accordance with the provision of Article 4 of the "Taiwan Stock Exchange Corporation Operation Directions for Compliance with the Establishment of Board of Directors by TWSE Listed Companies and the Board's Exercise of Powers."

Note2: Bowen Shi resigned on July 31, 2023.

### III. Remuneration paid to directors, supervisors, President, and Vice President in the most recent year

#### (I) Remuneration paid to directors, supervisors, President, and Vice President in 2023

##### 1. Remuneration paid to directors and independent directors

Unit: NT\$ Thousand; Thousand shares; %

Title	Name	Directors' remuneration								A, B, C, and D as a % of the net income (Note 7)		Remuneration for a concurrent position as an employee								A, B, C, D, E, F and G as a % of the net income (Note 7)		Remuneration from invested enterprises other than subsidiaries or from the parent company (Note 8)				
		Base remuneration (A) (Note 1)		Severance and pension (B)		Remuneration for directors (C) (Note 2)		Business practice fees (D) (Note 3)				Salary, bonus, & allowance (E) (Note 4)		Severance and pension (F)		Remuneration for employee (G) (Note 5)										
		The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial statements (Note 6)					
Chairman	Shi-Yuan Investment Company	None	None	None	None	734	734	None	None	734	734	1.75%	1.75%	None	None	None	None	None	None	None	None	734	734	1.75%	1.75%	None
	Representative: Liu, Yen-Ti	None	None	None	None	None	None	40	40	40	40	0.10%	0.10%	4,599	5,496	None	None	183	None	183	None	4,822	5,719	11.46%	13.60%	None
Director	DENSO Corporation	None	None	None	None	367	367	40	40	407	407	0.97%	0.97%	None	None	None	None	None	None	None	None	407	407	0.97%	0.97%	None
	Representative Fukumi Yasuo	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None	None
Director	Daman Investment Co., Ltd.	None	None	None	None	367	367	None	None	367	367	0.87%	0.87%	None	None	None	None	None	None	None	None	367	367	0.87%	0.87%	None
	Representative: Tsou, Yung-Chen	None	None	None	None	None	None	40	40	40	40	0.10%	0.10%	None	None	None	None	None	None	None	None	40	40	0.10%	0.10%	None

Unit: NT\$ Thousand; Thousand shares; %

Title	Name	Directors' remuneration								A, B, C, and D as a % of the net income (Note 7)		Remuneration for a concurrent position as an employee								A, B, C, D, E, F and G as a % of the net income (Note 7)		Remuneration from invested enterprises other than subsidiaries or from the parent company (Note 8)				
		Base remuneration (A) (Note 1)		Severance and pension (B)		Remuneration for directors (C) (Note 2)		Business practice fees (D) (Note 3)				Salary, bonus, & allowance (E) (Note 4)		Severance and pension (F)		Remuneration for employee (G) (Note 5)										
		The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	The Company	All companies in the financial statements (Note 6)	Cash amount	Stock amount	Cash amount	Stock amount	The Company	All companies in the financial statements (Note 6)					
Director	Chieh Yu Liu	None	None	None	None	367	367	40	40	407	407	0.97%	0.97%	None	None	None	None	None	None	None	None	407	407	0.97%	0.97%	None
Independent Director	Yan,Wen-Jyh	300	300	None	None	None	None	40	40	340	340	0.81%	0.81%	None	None	None	None	None	None	None	None	340	340	0.81%	0.81%	None
Independent Director	Wei,Che-chen	300	300	None	None	None	None	40	40	340	340	0.81%	0.81%	None	None	None	None	None	None	None	None	340	340	0.81%	0.81%	None
Independent Director	Wang,Chi-Chuan	300	300	None	None	None	None	40	40	340	340	0.81%	0.81%	None	None	None	None	None	None	None	None	340	340	0.81%	0.81%	None
Independent Director	Chang,Kuo-Hua	300	300	None	None	None	None	40	40	340	340	0.81%	0.81%	None	None	None	None	None	None	None	None	340	340	0.81%	0.81%	None

I. Please describe the policy, system, standard, and structure for the remuneration for independent directors, and the correlation to the amount of remuneration in terms of their responsibilities, risks, time spent, and other factors:

- The company, regardless of operating profit or loss, shall pay remuneration to independent directors for their service provided, which is for an amount of NT\$20 thousand ~ NT\$80 thousand per month. The board of directors is authorized to have their remuneration determined based on the degree of their participation in and contribution to the company's operations.
- Independent directors are not entitled to the distribution of director's remuneration in the year when there is profit resulted.

II. In addition to the aforementioned disclosure, the remuneration received by the company's directors for providing services (such as, serving as an independent consultant to the parent company / all companies included in the financial report / invested companies) in the most recent year: None

Note 1: It refers to the directors' remuneration in 2023 (including director salaries, job allowances, severance pay, bonuses, incentives, etc.).

Note 2: It refers to the amount of directors' remuneration distributed according to the resolutions of the board of directors reached in 2023.

Note 3: It refers to the relevant business practice fees (including transportation allowances, special expenses, allowances, dormitories, business car, other in-kind provision, etc.) of the directors in 2023. When accommodation, business car, and other means of transportation or exclusive personal expenditures are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, and fuel and other subsidies shall be disclosed. In addition, the relevant payment made by the company to the designated chauffeur, if any, should be detailed, but it will not be included in the calculation of the remuneration.

Note 4: It refers to the compensations received by the directors who are also employees (including President, Vice President, and other managerial officers and employees serving concurrently) in 2023, including salary, job allowance, severance pay, bonuses, incentives, transportation allowances, special expenses, allowances, dormitories, business car, other in-kind provision, etc. When accommodation, business car, and other means of transportation or exclusive personal expenditures are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, and fuel and other subsidies shall be disclosed. Also, the relevant payment made by the company to the designated chauffeur, if any, should be detailed, but it will not be included in the calculation of the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-Based Payment," including the acquisition of employee stock warrants, new restricted employee shares, and participation in cash capital increase subscription shares should be included in the calculation of remuneration.

Note 5: It refers to the directors who are also employees (including the President, V.P., and other managerial officers and employees) receiving employee remuneration (including stocks and cash) should disclose the amount of employee remuneration distributed by the board of directors in the most recent year. If such amount cannot be estimated, the proposed distribution amount for this year shall be calculated proportionally to the actual distribution amount of last year with the attachment Form 1-3 filled out accordingly.

Note 6: Disclose the total amount of remuneration paid to the directors of the company by all companies (including the company) in the consolidated financial report.

Note 7: The "net income" refers to the NT\$42,061 thousand stated in the 2023 standalone financial report.

Note 8: a. It is necessary for the directors of the company to fill in "Yes" or "No" in this column to indicate whether they have received remunerations from the invested companies other than the subsidiaries or the parent company.

b. If the answer is "Yes," the director shall fill in the amount of remuneration received voluntarily, in addition, the remuneration received by the directors of the company when they serve in the invested company other than the subsidiary or the parent company should be incorporated into column "I" of the remuneration bracket, and the column name should be changed to "Parent Company and All Invested Enterprises."

c. The "remuneration" refers to the salary and compensation (including remuneration of employees, directors, and supervisors) and business practice fees received by the directors of the company for serving as the directors, supervisors, or managerial officers of the invested companies other than the subsidiaries or the parent company.

\* The content of remuneration disclosed in this form is different from the concept of income stipulated in the Income Tax Act; therefore, this form is intended for information disclosure not for taxation purposes.

## 2. Remuneration paid to the President and Vice President

Unit: NT\$ Thousand; Thousand shares

Title	Name (Note 1)	Salary (A) (Note 2)		Severance and pension (B)		Bonus and allowance (C) (Note 3)		Remuneration for employees (D) (Note 4)				A, B, C and D as a % of the net income (%) (Note 8)		Remuneration from invested enterprises other than subsidiaries or from the parent company (Note 9)
		The company	All companies in the financial statements (Note 5)	The company	All companies in the financial statements (Note 5)	The company	All companies in the financial statements (Note 5)	The company		All companies in the financial statements (Note 5)		The company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Liu, Yen-Ti													
Vice President	Bowen Shi													
Vice President	Pinchi Jiang													
Vice President	Anhua Luo	10,245	12,517	409	409	2,054	2,054	385	None	385	None	13,093 31.13%	15,365 36.53%	None
Vice President	Zifang Yang													
Vice President	Guangzheng Her													

### Remuneration ranges

Remuneration ranges paid to each President and Vice President of the company	Name of President and Vice President	
	The company (Note 6)	All companies in the financial statements (Note 7)
Below NT\$1,000,000	-	-
NT\$1,000,000 (inclusive) ~ NT\$2,000,000 (exclusive)	Zifang Yang, Bowen Shi, Anhua Luo, and Guangzheng Her	Zifang Yang, and Bowen Shi
NT\$2,000,000 (inclusive) ~ NT\$3,500,000 (exclusive)	Pinchi Jiang	Pinchi Jiang, Anhua Luo, and Guangzheng Her
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	Liu, Yen-Ti	-
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	-	Liu, Yen-Ti
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-
NT\$50,000,000 (inclusive) ~ US\$100,000,000 (exclusive)	-	-
Over NT\$100,000,000 (inclusive)	-	-
Total	6 persons	6 persons

Note 1: The names of the President and Vice President should be listed separately, and the payment amounts should be disclosed collectively. If the director concurrently serves as the President or Vice President, please fill out this form and the aforementioned form.

Note 2: Please fill in the salary, job allowance, and severance pay of the President and Vice President in 2023.

Note 3: Fill in the bonuses, incentives, transportation allowances, special expenses, allowances, dormitories, business car, and other in-kind provisions for the President and Vice President in 2023. When accommodation, business car, and other means of transportation or exclusive personal expenditures are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, and fuel and other subsidies shall be disclosed. In addition, the relevant payment made by the company to the designated chauffeur, if any, should be detailed, but it will not be included in the calculation of the remuneration.

Note 4: Please fill in the amount of employee remuneration (including stocks and cash) distributed to the President and Vice President approved by the board of directors before the 2023 shareholders meeting.

Note 5: Disclose the total amount of remuneration paid to the President and Vice President of the company by all companies (including the company) in the consolidated financial report.

Note 6: Disclose the total amount of remuneration paid to each President and Vice President by the company and the name of the President and Vice President in the respective column of the remuneration table where they belong.

Note 7: Disclose the total amount of remuneration paid to each President and Vice President of the company by all companies (including the company) in the consolidated financial report; also, disclose the name of the President and Vice President in the respective column of the remuneration table where they belong.

Note 8: The “net income” refers to the NT\$42,061 thousand stated in the 2023 standalone financial report.

Note 9: a. It is necessary for the President and Vice President of the company to fill in “Yes” or “No” in this column to indicate whether they have received remunerations from the invested companies other than the subsidiaries or the parent company.

b. If the answer is “Yes,” the President or Vice President shall fill in the amount of remuneration received voluntarily, in addition, the remuneration received by them when they serve in the invested company other than the subsidiary or the parent company should be incorporated into column “E” of the remuneration bracket, and the column name should be changed to “Parent Company and All Invested Enterprises.”

c. The “remuneration” refers to the salary and compensation (including remuneration of employees, directors, and supervisors) and business practice fees received by the President and Vice President of the company as directors, supervisors, or managerial officers of the invested companies other than the subsidiaries or the parent company.

\* The content of remuneration disclosed in this form is different from the concept of income stipulated in the Income Tax Act; therefore, this form is intended for information disclosure not for taxation purposes.

### 3. The top five highest paid executives of the TWSE/TPEX Listed Companies

Unit: NT\$ Thousand; Thousand shares

Title	Name (Note 1)	Salary (A) (Note 2)		Severance and pension (B)		Bonus and allowance (C) (Note 3)		Remuneration for employees (D) (Note 4)				A, B, C and D as a % of the net income (%) (Note 8)		Remuneration from invested enterprises other than subsidiaries or from the parent company (Note 9)
		The company	All companies in the financial statements (Note 5)	The company	All companies in the financial statements (Note 5)	The company	All companies in the financial statements (Note 5)	The company		All companies in the financial statements (Note 5)		The company	All companies in the financial statements (Note 5)	
								Cash amount	Stock amount	Cash amount	Stock amount			
President	Liu, Yen-Ti	3,602	4,499	None	None	997	997	183	None	183	None	4,783 11.37%	5,679 13.50%	None
Vice President of Sales Department	Pinchi Jiang	1,633	1,633	103	103	299	299	73	None	73	None	2,109 5.01%	2,109 5.01%	None
Vice President of President Office	Anhua Luo	1,480	1,766	95	95	280	280	55	None	55	None	1,910 4.54%	2,196 5.22%	None
Vice President of President Office	Zifang Yang	1,168	1,168	76	76	226	226	18	None	18	None	1,488 3.54%	1,488 3.54%	None
Vice President of President Office	Guangzheng Her	1,322	2,011	73	73	246	246	55	None	55	None	1,696 4.03%	2,385 5.67%	None

Note 1: The so-called “top five executives with the highest pay” refers to the managerial officers of the company. The standards for the identification of relevant managerial officers refer to the “managerial officers” defined in the Tai-Tsai-Zhen (III)-Zi No. 0920001301 Order by the former Securities and Futures Commission of the Ministry of Finance on March 27, 2003. As for the calculation and recognition principle of “the top five highest remuneration,” it is based on the total amount of salaries, severance pay and pensions, bonuses, and special expenses

received by the company's managerial officers from all companies in the consolidated financial report, including the amount of employee remuneration (that is, the total amount of "A+B+C+D"), ranked top-five orderly. The aforementioned managerial officers who are also a director concurrently shall fill out this form and the aforementioned form (1-1).

Note 2: Fill in the salary, job allowance, and severance pay of the top five highest paid executives in the most recent year.

Note 3: Fill in the bonuses, incentives, transportation allowances, special expenses, allowances, dormitories, business car, and other in-kind provisions for the top five highest paid executives in the most recent year. When accommodation, business car, and other means of transportation or exclusive personal expenditures are provided, the nature and cost of the assets provided, the actual or calculated rent at fair market prices, and fuel and other subsidies shall be disclosed. In addition, the relevant payment made by the company to the designated chauffeur, if any, should be detailed, but it will not be included in the calculation of the remuneration. In addition, the salary expenses recognized in accordance with IFRS 2 "Share-Based Payment," including the acquisition of employee stock warrants, new restricted employee shares, and participation in cash capital increase subscription shares should be included in the calculation of remuneration.

Note 4: It refers to the employee remuneration (including stocks and cash) to be received by the top five highest paid executives according to the resolution of the board of directors in the most recent year, if such amount cannot be estimated, the proposed distribution amount for this year shall be calculated proportionally to the actual distribution amount of last year with the attachment Form 1-3 filled out accordingly.

Note 5: Disclose the total amount of remuneration paid to the top five highest paid executives of the company by all companies (including the company) in the consolidated financial report.

Note 6: The "net income" refers to the NT\$42,061 thousand stated in the 2023 standalone financial report.

Note 7: a. It is necessary to fill in the amount of remuneration received by the top five highest paid executives of the company from the invested companies other than the subsidiaries or the parent company (if the answer is "NO," please state "None.>").

b. The "remuneration" refers to the salary and compensation (including remuneration of employees, directors, and supervisors) and business practice fees received by the top five highest paid executives of the company for serving as directors, supervisors, or managerial officers of the invested companies other than the subsidiaries or the parent company.

\* The content of remuneration disclosed in this form is different from the concept of income stipulated in the Income Tax Act; therefore, this form is intended for information disclosure not for taxation purposes.

4. The name of the managerial officers who receive employee remuneration and the respective amount

Unit: NT\$ Thousand

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	Ratio of Total amount to net income (Note 2)
Managerial Officers	President	Liu, Yen-Ti	None	426	426	1.01%
	Vice President of Sales Department	Pinchi Jiang				
	President Office, Vice President	Anhua Luo				
	President Office, Vice President	Zifang Yang				
	President Office, Vice President	Guangzheng Her				
	Manager of Finance Department	HSU, NAI-LUNG				

Note 1: The name and title should be disclosed individually, but the earnings distribution can be disclosed collectively.

Note 2: The "net income" refers to the calculated amount of NT\$42,061 thousand in the 2023 standalone financial report.

Note 3: The definition of "managerial officers" is based on the provisions of the Tai-Tsai-Zhen (III)-Zi No. 0920001301 Order by the former Securities and Futures Commission of the Ministry of Finance on March 27, 2003 as follows:

- (1) President and equivalent
- (2) Vice President and equivalent
- (3) Junior VP and equivalent
- (4) Director of Finance Department
- (5) Director of Accounting Department
- (6) Other persons authorized for managing company affairs and signing documents on behalf of the company

(II) Analyze the ratio of the total remuneration paid to the company's directors, supervisors, President, and Vice President in the most recent 2 years by the company and all companies in the consolidated financial statements to the net income in the standalone financial report; explain the policies, standard and combination, the procedures for determining remuneration, and the correlation to operating performances and future risks.

1. The ratio of the total remuneration paid to the company's directors, supervisors, President, and Vice President in the most recent 2 years to the net income in the standalone financial report

Title	2023		2022	
	The company	All companies in the financial statements	The company	All companies in the financial statements
Total remuneration of directors	3,355	3,355	7,015	7,015
Ratio of total remuneration of directors to net income	7.98%	7.98%	5.10%	5.10%
Total remuneration of supervisors	-	-	-	-
Ratio of total remuneration of supervisors to net income	0%	0%	0%	0%
Total remuneration of President and Vice President	13,093	15,365	14,234	15,826
Ratio of total remuneration of President and Vice President to net income	31.13%	36.53%	10.34%	11.50%

2. The policies, standard and combination, the procedures for determining remuneration, and the correlation to operating performances and future risks

#### A. Directors

The payment to the company's directors includes transportation allowances and distributed remuneration. The said remuneration is distributed in accordance with the provisions of the company's Articles of Incorporation. In addition, the company established the Remuneration Committee on October 26, 2011, and then the Remuneration Committee had formulated the "Rules Governing Directors' Remuneration and Compensation" on April 20, 2012, which was discussed and approved by the board of directors. The reasonableness of the remuneration distributed to the board directors is evaluated in accordance with the said "Rules." According to the provisions of the "Rules for Performance Evaluation of Board of Directors," the performance evaluation results of individual director should be taken into consideration for determining their individual remuneration. The remuneration resolved by the Remuneration Committee should be submitted to the board of directors for approval and reported in the shareholders meeting before distribution.

#### B. President and Vice President

The payment to the President and Vice President includes salary, bonus, and employee remuneration. The remuneration and bonus are determined according to their contribution to the company, which will be resolved by the Remuneration Committee first and then submitted to the board of directors for approval. The employee remuneration is distributed in accordance with the company's Articles of Incorporation, that means, determined by Remuneration Committee, resolved by the board of directors, and reported in the shareholders meeting before distribution.

### IV. Implementation of corporate governance

#### (I) The operation of the Board of Directors:

The Board of Directors held 5 meetings (A) in the most recent year with the attendance of directors and supervisors as follows:

Job title	Name	Actual number of attendances (B)	Number of attendances by proxy	Attendance in person (%) [B/A] (Note 1)	Remarks
Chairman	Shi-Yuan Investment Company Representative; Liu, Yen-Ti	5	0	100%	Re-elected on May 27, 2022
Director	DENSO Corporation Representative Fukumi Yasuo	5	0	100%	Re-elected on May 27, 2022
Director	Daman Investment Co., Ltd. Representative: Tsou, Yung-Chen	5	0	100%	Re-elected on May 27, 2022
Director	Chieh Yu Liu	5	0	100%	Newly elected on May 27, 2022
Independent Director	Yan, Wen-Jyh	5	0	100%	Re-elected on May 27, 2022
Independent Director	Wei, Che-chen	5	0	100%	Re-elected on May 27, 2022

Independent Director	Wang,Chi-Chuan	5	0	100%	Re-elected on May 27, 2022
Independent Director	Chang,Kuo-Hua	5	0	100%	Newly elected on May 27, 2022
Other matters required to be recorded:					
I. If the operation of the Board of Directors is under any of the following circumstances, the meeting date, term, proposal content, all independent directors' opinions, and the Company's handling of their opinions should be described:					
(I) Matters addressed in Article 14-3 of the Securities and Exchange Act:					
Board of Directors meeting date (term of office)	Proposal content			All independent directors' opinions, and the company's handling of their opinions	
The 5 <sup>th</sup> meeting of the 14 <sup>th</sup> term on January 14, 2023	1.Coolmax-way Auto Parts Co., Ltd. and Nanjing Cryomax Auto Parts Co., Ltd. Operated derivative financial instruments. 2.Convened the 2023 regular Shareholders meeting.			Resolved and passed by all independent directors	
The 6 <sup>th</sup> meeting of the 14 <sup>th</sup> term on March 23, 2023	1.The company's 2022 standalone financial statements and consolidated financial statements 2.The 2022 earnings distribution proposal 3.The content and payment of the director's remuneration deliberated by the company's Remuneration Committee 4.The issuance of the 2022 internal control system statement. 5.The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the "Other receivable" account and treated as loaning of funds. 6.The loaning of funds to Nanjing Cryomax Auto Parts Co., Ltd., the 100% sub-subsidiary 7.The 2023 Independence and Competency Evaluation of the CPAs 8.The CPA replacement due to the internal rotation of PricewaterhouseCoopers, Taiwan. 9.The company's planned investments to acquire marketable securities (stock) 10.Scheduled the ex-dividend base date				
The 7 <sup>th</sup> meeting of the 14 <sup>th</sup> term on May 11, 2023	1.The company's October ~ December, 2022 incentive contents and payment amount deliberated by the Remuneration Committee of the company. 2.The company's 2023Q1 consolidated financial report 3.The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the "Other receivable" account and treated as loaning of funds. 4.The quota increase case of Coolmax-way Auto Parts Co., Ltd. operated derivative financial instruments 5.Pre-approval of certification accountants, their firms and firm-affiliated companies to provide non-assurance services to the company and its subsidiaries 6.Appointment of the company's corporate governance officer				
The 8 <sup>nd</sup> meeting of the 14 <sup>th</sup> term on August 10, 2023	1.The company's 2023Q2 consolidated financial report 2.The earnings distribution for the first half of 2023				

	<p>3.The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the “Other receivable” account and treated as loaning of funds.</p> <p>4.Cryomax Cooling System Corp. and CRYOMAX U.S.A INC. loaning of funds to CRYOMAX MEXICO S.A.DE C.V. and the change of its purpose and limit</p> <p>5.PricewaterhouseCoopers, Taiwan internal adjustment and replacement of accountants</p> <p>6.Merge the two operating procedures of "Internal Material Information Processing and Insider Trading Prevention Management Operation Procedures" and "Procedures for handling material inside information"</p>	
<p>The 9<sup>th</sup> meeting of the 14<sup>th</sup> term on November 11, 2023</p>	<p>1.The company’s 2023Q3 consolidated financial report</p> <p>2.Reporting the 2024 audit plan.</p> <p>3.The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the “Other receivable” account and treated as loaning of funds.</p> <p>4.The loaning of funds to CRYOMAX MEXICO S.A. de C.V. from Cryomax Cooling System Corp. regarding the change of borrowing interest rates.</p> <p>5.The loaning of funds to CRYOMAX MEXICO S.A. de C.V. from CRYOMAX U.S.A INC..</p> <p>6.The company plans to implement a securities investment case</p>	

(II) In addition to the aforementioned matters, other resolutions about which an independent director expresses an objection or reservation that has been included in records or stated in writing: None

II. Regarding the director’s recusal due to a conflict of interest, the director’s name, the proposal content, the reasons for recusal, and his or her participation in voting should be stated:

(I) The board of directors deliberated the year-end bonus of the company’s managerial officers on January 14, 2023; therefore, Liu, Yen-Ti had themselves recused from participating in the voting due to a conflict of interest.

(II) The board of directors deliberated the directors’ remuneration content and the payment amount on March 23, 2023; therefore, Liu, Yen-Ti, director, Fukumi Yasuo, director, Tsou, Yung-Chen, director, and Chieh Yu Liu, director, had themselves recused from participating in the voting due to a conflict of interest.

(III) The board of directors deliberated the company’s October ~ December, 2022 incentive contents and payment amount; therefore, Liu, Yen-Ti, director, had themselves recused from participating in the voting due to a conflict of interest.

(IV) The board of directors deliberated the company’s “2022 managerial officers employee remuneration payment proposal” on August 10, 2023; therefore, Liu, Yen-Ti, the director, had himself recused from participating in the voting due to a conflict of interest.

III. TWSE/TPEX Listed Companies should disclose information on the periodicity and duration, scope, method, and content of the self-performance evaluation (or peer evaluation) of the board of directors, and the implementation by the board of directors:

Evaluation frequency	Evaluation duration	Evaluation scope	Evaluation method	Evaluation content
Implemented once a year	1/1/2023 ~ 12/31/2023	Performance evaluation of the board of directors, individual director, and functional committees	Self-performance evaluation of the Board of Directors, individual Director, and Functional Committee Members	<p>(1) Performance evaluation of the board of directors: Including the degree of participation in the company's operations, improving the decision-making quality of the board of directors, the composition and structure of the board of directors, the selection and appointment of directors and continuing education, internal control, etc.</p> <p>(2) Performance evaluation of individual director: Including the grasp of company objectives and missions, awareness of director responsibilities, degree of participation in company's operations, internal relationship management and communication, professional and continuing education of directors, internal control, etc.</p> <p>(3) Performance evaluation of functional committees: Degree of participation in the company's operations, awareness of functional committee responsibilities, improving decision-making quality of functional committees, composition of functional committees and selection of members, internal control, etc.</p>

IV. Evaluation of the objective for enhancing the functions of the board of directors (e.g., establishing an Audit Committee, enhancing information transparency, etc.) and its implementation in the current year and the most recent year:

(I) The company formulated the "Remuneration Committee Charter" to enhance corporate governance, and organized the "Remuneration Committee" on October 26, 2011. The 2023 Remuneration Committee meeting was convened according to the Remuneration Committee Charter and scope of authority with the proposals submitted to the board of directors for deliberation and resolution.

(II) The company regularly arranges courses for directors in compliance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies" to equip them with the ability for corporate governance.

(III) The company for the purpose of improving information transparency has the important resolutions of the board of directors announced on the Market Observation Post System after each board meeting immediately in order to protect shareholders' rights and interests and to improve investors' understanding and cognition of the company.

Note 1: (1) The resignation date of a director or supervisor before the end of the fiscal year should be indicated in the remark column. The actual attendance rate (%) is calculated based on the number of board meetings convened and the actual attendance during the term of office.

(2) If there is a re-election of directors and supervisors before the end of the fiscal year, both the new and old directors and supervisors should be indicated in writing, including the election status as former, newly elected, or re-elected indicated in the remark column. The actual attendance rate (%) is calculated based on the number of board meetings convened and the actual attendance during the term of office.

(II) Information on the operations of the Audit Committee or the participation of supervisors in the board meetings

The operation of the Audit Committee: The company organized an Audit Committee on April 18, 2017 to replace the supervisors.

There are 3 members in the 3<sup>rd</sup> Audit Committee of the company; the term of office of the current committee: From May 27, 2022 to May 26, 2025. There were 5 Audit Committee meetings [A] held in the most recent year. The attendance of independent directors is as follows:

Title	Name	Actual number of attendance [B]	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Independent Director	Yan, Wen-Jyh	5	0	100%	Re-elected on May 27, 2022
Independent Director	Wei, Che-chen	5	0	100%	
Independent Director	Wang, Chi-Chuan	5	0	100%	
Independent Director	Chang, Kuo-Hua	5	0	100%	Newly elected on May 27, 2022

Other matters required to be recorded:

1. The main deliberation of the Audit Committee in the most recent years includes:

- (I) Establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
- (II) Evaluate the effectiveness of the internal control system.
- (III) Material asset or derivative instrument transactions.
- (IV) Significant loaning of funds.
- (V) Evaluate the qualification, independence, and performance of the independent accountants.
- (VI) Commission the independent accountants.
- (VII) Appointment and dismissal of internal audit officer.
- (VIII) The Q1, Q2, and Q3 financial report and annual financial report signed or sealed by the chairman, managerial officer, and accounting officer.
- (IX) Audit plans
- (X) Compliance

2. Review of financial reports

The board of directors prepared the company's 2022 business report, financial statements, and earnings distribution proposals, of which, the financial statements had been audited by PricewaterhouseCoopers,

Taiwan with an audit report issued. The aforementioned business report, financial statements, and earnings distribution proposal had been reviewed by the Audit Committee without any inconsistency identified.

3. Evaluate the effectiveness of the internal control system

The Audit Committee evaluates the effectiveness of the policies and procedures of the company's internal control system, and reviews the company's auditing department, the CPAs, and the periodical reports of the management. The Audit Committee believes that the company's risk management and internal control systems are effective, and the company has adopted necessary control mechanisms to monitor and correct violations.

4. Appointment of independent auditors

The Audit Committee is entrusted with the responsibility of supervising the independence of the attesting CPA Firm to ensure the fairness of the financial statements. In general, except for tax-related services or specially approved projects, the CPA Firm may not provide other services to the company. All services provided by the CPA Firm must be with the approval of the Audit Committee.

The Audit Committee has formulated an independence evaluation form with reference to Article 47 of the "Certified Public Accountant Act" and "The Norm of Professional Ethics for Certified Public Accountant of the Republic of China" 10 "Integrity, Fairness, Objectivity, and Independence" to ensure the independence of the attesting CPA Firm in order to evaluate the independence, professionalism, and eligibility of the CPAs, and to evaluate whether the CPAs and the company are related to each other, and whether there is a business or financial interest relationship existed. The independence of CPA WANG,YU-CHUAN and CPA LIU,MEI-LAN of PricewaterhouseCoopers, Taiwan were deliberated and resolved in the 6<sup>th</sup> meeting of the 3<sup>rd</sup> term of the Audit Committee on March 23, 2023 and the 6<sup>th</sup> meeting of the 14<sup>th</sup> terms of the board of directors on March 23, 2023 who had qualified to be the company's financial and tax certification accountants.

5. Operation in the current year

Meeting date (term)	Proposal content and follow-up processing	Any matter that has not been passed by the Audit Committee, but has been adopted with the approval of two-thirds or more of all board directors
The 5 <sup>th</sup> meeting of the 3 <sup>rd</sup> term on January 14, 2023	1. Coolmax-way Auto Parts Co., Ltd. and Nanjing Cryomax Auto Parts Co., Ltd. operated derivative financial instruments.	
	Resolution result of the Audit Committee: Approved by all the members present unanimously.	
	The company's handling of the Audit Committee's opinion: Approved by all directors present unanimously.	
The 6 <sup>th</sup> meeting of the 3 <sup>rd</sup> term on March 23, 2023	1. The company's 2022 financial report (including a standalone financial report and consolidated financial report) 2. The company's 2022 earnings distribution proposal 3. The issuance of the 2022 internal control system statement	

	<ol style="list-style-type: none"> <li>4. The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the “Other receivable” account and treated as loaning of funds.</li> <li>5. The loaning of funds to Nanjing Cryomax Auto Parts Co., Ltd., the 100% sub-subsidiary</li> <li>6. The 2023 Independence and Competency Evaluation of the CPAs</li> <li>7. The CPA replacement due to the internal rotation of PricewaterhouseCoopers, Taiwan.</li> <li>8. The company’s planned investments to acquire marketable securities (stock)</li> </ol>	
	Resolution result of the Audit Committee: Approved by all the members present unanimously.	
	The company’s handling of the Audit Committee’s opinion: Approved by all directors present unanimously.	
The 7 <sup>th</sup> meeting of the 3 <sup>rd</sup> term on May 11, 2023	<ol style="list-style-type: none"> <li>1. The company’s 2023Q1 consolidated financial report</li> <li>2. The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the “Other receivable” account and treated as loaning of funds.</li> <li>3. The quota increase case of Coolmax-way Auto Parts Co., Ltd. operated derivative financial instruments</li> <li>4. Pre-approval of certification accountants, their firms and firm-affiliated companies to provide non-assurance services to the company and its subsidiaries</li> </ol>	
	Resolution result of the Audit Committee: Approved by all the members present unanimously.	
	The company’s handling of the Audit Committee’s opinion: Approved by all directors present unanimously.	
The 8 <sup>th</sup> meeting of the 3 <sup>rd</sup> term on August 10, 2023	<ol style="list-style-type: none"> <li>1. The company’s 2023Q2 consolidated financial report</li> <li>2. The company’s earnings distribution for the first half of 2023</li> <li>3. The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the “Other receivable” account and treated as loaning of funds.</li> <li>4. Cryomax Cooling System Corp. and CRYOMAX U.S.A INC. loaning of funds to CRYOMAX MEXICO S.A.DE C.V. and the change of its purpose and limit</li> <li>5. PricewaterhouseCoopers, Taiwan internal adjustment and replacement of accountants</li> </ol>	

	6.Merge the two operating procedures of "Internal Material Information Processing and Insider Trading Prevention Management Operation Procedures" and "Procedures for handling material inside information"	
	Resolution result of the Audit Committee: Approved by all the members present unanimously.	
	The company's handling of the Audit Committee's opinion: Approved by all directors present unanimously.	
The 9 <sup>th</sup> meeting of the 3 <sup>rd</sup> term on November 11, 2023	<ol style="list-style-type: none"> <li>1. The company's 2023Q3 financial report</li> <li>2. Reporting the 2024 auditing plan</li> <li>3.The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> <li>4.The loaning of funds to CRYOMAX MEXICO S.A. de C.V. from Cryomax Cooling System Corp. regarding the change of borrowing interest rates.</li> <li>5.The loaning of funds to CRYOMAX MEXICO S.A. de C.V. from CRYOMAX U.S.A INC..</li> </ol>	
	Resolution result of the Audit Committee: Approved by all the members present unanimously.	
	The company's handling of the Audit Committee's opinion: Approved by all directors present unanimously.	
<p>6. If the operation of the Audit Committee is under any of the following circumstances, the meeting date, term, proposal content, all independent directors' dissented opinions, qualified opinion, or material suggestion content, the resolution of the Audit Committee, and the Company's handling of their opinions should be described:</p> <p>(I) Matters listed in Article 14-5 of the Securities and Exchange Act.</p>		
Meeting date (term)	Proposal contents	All independent directors' opinions, and the company's handling of their opinions
The 5 <sup>th</sup> meeting of the 3 <sup>rd</sup> term on January 14, 2023	1. Coolmax-way Auto Parts Co., Ltd. and Nanjing Cryomax Auto Parts Co., Ltd. Operated derivative financial instruments.	Resolved and passed by all independent directors
The 6 <sup>th</sup> meeting of the 3 <sup>rd</sup> term on March 23, 2023	<ol style="list-style-type: none"> <li>1. The company's 2022 financial report (including standalone financial report and consolidated financial report)</li> <li>2. The issuance of the 2022 internal control system statement.</li> <li>3. The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> </ol>	

	<ol style="list-style-type: none"> <li>4. The loaning of funds to Nanjing Cryomax Auto Parts Co., Ltd., the 100% sub-subsidiary</li> <li>5. The 2023 Independence and Competency Evaluation of the CPAs</li> <li>6. The CPA replacement due to the internal rotation of PricewaterhouseCoopers, Taiwan.</li> <li>7. The company's planned investments to acquire marketable securities (stock)</li> </ol>	
The 7th meeting of the 3rd term on May 11, 2023	<ol style="list-style-type: none"> <li>1. The company's 2023Q1 consolidated financial report</li> <li>2. The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> <li>3. The quota increase case of Coolmax-way Auto Parts Co., Ltd. operated derivative financial instruments</li> <li>4. Pre-approval of certification accountants, their firms and firm-affiliated companies to provide non-assurance services to the company and its subsidiaries</li> </ol>	
The 8th meeting of the 3rd term on August 10, 2023	<ol style="list-style-type: none"> <li>1. The company's 2023Q2 consolidated financial report</li> <li>2. The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> <li>3. Cryomax Cooling System Corp. and CRYOMAX U.S.A INC. loaning of funds to CRYOMAX MEXICO S.A.DE C.V. and the change of its purpose and limit</li> <li>4. PricewaterhouseCoopers, Taiwan internal adjustment and replacement of accountants</li> <li>5. Merge the two operating procedures of "Internal Material Information Processing and Insider Trading Prevention Management Operation Procedures" and "Procedures for handling material inside information"</li> </ol>	
The 9th meeting of the 3rd term on November 11, 2023	<ol style="list-style-type: none"> <li>1. The company's 2023Q3 consolidated financial report</li> <li>2. Reporting the 2024 audit plan</li> <li>3. The accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> </ol>	

	<p>4. The loaning of funds to CRYOMAX MEXICO S.A. de C.V. from Cryomax Cooling System Corp. regarding the change of borrowing interest rates.</p> <p>5. The loaning of funds to CRYOMAX MEXICO S.A. de C.V. from CRYOMAX U.S.A INC..</p>	
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(II) In addition to the previous matters, other matters that have not been approved by the Audit Committee but approved by more than two-thirds of all directors: None

7. In terms of an independent director’s recusal for being an interested party in a proposal, the independent director’s name, the proposal content, the recusal reasons, and his or her participation in voting should be stated: None

8. The communication among independent directors, internal audit officer, and CPAs (material matters, methods and results of communication on the company’s financial and business conditions, etc. should be included):

(I) The company’s internal audit officer will communicate the audit results to the Audit Committee and will present the internal audit report on a quarterly basis; also, will report any special incident to the Audit Committee immediately. There had none of the aforementioned situations occurred in the year of 2023. The company’s Audit Committee and the internal audit officer have a good communication conducted.

(II) The independent auditors of the company report at the symposium the audit or review results on a quarterly basis and other communication matters required by governing laws and regulations; also, will report any special incident to the Audit Committee immediately. There had none of the aforementioned situations occurred in the year of 2023. The company’s Audit Committee and the independent auditors have a good communication conducted.

(III) The implementation of the corporate governance and its deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
I. Has the Company formulated and disclosed its corporate governance practice principles in accordance with the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?”	V		The company has formulated the “Corporate Governance Best Practice Principles” and has it disclosed on the company’s website at <a href="http://www.cryomaxcooling.com/investors">http://www.cryomaxcooling.com/investors</a> .	No material deviation
II. The Company’s equity structure and shareholders’ equity	V		(I) The company has formulated the “Procedures for Handling Material Inside Information and Prevention of Insider Trading” and set up e-mail for spokespersons and acting spokespersons. There are also the investor section, corporate governance section, and stakeholder section on the company’s website. A communication channel for shareholders and stakeholders is established; also, there are dedicated personnel to handle matters, such as suggestions, doubts, disputes, and lawsuits raised by shareholders.	(I) No material deviation
(II) Does the Company have a list of the major shareholders who actually control the Company and those who ultimately have control over the major shareholders?	V		(II) The company grasps the shareholding of the directors, managerial officers, and the top ten shareholders at any time.	(II) No material deviation
(III) Has the Company established and implemented risk control and firewall mechanisms between affiliated companies?	V		(III) The company has formulated measures to control the transactions conducted with affiliated enterprises, endorsements & guarantees, and loaning of funds. In addition, the company has formulated the “Rules Governing the Supervision and Management of Subsidiaries” and “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises” in accordance with the “Regulations	(III) No material deviation

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
(IV) Has the Company formulated internal regulations to prevent insiders from trading securities using undisclosed information on the market?	V		<p>Governing Establishment of Internal Control Systems by Public Companies” announced by the Financial Supervisory Commission to clearly classify the management rights and responsibilities for personnel, assets, and finance between the company and affiliated enterprises, and to establish an independent financial and business system without using the loan jointly in order to effectively control the risks of the company and affiliated enterprises, and to substantiate risk control of the subsidiaries.</p> <p>(IV) The company has formulated the “Procedures for Handling Material Inside Information and Prevention of Insider Trading” to prevent insiders from trading securities with the use of undisclosed information on the market. The company provides education and dissemination on this operating procedure and related laws and regulations to directors, managerial officers, and employees at least once a year. The newly elected directors, managerial officers, and employees should also be informed of the governing laws and regulations. The education and training had been provided to the managerial officers and employees on December 19, 2023. The relevant education and dissemination were provided to the incumbent directors, managerial officers, and employees on November 11, 2023 and the course content included the material internal information, confidential operation, public operation, and violation handling, and the course briefing file was sent to all directors,</p>	(IV) No material deviation

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
			managerial officers, and employees for references.	
<p>III. Composition and responsibilities of the Board of Directors</p> <p>(I) Does the board of directors formulate diversified policies, and specific management objectives and implementation?</p>	V		<p>(I) It is clearly stated in the company’s “Corporate Governance Best Practice Principles” to have an appropriate diversified policy formulated based on the company’s operations, business model, and development needs. There are 8 directors on board, including 4 independent directors, accounting for 50%. One director is under 30 years old, one director is between 41 and 50 years old, two directors are between 51 and 60 years old, and four directors are between 61 and 70 years old. The directors of the company have different fields of expertise. The independent directors are with a background in finance, management, academics, etc. The directors are with a background in international market and industry that are beneficial to the company’s development and operation ,have the capabilities as shown in the table below.</p>	(I) No material deviation

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons																																																																																										
	Yes	No	Summary Description																																																																																											
<p>(II) Does the Company voluntarily establish functional committees other than the Remuneration Committee and the Audit Committee?</p> <p>(III) Does the Company formulate the “Rules for Performance Evaluation of Board of Directors” and other performance evaluation methods, conduct a performance evaluation annually and regularly, and report the performance evaluation results to the</p>		V	<table border="1"> <thead> <tr> <th>Diversity project</th> <th>Sex</th> <th>Operational judgment</th> <th>Business management ability</th> <th>Leadership/decision-making</th> <th>Industry knowledge</th> <th>International market view</th> <th>Accounting and financial ability</th> <th>Crisis handling ability</th> </tr> </thead> <tbody> <tr> <td>Name of directors</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Director: Liu, Yen-Ti</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Director: Fukumi Yasuo</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Director: Tsou, Yung-Chen</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> <tr> <td>Director: Chieh Yu Liu</td> <td>Female</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> <tr> <td>Independent Director: Yan, Wen-Jyh</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> <tr> <td>Independent Director: Wei, Che-chen</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> </tr> <tr> <td>Independent Director: Wang, Chi-Chuan</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> <tr> <td>Independent Director: Chang, Kuo-Hua</td> <td>Male</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td>V</td> <td></td> <td>V</td> </tr> </tbody> </table>	Diversity project	Sex	Operational judgment	Business management ability	Leadership/decision-making	Industry knowledge	International market view	Accounting and financial ability	Crisis handling ability	Name of directors									Director: Liu, Yen-Ti	Male	V	V	V	V	V	V	V	Director: Fukumi Yasuo	Male	V	V	V	V	V	V	V	Director: Tsou, Yung-Chen	Male	V	V	V	V	V		V	Director: Chieh Yu Liu	Female	V	V	V	V	V		V	Independent Director: Yan, Wen-Jyh	Male	V	V	V	V	V		V	Independent Director: Wei, Che-chen	Male	V	V	V	V	V	V	V	Independent Director: Wang, Chi-Chuan	Male	V	V	V	V	V		V	Independent Director: Chang, Kuo-Hua	Male	V	V	V	V	V		V	<p>(II) Other functional committees will be setup depending on the company’s operating conditions and scale.</p> <p>(III) No material deviation</p>
			Diversity project	Sex	Operational judgment	Business management ability	Leadership/decision-making	Industry knowledge	International market view	Accounting and financial ability	Crisis handling ability																																																																																			
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Director: Fukumi Yasuo	Male	V	V	V	V	V	V	V																																																																																						
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Director: Chieh Yu Liu	Female	V	V	V	V	V		V																																																																																						
Independent Director: Yan, Wen-Jyh	Male	V	V	V	V	V		V																																																																																						
Independent Director: Wei, Che-chen	Male	V	V	V	V	V	V	V																																																																																						
Independent Director: Wang, Chi-Chuan	Male	V	V	V	V	V		V																																																																																						
Independent Director: Chang, Kuo-Hua	Male	V	V	V	V	V		V																																																																																						
<p>(II) The company has the Remuneration Committee and Audit Committee setup in accordance with the law, and will have other functional committee setup as needed in the future.</p> <p>(III) The company has formulated the “Rules for Performance Evaluation of Board of Directors;” the performance is evaluated by questionnaire every year. The “Rules for Performance Evaluation of Board of Directors” was resolved and passed by the board of directors on November 8, 2017. The questionnaires for</p>																																																																																														

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
Board of Directors and apply it as a reference for the consideration of remuneration and nomination of each director?			<p>self-performance evaluation have been distributed to all members of the Board of Directors at the end of each year since 2018, in addition to evaluating the overall operation of the Board of Directors, each director should also conduct a self-performance evaluation.</p> <p>The criteria for performance evaluation of the company’s board of directors shall include at least the following five aspects:</p> <ol style="list-style-type: none"> <li>1. The degree of participation in the company’s business operations.</li> <li>2. Improving the decision-making quality of the board of directors</li> <li>3. The composition and structure of the board of directors</li> <li>4. The election and continuing education of the board directors</li> <li>5. Internal control</li> </ol> <p>The criteria for the self-performance evaluation of the board directors shall include at least the following six aspects:</p> <ol style="list-style-type: none"> <li>1. The grasp of the company’s objectives and missions</li> <li>2. Awareness of the responsibilities of directors</li> <li>3. The degree of participation in the company’s business operations</li> <li>4. Internal relationship management and communication</li> <li>5. Professional and continuing education of directors</li> <li>6. Internal control</li> </ol>	

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
			<p>The criteria for the performance evaluation of the functional committees shall include at least the following five aspects:</p> <ol style="list-style-type: none"> <li>1. The degree of participation in the company’s business operations</li> <li>2. Awareness of the responsibilities of functional committees</li> <li>3. Improving the decision-making quality of functional committees</li> <li>4. Composition of functional committees and election of members</li> <li>5. Internal control</li> </ol> <p>The company had completed the 2023 performance evaluation of the board of directors and individual director at the beginning of 2024 with the evaluation results presented to the board of directors on March 13, 2024 and the corrective actions proposed. The aforementioned evaluation method and evaluation results are also disclosed on the company’s website. The 2023 performance evaluation results of the Board of Directors are as follows:</p> <ol style="list-style-type: none"> <li>1. The completion rate of the performance evaluation of the board of directors was 97.33%. Directors recommend planning the dates of board of directors and shareholders meetings in advance, and notifying directors as early as possible so that they can arrange their schedules to attend the meetings, thereby increasing the attendance rate of directors.</li> <li>2. The self-performance evaluation results of individual board director are as follows:</li> </ol>	

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons																		
	Yes	No	Summary Description																			
			<table border="1"> <thead> <tr> <th>Object</th> <th>Achievement rate</th> </tr> </thead> <tbody> <tr> <td>Director:Liu,Yen-Ti</td> <td>100%</td> </tr> <tr> <td>Director:Fukumi Yasuo</td> <td>100%</td> </tr> <tr> <td>Director:Tsou,Yung-Chen</td> <td>100%</td> </tr> <tr> <td>Director:Chieh Yu Liu</td> <td>100%</td> </tr> <tr> <td>Independent Director: Yan,Wen-Jyh</td> <td>100%</td> </tr> <tr> <td>Independent Director: Wei,Che-chen</td> <td>100%</td> </tr> <tr> <td>Independent Director: Wang,Chi-Chuan</td> <td>100%</td> </tr> <tr> <td>Independent Director: Chang,Kuo-Hua</td> <td>100%</td> </tr> </tbody> </table> <p>The directors suggest that the company plans the date of the meeting in advance and notifies the directors as early as possible to arrange their schedule to attend the meeting, thereby increasing the attendance rate.</p> <p>3. The performance evaluation of functional committee is with 100% achievement rate. The members, functions and operations of the Remuneration Committee and Audit Committee are all in compliance with legal requirements and are implemented in accordance with regulations. Members recommended planning the dates of the Salary and Remuneration Committee and the Audit Committee in advance, and notifying members as early as possible so that they can arrange their schedules to attend the meetings, thereby increasing attendance rates.</p>	Object	Achievement rate	Director:Liu,Yen-Ti	100%	Director:Fukumi Yasuo	100%	Director:Tsou,Yung-Chen	100%	Director:Chieh Yu Liu	100%	Independent Director: Yan,Wen-Jyh	100%	Independent Director: Wei,Che-chen	100%	Independent Director: Wang,Chi-Chuan	100%	Independent Director: Chang,Kuo-Hua	100%	
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Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
(IV) Does the Company regularly evaluate the independence of the attesting CPAs?	V		<p>(IV) The company has formulated CPA performance evaluation methods. The company’s independent auditors have an internal rotation system in practice that is in line with the principle of independence; also, they are appointed through the resolution of the board of directors.</p> <p>Independence evaluation items include:</p> <ol style="list-style-type: none"> <li>1. The CPAs have no direct or material indirect financial interest with the client.</li> <li>2. The CPAs do not have an improper relationship with the client.</li> <li>3. The CPAs may not perform audit and attestation services to the business entity that they had worked for within the last 2 years.</li> <li>4. The name of the CPAs shall not be used by others (Statement).</li> <li>5. The CPAs and all Audit Committee members may not hold the stock shares of the client.</li> <li>6. Do not engage in loaning of fund transactions with the client.</li> <li>7. The CPAs may not have had joint investment or benefit sharing with the client.</li> <li>8. The CPAs may not concurrently perform regular work for the client and receive a fixed salary.</li> <li>9. No business-related commissions shall be charged.</li> <li>10. Is the service of the CPAs retained for more than seven consecutive years?</li> </ol> <p>Competency evaluation items include:</p> <ol style="list-style-type: none"> <li>1. Professionalism</li> <li>2. Quality control</li> <li>3. Independence</li> </ol>	(IV) No material deviation

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
			<p>4. Supervision 5. Innovation ability</p> <p>The results of the independence and competency evaluation are as follows:</p> <p>1.The independence between the certified accountant and the company complies with the Accountant Law of the Republic of China, the Code of Professional Ethics for Accountants, the US PCAOB and other relevant regulations. The latest assessment was passed by the Audit Committee on March 13, 2024, and the company’s board of directors approved the appointment of the independent auditors and their independence on March 23, 2023. The appointed independent auditors are not serving as a director of the company, and CPA LAI,CHIH WEI, and CPA WANG,YU-CHUAN of PricewaterhouseCoopers, Taiwan are not shareholders of the company, nor receiving salaries from the company; therefore, they are not stakeholders and they are independent from the company.</p> <p>2.The Company obtains the audit quality indicators (AQIs) information provided by the accounting firm, and evaluates the audit quality of the accounting firm and the audit team based on the "Audit Committee Interpretation of Audit Quality Indicators (AQI) Guidelines" issued by the competent authority. Based on five major aspects (professionalism, quality control, independence, supervision, and innovation ability), the company's certified accountants and</p>	

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
			firm's various indicator data are compared with those of the industry and itself in the past year. The latest assessment was approved by the Audit Committee on March 13, 2024, and the suitability of the accountant was approved by the Board of Directors on March 13, 2024.	
IV. Do the TWSE/TPEX Listed Companies have a suitable and appropriate number of corporate governance personnel and appoint a corporate governance officer to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting directors and supervisors in complying with laws and regulations, conducting board meeting and shareholders meeting related matters in accordance with law, preparing minutes of board meetings and shareholders' meetings, etc.)?	V		On May 11, 2023, the company's board of directors approved the appointment of finance and accounting manager HSU, NAI-LUNG as the director of corporate governance. He has been in charge of finance, stock affairs and corporate governance-related affairs in publicly traded companies for more than three years. The Finance Department is designated to be responsible for the related matters of the board of directors, shareholders meeting, Audit Committee and other functional committees under the board of directors concurrently.	No material deviation

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and a special section for stakeholders on the Company’s website, and responded appropriately to important corporate social responsibility issues that are of concern to stakeholders?	V		The company regularly announces financial and business information on the Market Observation Post System according to the laws and regulations, and announces and releases major information on events affecting shareholders or stakeholders in accordance with the governing regulations in a timely manner. In addition, the investor section on the company’s website is to help the stakeholders understand the company’s business operations; also, the contact information of the spokesperson is disclosed on the website for a timely communication and for protecting the legitimate rights and interests of the stakeholders.	No material deviation
VI. Has the Company appointed a professional stock affairs agency to handle matters for shareholders meetings?	V		The company has entrusted Horizon Securities Corp., a professional stock affairs agency, to handle the shareholders meeting related affairs.	No material deviation
VII. Information Disclosure				
(I) Has the Company set up a website to disclose finance and business matters and corporate governance information?	V		(I) There is the “investor” section on the company’s website ( <a href="http://www.cryomaxcooling.com/">http://www.cryomaxcooling.com/</a> ) to disclose financial and business-related information and corporate governance information.	(I) No material deviation
(II) Has the Company adopted other means of information disclosure (such as setting up an English website, appointing dedicated personnel responsible for the collection and disclosure of Company information, implementing a spokesperson system, posting the Company’s investors conference on the website, etc.)?	V		(II) The company has a designated person responsible for material information disclosure, and has such information announced on the Market Observation Post System and the company’s website lawfully. Also, the company has a spokesperson and an acting spokesperson appointed to announce information to the public, which can be found on the investor conference arranged by the company voluntarily or by others, and it is announced on the Market	(II) No material deviation

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
(III) Does the Company publicly announce and file annual financial statements within two months after the end of the fiscal year, and the financial statements for the first, second, and third quarters and the monthly operating status before the prescribed deadline?		V	<p>Observation Post System in accordance with the requirements of Taiwan Stock Exchange Corporation.</p> <p>(III) The company did not announce and file the annual financial report within two months at the end of the fiscal year, but did announce and file the financial statements for the first, second, and third quarter and the monthly operating status in accordance with Article 36 of the “Securities and Exchange Act.”</p>	(III) No material deviation
VIII. Does the Company have any other important information that helps understand the corporate governance operation (including but not limited to employee rights, employee care, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk measurement standards, the implementation of customer policies, the acquisition of the liability insurance by the Company for directors and supervisors, etc.)?	V		<p>(I) Employee rights and interests: The company protects the rights and interests of employees in accordance with the Labor Standards Act.</p> <p>(II) Employee care: The company provides relevant welfare systems and good education and training (such as employee travel, health checkups, children’s scholarships, etc.), and establishes a mutual trust relationship with employees.</p> <p>(III) Investor relations: Substantiate the spokesperson system with the contact numbers and mailboxes disclosed on the website so to maintain a good relationship with investors.</p> <p>(IV) Supplier relationship: The company performs supplier evaluations regularly, communicates with suppliers comprehensively, and maintain a good relationship with suppliers.</p> <p>(V) Rights of stakeholders: The company and stakeholders perform the rights and obligations in accordance with the contract and related operating regulations to protect the legal rights and obligations of both parties.</p>	No material deviation

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
			<p>(VI) Continuing education of directors and supervisors: The directors of the company had their continuing education completed in accordance with the provisions of the “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/TPEX Listed Companies.” The continuing education of directors: The company’s directors are with a professional background in finance, business, accounting, industry, and practical experience in business management. Their continuing education status is disclosed on the Market Observation Post System lawfully. The company occasionally arranges directors to participate in relevant seminars on the subject of corporate governance, which is disclosed in the “corporate governance” section of the Market Observation Post System.</p> <p>(VII) Implementation of risk management policies and risk measurement standards: The company has internal control systems and material business management regulations formulated that have been resolved by the board of directors or the shareholders meeting.</p> <p>(VIII) Implementation of customer policy: The company maintains a stable and good relationship with customers to create company profits.</p> <p>(IX) The board of directors reported the renewal of liability insurance for directors in the board meeting on January 27, 2024, and acquired liability insurance for all directors and</p>	

Evaluation Items	The State of Operations			Deviation from the “Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons
	Yes	No	Summary Description	
			managerial officers for an amount of US\$3 million from Unison Insurance Company.	

IX. Please describe the improvements that have been made in response to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange in the most recent year, and propose priorities and measures for those not yet improved (Companies not included in the evaluation do not need to fill in):

The company has qualified the ISO 14001 environmental management system with the ISO14001: 2015 certificate received that is valid up to 11/08/2024 as shown on the company’s website. In addition, the company provides education and dissemination on the “Procedures for Preventing Insider Trade” and related laws and regulations to the incumbent directors and newly elected directors, managerial officers, and employees at least once a year. The education and training had been provided to the managerial officers and employees on December 19, 2023. The relevant education and dissemination were provided to the incumbent directors, managerial officers, and employees on November 11, 2023 and the course content included the material internal information, confidential operation, public operation, and violation handling, and the course briefing file was sent to all directors, managerial officers, and employees for references.

(IV) If the company has established a Remuneration Committee, it is necessary to disclose its composition, responsibilities, and operations:

1. The function of the Remuneration Committee is to base on a professional and objective perspective to evaluate the company’s directors and managerial officers’ remuneration policy and system, and to make suggestions to the board of directors for reference in its decision-making.
2. Composition of the Remuneration Committee: The company’s “Remuneration Committee” was organized on October 26, 2011 in accordance with the company’s “Remuneration Committee Charter.” The board of directors elected members of the 5<sup>th</sup> Remuneration Committee on June 17, 2022. The company’s Remuneration Committee is composed of 4 members who are also independent directors. Please refer to the Market Observation Post System for the “Remuneration Committee Charter.”
3. Information on the members of the Remuneration Committee:

April 1, 2024

Conditions		Professional qualifications and experience	Independence	Number of other public companies in which the individual is concurrently serving as a Remuneration Committee member
Identity	Name			
Independent Director and Convener	Yan, Wen-Jyh	Has more than 10 years of work experience required for business and company operation, and there is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.	(1) The principal, spouse, and relatives within the second degree of kinship are not serving as directors, supervisors, or employees of the company or its affiliated enterprises. (2) The principal, spouse, and relatives within the second degree of kinship (or in the	1
Independent Director	Wei, Che-chen	Has more than 30 years of work experience required for business, finance, accounting, and company operation, and there is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.		2

Independent Director	Wang, Chi-Chuan	Has more than 10 years of teaching experience related to company business operation in national universities, and there is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.	(3) Not serving as a director, supervisor, or employee of a company that has a specific relationship with the company (please refer to Article 6, Paragraph 1, Subparagraph 5~8 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange");	2
Independent Director	Chang, Kuo-Hua	Has more than 30 years of teaching experience related to science and technology law in graduate school of national universities, and there is no occurrence of any of the circumstances as stated in Article 30 of the Company Act.	(4) Had not provided the company or its affiliated enterprises with business, legal, financial, accounting, and other services in exchange for remuneration in the last 2 years.	2

4. There are 4 members in the 5<sup>th</sup> Remuneration Committee of the company for a term of office from June 17, 2022 to May 26, 2025. A total of 4 Remuneration Committee meetings [A] held in the most recent year. The qualifications and attendance of the members are as follows:

Title	Name	Actual attendance [B]	Attendance by proxy	Actual attendance rate (%) [B/A]	Remarks
Convener	Yan, Wen-Jyh	4	0	100%	Re-elected on June 17, 2022
Member	Wei, Che-chen	4	0	100%	
Member	Wang, Chi-Chuan	4	0	100%	
Member	Chang, Kuo-Hua	4	0	100%	Newly elected on June 17, 2022

Other matters required to be recorded:

I. Operation of the current year:

Meeting date (term)	Proposal content	Resolution results	The company's handling of the opinions of the Remuneration Committee
The 3 <sup>rd</sup> meeting of the 5 <sup>th</sup> term on January 14, 2023	1.Review the year-end bonus of the managerial officers	Approved by all members of the Remuneration Committee	Proposed to the board of directors for resolutions, except for some directors had themselves recused from participating in discussion and voting due to a conflict of interest, the proposal was approved by all the directors present.
The 4 <sup>th</sup> meeting of the 5 <sup>th</sup> term on March 23, 2023	1.Discussed the company's 2021 director remuneration in details and the total amount of employee remuneration. 2.The promotion of Guangzheng Her who is the Junior VP of the President's Office.		
The 5 <sup>th</sup> meeting of the 5 <sup>th</sup> term on May 11, 2023	1.Discussed the company's October ~ December, 2022 incentive contents and payment amount		
The 6 <sup>st</sup> meeting of the 5 <sup>th</sup> term on August 10, 2023	1.Discussed the company's "2022 managerial officers employee remuneration payment proposal"		

II. If the Board of Directors does not accept or adjust the suggestions of the Remuneration Committee, the meeting date, term, proposal content, the resolution of the Board of Directors, and the Company's handling of the opinions of the Remuneration Committee members (such as, the remuneration resolved by the Board of Directors is superior to the suggestion made by the Remuneration Committee, including the deviation and the reasons) should be described: None

III. For the resolutions of the Remuneration Committee, if any member has objections or reservations with records or written statements made, the meeting date, term, proposal content, and opinions of all members, its handling of the members' opinions should be stated: None

5. Responsibilities of the Remuneration Committee:

The Remuneration Committee shall exercise due diligence to perform the following functions and responsibilities, and submit the recommendations to the board of directors for discussion:

- A. Periodically review this Charter with suggestions for amendments proposed.
- B. Formulate and regularly review annual and long-term performance objectives and remuneration policies, systems, standards, and structures of the company's directors and managerial officers.
- C. Regularly evaluate the achievement of the performance objectives by the company's directors and managerial officers, and determine the content and amount of individual director's remuneration.

The Remuneration Committee had convened meetings for the purpose of performing duties in due diligence in the most recent year and as of the annual report publication date.

(V) The implementation of the sustainable development and its deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:

Promotion items	The State of implementation			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development, and designated a full-time (part-time) unit to promote sustainable development, which is to be handled by the senior management with the authorization of the Board of Directors, and the actual supervision of the Board of Directors (TWSE/TPEX Listed Companies should report the implementation status, not compliance or explanation.)?		V	The company does not have a full-time (part-time) unit setup to promote sustainable development. Currently, all departments within the company strive their best to fulfill the corporate social responsibilities in respect to their duties and capabilities.	Same as the description in the summary.
II. Does the company conduct risk assessments on environmental, social, and corporate governance issues related to the Company’s operations in accordance with the principle of materiality, and formulate relevant risk management policies or strategies (TWSE/TPEX Listed Companies should report the implementation status, not compliance or explanation.)?	V		The company has formulated risk management procedures, corporate governance best practice principles, and related management procedures. Each department regularly conducts risk identification related to operations, environment, and society with a risk improvement plan formulated.	No material deviation
III. Environmental issues (I) Has the Company set up an appropriate environmental management system based on the characteristics of its industry?	V		(I) The company has obtained ISO14001 system certification, implemented environmental management, and promoted the concept of environmental protection and energy saving as follows: 1. The temperature of the air conditioner is set at 24-26 degrees.	(I) No material deviation

Promotion items	The State of implementation			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary description	
(II) Is the Company committed to improving energy efficiency and using recycled materials with low impact on the environment?	V		<p>2. The lighting in the factory area has been replaced with LED lights successively.</p> <p>3. Make it a habit to turn off the lights at any time, and turn off all the lights in the office during the lunch break.</p> <p>4. Encourage colleagues to bring their own tableware for lunch and reduce the use of disposable tableware.</p> <p>5. Recycle the paper for internal use as much as possible to reduce paper consumption.</p> <p>6. Turn off the computer before getting off work, and make sure to turn off lights and air conditioners too. Unplug the plugs and turn off the power supply switches during the off-day, except for the necessary electrical equipment.</p> <p>7. Smoking is strictly prohibited in the office area and factory working space to reduce air pollution.</p> <p>8. Implement garbage sorting and reduction to reduce environmental harm.</p> <p>(II) The company installs solar photovoltaics on the roof of the idling factory building, and the tap water supply system of the factory building is well planned. Part of the production water can be recycled and reused after treatment. The paper carton is made of recycled materials; also, the production materials, including aluminum, iron belts, etc., are all environmentally friendly and recyclable materials.</p>	(II) No material deviation

Promotion items	The State of implementation			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary description	
(III) Does the Company evaluate the potential risks and opportunities of climate change to the Company now and in the future, and take corresponding measures to respond to climate related issues?	V		(III) The company has no factory chimneys. The ammonia (NH3) gas used in the manufacturing process is not a greenhouse gas. Therefore, there is no impact on the environment.	(III) No material deviation
(IV) Does the Company make statistics on greenhouse gas emissions, water consumption, and the total weight of waste for the past two years and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?	V		(IV) The company has conducted greenhouse gas boundary inspections and regularly reviewed the increase and decrease of fuel consumption, and power and water consumption. An external professional treatment company is contracted to handle the hazardous waste and to have it solidified and then buried. An external environmental protection company is contracted to handle non-hazardous wastes in order to reduce the impact of the company’s operations on the natural environment, to use energy effectively, and to achieve the objective of energy saving and carbon reduction.	(IV) No material deviation
IV. Social issues (I) Has the Company formulated relevant management policies and procedures according to relevant laws and regulations and the International Bill of Human Rights?	V		(I) The company has complied with the relevant laws and regulations and international human rights conventions; also, formulated relevant management policies and procedures, such as work rules, rules governing performance evaluation, regulations for establishing measures of punishment for sexual harassment at workplace, maternal health protection plans, and rules governing employee rewards and punishments. Protect the rights and interests of employees, comply with the basic labor human	(I) No material deviation

Promotion items	The State of implementation			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies” and the reasons:
	Yes	No	Summary description	
			<p>rights principles, and commit no act that endangers the basic rights of laborers. The company formulates a human rights policy to protect incumbent employees (including contracted and temporary personnel, work-students, etc.). The company expects its suppliers and contractors to comply with the following principles in order to safeguard human rights:</p> <ol style="list-style-type: none"> <li>1. Comply with the relevant local labor and environmental laws and regulations of the factory where it located to ensure that employees have reasonable working conditions and a safe and healthy working environment.</li> <li>2. Create a working environment that is with equality in employment and free from gender discrimination and harassment, and no discrimination on the basis of race, age, nationality, gender, religious belief, political stance, marital status, etc.</li> <li>3. No forced labor and no child labor.</li> <li>4. Respect personal privacy and employees’ freedom of association.</li> <li>5. Maintain a good and smooth labor-management communication channel, establish a grievance mechanism, and immediately initiate investigation procedures and implement remedial and corrective action for any violation of human rights committed.</li> </ol>	

Promotion items	The State of implementation			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary description	
(II) Has the Company formulated and implemented reasonable employee welfare measures (including remuneration, vacation and other benefits, etc.), and appropriately reflected operating performance or results in employee remuneration?	V		<p>6. Regularly review and evaluate relevant human rights systems and actions.</p> <p>(II) The company regards employees as important assets of the company. Therefore, in addition to the basic welfare measures in terms of employee benefits, such as employee travel, gift money for three festivals (Chinese New Year, August Moon Festival, and Dragon Boat Festival), wedding and funeral subsidies, birthday gift money, yearend party lottery, health checkups, and other welfare policies, the company appropriates scholarships for employees’ children according to the actual number of employees on the payroll every month.</p> <p>In terms of remuneration, the company has employee bonuses and yearend bonuses distributed in accordance with the Articles of Incorporation, the employee stock ownership trust system was implemented in 2023 and regulations to enhance the solidarity of employees and to generate more benefits for the company.</p>	(II) No material deviation
(III) Has the Company provided employees with a safe and healthy working environment, and arranged safety and health education regularly for the employees?	V		(III) The company handles safety and health work in accordance with the “Occupational Safety and Health Act,” and has a safety and health operation handbook prepared to promote safety awareness, to prevent occupational disasters from occurring, to ensure the safety	(III) No material deviation.

Promotion items	The State of implementation			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary description	
(IV) Does the company have an effective career development training program planned for employees?	V		<p>and health of employees, and to have dedicated personnel assigned to check the safety of the working environment regularly and to establish facilities help reduce occupational hazards. Arrange employee health checkups regularly and occupational health consultations at the workplace to ensure the physical and mental health of employees.</p> <p>The company passed the IATF16949 audit and verification in September 2023.</p> <p>There was no occupational disasters and fire incident in the 2023.</p> <p>(IV) The company has provided internal and external professional education and training opportunities to employees in accordance with the professional fields required by their positions so to enhance their career development.</p>	(IV) No material deviation
(V) Does the Company comply with relevant laws and international standards, and formulate relevant right and interest protection policies and grievance procedures to deal with customers for products and services, such as, customer health and safety, customer privacy, marketing and labelling, etc.?	V		<p>(V) The company has formulated the “Procedures for Handling Customer Complaint” that allows customers to suggest corrective actions to the company through phone calls, visits, emails, etc. In terms of customer privacy, those who sign a confidentiality agreement with customers shall comply with the agreed items and carry out marketing and labeling in accordance with the customer’s instructions.</p>	(V) No material deviation

Promotion items	The State of implementation			Deviation from the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:
	Yes	No	Summary description	
(VI) Has the Company formulated supplier management policies that require suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and monitor their implementation?	V		(VI) The company has formulated the “Rules Governing the Supply” with 2 suppliers selected for evaluation every quarter. The evaluation criteria include occupational safety, work environment assessment, etc. The supplier who has caused an impact on the environment may be terminated from conducting any business transaction; however, no such incident has occurred so far.	(VI) No material deviation
V. Does the Company refer to the internationally accepted reporting standards or guidelines to prepare the sustainability reports for disclosing the Company’s non-financial information? Are the aforementioned sustainability reports with the assurance or guarantee opinions of a third-party verification unit obtained?		V	The company’s current operating scale has not yet met the qualifications for report preparation as stated in the “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies;” therefore, no sustainability report has been prepared by the company.	No material deviation
VI. If the company has the sustainable development best practice principles formulated in accordance with the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies,” please describe the differences between its operation and the principles: The company’s current operation is not much different from those stipulated in the “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.”				
VII. Other important information that helps understand the promotion of sustainable development: The company adheres to the concept of “Feedback to the society,” and spares no effort in social work, such as long-term funding and care for disadvantaged groups, providing employment opportunities (Lovely donated to Türkiye’s disaster relief,sponsoring “Shi-Lo” to hold the events of “Ran for Charity” ), participating in local love library construction activities(Sponsored the "Book Depository of Love" book box at Dong Xi Elementary School International Education in Xihu Town), etc.				

(VI) Climate-Related Information of TWSE/TPEX Listed Company:

**1 Implementation of Climate-Related Information**

Item	Implementation status
<p>1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.</p>	<p>The company follows the regulations of the "Sustainable Development Guidemap for TWSE/TPEX Listed Companies" and conducts a greenhouse gas inventory, implementing carbon reduction planning. The company continues to monitor the global environmental impacts caused by extreme weather events and propose mitigation strategies to address the increased operational costs and risks to the company.</p>
<p>2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).</p>	<p>The company continues to closely monitor the issues related to climate change and periodically assess and discuss follow-up measures for adaptation.</p>
<p>3. Describe the financial impact of extreme weather events and transformative actions.</p>	<p>The global extreme weather events are expected to cause environmental impacts, leading to shortages and increased costs of raw materials, posing a risk of higher operating costs for the company.</p>

Item	Implementation status
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	We are following the guidelines of the "Sustainable Development Guidemap for TWSE/TPEX Listed Companies" by setting targets after evaluating greenhouse gas inventories.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Currently no relevant information available.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Currently no relevant information available.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Currently no relevant information available. We are adhering to the regulations outlined in the "Sustainable Development Guidemap for TWSE/TPEX Listed Companies" by implementing an annual plan for greenhouse gas inventories and external inspections.

Item	Implementation status
<p>8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.</p>	<p>Currently no relevant information available.</p>
<p>9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).</p>	<p>For 2023, the company commissioned National Yunlin University of Science &amp; Technology to provide guidance on conducting a greenhouse gas inventory. Additionally, we conducted an internal inventory of greenhouse gas emissions for our primary production facility, the aluminum plant. While we have yet to undergo external verification, we will proceed gradually according to the guidelines of the "Sustainable Development Guidemap for TWSE/TPEX Listed Companies".</p>

1-1 Greenhouse Gas Inventory and Assurance Status for the Most Recent 2 Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

<p><u>Describe the emission volume (metric tons CO<sub>2</sub>e), intensity (metric tons CO<sub>2</sub>e/NT\$ million), and data coverage of greenhouse gases in the most recent 2 fiscal years.</u></p>
<p>We will proceed gradually according to the guidelines of the "Sustainable Development Guidemap for TWSE/TPEX Listed Companies".</p>

Note 1 : Direct emissions (scope 1, i.e., emissions directly from sources owned or controlled by the Company), indirect energy emissions (scope 2, i.e., indirect greenhouse gas emissions from electricity, heat, or steam) and other indirect emissions (scope 3, i.e., emissions from company activities that are not indirect energy emissions, but originate from sources owned or controlled by other companies).

Note 2 : The data coverage scope for direct emissions and indirect energy emissions shall comply with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. Other indirect emissions information may be voluntarily disclosed.

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

Note 4 : The intensity of greenhouse gas emissions may be calculated per unit of product/service or revenue, but at least the data calculated in terms of revenue (NT\$ 1 million) shall be disclosed.

### 1-1-2 Greenhouse Gas Assurance Information

Describe the status of assurance for the most recent 2 fiscal years as of the printing date of the annual report, including the scope of assurance, assurance institutions, assurance standards, and assurance opinion.

Complete and accurate information will be disclosed on the Public Information Observation Platform.

Note 1 : This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations. If the Company has not obtained a complete greenhouse gas assurance opinion by the date of printing of the annual report, it shall note that "Complete assurance information will be disclosed in the sustainability report." If the Company does not prepare a sustainability report, it shall note that "Complete assurance information will be disclosed on the Market Observation Post System (MOPS)," and shall disclose the complete assurance information in the annual report of the following fiscal year.

Note 2 : The assurance institutions shall meet the directions regarding assurance of sustainability reports prescribed by the TWSE and the TPEX.

### 1-2 Greenhouse Gas Reduction Targets, Strategy, and Concrete Action Plan

Specify the greenhouse gas reduction base year and its data, the reduction targets, strategy and concrete action plan, and the status of achievement of the reduction targets.

We will proceed gradually according to the guidelines of the "Sustainable Development Guidemap for TWSE/TPEX Listed Companies".

Note 1 : This information shall be disclosed in compliance with the schedule prescribed in the order issued under Article 10, paragraph 2 of the Regulations.

Note 2 : The base year shall be the fiscal year in which the greenhouse gas inventory is completed based on the consolidated financial reporting boundary. For example, under the order issued under Article 10, paragraph 2 of the Regulations, a company with capital of NT\$10 billion shall complete the inventory for its fiscal 2024 annual consolidated financial report in 2025, so the base year will be 2024. If a company has disclosed its inventory in its consolidated financial report in an earlier year, it may take the earlier fiscal year as its base year. Also, the data for the base year may be calculated based on a single fiscal year or the average of multiple fiscal years.

(VII) The implementation of the ethical corporate management and its deviation from the “Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies” and the reasons:

Evaluation Items	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Company” and the Reasons
	Yes	No	Summary Description	
I. Establishment of ethical corporate management policy and proposal				
(I) Has the Company formulated an ethical corporate management policy approved by the Board of Directors, and are the policy and practice of ethical corporate management stated in the Company’s regulations and external documents, as well as the commitment of the Board of Directors and the senior management to actively implement the policy?	V		(I) The company has formulated the “Ethical Corporate Management Best Practice Principles” approved by the board of directors, which regulates that all employees must be honest, fair, and comply with government laws and regulations when performing company business. The board directors and the senior management also base on the principle of honesty and business philosophy to manage the company.	(I) No material deviation
(II) Has the Company established a mechanism for evaluating the risk of unethical conduct, regularly analyzed and evaluated the activities in the scope of business with a higher risk of unethical conduct, and on the basis of this, has formulated a plan to prevent unethical conduct, which covers at least the preventive measures for the conduct set out in Article 7, Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?”	V		(II) According to the company’s “Ethical Corporate Management Best Practice Principles,” it is necessary to evaluate the legitimacy, the ethical corporate management policy, and whether there has been a record of unethical conduct committed before establishing a business relationship with the counterparty so to ensure that the counterparty’s business operations are fair, transparent, and who are unlikely to ask for, offer, or accept bribes.	(II) No material deviation
(III) Has the Company specified operating procedures, conduct guidelines, and disciplinary and complaint systems for violations in the plan to prevent unethical conduct and implemented the plan as well	V		(III) The company has formulated the “Ethical Corporate Management Best Practice Principles” to clearly define the company’s ethical corporate management policy and	(III) No material deviation

Evaluation Items	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Company” and the Reasons
	Yes	No	Summary Description	
as regularly reviewed and amended it?			announce it to all employees.	
<b>II. Implementation of Ethical Corporate Management</b> (I) Does the Company evaluate the ethical records of its counterparties and specify the ethical conduct clauses in the contracts signed with the counterparties?  (II) Does the Company have a dedicated unit under the Board of Directors to promote ethical corporate management and regularly report (at least once a year) to the Board of Directors on its ethical management policy and plan to prevent unethical conduct and monitor their implementation?  (III) Does the Company have the policy to prevent conflict of interest, provide appropriate channels for an explanation, and implement it?  (IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and the internal audit unit draws up relevant audit plans based on the evaluation results of risk of unethical conduct, and audits the compliance of the plan to prevent unethical conduct or entrusts a CPA to perform the audit?	V	V	(I) According to the company’s “Ethical Corporate Management Best Practice Principles,” the counterparty found with an unethical conduct committed should be immediately suspended of any business transaction who should be on the list in order to substantiate the company’s ethical corporate management policy.  (II) The company plans to set up a full-time unit to promote corporate integrity management based on actual future needs, and reported its implementation status to the board of directors on March 13, 2024.  (III) The company’s internal staff can report the matters related to conflicts of interest to the direct supervisor in the department or the officers in the Administration Office.  (IV) The company has established an effective accounting system and internal control system; also, the internal auditors perform the audit work in accordance with the audit plan approved by the board of directors, and follow up and improve continuously to ensure the implementation of the ethical corporate management policy.	(I) No material deviation  (II) It is planned to be gradually implemented in accordance with the regulations.  (III) No material deviation  (IV) No material deviation

Evaluation Items	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Company” and the Reasons
	Yes	No	Summary Description	
(V) Does the Company regularly organize internal and external education and training on ethical corporate management?	V		(V) The company propagandizes and helps employees clearly understand the concept and specification of ethical corporate management through staff meetings and departmental meetings. The internal and external education and training arranged by the company on ethical corporate management: The company had arranged internal and external education and training related to ethical corporate management in 2023 (including the courses of compliance with laws and regulations on ethical corporate management, accounting systems, internal control, etc.) for a total of 69 hours with 17 people involved.	(V) No material deviation
III. The operation of the Company’s whistleblower reporting system (I) Has the Company set up a specific whistleblower reporting and reward system and a convenient reporting channel, and designated appropriate personnel to deal with the reported matters? (II) Has the Company formulated standard operating procedures for the investigation of the reported matters, follow-up measures to be taken after the completion of the investigation, and the relevant confidentiality mechanisms?	V		(I) Unethical conduct could be reported through the “Suggestion Box” and “Designated E-mail address,” and then handled by the designated personnel of the Administration Office.	(I) No material deviation
	V		(II) The company has the identity of the whistleblower and the reported contents kept in confidence truthfully. The standard operating procedure for the reported incident is for the whistleblower to provide specific evidence to the company’s superior supervisor directly; also, the relevant documents and materials are regarded as confidential documents. All personnel involved in the	(II) No material deviation

Evaluation Items	The State of Operations			Deviation From the “Ethical Corporate Management Best Practice Principles for TWSE or TPEX Listed Company” and the Reasons
	Yes	No	Summary Description	
(III) Does the company take measures to protect whistleblowers from retaliation due to whistleblowing?	V		operation are fully responsible for the confidentiality of the process. (III) The company is responsible for the confidentiality of the whistleblower and may not take any improper action against the whistleblower.	(III) No material deviation
IV. Intensification of Disclosure Does the Company disclose the content and effectiveness of its Ethical Corporate Management Best Practice Principles on its website and the Market Observation Post System?	V		The company has the “Ethical Corporate Management Best Practice Principles” disclosed on the company’s website and the Market Observation Post System.	No material deviation
V. If the company has the “Ethical Corporate Management Best Practice Principles” formulated in accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies,” please state the differences between the two and the state of implementation: No material deviation				
VI. Other important information that helps better understand the operation of the company’s ethical corporate management (such as the review and amendment to the ethical corporate management best practice principles): None				

(VIII) Inquiry of ethical corporate management best practice principles and related rules and regulations: The company has formulated the “Guidelines for the Adoption of Codes of Ethical Conduct,” “Ethical Corporate Management Best Practice Principles,” “Rules of Procedure for Board of Directors Meetings,” “Rules of Procedure for Shareholders Meetings,” “Rules Governing Election of Directors,” and other relevant regulations, which have all been disclosed on the Market Observation Post System at <http://mops.twse.com.tw/>

(IX) Other important information that helps better understand the operation of the company’s ethical corporate management: None

(X) Implementation of the internal control system:

1. Internal Control Statement: See page 82 for details.

2. The Independent Auditor’s Review Report on the internal control system reviewed by the commissioned CPAs: None

(XI) Where the company and its insiders receive penalties for violations or the company’s punishment on its internal personnel for violating internal control system, and where the punishment may have a material impact on shareholders’ equity or securities price, the penalty, main nonconformities, and corrective actions shall be expressly listed for the most recent year and as of the annual report publication date: None

(XII) Major resolutions reached in the shareholders meeting and the board meetings in the most recent year and as of the annual report publication date:

1. The contents and implementation of the important resolutions reached in the regular shareholders meetings in 2023 and as of the annual report publication date

Shareholders Meeting date	Important resolutions
6.2.2023	1. Recognized the 2022 business report and financial statements. Implementation: Approved by voting.
	2. Recognized the 2022 earnings distribution proposal. Implementation: The distribution of cash dividend of NT\$1/share for a total of NT\$68,624,449 was approved by voting. The ex-dividend base date was scheduled on June 10, 2023 and cash dividend was distributed on June 30, 2023.

2. Important resolutions reached in the special shareholders meeting in 2023 and as of the annual report publication date: None

3. Important resolutions reached in the board meeting in 2023 and as of the annual report publication date

Board Meeting Date	Important resolutions
1.14.2023	1. Approved the year-end bonus of the managerial officers proposed by the company’s Remuneration Committee. 2. Approved the 2023 budget report. 3. Approved the derivative financial instruments operated by Coolmax-way Auto Parts Co., Ltd. and Nanjing Cryomax Auto Parts Co., Ltd. 4. Approved the convention of the 2023 regular shareholders meeting.

Board Meeting Date	Important resolutions
3.23.2023	<ol style="list-style-type: none"> <li>1. Recognized the company's 2022 standalone financial statements and consolidated financial statements.</li> <li>2. Recognized the 2022 earnings distribution proposal.</li> <li>3. Approved the content and payment of the director's remuneration deliberated by the company's Remuneration Committee.</li> <li>4. Approved the total payment amount of employee remuneration of the company.</li> <li>5. Approved the promotion of Guangzheng Her who is the Junior VP of the President's Office.</li> <li>6. Approved the issuance of the 2022 internal control system statement.</li> <li>7. Approved the accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. to be transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> <li>8. Approved the loaning of funds to Nanjing Cryomax Auto Parts Co., Ltd., the 100% sub-subsidiary.</li> <li>9. Approved the 2023 independence and competency evaluation of the CPAs.</li> <li>10. Approved the CPA replacement due to the internal rotation of PricewaterhouseCoopers, Taiwan.</li> <li>11. Approved the company's planned investments to acquire marketable securities (stock).</li> <li>12. Approved the formulation of the ex-dividend date.</li> <li>13. Approved the credit loans from Erlin Branch of Taichung Bank.</li> <li>14. Approved the credit loans from Yuanta Bank.</li> <li>15. Approved the credit loans from Earlin Branch of Taiwan Business Bank.</li> <li>16. Approved the credit loans from Taichung Branch of China Bills Finance Corporation.</li> <li>17. Approved the credit loans from Cathay United Bank.</li> </ol>
5.11.2023	<ol style="list-style-type: none"> <li>1. Approved the company's October ~ December, 2022 incentive contents and payment amount deliberated by the Remuneration Committee of the company.</li> <li>2. Approved the company's 2023Q1 consolidated financial report.</li> <li>3. Approved the accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. to be transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> <li>4. Approved the quota increase case of Coolmax-way Auto Parts Co., Ltd. operated derivative financial instruments.</li> <li>5. Approved pre-approval of certification accountants, their firms and firm-affiliated companies to provide non-assurance services to the company and its subsidiaries.</li> <li>6. Approved appointment of the company's corporate governance officer.</li> <li>7. Approved the credit loans from Lugang Branch of Bank of Taiwan.</li> <li>8. Approved the credit loans from Taichung Branch of O-Bank.</li> <li>9. Approved the credit loans from Shifu Branch of Taishin Bank.</li> <li>10. Approved the credit loans from Fuxing Branch of Land Bank.</li> </ol>
8.10.2023	<ol style="list-style-type: none"> <li>1. Approved the company's 2023Q2 consolidated financial report.</li> <li>2. Approved the earnings distribution for the first half of 2023.</li> </ol>

Board Meeting Date	Important resolutions
	<ol style="list-style-type: none"> <li>3. Approved the company's "2022 managerial officers employee remuneration payment proposal."</li> <li>4. Approved the accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. to be transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> <li>5. Approved Cryomax Cooling System Corp. and CRYOMAX U.S.A INC. loaning of funds to CRYOMAX MEXICO S.A.DE C.V. and the change of its purpose and limit.</li> <li>6. Approved PricewaterhouseCoopers, Taiwan internal adjustment and replacement of accountants.</li> <li>7. Approved merge the two operating procedures of "Internal Material Information Processing and Insider Trading Prevention Management Operation Procedures" and "'Procedures for handling material inside information"</li> <li>8. Approved the proposal of lifting the restrictions on managers' non-compete.</li> <li>9. Approved the credit loans from Yuanlin Branch of Bank SinoPac.</li> <li>10. Approved the credit loans from Dadun Branch of Shin Kong Bank.</li> <li>11. Approved the credit loans from Yuanlin Branch of Mega Bank.</li> </ol>
11.11.2023	<ol style="list-style-type: none"> <li>1. Approved the company's 2023Q3 consolidated financial report.</li> <li>2. Approved the 2024 audit plan report.</li> <li>3. Approved the accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. to be transferred and booked in the "Other receivable" account and treated as loaning of funds.</li> <li>4. Approved the loaning of funds to CRYOMAX MEXICO S.A. de C.V. from Cryomax Cooling System Corp. regarding the change of borrowing interest rates..</li> <li>5. Approved the loaning of funds to CRYOMAX MEXICO S.A. de C.V. from CRYOMAX U.S.A INC..</li> <li>6. Approved the company plans to implement a securities investment case.</li> <li>7. Approved the credit loans from Taipei Fubon Bank.</li> <li>8. Approved the credit loans from Taishin Bank.</li> <li>9. Approved the credit loans from Shizheng Branch of ChinaTrust Commercial Bank.</li> <li>10. Approved understanding the power situation in CRYOMAX MEXICO S.A. de C.V.</li> </ol>
1.27.2024	<ol style="list-style-type: none"> <li>1. Approved the year-end bonus of the managerial officers proposed by the company's Remuneration Committee.</li> <li>2. Approved the 2024 budget report.</li> <li>3. Approved the derivative financial instruments operated by Coolmax-way Auto Parts Co., Ltd. and Nanjing Cryomax Auto Parts Co., Ltd.</li> <li>4. Approved the loaning of funds to CRYOMAX MEXICO S.A. de C.V. from Cryomax Cooling System Corp. regarding the contract and interest modification.</li> <li>5. Approved the transfer bank for accounts receivable through Advance Auto Parts was changed from Wells Fargo Bank to Deutsche Bank Aktiengesellschaft, Hong Kong Branch.</li> </ol>

Board Meeting Date	Important resolutions
	<p>6. Approved the new formulation of the “Transfer Repurchased Shares to Employees Rules.”</p> <p>7. Approved the company's plan to implement the first treasury stock system in 2024 (the sixth time the company has bought back treasury shares), it will buy back the company's shares from the centralized securities trading market and prepare a statement that will not affect the company's capital maintenance.</p> <p>8. Approved the convention of the 2024 regular shareholders meeting.</p>
3.13.2024	<p>1. Recognized the company’s 2023 standalone financial statements and consolidated financial statements.</p> <p>2. Recognized the 2023 earnings distribution proposal.</p> <p>3. Approved the content and payment of the director’s remuneration deliberated by the company’s Remuneration Committee.</p> <p>4. Approved the total payment amount of employee remuneration of the company.</p> <p>5. Approved the issuance of the 2023 internal control system statement.</p> <p>6. Approved the accounts receivable of Coolmax-way Auto Parts Co., Ltd., the sub-subsidiary, from Nanjing Cryomax Auto Parts Co., Ltd. to be transferred and booked in the “Other receivable” account and treated as loaning of funds.</p> <p>7. Approved the loaning of funds to Nanjing Cryomax Auto Parts Co., Ltd., the 100% sub-subsidiary.</p> <p>8. Approved the 2024 independence and competency evaluation of the CPAs.</p> <p>9. Approved the amendments of the “Transfer Repurchased Shares to Employees Rules.”</p> <p>10. Approved the issue new shares through capital increase from the company's 2023 earnings.</p> <p>11. Approved the amendment to convention of the 2024 regular shareholders meeting.</p> <p>12. Approved the formulation of the ex-dividend date.</p> <p>13. Approved the credit loans from Earlin Branch of Taiwan Business Bank.</p> <p>14. Approved the credit loans from Taichung Branch of China Bills Finance Corporation.</p> <p>15. Approved the credit loans from Cathay United Bank.</p> <p>16. Approved the credit loans from Shalu Branch of Yuanta Bank.</p> <p>17. Approved the credit loans from Taishin Bank.</p>

(XIII) The important resolutions about which board director or supervisor expresses an objection or reservation that has been included in records or stated in writing in the most recent year or as of the annual report publication date: None

(XIV) A summary of the resignation and dismissal of the company’s chairman, President, accounting officer, finance officer, internal audit officer, corporate governance officer, and R&D officer in the most recent year and as of the annual report publication date: None

Cryomax Cooling System Corp.  
Statement of internal control system

Date: March 13, 2024

The company bases on the result of the self-assessment performed on the 2023 internal control system to make declaration as follows:

- I. The company knows that establishing, implementing, and maintaining an internal control system is the responsibility of the company's Board of Directors and managerial officers, and the company has established this system. Its purpose is to provide reasonable assurance of the achievement of objectives, such as the effectiveness and efficiency of operations (including profitability, performance and asset security, etc.), the reliability, timeliness, and transparency of reporting, as well as compliance with relevant rulings, laws and regulations, etc.
- II. Internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide a reasonable assurance of the achievement of the above three objectives; moreover, due to changes in the environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the company's internal control system has a self-monitoring mechanism. Once a defect is identified, the company will take corrective actions.
- III. The company determines the effectiveness of the design and implementation of its internal control system in accordance with the criteria of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Regulations"). The criteria of the internal control system adopted in the "Regulations" are based on the process of managerial control and divide the internal control system into five components: 1. Control environment, 2. Risk evaluation, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component consists of a number of items. Please refer to the "Regulations" for these items.
- IV. The company has adopted the aforementioned criteria of the internal control system to evaluate the effectiveness of the design and implementation of its internal control system.
- V. The company bases on the evaluation results stated in the preceding paragraph to conclude that the internal control system on December 31, 2023 (including the supervision and management of subsidiaries), including understanding the operational effect and the extent of efficiency realization, the reporting is reliable, timely, transparent, and complying with the relevant norms and relevant laws and regulations, the compliance with governing laws and regulations, and other design and implementation, is effective, which can reasonably ensure the achievement of the aforementioned objectives.
- VI. This statement will become the main content of the company's annual report and prospectus and will be made public. If the aforementioned disclosures have falsehood or concealment, legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be incurred.
- VII. This statement was approved by the Board of Directors on March 13, 2024 by the 8 directors present unanimously and it is so stated for the said purpose.

Cryomax Cooling System Corp.

Chairman and President: Liu, Yen-Ti

**V. Information on the CPA's audit fees:**

Unit: NT\$ Thousand

CPA Firm	CPA name	CPA audit period	Audit fee	Non-audit fee	Total	Remark
PricewaterhouseCoopers, Taiwan	LAI,CHIH WEI	1/1/2023 ~	2,750	250	3,000	Note 2
	WANG,YU-CHUAN	12/31/2023				

Note 1: If the CPA Firm or CPAs are changed by the company this year, it is necessary to list the audit period separately, explain the reasons for the change in the remark column, and disclose the audit and non-audit fees paid sequentially. The service content of the non-audit fees paid for should be detailed by a note.

Note 2: Audit and attestation of the business income tax.

- (I) The non-audit fee paid to the independent auditors, the CPA firm, and its affiliated enterprises is for an amount exceeding 25% of the audit fee paid: None
- (II) The audit fee paid in the year that the CPA firm is changed is for an amount less than what was paid for in the previous year: None
- (III) The audit fee for the year is 10% less than what was paid for in the previous year: None

**VI. Information on the replacement of CPAs:**

(I) About the former CPAs:

Replacement Date	1.Approval of the board of directors on March 23, 2023 2.Approval of the board of directors on August 10, 2023		
Replacement reasons and explanations	1.The original CPAs of the Company were LIU,MEI-LAN and HUNG, SHU-HUA from PricewaterhouseCoopers, Taiwan. Due to internal restructuring at PricewaterhouseCoopers, Taiwan , the CPAs of the Company were changed to WANG,YU-CHUAN and LIU,MEI-LAN, beginning January 1, 2023. 2.The original CPAs of the Company were WANG,YU-CHUAN and LIU,MEI-LAN from PricewaterhouseCoopers, Taiwan. Due to internal restructuring at PricewaterhouseCoopers, Taiwan , the CPAs of the Company were changed to LAI,CHIH WEI and WANG,YU-CHUAN, beginning July 1, 2023.		
Describe whether the Company terminated or the CPA did not accept the appointment	Parties	CPA	The Company
	Status		
	Termination of appointment	NA	NA
	No longer accepted (continued) appointment	NA	NA
Other issues (except for unqualified issues) in the audit reports within the last two years	NA		

Differences with the company	Yes		Accounting principles or practices
			Disclosure of Financial Statements
			Audit scope or steps
			Others
	None	V	
Remarks/specify details:NA			
Other Revealed Matters	NA		

(II) About the successor CPAs:

CPA Firm	PricewaterhouseCoopers, Taiwan
CPA name	1.CPAs WANG,YU-CHUAN and LIU, MEI-LAN 2.CPAs LAI,CHIH WEI and WANG,YU-CHUAN
Date of appointment	1.Approval of the board of directors on March 23, 2023 2.Approval of the board of directors on August 10, 2023
Consultation results and opinions on accounting treatments or principles with respect to specified transactions and the company's financial reports that the CPA might issue prior to the engagement.	None
Succeeding CPA's written opinion of disagreement toward the former CPA	None

(III) Reply letter from the former CPAs regarding the items stated in Article 10, Paragraph 5, Subparagraph 1 and 2-3 of the "Regulations:" Not applicable.

**VII. The chairman, President, or officer in charge of financial or accounting matters of the company, who has worked in the CPA Firm or its affiliated companies within the last year:**  
None

**VIII. Equity transfer and changes in equity pledge of directors, supervisors, managerial officers, and shareholders who have more than 10% shareholdings in the most recent year and as of the annual report publication date:**

(I) Changes in the equity of directors, managerial officers, and major shareholders:

Unit: shares

Title	Name	2023		As of April 1 of the year	
		Increase/decrease in the shareholding	Increase/decrease in the number of shares pledged	Increase/decrease in the shareholding	Increase/decrease in the number of shares pledged
Chairman	Shi-Yuan Investment Company	-	-	-	-
& President	Representative: Liu, Yen-Ti	-	-	-	2,000,000
Director	DENSO Corporation	-	-	-	-
	Representative: Fukumi Yasuo	-	-	-	-
Director	Daman Investment Co., Ltd.	-	-	-	-
	Representative: Tsou, Yung-Chen	-	-	-	-
Director	Chieh Yu Liu (Note 1)	-	-	-	-
Independent Director	Yan, Wen-Jyh	-	-	-	-
Independent Director	Wei, Che-chen	-	-	-	-
Independent Director	Wang, Chi-Chuan	-	-	-	-
Independent Director	Chang, Kuo-Hua	-	-	-	-
V.P.	Bowen Shi (Note 1)	(112,000)	-	(Note 1)	(Note 1)
V.P.	Pinchi Jiang	1,000	-	-	-
V.P.	Anhua Luo	(11,000)	-	-	-
V.P.	Zifang Yang	15,000	-	-	-
V.P.	Guangzheng Her	-	-	-	-
Manager of Finance	HSU, NAI-LUNG	-	-	-	-
Major Shareholder	DENSO Corporation	-	-	-	-

Note 1: Bowen Shi resigned on July 31, 2023, so the calculation period for the number of shares held and the number of pledged shares in 2023 is from January 1, 2023 to July 31, 2023.

(II) Information on the counterparty of the equity transfer or equity pledge who is a related party

1. The counterparty of the equity transfer who is a related party: None
2. The counterparty of the equity pledge who is a related party: None

**IX. Information on the top ten shareholders who are related to each other or as spouses or relatives within the second degree of kinship**

April 1, 2024 Unit: Shares; %

NAME	Shareholdings of the Principal		Shareholding of spouse and minor children		Shares held in the name of others		The titles or names and relationships of the top-ten shareholders who are related parties, spouse, and relatives within the second degree of kinship		REMARKS
	SHARES	SHARE HOLDING RATIO	SHARES	SHARE HOLDING RATIO	SHARES	SHARE HOLDING RATIO	TITLE	RELATION	
DENSO Corporation	14,147,072	20.62	-	-	-	-	-	-	-
Representative: Shinnosuke Hayashi	-	-	-	-	-	-	DENSO Corporation	The representative of the said company	-
Yida Investment Co., Ltd.	4,120,000	6.00	-	-	-	-	Liu, Yen-Ti and Shi-Yuan Investment Company	1. Liu, Yen-Ti is the spouse of Meizhi Hsu who is the representative 2. Liu, Yen-Ti, the representative of Shi-Yuan Investment Company is the spouse of Meizhi Hsu	-
Representative: Meizhi Hsu	500,000	0.73	2,500,000	3.64	-	-	Yida Investment Co., Ltd. Liu, Yen-Ti Shi-Yuan Investment Company, Yanming Liu	1. The representative of the said company 2. Liu, Yen-Ti is the spouse of Meizhi Hsu 3. Liu, Yen-Ti, the representative of Shi-Yuan Investment Company is the spouse of Meizhi Hsu 4. Yanming Liu is the relative within the 2 <sup>nd</sup> degree of kinship of Meizhi Hsu	-
Daman Investment Co., Ltd.	2,538,774	3.70	-	-	-	-	-	-	-
Representative: Shuting Zheng	668,012	0.97	-	-	-	-	Daman Investment Co., Ltd.	The representative of the said company	-

NAME	Shareholdings of the Principal		Shareholding of spouse and minor children		Shares held in the name of others		The titles or names and relationships of the top-ten shareholders who are related parties, spouse, and relatives within the second degree of kinship		REMARKS
	SHARES	SHARE HOLDING RATIO	SHARES	SHARE HOLDING RATIO	SHARES	SHARE HOLDING RATIO	TITLE	RELATION	
Liu, Yen-Ti	2,500,000	3.64	500,000	0.73	414,000	0.60	Yida Investment Co., Ltd., Yanming Liu Shi-Yuan Investment Company	1. Meizhi Hsu, the representative of Yida Investment Co., Ltd., is the spouse of Liu, Yen-Ti. 2. Yanming Liu is the relative within the 2 <sup>nd</sup> degree of kinship of Meizhi Hsu 3. Liu, Yen-Ti, the representative of Shi-Yuan Investment Company is the spouse of Meizhi Hsu	-
Shi-Yuan Investment Company	2,490,000	3.63	-	-	-	-	-	-	-
Representative: Liu, Yen-Ti	2,500,000	3.64	500,000	0.73	414,000	0.60	Yida Investment Co., Ltd., Yanming Liu Shi-Yuan Investment Company	1. Meizhi Hsu, the representative of Yida Investment Co., Ltd., is the spouse of Liu, Yen-Ti. 2. Yanming Liu is the relative within the 2 <sup>nd</sup> degree of kinship of Meizhi Hsu 3. The representative of the said company	-
Jianrong Zheng	1,309,304	1.91	-	-	-	-	-	-	-
Shuli Yo	1,155,161	1.68	-	-	-	-	-	-	-
Yanming Liu	1,042,000	1.52	-	-	-	-	Liu, Yen-Ti and Meizhi Hsu	Liu, Yen-Ti and Meizhi Hsu are the relatives in the 2 <sup>nd</sup> degree of kinship of Yanming Liu	-

NAME	Shareholdings of the Principal		Shareholding of spouse and minor children		Shares held in the name of others		The titles or names and relationships of the top-ten shareholders who are related parties, spouse, and relatives within the second degree of kinship		REMARKS
	SHARES	SHARE HOLDING RATIO	SHARES	SHARE HOLDING RATIO	SHARES	SHARE HOLDING RATIO	TITLE	RELATION	
Yinke Lai	700,000	1.02	-	-	-	-	-	-	-
Huifang Zheng	677,961	0.99	-	-	-	-	-	-	-
Shipeng Zheng	677,961	0.99	-	-	-	-	-	-	-

**X. Investments jointly held by the company, the company's directors, supervisors, managerial officers, and enterprises directly or indirectly controlled by the company and with the shareholding ratio calculated aggregately**

March 31, 2024 Unit: shares; %

Invested company	The company's investment		Investment of the directors, supervisors, managerial officers, and business under direct or indirect control		Total investments	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio
CRYOMAX INTERNATIONAL LTD.	22,432	100	-	-	22,432	100
CRYOMAX U.S.A. INC.	10,000	100	-	-	10,000	100
CROHAN INTERNATIONAL LTD.	-	-	23,361	100	23,361	100
Coolmax-way Auto Parts Co., Ltd.	-	-	10,000	100	10,000	100
Nanjing Cryomax Auto Parts Co., Ltd.	-	-	16,420	100	16,420	100
CRYOMAX MEXICO S.A. de C.V.	175,562	90	19,507	10	195,069	100

## Four. Capital raising

### I. Capital and shares

#### I. Source of capital

##### 1. Capital formation

April 1, 2024

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousand)	Amount (NT\$ Thousand)	Shares (Thousand)	Amount (NT\$ Thousand)	Source of capital	Using property other than cash as payment of shares	Others
4.2004	10	21,500	215,000	21,500	215,000	Cash capital increase for NT\$25,000 thousand	-	Approved by the Jin-So-Chong-Zi No. 09332036020 Letter dated 4.28.2004
12.2004	10	30,000	300,000	23,650	236,500	Capital increase from earnings for NT\$21,500 thousand	-	Approved by the Jin-So-Chong-Zi No. 09333121590 Letter dated 12.02.2004
9.2005	10	30,000	300,000	29,250	292,500	Cash capital increase for NT\$56,000 thousand	-	Approved by the Jin-So-Chong-Zi No. 09432765120 Letter dated 9.05.2005
8.2006	10	50,000	500,000	30,450	304,500	Cash capital increase for NT\$12,000 thousand	-	Approved by the Jin-So-Chong-Zi No. 09532631380 Letter dated 8.07.2006
9.2007	10	50,000	500,000	32,950	329,500	Cash capital increase for NT\$25,000 thousand	-	Approved by the Jin-So-Chong-Zi No. 09632838110 Letter dated 9.29.2007
8.2008	10	50,000	500,000	36,245	362,450	Capital increase from additional paid-in capital for NT\$32,950 thousand	-	Approved by the Jin-So-Chong-Zi No. 09732832330 Letter dated 8.11.2008
8.2009	10	50,000	500,000	38,057	380,573	Capital increase from earnings for NT\$18,123 thousand	-	Approved by the Jin-So-Chong-Zi No. 09832860080 Letter dated 8.13.2009
9.2010	10	70,000	700,000	40,341	403,412	Cash capital increase for NT\$22,840 thousand	-	Approved by the Jin-So-Chong-Zi No. 09932573000 Letter dated 9.10.2010
8.2011	10	70,000	700,000	41,148	411,481	Capital increase from earnings for NT\$8,068 thousand	-	Approved by the Jin-So-Chong-Zi No. 10032469250 Letter dated 9.05.2011
11.2011	10	70,000	700,000	52,754	527,539	Cash capital increase by private placement for NT\$116,058 thousand	-	Approved by the Jin-So-Chong-Zi No. 10001272480 Letter dated 11.30.2011
7.2014	10	70,000	700,000	54,337	543,366	Capital increase from earnings for NT\$15,827 thousand	-	Approved by the Jin-So-Sun-Zi No. 10301151800 Letter dated 7.28.2014

Year/Month	Issue price (NTD)	Authorized capital		Paid-in capital		Remarks		
		Shares (Thousand)	Amount (NT\$ Thousand)	Shares (Thousand)	Amount (NT\$ Thousand)	Source of capital	Using property other than cash as payment of shares	Others
7.2017	10	70,000	700,000	60,042	600,419	Capital increase from earnings for NT\$57,053 thousand	-	Approved by the Jin-So-Sun-Zi No. 10601091200 Letter dated 7.17.2017
5.2018	10	70,000	700,000	67,736	677,359	Cash capital increase for NT\$76,940 thousand	-	Approved by the Jin-So-Sun-Zi No. 10701045640 Letter dated 5.07.2018
11.2018	10	70,000	700,000	66,536	665,359	Capital decrease by cancelling treasury stock for NT\$12,000 thousand	-	Approved by the Jin-So-Sun-Zi No. 10701147740 Letter dated 11.23.2018
1.2019	10	70,000	700,000	66,036	660,359	Capital decrease by cancelling treasury stock for NT\$5,000 thousand	-	Approved by the Jin-So-Sun-Zi No. 10801012100 Letter dated 1.29.2019
9.2019	10	70,000	700,000	67,357	673,566	Capital increase from earnings for NT\$13,207 thousand	-	Approved by the Jin-So-Sun-Zi No. 10801127540 Letter dated 9.18.2019
4.2020	10	70,000	700,000	66,357	663,566	Capital decrease by cancelling treasury stock for NT\$10,000 thousand	-	Approved by the Jin-So-Sun-Zi No. 10901055250 Letter dated 4.13.2020
7.2020	10	70,000	700,000	65,357	653,566	Capital decrease by cancelling treasury stock for NT\$10,000 thousand	-	Approved by the Jin-So-Sun-Zi No. 10901136120 Letter dated 7.30.2020
9.2021	10	100,000	1,000,000	68,624	686,244	Capital increase from earnings for NT\$32,678 thousand	-	Approved by the Jin-So-Sun-Zi No. 11001171320 Letter dated 9.22.2021

## 2. Types of Shares Issued

April 1, 2024 Unit: Shares

Type of shares	Authorized capital stock			Remarks
	Outstanding shares(Note)	Unissued shares	Total	
Registered common stock	68,624,449	31,375,551	100,000,000	-

Note: Includes 250,000 treasury shares.

3. Information on the shelf registration system: Not applicable.

(II) Shareholder structure

April 1 2024

Shareholder structure QTY	Government agency	Financial institutions	Other juridical persons	Individuals	Foreign institutions and foreigners	Total
Number of people	-	4	25	5,307	19	5,355
Shareholding	-	55,105	10,752,089	42,868,440	14,698,815	68,374,449
Shareholding ratio	-	0.08%	15.72%	62.70%	21.50%	100.00%

Note: Excludes 250,000 treasury shares.

(III) Equity dispersion profile

1. Dispersion of common stock shares

NT\$10 Par; April 1, 2024

Classification of shareholding	Number of shareholders	Shareholding	Shareholding ratio (%)
1 ~ 999	1,380	208,170	0.30
1,000 ~ 5,000	2,967	5,852,924	8.56
5,001 ~ 10,000	454	3,336,996	4.88
10,001 ~ 15,000	179	2,135,258	3.12
15,001 ~ 20,000	78	1,424,551	2.08
20,001 ~ 30,000	98	2,440,553	3.57
30,001 ~ 40,000	49	1,683,323	2.46
40,001 ~ 50,000	35	1,576,256	2.31
50,001 ~ 100,000	44	3,137,438	4.59
100,001 ~ 200,000	27	3,929,422	5.75
200,001 ~ 400,000	25	7,111,387	10.40
400,001 ~ 600,000	5	2,210,934	3.23
600,001 ~ 800,000	6	4,024,926	5.89
800,001 ~ 1,000,000	-	-	-
Over 1,000,001	8	29,302,311	42.86
Total	5,355	68,374,449	100.00

Note: Excludes 250,000 treasury shares.

2. Dispersion of preferred stock shares: Not applicable

## (IV) Major shareholder List:

APRIL 1, 2024 UNIT: SHARES

Shares	Shareholding	Shareholding ratio
Names of major shareholders		
DENSO Corporation	14,147,072	20.62%
Yida Investment Co., Ltd.	4,120,000	6.00%
Daman Investment Co., Ltd.	2,538,774	3.70%
Liu, Yen-Ti	2,500,000	3.64%
Shi-Yuan Investment Company	2,490,000	3.63%
Jianrong Zheng	1,309,304	1.91%
Shuli Yo	1,155,161	1.68%
Yanming Liu	1,042,000	1.52%
Yinke Lai	700,000	1.02%
Huifang Zheng	677,961	0.99%
Shipeng Zheng	677,961	0.99%

## (V) Information on market price, net worth, earnings, dividend per share, and the relevant data for the most recent two years:

Item	Year	2022	2023	As of March 31, 2024 (Note 8)	
<b>Market Price Per Share (Note 1)</b>	Highest	28.25	27.95	31.15	
	Lowest	20.00	21.25	22.45	
	Average	24.14	23.00	24.97	
Net worth per share (Note 2)	Before distribution	20.37	19.99	-	
	After distribution	19.37	19.49	-	
Earnings per share	Weighted average shares	68,624	68,624	-	
	Earnings per share before retrospective adjustment (Note 3)	2.00	0.61	-	
	Earnings per share after retrospective adjustment (Note 3)	2.00	0.61	-	
Dividends Per Share	Cash dividends	1	0.5 (Note 9)	-	
	Stock dividends	Stock dividends from earnings	-	0.5 (Note 9)	-
		Stock dividends from additional paid-in capital	-	-	-
	Cumulative undistributed dividends (Note 4)	-	-	-	
Analysis of return on investment	Price to earnings ratio (Note 5)	12.07	37.70	-	
	Price to dividends ratio (Note 6)	24.14	46.00 (Note 9)	-	
	Cash dividends yield (Note 7)	0.04	0.02 (Note 9)	-	

Note 1: Illustrate the highest and lowest market prices of common stocks in each year; also, calculate the average market price each year in accordance with the transaction value and volume.

Note 2: Please fill in the column by referring to the number of issued shares at the end of the year and according to the resolution of the board of directors or the shareholders meeting held in the following year.

Note 3: If there is a retroactive adjustment made due to the distribution of stock dividend, the earnings per share before and after the adjustment should be illustrated.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the year the company makes a profit, the amount of cumulative undistributed dividends as of the current year is disclosed separately.

Note 5: Price-to-Earning (P/E) ratio = Average closing price per share in the current year / earnings per share.

Note 6: Ratio of dividend = Average closing price per share in the current year / cash dividend per share.

Note 7: Cash dividend yield = Cash dividend per share / average closing price per share in the current year

Note 8: The net value per share and earnings per share refers to the information audited (reviewed) by the CPAs in the most recent quarter as of the annual report publication date. The remaining columns should be filled in with the data of the current year as of the annual report publication date. The earnings per share and net value per share for the first quarter of 2024 audited by the CPAs were not yet available as of the annual report publication date.

Note 9: The Board of Directors resolved on March 13, 2024 to distribute the earnings of 2023 for a cash dividend of NT\$0.5 per common share and a stock dividend of NT\$0.5 per common share; however, the said cash dividend has not yet been reported to the shareholders meeting and stock dividend has not yet been approved to the shareholders meeting.

(VI) Company dividend policy and implementation

1. Dividend policy formulated in the Articles of Incorporation

The company's dividend policy is based on the Company Act and the company's Articles of Incorporation. The annual earnings, if any, are applied to pay income tax and make up for the losses of the previous years; also, appropriate 10% legal reserve lawfully as well as special reserve depending on the actual needs. The balance amount after deducting the aforementioned items from the current year together with the accumulated undistributed earnings of the previous year are the distributable amount for shareholder dividends.

Regarding the company's dividend distribution, since the company is in the stage of growth, for the consideration of long-term financial planning and fulfilling shareholders' needs for cash inflow, the annual cash dividends shall not be less than 10% of the total dividends distributed. However, the board of directors may adjust the distribution ratio according to the overall operating conditions at the time, which should be submitted to the shareholders meeting for resolution. The company authorizes the board of directors to distribute all or part of the dividends and bonuses in the form of cash with the consent of the majority directors present at the meeting that is attended by two-thirds of the board directors, which should be reported to the shareholders meeting; also, the resolution of the shareholders meeting as stated in the preceding paragraph does not apply under the circumstance.

2. Dividend distribution proposed at the current shareholders meeting

The company's 2023 earnings distribution plan was approved by the board of directors on March 13, 2024 with a cash dividend of NT\$0.5 per share and a cash dividend of NT\$0.5 per share proposed; however, the said cash dividend has not yet been reported to the shareholders meeting and stock dividend has not yet been approved to the shareholders meeting.

(VII) The impact of the stock dividends proposed in the shareholders meeting on the company's operating performance and earnings per share:

Items		Year
		2024 (Estimate)
Amount of paid-in capital at the beginning of the period(NT\$)		686,244,490
Dividend distribution for the year (Note 1)	Cash dividends per share (NT\$)	0.5
	Number of shares granted per share from capitalization of retained earnings (shares)	0.5

Change in business performance	Operating profits		Note 2
	Operating profit increased (decreased) ratio compared to the same period last year		
	Net profit after tax		
	Net profit after tax increased (decreased) ratio compared to the same period last year		
	Earnings per share		
	Earnings per share increase (decrease) ratio compared to the same period last year		
	Average annual return on investment (inverse of the average annual P/E ratio)		
Pro forma earnings per share and P/E ratio	If the capitalization of the retained earnings is distributed as cash dividends	Pro forma earnings per share	Note 2
		Pro forma annual average return on investment %	
	If the capital reserve has not been transferred to capitalization	Pro forma earnings per share	
		Pro forma annual average return on investment %	
	If the capital surplus is not transferred to capitalization and the capitalization of the retained earnings is distributed as cash dividends instead	Pro forma earnings per share	
		Pro forma annual average return on investment %	

Note 1 : The company's 2023 share allotment situation will be handled in accordance with relevant regulations after the resolution of this year's regular shareholders' meeting is passed.

Note 2 : The company has not published the financial forecast for 2024, so there is no need to disclose the forecast information for 2024.

(VIII) Remuneration of employees, directors, and supervisors

1. The percentage or range of remuneration for employees, directors, and supervisors as set forth in the Articles of Incorporation:

According to Article 26 of the company's Articles of Incorporation, the company's earnings, if any, should be applied for the appropriation of employee remuneration for not less than 1% and director remuneration for not more than 5%. However, if the company has accumulated losses, an amount equivalent to the loss amount should be reserved in advance. The aforementioned employee remuneration should be paid in the form of stock or cash, and the remuneration recipients may include employees of affiliated companies who meet certain conditions, such as rank and performance, which are to be determined by the board of directors.

2. The estimated basis for employee remuneration and remuneration of directors and supervisors in the current period, the calculation basis for the stock dividend in shares, and the accounting treatment for the difference between the actual distribution amount and the estimated amount

The company's employee remuneration and director remuneration are recognized as expenses and liabilities when there is a legal or presumed obligation and the amount can be estimated reasonably. The discrepancy between the amount resolved in the shareholders meeting subsequently and the estimates listed in the financial statements, if any, shall be regarded as changes in accounting estimates and listed as current profit or loss.

3. Distribution of remuneration as approved by the Board of Directors:

Board Resolution Date: March 13, 2024

(1) If the amount of employee remuneration, director remuneration, supervisor remuneration distributed in cash or stock differs from the amount estimated in the year in which the expense is recognized, the difference, the reasons for the difference, and the handling of such difference should be disclosed.

A. It is proposed to distribute employee remuneration in cash for NT\$1,835 thousand.

B. It is proposed to distribute director remuneration for NT\$1,835 thousand.

It is not different from the amount estimated in the year in which the expense is recognized.

(2) The ratio of the amount of employee remuneration distributed in stock to the sum of the net income and total employee remuneration as stated in the standalone financial report or individual financial report: Not applicable

4. If the actual distribution of remuneration to employees, directors, and supervisors in the previous year (including the number of shares distributed, the amount, and the stock price) differs from the remuneration to employees, directors, and supervisors recognized, describe the amount of difference, the reasons for the difference, and the handling of such difference:

The company's 2022 earnings are applied to pay employee remuneration for an amount of NT\$5,460 thousand in cash and director remuneration for an amount of NT\$5,460 thousand in cash, which is not different from the amount estimated in the year in which the expense is recognized.

(IX) The repurchase of the company's shares:

Frequency of repurchase	The sixth time
Date of the board of directors resolution	2024/01/27
Purpose of the share repurchase	To transfer shares to employees
Period for the repurchase	2024/02/21 ~ 2024/03/26
Repurchase price range (NTD)	\$15.93--\$34.12
Class, quantity of shares repurchased (shares)	Common shares 250,000
Value of shares repurchased (NTD)	6,179,338
Quantity of repurchased shares as a percentage of total shares to be repurchased (%)	50%
Number of shares canceled and transferred	0
Accumulated number of company shares held (shares)	250,000
Percentage of total company shares held (%)	0.36%
Reason for non completion of the share repurchase	The company repurchases in batches within the price range depending on the change in stock price. In order to consider the willingness of employees to subscribe and the efficiency of capital utilization, and to take into account that the market mechanism does not affect the stock price, the implementation has not been completed.

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

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

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

**V. Disclosure of employee stock warrants: None**

**VI. Disclosure of new restricted employee shares: None**

**VII. Issuance of new shares in connection with merger and acquisition of shares of other companies: None**

**VIII. Disclosure on use of funds: None**

## Five. Operation Overview

### I. Business activities

#### (I) Business scope

##### 1. The main contents of the business operations

The company's main business operation is for the manufacturing, development, and sales of various automotive radiator and cooling systems, and related components.

##### 2. Sales percentage of major products

Products	Year	2023	
		Net sales income (NT\$ Thousand)	Business ratio (%)
Radiators		1,792,443	84.47
Oil coolers		111,653	5.26
Semi-finished product		139,748	6.59
Other related products		78,217	3.68
Total		2,122,061	100.00

##### 3. Current products of the company

A. Automotive cooling system, including automotive radiators, intercoolers, oil coolers, and condensers; the company's products are used by various car brands in the world, including the cooling systems for sedans, small trucks, large trucks, forklifts, generators, High Mobility Multipurpose Wheeled Vehicle (HMMWV), and continuous tracked vehicles (tanks).

B. Related components of automotive cooling system, including tanks, fixing plates, tooling, core, gaskets, etc.

##### 4. Expected new product development projects

A. Brazed oil cooler

B. Development and application of cross-field radiators with high heat dissipation efficiency, light-weighted, and thin

C. The radiator for the new car models

D. Electric Vehicle (EV) Motor and Power Electronics Thermal Management Radiator

#### (II) Industry Overview

##### 1. Industry current status and development

The auto industry in Taiwan has starting out from the components and parts contract manufacturing to the complete car production with technology accumulated throughout the journey for years with two major operations of auto part formed: Original Equipment Manufacturer (OEM) and After Market Supplier (AM) for the supply of two main markets. OEM manufacturers mainly target on domestic market while AM suppliers mainly target on exporting business. The consumers' buying

desire for a new car is easily affected by the economy. Buyers are unwilling to buy a new car under an uncertain economy. Although the overall global car sales have grown slowly in recent years; the sluggish new car market will cause the sales of used cars to go up, thus causing a booming AM market. According to research statistics, the United States is an important market to the auto parts after-sales service industry, the world largest market with a record of 800 cars owned by per thousand people; also, the AM for auto part service accounts for 80%. The AM market of the United States is with a large room for growth due to the limited production capacity of local manufacturers.

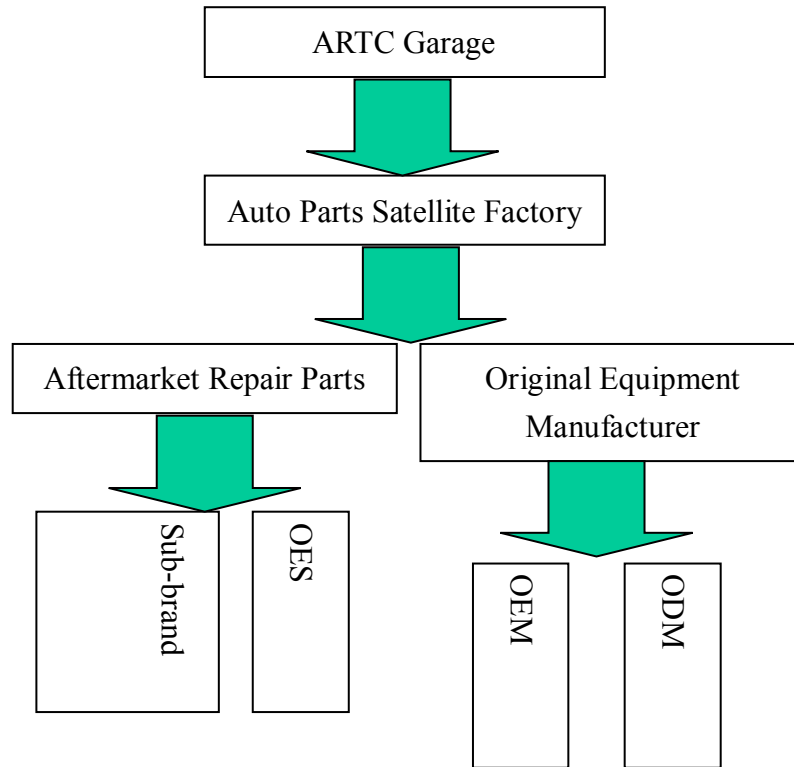
The demands in the AM market include collision repair, car modification, protection and maintenance, DIY and online markets, etc. Consumers are willing to have the automobile parts with collision warranty replaced by AM products that are with comparable quality and more competitive prices. In addition to supplying the new car parts market, American auto parts suppliers also sell parts to the AM market. The overall AM market share is increasing in the US auto parts production gradually. The new car market has been growing slowly in recent years despite the impact of global economy, causing the AM market to grow as well.

#### A. Auto Parts Industry Structure

Auto parts manufacturers include Original Equipment Manufacturer (hereinafter referred to as “OEM”) that directly supply automobile parts and components to car makers and parts factories that supply parts to global automotive maintenance market (After Market, hereinafter referred to as “AM”). The profit and growth of OEM factories mainly generated from the sales of new cars and original parts and components. However, the scale of auto market in Taiwan is limited, so production and manufacturing are less economical; therefore, the market for Taiwanese auto parts manufacturers to cooperate with OEM production and sales of complete vehicles is relatively limited that further compresses the development of component manufacturers. Therefore, domestic auto parts manufacturers turn to the international market for development, and focus on the international after-sales repair service market “AM” for business operation. According to the statistics of Taiwan auto parts export sales by IEKCQM ITRI, North American market remains the main source of the AM market in sales in recent years, followed by Asia and Europe. Automotive after-sales service parts are mainly supplied by the Original Equipment Suppliers (hereinafter referred to as the “OES”) and the non-original factories that are known as “sub-factories” (AM). OES parts are all identified with the original brand, which are relatively more expensive and are mostly sold through the stores designated by the manufacturers. AM manufacturers do not have finished products flowed to branded car factories through the supply chain, but provide to the car owners who need the parts for repair through the garages or retailers. Consumers incline to have the used

cars repaired so to extend the service life of cars in recent years due to the impact of the pandemic and the global auto market development; also, they wish to buy AM products with equivalent quality and more competitive price that indirectly promotes the vigorous development of sub-factory parts in the AM market in recent years.

Figure 1. Auto parts sales channels



Data source: Automotive Research & Testing Center (ARTC) report

The global auto parts industry continues to rely on the production of cars heavily. The demand for cars of the emerging countries has been increasing significantly due to their rapid economic growth. The accelerating expansion of global large automakers in overseas emerging markets has inspired the peripheral component manufacturers to follow in order to fulfill the overall production demands. According to the statistics of ITRI IEK, the global auto parts market scale has expanded steadily in recent years. Due to the recovery of the economy and the increase in car sales and ownership in North America, India, Mexico, and ASEAN countries where the growth of sales volume is high, the demand for auto parts is driven under the circumstance.

#### B. Industry structure of automobile engine cooling system

The engine cooling system is composed of cylinder, fan, radiator, radiator cover, thermostat, and cooling water. It is aimed to adjust the working temperature of the engine and to prevent the engine from overheating. Its function is to dissipate the unused heat in the combustion process to let the engine maintain at normal temperature (about 80~90 degrees Celsius) that allows all parts of the car to

perform their intended functions, which has a profound impact on the power output of the engine; also, the radiator is crucial.

Automobile water tank is also known as radiator, including radiator and auxiliary radiator that are the most important parts of the cooling system. Radiator is the main product of the company. The company's radiator is mainly composed of thin metal (aluminum) heat sinks. The radiator when in operation will guide the hot coolant in the engine to the top of the radiator, and then flow down through the small water pipes, increase the contact area with air through the heat sink on the radiator, and then flow to the bottom of the radiator through the water distributive pipe and then back to the engine through the pipeline so to have the heat dissipated at the fastest speed for cooling purpose. The auxiliary radiator is intended to absorb the cooling water leaked from the valve of the radiator cover based on the principle of thermal expansion and contraction when the pressure in the cooling system increases. When the pressure drops, the cooling water that was originally discharged into the auxiliary radiator will be absorbed into the radiator again.

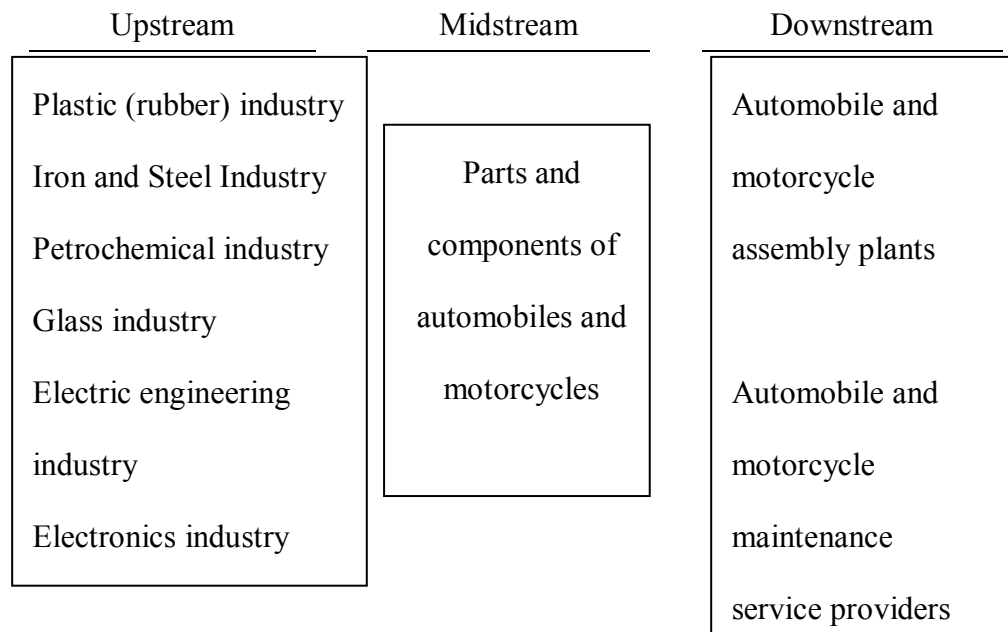
The basic parts of the radiator include the core (composed of metal heat sinks and water pipes), upper and lower tanks, main boards, oil coolers, side plates, and gaskets. In terms of material, copper was the main material of the radiator in the early stage of radiator development. Although aluminum-made radiator is with the advantages of light weight, low raw material cost, and good heat dissipation, but is limited by the early welding craftsmanship and the availability of production equipment. Car radiator made of copper dominated the market before the 1970s'. Due to the influence of the oil crisis took place after the 1970s' and the awakening awareness of energy saving and carbon reduction, the industry was prompted to enhance the development and application of aluminum-made radiator. The aluminum-made radiator entered large-scale production and became the mainstream of the market in the 1990s'. The small vehicles are equipped with aluminum-made radiator nowadays. The development of the radiator equipped with better heat sink, better function, smaller size, lower material cost, and more energy-efficient in operation has become the trend of future development along with the advancement of automobile technology.

In terms of market area, the radiator business is with a focus on the OEM market, accounted for more than 70%. Radiator has an important role in the cooling system of the automobile engine and is a component that an automobile cannot live without. The OEM is directly linked to global automotive production. While the global automobile sales are growing stably, the market prospect of car radiator will continue to stay optimistic. In addition, in terms of the AM market, with the increase in car ownership, the average service life of radiator is about 5~8 years. Most customers will look for the substitute of cooler from the AM market at the end of the car warranty period, which provides an opportunity for the growth of the AM

market.

## 2. The correlation of the upstream, midstream, and downstream of the industry

Auto parts are used to assemble cars by auto assembly plants and used for parts replacement by auto maintenance service providers. Auto parts can be divided into the category of metal parts and non-metal parts by their materials for the use of a wide range of industries, including petrochemical, glass, steel, rubber, electric engineering, electronics, etc., therefore, the auto parts industry can help activate a country's development of basic industry and peripheral industries. The correlation of the upstream, midstream, and downstream of the auto parts industry is illustrated as follows:



## 3. Product development trends and competitions

### (1) Product development trends

A. Light-weighted and thin: Car radiator is mainly composed of a plastic tank and a heat dissipation core. In terms of material, it started out with all-copper radiator (copper tank copper core) to a plastic tank copper radiator (plastic tank copper core). The automotive radiator industry has begun to introduce plastic tank aluminum radiator (plastic tank aluminum core) since the 1990s'. Sedans in general are made of aluminum comprehensively that becomes the mainstream of automobile radiator due to the maturity of raw material processing technology for aluminum radiator, the trend of light weight and environmental protection, and the introduction of new manufacturing processes and equipment. The application of copper radiator is mostly for special vehicles, such as trucks, engineering vehicles, military vehicles, etc.

B. Improvement of heat dissipation efficiency: The hybrid and electric vehicle market is booming along with the awakening of environmental protection awareness and the emerging of global warming and other environmental issues;

however, the mainstream of the automotive AM market will remain dominated by gasoline-powered vehicles in the future. The questions of how to improve the heat dissipation efficiency of the radiator, to control the engine temperature rise more effectively, and to reduce the carbon footprint caused by the use of automobiles need to be answered by the industry taking as a whole.

C. Modular design: The design of auto parts will move towards the peripheral parts integrated design. In addition to reducing development costs, it will also be more beneficial to product installation and significant time cost reduction.

D. Electric Vehicles (EVs): represent a shift away from traditional petroleum-based automotive energy sources, and in recent years, the development of electric vehicles has been flourishing. However, aluminum radiators for electric vehicles still play a significant role. In assessing the market, it is important to evaluate the type and lifespan of these battery cooling systems, as well as their distribution channels, especially when considering the automotive aftermarket (AM) sector.

## (2) Competition

The growth rate of the new car market has been sluggish in recent years. Although China's economy is still growing, but is not as good as expected. In addition, the new car market has gradually become saturated due to the stimulation of the government's car purchase incentives. In addition to the North American market, China will become another AM competitive market in the future. The company's market competitive advantages are as follows:

A. Comprehensive manufacturing process capability: The company is one of the few AM radiator factories that can completely design, develop mold, process, and produce in-house. Diverging from most competitors who assemble their radiator components from external sources, the company possesses a competitive advantage in quality control and lead times. The company values the importance of product appearance and quality with each radiator strictly checked and tested before being released from the factory, and with a good name established in the auto maintenance market.

B. Background with a robust technical: the company benefits from the strong support of Japanese conglomerate Denso, a shareholder renowned for its leading position in the global radiator industry, particularly in Japanese vehicle models. Denso also exports relevant technologies and manufacturing expertise to the company, significantly enhancing the manufacturing standards and position in the automotive aftermarket (AM) sector. Additionally, we have established long-term collaborative projects with companies like Mahle in the fields of European and American vehicle models, as well as trucks and heavy machinery. This collaboration has earned high recognition for the quality of our products across various vehicle categories in the AM market.

- C. Factory Location Advantage: While many of the main competitors are based in Mainland China, Cryomax stands out with factories not only in Nanjing, China but also in Taiwan and Mexico, which is the closest to the American market. This diverse manufacturing footprint provides customers with options and has garnered significant favor among the ongoing US-China trade tensions.
- D. Inventory control capability: The company has production bases setup in Taiwan, China and Mexico, and branch offices and logistics warehouses in the United States. The company is capable of cooperating with customers in global deployment and local market development with supplies shipped in a timely manner by maintaining a common market relationship and a safety inventory mechanism. The company is able to provide customers with more high quality products and production services different from other competitors who may have insufficient inventory or incomplete product lines and who need to outsource from peers.

### (III) Technology and R&D overview

#### (1) The technology level of the business

The trend of environmental protection in recent years has made heat dissipation requirements of automobile engine horsepower higher and moved towards a smaller engine space, from internal combustion (motor) NA engines to hybrid electric vehicles and even electric vehicles, heat dissipation systems are required. How to effectively meet the vehicle heat dissipation requirements, save production costs, and fulfill the requirements of various heat dissipation systems for vehicles in a harsh environment? The company has acquired thermal shock equipment, high temperature creep tester, cold and warm water material fatigue test equipment, and simulated dynamic radiator expansion/shrinkage equipment in the recent years. Apply wind tunnel and trial calculation firmware to test and verify the product in the early development stage, simulate the heat dissipation parameters on the radiator; also, achieve product safety through the performance test and product life test in order to ensure that the product design quality meets customer requirements.

Improve the product process quality by design through the reliability analysis of the product life, upgrade the original structure of the old product, introduce TS16949 quality system requirements, standardize the product design, substantiate the research steps of design input, review, and verification, and apply engineering analysis software and 3D/CAD computer-aided design for the specially required radiator products to ensure that the product design cycle reaches the product design reliability with an aim to surpass the industry's quality design standard. In addition, develop new products by introducing the project management method, inspire the team's thinking ability, encourage team members to share experience so to stimulate the thinking ability and exercise potentials, and write down the experience and

engineering technology in order to facilitate the accumulation and inheritance of experience and to upgrade the technical level comprehensively and enhance the contribution to the output of product patent rights. In addition, the company maintains a good relation with juridical institutions and academic institutions to obtain relevant technical information and research and development information.

(2) Research and development

- A. Develop the radiator sealing unit design, modularize the parts of the original radiator sealing unit, match the design concept of aging test and the compression rate and filling rate same as the manufacturer's, enhance the sealing characteristics of the main radiator body, and increase product shelf life in use.
- B. Develop durable and corrosion-resistant water pipe components for the core unit. Develop raw material characteristics that are comparable to those of the manufacturer's by cooperating with raw material suppliers. Improve the made-in-house rate of water pipes, reduce the high cost of outsourced water pipes, increase the utilization rate of extruding machines, effectively reduce production costs, and reduce the cost of radiator heat sink through the aging test of OY, salt spray, thermal shock, and pressure expansion and contraction, added with the advantage of the company's excellent extrusion process.
- C. Develop and enhance the radiator core. The traditional radiator core design is with the core easily weakened locally due to fluid turbulence. The aforementioned weakened area will be with the strength and anti-static corrosion ability enhanced with the use of a special material through the newly acquired radiator core thermal shock test in order to make the radiator more competitive.
- D. Develop an oil-water conjugated cooling system, conjugate the water-based cooling unit and oil-based cooling unit into a new cooling system, and introduce new 3D/CAD computer-aided design equipment engineering analysis and product data management software; also; conduct wind tunnel performance and durability testing to improve product design capabilities and product reliability.
- E. Comply with the aluminum radiator manufacturing process and develop high-value heat dissipation systems other than automotive cooling systems. In addition to the mass production and sales of automotive radiators, the company has successively launched full-brazed oil coolers, turbo engine heat dissipation intercoolers, household air-conditioning evaporators, and cooling radiator and cooling condensers for cloud servers of the electronics industry that enable the company's products and processes integrated in series with each other that help improve the utilization rate of manufacturing machinery and reduce production costs.
- F. Integrate the timeliness of mold preparation, incorporate product requirements into 3D solid modeling to record the complete design process, shorten the complexity of product mold editing, improve the collaboration of the entire team

to reduce manufacturing costs, and upgrade mold production efficiency and innovation.

G. The research and development of radiators for hybrid electric vehicles and electric vehicles is a product of the new century that overturns traditional internal combustion (motor) engines in recent years. An effective heat dissipation system is required for current frequency conversion and exchange. The company is committed to the design of INVERTER, the use of water cooling, and the smart use of the technology same as the radiator manufacturing process to create diversified production capacity and added-value.

(3) R&D expenses invested in the most recent year and as of the annual report publication date

Unit: NT\$ Thousand

	January – March 2024	2023
R&D expense	11,718	44,027
Operating income - net	495,864	2,122,061
Ratio of R&D expenses	2.36%	2.07%

(4) Technologies or products successfully developed in the last three years

Year	Specific research and development achievements
2021	<ol style="list-style-type: none"> <li>1. Successfully developed cloud server water cooling system for the use of the server cooling radiator.</li> <li>2. Successfully developed intercooler CAC for the use of diesel turbo series.</li> <li>3. Successfully developed electric vehicle battery radiator for the use of the 3.5t electric trucks.</li> </ol>
2022	<ol style="list-style-type: none"> <li>1. Successfully developed the RDHx server water cooling system for the use of the server cooling radiator.</li> <li>2. Successfully developed hybrid electric vehicle cooling radiator for the use of the hybrid electric vehicles.</li> <li>3. Successfully developed the EV electric vehicle cooling radiator for the use of the vehicle power converter/battery cooling.</li> </ol>
2023	<ol style="list-style-type: none"> <li>1.Successful development of both water-cooled and air-cooled radiators, suitable for projectors.</li> <li>2.Successful development of the oil-electric hybrid vehicle ICE and inverter radiator water tank, suitable for hybrid vehicles.</li> <li>3.Successful development of the EV electric vehicle radiator water tank, suitable for cooling vehicle inverters and high-voltage electric motor systems.</li> <li>4.Successful development of the CDU (Cooling Distribution Unit) all-aluminum and plastic-aluminum radiators, suitable for servers.</li> <li>5.Successful development of the low-temperature water tank Intercooler Radiator, designed for cooling the auxiliary low-temperature water tank in intercoolers.</li> </ol>

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

(1) Short term business development plan

- A. Leveraging the advantages of the Taiwan and Mexico factories among the US-China trade tensions, we are actively expanding into the American market by collaborating with financially stable large-scale distributors.
- B. Expanding into the Central and South American markets through the Mexico factory.
- C. Leveraging the Taiwan-owned brand and the manufacturing expertise gained from the partnership with Japanese Denso, we are strategically positioning ourselves in the mainland China market.
- D. Collect and manage market information continuously, and develop products in real-time.
- E. Shorten the lead time for delivery and enhance the management of mold development progress.
- F. Utilizing the surplus capacity, we aim to strengthen sales of high-value radiators for trucks and heavy machinery.

(2) Long-term plan

- A. Continuously enhancing the price competitiveness of the Nanjing factory through integrated one-stop production.
- B. Develop cooling system and products other than radiator, such as condensers, intercoolers, etc. in order to improve the overall business performance.
- C. The OES market in the United States continues to grow steadily, and develops the OES sales channels outside the U.S. market.
- D. Cultivate internationalized professional talents to enhance the company's core competitiveness.

## II. Market, production, and sales overview

### (I) Market analysis

#### 1. Sales area of major products:

Unit: NT\$ Thousand

Year Sales area		2023		2022	
		Sales amount - net	Ratio (%)	Sales amount - net	Ratio (%)
Domestic sales		270,767	12.76	264,067	10.42
Export sales	Americas	1,344,727	63.37	1,759,210	69.39
	Asia	366,419	17.27	335,184	13.22
	Europe	46,467	2.19	62,660	2.47
	Other Areas	93,681	4.41	114,175	4.50
Total		2,122,061	100.00	2,535,296	100.00

## 2. Market shares

According to the statistics from the Customs Administration for 2023, the total export value of automotive radiators (i.e., vehicle cooling systems) amounted to NT\$1,731,010 thousand dollars. The company holds a market share of 32.38% in the domestic radiator export market. Although the US-China trade tensions continued to escalate, with the shipping issues resolved in 2023, customers gradually adjusted their inventory levels. As a result, the company experienced a decrease in sales volume compared to the same period last year.

## 3. Future supply, demand, and growth

According to data from the Industrial Technology Research Institute's International Strategy Development Division, the global chip shortage eased in 2023, and the moderation of the pandemic led to a 6.1% increase in global automobile sales volume.

Since 2009, China has consistently ranked first in terms of single-country sales, with the United States maintaining its position in second place. The gap between India and Japan has narrowed.

In the United States, new car sales benefited from distributor inventory replenishment and supply chain relief, allowing for increased sales.

Due to the typical growth trajectory of the aftermarket (AM) market, which usually follows the average vehicle age, according to S&P Global Mobility statistics, the average vehicle age has extended to 12.5 years. Additionally, based on data from Aftermarket Matters, with a scrap rate of 4.5% over the past five years and estimated U.S. new car sales volume, the vehicle ownership in 2024 is projected to reach 290 million, with an annual increase of 1.1%. Combined with the continuous increase in vehicle age, the demand for the AM market will also rise accordingly.

Our company's primary sales market is the Americas. In the fiscal year 2023, the revenue from the Americas region accounted for 6.02% less of the total revenue compared to the same period. This decrease was mainly due to customer inventory adjustments. However, this issue has gradually been resolved, and as a result, customer order volumes are expected to increase. We will continue to monitor external environmental changes and adjust the production allocation between the two sides of the strait as necessary. Additionally, with the planned commencement of supply to customers from our Mexico factory in 2024, we aim to secure customer orders and strive to supply the market's needs to pursue business growth.

## 4. Competition niche

### (1) Production deployment and logistics strategy

The company has production facilities in Taiwan, Dongguan, China, and Nanjing. We also have warehouses on the East and West coasts of the United States. Additionally, we plan to establish a third production facility in Mexico in 2023. With a complete product line, we maintain inventory on both sides of the strait for

rapid delivery; therefore, customers can choose the most favorable logistics alternative according to their market deployment and international tariff considerations. The company will have production and delivery arranged upon receiving purchase orders. The company is capable of helping customer increase market competitiveness through market information feedback, timely product development, logistics deployment, and full cooperation.

(2) Complete process capability and equipment improvement capability

The company with years of experience in radiator production accumulated is able to develop in-house mold design, processing, production, and mass production of various parts and components, as well as quality control, and standardized production and manufacturing that is different from most competitors who outsourced their radiator components for in-house assembly. The company is very competitive in product quality and cost control. The company's manufacturing team has engaged in the research of process equipment improvement, improved manufacturing equipment through project proposals, enhanced process optimization, accelerated production efficiency, and upgraded quality control.

(3) Professional mold development and complete product line

The company has engaged in the production of radiator for nearly 40 years with thousands of sets of molds developed accumulatively. Various models of radiators are developed for the use of various automobile brands with comprehensive specifications available for selections that has helped the company form an industry entry barrier. The company-owned molds can be used to produce spare parts in-house, to help reduce the outsourcing cost, and to integrate manufacturing process that is to the advantage of the company in competing against the competitors in this industry in the future.

(4) Real-time market information acquisition, stable sales channels

The company has a long-term relationship maintained with major customers, and offers product quality that is truly recognized and trusted by customers. The company has also setup subsidiaries in major overseas markets with a comprehensive distribution system up and running. The company has a clear market positioning and marketing strategy formed for the products, and maintains a good interaction and partnership with customers. The company shares opinions on market intelligence and product development in a timely manner and provide information on market demand in order to plan product deployment and market expansion jointly.

5. Favorable and unfavorable factors of development prospect and countermeasures.

(1) Favorable factors

- a. Despite the ongoing uncertainties resulting from the unresolved US-China trade dispute, the consistent demand for driving and the continuous increase in vehicle ownership contribute to the sustained growth of the automotive

aftermarket service market, and the company will also ensure that the production capacity can meet the demands of customers.

- b. The company had established Cryomax U.S.A. INC., an American subsidiary, in 2006 with warehouses setup in Los Angeles on the west coast and in Virginia on the east coast of the United States. Nanjing Cryomax Auto Parts Co., Ltd. was established in 2013. The production bases are also setup in Taiwan and Dongguan and Nanjing in China. The company also setup the third production base in Mexico in 2023 to achieve the purpose of serving customers locally and delivering goods quickly.
- c. The company has accumulated nearly 40 years of experience in design and production, has mature technology, stable quality, and successively passed the relevant certification of the quality management system of the automobile industry; also, has become a certified supplier of Group A, an auto parts manufacturer in Japan, which further prompts the company to improve product quality, production management, product sales, delivery control, and other management procedures continuously. The company has the ability to manufacture all-aluminum radiator that is beneficial to link to the global all-aluminum radiator development trend.

(2) Unfavorable factors and countermeasures

- a. The impact of inflation and interest rate increase

In 2023, countries curb the unfavorable external interference of interest rate increase adopted to suppress inflation, causing sluggish economic growth, recession, and anxieties and doubts, which affect the overall buying power. The company generates income mainly from the AM market. Although the demand in the AM market is less affected by the economic downturn as indicated by past experience, the company intends to retain the existing customers and actively solicit new customers.

- b. US-China Trade Tariff Impact

Countermeasures: The company has production bases setup in Taiwan and China, and set up a third production base in Mexico. The company plans to secure a mutually beneficial cooperation with customers through production capacity adjustment and sales strategy planning.

- c. Due to the difficulty in finding talents and the increase in manufacturing cost as a result of the wage increase in China, the change in social ideology, and the unwillingness of laborers to engage in production and manufacturing in recent years, the profit is compressed and the company's operating performance is challenged severely.

Countermeasures: I. Invest in process improvement, promote having labor manpower replaced by automation equipment, improve production efficiency, and reduce labor costs and the

impact of labor shortage continuously.

II. Enhance the training in multiple knowledge fields, and further develop high value-added products to upgrade the value of manpower.

III. Prepare to setup the third production base actively so to disperse production risks.

d. There are many companies engaged in the production of automotive cooling system related products in Taiwan and abroad currently with a severe competition on going. Especially, Chinese manufacturers have competed to sell products with low prices offered in the recent years, which has placed a great pressure on the entire industry to engage in a price war.

Countermeasures I. The company conducts a brand sale and solicits new customers, continuously improves product quality, and differentiates itself from Chinese competitors in market.

II. The company plans to engage in the development of new products for automotive cooling applications, thus enriching the company's product line, enhancing the company's competitiveness, increasing the company's market share of auto parts, increasing revenue, and creating a more favorable business environment.

III. With the establishment of the production base in Mexico, we aim to enhance the competitiveness of the group by shortening customer lead times, reducing shipping costs, and avoiding additional tariffs resulting from the US-China trade tensions.

e. The company mainly sells aluminum-made radiator. The price of the main raw material, aluminum coil, is easily affected by the international metal market, which will then affect the company's operating cost and profit.

Countermeasures: I. The company under the precondition of maintaining stable efficiency strives to optimize the product design for the use of aluminum materials in order to meet the trend of light weight and miniaturization of auto parts, which can also help reduce the impact of raw material price fluctuations on the company's business operation.

II. The company has aluminum coil purchases from more than two suppliers with a long-term relationship maintained with them all. Also, the company will review the contractual contents every year and re-sign contracts with each supplier to protect the company's best interests.

III. The price of aluminum coil is public information. The product

price can be adjusted reasonably by referring to the market price upon the aluminum price fluctuated.

- e. In response to the awakening awareness of environmental protection, automakers introduce their own hybrid electric vehicles or electric vehicles; also, the prevailing of electric vehicles may lead to a decline in demand for radiator.

Countermeasures: I. The cooling systems are expected to be needed for the existing vehicles, hybrid electric vehicles, and electric vehicles for operation in the next 20 years. The company, in addition to the car radiator, based on its professional technical background will continue to observe the electric vehicle design plans and directions of various carmakers. The company will engage in the research and development of radiator modules for hybrid electric vehicles and electric vehicles in order to expand the product map for marketing.

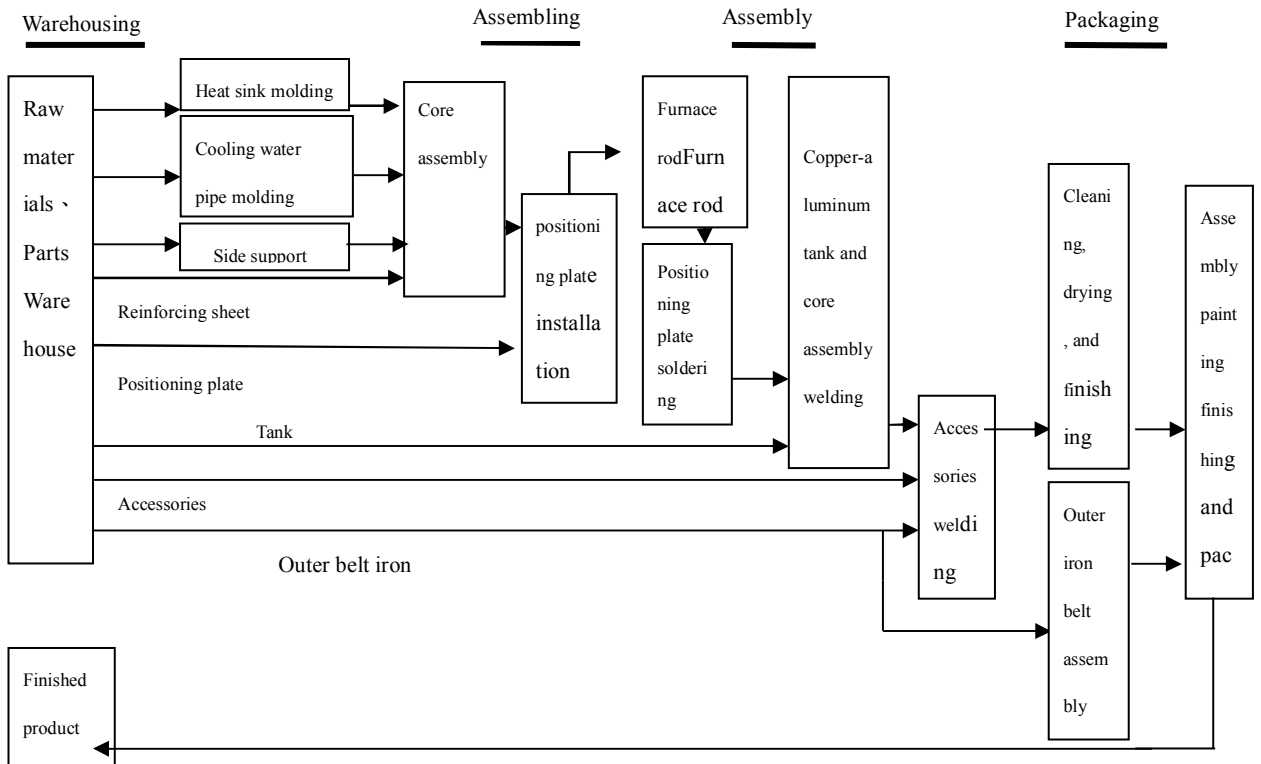
II. The company and Group A have a technical support agreement signed to obtain market product technical information and to grasp the changes in the automobile market.

## (II) Important applications and production process of major products

### 1. Important applications of major products

Radiator is the main product of the company, which is intended to adjust the working temperature of the engine and to prevent the engine from overheating, so that the engine can help all auto parts perform their intended functions under normal temperature.

### 2. Production process of main products



(III) Supply of major raw materials

Raw material	Source of supply	Supply status
Aluminum material	Company A and Company B	Good quality and stable source
PVC compound	Company C and Company D	Good quality and stable source

(IV) The names of suppliers who have accounted for more than 10% of the total purchases (sales) in any of the most recent 2 years, the purchase (sale) amount and percentage, and explaining the reasons for its increase or decrease

1. The names of suppliers who have accounted for more than 10% of the total purchases in any of the most recent 2 years, and the purchase amount and percentage

Unit: NT\$ Thousand

		2022			2023				As of 2024Q1			
No.	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net purchases for the year (%)	Relationship with the Issuer
1	Company A	527,423	40.13	None	Company A	419,197	42.42	None	Company A	123,179	45.47	None
2	Others	786,874	59.87	None	Others	569,124	57.58	None	Others	147,750	54.53	None
	Total	1,314,297	100.00	-	Total	988,321	100.00	-	Total	270,929	100.00	-

Explanation of increase and decrease: The decrease occurred to Company A in 2023 from the year of 2022 is mainly due to the company's adjusting production inventory.

2. The names of customers who have accounted for more than 10% of the total sales in any of the most recent 2 years, and the purchase amount and percentage

Unit: NT\$ Thousand

		2022			2023				As of 2024Q1			
No.	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the Issuer	Name	Amount	As a percentage of net sales for the year (%)	Relationship with the Issuer
1	Company A	496,312	19.58	-	Company A	365,173	17.21	-	Company A	122,966	24.80	-
2	Company B	383,391	15.12	-	Company B	345,292	16.27	-	Company B	95,368	19.23	-
3	Company C	269,052	10.61	Related party	Company C	194,549	9.17	Related party	Company C	14,070	2.84	Related party
4	Others	1,386,541	54.69	-	Others	1,217,047	57.35	-	Others	263,460	53.13	-
	Sales - net	2,535,296	100.00	-	Sales - net	2,122,061	100.00	-	Sales - Net	495,864	100.00	-

Explanation of increase and decrease:

The decrease occurred to Company A in 2023 from the year of 2022 is mainly due to the internal inventory adjustment of Company A.

The decrease occurred to Company B in 2023 from the year of 2022 is mainly due to the internal inventory adjustment of Company B.

The decrease occurred to Company C in 2023 from the year of 2022 is mainly due to the internal inventory adjustment of company C.

## (V) Production quantity and amount for the most recent two years

Unit: PCS; NT\$ Thousand

Year Production quantity and amount Major product	2023			2022		
	Production capacity	Production quantity	Production amount	Production capacity	Production quantity	Production amount
Radiator	2,200,000	1,430,434	1,350,765	2,000,000	1,851,928	1,736,428
Oil coolers	200,000	118,696	73,096	200,000	166,053	82,967
Semi-finished products	-	1,448,191	112,667	-	1,933,738	147,975
Total	2,400,000	2,997,321	1,536,528	2,200,000	3,951,719	1,967,370

## (VI) Sales quantity and amount for the most recent two years

Unit: PCS; NT\$ Thousand

Year Sales quantity and amount Major product	2023				2022			
	Domestic sales		Exports		Domestic sales		Exports	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Automotive radiator	187,719	255,553	1,338,316	1,536,890	178,248	238,281	1,592,423	1,861,987
Automotive oil coolers	410	378	131,001	111,275	505	447	163,812	114,464
Semi-finished products	23,177	2,066	1,818,725	137,682	31,059	2,718	1,907,332	179,983
Others	243,459	12,770	999,095	65,447	402,132	22,621	3,140,592	114,795
Total	454,765	270,767	4,287,137	1,851,294	611,944	264,067	6,804,159	2,271,229

**III. Information on employees for the last 2 years and as of the annual report publication date**

Year		2022	2023	As of March 31, 2024
Number of employees (persons)	Managerial officers	14	14	14
	Director labor	395	349	368
	Indirect labor	208	209	209
	Total	617	572	591
Average age		38.17	38.19	36.81
Average service years		6.26	5.74	5.76
Education distribution percentage (%)	Ph.D.	-	-	-
	Master	1	1	1
	Colleges and Universities	20	23	24
	High school	39	37	36
	Below high school	40	39	39

#### IV. Information on environmental protection expenditure

State the company's losses arising from environmental pollution (including indemnification and environmental protection audit results in violation of environmental protection laws and regulations; the date of punishment, the name of the punishment letter, the violations against the governing laws and regulations, the content of the laws and regulations violated, and punishment content should be illustrated) in the most recent year and as of the annual report publication date; also, the estimated amount that may occur at present and in the future and response measures should be disclosed. Describe the fact that it cannot be reasonably estimated, if any, in details:  
None

#### V. Labor relations

(I) Illustrate the company's employee welfare measures, continuing education, training, retirement system, and their implementation, as well as the labor-management agreements and protection measures for employees' rights and interests.

1. Employee welfare, continuing education, and training measures

Establish an employee welfare committee to handle various employee welfare programs as follows:

Item	Implementation
Food supply	Provide employees with lunch and meals
Recreational activities	Tourism, lottery, and other activities
Uniform supply	Free winter and summer uniform
Group insurance	The company arranges accident insurance for all employees
Personnel services	New Year's gift money / presents
Emergency assistance and subsidies	Employee emergency relief, injury and illness subsidies, employee wedding and funeral subsidies, etc.
Education grant	Provide scholarship and subsidies to colleagues and their children
Continuing education and training	Assign employees to participate in external on-job training occasionally according to the work needs of each department, or provide internal education and training by experienced personnel from each department.

2. Retirement system

A. Established the Labor Pension Reserve Committee in October 1988, formulated the said Committee's charter and labor retirement rules, and appropriated pension reserve and deposited it in the designated pension reserve account at the Trust Department of the Bank of Taiwan.

B. The company has appropriated an amount equivalent to 6% of the total salary as a pension reserve on a monthly basis in accordance with the Labor Pension Act since July 1, 2005, and has it deposited in the personal account of each employee who chooses to be subject to the new labor retirement system.

3. Agreements between labors and management

The company convenes a labor-related administrative meeting regularly as a communication channel between the two parties to ensure a harmonious labor-management relation.

(II) The losses suffered by the company due to labor disputes (including labor inspection results that violate the Labor Standards Act; the date of punishment, the name of the punishment letter, the violations against the governing laws and regulations, the content of the laws and regulations violated, and punishment content should be illustrated) in the most recent year and as of the annual report publication date; also, the estimated amount that may occur at present and in the future and response measures should be disclosed. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be explained: None

## **VI. Information security management**

(I) Describe the company's information security risk management structure, information security policy, specific management plan, resources invested in the information security management, etc.:

1. Information security risk management structure

The company has an Information Management Team formed; also, information personnel are responsible for the coordination and promotion of information security management matters and the enhancement of information security management to ensure the confidentiality, comprehensiveness, and availability of information assets in order to provide the information environment available for the company's continuous business operation and to conduct information security inspections occasionally. The company will have an information security promotion team established as needed in the future.

2. Information security policy

The company is mainly focusing on the operation from three aspects, including information security governance, law compliance, and technology application. The company also comprehensively strives to improve information security protection capabilities from systems to technology and from personnel to organization.

A. Information security governance: Arrange education and training; also, integrate and construct a standardized computer operating system within the enterprise.

B. Law compliance: Establish a mechanism in compliance with laws and regulations to regularly review and amend the operating specifications.

- C. Technology application: Establish firewalls and anti-virus software to prevent information security risks.
3. Specific management plans and resources invested in information security management
- The company has formulated information system and network security management procedures to substantiate the internal control system and to maintain information security as follows:
- A. Establish information management standard procedures to ensure the consistency of internal computer management operations.
  - B. Integrate and construct the standardized computer operating system within the enterprise.
  - C. Arrange relevant education and training to enhance personnel's understanding of the system and to improve operational proficiency.
  - D. The information unit shall establish a computer system identification code with the approval of the responsible supervisor in accordance with the job responsibility and demands of the user, which is intended for the control of the employees' access to the computer. Computer use should be reviewed by the designated person regularly to ensure that no improper use has been committed by the users.
  - E. The addition, modification, and deletion of data should be carried out by the authorized unit; also, the changes of data should be reviewed by the responsible personnel. The department head should notify the information management team to have the resigned employee's password and authority cancelled.
  - F. The important equipment in the computer room is to be managed by the information unit collectively with access control set up. Other unauthorized personnel without being accompanying by the information unit may not enter the computer room.
  - G. The information management team is to have the server programmed to automatically generate a backup file every night for all the data stored in the information system on that day.
  - H. The information unit should test the backup data regularly to ensure its comprehensiveness and validity. The server and personal computers should be installed with legal anti-virus software to protect files from being damaged. Unauthorized software may not be installed in the company's computer.
  - I. A firewall and anti-virus software should be installed in the computer system for data sending or receiving by email in order to prevent hackers or computer viruses.
  - J. Setup special computer software, hardware, and network equipment for filing in accordance with the regulations of the competent authority; also, apply for network digital certificates, account numbers, and passwords. The information department shall set up an appropriate system according to the filing system requirements announced by

the Financial Supervisory Commission of the Executive Yuan. The “user name” and “password” should be programmed in a way not easy to be cracked and guessed; also, the password should be updated regularly.

K. Implement a security management operation for effective management of personal data in accordance with the Personal Data Protection Act to prevent personal data from theft, alternation, or damage. Each unit has established a categorized and classified management system for personal data, and established safety management regulations for contact personnel. Each unit formulates control mechanisms for data access, system access, network access, etc. Each unit at the time of setting up data access control shall consider the nature of business and the necessity of operation, which should be designed in accordance with the way data is processed. The said processing includes but not limited to recording, inputs, storage, editing, correction, deletion, and outputs. The authorization for access should be changed upon the occurrence of job change, modifications, resignation, transfer of the responsible person, computer obsolescence, etc.

L. The custody unit that plans to have the computer equipment scrapped should have the data in the computer hard disk, flash drive, and portable storage device cleared first. The hard drive (or together with the host), the flash drive, and the portable storage device should be sent to the information team for actual inspection before the general affairs team having it written-off with the written approval of the accounting team.

The information unit operates in accordance with the procedures stipulated by the company to ensure data integrity and security. Information security is facing more challenges along with technology advancement, the technology innovation, and the emerging of hackers and viruses. Therefore, the company have all relevant confidential and sensitive information encrypted for protection. The company will continue to review and enhance the information security protection mechanism regularly and continuously; also, will train competent information security personnel to enhance professional functions and to reduce information security risks and threats.

(II) Illustrate the losses, possible impacts (for example: the impact on business operation or goodwill), and countermeasures of major information security incidents occurred in the most recent year and as of the annual report publication date. Describe the fact that it cannot be reasonably estimated, if any, in details: None

## VII. Important contracts:

Contract nature	Parties involved	Contract starting and ending date	Main content	Restricted clauses
Trade contract	Company A	1/01/2024 ~ 12/31/2024	Raw material supply and sales contract	Order quantity>4500 tons
Loan contract	Erlin Branch of TAICHUNG COMMERCIAL BANK Co., Ltd.	5/31/2013 ~ 5/31/2028	Long term loan	Mortgage of land and buildings
Loan contract	Erlin Branch of TAICHUNG COMMERCIAL BANK Co., Ltd.	11/29/2019 ~ 11/29/2026	Long term loan	Mortgage of land and buildings
Loan contract	Yuanlin Branch of Bank SinoPac	5/02/2023 ~ 5/02/2026	Long term loan	Mortgage of land and buildings
Loan contract	Lukang Branch of Bank of Taiwan	5/03/2023 ~ 5/03/2028	Long term loan	Mortgage of land and buildings
Loan contract	Yuan Lin Branch of Mega Bank	11/14/2023 ~ 9/14/2030	Long term loan	None
Business alliance contract	Denso Corporation	9/24/2011 ~	Business alliance contract	None

## Six. Financial status

### I. Condensed balance sheet and comprehensive income statement for the most recent 5 years with the name of the CPAs and their audit opinion indicated

#### (I) Condensed balance sheet – financial report in accordance with the IFRSs

Unit: NT\$ Thousand

Item		Year	Financial information for the most recent 5 years				
			2019	2020	2021	2022	2023
Current assets			785,499	854,156	960,124	997,563	949,847
Investment under Equity Method			979,424	1,067,743	1,093,261	1,218,297	1,573,014
Property, plant and equipment			492,587	490,267	496,705	486,374	461,194
Investment property			11,800	-	-	-	-
Intangible assets			-	-	891	696	723
Other assets			44,214	40,474	45,921	23,605	22,755
Total Assets			2,313,524	2,452,640	2,596,902	2,726,535	3,007,533
Current liabilities	Before distribution		932,743	924,437	1,145,342	1,178,254	1,243,419
	After distribution		965,582	1,022,472	1,213,966	1,246,878	1,277,731
Non-current liabilities			206,713	236,068	165,172	150,123	392,108
Total liabilities	Before distribution		1,139,456	1,160,505	1,310,514	1,328,377	1,635,527
	After distribution		1,172,295	1,258,540	1,379,138	1,397,001	1,669,839
Equity attributable to shareholders of parent company			-	-	-	-	-
Capital stock			673,566	653,566	686,244	686,244	686,244
Additional paid-in capital			415,441	376,078	376,078	376,078	376,078
Retained earnings	Before distribution		168,222	340,578	313,383	386,132	360,154
	After distribution		135,383	242,543	244,759	317,508	325,842
Other equity			(75,234)	(78,087)	(89,317)	(50,296)	(50,470)
Treasury stock			(7,927)	-	-	-	-
Non-controlling interest			-	-	-	-	-
Total equity	Before distribution		1,174,068	1,292,135	1,286,388	1,398,158	1,372,006
	After distribution		1,141,229	1,194,100	1,217,764	1,329,534	1,337,694

Note 1: The aforementioned financial data have been audited and attested by a certified public accountant.

Note 2: The amount in the aforementioned “after distribution” column refers to the resolution reached in the board meeting or the shareholders meeting in the following year.

## (II) Condensed balance sheet - consolidated financial report in accordance with the IFRSs

Unit: NT\$ Thousand

Item	Year	Financial information for the most recent five years				
		2019	2020	2021	2022	2023
C u r r e n t a s s e t s		1,335,672	1,570,124	1,792,126	1,930,696	1,792,067
Property, plant and equipment		984,073	977,783	979,243	982,674	1,296,742
R i g h t - o f - u s e a s s e t s		90,793	58,170	177,770	147,071	154,554
I n v e s t m e n t p r o p e r t y		11,800	-	-	-	-
I n t a n g i b l e a s s e t s		19	162	1,038	834	854
O t h e r a s s e t s		68,087	84,743	76,229	100,932	90,132
T o t a l a s s e t s		2,490,444	2,690,982	3,026,406	3,162,207	3,334,349
C u r r e n t l i a b i l i t i e s	Before distribution	1,044,263	1,135,389	1,447,516	1,491,878	1,447,229
	After distribution	1,077,102	1,233,424	1,516,140	1,560,502	1,481,541
N o n c u r r e n t l i a b i l i t i e s		272,113	263,458	292,502	272,171	515,114
T o t a l l i a b i l i t i e s	Before distribution	1,316,376	1,398,847	1,740,018	1,764,049	1,962,343
	After distribution	1,349,215	1,496,882	1,808,642	1,832,673	1,996,655
E q u i t y a t t r i b u t a b l e t o s h a r e h o l d e r s o f p a r e n t C o m p a n y		1,174,068	1,292,135	1,286,388	1,398,158	1,372,006
C a p i t a l s t o c k		673,566	653,566	686,244	686,244	686,244
A d d i t i o n a l p a i d - i n c a p i t a l		415,441	376,078	376,078	376,078	376,078
R e t a i n e d e a r n i n g s	Before distribution	168,222	340,578	313,383	386,132	360,154
	After distribution	135,383	242,543	244,759	317,508	325,842
O t h e r e q u i t y		(75,234)	(78,087)	(89,317)	(50,296)	(50,470)
T r e a s u r y s t o c k		(7,927)	-	-	-	-
N o n - c o n t r o l l i n g i n t e r e s t		-	-	-	-	-
T o t a l e q u i t y	Before distribution	1,174,068	1,292,135	1,286,388	1,398,158	1,372,006
	After distribution	1,141,229	1,194,100	1,217,764	1,329,534	1,337,694

Note 1: The aforementioned 2018~2023 financial data have been audited and attested by the certified public accountant.

Note 2: The 2024Q1 financial data reviewed by the certified public accountant was not yet available as of the annual report publication date.

Note 3: The amount in the aforementioned “after distribution” column refers to the resolution reached in the board meeting or the shareholders meeting in the following year.

## (III) Condensed income statement - financial report in accordance with the IFRSs

Unit: NT\$ Thousand

Item \ Year	Financial information for the most recent five years				
	2019	2020	2021	2022	2023
Operating Income	1,099,609	1,302,230	1,741,384	1,800,057	1,493,762
Gross profit	101,780	150,007	223,462	199,617	133,530
Operating profits or losses	(10,119)	12,200	87,450	58,085	16,685
Non-operating income and expenses	22,583	185,643	40,670	112,298	40,806
Net income before tax	12,464	197,843	128,120	170,383	57,491
Net income from continuing operations	3,234	173,670	102,477	136,905	42,061
Losses from discontinued operations	-	-	-	-	-
Other comprehensive profit or loss (net after tax) for the period	(27,872)	(4,167)	(10,189)	44,071	411
Total comprehensive profit or loss for the period	(24,638)	169,503	92,288	180,976	42,472
Net profits attributable to shareholders of the parent company	-	-	-	-	-
Net profits attributable to non-controlling interests	-	-	-	-	-
Total comprehensive profit or loss attributable to shareholders of the parent company	-	-	-	-	-
Total comprehensive profit or loss attributable to non-controlling interests	-	-	-	-	-
Earnings per share	0.05	2.52	1.49	2.00	0.61

Note: The aforementioned financial data have been audited and attested by the certified public accountant.

## (IV) Condensed income statement - consolidated financial report in accordance with the IFRSs

Unit: NT\$ Thousand

Item	Year	Financial information for the most recent five years				
		2019	2020	2021	2022	2023
Operating income		1,516,467	1,725,729	2,353,243	2,535,296	2,122,061
Gross profit		342,043	449,050	531,651	589,390	444,667
Operating profits or losses		25,279	131,413	156,726	166,358	54,912
Non-operating income and expenses		(17,227)	90,629	(6,407)	29,613	3,245
Net income before tax		8,052	222,042	150,319	195,971	58,157
Net income from continuing operations		2,129	173,670	102,477	136,905	42,061
Losses from discontinued operations		-	-	-	-	-
Other comprehensive profit or loss (net after tax) for the period		(27,872)	(4,167)	(10,189)	44,071	411
Total comprehensive profit or loss for the period		(25,743)	169,503	92,288	180,976	42,472
Net profits attributable to shareholders of the parent company		3,234	173,670	102,477	136,905	42,061
Net profits attributable to non-controlling interests		(1,105)	-	-	-	-
Total comprehensive profit or loss attributable to shareholders of the parent company		(24,638)	169,503	92,288	180,976	42,472
Total comprehensive profit or loss attributable to non-controlling interests		(1,105)	-	-	-	-
Earnings per share		0.05	2.52	1.49	2.00	0.61

Note 1: The aforementioned 2019~2023 financial data have been audited and attested by the certified public accountant.

Note 2: The 2024Q1 financial data reviewed by the certified public accountant was not yet available as of the annual report publication date.

## (V) The name of CPAs for the most recent 5 years and their audit opinions

Year	CPA Firm	Name of CPAs	Audit opinion
2019	PricewaterhouseCoopers, Taiwan	WANG, YU-CHUAN and LIU, MEI-LAN	Unqualified opinion
2020	PricewaterhouseCoopers, Taiwan	LIU, MEI-LAN and HUNG, SHU-HUA	Unqualified opinion
2021	PricewaterhouseCoopers, Taiwan	LIU, MEI-LAN and HUNG, SHU-HUA	Unqualified opinion
2022	PricewaterhouseCoopers, Taiwan	LIU, MEI-LAN and HUNG, SHU-HUA	Unqualified opinion
2023	PricewaterhouseCoopers, Taiwan	LAI, CHIH WEI and WANG, YU-CHUAN	Unqualified opinion

**II. Financial analysis for the most recent 5 years: Include financial structure, solvency, operating ability, profitability, cash flow, and leverage; also, explain the reasons for changes in various financial ratios in the last two years. If the company prepares consolidated financial statements, the consolidated financial ratio analysis may also be disclosed.**

**(I) Financial analysis –financial report in accordance with the IFRSs**

Year Analysis item (Note 1)		Financial analysis for the most recent 5 years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	49.25	47.32	50.48	48.72	54.38
	Long-term capital to property, plant and equipment ratio	280.31	311.71	292.12	318.33	382.51
Solvency (%)	Current ratio	84.21	92.40	83.83	84.66	76.39
	Quick ratio	55.23	58.28	46.57	51.79	50.68
	Interest coverage multiplier	1.92	18.93	13.79	12.83	3.38
Operating capability	Accounts receivable turnover rate (times)	4.33	5.54	7.38	6.78	4.81
	Average collection days	84	66	49	53.83	75.88
	Inventory turnover rate (times)	3.51	3.79	3.99	3.86	3.77
	Accounts payable turnover rate (times)	6.19	9.50	15.91	16.25	8.17
	Average sales days	104	96	92	94.55	96.86
	Property, plant and equipment turnover rate (times)	2.25	2.65	3.53	3.66	3.15
	Total assets turnover rate (times)	0.47	0.55	0.69	0.68	0.52
Profitability	Return on assets (%)	0.60	7.66	4.38	5.58	2.14
	Return on equity (%)	0.27	14.08	7.95	10.20	3.03
	Ratio of net income before tax to paid-in capital (%)	1.85	30.27	18.67	24.83	8.38
	Net profit ratio (%)	0.29	13.34	5.88	7.61	2.82
	Earnings per share (NT\$)	0.05	2.52	1.49	2.00	0.61
Cash flow	Cash flow ratio (%)	(0.36)	2.36	(4.58)	9.99	10.18
	Cash flow adequacy ratio (%)	73.62	66.17	10.64	17.35	41.18
	Cash reinvestment ratio (%)	0.55	(0.68)	(5.55)	(3.37)	(2.98)
Leverage	Operating leverage	(1.10)	3.29	1.35	1.62	2.65
	Financial leverage	0.43	10.45	1.13	1.33	(2.22)

The increase and decrease in financial ratios for more than 20% in 2023 and 2022 are analyzed as follows:

1. Long-term capital to property, plant and equipment ratio: The increase in 2023 compared with the previous year was mainly due to the increase in long-term borrowings.
2. Interest coverage multiplier: The decrease in 2023 compared with the previous year was mainly due to the decrease in net profit before tax and interest.
3. Accounts receivable turnover rate: The decrease in 2023 compared with the previous year was mainly due to the decrease in operating income and the increase in average receivables.
4. Average collection days: The increase in 2023 compared with the previous year was mainly due to the decrease in the turnover rate of accounts receivable.
5. Accounts payable turnover rate: The decrease in 2023 compared with the previous year was mainly due to the decrease in operating costs and the increase in average payables.
6. Total assets turnover rate: The decrease in 2023 compared with the previous year was mainly due to the decrease in operating income and the increase in average assets.
7. Profitability (return on assets, return on equity, ratio of net income before tax to paid-in capital, net profit ratio, and earnings per share):  
The decrease in 2023 from the year before was mainly due to the decrease in net income in the current period from the same period last year; therefore, all profitability indicators were lower than that of in the previous year.
8. Cash flow adequacy ratio: The increase in 2023 from the year before was mainly due to the increase in net cash inflow from operating activities.
9. Operating leverage: The increase in 2023 from the year before was mainly due to the decrease in operating profit from the year before.
10. Financial leverage: The decrease in 2023 compared with the previous year was mainly due to the decrease in operating profits and the increase in interest expenses.

Note 1: The calculation formula for the financial ratios are as follows:

1. Financial structure

(1) Debt to assets ratio = Total liabilities/total assets

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

2. Solvency

(1) Current ratio = Current assets/current liabilities

(2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities

(3) Interest coverage multiplier = Net income before tax and interest expense/interest expense for the period

3. Operating capability

(1) Receivables (including accounts receivable and notes receivable from business operations) turnover rate = Net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).

(2) Average collection days = 365/accounts receivable turnover rate

(3) Inventory turnover rate = Costs of goods sold/average inventory

(4) Payables (including accounts payable and notes payable from business operations) turnover rate = Costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).

(5) Average sales days = 365/inventory turnover rate

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

(7) Total assets turnover rate = Net sales/average total assets

4. Profitability

(1) Return on assets = [Net income or loss after tax + interest expense x (1 - tax rate)]/average total assets

(2) Return on equity = Net income or loss/average total equity

(3) Net profit ratio = Net income or loss/net sales

(4) Earnings per share = (Net profit or loss attributable to shareholders of the parent company - preferred stock dividend) / weighted average number of shares outstanding

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities/current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent 5 years / sum of (capital expenditures + increase in inventory + cash dividend) for the most recent 5 years

(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capitals).

6. Leverage

(1) Operating leverage = (Net operating income - variable operating costs and expenses) / operating profits.

(2) Financial leverage = Operating profits / (operating profits - interest expense).

## (II) Financial analysis – Consolidated financial report in accordance with the IFRSs

Year Analysis item (Note 1)		Financial analysis for the most recent 5 years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to assets ratio	52.85	51.67	58.08	55.78	58.85
	Long-term capital to property, plant and equipment ratio	146.95	159.09	165.43	169.97	145.52
Solvency (%)	Current ratio	127.90	138.87	123.80	129.41	123.82
	Quick ratio	64.25	70.00	56.18	66.69	72.31
	Interest coverage multiplier	1.39	16.83	12.15	10.24	2.87
Operating capability	Accounts receivable turnover rate (times)	4.39	5.36	6.55	6.31	5.14
	Average collection days	83.14	68.09	55.72	57.84	71.01
	Inventory turnover rate (times)	1.56	1.71	2.04	1.99	1.94
	Accounts payable turnover rate (times)	5.92	8.28	9.06	8.99	7.05
	Average sales days	233.97	213.45	178.92	183.41	188.14
	Property, plant and equipment turnover rate (times)	1.55	1.76	2.40	2.58	1.86
	Total assets turnover rate (times)	0.59	0.67	0.82	0.81	0.65
Profitability	Return on assets (%)	0.72	7.16	3.93	4.94	2.05
	Return on equity (%)	0.17	14.08	7.95	10.20	3.03
	Ratio of net income before tax to paid-in capital (%)	1.19	33.97	21.90	28.55	8.47
	Net profit ratio (%)	0.14	10.06	4.35	5.39	1.98
	Earnings per share (NT\$)	0.05	2.52	1.49	2.00	0.61
Cash flow	Cash flow ratio (%)	17.39	27.45	1.36	24.58	23.87
	Cash flow adequacy ratio (%)	56.48	76.63	46.56	66.57	74.42
	Cash reinvestment ratio (%)	9.39	13.55	(3.94)	(2.35)	(2.11)
Leverage	Operating leverage	7.36	2.15	2.04	2.08	4.24
	Financial leverage	5.19	1.12	1.09	1.15	2.30

The increase and decrease in financial ratios for more than 20% in 2023 and 2022 are analyzed as follows:

1. Interest coverage multiplier: The decrease in 2023 compared with the previous year was mainly due to the decrease in net profit before tax and interest.
2. Average collection days: The increase in 2023 compared with the previous year was mainly due to the decrease in the turnover rate of accounts receivable.
3. Accounts payable turnover rate: The decrease in 2023 compared with the previous year was mainly due to the decrease in operating costs and the increase in average payables.
4. Property, plant and equipment turnover rate: The decrease in 2023 compared with the previous year was mainly due to the decrease in operating income and the increase in average property, plant and equipment.
5. Profitability (return on assets, return on equity, ratio of net income before tax to paid-in capital, net profit ratio, and earnings per share):  
The decrease in 2023 from the year before was mainly due to the decrease in net income in the current period from the same period last year; therefore, all profitability indicators were lower than that of in the previous year.
6. Operating leverage: The increase in 2023 from the year before was mainly due to the decrease in operating profit from the year before.
7. Financial leverage: The increase in 2023 compared with the previous year was mainly due to the decrease in operating profits and the increase in interest expenses.

Note 1: The calculation formula for the financial ratios are as follows:

1. Financial structure

(1) Debt to assets ratio = Total liabilities/total assets

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

2. Solvency

(1) Current ratio = Current assets/current liabilities

(2) Quick ratio = (Current assets - inventory - prepaid expenses)/current liabilities

(3) Interest coverage multiplier = Net income before tax and interest expense/interest expense for the period

3. Operating capability

(1) Receivables (including accounts receivable and notes receivable from business operations) turnover rate = Net sales / balance of average accounts receivable for various periods (including accounts receivable and notes receivable from business operations).

(2) Average collection days = 365/accounts receivable turnover rate

(3) Inventory turnover rate = Costs of goods sold/average inventory

(4) Payables (including accounts payable and notes payable from business operations) turnover rate = Costs of goods sold / balance of average accounts payable for various periods (including accounts payable and notes payable from business operations).

(5) Average sales days = 365/inventory turnover rate

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

(7) Total assets turnover rate = Net sales/average total assets

4. Profitability

(1) Return on assets = [Net income or loss after tax + interest expense x (1 - tax rate)]/average total assets

(2) Return on equity = Net income or loss/average total equity

(3) Net profit ratio = Net income or loss/net sales

(4) Earnings per share = (Net profit or loss attributable to shareholders of the parent company - preferred stock dividend)/ weighted average number of shares outstanding

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities/current liabilities.

(2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent 5 years / sum of (capital expenditures + increase in inventory + cash dividend) for the most recent 5 years

(3) Cash reinvestment ratio = (Net cash flow from operating activities - cash dividend) / (gross property, plant and equipment + long-term investment + other non-current assets + working capitals).

6. Leverage

(1) Operating leverage = (Net operating income - variable operating costs and expenses) / operating profits.

(2) Financial leverage = Operating profits / (operating profits - interest expense).

Note 2: The 2024Q1 financial data reviewed by the certified public accountant was not yet available as of the annual report publication date.

- III. The Audit Committee's review report on the most recent annual financial report:** See page 129 for details.
- IV. The most recent annual financial report, including independent auditor's report, the two-year balance sheet in comparison, the comprehensive income statement, the statement of retained earnings, the cash flow statement, and notes or appendixes:** See page 130 to page 197 for details.
- V. The company's financial statements that have been audited and attested by the CPAs for the most recent year, excluding the detailed list of important accounting items:** See pages 198 to 259 for details.
- VI. If the company and its affiliated enterprises had financial difficulties in the most recent year and as of the annual report publication date, the impact on the company's financial status should be detailed:** None

## Audit Committee Review Report

The board of directors has prepared the Company's 2023 annual business report, financial statements, and surplus earnings distribution proposal. Among them, the financial statements have been audited by CPAs LAI,CHIH WEI and WANG,YU-CHUAN from PwC Taiwan appointed by the board of directors, and an Audit Report is hereby issued.

The above-mentioned business report, financial statements, and surplus earnings distribution proposal have been reviewed by the Committee, and it is confirmed that there is no discrepancy. Hence, the Committee hereby issues the Audit Report in accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

To:

Cryomax Cooling System Corp. 2024 Annual General Shareholders' Meeting

Chair of Audit Committee: Yan, Wen-Jyh

March 13, 2024

Cryomax Cooling System Corp.

Affidavit of Consolidated Financial Statements of Affiliated Enterprises

It is hereby certified

The companies that shall be included in the consolidated financial statements of affiliated enterprises in the Fiscal Year of 2023 (from January 1, 2023 to December 31, 2023) based on the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those to be included in the parent-subsiary consolidated financial statements based on IFRS No. 10, and the relevant information that to is disclosed in the above-mentioned parent-subsiary consolidated financial statements has all been disclosed, which will not be prepared separately in the consolidated financial statements of affiliated enterprises.

Company Name: Cryomax Cooling System Corp.

Person in-charge: LIU, YEN TI

March 13, 2024

## CPA Audit Report

(2024) Tsai-shen-bao-zi No. 23004043

To: Cryomax Cooling System Corp.

### **Audit Opinions**

Cryomax Cooling System Corp. and subsidiaries (the Cryomax Group) financial statement of December 31 of 2023 and 2022, the comprehensive income statement, statement of changes of equity, and cash flow statement from January 1 to December 31 of 2023 and 2022, and the notes to the financial statements (including the summary of major accounting policies) have been audited by the CPA of the Firm.

According to the opinions of the CPA, based on the audit results of our accountant and the audit reports of other accountants (please refer to the Other Matters section), the above-mentioned parent company only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, which are sufficient to express the financial status of the Cryomax Group on December 31, 2023 and 2022, and financial performance and cash flow from January 1 to December 31 in 2023 and 2022.

### **Basis for Audit Opinions**

The CPA performs the audit work in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The CPA's responsibilities under these standards will be further explained in the section of the CPA's responsibilities for reviewing and auditing financial statements. The personnel of the accounting firm the CPA affiliates have maintained detached independence from the Cryomax Group in accordance with the professional code of ethics for CPA of the Republic of China, and have fulfilled other responsibilities of the code. The CPA believes that sufficient and appropriate audit evidence as a basis for expressing the audit opinions has been obtained.

### **Emphasized Matters**

As stated in Note 3(1) of the financial statements, Cryomax Cooling System Corp. and its subsidiaries have been affected by the amendments to IAS 12, "Deferred income tax relating to assets and liabilities arising from a single transaction", effective from January 1, 2023. Consequently, retrospective application of this accounting standard has been made, adjusting the affected items in the prior financial statements. The CPA has not amended the audit opinion due to this matter.

## **Key Items for Auditing**

Key audit items refer to the most important items in the audit of the 2023 financial statements of the Cryomax Group based on the professional judgment of the CPA. These matters have been treated in the process of reviewing and auditing the financial statements as a whole and forming audit opinions, and the CPA does not express independent opinions on these matters.

The key audit items of the Cryomax Group's financial statements in 2023 are as follows:

### **Correctness of Sales Revenue Cut-off**

#### Descriptions

For the accounting policy of sales revenue, please refer to Note 4(25) of the parent company only financial statements; for the description of accounting items for sales revenue, please refer to Note 6(17) of the parent company only financial statements, and the daily operating revenue in the parent company only financial statement from January 1 to December 31, 2023, is NT\$2,122,061 thousand.

Cryomax Group's revenue comes from manufacturing and selling metal water tank-related products for various vehicles, the sales to customers involve different types of transaction conditions. The sales to customers are based on the transaction conditions agreed by individual customers and the transfer of control of the products is confirmed after shipment, and revenue is recognized. In particular, whether the control of the shipped products has been transferred to the buyer in accordance with the agreed transaction conditions before the end of the reporting period will affect the financial statement period to which the sales revenue belongs. Therefore, the CPA believes that the correctness of the cut-off of sales revenue is one of the most important matters in the audit of this fiscal year.

#### Procedures for Auditing

The major audit procedures performed by CPA are as follows:

1. The internal control of the Group at the time of recognition of sales revenue has been understood and evaluated, and the effectiveness of such control has been tested.
2. Perform cut-off test for sales transactions within a certain period before and after the end date of the financial reporting period to evaluate the correctness of the timing of revenue recognition.

## **Appraisal of Loss from Valuation of Inventory Allowance**

### Descriptions

For the accounting policy of inventories, please refer to Note 4(12) of the Consolidated financial statements; for the key accounting estimates and assumptions of inventory evaluation, please refer to Note 5(2) of the consolidated financial statements; for the description of inventory accounting items, please refer to Note 6 (4) to the consolidated financial statements. On December 31, 2023, the cost of inventory and the balance of allowance appraisal losses were NT\$768,994 thousand and NT\$40,327 thousand respectively.

Considering the service life of vehicles and the small-in-quantity but diverse features of products in the after-sales service market, the Company needs to prepare sufficient inventory in order to gain market share, resulting in higher risk of inventory depreciation loss or obsolescence. Its various inventories are measured by costs and net realizable value (whichever is lower), which are assessed for normal wear and tear, obsolescence or changes in sales prices, and the loss of price reduction is provided accordingly. Because the estimation of the net realizable value of the inventory is considered, and the adjustment of obsolete inventory exceeding the age of the specified period involves the subjectivity of the management level, judging and assessing the amount of inventory allowance appraisal loss has a significant impact on the financial statements, so the CPA lists the inventory allowance appraisal loss as one of the most important matters for the audit of this fiscal year.

### Procedures for Auditing

The major audit procedures performed by CPA are as follows:

1. Understand and evaluate the rationality of the Group's inventory evaluation policy.
2. Review the Group's annual inventory plan and participate in the annual inventory actions to evaluate the effectiveness of the management's division and control of obsolete inventory.
3. Obtain the statement used to evaluate the net realizable value of the inventory, verify the completeness of the statement and test the correctness of the net realizable value and related calculations, and then evaluate the rationality of the Cryomax Group's decision to provide an allowance for price decrease losses.
4. Obtain the inventory age report to check the relevant supporting documents of the date of the inventory change, and confirm that the classification of the inventory age range is correct and consistent with its policy.

## **Other Matters– Mention of Audit by Other CPAs**

Subsidiary and included in the individual financial statements of Cryomax Cooling System Corp., their financial statements have not been audited by our firm but by other CPAs. Therefore, in the CPA's opinion expressed regarding the consolidated financial statements mentioned above, the amounts presented in the financial statements of such companies and related information disclosed in Note 13 are based on the audit reports of other CPAs. The total assets of the investee as of December 31, 2023 were NT\$565,374 thousand, accounting for 16.96% of the total assets. The operating income from January 1 to December 31, 2023 was NT \$0 thousand, accounting for 0.00% of the net consolidated operating income.

## **Miscellaneous– Parent Company Only Financial Statements**

Cryomax Cooling System Corp. has prepared parent company only financial statements for 2023 and 2022, and the audit reports issued by CPA with unqualified opinion and other matters, as well as an unqualified opinion, are on file and are prepared for reference.

## **Responsibilities of Management Level and Governing Units for Financial Statements**

The responsibilities of the management level are to prepare financial statements that are reasonably expressed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Notes approved and issued by the Financial Supervisory Commission, and to maintain necessary internal control related to preparation of consolidated financial statements related to ensure that there is no material misrepresentation in the consolidated financial statements due to fraud or error.

When preparing the financial statements, the responsibilities of the management level also include assessing the ability of the Group in terms of going concern, the disclosure of related matters, and the adoption of an accounting basis for the going concern, unless the management level intends to liquidate the Cryomax Group or cease operations, or that except for liquidation or suspension, there is no other alternative practically available.

Governing units(including the Audit Committee) of the Cryomax Group are responsible for supervising the financial reporting process.

## **Responsibilities of CPAs to Audit Financial Statements**

The purpose of CPA's review and audit of the financial statements is to obtain reasonable assurance as to whether there are material misrepresentations in the financial statements as a whole resulting from fraud or error, and to issue an audit report. Reasonable certainty is of high degree of certainty, but the audit work performed in accordance with the ROC Audit Standards do not warrant that it will be able to detect material misrepresentations in financial statements. Misrepresentation may result from fraud or error. Misrepresentation of individual amounts or aggregate amounts is considered material if it can reasonably be expected to affect economic decisions made by users of financial statements.

The CPA adopts professional judgment and skepticism when auditing in accordance with the ROC Audit Standards. The CPA also performs the following tasks:

1. Identify and assess the risk of material misrepresentation of financial statements due to fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis for audit opinions. Because fraud may involve collusion, forgery, willful omissions, misrepresentations, or the violation of internal controls, and hence, the risk of failing to detect the material misrepresentation resulting from fraud is higher than those resulting from error.
2. Obtain the necessary understanding of the internal control related to the audit, so as to design the appropriate audit procedures under the circumstances, but the purpose is not to express opinions on the effectiveness of the internal control of the Group
3. Assess the appropriateness of the accounting policies adopted by the management level, and the reasonableness of the accounting estimates and relevant disclosures made.
4. Based on the audit evidence obtained reach conclusions on the appropriateness of the management level to adopt the going-concern accounting basis, and whether there are major uncertainties in events or circumstances that may cast significant doubt on the ability of going concern of the Group. If the CPA believes that there are major uncertainties in such events or situations, he/she shall remind the users of parent company only financial statements to pay additional attention to the relevant disclosures in the parent company only financial statements in the audit report, or revise the audit opinions when the disclosures are inappropriate. The CPA's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause the Cryomax Group to lose the ability to go concerned.
5. Assess the overall presentation, structure and content of financial statements (including relevant notes), and whether financial statements are appropriate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the individual constituents of the Group to express opinions on the financial statements. The CPA is responsible for the guidance, supervision and execution of individual audit cases, and is responsible for forming audit opinions on financial statements.

The matters communicated by the CPA with the governing unit include the planned scope and time of the audit, as well as major audit findings (including significant deficiencies in internal control identified during the audit).

The CPA also provides the governing unit with the statement that the personnel of the accounting firm that is subject to independence regulations have complied with the independence statement in the professional code of ethics for certified public accounts of the Republic of China, and communicates with the governing unit all relationships that may be considered to affect the independence of the CPA and other matters (including relevant protective measures).

From the matters communicated with the governing unit, the CPA hereby decided the key items for auditing the 2023 financial statements of the Cryomax Group. The CPA states these matters in our auditor's 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.

PwC Taiwan

Lai, Chih Wei

CPAs

Wang, Yu-Chuan

FSC

License Number: Jin Guan Zheng Shen Zi No. 1120348565

Jin Guan Zheng Shen Zi No. 1020028992

March 13, 2024

Cryomax Cooling System Corp. and Its Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023, December 31, 2022 and January 1, 2022

Unit: NT\$1,000

Assets	Notes	December 31, 2023		(After adjustment) December 31, 2022		(After adjustment) January 1, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current Assets</b>								
1100	Cash and cash equivalents	6 (1)	\$ 553,889	17	\$ 544,846	17	\$ 379,997	12
1110	Current Financial Assets at Fair Value through Profit or Loss	6 (2)	10,151	-	13,925	-	18,236	-
1150	Net notes receivable	6 (3)	52,127	2	49,998	2	50,130	2
1170	Net accounts receivable	6 (3)	306,996	9	281,919	9	275,356	9
1180	Accounts receivable - Net of related parties	7 (2)	49,924	1	81,011	3	61,779	2
130X	Inventory	6 (4)	728,667	22	920,269	29	952,711	31
1470	Other current assets	6 (5)	90,313	3	38,728	1	53,917	2
11XX	<b>Total Current Assets</b>		<u>1,792,067</u>	<u>54</u>	<u>1,930,696</u>	<u>61</u>	<u>1,792,126</u>	<u>58</u>
<b>Non-current assets</b>								
1600	Property, plant and equipment	6 (6) and 8	1,296,742	39	982,674	31	979,243	32
1755	Right-of-use assets	6 (7) and 8	154,554	5	147,071	5	177,770	6
1840	Deferred income tax assets	6 (23)	71,781	2	79,455	2	101,775	3
1900	Other non-current assets		19,205	-	22,311	1	16,577	1
15XX	<b>Total Non-current Assets</b>		<u>1,542,282</u>	<u>46</u>	<u>1,231,511</u>	<u>39</u>	<u>1,275,365</u>	<u>42</u>
1XXX	<b>Total Assets</b>		<u>\$ 3,334,349</u>	<u>100</u>	<u>\$ 3,162,207</u>	<u>100</u>	<u>\$ 3,067,491</u>	<u>100</u>

(Continued to Next Page)

Cryomax Cooling System Corp. and Its Subsidiaries  
Consolidated Balance Sheet  
December 31, 2023, December 31, 2022 and January 1, 2022

Unit: NT\$1,000

Liabilities and Equity	Notes	December 31, 2023		(After adjustment) December 31, 2022		(After adjustment) January 1, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current Liabilities</b>								
2100	Short-term loan	6 (8) and 8	\$ 871,519	26	\$ 926,475	29	\$ 800,258	26
2110	Short-term notes payable	6 (9)	59,923	2	49,852	2	135,945	5
2130	Current contract liabilities	6 (17)	4,733	-	13,727	1	14,928	1
2150	Notes payable		120	-	3,273	-	5,948	-
2170	Accounts payable		241,564	7	226,765	7	187,738	6
2180	Accounts payable-Related parties	7 (2)	451	-	3,646	-	5,470	-
2200	Other accounts payable	6 (10)	153,598	5	162,452	5	159,642	5
2220	Other accounts payable-Related parties	7 (2)	6,059	-	9,078	-	4,066	-
2230	Current tax liabilities		5,949	-	5,275	-	32,213	1
2280	Lease liabilities – Current		40,519	1	37,952	1	34,457	1
2320	Long term liabilities due within one year	6 (12)	47,874	1	31,393	1	28,419	1
2399	Other current liabilities	6 (11) (17)	14,920	1	21,990	1	38,432	1
21XX	<b>Total Current Liabilities</b>		<u>1,447,229</u>	<u>43</u>	<u>1,491,878</u>	<u>47</u>	<u>1,447,516</u>	<u>47</u>
<b>Non-current liabilities</b>								
2540	Long-term loan	6 (12) and 8	324,777	10	93,548	3	123,827	4
2570	Deferred income tax liabilities		90,515	3	83,214	3	75,611	3
2580	Non-current lease liabilities		97,183	3	90,410	3	121,588	4
2600	Other non-current liabilities	6 (13)	2,639	-	4,999	-	13,143	-
25XX	<b>Total Non-current Liabilities</b>		<u>515,114</u>	<u>16</u>	<u>272,171</u>	<u>9</u>	<u>334,169</u>	<u>11</u>
2XXX	<b>Total Liabilities</b>		<u>1,962,343</u>	<u>59</u>	<u>1,764,049</u>	<u>56</u>	<u>1,781,685</u>	<u>58</u>
Shareholder equity								
Share capital								
3110	Capital - common stock	6 (14)	686,244	21	686,244	22	686,244	22
Capital surplus								
3200	Capital surplus	6 (15)	376,078	12	376,078	11	376,078	12
Retained Earnings								
3310	Legal reserve	6 (16)	133,847	4	119,582	4	109,230	4
3320	Special reserve		50,296	1	89,317	3	78,087	3
3350	Undistributed surplus earnings		176,011	5	177,233	6	125,484	4
Other Equity								
3400	Other Equity		( 50,470)	( 2)	( 50,296)	( 2)	( 89,317)	( 3)
3XXX	<b>Total Equity</b>		<u>1,372,006</u>	<u>41</u>	<u>1,398,158</u>	<u>44</u>	<u>1,285,806</u>	<u>42</u>
Significant contingent liability and unrecognized contractual commitments								
Significant subsequent matters								
3X2X	<b>Total Liabilities and Equity</b>	11	<u>\$ 3,334,349</u>	<u>100</u>	<u>\$ 3,162,207</u>	<u>100</u>	<u>\$ 3,067,491</u>	<u>100</u>

The notes attached to the consolidated financial statements constitute a part of this consolidated financial statements for overall reference.

Chairman: Liu Yen Ti

General Manager: Liu Yen Ti

Accounting Supervisor: Hsu Nai Lung

Cryomax Cooling System Corp. and Its Subsidiaries  
Consolidated Comprehensive Income Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000  
(NT\$1 for EPS)

Items	Notes	For the Year Ended December 31,		(After adjustment) For the Year Ended December 31,	
		2023		2022	
		Amount	%	Amount	%
4000 Operating revenue	6 (17) and 7 (2)	\$ 2,122,061	100	\$ 2,535,296	100
5000 Operating costs	6 (4)(22) and 7 (2)	( 1,677,394)	( 79)	( 1,945,906)	( 77)
5900 Gross profit		<u>444,667</u>	<u>21</u>	<u>589,390</u>	<u>23</u>
Operating expenses	6 (22) and 7(2)				
6100 Selling and marketing expenses		( 212,725)	( 10)	( 245,777)	( 10)
6200 Administrative expenses		( 133,003)	( 6)	( 116,529)	( 4)
6300 Research and development expenses		( 44,027)	( 2)	( 60,726)	( 2)
6000 Total operating expenses		<u>( 389,755)</u>	<u>( 18)</u>	<u>( 423,032)</u>	<u>( 16)</u>
6900 Operating income		<u>54,912</u>	<u>3</u>	<u>166,358</u>	<u>7</u>
Non-operating income and expense					
7100 Interest revenue	6 (18)	9,735	-	1,673	-
7010 Other revenue	6 (19)	11,040	-	14,811	1
7020 Other gains and losses	6 (20)	13,524	1	34,341	1
7050 Financial costs	6 (21)	( 31,054)	( 1)	( 21,212)	( 1)
7000 Total non-operating income and expenses		<u>3,245</u>	<u>-</u>	<u>29,613</u>	<u>1</u>
7900 <b>Pre-tax income</b>		<u>58,157</u>	<u>3</u>	<u>195,971</u>	<u>8</u>
7950 Income tax expense	6 (23)	( 16,096)	( 1)	( 59,066)	( 3)
8200 <b>Net profit for the period</b>		<u>\$ 42,061</u>	<u>2</u>	<u>\$ 136,905</u>	<u>5</u>
<b>Other comprehensive income</b>					
8311 Defined benefits plans remeasured	6 (13)	\$ 731	-	\$ 6,313	-
8349 Income tax relating to items that will not be reclassified	6 (23)	( 146)	-	( 1,263)	-
8310 Total items that will not be reclassified to profit or loss		<u>585</u>	<u>-</u>	<u>5,050</u>	<u>-</u>
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Exchange differences in the translation of foreign financial statements		( 218)	-	48,776	2
8399 Income tax related to components of other comprehensive income that will be reclassified	6 (23)	<u>44</u>	<u>-</u>	<u>( 9,755)</u>	<u>-</u>
8360 Components of other comprehensive income that will be reclassified to profit or loss		<u>( 174)</u>	<u>-</u>	<u>39,021</u>	<u>2</u>
8300 <b>Other comprehensive income</b>		<u>\$ 411</u>	<u>-</u>	<u>\$ 44,071</u>	<u>2</u>
8500 <b>Comprehensive income of the current period</b>		<u>\$ 42,472</u>	<u>2</u>	<u>\$ 180,976</u>	<u>7</u>
Net profit attributable to:					
8610 Parent company owner		<u>\$ 42,061</u>	<u>2</u>	<u>\$ 136,905</u>	<u>5</u>
Total comprehensive income attributable to:					
8710 Parent company owner		<u>\$ 42,472</u>	<u>2</u>	<u>\$ 180,976</u>	<u>7</u>
Earnings per share	6 (24)				
9750 Basic		<u>\$ 0.61</u>		<u>\$ 2.00</u>	
9850 Diluted		<u>\$ 0.61</u>		<u>\$ 1.99</u>	

The notes attached to the consolidated financial statements constitute a part of this consolidated financial statements for overall reference.

Chairman: Liu Yen Ti

General Manager: Liu Yen Ti

Accounting Supervisor: Hsu Nai Lung

Cryomax Cooling System Corp. and Its Subsidiaries  
Consolidated Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000

Notes	Equity attributable to Parent Company							Earnings Exchange Differences on Translation of Foreign Financial Statements Exchange differences	Total Equity
	Capital - common stock	Common Stock in Excess of Par	Treasury Stock Trading	Others	Legal reserve	Special reserve	Undistributed surplus earnings		
<u>For the Year Ended December 31, 2022</u>									
Balance as of January 1, 2022	\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 109,230	\$ 78,087	\$ 126,066	\$ 89,317	\$ 1,286,388
Retrospective applied to impact of IAS 12 Adjustments After the Balance as of January 1	-	-	-	-	-	-	( 582 )	-	( 582 )
Net profit for the period	686,244	353,570	4,790	17,718	109,230	78,087	125,484	( 89,317 )	1,285,806
Other comprehensive income (loss) in the period	-	-	-	-	-	-	136,905	-	136,905
Comprehensive income of the current period	-	-	-	-	-	-	5,050	39,021	44,071
Surplus earnings distribution for 2021	-	-	-	-	-	-	141,955	39,021	180,976
Legal reserve	-	-	-	-	10,352	-	( 10,352 )	-	-
Special reserve	-	-	-	-	-	11,230	( 11,230 )	-	-
Cash dividend	-	-	-	-	-	-	( 68,624 )	-	( 68,624 )
Balance as of December 31, 2022	\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 119,582	\$ 89,317	\$ 177,233	\$ 50,296	\$ 1,398,158
<u>For the Year Ended December 31, 2023</u>									
Balance as of January 1, 2023	\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 119,582	\$ 89,317	\$ 177,233	\$ 50,296	\$ 1,398,158
Net profit for the period	-	-	-	-	-	-	42,061	-	42,061
Other comprehensive income (loss) in the period	-	-	-	-	-	-	585	( 174 )	411
Comprehensive income of the current period	-	-	-	-	-	-	42,646	( 174 )	42,472
Surplus earnings distribution for 2022:	-	-	-	-	-	-	-	-	-
Legal reserve	-	-	-	-	14,265	-	( 14,265 )	-	-
Special reserve	-	-	-	-	-	( 39,021 )	39,021	-	-
Cash dividend	-	-	-	-	-	-	( 68,624 )	-	( 68,624 )
Balance as of December 31, 2023	\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 133,847	\$ 50,296	\$ 176,011	\$ 50,470	\$ 1,372,006

The notes attached to the consolidated financial statements constitute a part of this consolidated financial statements for overall reference.

Chairman: Liu Yen Ti

General Manager: Liu Yen Ti

Accounting Supervisor: Hsu Nai Lung

Cryomax Cooling System Corp. and Its Subsidiaries  
Consolidated Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000

	Notes	January 1 to December 31 2023		January 1 to December 31 2022
<u>Operating Cash Flow</u>				
Pre-tax income of the current period		\$ 58,157		\$ 195,971
Adjusted items				
Adjustments to reconcile profit (loss)				
Depreciation Expense	6 (6)(22)	137,093		140,825
Depreciation Expense-Right-of-use asset	6 (7)(22)	40,335		39,280
Amortization Expense	6 (22)	264		235
Net gain on financial assets at FVTPL	6 (2)(20)	( 4,203 )	(	11,649 )
Interest rate expense	6 (21)	26,999		16,197
Interest expense - Lease liability	6 (7)(21)	4,055		5,015
Interest revenue	6 (18)	( 9,735 )	(	1,673 )
Dividend income	6 (19)	-	(	174 )
Disposal of interests in property, plant and equipment	6 (20)	( 704 )	(	226 )
Gains and losses of unrealized foreign currency exchange		8,372		1,643
Changes in assets/liabilities related to operating activities				
Net change in assets related to operating activities				
Financial assets mandatorily at FVTPL		7,977		15,960
Notes Receivable		( 2,129 )		132
Account Receivable		( 30,925 )	(	8,249 )
Accounts receivable - Net of related parties		27,984	(	21,035 )
Inventory		191,602		32,442
Other current assets		( 27,949 )		15,189
Other non-current assets		138		482
Net change in liabilities related to operating activities				
Contract liabilities		( 8,994 )	(	1,201 )
Notes payable		( 3,153 )	(	2,675 )
Accounts payable		14,420		38,461
Accounts payable-Related parties		( 3,195 )	(	1,824 )
Other accounts payable		( 25,103 )		13,601
Other accounts payable-Related parties		( 3,019 )		5,012
Other current liabilities		( 7,070 )	(	16,442 )
Other non-current liabilities		( 1,629 )	(	1,831 )
Cash inflow generated from operations		389,588		453,466
Interest received		9,735		1,673
Dividend received		-		174
Interest paid		( 29,666 )	(	21,153 )
Income tax paid		( 24,185 )	(	67,441 )
Net cash flows from operating activities		345,472		366,719

(Continued to Next Page)

Cryomax Cooling System Corp. and Its Subsidiaries  
Consolidated Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000

	<u>Notes</u>	<u>January 1 to December 31 2023</u>	<u>January 1 to December 31 2022</u>
<u>Cash flows from investment activities</u>			
Acquisition of property, plant and equipment	6 (25)	(\$ 457,504)	(\$ 161,617)
Disposal of property, plant and equipment		29,516	16,995
Increase in refundable deposit		( 528 )	( 1,521 )
Decrease in refundable deposit		40	-
Acquisition of intangible assets		( 270 )	( 18 )
Cash flows from investing activities		<u>( 428,746 )</u>	<u>( 146,161 )</u>
<u>Cash flow from finance activities</u>			
Increase in short-term loan	6 (26)	408,326	447,390
Decrease in short-term loan	6 (26)	( 461,496 )	( 323,378 )
Increase in short-term notes and bills payable	6 (26)	10,000	-
Decrease in short-term bills payable	6 (26)	-	( 86,000 )
Borrowing long-term loan	6 (26)	360,000	-
Repayments of long-term loan	6 (26)	( 112,053 )	( 29,004 )
Payments of lease liabilities	6 (7)(26)	( 38,852 )	( 36,124 )
Cash dividends paid	6 (16)	( 68,624 )	( 68,624 )
Net cash inflows (outflows) in financing activities		<u>97,301</u>	<u>( 95,740 )</u>
Effects of exchange rate changes		( 4,984 )	40,031
NET INCREASE IN CASH AND CASH EQUIVALENTS			
Cash and cash equivalents at beginning of period	6 (1)	<u>544,846</u>	<u>379,997</u>
Cash and cash equivalents at end of period	6 (1)	<u>\$ 553,889</u>	<u>\$ 544,846</u>

The notes attached to the consolidated financial statements constitute a part of this consolidated financial statements for overall reference.

Chairman: Liu Yen Ti

General Manager: Liu Yen Ti

Accounting Supervisor: Hsu Nai Lung

Cryomax Cooling System Corp. and Its Subsidiaries  
Notes to Consolidated Financial Statements  
For the year ended 2023 and 2022

Unit: NT\$1,000  
(unless otherwise specified)

1. History

Cryomax Cooling System Corp. (hereinafter referred to as the "Company") was established in the Republic of China. The main business items of the Company and its subsidiaries (hereinafter collectively referred to as the "Group") are the manufacturing, processing, trading and exporting of metal water tanks for various vehicles.

2. Date and procedure for approval of financial report

This financial report was approved and issued by the board of directors on March 13, 2024.

3. Application of newly released and revised standards and interpretations

(1) The impact of implementing the newly released and revised International Financial Reporting Standard Standards approved and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table summarizes the newly released, revised and revised standards and notes of the applicable International Financial Reporting Standard Standards for 2023 approved and issued by the FSC:

<u>Newly issued/amended/revised standards and notes</u>	<u>Effective date of publication by the International Accounting Standards Board</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to International Accounting Standard 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

The Group has assessed that the above standards and interpretations have no material impact on the Group's financial position and financial performance:

Amendments to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"

This amendment requires enterprises to recognize related deferred income tax assets and liabilities for specific transactions that generate the same amount of taxable and deductible temporary differences at the time of original recognition.

The Group recognized deferred income tax assets and liabilities for all deductible and taxable temporary differences related to (1) the right-of-use assets and lease liabilities and (2) decommissioning liabilities and the corresponding recognition of property, plant, and equipment as of January 1, 2022. As of December 31, 2023, and January 1 and December 31, 2022, increased deferred income tax assets respectively, were NT\$29,793, NT\$41,085 and NT\$33,206, along with deferred income tax liabilities of NT\$30,976, NT\$41,667 and NT\$34,488, retained earnings were reduced by NT\$1,213, NT\$582 and NT\$1,282. Also, reduce the income tax expenses for the years 2023 and 2022 by NT\$69 and increase by NT\$700, respectively, along with a reduction of NT\$0.01 per share in earnings for the year 2022. However, the year 2022 did not affect earnings per share.

- (2) The impact of not yet adopted the newly released and revised International Financial Reporting Standard Standards approved by the Financial Supervisory Commission referred to as the "FSC"

The following table summarizes the newly released and revised standards and notes of the International Financial Reporting Standard Standards applicable in 2024 recognized by the FSC:

<u>Newly issued/amended/revised standards and notes</u>	<u>Effective date of publication by the International Accounting Standards Board</u>
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024
No.7 to International Accounting Standard and Amendments to International Financial Reporting Standards No.7 "Supplier Finance Arrangements"	January 1, 2024

The Group has assessed that the above standards and interpretations have no material impact on the Group's financial position and financial performance.

- (3) The impact of the International Financial Reporting Standard Standards issued by the International Accounting Standards Board but not yet approved by the FSC

The following table summarizes the newly issued, revised and corrected standards and explanations that have been issued by the International Accounting Standards Board but have not yet been incorporated into the International Financial Reporting Standards recognized by the FSC:

<u>Newly issued/amended/revised standards and notes</u>	<u>Effective date of publication by the International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its affiliates or joint ventures"	To be determined by the International Accounting Standards Board
IFRS 17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS 17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Group has assessed that the above standards and interpretations have no material impact on the Group's financial position and financial performance.

#### 4. Summary of important accounting policies

The major accounting policies adopted in the preparation of the financial report are described below. These policies apply consistently throughout all reporting periods.

- (1) Compliance statement

The financial report is prepared in accordance with the Financial Reporting Standards for Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, Interpretations and Notes (hereinafter referred to as IFRSs) recognized and issued by the Financial Supervisory Commission.

(2) Basis of preparation

1. Except for the following important items, this consolidated financial report is prepared at historical cost:
  - (1) Financial assets and liabilities (including derivatives) measured at fair value through profit or loss.
  - (2) Defined benefit liabilities recognized as the net amount of pension fund assets minus the present value of defined benefit obligations.
2. The preparation of financial reports in compliance with IFRS requires the use of some important accounting estimate value. In the process of applying the Group's accounting policies, the management level also needs to adopt its judgments involving items with a high degree of judgment or complexity or major assumptions in financial reports, or one may refer to Note 5 for the estimated items.

(3) Basis of consolidation

1. Principles for the preparation of the financial report
  - (1) The Group includes all subsidiaries as entities for the preparation of consolidated financial statements. A subsidiary is an entity controlled by the Group when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and, through its power over the entity, has the ability to affect those returns. That is, control the individual. Subsidiaries are included in the consolidated financial report from the date when the Group obtains control, and are terminated from the date when control is lost.
  - (2) Intra-group transactions, balances and unrealized gains and losses are eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Group.
  - (3) Each component of profit or loss and other comprehensive profit or loss is attributable to the owners of the parent company and non-controlling interests; the total comprehensive profit or loss is also attributable to the owners of the parent company and non-controlling interests, even if it results in a loss balance for the non-controlling interests.
  - (4) If the change of the subsidiary's shareholding does not lead to the loss of control (transaction with non-controlling interests), it is treated as an equity transaction, that is, it is regarded as a transaction with the owner. The difference between the adjusted amount for the non-controlling interest and the fair value of the consideration paid or received is recognized directly in equity.
  - (5) When the Group loses control of the subsidiary, the remaining investment in the former subsidiary is remeasured at fair value and used as the fair value of the originally recognized financial asset or the cost of the originally recognized investment in an affiliated enterprise or joint venture, and the difference between the fair value and the carrying amount is recognized as current profit or loss. For all amounts previously recognized in other comprehensive profit or loss related to the subsidiary, the accounting treatment is the same as if the Group directly disposes of related assets or liabilities, Hence, if the profit or loss previously recognized as other comprehensive profit or loss will be reclassified as profit or loss when disposing of related assets or liabilities, then when the control of the subsidiary is lost, the profit or loss will be reclassified from equity to profit or loss.

2. Subsidiaries incorporated into the consolidated financial report:

Investment Company Subsidiary			Percentage of equity held		Notes
Name	Name	Business type	December 31, 2023	December 31, 2022	
The Company	CRYOMAX INTERNATIONAL LTD.	General investment	100%	100%	
The Company	CRYOMAX U.S.A.INC.	Purchase and sell the same products as the Company	100%	100%	
CRYOMAX INTERNATIONAL LTD.	CROHAN INTERNATIONAL LTD.	General investment	100%	100%	
CROHAN INTERNATIONAL LTD.	COOL MAX-WAY AUTO PARTS CO., LTD.	Manufacturing and trading of auto parts	100%	100%	
CROHAN INTERNATIONAL LTD.	NANJING CRYOMAX AUTO PARTS CO., LTD	Manufacturing and trading of auto parts	100%	100%	
The Company	CRYOMAX MEXICO S.A. de C.V.	Manufacturing and trading of auto parts	90%	90%	Note
CRYOMAX U.S.A.INC.	CRYOMAX MEXICO S.A. de C.V.	Manufacturing and trading of auto parts	10%	10%	Note

Note: The company established CRYOMAX MEXICO S.A. de C.V. in Mexico due to the resolution of the board of directors on January 16, 2022. Due to operational needs and future development, this subsidiary completed the local establishment registration procedures in June 2022. The registered capital for 50,000 Mexican pesos. The company and 100% holding subsidiary CRYOMAX U.S.A.INC. (Hereinafter referred to as the US subsidiary) provided capital of 45,000 and 5,000 Mexican pesos on October 18, 2022, respectively, and acquired 90% and 10% of the company's equity, with a comprehensive shareholding ratio of 100%. On September 23, 2022, the board of directors of the company approved the cash capital increase plan of the subsidiary. The company and the company's 100% subsidiary CRYOMAX U.S. A INC. will jointly increase capital and shareholdings. The amount of contribution is USD 15,000 thousand, depending on the capital needs of the subsidiary CRYOMAX MEXICO S.A. de C.V., remitted in installments. The Company imported USD 400,000, USD 8,600,000, and USD 900,000 on May 3, 2023, May 8, 2023, and November 28, 2023, respectively. Additionally, the Company's subsidiary in the United States imported USD 1,000,000 and USD 100,000 on May 4, 2023, and November 28, 2023, respectively. In total, USD 11,000,000 has been imported.

3. Unappropriated Subsidiaries included in the consolidated financial statements

N/A.

4. Adjustments and treatment methods for different accounting periods of subsidiaries

N/A.

5. Major Restrictions

N/A.

6. Subsidiaries with significant non-controlling interests in the Group

N/A.

(4) Foreign currency conversion

Items included in the financial reports of each entity in the Group are measured in the currency of the primary economic environment in which that entity operates (ie the functional currency). The financial report is presented using the Company's functional currency "New Taiwan Dollar" (NT\$) as the expression currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into functional currencies using the spot exchange rate on the transaction date or measurement date, and the translation differences arising from the translation of these transactions are recognized as current profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities is evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation difference arising from the adjustment is recognized as current profit or loss.
- (3) The balance of foreign currency non-monetary assets and liabilities, which are measured at fair value through profit or loss, are adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized as current profit or loss; If the comprehensive profit or loss is measured by fair value, it shall be adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized in other comprehensive profit or loss items; exchange rate measurement.
- (4) All other exchange gains and losses are presented in "Other profits and losses" in the income statement according to the nature of the transaction.

2. Conversion by foreign operating institutions

The operating results and financial status of all group entities, affiliated enterprises and joint agreements whose functional currency is different from the expression currency shall be converted into the expression currency in the following manner:

- (1) The assets and liabilities expressed in each balance sheet are translated at the closing exchange rate on the balance sheet date;
- (2) The income and expenses expressed in each consolidated income statement are translated at the current average exchange rate; and
- (3) All exchange differences arising from translation are recognized in other comprehensive profits or losses.

(5) Classification standards for classifying assets and liabilities into current and non-current items

1. Assets that meet one of the following conditions are classified as current assets:

- (1) The asset is expected to be realized in the normal business cycle, or is intended to be sold or consumed.
- (2) Those held primarily for trading purposes.
- (3) Those expected to be realized within twelve months after the balance sheet date.
- (4) Cash or cash equivalents, unless exchanged or used to settle liabilities is restricted at least twelve months after the balance sheet date.

The Group classifies all assets that do not meet the above conditions as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

- (1) Those that are expected to be settled in the normal business cycle.
- (2) Those held primarily for trading purposes.
- (3) Those that are expected to be paid off within twelve months after the balance sheet date.
- (4) The repayment period cannot be unconditionally postponed to at least twelve months after the balance sheet date. The terms of the liability, which may, at the option of the counterparty, result in liquidation through the issuance of equity instruments do not affect its classification.

The Group classifies all liabilities that do not meet the above standards as non-current.

(6) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into fixed amounts of cash at any time and are subject to insignificant risk of changes in value. Time deposits that meet the aforementioned definition and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at FVTPL

1. It refers to financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Group adopts transaction-day accounting for financial assets measured at fair value through profit or loss that conform to customary transactions.
3. The Group measures it at fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss, and subsequently measured at fair value, with the benefit or loss recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the number of dividends can be measured reliably, the Group recognizes dividend income in profit or loss.

(8) Accounts and notes receivable

1. It refers to accounts and notes that have the unconditional right to receive the consideration amount in exchange for the transfer of goods or services in accordance with the contract.
2. For unpaid short-term accounts and notes receivable, since discounting has little effect, the Group measures them based on the original invoice amount.

(9) Impairment of financial assets

The Group on each balance sheet date considers all reasonable and supporting information (including forward-looking items) for financial assets measured at amortized cost and accounts receivable that contain significant financial components. For those whose credit risk has not increased significantly after the original recognition, the allowance loss shall be measured according to the amount of expected credit loss in 12 months; for those whose credit risk has increased significantly since the original recognition, the allowance loss shall be measured according to the amount of expected credit loss during the duration; For accounts receivable that do not include significant financial components, the allowance loss is measured based on the expected credit loss amount during the duration.

(10) Declassification of financial assets

The Group will declassify financial assets when one of the following situations is met:

1. The contractual right to receive cash flows from the financial asset lapses.
2. The contractual right to receive the cash flow of the financial asset is transferred, and almost all the risks and rewards of ownership of the financial asset have been transferred.
3. Transfer of contractual rights to receive cash flows from any financial asset without retaining control over the financial asset.

(11) Lease transaction of the lessor - business lease

The lease income from operating leases is amortized on a straight-line basis over the lease term and recognized as current profit or loss after deducting any incentives to the lessee.

(12) Inventory

Inventories are measured by the lower of cost and net realizable value, and the perpetual inventory system is adopted, and the cost is determined by the weighted average method. The cost of finished products and work in progress includes raw materials, direct labor costs, other direct costs and overhead related to production (based on normal production capacity), but excludes borrowing costs. When comparing the lower of the cost and the net realizable value, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal course of business minus the estimated cost to be invested to complete the project and the estimated cost required to complete the sale. balance.

(13) Property, plant and equipment

1. Property, plant and equipment are recorded on the basis of acquisition cost, and relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are included in the book value of the asset or recognized as a separate asset only when the future economic benefits related to the item are likely to flow into the Group and the cost of the item can be measured reliably. The book value of the replaced part shall be delisted. All other maintenance expenses are recognized as current profit or loss when incurred.
3. The subsequent measurement of property, plant and equipment adopts the cost model. Except for land, depreciation is not provided, and other depreciation is calculated by the straight-line method based on the estimated service life. If each component of real estate, plant and equipment is significant, it shall be depreciated separately.
4. The Group examines the residual value, useful life and depreciation method of each asset at the end of each financial year. If the expected value of the residual value and useful life is different from the previous estimate, or the future economic value contained in the asset If there is a significant change in the expected consumption pattern of benefits, it shall be handled in accordance with the accounting estimate change provisions of International Accounting Standard No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The service life of each asset is as follows:

House and building	2-41 years
Machinery equipment	2-16 years
Mold equipment	2-12 years
Transportation equipment	5-10 years
Office equipment	3-10 years
Other Equipment	2-15 years

(14) Lease transactions by lessees - right-of-use assets/lease liabilities

1. Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available to the Group. When the lease contract is a short-term lease or a lease of low-value underlying assets, the lease payment shall be recognized as an expense during the lease period using the straight-line method.
2. Lease liabilities are recognized at the present value of unpaid lease payments discounted at the Group's incremental borrowing rate on the lease commencement date. Lease payments include payments, less be received any lease.

Subsequent adoption of the interest method is measured by the amortized cost method, and interest expenses are provided during the lease period. When the lease term or lease payment changes due to non-contract modification, the lease liability will be reassessed, and the remeasurement amount will be adjusted to the right-of-use asset.

3. The right-of-use asset is recognized at cost on the lease commencement date, and the cost includes:
  - (1) The original measure of the lease liability;
  - (2) Any lease payments incurred on or before the Commencement Date;
  - (3) Any original direct costs incurred;

Subsequent measurement is made using the cost model, and depreciation expenses are provided when the useful life of the right-of-use asset expires or when the lease period expires, whichever is earlier. When the lease liability is reassessed, the right-of-use asset will adjust any remeasurement of the lease liability.

(15) Intangible Assets

Computer software

Computer software is recognized at acquisition cost and amortized using the straight-line method over estimated useful lives of 2 to 5 years.

(16) Impairment of non-financial assets

The Group on the balance sheet date estimates the recoverable amount of assets with signs of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. When the asset impairment recognized in the previous year does not exist or decreases, the impairment loss shall be reversed, but the book value of the asset increased by the reversal of the impairment loss shall not exceed the depreciation or amortization of the asset if no impairment loss is recognized Subsequent carrying amount.

(17) Loan

It refers to long-term and short-term funds borrowed from banks. The Group measured it at its fair value less transaction costs at the time of original recognition and subsequently recognized any difference between the price after deducting transaction costs and the redemption value, using the effective interest method and amortizing procedures to recognize interest expenses during the circulation period in profit and loss.

(18) Accounts and notes payable

1. It refers to the debts incurred due to the purchase of raw materials, commodities or labor services on credit, and the notes payable incurred due to business and non-business factors.
2. For unpaid short-term accounts and notes payable, since discounting has little effect, the Group measures them based on the original invoice amount.

(19) Declassification of financial liabilities

The Group declassifies financial liabilities when the contractual obligations are fulfilled, canceled or expire.

(20) Embedded derivatives

The financial asset mixed contract embedded in the derivative instrument is determined according to the terms of the contract at the time of original recognition. The classification of the overall hybrid instrument is determined by financial assets at fair value through profit or loss, and financial assets at fair value through other comprehensive financial assets measured at cost.

(21) Employee benefits

1. Short-term employee benefits

The short-term employee benefits are measured at non-discounted amounts expected to be paid and are recognized as an expense when the related services are rendered.

2. Pension

(1) Determine the allocation plan

For the definite appropriation plan, the amount of the pension fund that should be appropriated is recognized as the current pension cost on the accrual basis. Advance payments are recognized as assets to the extent that they are refundable in cash or reduce future payments.

(2) Determine the benefit plan

A. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by the employee in the current period or past service, and the fair value of the plan assets is subtracted from the present value of the defined benefit obligation on the balance sheet date. The net obligation to determine benefits is calculated annually by the actuary using the projected unit benefit method. The discount rate is the market yield on government bonds (at the balance sheet date) that is consistent with the currency and period of the defined benefit plan at the balance sheet date.

B. The remeasured amount arising from the defined benefit plan is recognized in other comprehensive profit or loss in the period in which it occurs, and expressed in retained earnings.

C. Expenses related to prior service costs are recognized immediately in profit or loss.

3. Severance benefits

Severance benefits are benefits provided when the employee's employment is terminated before the normal retirement date or when the employee decides to accept the company's welfare offer in exchange for the termination of employment. The Group recognizes an expense when it is no longer possible to rescind the offer of termination benefits or when the related restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled within 12 months after the balance sheet date should be discounted.

4. Employees remuneration and remuneration of directors

Employees remuneration and remuneration of directors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be estimated reasonably. If there is a discrepancy between the actual distribution amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate value. In addition, if the employees remuneration is paid by stock, the eligibility requirements shall be determined by the board of directors.

(22) Income tax

1. Income tax expense includes current and deferred income tax. Income taxes are recognized in profit or loss, except for income taxes that relate to items that are recognized in other comprehensive profit or loss or directly in equity, respectively.

2. The Group calculates the current amount of income tax based on the tax rate that has been enacted or substantively enacted on the balance sheet date in the country where the Group operates and generates taxable income. The management level regularly assesses the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates income tax liabilities based on the expected tax payments to the taxing authorities. Income tax on undistributed earnings is levied in accordance with the Income Tax Act, in the year following the year in

which the earnings are generated, the undistributed earnings income tax expenses shall be recognized based on the distribution of the actual earnings after the shareholders' meeting approves the earnings distribution proposal.

3. The balance sheet method is adopted for deferred income tax, which is recognized according to the temporary difference between the tax base of assets and liabilities and their carrying amount in the consolidated balance sheet. Deferred income tax liabilities arising from goodwill initially recognized are not recognized if the deferred income tax arises from the original recognition of an asset or liability in a transaction (excluding a business merger) and at the time of the transaction If it does not affect accounting profit or taxable income (tax loss), and no equal taxable and deductible temporary differences have been generated either, then it will not be recognized. If there is a temporary difference arising from investment in a subsidiary, the Group can control the timing of the reversal of the temporary difference, and the temporary difference is not recognized if it is very likely that it will not reverse in the foreseeable future. The deferred income tax is based on the tax rate (and tax laws) that has been enacted or substantively enacted on the balance sheet date and is expected to be applicable when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.
4. Deferred income tax assets are recognized within the scope that temporary differences are likely to be used to offset future taxable income, and unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. When there is a legally enforceable right to offset the recognized current income tax assets and liabilities and there is an intention to pay off on a net basis or realize the assets and liabilities at the same time, the current income tax assets and current income tax liabilities will be offset; and when there is legal enforcement power to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are provided by the same tax authority Deferred income tax assets and liabilities can only be offset against each other when the same taxpayer that is levying income tax or different taxpayers intend to pay off on a net basis or realize assets and pay off liabilities at the same time.

(23) Share capital

1. Common stock is classified as equity. The incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction of the price in equity after deducting income tax.
2. When the company repurchases issued stocks, the consideration paid, including any directly attributable incremental costs, shall be recognized as a deduction of shareholders' equity at a net amount after tax. When the repurchased shares are subsequently reissued, the difference between the consideration received after deducting any directly attributable incremental costs and income tax effects and the book value is recognized as an adjustment to shareholders' equity.

(24) Dividend distribution

Distributed to shareholders are recognized as liabilities in the financial report when the Company's board of directors resolves to distribute, and the distribution of stock dividends shall be recognized as stock dividends to be distributed in the financial report when the Company's shareholders' meeting decides to distribute and shall be transferred to ordinary shares on the base date of issuance of new shares.

(25) Revenue recognition

Sales of products

1. The Group manufactures and sells metal water tank related products for various vehicles. Sales revenue is recognized when the control of the product is transferred to the customer, that is when the product is delivered to the customer, the customer has discretion over the channel and price of product sales, and the Group has no outstanding performance obligations that may affect the customer's acceptance of the

product. Delivery of products occurs when the product is delivered to the designated place, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or there is objective evidence indicating that all acceptance standards have been met.

2. The Group's sales revenue from the sales of metal water tanks for various vehicles is recognized at the net amount of the contract price less estimated sales discounts and price reductions. The Group estimates sales discounts and price reductions based on historical experience, and the recognized amount of revenue is limited to the part that is highly unlikely to have a significant reversal in the future, and the estimates are updated on each balance sheet date. Estimated sales discounts and price concessions payable to customers related to sales up to the balance sheet date are recognized as refund liabilities. The payment collection conditions for sales transactions are usually due within 30 days to 90 days after the monthly balance. Since the time interval between the transfer of the promised products or services to the customer and the customer's payment has not exceeded one year, the Group has not adjusted transaction prices to reflect the time value of money (TVM).
3. Accounts receivable are recognized when the goods are delivered to the customer, since the Group has an unconditional right to the contract price from that point in time, and it only takes time to collect the consideration from the customer.

(26) Government subsidies

1. Government subsidies are recognized at fair value when it is reasonably certain that the enterprise will comply with the conditions attached to the government grant and will be able to receive the grant. If the nature of the government grant is to compensate the expenses incurred by the Group, the government grant shall be recognized as current profit or loss on a systematic basis during the period in which the relevant expenses are incurred.
2. Government subsidies related to real estate, plant and equipment are recognized as a deduction of the book value of the asset, and the grant is recognized in profit or loss through the reduction of depreciation expenses during the service life of the assets.

(27) Operating segment

Information on the Group's operating segment is reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The chief operating decision maker is responsible for allocating resources to operating departments and evaluating their performance.

5. Major sources of uncertainty in major accounting judgments, estimates and assumptions

When the Group prepared the financial report, the management level used its judgment to determine the accounting policies adopted and made accounting estimate values and assumptions based on the current situation on the balance sheet date and reasonable expectations of future events. The major accounting estimates values and assumptions made may differ from the actual results, and will be continuously evaluated and adjusted taking into account historical experience and other factors. These estimates and assumptions have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please explain in detail the following explanations on the uncertainty of major accounting judgments, estimates and assumptions:

(1) Important judgments on the adoption of accounting policies

N/A.

(2) Important accounting estimates values and assumptions

The accounting estimate values by the Group are based on reasonable expectations of future events based on the current situation on a specific date, but the actual results may

differ from the estimates. For the estimates and assumptions that there may be a risk of major adjustments to the book value of assets and liabilities in the next financial year, please refer to the following details:

#### Inventory evaluation

Since inventories must be priced at the lower of cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventories on the balance sheet date. The Group evaluates the amount of inventory due to normal wear and tear, obsolescence or no market value on the balance sheet date, and writes down the inventory cost to the net realizable value. The inventory evaluation is mainly based on the estimated demand for products in a specific period in the future, so there may be major changes.

On December 31, 2023, the book value of the Group's inventory was NT\$728,667.

6. Explanation of important accounting items

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 867	\$ 957
Check deposits and demand deposits	531,832	543,889
Time deposits	21,190	-
Total	<u>\$ 553,889</u>	<u>\$ 544,846</u>

1. The credit quality of the financial institutions that the Group deals with is good, and the Group deals with several financial institutions to diversify credit risk, and the risk of default is expected to be minor.
2. The Group has not pledged cash and cash equivalents.

(2) Financial assets at FVTPL

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current:		
Financial assets mandatorily at FVTPL		
Stocks of listed (OTC) companies	\$ -	\$ 13,738
Non listed, over-the-counter, and emerging stocks	<u>9,000</u>	<u>-</u>
	9,000	13,738
Evaluation adjustment	<u>1,151</u>	<u>187</u>
Total	<u>\$ 10,151</u>	<u>\$ 13,925</u>

1. The details of financial assets measured at fair value through profit or loss recognized in profit or loss are as follows:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Financial assets mandatorily at FVTPL		
Equity instrument	<u>\$ 4,203</u>	<u>\$ 11,649</u>

2. Please refer to Note 12, (2) for information on the credit risk of financial assets measured at fair value through profit or loss.

(3) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes Receivable	<u>\$ 52,127</u>	<u>\$ 49,998</u>
Account Receivable	\$ 308,382	\$ 283,311
Less: Allowance for losses	<u>( 1,386)</u>	<u>( 1,392)</u>
	<u>\$ 306,996</u>	<u>\$ 281,919</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	December 31, 2023		December 31, 2022	
	Account Receivable	Notes Receivable	Account Receivable	Notes Receivable
Not overdue	\$ 252,669	\$ 52,127	\$ 214,672	\$ 49,998
Within 30 days	36,447	-	43,890	-
31-90 days	12,892	-	21,524	-
91-180 days	5,599	-	2,825	-
Over 181 days	775	-	400	-
	<u>\$ 308,382</u>	<u>\$ 52,127</u>	<u>\$ 283,311</u>	<u>\$ 49,998</u>

The above is an aging analysis based on the number of days overdue.

- The balances of accounts receivable and notes receivable on December 31, 2023 and 2022 were all due to customer contracts, and the balance of accounts receivable on January 1, 2022 was NT\$325,486.
- The Group has insured the accounts receivable with the insurance company since July 2013 (regularly renewing the new contract every year). The insurance company will review and grant the amount, and compensate 90% of the amount in case of default. As of December 31, 2023 and 2022, the balances of insured accounts receivable were NT\$86,045 and NT\$89,937, respectively.
- The Group has not provided pledge collateral for accounts receivable and notes receivable.
- Without considering the collateral held or other credit enhancements, the maximum exposure amount that best represents the group's bills receivable credit risk on December 31, 2023 and 2022 is \$52,127 and \$49,998 respectively; and the most representative amount of risk exposure on December 31, 2023 and 2022 of the Group's accounts receivable were NT\$306,996 and NT\$281,919 respectively.
- Please refer to Note 12 (2) for the credit risk information of relevant accounts receivable and notes receivable.

(4) Inventory

	December 31, 2023		
	Costs	Provisions for Evaluation loss	Carrying Amount
Raw materials	\$ 178,054	(\$ 15,367)	\$ 162,687
WIP	54,900	( 1,446)	53,454
Semi-finished products	116,895	( 6,498)	110,397
Finished goods	390,793	( 15,619)	375,174
Commodity inventory	<u>28,352</u>	<u>( 1,397)</u>	<u>26,955</u>
Total	<u>\$ 768,994</u>	<u>(\$ 40,327)</u>	<u>\$ 728,667</u>

	December 31, 2022		
	Costs	Provisions for Evaluation loss	Carrying Amount
Raw materials	\$ 195,017	(\$ 10,724)	\$ 184,293
WIP	58,461	( 2,196)	56,265
Semi-finished products	160,234	( 7,868)	152,366
Finished goods	492,136	( 13,800)	478,336
Commodity inventory	<u>50,553</u>	<u>( 1,544)</u>	<u>49,009</u>
Total	<u>\$ 956,401</u>	<u>(\$ 36,132)</u>	<u>\$ 920,269</u>

Inventory cost recognized as expense and loss by the Group in the current period:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Cost of Inventory Sold	\$ 1,672,575	\$ 1,957,703
Inventory Outrage	( 2,650)	( 3,658)
Income from sale of scrap	( 4,683)	( 12,779)
Inventory sluggish and falling price Loss (recovery benefits)	4,196	( 2,063)
Inventory scrap loss	8,456	7,187
Revenue from the sale of scrap products	<u>( 500)</u>	<u>( 484)</u>
	<u>\$ 1,677,394</u>	<u>\$ 1,945,906</u>

The benefit of inventory recovery in 2022 was due to the removal of certain inventories that had been depreciated or sluggish, resulting in an increase in the net realizable value of inventories.

(5) Other current assets

	December 31, 2023	December 31, 2022
Income tax payable	\$ 23,686	\$ 56
Other prepaid expenses	14,489	13,553
Tax refund receivable	8,827	6,220
Residual tax credit	2,827	8,065
Advance payment	2,374	1,932
Other receivables	3,398	4,302
Others	<u>34,712</u>	<u>4,600</u>
	<u>\$ 90,313</u>	<u>\$ 38,728</u>

(6) Property, plant and equipment

	For the Year Ended December 31, 2023					
	Beginning balance	Increase During the Period	Decrease During the Period	Transfer During the Period	Net Exchange Difference	Ending balance
Costs						
Land	\$ 334,823	\$ 221,658	\$ -	\$ -	\$ 7,921	\$ 564,402
House and building	397,240	78,777	( 3,783)	3	2,046	474,283
Machinery equipment	338,434	60,062	( 49,632)	742	8,600	358,206
Mold equipment	416,871	26,114	( 80,096)	1,470	( 6,836)	357,523
Transportation equipment	23,529	4,506	( 2,456)	1	703	26,283
Office equipment	14,535	999	( 1,207)	226	( 84)	14,469
Other Equipment	88,438	10,506	( 12,881)	926	( 1,440)	85,549
Unfinished construction and equipment pending acceptance	1,716	73,342	-	( 3,368)	( 11,121)	60,569
Total	<u>\$ 1,615,586</u>	<u>\$ 475,964</u>	<u>(\$ 150,055)</u>	<u>\$ -</u>	<u>(\$ 211)</u>	<u>\$ 1,941,284</u>
Accumulated depreciation						
House and building	(\$ 155,044)	(\$ 21,339)	\$ 3,783	\$ -	\$ 991	(\$ 171,609)
Machinery equipment	( 159,439)	( 34,122)	27,680	-	1,034	( 164,847)
Mold equipment	( 251,999)	( 63,050)	78,468	-	1,297	( 235,284)
Transportation equipment	( 12,525)	( 4,078)	2,191	-	40	( 14,372)
Office equipment	( 11,670)	( 1,252)	1,207	-	66	( 11,649)
Other Equipment	( 42,235)	( 13,252)	7,914	-	792	( 46,781)
Total	<u>(\$ 632,912)</u>	<u>(\$ 137,093)</u>	<u>\$ 121,243</u>	<u>\$ -</u>	<u>\$ 4,220</u>	<u>(\$ 644,542)</u>
Grand Total	<u>\$ 982,674</u>					<u>\$ 1,296,742</u>

For the Year Ended December 31, 2022

	Beginning balance	Increase During the Period	Decrease During the Period	Transfer During the Period	Net Exchange Difference	Ending balance
<b>Costs</b>						
Land	\$ 333,546	\$ -	\$ -	\$ -	\$ 1,277	\$ 334,823
House and building	391,367	1,372	( 894)	-	5,395	397,240
Machinery equipment	295,129	52,443	( 33,655)	18,944	5,573	338,434
Mold equipment	464,258	82,344	( 141,899)	576	11,592	416,871
Transportation equipment	21,594	3,112	( 1,527)	180	170	23,529
Office equipment	14,948	82	( 1,585)	-	1,090	14,535
Other Equipment	78,825	10,904	( 4,293)	1,666	1,336	88,438
Unfinished construction and equipment pending acceptance						
Total	<u>22,248</u>	<u>520</u>	<u>-</u>	<u>( 21,366)</u>	<u>314</u>	<u>1,716</u>
	<u>\$ 1,621,915</u>	<u>\$ 150,777</u>	<u>(\$ 183,853)</u>	<u>\$ -</u>	<u>\$ 26,747</u>	<u>\$ 1,615,586</u>
<b>Accumulated depreciation</b>						
House and building	(\$ 136,692)	(\$ 18,046)	\$ 894	\$ -	(\$ 1,200)	(\$ 155,044)
Machinery equipment	( 143,641)	( 34,042)	21,577	-	( 3,333)	( 159,439)
Mold equipment	( 308,168)	( 71,116)	137,826	-	( 10,541)	( 251,999)
Transportation equipment	( 10,195)	( 3,736)	1,527	-	( 121)	( 12,525)
Office equipment	( 11,091)	( 1,413)	1,585	-	( 751)	( 11,670)
Other Equipment	( 32,885)	( 12,472)	3,675	-	( 553)	( 42,235)
Total	<u>(\$ 642,672)</u>	<u>(\$ 140,825)</u>	<u>\$ 167,084</u>	<u>\$ -</u>	<u>(\$ 16,499)</u>	<u>(\$ 632,912)</u>
Grand Total	<u>\$ 979,243</u>					<u>\$ 982,674</u>

1. There is no capitalization of borrowing costs for property, plant and equipment.
2. Please refer to Note 8 for information on providing guarantees with property, plant and equipment.

(7) Lease transactions - lessees

1. The target assets leased by the Group include land use rights, buildings and buildings, except for land use rights whose lease period is between 30 and 50 years, the term of other lease contracts is 5 years. The lease contract is negotiated individually and contains various terms and conditions, except that the leased assets of land use rights cannot be used as loan guarantees, and no other restrictions are imposed.
2. The short-term leases and low-value targets leased by our group are factory buildings and equipment.
3. The book value of the right-of-use asset and the recognized depreciation expenses are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying Amount</u>	<u>Carrying Amount</u>
Carrying Amount Long-term prepaid rent (land use rights)	\$ 22,182	\$ 23,376
House and building	<u>132,372</u>	<u>123,695</u>
	<u>\$ 154,554</u>	<u>\$ 147,071</u>
	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
	<u>Depreciation Expense</u>	<u>Depreciation Expense</u>
Carrying Amount Long-term prepaid rent (land use rights)	\$ 777	\$ 781
House and building	<u>39,558</u>	<u>38,499</u>
	<u>\$ 40,335</u>	<u>\$ 39,280</u>

4. The Group's increase in the right-of-use assets in 2023 was NT\$49,609. In 2022 had no addition of right-of-use assets.
5. The profit and loss items related to the lease contract are as follows:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
<u>Items that affect the profit and loss of the current period</u>		
Interest expense of lease liabilities	<u>\$ 4,055</u>	<u>\$ 5,015</u>
Expense of short-term lease contracts	<u>\$ 10,132</u>	<u>\$ 8,889</u>

6. The Group's total lease cash outflows in 2023 and 2022 were NT\$53,039 and NT\$50,028 respectively.
7. Please refer to Note 8 for information on guarantees provided by right-of-use assets.

(8) Short-term loan

<u>Nature of loan</u>	<u>December 31, 2023</u>	<u>The range of interest rate</u>	<u>Collateral</u>
Bank loan			
Secured loan	\$ 666,519	1.84%~6.94%	Land, buildings and right-of-use assets
Credit loan	<u>205,000</u>	1.81%~1.97%	-
	<u>\$ 871,519</u>		

<u>Nature of loan</u>	<u>December 31, 2022</u>	<u>The range of interest rate</u>	<u>Collateral</u>
Bank loan			
Secured loan	\$ 635,475	1.66%~3.90%	Land, buildings and right-of-use assets
Credit loan	<u>291,000</u>	1.65%~2.08%	-
	<u>\$ 926,475</u>		

(9) Short-term notes payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial note payable	\$ 60,000	\$ 50,000
Less: Discount of commercial paper payable	<u>( 77)</u>	<u>( 148)</u>
	<u>\$ 59,923</u>	<u>\$ 49,852</u>
The range of interest rate	<u>1.88%</u>	<u>2.07%</u>

The above-mentioned commercial notes payable are guaranteed by China Bills Finance.

(10) Other accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables for salaries and bonuses	\$ 37,476	\$ 45,354
Mainland China social insurance premium payable	32,355	29,977
Payable for equipment	19,254	4,322
Employees remuneration payable	1,886	5,460
Directors' remuneration payable	1,835	5,460
Others	<u>60,792</u>	<u>71,879</u>
	<u>\$ 153,598</u>	<u>\$ 162,452</u>

(11) Other current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refund liabilities	\$ 13,301	\$ 20,057
Other current liabilities	<u>1,619</u>	<u>1,933</u>
	<u>\$ 14,920</u>	<u>\$ 21,990</u>

(12) Long-term loan

<u>Nature of loan</u>	<u>Loan period and repayment method</u>	<u>The range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Loans subject to repayment in installment				
Credit loan	From November 14, 2023 to September 14, 2030, and repaid on a monthly basis from the second year	2.01%	-	\$ 160,000
Secured loan	From May 2, 2023 to May 3, 2028, and repaid on a monthly basis from the second year	1.98%~2.27%	Land and buildings	150,000
Secured loan	From May 31, 2013 to May 31, 2028, and repaid on a monthly basis	1.98%	Land and buildings	<u>62,651</u>
				372,651
Less: Long-term loans due within one year or one business cycle				<u>( 47,874)</u>
				<u>\$ 324,777</u>

<u>Nature of loan</u>	<u>Loan period and repayment method</u>	<u>The range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Loans subject to repayment in installment				
Secured loan	From May 31, 2013 to May 31, 2028, and repaid on a monthly basis	1.73%~1.76%	Land and buildings	\$ 78,929
Credit loan	From January 4, 2019 to December 25, 2023, and repaid every three months	2.71%	-	11,512
Credit loan	From May 27, 2020 to May 27, 2025, and repaid on a monthly basis	1.76%	-	<u>34,500</u>
				124,941
Less: Long-term loans due within one year or one business cycle				<u>( 31,393)</u>
				<u>\$ 93,548</u>

(13) Pension

- (1) According to the provisions of the "Labor Standards Act", the company has established a retirement method with defined benefits, which applies to the service years of all regular employees before the implementation of the "Labor Pension Act " on July 1, 2005, and after its implementation, the follow-up service years of employees who choose to continue to apply the Labor Standards Act. For employees who meet the retirement requirements, the pension payment is calculated based on the service years and the average salary for the 6 months before retirement. Those with a period of service years within 15 years (included) will be given two bases for each full year, and

one base is given for each full year for a period of service years over 15 years, but the cumulative maximum shall not exceed 45 bases. The Company allocates 2% of the total salary to the retirement fund on a monthly basis and deposits it in a special account in the name of the Labor Retirement Reserve Fund Supervisory Committee in the Bank of Taiwan. In addition, before the end of each year, the company estimates the balance of the special account for labor retirement reserves in the preceding paragraph, If the balance is insufficient to pay the estimated amount of pension calculated above for employees who are eligible for retirement in the next year, the company will allocate the difference before the end of March of the next year.

(2) The amount recognized in the balance sheet is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of funded defined benefit obligation	\$ 25,389	\$ 28,809
Planned assets at fair value	<u>(22,750)</u>	<u>(23,810)</u>
Net defined benefit liabilities	<u>\$ 2,639</u>	<u>\$ 4,999</u>

(3) Changes in net defined benefit liabilities are as follows:

	<u>Present value of funded defined benefit obligation</u>	<u>Planned assets at fair value</u>	<u>Net defined benefit liabilities</u>
2023			
Balance as of January 1	\$ 28,809	(\$ 23,810)	\$ 4,999
Current service cost	-	-	-
Interest expense (income)	<u>403</u>	<u>(333)</u>	<u>70</u>
	<u>29,212</u>	<u>(24,143)</u>	<u>5,069</u>
Remeasurement:			
Changes in demographic assumptions Impact number	-	-	-
Changes in financial assumptions Impact number	485	-	485
Experience adjustment	( 1,145)	-	( 1,145)
Return on planned assets	<u>-</u>	<u>(71)</u>	<u>(71)</u>
	<u>(660)</u>	<u>(71)</u>	<u>(731)</u>
Contribution to pension funds	-	( 1,699)	( 1,699)
Payment of pension	<u>(3,163)</u>	<u>3,163</u>	<u>-</u>
Balance as of December 31	<u>\$ 25,389</u>	<u>(\$ 22,750)</u>	<u>\$ 2,639</u>

	Present value of funded defined benefit obligation	Planned assets at fair value	Net defined benefit liabilities
2022			
Balance as of January 1	\$ 35,226	(\$ 22,083)	\$ 13,143
Current service cost	26	-	26
Interest expense (income)	<u>246</u>	<u>(155)</u>	<u>91</u>
	<u>35,498</u>	<u>(22,238)</u>	<u>13,260</u>
Remeasurement:			
Changes in demographic assumptions Impact number	-	-	-
Changes in financial assumptions Impact number	( 2,166)	-	( 2,166)
Experience adjustment	( 2,527)	-	( 2,527)
Return on planned assets	<u>-</u>	<u>(1,620)</u>	<u>(1,620)</u>
	<u>(4,693)</u>	<u>(1,620)</u>	<u>(6,313)</u>
Contribution to pension funds	-	( 1,948)	( 1,948)
Payment of pension	<u>(1,996)</u>	<u>1,996</u>	<u>-</u>
Balance as of December 31	<u>\$ 28,809</u>	<u>(\$ 23,810)</u>	<u>\$ 4,999</u>

- (4) The assets of the company's defined benefit pension plan fund are entrusted by the Bank of Taiwan according to the ratio and amount of the fund's annual investment and use plan, and the items in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. depositing in financial institutions at home and abroad, investing in domestic and foreign listed, over-the-counter or privately placed equity securities, and investing in domestic and foreign real estate securitization products, etc.) to handle entrusted operations, and the relevant use is supervised by the Labor Pension Fund Supervisory Committee. For the use of this fund, the minimum income distributed by the annual final accounts shall not be lower than the income calculated according to the local bank's two-year fixed deposit interest rate. If there is any shortage, it shall be made up by the national treasury after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of International Accounting Standards No. 19. For the fair value of the fund's total assets on December 31, 2023 and 2022, please refer to the annual report on the use of labor pension funds announced by the government.

- (5) Actuarial assumptions related to pensions are summarized as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Discount rate	<u>1.20%</u>	<u>1.40%</u>
Future salary increase	<u>3.00%</u>	<u>3.00%</u>

The assumptions for future mortality in 2023 and 2022 are estimated based on the sixth empirical life table of Taiwan's life insurance industry.

- (6) The analysis of the present value of the definite benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increase	
	Decrease 0.25%	Increase 0.25%	Decrease 0.25%	Increase 0.25%
December 31, 2023				
Impact on the present value of defined benefit obligations	<u>(\$ 603)</u>	<u>\$ 626</u>	<u>\$ 550</u>	<u>(\$ 534)</u>
December 31, 2022				
Impact on the present value of defined benefit obligations	<u>(\$ 721)</u>	<u>\$ 748</u>	<u>\$ 662</u>	<u>(\$ 643)</u>

The above sensitivity analysis is based on the analysis of the impact of a single assumption change under the condition that other assumptions remain unchanged. In practice, changes in many assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The methods and assumptions used in preparing the sensitivity analysis in the current period are the same as those in the previous period.

- (7) In 2024, the Group expects to pay NT\$1,676 to the pension plan.
- (8) As of December 31, 2023, the weighted average duration of the pension plan was 10 years. The maturity analysis of pension payment is as follows:

Less than 1 year	\$	2,011
1-2 years		579
2-5 years		6,150
Over 5 years		8,043
	<u>\$</u>	<u>16,783</u>

2. (1) Since July 1, 2005, the Company and its domestic subsidiaries have formulated a retirement method with a definite contribution in accordance with the "Labor Pension Act", which is applicable to employees of their nationality. The Company and its domestic subsidiaries choose to apply the part of the labor pension system stipulated in the "Labor Pension Act" for employees, and contribute labor pensions to the individual accounts of the labor insurance bureau at the rate of 6% of salary every month. The payment of employee pensions is based on the employee The amount of personal pension special account and accumulated income is collected in the form of monthly pension or one-time pension.
- (2) The sub-subsidiaries COOL MAX-WAY and NANJING CRYOMAX follow the pension insurance system stipulated by the government of the People's Republic of China to allocate pension insurance funds according to a certain ratio of the total salary of local employees every month, which is 14%~ 16%. The retirement pension of each employee is managed and arranged by the government, and the Group has no further obligations other than the monthly appropriation.
- (3) The subsidiaries - CRYOMAX INTERNATIONAL LTD., CRYOMAX U.S.A INC. and CRYOMAX MEXICO S.A. de C.V. have no pension plan currently.
- (4) In 2023 and 2022, the pension cost recognized by the Group according to the above pension method was NT\$23,463 and NT\$23,499 respectively.

(14) Share capital

1. As of December 31, 2023, the Company's rated capital was NT\$1,000 thousand, divided into 100,000 thousand shares, and the paid-in capital was NT\$686,244 thousand, with a par value of NT\$10 per share.
2. The number of outstanding shares of our common stock at the beginning and end of the period has not changed a total of 68,624 shares.

(15) Capital surplus

Due to the provisions of the Company Act, the surplus from the issuance of stocks exceeding the par value and the capital reserve from the receipt of gifts may be used to make up for losses. When the company has no accumulated losses, new shares or cash. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the above-mentioned capital reserve is allocated to capital, the total amount shall not exceed 10% of the paid-in capital each year. If the company still has insufficient surplus reserves to cover capital losses, it may not use capital reserves to make up for it.

(16) Retained Earnings

1. According to the Articles of Association of the Company, profit distribution or loss compensation may be distributed in the following order after the end of each half of the fiscal year:
  - (1) Pay taxes according to laws.
  - (2) Make up for accumulated losses.
  - (3) After deducting items (1) and (2), if there is any balance, 10% is withdrawn as the legal reserve, but this does not apply in the event that the legal reserve has reached the amount of paid-in capital.
  - (4) Allocate or reverse the special reserve according to laws and regulations or necessary for operation.
  - (5) After deducting the balance of items (1) to (4), the accumulate undistributed surplus in previous years will be the distributable amount of shareholder dividends.
2. With the presence of more than two-thirds of the directors and the resolution of more than half of the directors present, the Company may distribute all or part of the dividends and bonuses in the form of cash distribution and report to the shareholders' meeting. The preceding paragraph does not apply It shall be subject to the resolution of the shareholders' meeting.
3. The legal reserve shall not be used except to make up for the Company's losses and to issue new shares or cash in proportion to the shareholders' original shares. However, if the issue of new shares or cash is issued, the reserve shall exceed 25% of the paid-in capital.
4. (1) When the Company distributes surplus, it is required by laws and regulations that the debit balance of other equity items on the balance sheet date of the current year shall be allocated as a special surplus reserve before distribution.  
(2) When using IFRS for the first time, the special surplus reserve designated in Letter No. 1090150022 of the FSC issued on March 31, 2021, When the Company subsequently uses, disposes or reclassifies related assets, the original special reserve will be reversed based on the allocated proportion. If the above-mentioned relevant assets are investment real estate, the part belonging to the land shall be reversed during disposal or reclassification, and the part other than the land shall be reversed period by period during the period of use.
5. On March 23, 2023, the Company passed the 2022 surplus distribution plan through the resolution of the board of directors and on March 25, 2022, the board of directors resolved to approve the 2021 surplus distribution plan as follows:

	For the Year Ended December 31, 2022		For the Year Ended December 31, 2021	
	Amount (NT)		Amount (NT)	
Legal reserve	\$	14,265	\$	10,352
Special reserve	(	39,021)	11,230	
Cash dividend	68,624	1.00	68,624	1.00

- (1) The legal reserve, special reserve and cash dividends of the 2021 surplus distribution plan were approved by the shareholders' meeting on May 27, 2022.

- (2) The legal reserve, special reserve and reversal of the 2022 surplus distribution plan were approved by the shareholders' meeting on June 2, 2023.
6. On August 10, 2023 and 2022, the Company passed the resolution of the board of directors of not distributing earnings of the first half of 2023 and 2022.
7. On March 13, 2024, the Company passed a resolution of the board of directors to distribute a cash dividend of NT\$0.5 and a Stock dividend of NT\$0.5 per share for ordinary shares in 2023. The total dividend was NT\$68,624 thousand. However, the cash dividend has not yet been reported to the shareholders' meeting, the stock dividend is waiting for the shareholders' meeting resolution.

(17) Operating revenue

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Customer contract revenue	<u>\$ 2,122,061</u>	<u>\$ 2,535,296</u>

1. Breakdown of customer contract revenue

The Group's revenue is derived from the supply of commodities that are transferred at a certain point in time.

	For the Year Ended December 31, 2023			
	Taiwan	USA	China	Total
Major geographic regions				
America	\$ 845,137	\$ 499,590	\$ -	\$ 1,344,727
Taiwan	270,643	-	124	270,767
Europe	46,468	-	-	46,468
Asia	8,738	-	357,680	366,418
Others	<u>74,541</u>	<u>-</u>	<u>19,140</u>	<u>93,681</u>
Total	<u>\$ 1,245,527</u>	<u>\$ 499,590</u>	<u>\$ 376,944</u>	<u>\$ 2,122,061</u>

	For the Year Ended December 31, 2023			
	Taiwan	USA	China	Total
Major geographic regions				
America	\$ 1,024,250	\$ 734,961	\$ -	\$ 1,759,211
Taiwan	264,067	-	-	264,067
Europe	62,660	-	-	62,660
Asia	36,151	-	299,033	335,184
Others	<u>101,423</u>	<u>-</u>	<u>12,751</u>	<u>114,174</u>
Total	<u>\$ 1,488,551</u>	<u>\$ 734,961</u>	<u>\$ 311,784</u>	<u>\$ 2,535,296</u>

2. Contract liabilities and refund liabilities

The Group recognizes contract liabilities related to customer contract revenue as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liabilities - advance receipts	\$ 4,733	\$ 13,727	\$ 14,928
Refund liabilities (Note)	\$ 13,301	\$ 20,057	\$ 36,777

Other current liabilities are recognized as refund liabilities, mainly due to estimated sales discounts.

Contract liabilities at the beginning of the period are recognized as revenue of the current period

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Beginning balance of contractual liabilities recognized as income in the current period	\$ 12,205	\$ 13,653

(18) Interest revenue

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Interest from bank deposits	\$ 9,735	\$ 1,673

(19) Other revenue

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Subsidy income	\$ 8,702	\$ 6,990
Rent income	379	379
Dividend income	-	174
Other revenue	1,959	7,268
	<u>\$ 11,040</u>	<u>\$ 14,811</u>

(20) Other gains and losses

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Disposal of interests in property, plant and equipment	\$ 704	\$ 226
Net foreign exchange profit	11,122	22,995
Gain on financial assets at FVTPL	4,203	11,649
Other losses	(2,505)	(529)
	<u>\$ 13,524</u>	<u>\$ 34,341</u>

(21) Financial costs

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Interest rate expense		
Bank loan	\$ 26,011	\$ 15,118
Lease liabilities	4,055	5,015
Short-term coupon discount payable	988	1,079
	<u>\$ 31,054</u>	<u>\$ 21,212</u>

(22) Additional information on the nature of fees

	For the Year Ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee Benefit Expenses			
Salary Expenses	\$ 160,799	\$ 103,048	\$ 263,847
NHI and Labor Insurance Premium	13,587	7,046	20,633
Pension Expenses	17,706	5,827	23,533
Directors' remuneration	-	3,355	3,355
Other employment expenses	14,448	7,197	21,645
Subtotal	<u>\$ 206,540</u>	<u>\$ 126,473</u>	<u>\$ 333,013</u>
Property, plant and equipment depreciation expense	<u>\$ 107,142</u>	<u>\$ 29,951</u>	<u>\$ 137,093</u>
Depreciation expense on right-of- use assets	<u>\$ 9,765</u>	<u>\$ 30,570</u>	<u>\$ 40,335</u>
Amortization expense of intangible assets	<u>\$ -</u>	<u>\$ 264</u>	<u>\$ 264</u>

	For the Year Ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee Benefit Expenses			
Salary Expenses	\$ 197,859	\$ 104,351	\$ 302,210
NHI and Labor Insurance Premium	15,641	6,001	21,642
Pension Expenses	17,948	5,668	23,616
Directors' remuneration	-	7,015	7,015
Other employment expenses	16,541	6,519	23,060
Subtotal	<u>\$ 247,989</u>	<u>\$ 129,554</u>	<u>\$ 377,543</u>
Property, plant and equipment depreciation expense	<u>\$ 106,489</u>	<u>\$ 34,336</u>	<u>\$ 140,825</u>
Depreciation expense on right-of- use assets	<u>\$ 9,905</u>	<u>\$ 29,375</u>	<u>\$ 39,280</u>
Amortization expense of intangible assets	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ 235</u>

1. According to the Articles of Association of the Company, if the Company makes a profit in the year, the employee's remuneration should not be less than 1% and not higher than 5%; the director's remuneration should not be higher than 5%. However, if the company still has accumulated losses, it shall reserve the amount to make up the losses in advance. The remuneration of employees referred to in the preceding paragraph shall be distributed in stock or cash, and those qualified to receive the distributed remuneration may include employees of affiliated enterprises who meet certain conditions such as rank and performance, and the qualification conditions shall be determined by the board of directors.
2. The Company's employees' remuneration and directors' remuneration in 2023 and 2022 are estimated as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Employees' compensation	\$ 1,835	\$ 5,460
Remuneration of Directors	1,835	5,460
Total	<u>\$ 3,670</u>	<u>\$ 10,920</u>

For the years 2023 and 2022, it is estimated at 3% based on the profit as of the current period.

The amount of employees' remuneration and directors' remuneration for 2022 approved by the board of directors is consistent with the amount recognized in the financial report of 2022. The above-mentioned employees' remuneration will be paid in cash.

Information about employees and directors' remuneration approved by the company's board of directors is available at the official site of MOPS.

(23) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Current income tax:		
Income tax generated from current income	\$ 4,295	\$ 38,908
Surtax on undistributed earnings	4,540	-
Income tax under (over) estimation for previous years	<u>( 7,612)</u>	<u>1,253</u>
Total current income tax	\$ 1,223	\$ 40,161
Deferred income tax:		
Origin and reversal of temporary differences	<u>14,873</u>	<u>18,905</u>
Total deferred income tax	<u>14,873</u>	<u>18,905</u>
Income tax expense	<u>\$ 16,096</u>	<u>\$ 59,066</u>

(2) Amount of income tax related to other comprehensive (profit) or loss:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Recognized for the period :		
Conversion difference of foreign operating institutions	\$ 44	(\$ 9,755)
Cash Flows under hedge accounting	-	-
Remeasurements of the Defined Benefit Obligation	<u>( 146)</u>	<u>( 1,263)</u>
	<u>(\$ 102)</u>	<u>(\$ 11,018)</u>

2. Relationship between income tax expense and accounting profit:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Income tax calculated on net profit before tax according to statutory tax rate	\$ 19,687	\$ 60,885
Expenses to be excluded according to the tax law	198	690
Income exempted from tax according to the tax law	( 648)	( 2,052)
Not recognized deferred income tax (asset) liabilities Impact number	( 69)	700
Changes in assessment of realizability of deferred tax assets	-	( 2,410)
Income tax under (over) estimation for previous years	<u>( 7,612)</u>	<u>1,253</u>
Surtax on undistributed earnings	<u>4,540</u>	<u>-</u>
Income tax expense	<u>\$ 16,096</u>	<u>\$ 59,066</u>

3. The amounts of deferred income tax assets or liabilities arising from temporary differences, tax losses and investment deduction are as follows:

	2023			
	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive net income	Ending balance
Temporary differences:				
Deferred tax assets:				
Provisions for sales returns and discount	\$ 3,803	(\$ 1,533)	\$ -	\$ 2,270
Provisions for inventory Evaluation loss	5,766	355	-	6,121
Pension cost	999	( 326)	( 146)	527
Unrealized benefit from the sale of molds	1,004	530	-	1,534
Conversion difference of foreign operating institutions	12,573	-	44	12,617
Depreciation of fixed assets	2,841	( 1,188)	-	1,653
Benefits payable	5,474	554	-	6,028
Government subsidies	6,124	( 321)	-	5,803
Right-of-use assets	33,206	( 3,443)	-	29,763
Loss carryforwards	5,629	( 2,385)	-	3,244
Others	2,036	185	-	2,221
	<u>\$ 79,455</u>	<u>(\$ 7,572)</u>	<u>(\$ 102)</u>	<u>\$ 71,781</u>
Deferred tax liabilities:				
Foreign long-term investment benefits	(\$ 47,792)	(\$ 10,620)	\$ -	(\$ 58,412)
Land Value Increment Tax Provision	( 897)	-	-	( 897)
Lease liabilities	( 34,488)	3,512	-	( 30,976)
Others	( 37)	( 193)	-	( 230)
	<u>(\$ 83,214)</u>	<u>(\$ 7,301)</u>	<u>\$ -</u>	<u>(\$ 90,515)</u>
		<u>(\$ 14,873)</u>	<u>(\$ 102)</u>	

	2022			
	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive net income	Ending balance
Temporary differences:				
Deferred tax assets:				
Provisions for sales returns and discount	\$ 7,148	(\$ 3,345)	\$ -	\$ 3,803
Provisions for inventory				
Evaluation loss	6,492	( 726)	-	5,766
Pension cost	2,628	( 366)	( 1,263)	999
Unrealized benefit from the sale of molds	1,263	( 259)	-	1,004
Conversion difference of foreign operating institutions	22,328	-	( 9,755)	12,573
Depreciation of fixed assets	2,590	251	-	2,841
Benefits payable	4,722	752	-	5,474
Government subsidies	6,244	( 120)	-	6,124
Right-of-use assets	41,085	( 7,879)	-	33,206
Loss carryforwards	5,643	( 14)	-	5,629
Others	1,632	404	-	2,036
	<u>\$101,775</u>	<u>(\$ 11,302)</u>	<u>(\$ 11,018)</u>	<u>\$ 79,455</u>
Deferred tax liabilities:				
Foreign long-term investment benefits	(\$ 33,047)	(\$ 14,745)	\$ -	(\$ 47,792)
Land Value Increment Tax Provision	( 897)	-	-	( 897)
Lease liabilities	( 41,667)	7,179	-	( 34,488)
Others	-	( 37)	-	( 37)
	<u>(\$ 75,611)</u>	<u>(\$ 7,603)</u>	<u>\$ -</u>	<u>(\$ 83,214)</u>
		<u>(\$ 18,905)</u>	<u>(\$ 11,018)</u>	

4. The effective period of the group subsidiary of the unused tax losses and the relevant amount of unrecognized deferred income tax assets are as follows:

December 31, 2023				
Year of occurrence	Declared number/ approved number	Undeducted amount	Unrecognized deferred tax assets	Year of the final deduction
The year of 2022	Approved number	\$ 16,780	\$ -	The year of 2032
The year of 2021	Approved number	4,846	-	The year of 2026

December 31, 2022				
Year of occurrence	Declared number/ approved number	Undeducted amount	Unrecognized deferred tax assets	Year of the final deduction
The year of 2021	Approved number	\$ 37,526	\$ -	The year of 2026

The undeducted amount mentioned above is generated by Nanjing Jimao, and the use tax rate is 15%.

5. The Company's profit-seeking income tax has been approved by the tax collection agency until 2021.

(24) Earnings per share

	For the Year Ended December 31, 2023		
	After-tax amount	Weighted average number of outstanding shares (1,000 shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit for the period attributable to ordinary shareholders of the parent company	\$ 42,061	68,624	\$ 0.61
<u>Diluted earnings per share</u>			
Net profit for the period attributable to ordinary shareholders of the parent company	\$ 42,061	68,624	
Effect of dilutive potential common stocks			
-Employees Remuneration	-	132	
Net profit for the period attributable to ordinary shareholders of the parent company plus the impact of potential common stocks	\$ 42,061	68,756	\$ 0.61

	For the Year Ended December 31, 2022		
	After-tax amount	Weighted average number of outstanding shares (1,000 shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit for the period attributable to ordinary shareholders of the parent company	\$ 136,905	68,624	\$ 2.00
<u>Diluted earnings per share</u>			
Net profit for the period attributable to ordinary shareholders of the parent company	\$ 136,905	68,624	
Effect of dilutive potential common stocks			
-Employees Remuneration	-	280	
Net profit for the period attributable to ordinary shareholders of the parent company plus the impact of potential common stocks	\$ 136,905	68,904	\$ 1.99

When calculating diluted earnings per share, it is assumed that employee remuneration will be fully issued in the current period, and the weighted average number of outstanding shares will be included when the potential ordinary shares have a dilutive effect.

(25) Supplementary cash flow information

Investment activities with only partial cash payments:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Acquisition of property, plant and equipment	\$ 475,964	\$ 150,777
Add: Equipment payment payable at the beginning of the period	4,322	10,250
Less: Equipment payment payable at the end of the period	( 19,254)	( 4,322)
Less: Prepayment for equipment at the beginning of the period	( 15,389)	( 10,477)
Add: advance payment for equipment at the end of the period	11,861	15,389
Payable cash for this period	\$ 457,504	\$ 161,617

(26) Changes in liabilities from financing activities

	Short-term loan	Long-term loans (including due within one year or within one business cycle)	Short-term notes payable	Dividends payable	Lease liabilities (including non-current)	Total liabilities from financing activities
January 1, 2023	\$ 926,475	\$ 124,941	\$ 49,852	\$ -	\$ 128,362	\$ 1,229,630
Changes in financing cash flow	( 53,170)	247,947	10,000	( 68,624)	( 38,852)	97,301
Effect of exchange rate changes	( 828)	( 237)	-	-	( 1,417)	( 2,482)
Other non-cash changes	( 958)	-	71	68,624	49,609	117,346
December 31, 2023	<u>\$ 871,519</u>	<u>\$ 372,651</u>	<u>\$ 59,923</u>	<u>\$ -</u>	<u>\$ 137,702</u>	<u>\$ 1,441,795</u>

	Short-term loan	Long-term loans (including due within one year or within one business cycle)	Short-term notes payable	Dividends payable	Lease liabilities (including non-current)	Total liabilities from financing activities
January 1, 2022	\$ 800,258	\$ 152,246	\$ 135,945	\$ -	\$ 156,045	\$ 1,244,494
Changes in financing cash flow	124,012	( 29,004)	( 86,000)	( 68,624)	( 36,124)	( 95,740)
Effect of exchange rate changes	4,410	1,699	-	-	8,441	14,550
Other non-cash changes	( 2,205)	-	( 93)	68,624	-	66,326
December 31, 2022	<u>\$ 926,475</u>	<u>\$ 124,941</u>	<u>\$ 49,852</u>	<u>\$ -</u>	<u>\$ 128,362</u>	<u>\$ 1,229,630</u>

7. Transactions with related parties

(1) Name of the Related Parties and Relations

Related Parties	Relations
DENSO PRODUCTS AND SERVICES AMERICAS, INC.(DPAM)	Other related party
DENSO INTERNATIONAL ASIA PTE. LTD.(DIAS)	Other related party
DENSO MANUFACTURING ARGENTINA S.A.(DNAR)	Other related party
DENSO DO BRASIL LTDA(DNBR)	Other related party
Denso (Tianjin) Thermal Products Co., Ltd. (DMTT)	Other related party
Denso (CHINA) Investment Co., Ltd. (DICH)	Other related party (Note)
DENSO TAIWAN	Other related party
DENSO Corporation (DENSO)	Individuals with significant influence on the company
DENSO MANUFACTURING MICHIGAN, INC(DMMI)	Other related party
Denso Auto Parts Sales (Tianjin) Co., Ltd. (DSCH)	Other related party (Note)

Note: Due to considerations for business integration and optimization, the Denso Group transferred all business operations and employees of Denso Auto Parts Sales (Tianjin) Co., Ltd. to Electrical Equipment (China) Investment Co., Ltd. in November 2022. From the date of transfer onwards, subsequent orders will be fulfilled by Electric (China) Investment Co., Ltd., while Electric Parts Automotive Parts Trading (Tianjin) Co., Ltd. will cease external transactions.

(2) Significant transactions with related parties

1. Operating revenue

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Sale of goods:		
DPAM	\$ 194,549	\$ 269,052
Other related party	<u>256,663</u>	<u>176,073</u>
	<u>\$ 451,212</u>	<u>\$ 445,125</u>

The aforementioned transaction price for selling goods is based on the agreement between both parties, the payment condition is that the payment shall be received within 60 days after the monthly settlement, and the general customer shall receive the payment within 30-90 days after the monthly settlement.

2. Purchase

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Purchase of goods:		
Other related party	<u>\$ 1,072</u>	<u>\$ 1,372</u>

There is no similar transaction related to the purchase price of the above-mentioned purchase transaction. The payment terms are T/T within 30~90 days of monthly settlement, and the general supplier pays within 30~120 days of monthly settlement.

3. Operating expenses

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Individuals with significant influence on the company	<u>\$ 1,209</u>	<u>\$ 9,073</u>

The operating expenses above are related to royalties and are paid every six months.

4. Account Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts Receivable:		
DPAM	\$ 26,265	\$ 44,665
Other related party	<u>23,659</u>	<u>36,346</u>
	<u>\$ 49,924</u>	<u>\$ 81,011</u>

5. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(1) Accounts payable:		
Other related party	<u>\$ 451</u>	<u>\$ 3,646</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(2) Other payables:		
Individuals with significant influence on the company	<u>\$ 6,059</u>	<u>\$ 9,078</u>

Payables mentioned above are royalties paid every six months.

### (3) Salary of major management level

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Salary and other short-term employee benefits	\$ 18,268	\$ 22,324
Pension benefits	<u>409</u>	<u>324</u>
Grand Total	<u>\$ 18,677</u>	<u>\$ 22,648</u>

### 8. Pledged assets

The Company's asset guarantees or restricted assets are as follows:

<u>Assets</u>	<u>Carrying Value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Property, plant and equipment	\$ 453,683	\$ 543,211	Long-term and short-term loan
Right-of-use assets	<u>22,182</u>	<u>23,376</u>	Short-term loan
	<u>\$ 475,865</u>	<u>\$ 566,587</u>	

### 9. Significant contingent liability and unrecognized contractual commitments

#### (1) Contingencies

N/A.

#### (2) Commitments

Capital expenditures already contracted but not yet incurred

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Property, plant and equipment	<u>\$ 47,460</u>	<u>\$ -</u>

### 10. Major disaster loss

N/A.

### 11. Significant subsequent matters

- (1) On January 27, 2024, the Company, following a decision by the Board of Directors, initiated a treasury stock transaction between January 29, 2024, and March 28, 2024, repurchasing 500 thousand shares of treasury stock to uphold credit and shareholder equity.
- (2) On March 13, 2024, the Company passed a resolution of the board of directors for the surplus distribution plan for the fiscal year 2023, please refer to Note 6 (16) 7's detail.

### 12. Others

#### (1) Capital risk management

The Group's capital management objectives are to ensure the Group can continue to operate, maintain an optimal capital structure to reduce capital costs, and provide shareholders with remuneration. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Group monitors its capital using the debt-to-assets ratio, which is calculated by dividing total liabilities by total assets.

(2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Financial assets mandatorily at FVTPL		
	<u>\$ 10,151</u>	<u>\$ 13,925</u>
Financial assets/Loans and receivables measured at amortized cost		
Cash and cash equivalents	\$ 553,889	\$ 544,846
Notes Receivable	52,127	49,998
Account Receivable	306,996	281,919
Accounts receivable - related party	49,924	81,011
Other receivables	9,893	4,302
Refundable deposits	<u>6,491</u>	<u>6,088</u>
	<u>\$ 979,320</u>	<u>\$ 968,164</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Short-term loan	\$ 871,519	\$ 926,475
Short-term notes payable	59,923	49,852
Notes payable	120	3,273
Accounts payable	241,564	226,765
Accounts payable-related party	451	3,646
Other accounts payable	153,598	162,452
Other Accounts payable-related party	6,059	9,078
Long-term loans (including due within one year or within one business cycle)	<u>372,651</u>	<u>124,941</u>
	<u>\$ 1,705,885</u>	<u>\$ 1,506,482</u>
Lease liabilities (including non-current)	<u>\$ 137,702</u>	<u>\$ 128,362</u>

2. Risk management policy

- (1) The daily operation of the Group is affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk.
- (2) The risk management work is carried out by the finance department of the Group in accordance with the policies approved by the board of directors. The Group's Finance Department is responsible for identifying, assessing and avoiding financial risks through close cooperation with various operating units within the Group. The board of directors has written principles for overall risk management, and also provides written policies for specific areas and matters, such as exchange rate risk, interest rate risk, credit risk, use of derivative and non-derivative financial instruments, and investment of surplus liquidity.

### 3. The nature and extent of material financial risks

#### (1) Market risk

##### Exchange rate risk

- A. The Group operates on an international scale, so it is subject to exchange rate risks arising from transactions that are relatively different from the functional currencies of the Company and its subsidiaries, mainly US dollars, Euros and Renminbi (Chinese Yuan). The related exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Group's management has established policies requiring each unit within the Group to manage exchange rate risk relative to its functional currency. Exchange rate risk is measured through anticipated transactions of highly probable expenditures in US dollars, Euros and Renminbi. Each unit should hedge its overall exchange rate risk through the Finance Department of the Group.
- C. The Group's business involves certain non-functional currencies (the functional currency of the company is New Taiwan dollars, and the functional currencies of some subsidiaries are US dollars, Renminbi and Mexico Pesos). Therefore, subject to the impact of exchange rate fluctuations, the foreign currency assets and liabilities with significant exchange rate fluctuations are as follows:

December 31, 2023			
	Foreign Currency (1,000)	Exchange	Carrying Amount (NTD)
<b>(Foreign currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD/NTD	\$ 7,659	30.71	\$ 235,208
EUR/NTD	495	33.98	16,820
RMB/NTD	946	4.327	4,093
USD/RMB	2,213	7.10	67,961
USD/MXN	3,246	16.89	99,685
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD/NTD	\$ 2,168	30.71	\$ 66,579
December 31, 2022			
	Foreign Currency (1,000)	Exchange	Carrying Amount (NTD)
<b>(Foreign currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD/NTD	\$ 11,726	30.71	\$ 360,105
EUR/NTD	492	32.72	16,098
RMB/NTD	15,225	4.41	67,142
USD/RMB	4,627	6.97	142,223
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD/NTD	\$ 3,141	30.71	\$ 96,460
USD/RMB	144	6.97	4,426

- D. The Group's monetary items have a significant impact on exchange rate fluctuations. The aggregated amounts of all exchange gains recognized in 2023 and 2022 (including realized and unrealized) are net gains of NT\$11,121 and NT\$22,995.

E. The Group's foreign currency market risk analysis due to major exchange rate fluctuations is as follows:

For the Year Ended December 31, 2023			
Sensitivity Analysis			
	Extent of Change	Profit and Loss Affected	Other Comprehensive Profit and Loss Affected
<b>(Foreign currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD/NTD	1%	\$ 2,352	\$ -
EUR/NTD	1%	168	-
RMB/NTD	1%	41	-
USD/RMB	1%	680	-
USD/MXN	1%	997	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD/NTD	1%	(\$ 666)	\$ -
For the Year Ended December 31, 2022			
Sensitivity Analysis			
	Extent of Change	Profit and Loss Affected	Other Comprehensive Profit and Loss Affected
<b>(Foreign currency: Functional currency)</b>			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD/NTD	1%	\$ 3,601	\$ -
EUR/NTD	1%	161	-
RMB/NTD	1%	671	-
USD/RMB	1%	1,422	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD/NTD	1%	(\$ 965)	\$ -
USD/RMB	1%	( 44)	-

Cash flow and fair value interest rate risk

- A. The Group's interest rate risk mainly comes from long-term and short-term loans issued at floating rates, which expose the Group to cash flow interest rate risk. It is the Group's policy to maintain at least a certain percentage of its borrowings at fixed rates, which will be achieved through interest rate changes when necessary. In 2023 and 2022, the Group's loans issued at floating rates were mainly denominated in NT dollars and US dollars.
- B. The Group's borrowings are measured at cost after amortization, and the annual interest rate will be re-priced according to the contract, so the Group is exposed to the risk of future market interest rate changes.
- C. When the loan interest rate rises or falls by 0.25%, and all other factors remain unchanged, the after-tax net profit in 2023 and 2022 will decrease or increase by NT\$2,488 and NT\$2,103 respectively, mainly due to changes in interest expenses due to floating rate of loans.

(2) Credit risk

- A. The Group's credit risk is the risk of financial loss to the Group due to the inability of customers or counterparties of financial instruments to perform their contractual obligations, which is mainly due to the inability of the counterparty to pay off the accounts receivable paid according to the payment terms.
- B. The Group establishes credit risk management from a group perspective. For the banks and financial institutions with which they communicate, the credit of bank deposit banks is checked according to the ratings of external credit agencies. According to the internally specified credit policy, each operating entity within the group and each new customer must conduct management and credit risk analysis before setting payment and proposing the terms and conditions of delivery. Internal risk control is to assess the credit quality of customers by considering their financial status, past experience and other factors. Limits for individual risks are established by the board of directors based on internal or external assessments, and the use of credit limits is regularly monitored.
- C. The Group adopts IFRS 9 to provide the presumption that when the contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have breached the contract.
- D. The Group adopts the assumptions provided by IFRS 9 as the basis for determining whether the credit risk of financial instruments has increased significantly since the original recognition:  
 "When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is considered that the credit risk of the financial asset has increased significantly since the original recognition."
- E. The Group classifies accounts receivable of customers according to the characteristics of customer types, and uses a simplified method to estimate expected credit losses based on the provision matrix.
- F. The indicators used by the Group to determine debt instrument investment as credit-impaired are as follows:
- (A) The issuer is in significant financial difficulty, or has a significantly increased likelihood of going into bankruptcy or other financial reorganization;
  - (B) The active market for the financial asset has ceased to exist due to the issuer's financial difficulties;
  - (C) Delay or non-payment of interest or principal by the issuer;
  - (D) Any adverse changes in national or regional economic conditions that cause the issuer to default.
- G. After the recourse procedure, the Group will write off the amount of financial assets that cannot be reasonably expected to be recovered, but the Group will continue to carry out legal procedures for recourse to preserve the right of creditor's rights.
- H. The Group adjusted the loss rate established based on the historical and current information of a specific period by taking into account the forward-looking consideration of the future to estimate the provision loss of accounts receivable, as the end of December 31 2022, the prepare the matrix as follows:

	Not overdue	Within 30 days	31-90 days	91-180 days	Over 181 days	Total
<u>December 31, 2023</u>						
Expected loss rate	0.00%	0.12%	0.47%	10.89%	86.58%	
Total book value	\$ 252,669	\$ 36,447	\$ 12,892	\$ 5,599	\$ 775	\$ 308,382
Allowance for losses	\$ -	\$ 45	\$ 60	\$ 610	\$ 671	\$ 1,386
	Not overdue	Within 30 days	31-90 days	91-180 days	Over 181 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0.15%	0.62%	1.29%	4.25%	100%	
Total book value	\$ 214,672	\$ 43,890	\$ 21,524	\$ 2,825	\$ 400	\$ 283,311
Allowance for losses	\$ 322	\$ 273	\$ 277	\$ 120	\$ 400	\$ 1,392

- I. The Group adopts the simplified method to change the account receivable allowance loss change statement as follows:

	2023	2022
	<u>Account Receivable</u>	<u>Account Receivable</u>
January 1	\$ 1,392	\$ 1,360
Effects of exchange rate changes	( 6)	32
December 31	<u>\$ 1,386</u>	<u>\$ 1,392</u>

(3) Liquidity risk

- A. The cash flow forecast is carried out by each operating unit within the Group and summarized by the Group Finance Department. The cash flow forecast is carried out by each operating unit within the Group and summarized by the Finance Department which monitors the forecast of the Group's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused borrowing commitments at any time.
- B. If there are surplus funds, the financial units of the Group will invest in interest-bearing demand deposits, time deposits, money market deposits and securities at their discretion, and the instruments they choose have appropriate maturity dates or sufficient liquidity to meet the above-mentioned forecast and provide sufficient dispatch level.
- C. The details of the Group's unused loan amount are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating interest rate		
Due within one year	\$ 428,793	\$ 197,000
Due over one year later	-	-
	<u>\$ 428,793</u>	<u>\$ 197,000</u>

- D. The following table demonstrates the Group's non-derivative financial liabilities, which are classified according to the relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

Non-derivative financial liabilities

December 31, 2023	<u>Within 1 year</u>	<u>1-2 years</u>	<u>Over 2 years</u>	<u>Total</u>
Short-term loan	\$ 879,271	\$ -	\$ -	\$ 879,271
Short-term notes payable	60,000	-	-	60,000
Notes payable	120	-	-	120
Accounts payable	241,564	-	-	241,564
Accounts payable-related party	451	-	-	451
Other accounts payable	153,598	-	-	153,598
Other Accounts payable-related party	6,059	-	-	6,059
Lease liabilities (including non-current)	45,494	46,520	56,973	148,987
Long-term loans (including due within one year or within one business cycle)	51,464	102,596	257,077	411,137

Non-derivative financial liabilities

December 31, 2022	Within 1 year	1-2 years	Over 2 years	Total
Short-term loan	\$ 942,469	\$ -	\$ -	\$ 942,469
Short-term notes payable	50,000	-	-	50,000
Notes payable	3,273	-	-	3,273
Accounts payable	226,765	-	-	226,765
Accounts payable-related party	3,646	-	-	3,646
Other accounts payable	162,452	-	-	162,452
Other Accounts payable-related party	9,078	-	-	9,078
Lease liabilities (including non-current)	41,778	35,489	59,361	136,628
Long-term loans (including due within one year or within one business cycle)	33,158	26,074	74,048	133,280

(3) Fair value information

1. The definitions of each level of evaluation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities available to the enterprise on the measurement date. An active market is one in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the over-the-counter stock investment invested by the Group belongs to this category.

Level 2: Observable inputs, directly or indirectly, for the asset or liability other than quoted prices included in level 1. The fair value of structured deposits invested by the Group is not.

Level 3: Unobservable inputs to the assets or liabilities.

2. Financial instruments not measured at fair value

Financial instruments not measured at fair value by the Group include cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, other receivables, deposits, short-term loans, Short-term notes payable, notes payable, accounts payable, accounts payable - related parties, other payables, other payables - related parties, long-term loans (including due within one year or within one business cycle), and the carrying amount of the lease liability is a reasonable approximation of the fair value.

3. Financial and non-financial instruments measured by fair value are classified by the Group based on the nature, characteristics and risks of assets and liabilities and the basis of fair value levels. The relevant information is as follows:

- (1) The Group is classified according to the nature of assets and liabilities, and the relevant information is as follows:

December 31, 2023	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,151</u>	<u>\$ 10,151</u>
December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Equity securities	<u>\$ 13,925</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,925</u>

- (2) The methods and assumptions used by the Group to measure the fair value are as follows:

- A. If the Group adopts market quotations as the input value of the fair value (i.e. Level 1) for the year end of December 31, 2022, then it is classified according to the characteristics of the instrument as follows:

	<u>Stocks of listed (OTC) companies</u>
Market quotation	Closing price

- B. The Group evaluated financial assets measured at fair value through profit or loss as of December 31, 2023, using the market approach (price-to-net-asset-value ratio) valuation technique. This involved utilizing the price-to-net-asset-value ratios of comparable entities in the market as observable input values to estimate the fair value of these financial assets.
- C. The estimated values derived from the valuation model are approximate outputs of the estimation system, while the valuation technique may not fully reflect all relevant factors concerning the Group's holdings of financial and non-financial instruments. Therefore, the estimated values from the valuation model are appropriately adjusted based on additional parameters, such as model risk or liquidity risk. According to the Group's fair value assessment model management policy and related control procedures, the management believes that evaluation adjustments are appropriately and necessarily made to accurately represent the fair value of financial and non-financial instruments in the balance sheet. The price invested by information and parameters used in the evaluation Remeasurements carefully assessed and adjusted appropriately based on current market conditions.
4. In 2023 and 2022, there was no transfer between levels 1 and 2.
5. The table below illustrates the changes: Level 3 for the year ended December 31, 2023:

	<u>2023</u>
January 1	\$ -
Recognized in gain or loss (accounted for in other benefits and losses)	1,151
Purchased in the current period	<u>9,000</u>
December 31	<u>\$ 10,151</u>

Year 2022: N/A.

6. In 2023 and 2022, there was no inward and outward transfer from Level 3.

7. The Group applied the valuation techniques and inputs for level 3 fair value measurement for its independent fair value authentication of financial instruments which was carried out by the financial department. Through information from independent resources, the Company keeps the results close to the market state and confirms that the data source is independent, reliable, consistent with other resources, and represents executable prices, and regularly calibrates the evaluation model, conducts back-testing, updates the input values and data required for the evaluation model, and make any necessary fair value adjustments reviews such results periodically to ensure that they are reasonable.
8. Quantitative information on significant unobservable inputs used in the valuation models for Level 3 fair value measurements and sensitivity analysis of significant changes in unobservable inputs are as follows:

	December 31, 2023 Fair value	Evaluation on Techniques	Significant Unobservable Inputs:	Range (Weighted Average):	Relationship between input value and fair value
Non derivative equity instruments:					
Non Stocks of OTC companies	\$ 10,151	Simulated listing and OTC company method	Price-to-net-asset- value ratio multiplier Lack of market liquidity discount	1.87%  30%	The higher the multiplier premium, the higher the fair value. The higher the market liquidity discount, the lower the fair value.

December 31, 2022: N/A.

9. The Group selected evaluation models and parameters applied to different evaluation models or parameters, which may yield different results. For financial assets and liabilities classified as Level 3, the impact on the current period's profit or loss due to changes in evaluation parameters is as follows:

	Input Values	Change	December 31, 2023	
			Favorable changes	Unfavorable changes
Financial assets				
Equity instrument	Price-to-net-asset-value ratio	±10%	\$ 1,015	(\$ 1,015)
	Market liquidity discount	±5%	\$ 725	(\$ 725)

December 31, 2022: N/A.

### 13. Disclosures

#### (1) Information about major transactions

1. Funds loaned to others: Please see Table 1.
2. Endorsement/guarantee for others: Please see Table 2.
3. The situation of securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture control parts): Please see Table 3.
4. The accumulative purchase or sale of the same securities reaches NT\$300 million or more than 20% of the paid-in capital: Please see Table 4.
5. The amount of real estate acquired reaches NT\$300 million or more than 20% of the paid-in capital: Please see Table 5.
6. The amount of real estate disposed of reaches NT\$300 million or more than 20% of the paid-in capital: N/A.
7. Purchases and sales of goods with related parties reach NT\$100 million or more than 20% of the paid-in capital: Please see Table 6.

8. Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital: N/A.
9. Trading in derivative instruments: N/A.
10. The business relationship between the parent company and its subsidiaries and between each subsidiary and the status and amount of important transactions: Please see Table 7.

(2) Information about reinvested business

Relevant information such as the name and location of the invested enterprises (excluding invested enterprises from mainland China): Please see Table 8.

(3) Information of investment at the mainland China

1. Basic information: Please see Table 9.
2. Significant transactions that occurred directly or indirectly through enterprises in third regions and invested enterprises reinvested in mainland China: Please see Table 7.

(4) Information on major shareholders

Information on major shareholders: Please see Table 10.

14. Segment information

(1) General information

The management level of the Group has identified the reportable segments based on the reported information used by the chief operating decision makers when making decisions, and divided the business organizations into organizations of Taiwan, the United States and the mainland China according to the operating regions.

(2) Measurement of segment information

The Group's chief operating decision maker assesses the performance of operating segments based on adjusted profit or loss before tax, a measure that excludes the impact of non-recurring expenses in operating segments. Such measurement also excludes the impact of settlement of share-based payment in the form of equity and unrealized gains and losses of financial products.

(3) Segment information

The reportable segments information provided to the chief operating decision maker is as follows:

	For the Year Ended December 31, 2023				
	Taiwan	USA	China	Mexico	Total
External income	\$ 1,245,526	\$ 499,590	\$ 376,945	\$ -	\$ 2,122,061
Internal income	248,235	-	907,871	-	1,156,106
Segment income	<u>\$ 1,493,761</u>	<u>\$ 499,590</u>	<u>\$ 1,284,816</u>	<u>\$ -</u>	<u>\$ 3,278,167</u>
Segment Profit and Loss Before Tax	<u>\$ 4,837</u>	<u>(\$ 3,483)</u>	<u>\$ 59,810</u>	<u>(\$ 9,314)</u>	<u>\$ 51,850</u>
Segment P&L includes:					
Interest rate expense	\$ 24,204	\$ 1,427	\$ 5,423	\$ -	\$ 31,054
Depreciation and amortization	27,868	23,603	121,856	4,365	177,692
Income tax expense	15,430	(6,444)	7,109	1	16,096

	For the Year Ended December 31, 2022				
	Taiwan	USA	China	Mexico	Total
External income	\$ 1,488,551	\$ 734,961	\$ 311,784	\$ -	\$ 2,535,296
Internal income	311,506	-	1,251,965	-	1,563,471
Segment income	<u>\$ 1,800,057</u>	<u>\$ 734,961</u>	<u>\$ 1,563,749</u>	<u>\$ -</u>	<u>\$ 4,098,767</u>
Segment Profit and Loss Before Tax	<u>\$ 87,303</u>	<u>\$ 71,108</u>	<u>\$ 26,300</u>	<u>\$ -</u>	<u>\$ 184,711</u>
Segment P&L includes:					
Interest rate expense	\$ 14,403	\$ 1,638	\$ 5,171	\$ -	\$ 21,212
Depreciation and amortization	28,625	22,436	129,279	-	180,340
Income tax expense	33,478	20,859	4,729	-	59,066

(4) Adjustment information of profit and loss of segments

Sales between segments are carried out on the basis of the principle of arm's length transactions. External revenue reported to the chief operating decision maker is measured in the same manner as revenue in the income statement.

1. The adjusted total income of the current period and the total income of segments of ongoing concern are adjusted as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Reportable operating segment adjusted revenue	\$ 3,278,167	\$ 4,098,767
Eliminated inter-segment revenue	( 1,156,106)	( 1,563,471)
Total consolidated operating revenue	<u>\$ 2,122,061</u>	<u>\$ 2,535,296</u>

2. The adjusted pre-tax profit and loss of the current period and the pre-tax profit and loss of the segments of ongoing concern are adjusted as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Reportable operating segment adjusted profit or loss before tax	\$ 51,850	\$ 184,711
Adjusted profit or loss before tax in other operating segments	-	-
Total of operating segments	51,850	184,711
Eliminated intra-segment profit and loss	6,307	11,260
Consolidated profit and loss before tax	<u>\$ 58,157</u>	<u>\$ 195,971</u>

(5) Information on products and services

The Group mainly engages in the production and sales of automobile water tanks.

(6) Regional information

The Group's regional information in 2023 and 2022 is as follows:

	For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
America	\$ 1,344,727	\$ 547,095	\$ 1,759,210	\$ 93,448
Taiwan	270,767	462,781	264,067	487,595
Asia	366,419	454,135	335,184	564,925
Europe	46,467	-	62,660	-
Others	93,681	-	114,174	-
Total	<u>\$ 2,122,061</u>	<u>\$ 1,464,011</u>	<u>\$ 2,535,296</u>	<u>\$ 1,145,968</u>

The Group's regional income is calculated based on the sales country. Non-current assets refer to real property, plant and equipment, right-of-use assets, intangible assets and other assets, excluding financial instruments, deferred income tax assets and deferred pension costs.

(7) Important customers information

The important customer information of the Group in 2023 and 2022 is as follows:

	<u>For the Year Ended December 31, 2023</u>		<u>For the Year Ended December 31, 2022</u>	
	<u>Revenue</u>	<u>Segment</u>	<u>Revenue</u>	<u>Segment</u>
Customer A	\$ 365,173	Taiwan	\$ 496,312	Taiwan
Customer B	345,292	USA	383,391	USA
Customer C	194,549	Taiwan, USA and China	269,052	Taiwan, USA and China

Cryomax Cooling System Corp. and Its Subsidiaries  
Loans to Others  
January 1 to December 31, 2023

Unit: NT\$1,000  
(unless otherwise specified)

TABLE 1

No. (Note 1)	Borrowed from	Lent to	Type	Related Party (Yes/No)	Highest Amount for the Period	Ending balance	Actual Borrowing Amount	The range of interest rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 3)	Remarks (Note 4)
													Name	Value			
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	Other receivable-related party	Y	\$ 137,423	\$ 64,905	\$ 43,270	2%	Short-term Financing	\$ -	Turnover	\$ -	\$ 274,401	\$ 548,802	Note 4		
0	Cryomax Cooling System Corp.	CRYOMAX MEXICO S.A. de C.V.	Other receivable-related party	Y	251,360	122,840	92,130	0%	Short-term Financing	-	Turnover	-	274,401	548,802	Note 4		
1	COOLMAX-WAY AUTO PARTS CO., LTD.	NANJING CRYOMAX AUTO PARTS CO., LTD	Other receivable-related party	Y	41,124	30,752	30,752	0%~4.687%	Business Interaction	70,829	N/A	-	-	80,926	161,853	Note 4	
2	CRYOMAX U.S.A. INC.	CRYOMAX MEXICO S.A. de C.V.	Other receivable-related party	Y	125,040	122,840	92,130	0%	Short-term Financing	-	Turnover	-	-	167,901	167,901	Note 4	

Note 1: The description of the numbering column is as follows:

- (1). 0 for the issuer.
- (2). Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note 2: The description of the loan and limit of funds for individual objects is as follows:

- (1). For companies that need short-term financing, the amount of each loan shall not exceed 20% of the net value of the latest financial statement.
- (2). For those who have business contacts, the amount of each loan shall not exceed the higher of the estimated actual purchase and sales amount in the latest year or the next year, and shall not exceed 20% of the net value of the latest financial statement.
- (3). CRYOMAX MEXICO S.A. de C.V. is a subsidiary jointly held by CRYOMAX U.S.A INC. and Cryomax Precision Co., Ltd., with a combined ownership stake of 100%. The loan amount is limited to no more than 40% of the Company's latest financial statement net worth.

Note 3: The total loan amount shall not exceed 40% of the net value of the lending company's latest financial statement.

Note 4: Already written off in the consolidated statement.



Cryomax Cooling System Corp. and Its Subsidiaries  
 Securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture control parts)  
 December 31, 2023

TABLE 3

Unit: NT\$1,000  
 (unless otherwise specified)

Holder	Type and Name of the Securities (Note)	Relation with the securities issuer	Item	Ending			Remarks
				Number of shares	Carrying Amount	Shareholding Ratio	
Cryomax Cooling System Corp.	Stock/ KING SHING INDUSTRIAL CO., LTD.	None	Financial assets at fair value through profit or loss - current	300,000	\$ 10,151	0.5%	\$ 10,151

Note: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments".

Cryomax Cooling System Corp. and Its Subsidiaries  
The accumulative purchase or sale of the same securities reaches NT\$300 million or more than 20% of the paid-in capital  
January 1 to December 31, 2023

TABLE 4

Unit: NT\$1,000  
(unless otherwise specified)

Buyer/Seller	Type and Name of the Securities	Item	Counterparty	Relation	Beginning		Acquisition			Disposal		Ending	
					Number of shares	Amount	Number of shares	Amount	Number of Shares	Selling price	Carrying Cost	Disposal gain (lost)	Number of Shares
Cryomax Cooling System Corp.	CRYOMAX MEXICO S.A. de C.V.	Investments accounted for using the equity method	Conducting cash capital increase	-	45	\$ 45,000	175,516,650	\$ 304,570	-	-	-	175,561,650	\$ 310,434
CRYOMAX U.S.A.INC.	CRYOMAX MEXICO S.A. de C.V.	Investments accounted for using the equity method	Conducting cash capital increase	-	5	\$ 5,000	19,501,850	33,871	-	-	-	19,506,850	34,493

Note: Already written off in the consolidated statement.

Cryomax Cooling System Corp. and Its Subsidiaries  
 The amount of real estate acquired reaches NT\$300 million or more than 20% of the paid-in capital  
 January 1 to December 31, 2023

TABLE 5 Unit: NT\$1,000  
(unless otherwise specified)

Company acquiring real estate	Asset Name	Date of occurrence	Transaction Amount	Payment status	Counterparty	Relation	Owner	Transaction involving related parties, with previous transfer data			The Basis for Price Determination	Purpose and utilization of acquisitions	Other Agreed Matters
								Relation with the issuer	Transfer date	Amount			
CRYOMAX MEXICO S.A. de C.V.	Land and plant	111.9.23	\$ 287,117	\$ 287,117	JMP MEXICO S.A. DE C.V.	None	-	-	\$ -	-	Negotiation between both parties (Reference to valuation report issued by professional appraisers)	Operating Use	-

Cryomax Cooling System Corp. and Its Subsidiaries  
Purchase and sale of goods with related parties amount to NT\$100 million or more than 20% of the paid-in capital  
January 1 to December 31, 2023

TABLE 6

Unit: NT\$1,000  
(unless otherwise specified)

Companies of Purchase (Sale)	Counterparty	Relation	Purchase (Sale)	Amount	Ratio to Total Purchase (Sales)	Credit Period	Unit Price	Situations and reasons why transaction conditions are different from general transactions	Notes/accounts receivable (payable)		Remarks
									Balance	Ratio to Total Notes or Accounts Receivable (Payable)	
Cryomax Cooling System Corp.	CRYOMAX U.S.A INC.	Subsidiary	Sale	231,527	15.50%	Collected within 60 days to 90 days receivable after monthly settlement	Note 1	Collected within 60 days to 90 days receivable after monthly settlement	43,593	12.81%	Note 3
Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	Subsidiary	Purchase	650,745	57.15%	Payment within 60 days after monthly settlement	Note 2	Payment within 60 days after monthly settlement	113,020	50.04%	Note 3
Cryomax Cooling System Corp.	COOL-MAX-WAY AUTO PARTS CO., LTD.	Subsidiary	Purchase	180,601	15.86%	Payment within 60 days after monthly settlement	Note 2	Payment within 60 days after monthly settlement	49,671	21.99%	Note 3
Cryomax Cooling System Corp.	DENSO PRODUCTS AND SERVICES AMERICAS,INC.(DPAM)	Other related party	Sale	194,549	13.02%	Collected within 60 after monthly settlement	Note 1	Collected within 60 after monthly settlement	26,265	7.72%	-
NANJING CRYOMAX AUTO PARTS CO., LTD	INTERNATIONAL ASIA PTE. LTD.(DIAS)	Other related party	Sale	192,975	20.33%	Collected within 60 after monthly settlement	Note 1	Collected within 60 after monthly settlement	17,916	10.36%	-

Note 1: Priced according to the general sales price.

Note 2: Priced based on general purchase price.

Note 3: Already written off in the consolidated statement.

**Cryomax Cooling System Corp. and Its Subsidiaries**  
**Business relationship between the parent company and its subsidiaries and each subsidiary, as well as the status and amount of important transactions**  
**January 1 to December 31, 2023**

**TABLE 7**

Unit: NTS1,000  
(unless otherwise specified)

No. (Note 1)	Company	Counterparty	Relations (Note 2)		Item	Amount	Details		Ratio to total revenue or assets (Note 3)
							Transaction terms		
0	Cryomax Cooling System Corp.	CRYOMAX U.S.A INC.	1	1	Sale revenue	\$ 231,527	Priced at general sales price	10.91	
0	Cryomax Cooling System Corp.	CRYOMAX U.S.A INC.	1	1	Account Receivable	43,593	Collected within 60 days to 90 days receivable after monthly settlement	1.31	
0	Cryomax Cooling System Corp.	COOL MAX-WAY AUTO PARTS CO., LTD.	1	1	Purchase	180,601	Priced at general purchase price	8.51	
0	Cryomax Cooling System Corp.	COOL MAX-WAY AUTO PARTS CO., LTD.	1	1	Accounts payable	49,671	Payment within 60 days after monthly settlement	1.49	
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	1	1	Sale revenue	12,836	Priced at general sales price	0.60	
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	1	1	Purchase	650,745	Priced at general Purchase price	30.67	
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	1	1	Accounts payable	113,020	Payment within 60 days after monthly settlement	3.39	
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	1	1	Other receivables	43,780	According to the agreement of both parties	1.31	
0	Cryomax Cooling System Corp.	CRYOMAX MEXICO S.A. de C.V.	1	1	Other receivables	92,130	According to the agreement of both parties	2.76	
1	COOL MAX-WAY AUTO PARTS CO., LTD.	NANJING CRYOMAX AUTO PARTS CO., LTD	3	3	Sale revenue	70,829	Priced at general sales price	3.34	
1	COOL MAX-WAY AUTO PARTS CO., LTD.	NANJING CRYOMAX AUTO PARTS CO., LTD	3	3	Account Receivable	55,692	Collected within 60 days to 180 days receivable after monthly settlement	1.67	
1	COOL MAX-WAY AUTO PARTS CO., LTD.	NANJING CRYOMAX AUTO PARTS CO., LTD	3	3	Other receivables	30,752	Collected within 60 days to 180 days receivable after monthly settlement	0.92	
2	NANJING CRYOMAX AUTO PARTS CO., LTD	CRYOMAX U.S.A INC.	3	3	Sale revenue	43,297	Priced at general sales price	2.04	
2	NANJING CRYOMAX AUTO PARTS CO., LTD	CRYOMAX MEXICO S.A. de C.V.	3	3	Account Receivable	13,555	Collected within 90 after monthly settlement	0.41	
2	NANJING CRYOMAX AUTO PARTS CO., LTD	CRYOMAX MEXICO S.A. de C.V.	3	3	Sale of property, plant and equipment	11,067	According to the agreement of both parties	0.52	
3	CRYOMAX U.S.A INC.	CRYOMAX MEXICO S.A. de C.V.	3	3	Other receivables	92,130	According to the agreement of both parties	2.76	

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the number is as follows:

(1) 0 for parent company.

(2) Subsidiaries are numbered sequentially starting from the Arabic numeral 1 according to the company.

Note 2: There are the following three types of relationship with the trader, and the type of indication is sufficient (if it is the same transaction between a parent company and a subsidiary company or between subsidiaries, there is no need to disclose it repeatedly. For example: for a transaction between a parent company and a subsidiary company, if the parent company has disclosed it, then the subsidiary part does not need to be repeatedly disclosed; for a subsidiary company-to-subsubsidiary transaction, if one subsidiary company has disclosed it, the other subsidiary company does not need to disclose it repeatedly):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset and liability item, is calculated by the balance at the end of the period as a percentage of the consolidated total assets; if it is a profit and loss item, the accumulated amount in the period is used to account for the consolidated total. The method of receipt is calculated.

Note 4: If the transaction amount is less than NT\$10 million, it will not be disclosed.

Note 5: Already written off in the consolidated statement.

Cryomax Cooling System Corp. and Its Subsidiaries  
Invested company name, location and other relevant information(excluding mainland Chinese invested companies)  
January 1 to December 31, 2023

TABLE 8

Unit: NT\$1,000  
(unless otherwise specified)

Investment Companies	Investee Company name (Note 1)	Location	Business item	Original investment			Number held at the end of the period		Carrying Amount	Ratio	Investee Company Periodic Profit and Loss	Recognized in the current period Capital Profit and Loss	Remarks
				Ending of current period	End of last year	Number of Shares	Number of Shares						
Cryomax Cooling System Corp.	CRYOMAX INTERNATIONAL LTD.	BVI	General investment	\$ 688,895	\$ 688,895	22,432,284	100.00	\$ 828,858	100.00	\$ 55,740	\$ 59,008	Note 2 and 3	
Cryomax Cooling System Corp.	CRYOMAX U.S.A INC.	USA	Trading of auto parts	307,100	307,100	10,000,000	100.00	434,934	100.00	1,826	2,030	Note 3	
CRYOMAX INTERNATIONAL LTD.	CROHAN INTERNATIONAL LTD.	Samoa	General investment	717,426	717,426	23,361,325	100.00	860,406	100.00	55,758	59,008	Note 3	
Cryomax Cooling System Corp.	CRYOMAX MEXICO S.A. de C.V.	Mexico	Manufacturing and trading of auto parts	319,146	70	175,561,650	90.00	310,434 (	90.00	8,383) (	8,383) (	Note 4	
CRYOMAX U.S.A.INC.	CRYOMAX MEXICO S.A. de C.V.	Mexico	Manufacturing and trading of auto parts	35,461	8	19,506,850	10.00	34,492 (	10.00	931) (	931) (	Note 4	

Note 1: Relevant figures in this table refer to foreign currencies, which are converted into New Taiwan dollars at the exchange rate on the balance sheet date.

Note 2: The investment profit and loss recognized in the current period includes the amount of profit and loss write-off and realization of the reverse transaction of the invested company.

Note 3: Already written off in the consolidated statement.

Note 4: The Company established CRYOMAX MEXICO S.A. de C.V. in Mexico in June 2022 with a registered capital of 50,000 Mexican pesos. The Company and its subsidiary, CRYOMAX U.S.A. INC., injected 45,000 and 5,000 Mexican pesos, respectively, on October 18, 2022. The Company further injected 160,076,700 Mexican pesos on May 3, 2023, and May 8, 2023. Additionally, on May 4, 2023, the Company and its subsidiary jointly injected 17,786,300 Mexican pesos. Furthermore, on November 28, 2023, the Company and its subsidiary CRYOMAX U.S.A.INC. injected 15,439,950 and 1,715,550 Mexican pesos, respectively, acquiring 90% and 10% ownership stakes in the company, resulting in a combined ownership of 100%.

**Cryomax Cooling System Corp. and Its Subsidiaries**  
**Mainland China Investment Information - Basic Information**  
**January 1 to December 31, 2023**

TABLE 9

Unit: NT\$1,000  
(unless otherwise specified)

Investee Company of Mainland	Business item	Paid-in Capital	Method of Investment (Note 1)	Share of Profit (Loss) for the recognized period		Accumulated Outflow of Investment from Taiwan as of the beginning of the Period	Accumulated Outflow of Investment from Taiwan as of the End of Period	Current profit and loss of the invested company	Ownership of Direct or Indirect Investment	Share of Profit (Loss) for the recognized period (Note 2)	Carrying Amount as of the End of Period	Accumulated Repatriation of Investment Income as of the End of Period	Remarks
				Outflow	Inflow								
COOL MAX-WAY AUTO PARTS CO., LTD.	Manufacturing and trading of auto parts	\$ 307,100	2	\$ -	\$ -	\$ 307,100	\$ 307,100	\$ 11,923	100.00	\$ 14,845	\$ 399,594	\$ -	Note 3 and 4
NANJING CRYOMAX AUTO PARTS CO., LTD	Manufacturing and trading of auto parts	504,258	2	-	-	374,662	374,662	40,913	100.00	40,913	457,141	-	Note 3 and 4

Note 1: The investment methods are divided into the following three types, which can be simply marked as:

- (1) Directly investment in the mainland China
- (2) Reinvest in mainland China through the third-party company (CROHAN INTERNATIONAL LTD.)
- (3) Other investment methods

Note 2: The financial report was audited by the certified public accountants of the parent company in Taiwan

Note 3: Relevant figures in this table involve foreign currencies, which are converted into New Taiwan dollars at the exchange rate on the balance sheet date.

Note 4: Already written off in the consolidated statement.

Company	Ending balance Accumulated during the current period from Outflow Taiwan to Mainland China region Investment Amount (Note 5)		In accordance with the Investment Commission, MOEA The provisions for mainland companies Investment Limit (Note 7)	
	Amount		Amount	
Cryomax Cooling System Corp.	\$ 681,762	\$ 813,385	\$ 823,204	

Note 5: At the end of the current period, the accumulative investment amount remitted from Taiwan to mainland China was US\$22,200,000, calculated based on the actual remittance exchange rate.

Note 6: The approved amount is USD26,486 thousand, converted according to the average exchange rate of buying and selling on December 31, 2023.

Note 7: Calculated according to the limit stipulated by the Ministry of Economic Affairs in the "Principles for the Review of Investment or Technical Cooperation in the Mainland China Area" (60% of the net worth).

Cryomax Cooling System Corp. and Its Subsidiaries  
 Information on major shareholders  
 December 31, 2023

TABLE 10

	Shares	
	Shares held	Shareholding Ratio
DENSO	14,147,072	20.61%
Yida Investment Co., Ltd.	4,120,000	6.00%

## CPA Audit Report

(2024) Tsai-shen-bao-zi No. 23004042

To: Cryomax Cooling System Corp.

### **Audit Opinions**

Cryomax Cooling System Corp.'s parent company's only financial statement of December 31 2023 and 2022, the parent company's only comprehensive income statement, the parent company's only statement of changes of equity, and the parent company's only cash flow statement from January 1 to December 31 of 2023 and 2022 and the notes to the parent company only financial statements (including the summary of major accounting policies) have been audited by the CPA of the Firm.

According to the opinions of the CPA, the above-mentioned parent company's only financial statements are prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers in all material aspects, which are sufficient to express the parent company only financial status of Cryomax Cooling System Corp. on December 31, 2023 and 2022, and parent company only financial performance and parent company only cash flow from January 1 to December 31 in 2023 and 2022.

### **Basis for Audit Opinions**

The CPA performs the audit work in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Regulations Governing the Preparation of Financial Reports by Securities Issuers. The CPA's responsibilities under these standards will be further explained in the section of the CPA's responsibilities for reviewing and auditing parent company only financial statements. The personnel of the accounting firm the CPA affiliates have maintained detached independence from Cryomax Cooling System Corp. in accordance with the professional code of ethics for CPA of the Republic of China, and have fulfilled other responsibilities of the code. Based on the audit results of our accountant and the audit reports of other accountants, the CPA believes that sufficient and appropriate audit evidence as a basis for expressing the audit opinions has been obtained.

### **Emphasized Matters**

As stated in Note 3(1) of the financial statements, Cryomax Cooling System Corp. and its subsidiaries have been affected by the amendments to IAS 12, "Deferred income tax relating to assets and liabilities arising from a single transaction", effective from January 1, 2023. Consequently, retrospective application of this accounting standard has been made, adjusting the affected items in the prior financial statements. The CPA has not amended the audit opinion due to this matter.

## **Key Items for Auditing**

Key audit items refer to the most important items in the audit of the 2023 parent company's only financial statements of Cryomax Cooling System Corp. based on the professional judgment of the CPA. These matters have been treated in the process of reviewing and auditing the parent company only financial statements as a whole and forming audit opinions, and the CPA does not express independent opinions on these matters.

The key audit items of Cryomax Cooling System Corp.'s parent company's only financial statements in 2023 are as follows:

### **Correctness of Sales Revenue Cut-off**

#### Descriptions

For the accounting policy of sales revenue, please refer to Note 4 (24) of the parent company only financial statements; for the description of accounting items for sales revenue, please refer to Note 6 (16) of the parent company only financial statements, and the daily operating revenue in the parent company only financial statement from January 1 to December 31, 2023 is NT\$1,493,762 thousand.

The sales to customers involve making and selling all kinds of vehicle metal water tank products. The sales to customers are based on the transaction conditions agreed by individual customers and the transfer of control of the products is confirmed after shipment, and revenue is recognized. In particular, whether the control of the shipped products has been transferred to the buyer in accordance with the agreed transaction conditions before the end of the reporting period will affect the financial statement period to which the sales revenue belongs, the aforementioned matters also exist in the subsidiaries held by Cryomax Cooling System Corp. Therefore, the CPA believes that the correctness of the cut-off of sales revenue is one of the most important matters in the audit of this fiscal year.

#### Procedures for Auditing

The major audit procedures performed by CPA are as follows:

1. The internal control of Cryomax Cooling System Corp. at the time of recognition of sales revenue has been understood and evaluated, and the effectiveness of such control has been tested.

2. Perform cut-off test for sales transactions within a certain period before and after the end date of the financial reporting period to evaluate the correctness of the timing of revenue recognition.

## **Appraisal of Loss from Valuation of Inventory Allowance**

### Descriptions

For the accounting policy of inventories, please refer to Note 4 (11) of the parent company only financial statements; for the key accounting estimates and assumptions of inventory evaluation, please refer to Note 5 (2) of the parent company only financial statements; for the description of inventory accounting items, please refer to Note 6 (4) to the parent company only financial statements. On December 31, 2023, the cost of inventory and the balance of allowance appraisal losses were NT\$326,617 thousand and NT\$12,041 thousand respectively.

Cryomax Cooling System Corp. mainly manufactures and sells metal water tanks for various vehicles. Considering the service life of vehicles and the small-in-quantity but diverse features of products in the after-sales service market, the Company needs to prepare sufficient inventory in order to gain market share, resulting in a higher risk of inventory depreciation loss or obsolescence. Its various inventories are measured by costs and net realizable value (whichever is lower), which are assessed for normal wear and tear, obsolescence or changes in sales prices, and the loss of price reduction is provided accordingly. The aforementioned matters also exist in the subsidiaries held by Cryomax Cooling System Corp. and are recorded as investments using the equity method. Because the estimation of the net realizable value of the inventory is considered, and the adjustment of obsolete inventory exceeding the age of the specified period involves the subjectivity of the management level, judging and assessing the amount of inventory allowance appraisal loss has a significant impact on the financial statements, so the CPA lists the inventory allowance appraisal loss as one of the most important matters for the audit of this fiscal year.

### Procedures for Auditing

The major audit procedures performed by CPA are as follows:

1. Understand and evaluate the rationality of Cryomax Cooling System Corp.'s inventory evaluation policy.
2. Review Cryomax Cooling System Corp.'s annual inventory plan and participate in the annual inventory actions to evaluate the effectiveness of the management's division and control of obsolete inventory.
3. Obtain the statement used to evaluate the net realizable value of the inventory, verify the completeness of the statement and test the correctness of the net realizable value and related calculations, and then evaluate the rationality of Cryomax Cooling System Corp.'s decision to provide an allowance for price decrease losses.

4. Obtain the inventory age report to check the relevant supporting documents of the date of the inventory change, and confirm that the classification of the inventory age range is correct and consistent with its policy.

### **Other Matters - Mention of Audit by Other CPAs**

For certain investee companies evaluated under the equity method and included in the individual financial statements of Cryomax Cooling System Corp., their financial statements have not been audited by our firm but by other CPAs. Therefore, in the CPA's opinion expressed regarding the individual financial statements mentioned above, the amounts presented in the financial statements of such companies are based on the audit reports of other CPAs. The balance of the equity method investment by the aforementioned company on December 31, 2023 was NT\$344,927 thousand, accounting for 11.47% of total asset. The comprehensive gain and loss recognized for the aforementioned company from January 1 to December 31, 2023, were NT\$6,466 thousand, accounting for 15.22% of the total comprehensive gain and loss.

### **Responsibilities of Management Level and Governing Units for Parent Company Only Statements**

The responsibilities of the management level are to prepare financial statements that are reasonably expressed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and to maintain necessary internal control related to preparation of consolidated financial statements related to ensure that there is no material misrepresentation in the consolidated financial statements due to fraud or error.

When preparing the financial statements, the responsibilities of the management level also include assessing the ability of Cryomax Cooling System Corp. in terms of going - concern, the disclosure of related matters, and the adoption of accounting basis for the going - concern, unless the management level intends to liquidate Cryomax Cooling System Corp. or cease operations, or that except for liquidation or suspension, there is no other alternative practically available.

Governing units (including the Audit Committee) of Cryomax Cooling System Corp. are responsible for supervising the financial reporting process.

### **Responsibilities of CPAs to Audit Parent Company Only Financial Statements**

The purpose of CPA's review and audit of the parent company only financial statements is to obtain reasonable assurance as to whether there are material misrepresentations in the parent company only financial statements as a whole resulting from fraud or error, and to issue an audit report. Reasonable certainty is of high degree of certainty, but the audit work performed in accordance with the ROC Audit Standards do not warrant that it will be able to detect material misrepresentations in parent company only financial statements. Misrepresentation may result from fraud or error. Misrepresentation of individual amounts or aggregate amounts is considered material

if it can reasonably be expected to affect economic decisions made by users of the parent company's only financial statements.

The CPA adopts professional judgment and skepticism when auditing in accordance with the ROC Audit Standards. The CPA also performs the following tasks:

1. Identify and assess the risk of material misrepresentation of the parent company's only financial statements due to fraud or error; design and implement appropriate countermeasures for the assessed risks; and obtain sufficient and appropriate audit evidence as the basis for audit opinions. Because fraud may involve collusion, forgery, willful omissions, misrepresentations, or the violation of internal controls, and hence, the risk of failing to detect the material misrepresentation resulting from fraud is higher than those resulting from error.
2. Obtain the necessary understanding of the internal control related to the audit, so as to design the appropriate audit procedures under the circumstances, but the purpose is not to express opinions on the effectiveness of the internal control of Cryomax Cooling System Corp.
3. Assess the appropriateness of the accounting policies adopted by the management level, and the reasonableness of the accounting estimates and relevant disclosures made.
4. Based on the audit evidence obtained reach conclusions on the appropriateness of the management level to adopt the going-concern accounting basis, and whether Cryomax Cooling System Corp. has major uncertainties in events or circumstances that may cast significant doubt on the ability of going concern of the Shares. If the CPA believes that there are major uncertainties in such events or situations, he/she shall remind Only users of the parent company only financial statements to pay additional attention to the relevant disclosures in the parent company only financial statements in the audit report, or revise the audit opinions when the disclosures are inappropriate. The CPA's conclusions are based on the audit evidence obtained up to the date of the audit report. However, future events or conditions may cause Cryomax Cooling System Corp. to lose the ability of going concern.
5. Assess the overall presentation, structure and content of parent company only financial statements (including relevant notes), and whether parent company only financial statements are appropriate to express relevant transactions and events.
6. Obtain sufficient and appropriate audit evidence for the financial information of the individual constituents of Cryomax Cooling System Corp. to express opinions on the parent company only financial statements. The CPA is responsible for the guidance, supervision and execution of individual audit cases, and is responsible for forming audit opinions on parent company only financial statements.

The matters communicated by the CPA with the governing unit include the planned scope and time of the audit, as well as major audit findings (including significant deficiencies in internal control identified during the audit).

The CPA also provides the governing unit with the statement that the personnel of the accounting firm that is subject to independence regulations have complied with the independence statement in the professional code of ethics for certified public accounts of the Republic of China, and communicates with the governing unit all relationships that may be considered to affect the independence of the CPA and other matters (including relevant protective measures).

From the matters communicated with the governing unit, CPA decided the key audit items of Cryomax Cooling System Corp.'s parent company only financial statements in 2023. The CPA states these matters in our auditor's 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.

PwC Taiwan

Lai, Chih Wei

CPAs

Wang, Yu-Chuan

FSC

License Number: Jin Guan Zheng Shen Zi No. 1120348565

Jin Guan Zheng Shen Zi No. 1020028992

March 13, 2024

Cryomax Cooling System Corp.  
Parent Company Only Balance Sheet  
December 31, 2023, December 31, 2022 and January 1, 2022

Unit: NT\$1,000

Assets	Notes	December 31, 2023		(After adjustment) December 31, 2022		(After adjustment) January 1, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current Assets</b>								
1100	Cash and cash equivalents	6 (1)	\$ 140,211	5	\$ 252,937	9	\$ 149,110	6
1110	Current Financial Assets at Fair Value through Profit or Loss	6 (2)	10,151	-	13,925	1	18,236	1
1150	Net notes receivable	6 (3)	44,229	2	41,111	2	38,331	1
1170	Net accounts receivable	6 (3)	214,740	7	169,735	6	151,470	6
1180	Accounts receivable - Net of related parties	7 (2)	81,256	3	68,827	3	59,975	2
1210	Receivable— Related parties	7 (2)	135,910	5	56,538	2	104,408	4
130X	Inventory	6 (4)	314,576	10	383,396	14	417,493	16
1470	Other current assets		8,774	-	11,094	-	21,101	1
11XX	<b>Total Current Assets</b>		<u>949,847</u>	<u>32</u>	<u>997,563</u>	<u>37</u>	<u>960,124</u>	<u>37</u>
<b>Non-current assets</b>								
1550	Investments accounted for using the equity method	6 (5)	1,573,014	52	1,218,297	44	1,092,679	42
1600	Property, plant and equipment	6 (6), 7(2) and 28	461,194	15	486,374	18	496,705	19
1780	Intangible Assets		723	-	696	-	891	-
1840	Deferred income tax assets	6 (22)	21,299	1	22,653	1	38,072	2
1900	Other non-current assets		1,456	-	952	-	7,849	-
15XX	<b>Total Non-current Assets</b>		<u>2,057,686</u>	<u>68</u>	<u>1,728,972</u>	<u>63</u>	<u>1,636,196</u>	<u>63</u>
1XXX	<b>Total Assets</b>		<u>\$ 3,007,533</u>	<u>100</u>	<u>\$ 2,726,535</u>	<u>100</u>	<u>\$ 2,596,320</u>	<u>100</u>

(Continued to Next Page)

Cryomax Cooling System Corp.  
Parent Company Only Balance Sheet  
December 31, 2023, December 31, 2022 and January 1, 2022

Unit: NT\$1,000

Liabilities and Equity	Notes	December 31, 2023		(After adjustment) December 31, 2022		(After adjustment) January 1, 2022		
		Amount	%	Amount	%	Amount	%	
<b>Current Liabilities</b>								
2100	Short-term loan	6 (7) and 8	\$ 828,249	28	\$ 876,000	32	\$ 744,866	29
2110	Short-term notes payable	6 (8)	59,923	2	49,852	2	135,945	5
2130	Current contract liabilities	6 (16)	3,406	-	7,426	-	6,244	-
2150	Notes payable		120	-	-	-	240	-
2170	Accounts payable		62,584	2	34,593	1	45,423	2
2180	Accounts payable-Related parties	7 (2)	163,142	5	72,695	3	43,986	2
2200	Other accounts payable	6 (9)	59,285	2	82,735	3	86,280	3
2220	Other accounts payable-Related parties	7 (2)	3,246	-	10,017	-	6,497	-
2230	Current tax liabilities		3,239	-	2,605	-	16,799	1
2320	Long term liabilities due within one year	6 (11)	47,874	2	22,183	1	22,187	1
2399	Other current liabilities	6 (10)(16)	12,351	-	20,148	1	36,875	1
21XX	<b>Total Current Liabilities</b>		<u>1,243,419</u>	<u>41</u>	<u>1,178,254</u>	<u>43</u>	<u>1,145,342</u>	<u>44</u>
<b>Non-current liabilities</b>								
2540	Long-term Loan	6 (11) and 8	324,777	11	91,246	4	113,441	4
2570	Deferred income tax liabilities	6 (22)	64,692	2	53,878	2	38,588	1
2600	Other non-current liabilities	6 (12)	2,639	-	4,999	-	13,143	1
25XX	<b>Total Non-current Liabilities</b>		<u>392,108</u>	<u>13</u>	<u>150,123</u>	<u>6</u>	<u>165,172</u>	<u>6</u>
2XXX	<b>Total Liabilities</b>		<u>1,635,527</u>	<u>54</u>	<u>1,328,377</u>	<u>49</u>	<u>1,310,514</u>	<u>50</u>
Shareholder equity								
Share capital								
3110	Capital - common stock	6 (13)	686,244	23	686,244	25	686,244	26
Capital surplus								
3200	Capital surplus	6 (14)	376,078	13	376,078	14	376,078	15
Retained Earnings								
3310	Legal reserve	6 (15)	133,847	4	119,582	4	109,230	4
3320	Special reserve		50,296	2	89,317	3	78,087	3
3350	Undistributed surplus earnings		176,011	6	177,233	7	125,484	5
Other Equity								
3400	Other Equity		( 50,470)	( 2)	( 50,296)	( 2)	( 89,317)	( 3)
3XXX	<b>Total Equity</b>		<u>1,372,006</u>	<u>46</u>	<u>1,398,158</u>	<u>51</u>	<u>1,285,806</u>	<u>50</u>
Significant subsequent matters 11								
3X2X	<b>Total Liabilities and Equity</b>		<u>\$ 3,007,533</u>	<u>100</u>	<u>\$ 2,726,535</u>	<u>100</u>	<u>\$ 2,596,320</u>	<u>100</u>

The notes attached to the parent company only financial statements constitute a part of this parent company only financial statements for overall reference.

Chairman: Liu Yen Ti

General Manager: Liu Yen Ti

Accounting Supervisor: Hsu Nai Lung

Cryomax Cooling System Corp.  
Parent Company Only Comprehensive Income Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000  
(NT\$1 for EPS)

Items	Notes	(After adjustment)			
		For the Year Ended December 31, 2023		For the Year Ended December 31, 2022	
		Amount	%	Amount	%
4000 Operating Revenue	6 (16) and 7				
	(2)	\$ 1,493,762	100	\$ 1,800,057	100
5000 Operating costs	6 (4)(21) and 7 (2)	( 1,360,232)	( 91)	( 1,600,440)	( 89)
5900 Gross profit		133,530	9	199,617	11
5910 Unrealized Loss (gain) from sale		451	-	( 7,610)	-
5950 Net gross profit		133,981	9	192,007	11
Operating expenses	6 (21) and 7(2)				
6100 Selling and marketing expenses		( 42,939)	( 3)	( 52,504)	( 3)
6200 Administrative expenses		( 64,907)	( 4)	( 66,361)	( 4)
6300 Research and development expenses		( 9,450)	( 1)	( 15,057)	( 1)
6000 Total operating expenses		( 117,296)	( 8)	( 133,922)	( 8)
6900 Operating income		16,685	1	58,085	3
Non-operating income and expense					
7100 Interest revenue	6 (17)	3,348	-	2,378	-
7010 Other revenue	6 (18)	1,392	-	4,144	1
7020 Other gains and losses	6 (19)	7,615	1	37,098	2
7050 Financial costs	6 (20)	( 24,204)	( 2)	( 14,403)	( 1)
7070 Share of profit (loss) of associates and joint ventures accounted for using equity method	6 (5)	52,655	4	83,081	5
7000 Total non-operating income and expenses		40,806	3	112,298	7
7900 <b>Pre-tax income</b>		57,491	4	170,383	10
7950 Income tax expense	6 (22)	( 15,430)	( 1)	( 33,478)	( 2)
8200 <b>Net profit for the period</b>		\$ 42,061	3	\$ 136,905	8
<b>Other comprehensive income</b>					
<b>Components of other comprehensive income that will not be reclassified to profit or loss</b>					
8311 Defined benefits plans remeasured	6 (12)	\$ 731	-	\$ 6,313	-
8349 Income tax relating to items that will not be reclassified	6 (22)	( 146)	-	( 1,263)	-
8310 Total items that will not be reclassified to profit or loss		585	-	5,050	-
<b>Components of other comprehensive income that will be reclassified to profit or loss</b>					
8361 Exchange differences in the translation of foreign financial statements		( 16,019)	( 1)	37,471	2
8380 Share of other comprehensive profit or loss of subsidiaries, affiliates and joint ventures recognized using the equity method - Items that may be reclassified to profit or loss		15,801	1	11,305	1
8399 Income tax related to components of other comprehensive income that will be reclassified	6 (22)	44	-	( 9,755)	( 1)
8360 Components of other comprehensive income that will be reclassified to profit or loss		( 174)	-	39,021	2
8300 <b>Other comprehensive income</b>		\$ 411	-	\$ 44,071	2
8500 <b>Comprehensive income of the current period</b>		\$ 42,472	3	\$ 180,976	10
Earnings per share					
9750 Basic		\$ 0.61		\$ 2.00	
9850 Diluted		\$ 0.61		\$ 1.99	

The notes attached to the parent company only financial statements constitute a part of this parent company only financial statements for overall reference.

Chairman: Liu Yen Ti

General Manager: Liu Yen Ti

Accounting Supervisor: Hsu Nai Lung

Crvomax Cooling System Corp.  
Parent Company Only Statement of Changes in Equity  
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000

	Capital surplus				Retained Earnings			Earnings Exchange on Translation of Foreign Financial Statements Exchange Difference	Total
	Capital - common stock	Common Stock in Excess of Par	Treasury Stock Trading	Others	Legal reserve	Special reserve	Undistributed surplus earnings		
<u>For the Year Ended December 31, 2022</u>									
Balance as of January 1, 2022	\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 109,230	\$ 78,087	\$ 126,066	(\$ 89,317)	\$ 1,286,388
Retrospective impact of IAS 12	-	-	-	-	-	-	( 582 )	-	( 582 )
Adjustments After the Balance as of January 1, 2022	686,244	353,570	4,790	17,718	109,230	78,087	125,484	( 89,317 )	1,285,806
Net profit for the period	-	-	-	-	-	-	136,905	-	136,905
Other comprehensive income (loss) in the period	-	-	-	-	-	-	5,050	39,021	44,071
Comprehensive income of the current period	-	-	-	-	-	-	141,955	39,021	180,976
Surplus earnings distribution for 2021:									
Legal reserve	-	-	-	-	10,352	-	( 10,352 )	-	-
Special reserve	-	-	-	-	-	11,230	( 11,230 )	-	-
Cash dividend	-	-	-	-	-	-	( 68,624 )	-	( 68,624 )
Balance as of December 31, 2022	\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 119,582	\$ 89,317	\$ 177,233	(\$ 50,296)	\$ 1,398,158
<u>For the Year Ended December 31, 2023</u>									
Balance as of January 1, 2023	\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 119,582	\$ 89,317	\$ 177,233	(\$ 50,296)	\$ 1,398,158
Net profit for the period	-	-	-	-	-	-	42,061	-	42,061
Other comprehensive income (loss) in the period	-	-	-	-	-	-	585	( 174 )	411
Comprehensive income of the current period	-	-	-	-	-	-	42,646	( 174 )	42,472
Surplus earnings distribution For the Year Ended December 31, 2022									
Legal reserve	-	-	-	-	14,265	-	( 14,265 )	-	-
Special reserve	-	-	-	-	-	( 39,021 )	39,021	-	-
Cash dividend	-	-	-	-	-	-	( 68,624 )	-	( 68,624 )
Balance as of December 31, 2023	\$ 686,244	\$ 353,570	\$ 4,790	\$ 17,718	\$ 133,847	\$ 50,296	\$ 176,011	(\$ 50,470)	\$ 1,372,006

The notes attached to the parent company only financial statements constitute a part of this parent company only financial statements for overall reference.

Chairman: Liu Yen Ti

General Manager: Liu Yen Ti

Accounting Supervisor: Hsu Nai Lung

Cryomax Cooling System Corp.  
Parent Company Only Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000  
January 1 to  
December 31, 2022

Operating Cash Flow

	Notes	January 1 to December 31, 2023	December 31, 2022
Pre-tax income of the current period		\$ 57,491	\$ 170,383
Adjusted items			
Adjustments to reconcile profit (loss)			
Depreciation Expense	6 (6)(21)	27,737	28,412
Amortization Expense	6 (21)	243	213
Net gain on financial assets at FVTPL	6 (2)(19)	( 4,203 )	( 11,649 )
Interest rate expense	6 (20)	24,204	14,403
Interest revenue	6 (17)	( 3,348 )	( 2,378 )
Dividend income	6 (18)	-	( 174 )
Share of profit (loss) of associates, affiliates and joint ventures accounted for using equity method	6 (5)	( 52,655 )	( 83,081 )
Disposal of interests in property, plant and equipment	6 (19)	( 520 )	( 1,415 )
Unrealized Profit on Intercompany Sales		( 452 )	7,610
Gains and losses of unrealized foreign currency exchange		2,275	3,718
Changes in assets/liabilities related to operating activities			
Net change in assets related to operating activities			
Financial assets mandatorily at FVTPL		7,977	15,960
Net notes receivable		( 3,118 )	( 2,780 )
Net accounts receivable		( 56,957 )	( 36,678 )
Accounts receivable - Net of related parties		( 14,272 )	( 10,046 )
Other accounts receivable - Net of related parties		3,018	708
Inventory		68,820	34,097
Other current assets		2,279	10,046
Other non-current assets		-	494
Net change in liabilities related to operating activities			
Contract liabilities		( 4,020 )	1,182
Notes payable		120	( 240 )
Accounts payable		27,754	( 10,264 )
Accounts payable-Related parties		95,177	29,691
Other accounts payable		( 25,192 )	( 1,325 )
Other Accounts payable-related party		( 2,263 )	2,708
Other non-current liabilities		( 1,629 )	( 1,830 )
Cash inflow generated from operations		148,466	157,765
Interest received		3,313	2,339
Dividend received		-	174
Interest paid		( 22,515 )	( 14,554 )
Income tax paid		( 2,730 )	( 27,982 )
Net cash flows from operating activities		126,534	117,742

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Cryomax Cooling System Corp.  
Parent Company Only Cash Flow Statement  
January 1 to December 31, 2023 and 2022

Unit: NT\$1,000  
January 1 to  
December 31, 2022

Cash flows from investment activities

	<u>Notes</u>	<u>January 1 to December 31, 2023</u>	<u>December 31, 2022</u>
Investments accounted for using equity method		(\$ 304,569)	(\$ 76)
Acquisition of property, plant and equipment	6 (24)	( 10,191)	( 18,666)
Disposal of property, plant and equipment		6,172	5,470
Increase in refundable deposit		( 205)	( 277)
Decrease in refundable deposit		40	565
Other receivables - Decrease in related parties		61,153	169,287
Other receivables - Increase in related parties		( 146,656)	( 121,417)
Acquisition of intangible assets		( <u>270</u> )	( <u>18</u> )
Net cash (outflow) inflow from			
Investing activities		( <u>394,526</u> )	<u>34,868</u>

Cash flow from finance activities

Increase in short-term loan	6 (25)	364,372	367,075
Decrease in short-term loan	6 (25)	( 411,165)	( 237,081)
(Decrease) increase in Short-term notes payable	6 (25)	10,000	( 86,000)
Borrowing long-term loan	6 (25)	360,000	-
Repayments of long-term Loan	6 (25)	( 100,778)	( 22,199)
Cash dividends paid	6 (15)	( <u>68,624</u> )	( <u>68,624</u> )
Net cash inflows (outflows) in financing			
activities		<u>153,805</u>	( <u>46,829</u> )

Effect of exchange rate changes on cash and cash  
equivalents

		<u>1,461</u>	( <u>1,954</u> )
Net increase (decrease) in cash and cash equivalents		( 112,726)	103,827
Cash and cash equivalents at beginning of period	6 (1)	<u>252,937</u>	<u>149,110</u>
Cash and cash equivalents at end of period	6 (1)	<u>\$ 140,211</u>	<u>\$ 252,937</u>

The notes attached to the parent company only financial statements constitute a part of this parent company only financial statements for overall reference.

Chairman: Liu Yen Ti

General Manager: Liu Yen Ti

Accounting Supervisor: Hsu Nai Lung

Cryomax Cooling System Corp.  
Notes to Parent Company Only Financial Statements  
For the year ended 2023 and 2022

Unit: NT\$1,000  
(unless otherwise specified)

1. History

Cryomax Cooling System Corp. (hereinafter referred to as the "Company") was established in the Republic of China. The main business items of the Company are the manufacturing, processing, trading and exporting of metal water tanks for various vehicles.

2. Date and procedure for approval of financial report

This parent company only financial statement was approved and issued by the board of directors on March 13, 2024.

3. Application of newly released and revised standards and interpretations

- (1) The impact of implementing the newly released and revised International Financial Reporting Standard Standards approved and issued by the Financial Supervisory Commission (hereinafter referred to as the "FSC")

The following table summarizes the newly released, revised and revised standards and notes of the applicable International Financial Reporting Standard Standards for 2023 approved and issued by the FSC:

<u>Newly issued/amended/revised standards and notes</u>	<u>Effective date of publication by the International Accounting Standards Board</u>
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"	January 1, 2023
Amendments to International Accounting Standard 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

Except for the following condition, the Company has assessed that the above standards and interpretations have no material impact on the Group's financial position and financial performance:

Amendments to IAS 12 "Deferred income tax relating to assets and liabilities arising from a single transaction"

This amendment requires enterprises to recognize related deferred income tax assets and liabilities for specific transactions that generate the same amount of taxable and deductible temporary differences at the time of original recognition.

Certain investee companies of the Company recognized deferred income tax assets and liabilities for all deductible and taxable temporary differences related to (1) the right-of-use assets and lease liabilities and (2) decommissioning liabilities and the corresponding recognition of property, plant, and equipment as of January 1, 2022. As of December 31, 2023, and January 1, 2022, respectively, the equity-method investments of the Company were reduced by NT\$1,213, NT\$582, and NT\$1,282, and retained earnings were decreased by NT\$1,213, NT\$582, and NT\$1,282. Furthermore, the shares of profits from subsidiaries, associates, and joint ventures recognized under the equity method for the years 2023 and 2022 were reduced by NT\$69 and NT\$700, respectively, along with a reduction of NT\$0.01 per share in earnings for the year 2022. However, the year 2023 did not affect earnings per share.

(2) The impact of not yet adopted the newly released and revised International Financial Reporting Standard Standards approved by the Financial Supervisory Commission referred to as the "FSC"

The following table summarizes the newly released and revised standards and notes of the International Financial Reporting Standard Standards applicable in 2024 recognized by the FSC:

<u>Newly issued/amended/revised standards and notes</u>	<u>Effective date of publication by the International Accounting Standards Board</u>
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of Liabilities as Current or Non-Current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with contractual terms"	January 1, 2024
No.7 to International Accounting Standard and Amendments to International Financial Reporting Standards No.7 "Supplier Finance Arrangements"	January 1, 2024

The Company has assessed that the above standards and notes have no significant impact on the Company's financial position and financial performance.

(3) The impact of the International Financial Reporting Standard Standards issued by the International Accounting Standards Board but not yet approved by the FSC

The following table summarizes the newly issued, revised and corrected standards and explanations that have been issued by the International Accounting Standards Board but have not yet been incorporated into the International Financial Reporting Standards recognized by the FSC:

<u>Newly issued/amended/revised standards and notes</u>	<u>Effective date of publication by the International Accounting Standards Board</u>
Amendments to IFRS 10 and IAS 28 "Sales or contributions of assets between an investor and its affiliates or joint ventures"	To be determined by the International Accounting Standards Board
IFRS 17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS 17 "Contracts of Insurance"	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Company has assessed that the above standards and notes have no significant impact on the Company's financial position and financial performance.

#### 4. Summary of major accounting policies

The major accounting policies adopted in the preparation of Only financial reports are described below. Unless otherwise specified, these policies apply consistently throughout all reporting periods.

(1) Compliance statement

The parent company only financial report is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(2) Basis of preparation

1. Except for the following important items, this Parent Company Only financial report is prepared at historical cost:

(1) Financial fair value measurements of financial assets (including derivatives) measured at FVTPL.

2. Defined benefit liabilities recognized as the net amount of pension fund assets minus the present value of defined benefit obligations.

The preparation of financial reports in compliance with IFRS, International Accounting Standards, explanations and its announcement (hereinafter referred to as the "IFRS") requires the use of some important accounting estimates. In the process of applying The Company's accounting policies, the

management level also needs to adopt its judgments involving items with a high degree of judgment or complexity or major assumptions in financial reports, or one may refer to Note 5 for the estimated items.

(3) Foreign currency conversion

Items included in the financial reports of each entity in the Company are measured in the currency of the primary economic environment in which that entity operates (i.e. the functional currency). The financial report is presented using the Parent Company Only's functional currency "New Taiwan Dollar" (NT\$) as the expression currency.

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into functional currencies using the spot exchange rate on the transaction date or measurement date, and the translation differences arising from the translation of these transactions are recognized as current profit or loss.
- (2) The balance of foreign currency monetary assets and liabilities is evaluated and adjusted according to the spot exchange rate on the balance sheet date, and the translation difference arising from the adjustment is recognized as current profit or loss.
- (3) The balance of foreign currency non-monetary assets and liabilities, which are measured at fair value through profit or loss, are adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment is recognized as current profit or loss; If the comprehensive profit or loss is measured by fair value, it shall be adjusted according to the spot exchange rate on the balance sheet date, and the exchange difference arising from the adjustment shall be recognized in other comprehensive profit or loss items; exchange rate measurement.
- (4) All other exchange gains and losses are presented in "Other profits and losses" in the income statement according to the nature of the transaction.

2. Conversion by foreign operating institutions

The operating results and financial status of all group entities, affiliated enterprises and joint agreements whose functional currency is different from the expression currency shall be converted into the expression currency in the following manner:

- (1) The assets and liabilities expressed in each balance sheet are translated at the closing exchange rate on the balance sheet date;
- (2) The income and expenses expressed in each consolidated income statement are translated at the current average exchange rate; and
- (3) All exchange differences arising from translation are recognized in other comprehensive profits or losses.

(4) Classification standards for classifying assets and liabilities into current and non-current items

1. Assets that meet one of the following conditions are classified as current assets:

- (1) The asset is expected to be realized in the normal business cycle, or is intended to be sold or consumed.
- (2) Those held primarily for trading purposes.
- (3) Those expected to be realized within twelve months after the balance sheet date.
- (4) Cash or cash equivalents, unless exchanged or used to settle liabilities is restricted at least twelve months after the balance sheet date.

The Company classifies all assets that do not meet the above conditions as non-current.

2. Liabilities that meet one of the following conditions are classified as current liabilities:

- (1) Those that are expected to be settled in the normal business cycle.
- (2) Those held primarily for trading purposes.
- (3) Those that are expected to be paid off within twelve months after the balance sheet date.
- (4) The repayment period cannot be unconditionally postponed to at least twelve months after the balance sheet date. The terms of the liability, which may, at the option of the counterparty, result in liquidation through the issuance of equity instruments do not affect its classification.

The Company classifies all liabilities that do not meet the above standards as non-current.

(5) Cash equivalents

Cash equivalents refer to short-term and highly liquid investments that can be converted into fixed amounts of cash at any time and are subject to insignificant risk of changes in value.

(6) Financial assets at FVTPL

1. It refers to financial assets that are not measured at amortized cost or at fair value through other comprehensive income.
2. The Company adopts transaction-day accounting for financial assets measured at FVTPL that conform to customary transactions.
3. The Company measures it at fair value at the time of initial recognition, and the relevant transaction costs are recognized in profit or loss, and subsequently measured at fair value, with the benefit or loss recognized in profit or loss.
4. When the right to receive dividends is established, the economic benefits related to dividends are likely to flow in, and the amount of dividends can be measured reliably, the Company recognizes dividend income in profit or loss.

(7) Accounts and notes receivable

1. It refers to accounts and notes that have the unconditional right to receive the consideration amount in exchange for the transfer of goods or services in accordance with the contract.
2. For unpaid short-term accounts and notes receivable, since discounting has little effect, the Group measures them based on the original invoice amount.

(8) Impairment of financial assets

The Group on each balance sheet date considers all reasonable and supporting information (including forward-looking items) for financial assets measured at amortized cost and accounts receivable that contain significant financial components. For those whose credit risk has not increased significantly after the original recognition, the allowance loss shall be measured according to the amount of expected credit loss in 12 months; for those whose credit risk has increased significantly since the original recognition, the allowance loss shall be measured according to the amount of expected credit loss during the duration; For accounts receivable that do not include significant financial components, the allowance loss is measured based on the expected credit loss amount during the duration.

(9) Declassification of financial assets

The Company will declassify financial assets when one of the following situations is met:

1. The contractual right to receive cash flows from the financial asset lapses.
2. The contractual right to receive the cash flow of the financial asset is transferred, and almost all the risks and rewards of ownership of the financial asset have been transferred.
3. Transfer of contractual rights to receive cash flows from any financial asset without retaining control over the financial asset.

(10) Lease transaction of the lessor — business lease

The lease income from operating leases is amortized on a straight-line basis over the lease term and recognized as current profit or loss after deducting any incentives to the lessee.

(11) Inventory

Inventories are measured by the lower of cost and net realizable value, and the perpetual inventory system is adopted, and the cost is determined by the weighted average method. The cost of finished products and work in progress includes raw materials, direct labor costs, other direct costs and overhead related to production (based on normal production capacity), but excludes borrowing costs. When comparing the lower of the cost and the net realizable value, the item-by-item comparison method is adopted. The net realizable value refers to the estimated selling price in the normal course of business minus the estimated cost to be invested to complete the project and the estimated cost required to complete the sale. balance.

(12) Investments using the equity method - subsidiaries

1. A subsidiary refers to an entity (including a structured entity) controlled by the Company. The Company controls an individual when it is exposed to, or has rights to, changes in rewards from its involvement with the individual and, through its rights in the individual, has the ability to affect those rewards.
2. The unrealized gains and losses arising from transactions between the Company and its subsidiaries have been eliminated. The accounting policies of the subsidiaries have been adjusted as necessary to be consistent with the policies adopted by the Company.
3. The Company recognizes the share of the subsidiary's profit or loss after the acquisition as current profit or loss, and the share of other comprehensive profit or loss after it acquires it as other comprehensive profit or loss. If the share of losses recognized by the Company for a subsidiary is equal to or exceeds the equity in the subsidiary, the company will continue to recognize losses in proportion to its shareholding.
4. Based on Regulations Governing the Preparation of Financial Reports by Securities Issuers, the current profit and loss and other comprehensive profit and loss in the parent company only financial report shall be the same as the share of the current profit and loss and other comprehensive profit and loss attributable to the owner of the parent company, the equity of parent company only financial report owners should be the same as the equity attributable to the parent company owners in the consolidated financial report.

(13) Property, plant and equipment

1. Property, plant and equipment are recorded on the basis of acquisition cost, and relevant interest during the acquisition and construction period is capitalized.
2. Subsequent costs are included in the book value of the asset or recognized as a separate asset only when the future economic benefits related to the item are likely to flow into the Group and the cost of the item can be measured reliably. The book value of the replaced part shall be delisted. All other maintenance expenses are recognized as current profit or loss when incurred.
3. The subsequent measurement of property, plant and equipment adopts the cost model. Except for land, depreciation is not provided, and other depreciation is calculated by the straight-line method based on the estimated service life. If each component of real estate, plant and equipment is significant, it shall be depreciated separately.
4. The Company examines the residual value, useful life and depreciation method of each asset at the end of each financial year. If the expected value of the residual value and useful life is different from the previous estimate, or the future economic value contained in the asset If there is a significant change in the expected consumption pattern of benefits, it shall be handled in accordance with the accounting estimate change provisions of International Accounting Standard No. 8 "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. The service life of each asset is as follows:

House and building	2-41 years
Machinery equipment	2-15 years
Mold equipment	2-10 years
Transportation equipment	5-10 years
Office equipment	5-10 years
Other Equipment	2-15 years

(14) Lease transactions by lessees

Lease assets are recognized as right-of-use assets and lease liabilities on the date they become available to the Group. When the lease contract is a short-term lease or a lease of low-value underlying assets, the lease payment shall be recognized as an expense during the lease period using the straight-line method.

(15) Intangible Assets

Computer software

Computer software is recognized at acquisition cost and amortized using the straight-line method over estimated useful lives of 2 to 5 years.

(16) Impairment of non-financial assets

The Company on the balance sheet date estimates the recoverable amount of assets with signs of impairment, and recognizes the impairment loss when the recoverable amount is lower than its book value. The recoverable amount is the higher of an asset's fair value less costs of disposal or its value in use. When the asset impairment recognized in the previous year does not exist or decreases, the impairment loss shall be reversed, but the book value of the asset increased by the reversal of the impairment loss shall not exceed the depreciation or amortization of the asset if no impairment loss is recognized Subsequent carrying amount.

(17) Loan

It refers to long-term and short-term funds borrowed from banks. The Company measured it at its fair value less transaction costs at the time of original recognition and subsequently recognized any difference between the price after deducting transaction costs and the redemption value, using the effective interest method and amortizing procedures to recognize interest expenses during the circulation period in profit and loss.

(18) Accounts and notes payable

1. It refers to the debts incurred due to the purchase of raw materials, commodities or labor services on credit, and the notes payable incurred due to business and non-business factors.
2. For unpaid short-term accounts and notes payable, since discounting has little effect, the Company measures them based on the original invoice amount.

(19) Declassification of financial liabilities

The Company declassifies financial liabilities when the contractual obligations are fulfilled, canceled or expire.

(20) Employee benefits

1. Short-term employee benefits

The short-term employee benefits are measured at non-discounted amounts expected to be paid and are recognized as an expense when the related services are rendered.

(21) Pension

(1) Determine the allocation plan

For the definite appropriation plan, the amount of the pension fund that should be appropriated is recognized as the current pension cost on the accrual basis. Advance payments are recognized as assets to the extent that they are refundable in cash or reduce future payments.

(2) Determine the benefit plan

- A. The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by the employee in the current period or past service, and the fair value of the plan assets is subtracted from the present value of the defined benefit obligation on the balance sheet date. The net obligation to determine benefits is calculated annually by the actuary using the projected unit benefit method. The discount rate is the market yield on government bonds (at the balance sheet date) that is consistent with the currency and period of the defined benefit plan at the balance sheet date.
- B. The remeasured amount arising from the defined benefit plan is recognized in other comprehensive profit or loss in the period in which it occurs, and expressed in retained earnings.
- C. Expenses related to prior service costs are recognized immediately in profit or loss.

## 2. Severance benefits

Severance benefits are benefits provided when the employee's employment is terminated before the normal retirement date or when the employee decides to accept the company's welfare offer in exchange for the termination of employment. The Company recognizes an expense when it is no longer possible to rescind the offer of termination benefits or when the related restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled within 12 months after the balance sheet date should be discounted.

## 3. Employees remuneration and remuneration of directors

Employees remuneration and remuneration of directors are recognized as expenses and liabilities when there is a legal or constructive obligation and the amount can be estimated reasonably. If there is a discrepancy between the actual distribution amount and the estimated amount in subsequent resolutions, it shall be treated as a change in accounting estimate value. In addition, if the employees remuneration is paid by stock, the eligibility requirements shall be determined by the board of directors.

## (22) Income tax

1. Income tax expense includes current and deferred income tax. Income taxes are recognized in profit or loss, except for income taxes that relate to items that are recognized in other comprehensive profit or loss or directly in equity, respectively.
2. The Company calculates the current amount of income tax based on the tax rate that has been enacted or substantively enacted on the balance sheet date in the country where the Group operates and generates taxable income. The management level regularly assesses the status of income tax filings with respect to applicable income tax regulations and, where applicable, estimates income tax liabilities based on the expected tax payments to the taxing authorities. Income tax on undistributed earnings is levied in accordance with the Income Tax Act, in the year following the year in which the earnings are generated, the undistributed earnings income tax expenses shall be recognized based on the distribution of the actual earnings after the shareholders' meeting approves the earnings distribution proposal.
3. The balance sheet method is adopted for deferred income tax, which is recognized according to the temporary difference between the tax base of assets and liabilities and their carrying amount in the parent company only balance sheet. Deferred income tax liabilities arising from goodwill initially recognized are not recognized if the deferred income tax arises from the original recognition of an asset or liability in a transaction (excluding a business merger) and at the time of the transaction If it does not affect accounting profit or taxable income (tax loss), and no equal taxable and deductible temporary differences have been generated either, then it will not be recognized. If there is a temporary difference arising from investment in a subsidiary, the Group can control the timing of the reversal of the temporary difference, and the temporary difference is not recognized if it is very likely that it will not reverse in the foreseeable future. The deferred income tax is based on the tax rate (and tax laws) that has been enacted or substantively enacted on the balance sheet date and is expected to be applicable when the relevant deferred income tax assets are realized or the deferred income tax liabilities are settled.
4. Deferred income tax assets are recognized within the scope that temporary differences are likely to be used to offset future taxable income, and unrecognized and recognized deferred income tax assets are reassessed on each balance sheet date.
5. When there is a legally enforceable right to offset the recognized current income tax assets and liabilities and there is an intention to pay off on a net basis or realize the assets and liabilities at the same time, the current income tax assets and current income tax liabilities will be offset; and when there is legal enforcement power to offset the current income tax assets and current income tax liabilities, and the deferred income tax assets and liabilities are provided by the same tax authority Deferred income tax assets and liabilities can only be offset against each other when the same taxpayer that is levying income tax or different taxpayers intend to pay off on a net basis or realize assets and pay off liabilities at the same time.

(23) Share capital

1. Common stock is classified as equity. The incremental costs directly attributable to the issuance of new shares or stock options are recorded as a deduction of the price in equity after deducting income tax.
2. When the company repurchases issued stocks, the consideration paid, including any directly attributable incremental costs, shall be recognized as a deduction of shareholders' equity at a net amount after tax. When the repurchased shares are subsequently reissued, the difference between the consideration received after deducting any directly attributable incremental costs and income tax effects and the book value is recognized as an adjustment to shareholders' equity.

(24) Dividend distribution

Dividends distributed to shareholders shall be recognized in the financial report when it was distributed, the distribution of cash dividends shall be recognized as liability, and the distribution of stock dividends shall be recognized as stock dividends to be distributed in the financial report when the Company's shareholders' meeting decides to distribute and shall be transferred to ordinary shares on the base date of issuance of new shares.

(25) Revenue recognition

Sales of products

1. The Company manufactures and sells metal water tank related products for various vehicles. Sales revenue is recognized when the control of the product is transferred to the customer, that is, when the product is delivered to the customer, the customer has discretion over the channel and price of product sales, and the Group has no outstanding performance obligations that may affect the customer's acceptance of the product. Delivery of products occurs when the product is delivered to the designated place, the risk of obsolescence and loss has been transferred to the customer, and the customer accepts the product in accordance with the sales contract, or there is objective evidence indicating that all acceptance standards have been met.
2. The Company's sales revenue from the sales of metal water tanks for various vehicles is recognized at the net amount of the contract price less estimated sales discounts and price reductions. The Company estimates sales discounts and price reductions based on historical experience, and the recognized amount of revenue is limited to the part that is highly unlikely to have a significant reversal in the future, and the estimates are updated on every balance sheet date. Estimated sales discounts and price concessions payable to customers related to sales up to the balance sheet date are recognized as refund liabilities. The payment collection conditions for sales transactions are usually due within 30 days to 90 days after the monthly balance. Since the time interval between the transfer of the promised products or services to the customer and the customer's payment has not exceeded one year, The Company has not adjusted transaction prices to reflect the time value of money (TVM).
3. Accounts receivable are recognized when the goods are delivered to the customer, since the Company has an unconditional right to the contract price from that point in time, and it only takes time to collect the consideration from the customer.

5. Major sources of uncertainty in major accounting judgments, estimates and assumptions

When the Company prepared the financial report, the management level used its judgment to determine the accounting policies adopted and made accounting estimates values, and assumptions based on the current situation on the balance sheet date and reasonable expectations of future events. The major accounting estimates values and assumptions made may differ from the actual results, and will be continuously evaluated and adjusted taking into account historical experience and other factors. These estimates and assumptions have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. Please explain in detail the following explanations on the uncertainty of major accounting judgments, estimates and assumptions:

(1) Important judgments on the adoption of accounting policies

N/A.

(2) Important accounting estimates values and assumptions

The accounting estimate values by the Company are based on reasonable expectations of future events based on the current situation on a specific date, but the actual results may differ from the estimates. For the estimates and assumptions that there may be a risk of major adjustments to the book value of assets and liabilities in the next financial year, please refer to the following details:

Inventory evaluation

Since inventories must be priced at the lower of cost and net realizable value, the Group must use judgment and estimation to determine the net realizable value of inventories on the balance sheet date. Due to the quick change of technology, the Group evaluates the amount of inventory due to normal wear and tear, obsolescence or no market value on the balance sheet date, and writes down the inventory cost to the net realizable value. The inventory evaluation is mainly based on the estimated demand for products in a specific period in the future, so there may be major changes.

On December 31, 2023, the book value of the Company's inventory was NT\$314,576.

6. Explanation of important accounting items

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash on hand and working capital	\$ 533	\$ 662
Check deposits and demand deposits	118,488	252,275
Time deposits	21,190	-
Total	<u>\$ 140,211</u>	<u>\$ 252,937</u>

1. The credit quality of the financial institutions that the Company deals with is good, and the Company deals with several financial institutions to diversify credit risk, and the risk of default is expected to be minor.
2. The Company has not pledged cash and cash equivalents.

(2) Financial assets at FVTPL

<u>Items</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current:		
Financial assets mandatorily at FVTPL		
Stocks of listed (OTC) companies	\$ -	\$ 13,738
Non listed, over-the-counter, and emerging stocks	<u>9,000</u>	<u>-</u>
	9,000	13,738
Evaluation adjustment	<u>1,151</u>	<u>187</u>
Total	<u>\$ 10,151</u>	<u>\$ 13,925</u>

1. The details of financial assets measured at fair value through profit or loss recognized in profit or loss are as follows:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Financial assets mandatorily at FVTPL		
Equity instrument	<u>\$ 4,203</u>	<u>\$ 11,649</u>

2. Please refer to Note 12, (2) for information on the credit risk of financial assets measured at fair value through profit or loss.

(3) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes Receivable	<u>\$ 44,229</u>	<u>\$ 41,111</u>
Account Receivable	\$ 215,507	\$ 170,502
Less: Allowance for losses	<u>( 767)</u>	<u>( 767)</u>
	<u>\$ 214,740</u>	<u>\$ 169,735</u>

1. The aging analysis of accounts receivable and notes receivable is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Account Receivable</u>	<u>Notes Receivable</u>	<u>Account Receivable</u>	<u>Notes Receivable</u>
Not overdue	\$ 181,309	\$ 44,229	\$ 138,417	\$ 41,111
Within 30 days	22,715	-	25,535	-
31-90 days	5,872	-	6,113	-
91-180 days	4,870	-	83	-
Over 181 days	<u>741</u>	<u>-</u>	<u>354</u>	<u>-</u>
	<u>\$ 215,507</u>	<u>\$ 44,229</u>	<u>\$ 170,502</u>	<u>\$ 41,111</u>

The above is an aging analysis based on the number of days overdue.

2. The balances of accounts receivable and notes receivable on December 31, 2023 and 2022 were all due to customer contracts, and the balance of accounts receivable on January 1, 2022 was NT\$190,568.
3. The Company has insured the accounts receivable with the insurance company since July 2013 (regularly renewing the new contract every year). The insurance company will review and grant the amount, and compensate 90% of the amount in case of default. As of December 31, 2023 and 2022, the balance of accounts receivable insurance was NT\$45,615 and \$59,569, respectively, when evaluating such insured accounts receivable, the Company has considered the recoverable amount of the account receivable and the recoverable amount of the insurance and made provision for loss.
4. The Company has not provided pledge collateral for accounts receivable and notes

receivable.

5. Without considering the collateral held or other credit enhancements, the maximum exposure amount that best represents the group's bills receivable credit risk on December 31, 2023 and 2022 is NT\$44,229 and NT\$41,111 respectively; and the most representative amount of risk exposure on December 31, 2023 and 2022 of the Group's accounts receivable were NT\$214,740 and NT\$169,735 respectively.
6. Please refer to Note 12 (2) for the credit risk information of relevant accounts receivable and notes receivable.

(4) Inventory

	December 31, 2023		
	Costs	Provisions for inventory evaluation loss	Carrying Amount
Raw materials	\$ 74,132	(\$ 2,366)	\$ 71,766
WIP	28,039	( 751)	27,288
Semi-finished products	38,745	( 2,294)	36,451
Finished goods	178,130	( 6,586)	171,544
Commodity inventory	7,571	( 44)	7,527
Total	<u>\$ 326,617</u>	<u>(\$ 12,041)</u>	<u>\$ 314,576</u>
	December 31, 2022		
	Costs	Provisions for inventory evaluation loss	Carrying Amount
Raw materials	\$ 82,748	(\$ 2,704)	\$ 80,044
WIP	30,358	( 835)	29,523
Semi-finished products	63,805	( 2,179)	61,626
Finished goods	211,781	( 6,053)	205,728
Commodity inventory	6,622	( 147)	6,475
Total	<u>\$ 395,314</u>	<u>(\$ 11,918)</u>	<u>\$ 383,396</u>

Inventory-related expenses and losses recognized in the current period:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Cost of Inventory Sold	\$ 1,359,161	\$ 1,607,301
Inventory Outrage	( 2,737)	( 3,038)
Income from sale of scrap	( 3,367)	( 5,585)
Inventory sluggish and falling price Loss (recovery benefits)	123	( 4,439)
Inventory scrap loss	7,552	6,614
Revenue from the sale of scrap products	( 500)	( 484)
	<u>\$ 1,360,232</u>	<u>\$ 1,600,440</u>

The benefit of inventory recovery in 2022 was due to the removal of certain inventories that had been depreciated or sluggish, resulting in an increase in the net realizable value of inventories.

(5) Investments accounted for using the equity method

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
CRYOMAX INTERNATIONAL LTD.	\$ 828,275	\$ 788,088
CRYOMAX U.S.A. INC.	434,305	430,164
CRYOMAX MEXICO S.A.DE C.V.	<u>310,434</u>	<u>45</u>
	<u>\$ 1,573,014</u>	<u>\$ 1,218,297</u>

1. For information on subsidiaries of the Company, please refer to Note 4, (3) of the Company's 2023 consolidated financial statements.
2. The details of the investment (loss) gain recognized by the equity method are as follows:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
CRYOMAX INTERNATIONAL LTD.	\$ 59,008	\$ 32,867
CRYOMAX U.S.A. INC.	2,030	50,245
CRYOMAX MEXICO S.A.DE C.V.	<u>( 8,383)</u>	<u>( 31)</u>
	<u>\$ 52,655</u>	<u>\$ 83,081</u>

(6) Property, plant and equipment

	<u>For the Year Ended December 31, 2023</u>				
	<u>Beginning balance</u>	<u>Increase During the Period</u>	<u>Decrease During the Period</u>	<u>Transfer During the Period</u>	<u>Ending balance</u>
Costs					
Land	\$ 321,879	\$ -	\$ -	\$ -	\$ 321,879
House and building	179,239	1,090	( 1,802)	-	178,527
Machinery equipment	92,568	610	( 13,718)	-	79,460
Mold equipment	27,285	2,514	( 8,453)	-	21,346
Transportation equipment	15,311	1,154	( 746)	-	15,719
Office equipment	1,570	-	-	-	1,570
Other Equipment	4,835	-	( 737)	-	4,098
Unfinished construction and equipment pending acceptance	<u>1,440</u>	<u>100</u>	<u>-</u>	<u>-</u>	<u>1,540</u>
Total	<u>\$ 644,127</u>	<u>\$ 5,468</u>	<u>(\$ 25,456)</u>	<u>\$ -</u>	<u>\$ 624,139</u>
Accumulated depreciation					
House and building	(\$ 94,973)	(\$ 9,012)	\$ 1,802	\$ -	(\$ 102,183)
Machinery equipment	( 38,150)	( 10,867)	11,951	-	( 37,066)
Mold equipment	( 13,335)	( 4,230)	7,309	-	( 10,256)
Transportation equipment	( 8,772)	( 2,604)	746	-	( 10,630)
Office equipment	( 768)	( 257)	-	-	( 1,025)
Other Equipment	<u>( 1,755)</u>	<u>( 767)</u>	<u>737</u>	<u>-</u>	<u>( 1,785)</u>
Total	<u>(\$ 157,753)</u>	<u>(\$ 27,737)</u>	<u>\$ 22,545</u>	<u>\$ -</u>	<u>(\$ 162,945)</u>
Grand Total	<u>\$ 486,374</u>				<u>\$ 461,194</u>

	For the Year Ended December 31, 2022				Ending balance
	Beginning balance	Increase During the Period	Decrease During the Period	Transfer During the Period	
<b>Costs</b>					
Land	\$ 321,879	\$ -	\$ -	\$ -	\$ 321,879
House and building	178,485	1,374	( 620)	-	179,239
Machinery equipment	83,841	13,677	( 7,452)	2,502	92,568
Mold equipment	24,744	6,152	( 4,187)	576	27,285
Transportation equipment	15,103	1,046	( 1,018)	180	15,311
Office equipment	1,570	-	-	-	1,570
Other Equipment	4,865	1,182	( 1,212)	-	4,835
Unfinished construction and equipment pending acceptance	4,698	-	-	( 3,258)	1,440
<b>Total</b>	<b>\$ 635,185</b>	<b>\$ 23,431</b>	<b>(\$ 14,489)</b>	<b>\$ -</b>	<b>\$ 644,127</b>
<b>Accumulated depreciation</b>					
House and building	(\$ 86,971)	(\$ 8,622)	\$ 620	\$ -	(\$ 94,973)
Machinery equipment	( 28,802)	( 11,593)	2,245	-	( 38,150)
Mold equipment	( 12,738)	( 4,641)	4,044	-	( 13,335)
Transportation equipment	( 7,224)	( 2,566)	1,018	-	( 8,772)
Office equipment	( 511)	( 257)	-	-	( 768)
Other Equipment	( 2,234)	( 733)	1,212	-	( 1,755)
<b>Total</b>	<b>(\$ 138,480)</b>	<b>(\$ 28,412)</b>	<b>\$ 9,139</b>	<b>\$ -</b>	<b>(\$ 157,753)</b>
<b>Grand Total</b>	<b>\$ 496,705</b>				<b>\$ 486,374</b>

1. There is no capitalization of borrowing costs for property, plant and equipment.
2. Please refer to Note 8 for information on providing guarantees with property, plant and equipment.

(7) Short-term loan

Nature of loan	December 31, 2023	The range of interest rate	Collateral
<b>Bank loan</b>			
Secured loan	\$ 623,249	1.84%~6.94%	Land and buildings
Credit loan	205,000	1.81%~1.97%	-
	<u>\$ 828,249</u>		

Nature of loan	December 31, 2023	The range of interest rate	Collateral
<b>Bank loan</b>			
Secured loan	\$ 585,000	1.66%~1.78%	Land and buildings
Credit loan	291,000	1.65%~2.08%	-
	<u>\$ 876,000</u>		

(8) Short-term notes payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Commercial note payable	\$ 60,000	\$ 50,000
Less: discount on commercial paper payable	( 77)	( 148)
	<u>\$ 59,923</u>	<u>\$ 49,852</u>
The range of interest rate	<u>1.88%</u>	<u>2.07%</u>

The above-mentioned commercial notes payable are guaranteed by China Bills Finance.

(9) Other accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Payables for salaries and bonuses	\$ 21,968	\$ 28,771
Employees remuneration payable	1,886	5,460
Directors' remuneration payable	1,835	5,460
Payable for equipment	294	170
Others	<u>33,302</u>	<u>42,874</u>
	<u>\$ 59,285</u>	<u>\$ 82,735</u>

(10) Other current liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Refund liabilities	\$ 11,348	\$ 19,013
Others	<u>1,003</u>	<u>1,135</u>
	<u>\$ 12,351</u>	<u>\$ 20,148</u>

(11) Long-term loan

<u>Nature of loan</u>	<u>Loan period and repayment method</u>	<u>The range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Loans subject to repayment in installment				
Credit loan	From November 14, 2023 to September 14, 2030, and repaid on a monthly basis from the second year	2.01%	-	\$ 160,000
Secured loan	From May 2, 2023 to May 3, 2028, and repaid on a monthly basis from the second year	1.98%~2.27%	Land and buildings	150,000
Secured loan	From May 31, 2013 to May 31, 2028, and repaid on a monthly basis	1.98%	Land and buildings	<u>62,651</u>
				372,651
Less: Long-term loans due within one year or one business cycle				<u>( 47,874)</u>
				<u>\$ 324,777</u>

<u>Nature of loan</u>	<u>Loan period and repayment method</u>	<u>The range of interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Loans subject to repayment in installment				
Secured loan	From May 31, 2013 to May 31, 2028, and repaid on a monthly basis	1.73%~1.76%	Land and buildings	\$ 78,929
Credit loan	From May 27, 2020 to May 27, 2025, and repaid on a monthly basis	1.76%	-	<u>34,500</u>
				113,429
Less: Long-term loans due within one year or one business cycle				<u>( 22,183)</u>
				<u>\$ 91,246</u>

(12) Pension

1. (1) According to the provisions of the "Labor Standards Act", the company has established a retirement method with defined benefits, which applies to the service years of all regular employees before the implementation of the "Labor Pension Act " on July 1, 2005, and after its implementation, the follow-up service years of employees who choose to continue to apply the Labor Standards Act. For employees who meet the retirement requirements, the pension payment is calculated based on the service years and the average salary for the 6 months before retirement. Those with a period of service years within 15 years (included) will be given two bases for each full year, and one base is given for each full year for a period of service years over 15 years, but the cumulative maximum shall not exceed 45 bases. The Company allocates 2% of the total salary to the retirement fund on a monthly basis and deposits it in a special account in the name of the Labor Retirement Reserve

Fund Supervisory Committee in the Bank of Taiwan. In addition, before the end of each year, the company estimates the balance of the special account for labor retirement reserves in the preceding paragraph, If the balance is insufficient to pay the estimated amount of pension calculated above for employees who are eligible for retirement in the next year, the company will allocate the difference before the end of March of the next year.

(2) The amount recognized in the balance sheet is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Present value of funded defined benefit obligation	\$ 25,389	\$ 28,809
Planned assets at fair value	<u>( 22,750)</u>	<u>( 23,810)</u>
Net defined benefit liabilities	<u>\$ 2,639</u>	<u>\$ 4,999</u>

(3) Changes in net defined benefit liabilities are as follows:

	2023		
	<u>Present value of funded defined benefit obligation</u>	<u>Planned assets at fair value</u>	<u>Net defined benefit liabilities</u>
January 1	\$ 28,809	(\$ 23,810)	\$ 4,999
Current service cost	-	-	-
Interest expense (income)	<u>403</u>	<u>( 333)</u>	<u>70</u>
	<u>29,212</u>	<u>( 24,143)</u>	<u>5,069</u>
Remeasurement:			
Changes in demographic assumptions Impact number	-	-	-
Changes in financial assumptions Impact number	485	-	485
Experience adjustment	( 1,145)	-	( 1,145)
Return on planned assets	<u>-</u>	<u>( 71)</u>	<u>( 71)</u>
	<u>( 660)</u>	<u>( 71)</u>	<u>( 731)</u>
Contribution to pension funds	-	( 1,699)	( 1,699)
Payment of pension	<u>( 3,163)</u>	<u>3,163</u>	<u>-</u>
December 31	<u>\$ 25,389</u>	<u>( \$ 22,750)</u>	<u>\$ 2,639</u>

	2022		
	Present value of funded defined benefit obligation	Planned assets at fair value	Net defined benefit liabilities
January 1	\$ 35,226	(\$ 22,083)	\$ 13,143
Current service cost	26	-	26
Interest expense (income)	246	(155)	91
	<u>35,498</u>	<u>(22,238)</u>	<u>13,260</u>
Remeasurement:			
Changes in demographic assumptions Impact number	-	-	-
Changes in financial assumptions Impact number	(2,166)	-	(2,166)
Experience adjustment	(2,527)	-	(2,527)
Return on planned assets	-	(1,620)	(1,620)
	<u>(4,693)</u>	<u>(1,620)</u>	<u>(6,313)</u>
Contribution to pension funds	-	(1,948)	(1,948)
Payment of pension	(1,996)	1,996	-
December 31	<u>\$ 28,809</u>	<u>(\$ 23,810)</u>	<u>\$ 4,999</u>

(4) The assets of the company's defined benefit pension plan fund are entrusted by the Bank of Taiwan according to the ratio and amount of the fund's annual investment and use plan, and the items in accordance with Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (i.e. depositing in financial institutions at home and abroad, investing in domestic and foreign listed, over-the-counter or privately placed equity securities, and investing in domestic and foreign real estate securitization products, etc.) to handle entrusted operations, and the relevant use is supervised by the Labor Pension Fund Supervisory Committee. For the use of this fund, the minimum income distributed by the annual final accounts shall not be lower than the income calculated according to the local bank's two-year fixed deposit interest rate. If there is any shortage, it shall be made up by the national treasury after approval by the competent authority. Since the Company has no right to participate in the operation and management of the fund, it is unable to disclose the classification of the fair value of plan assets in accordance with paragraph 142 of International Accounting Standards No. 19. For the fair value of the fund's total assets on December 31, 2023 and 2022, please refer to the annual report on the use of labor pension funds announced by the government.

(5) Actuarial assumptions related to pensions are summarized as follows:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Discount rate	<u>1.20%</u>	<u>1.40%</u>
Future salary increase	<u>3.00%</u>	<u>3.00%</u>

The assumptions for future mortality in 2023 and 2022 were estimated based on the sixth empirical life table of the Taiwan life insurance industry.

- (6) The analysis of the present value of the definite benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increase	
	Decrease	Increase	Decrease	Increase
	0.25%	0.25%	0.25%	0.25%
December 31, 2023				
Impact on the present value of defined benefit obligations	(\$ 603)	\$ 626	\$ 550	(\$ 534)
December 31, 2022				
Impact on the present value of defined benefit obligations	(\$ 721)	\$ 748	\$ 662	(\$ 643)

The above sensitivity analysis is based on the analysis of the impact of a single assumption change under the condition that other assumptions remain unchanged. In practice, changes in many assumptions may be linked. The sensitivity analysis is consistent with the methodology used to calculate the net pension liability on the balance sheet.

The methods and assumptions used in preparing the sensitivity analysis in the current period are the same as those in the previous period.

- (7) In 2024, the company expects to pay NT\$1,676 to the pension plan.  
(8) As of December 31, 2023, the weighted average duration of the pension plan was 10 years. The maturity analysis of pension payment is as follows:

Less than 1 year	\$ 2,011
1-2 years	579
2-5 years	6,150
Over 5 years	8,043
	<u>\$ 16,783</u>

2. (1) Since July 1, 2005, the Company and its domestic subsidiaries have formulated a retirement method with a definite contribution in accordance with the "Labor Pension Act", which is applicable to employees of their nationality. The Company chose to apply the part of the labor pension system stipulated in the "Labor Pension Act" for employees and contribute labor pensions to the individual accounts of the labor insurance bureau at the rate of 6% of salary every month. The payment of employee pensions is based on the employee. The amount of personal pension special account and accumulated income is collected in the form of monthly pension or one-time pension.

- (2) In 2023 and 2022, the pension cost recognized by the Group according to the above pension method was NT\$4,030 and NT\$4,395 respectively.

(13) Share capital

- As of December 31, 2023, the Company's rated capital was NT\$1,000,000 thousand, divided into 100,000 thousand shares, and the paid-in capital was NT\$686,244 thousand, with a par value of NT\$10 per share.
- The number of outstanding shares of our common stock at the beginning and end of the period has not changed a total of 68,624 shares.

(14) Capital surplus

Due to the provisions of the Company Act, the surplus from the issuance of stocks exceeding the par value and the capital reserve from the receipt of gifts may be used to make up for losses. When the company has no accumulated losses, new shares or cash. In addition, in accordance with the relevant provisions of the Securities and Exchange Act, when the above-mentioned capital reserve is allocated to capital, the total amount shall not exceed 10% of the paid-in capital each year. If the company still has insufficient surplus reserves to cover capital losses, it may not use capital reserves to make up for it.

(15) Retained Earnings

1. According to the Articles of Association of the Company, profit distribution or loss compensation may be distributed in the following order after the end of each year:
  - (1) Pay taxes according to laws.
  - (2) Make up for accumulated losses.
  - (3) After deducting items (1) and (2), if there is any balance, 10% is withdrawn as the legal reserve.
  - (4) Allocate or reverse the special reserve according to laws and regulations or necessary for operation.
  - (5) After deducting the balance of items (1) to (4), the accumulate undistributed surplus in previous years will be the distributable amount of shareholder dividends.
2. With the presence of more than two-thirds of the directors and the resolution of more than half of the directors present, the Company may distribute all or part of the dividends and bonuses in the form of cash distribution and report to the shareholders' meeting. The preceding paragraph does not apply It shall be subject to the resolution of the shareholders' meeting.
3. The legal reserve shall not be used except to make up for the Company's losses and to issue new shares or cash in proportion to the shareholders' original shares. However, if the issue of new shares or cash is issued, the reserve shall exceed 25% of the paid-in capital.
4. (1) When the Company distributes surplus, it is required by laws and regulations that the debit balance of other equity items on the balance sheet date of the current year shall be allocated as a special surplus reserve before distribution.
  - (2) When using IFRS for the first time, the special surplus reserve designated in Letter No. 1090150022 of the FSC issued on March 31, 2021, When the Company subsequently uses, disposes or reclassifies related assets, the original special reserve will be reversed based on the allocated proportion. If the above-mentioned relevant assets are investment real estate, the part belonging to the land shall be reversed during disposal or reclassification, and the part other than the land shall be reversed period by period during the period of use.

5. On March 23, 2023, the Company passed the 2022 surplus distribution plan through the resolution of the board of directors and on March 25, 2022, the board of directors resolved to approve the 2021 surplus distribution plan as follows :

	For the Year Ended December 31, 2022		For the Year Ended December 31, 2021	
	Amount	Dividend per share (NT\$)	Amount	Dividend per share (NT\$)
Legal reserve	\$ 14,265		\$ 10,352	
Special reserve	( 39,021)		11,230	
Cash dividend	68,624	\$ 1.00	68,624	\$ 1.00

- (1) The legal reserve, special reserve and cash dividends of the 2021 surplus distribution plan were approved by the shareholders' meeting on May 27, 2022.
- (2) The legal reserve, special reserve and cash dividends of the 2022 surplus distribution plan were approved by the shareholders' meeting on June 2, 2023.
6. On August 10, 2023 and August 11, 2022, the Company passed the resolution of the board of directors of not distributing earnings for the first half of 2023 and 2022.
7. On March 13, 2024, the Company passed a resolution of the board of directors to distribute a cash dividend of NT\$0.5 and a Stock dividend of NT\$0.5 per share for ordinary shares in 2023. The total dividend was NT\$68,624 thousand. However, the cash dividend has not yet been reported to the shareholders' meeting, the stock dividend is waiting for the shareholders' meeting resolution.

(16) Operating Revenue

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Customer contract revenue	<u>\$ 1,493,762</u>	<u>\$ 1,800,057</u>

1. Breakdown of customer contract revenue

The Company's revenue is derived from commodities transferred at a certain point in time, and revenue can be broken down into the following major geographic regions:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
America	\$ 1,080,536	\$ 1,318,739
Taiwan	270,643	264,067
Europe	46,468	62,660
Asia	21,574	53,168
Others	74,541	101,423
Total	<u>\$ 1,493,762</u>	<u>\$ 1,800,057</u>

## 2. Contract liabilities and refund liabilities

The Company recognizes contract liabilities related to customer contract revenue as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities:			
Contract liabilities - advance receipts	<u>\$ 3,406</u>	<u>\$ 7,426</u>	<u>\$ 6,244</u>
Refund liabilities (Note)	<u>\$ 11,348</u>	<u>\$ 19,013</u>	<u>\$ 35,740</u>

Other current liabilities are recognized as refund liabilities, mainly due to estimated sales discounts.

Contract liabilities at the beginning of the period are recognized as revenue of the current period

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Opening balance of contract liabilities		
Revenue recognized in the current period	<u>\$ 5,974</u>	<u>\$ 5,021</u>

### (17) Interest revenue

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Interest from bank deposits	<u>\$ 2,440</u>	<u>\$ 578</u>
Loan to related parties	<u>908</u>	<u>1,800</u>
	<u>\$ 3,348</u>	<u>\$ 2,378</u>

### (18) Other revenue

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Rent income	<u>\$ 379</u>	<u>\$ 379</u>
Dividend income	<u>-</u>	<u>174</u>
Others	<u>1,013</u>	<u>3,591</u>
	<u>\$ 1,392</u>	<u>\$ 4,144</u>

### (19) Other gains and losses

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Disposal of interests in property, plant and equipment	<u>\$ 520</u>	<u>\$ 1,415</u>
Gain on financial assets at FVTPL	<u>4,203</u>	<u>11,649</u>
Net foreign exchange profit	<u>2,892</u>	<u>24,034</u>
	<u>\$ 7,615</u>	<u>\$ 37,098</u>

(20) Financial costs

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Interest expense:		
Bank loan	\$ 23,216	\$ 13,325
Short-term coupon discount payable	988	1,078
	<u>\$ 24,204</u>	<u>\$ 14,403</u>

(21) Additional information on the nature of fees

Type	For the Year Ended December 31, 2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expenses			
Salary Expenses	\$ 64,696	\$ 42,886	\$ 107,582
NHI and Labor Insurance Premium	7,411	4,660	12,071
Pension Expenses	2,222	1,878	4,100
Directors' remuneration	-	3,355	3,355
Other employment expenses	3,789	1,307	5,096
Subtotal	<u>\$ 78,118</u>	<u>\$ 54,086</u>	<u>\$ 132,204</u>
Property, plant and equipment depreciation expense	<u>\$ 18,966</u>	<u>\$ 8,771</u>	<u>\$ 27,737</u>
Amortization expense of intangible assets	<u>\$ -</u>	<u>\$ 243</u>	<u>\$ 243</u>
Type	For the Year Ended December 31, 2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee Benefit Expenses			
Salary Expenses	\$ 85,845	\$ 47,278	\$ 133,123
NHI and Labor Insurance Premium	9,254	4,029	13,283
Pension Expenses	2,726	1,786	4,512
Directors' remuneration	-	7,015	7,015
Other employment expenses	4,883	1,168	6,051
Subtotal	<u>\$ 102,708</u>	<u>\$ 61,276</u>	<u>\$ 163,984</u>
Property, plant and equipment depreciation expense	<u>\$ 19,746</u>	<u>\$ 8,666</u>	<u>\$ 28,412</u>
Amortization expense of intangible assets	<u>\$ -</u>	<u>\$ 213</u>	<u>\$ 213</u>

1. The number of employees in this year and the previous year is 193 and 197 respectively, of which the number of directors who are not concurrently serving as employees is 7 respectively.
2. The average employee benefits expense for the current year is NT\$693 thousand; the average employee benefits expense for the previous year was NT\$826 thousand. The average salary cost of employees for the current year is NT\$578 thousand; and the average salary cost of employees in the previous year was NT\$701 thousand. The average employee salary adjustment changes by (17.55%).
  - (1) The Company has an audit committee, so there is no supervisor.
  - (2) The Company's remuneration policy is as follows:
    - a. The Company's directors and managers' remuneration standards are all handled in accordance with the Company's HR regulations, unless otherwise stipulated by laws and regulations or the Company's Articles of Association.
    - b. The performance evaluation and remuneration of directors and managers should refer to the normal payment situation of the industry, and consider the rationality of the relationship with individual performance, company operating performance and future risks.

- c. The Remuneration Committee regularly evaluates the policies, systems, standards and structures of performance evaluation and remuneration of directors and managers.
  - d. Directors' remuneration includes remuneration and traveling expenses.
  - e. Managers and employees remuneration includes salaries, bonuses, employee wages and employee stock options, etc.
  - f. The remuneration of managers and employees is based on the calculation of individual performance by referring to the common payment ranges among the industry, taking into account personal work experience and performance, previous salary conditions, "guidelines of salary system" and "guidelines of employee performance appraisal" to evaluate individual performance.
3. According to the Articles of Association of the Company, if the Company makes a profit in the year, the employee's remuneration should not be less than 1% and not higher than 5%; the director's remuneration should not be higher than 5%. However, if the company still has accumulated losses, it shall reserve the amount to make up the losses in advance. The remuneration of employees referred to in the preceding paragraph shall be distributed in stock or cash, and those qualified to receive the distributed remuneration may include employees of affiliated enterprises who meet certain conditions such as rank and performance, and the qualification conditions shall be determined by the board of directors.
4. The Company's employees remuneration and directors' remuneration in 2023 and 2022 are estimated as follows:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Employees' compensation	\$ 1,835	\$ 5,460
Remuneration of Directors	<u>1,835</u>	<u>5,460</u>
Total	<u>\$ 3,670</u>	<u>\$ 10,920</u>

For the years 2023 and 2022, it is estimated at 3% based on the profit as of the current period.

The amount of employees' remuneration and directors' remuneration for 2022 approved by the board of directors is consistent with the amount recognized in the financial report of 2022. The above-mentioned employees' remuneration will be paid in cash. The previous year's employees' remuneration and directors' remuneration have been distributed in full.

Information about employees and directors' remuneration approved by the company's board of directors is available at the official site of MOPS.

(22) Income tax

1. Income tax expense

(1) Components of income tax expense:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Current income tax:		
Income tax generated from current income	\$ -	\$ 12,551
Surtax on undistributed earnings	3,437	-
Income tax under (over) estimation for previous years	<u>( 73)</u>	<u>1,236</u>
Total current income tax	<u>3,364</u>	<u>13,787</u>
Deferred income tax:		
Origin and reversal of temporary differences	<u>12,066</u>	<u>19,691</u>
Total deferred income tax	<u>12,066</u>	<u>19,691</u>
Income tax expense	<u>\$ 15,430</u>	<u>\$ 33,478</u>

(2) Amount of income tax related to other comprehensive (profit) or loss:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Conversion difference of foreign operating institutions	(\$ 3,160)	(\$ 7,494)
Share of other comprehensive profit and loss of affiliated enterprises	3,204	( 2,261)
Remeasurements of the Defined Benefit Obligation	<u>( 146)</u>	<u>( 1,263)</u>
	<u>(\$ 102)</u>	<u>(\$ 11,018)</u>

2. Relationship between income tax expense and accounting profit:

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Income tax calculated on net profit before tax according to statutory tax rate	\$ 11,498	\$ 34,293
Expenses to be excluded according to the tax law	112	565
Income exempted from tax according to the tax law	( 647)	( 2,052)
Changes in assessment of realizability of deferred tax assets	-	( 564)
Income tax under (over) estimation for previous years	( 73)	1,236
Surtax on undistributed earnings	<u>4,540</u>	<u>-</u>
Income tax expense	<u>\$ 15,430</u>	<u>\$ 33,478</u>

3. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

For the Year Ended December 31, 2023

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive net income	Ending balance
Temporary differences:				
- Deferred income tax assets:				
Provisions for sales returns and discount	\$ 3,803	(\$ 1,533)	\$ -	\$ 2,270
Provisions for inventory Evaluation loss	2,384	25	-	2,409
Inventory scrap loss	253	( 132)	-	121
Pension cost	999	( 326)	( 146)	527
Accumulated work bonus	805	( 45)	-	760
Unrealized benefit from the sale of molds	1,004	530	-	1,534
Number of accumulated conversion impact	12,573	-	44	12,617
Others	<u>832</u>	<u>229</u>	<u>-</u>	<u>1,061</u>
	<u>\$ 22,653</u>	<u>(\$ 1,252)</u>	<u>(\$ 102)</u>	<u>\$ 21,299</u>
- Deferred income tax liabilities:				
Land Value Increment Tax Provision	(\$ 897)	\$ -	\$ -	(\$ 897)
Overseas long-term investment benefits	( 52,944)	( 10,621)	-	( 63,565)
Others	<u>( 37)</u>	<u>( 193)</u>	<u>-</u>	<u>( 230)</u>
	<u>(\$ 53,878)</u>	<u>(\$ 10,814)</u>	<u>\$ -</u>	<u>(\$ 64,692)</u>
		<u>(\$ 12,066)</u>	<u>(\$ 102)</u>	

For the Year Ended December 31, 2022

	Beginning balance	Amounts recognized in profit or loss	Recognized in other comprehensive net income	Ending balance
Temporary differences:				
- Deferred income tax assets:				
Provisions for sales returns and discount	\$ 7,148	(\$ 3,345)	\$ -	\$ 3,803
Provisions for inventory Evaluation loss	3,272	( 888)	-	2,384
Inventory scrap loss	83	170	-	253
Pension cost	2,628	( 366)	( 1,263)	999
Accumulated work bonus	889	( 84)	-	805
Unrealized benefit from the sale of molds	1,263	( 259)	-	1,004
Number of accumulated conversion impact	22,328	-	( 9,755)	12,573
Others	461	371	-	832
	<u>\$ 38,072</u>	<u>(\$ 4,401)</u>	<u>(\$ 11,018)</u>	<u>\$ 22,653</u>
- Deferred income tax liabilities:				
Land Value Increment Tax Provision	(\$ 897)	\$ -	\$ -	(\$ 897)
Overseas long-term investment benefits	( 37,691)	( 15,253)	-	( 52,944)
Others	-	( 37)	-	( 37)
	<u>(\$ 38,588)</u>	<u>(\$ 15,290)</u>	<u>\$-</u>	<u>(\$ 53,878)</u>
		<u>(\$ 19,691)</u>	<u>(\$11,018)</u>	

4. The Company's profit-seeking income tax has been approved by the tax collection agency until 2021.

(23) Earnings per share

	For the Year Ended December 31, 2023		
	After-tax amount	Weighted average number of outstanding shares (1,000 shares)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit for the period	\$ 42,061	68,624	\$ 0.61
<u>Diluted earnings per share</u>			
Net profit for the period	\$ 42,061	68,624	
Effect of dilutive potential common stocks			
-Employees Remuneration	-	132	
Net profit for the period plus the impact of potential common stock	\$ 42,061	68,756	\$ 0.61

	For the Year Ended December 31, 2022		
	After-tax amount	Weighted average number of outstanding shares (1,000 shares)	Earnings per share (NT)
<u>Basic earnings per share</u>			
Net profit for the period	<u>\$ 136,905</u>	<u>68,624</u>	<u>\$ 2.00</u>
<u>Diluted earnings per share</u>			
Net profit for the period	\$ 136,905	68,624	
Effect of dilutive potential common stocks			
-Employees Remuneration	<u>-</u>	<u>280</u>	
Net profit for the period plus the impact of potential common stock	<u>\$ 136,905</u>	<u>68,904</u>	<u>\$ 1.99</u>

When calculating diluted earnings per share, it is assumed that employee remuneration will be fully issued in the current period, and the weighted average number of outstanding shares will be included when the potential ordinary shares have a dilutive effect.

(24) Supplementary cash flow information

Investment activities with only partial cash payments:

	For the Year Ended December 31, 2023	For the Year Ended December 31, 2022
Acquisition of property, plant and equipment	\$ 5,468	\$ 23,431
Add: Equipment payment payable at the beginning of the period	170	2,332
Less: Equipment payment payable at the end of the period	( 294)	( 170)
Add: Beginning payables on equipment-related party	4,508	3,696
Loss: Ending payables on equipment-related party	-	( 4,508)
Less: Prepayment for equipment at the beginning of the period	( 525)	( 6,640)
Add: advance payment for equipment at the end of the period	<u>864</u>	<u>525</u>
Payable cash for this period	<u>\$ 10,191</u>	<u>\$ 18,666</u>

(25) Changes in liabilities from financing activities

	Short-term loan	Long-term loans (including due within one year or within one business cycle)	Short-term notes payable	Dividends payable	Total liabilities from financing activities
January 1, 2023	\$876,000	\$ 113,429	\$ 49,852	\$ -	\$ 1,039,281
Changes in financing cash flow	( 46,793)	259,222	10,000	( 68,624)	153,805
Effect of exchange rate changes	( 958)	-	-	-	( 958)
Other non-cash changes	-	-	71	68,624	68,695
December 31, 2023	<u>\$828,249</u>	<u>\$ 372,651</u>	<u>\$ 59,923</u>	<u>\$ -</u>	<u>\$ 1,260,823</u>

	Short-term loan	Long-term loans (including due within one year or within one business cycle)	Short-term notes payable	Dividends payable	Total liabilities from financing activities
January 1, 2022	\$744,866	\$ 135,628	\$ 135,945	\$ -	\$ 1,016,439
Changes in financing cash flow	129,994	( 22,199)	( 86,000)	( 68,624)	( 46,829)
Effect of exchange rate changes	1,140	-	-	-	1,140
Other non-cash changes	-	-	( 93)	68,624	68,531
December 31, 2022	<u>\$876,000</u>	<u>\$ 113,429</u>	<u>\$ 49,852</u>	<u>\$ -</u>	<u>\$ 1,039,281</u>

7. Transactions with related parties

(1) Name of the Related Parties and Relations

<u>Related Parties</u>	<u>Relations</u>
CRYOMAX U.S.A INC.(CRYOMAX USA)	Subsidiary of the Company
COOL MAX-WAY AUTO PARTS CO., LTD. (COOL MAX-WAY)	Subsidiary of the Company
NANJING CRYOMAX AUTO PARTS CO., LTD (NANJING CRYOMAX)	Subsidiary of the Company
CRYOMAX MEXICO S.A.DE C.V. (Mexico CRYOMAX)	Subsidiary of the Company
DENSO PRODUCTS AND SERVICES AMERICAS,INC.(DPAM)	Other related party
DENSO INTERNATIONAL ASIA PTE. LTD.(DIAS)	Other related party
DENSO MANUFACTURING ARGENTINA S.A.(DNAR)	Other related party
DENSO DO BRASIL LTDA(DNBR)	Other related party
DENSO TAIWAN	Other related party
DENSO Corporation(DENSO)	Individuals with significant influence on the company
DENSO MANUFACTURING MICHIGAN, INC(DMMI)	Other related party

(2) Significant transactions with related parties

1. Operating Revenue

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Sale of goods :		
– CRYOMAXUSA	\$ 231,527	\$ 294,490
– DPAM	194,549	269,045
– Subsidiary	16,708	17,017
– Other related party	50,639	73,294
	<u>\$ 493,423</u>	<u>\$ 653,846</u>

The aforementioned transaction price for selling goods is based on the agreement between both parties, For the payment conditions in 2023 and 2022, except that the subsidiary CRYOMAXUSA will be the prepayment due to exchange rate considerations, and the rest of the related parties will collect the payment within Year of occurrence 60-90 days after the monthly settlement, and the general customers will collect the payment within 30-90 days of the monthly settlement.

2. Purchase

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Purchase of goods:		
– NANJING CRYOMAX	\$ 650,745	\$ 793,009
– COOL MAX-WAY	180,601	196,221
– Other related party	1,072	930
	<u>\$ 832,418</u>	<u>\$ 990,160</u>

The above-mentioned purchase transactions are mainly purchased directly from COOL MAX-WAY and NANJING CRYOMAX, and some are purchased from manufacturers. Payment conditions NANJING CRYOMAX and COOL MAX-WAY will pay within 60 days of the monthly settlement in 2023 and 2022; for other related parties of the company, the payment will be made within 30-90 days of the monthly settlement, and the general supplier will pay within 30-120 days of the monthly settlement.

3. Operating expenses

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Individuals with significant influence on the Company	<u>\$ 292</u>	<u>\$ 5,334</u>

The operating expenses above are related to royalties and are paid every six months.

4. Account Receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Receivables from related parties:		
– CRYOMAXUSA	\$ 43,593	\$ 10,883
– DPAM	26,265	44,665
– subsidiary	7,224	6,249
– Other related party	4,174	7,030
	<u>\$ 81,256</u>	<u>\$ 68,827</u>

5. Accounts payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(1) Accounts payable:		
– NANJING CRYOMAX	\$ 113,020	\$ 47,869
– COOL MAX-WAY	49,671	24,592
– Other related party	451	234
	<u>\$ 163,142</u>	<u>\$ 72,695</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
(2) Other payables:		
Individuals with significant influence on the Company	<u>\$ 3,246</u>	<u>\$ 5,509</u>

Payables mentioned above are royalties paid every six months.

6. Property transactions

(1) Acquisition of property, plant and equipment

	<u>For the Year Ended December 31, 2023</u>		<u>For the Year Ended December 31, 2022</u>	
	Value	Payable for equipment	Value	Payable for equipment
NANJING CRYOMAX	<u>\$ 5,521</u>	<u>\$ -</u>	<u>\$ 10,695</u>	<u>\$ 4,508</u>

(2) Disposal of property, plant and equipment

	<u>For the Year Ended December 31, 2023</u>		<u>For the Year Ended December 31, 2022</u>		
	Value	Disposal benefit	Value	Disposal benefit	Other receivables
NANJING CRYOMAX	<u>\$ 5,905</u>	<u>\$ 354</u>	<u>\$ 1,605</u>	<u>\$ 1,415</u>	<u>\$ 2,916</u>

7. Lease transactions - lessees

Rent Expenses

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
CRYOMAX USA	<u>\$ 1,118</u>	<u>\$ 1,065</u>

8. Capital loan to related parties

Loan to related parties

	<u>December 31, 2023</u>			
	Ending balance	Interest Rate	Interest receivable	Interest revenue
NANJING CRYOMAX	\$ 43,270	2%	\$ 510	\$ 908
Mexico CRYOMAX	92,130	0%	-	-
	<u>\$ 135,400</u>		<u>\$ 510</u>	<u>\$ 908</u>
	<u>December 31, 2022</u>			
	Ending balance	Interest Rate	Interest receivable	Interest revenue
NANJING CRYOMAX	\$ 48,488	2%	\$ 527	\$ 1,800
Mexico CRYOMAX	4,607	0%	-	-
	<u>\$ 53,095</u>		<u>\$ 527</u>	<u>\$ 1,800</u>

The lending terms for Nanjing Jimao and Cryomax Mexico stipulate repayment of principal and interest one year after the actual disbursement.

9. Situations of providing endorsement/guarantee: Please refer to Note 13 (1) 2. for instructions for endorsement/guarantee for others.

(3) Salary of major management level

	<u>For the Year Ended December 31, 2023</u>	<u>For the Year Ended December 31, 2022</u>
Salary and other short-term employee benefits	\$ 15,997	\$ 20,960
Pension benefits	<u>409</u>	<u>324</u>
	<u>\$ 16,406</u>	<u>\$ 21,284</u>

8. Pledged assets

The Company's asset guarantees or restricted assets are as follows:

<u>Assets</u>	<u>Carrying Value</u>		<u>Purpose</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>	
Property, plant and equipment	<u>\$ 392,573</u>	<u>\$ 406,145</u>	Long-term and short-term loan

9. Significant contingent liability and unrecognized contractual commitments

(1) Contingencies

N/A.

(2) Commitments

N/A.

10. Major disaster loss

N/A.

11. Significant subsequent matters

(1) On January 27, 2024, the Company, following a decision by the Board of Directors, initiated a treasury stock transaction between January 29, 2024, and March 28, 2024, repurchasing 500 thousand shares of treasury stock to uphold credit and shareholder equity.

(2) On March 13, 2024, the Company passed a resolution of the board of directors for the surplus distribution plan for the fiscal year 2023, please refer to Note 6 (16) 7's detail.

12. Others

(1) Capital risk management

The Company's capital management objectives are to ensure the Company can continue to operate, maintain an optimal capital structure to reduce capital costs, and provide shareholders with remuneration. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders or issue new shares to reduce debt. The Company monitors its capital using the debt-to-assets ratio, which is calculated by dividing total liabilities by total assets.

(2) Financial instruments

1. Types of financial instruments

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at FVTPL		
Financial assets mandatorily at FVTPL	\$ 10,151	\$ 13,925
Financial assets/Loans and receivables measured at amortized cost		
Cash and cash equivalents	\$ 140,211	\$ 252,937
Notes Receivable	44,229	41,111
Account Receivable	214,740	169,735
Accounts receivable - related party	81,256	68,827
Other receivable-related party	135,910	56,538
Refundable deposits	592	427
	<u>\$ 616,938</u>	<u>\$ 589,575</u>

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Short-term loan	\$ 828,249	\$ 876,000
Short-term notes payable	59,923	49,852
Notes payable	120	-
Accounts payable	62,584	34,593
Accounts payable-related party	163,142	72,695
Other accounts payable	59,285	82,735
Other accounts payable-Related parties	3,246	10,017
Long-term loans (including due within one year or within one business cycle)	372,651	113,429
	<u>\$ 1,549,200</u>	<u>\$ 1,239,321</u>

2. Risk management policy

- (1) The daily operation of the Company is affected by various financial risks, including market risk (including exchange rate risk, interest rate risk, and price risk), credit risk and liquidity risk.
- (2) The risk management work is carried out by the finance department of the Company in accordance with the policies approved by the board of directors. The Company's Finance Department is responsible for identifying, assessing and avoiding financial risks through close cooperation with various operating units within the Group. The important financial activities of our company are reviewed by the board of directors in accordance with relevant regulations and internal control systems. During the execution of the financial plan, internal auditors assist the board of directors in playing a supervisory role. Regular and exceptional reviews of financial risk management procedures are conducted by designated personnel, with reports of review outcomes submitted to the Board of Directors.

3. The nature and extent of material financial risks

(1) Market risk

Exchange rate risk

- A. The Company operates on an international scale, so it is subject to exchange rate risks arising from transactions that are relatively different from the functional currencies of the Company and its subsidiaries, mainly US dollars and Renminbi (Chinese Yuan). The related exchange rate risk arises from future commercial transactions and recognized assets and liabilities.
- B. The Company's management has established policies requiring each unit within the Company to manage exchange rate risk relative to its functional currency. Exchange rate risk is measured through anticipated transactions of highly probable expenditures in US dollars and Renminbi. Each unit should hedge its overall exchange rate risk through the Finance Department of the Company.
- C. The Company's business involves certain non-functional currencies, so it is affected by exchange rate fluctuations. The foreign currency assets and liabilities with significant exchange rate fluctuations are as follows:

	For the Year Ended December 31, 2023		
	Foreign Currency (1,000)	Exchange	Carrying Amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD/NTD	\$ 12,213	30.71	\$ 375,061
EUR/NTD	495	33.98	16,820
RMB/NTD	11,782	4.33	51,016
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD/NTD	\$ 7,466	30.71	\$ 229,281

	For the Year Ended December 31, 2022		
	Foreign Currency (1,000)	Exchange	Carrying Amount (NTD)
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD/NTD	\$ 11,726	30.71	\$ 360,105
EUR/NTD	492	32.72	16,098
RMB/NTD	15,225	4.41	67,142
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD/NTD	\$ 3,141	30.71	\$ 96,460

- D. The Company's monetary items have a significant impact on exchange rate fluctuations. The aggregated amounts of all exchange gains and losses recognized in 2023 and 2022(including realized and unrealized) are net gains (losses) of NT\$2,892 thousand and NT\$24,034 thousand.

- E. The Company's foreign currency market risk analysis due to major exchange rate fluctuations is as follows:

For the Year Ended December 31, 2023			
Sensitivity Analysis			
Extent of Change	Profit and Loss Affected	Other Comprehensive Profit and Loss Affected	
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD/NTD	1%	\$ 3,751	\$ -
EUR/NTD	1%	168	-
RMB/NTD	1%	510	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD/NTD	1%	(\$ 2,293)	\$ -
For the Year Ended December 31, 2022			
Sensitivity Analysis			
Extent of Change	Profit and Loss Affected	Other Comprehensive Profit and Loss Affected	
(Foreign currency: Functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD/NTD	1%	\$ 3,601	\$ -
EUR/NTD	1%	161	-
RMB/NTD	1%	671	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD/NTD	1%	(\$ 965)	\$ -

#### Cash flow and fair value interest rate risk

- A. The Company's interest rate risk mainly comes from long-term and short-term loans issued at floating rates, which expose the Company to cash flow interest rate risk. It is the Company's policy to maintain at least a certain percentage of its borrowings at fixed rates, which will be achieved through interest rates when necessary. In 2023 and 2022, the Company's loans issued at floating rates were mainly denominated in NT dollars and US dollars.
- B. The Company's borrowings are measured at cost after amortization, and the annual interest rate will be re-priced according to the contract, so the Company is exposed to the risk of future market interest rate changes.
- C. When the loan interest rate rises or falls by 0.25%, and all other factors remain unchanged, the after-tax net profit in 2023 and 2022 will decrease or increase by NT\$2,312 thousand and NT\$1,979 thousand respectively, mainly due to changes in interest expenses due to floating rate borrowings.

- (2) Credit risk
- A. The Company's credit risk is the risk of the Company's financial loss due to the inability of the customer or the counterparty of the financial instrument to perform the contractual obligations, which are mainly due to the inability of the counterparty to pay off the accounts receivable, notes receivable and the contractual cash flows of a financial asset measured at amortized cost.
  - B. The Company establishes credit risk management from a group perspective. For the banks and financial institutions with which they communicate, the credit of bank deposit banks is checked according to the ratings of external credit agencies. According to the internally specified credit policy, each operating entity within the group and each new customer must conduct management and credit risk analysis before setting payment and proposing the terms and conditions of delivery. Internal risk control is to assess the credit quality of customers by considering their financial status, past experience and other factors. Limits for individual risks are established by the board of directors based on internal or external assessments, and the use of credit limits is regularly monitored.
  - C. The Company adopts IFRS 9 to provide the presumption that when the contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have breached the contract.
  - D. The Company adopts the assumptions provided by IFRS 9 as the basis for determining whether the credit risk of financial instruments has increased significantly since the original recognition:  
"When the contract payment is overdue for more than 30 days according to the agreed payment terms, it is considered that the credit risk of the financial asset has increased significantly since the original recognition."
  - E. The Company classifies accounts receivable of customers according to the characteristics of customer types, and uses a simplified method to estimate expected credit losses based on the provision matrix.
  - F. The indicators used by the Company to determine debt instrument investment as credit-impaired are as follows:
    - (A) The issuer is in significant financial difficulty, or has a significantly increased likelihood of going into bankruptcy or other financial reorganization;
    - (B) The active market for the financial asset has ceased to exist due to the issuer's financial difficulties;
    - (C) Delay or non-payment of interest or principal by the issuer;
    - (D) Any adverse changes in national or regional economic conditions that cause the issuer to default.
  - G. After the recourse procedure, the Company will write off the amount of financial assets that cannot be reasonably expected to be recovered, but the Company will continue to carry out legal procedures for recourse to preserve the right of creditor's rights.
  - H. The Company adjusted the loss rate established based on the historical and current information of a specific period by taking into account the forward-looking consideration of the future to estimate the provision loss of accounts receivable. The preparation matrix for December 31, 2023 and 2022 is as follows:

	Not overdue	Within 30 days	31-90 days	91-180 days	Over 181 days	Total
<u>December 31, 2023</u>						
Expected loss rate	0.00%	0.03%	0.10%	2.42%	85.96%	
Total book value	\$ 181,309	\$ 22,715	\$ 5,872	\$ 4,870	\$ 741	\$ 215,507
Allowance for losses	\$ -	\$ 6	\$ 6	\$ 118	\$ 637	\$ 767
	Not overdue	Within 30 days	31-90 days	91-180 days	Over 181 days	Total
<u>December 31, 2022</u>						
Expected loss rate	0.11%	0.60%	1.64%	13.25%	100.00%	
Total book value	\$ 138,417	\$ 25,535	\$ 6,113	\$ 83	\$ 354	\$ 170,502
Allowance for losses	\$ 150	\$ 152	\$ 100	\$ 11	\$ 354	\$ 767

- I. The Company adopts the simplified method to change the account receivable allowance loss change statement as follows:

	2023	2022
January 1 and December 31	<u>\$ 767</u>	<u>\$ 767</u>

(3) Liquidity risk

- A. The cash flow forecast is carried out by each operating unit within the Company and summarized by the Finance Department. The Finance Department monitors the forecast of the Company's liquidity needs to ensure that it has sufficient funds to meet operating needs and maintain sufficient unused borrowing commitments at any time.
- B. If there are surplus funds, the financial units of the Company will invest in interest-bearing demand deposits, time deposits, money market deposits and securities at their discretion, and the instruments they choose have appropriate maturity dates or sufficient liquidity to meet the above-mentioned forecast and provide sufficient dispatch level.
- C. The details of the Company's unused loan amount are as follows:

	December 31, 2023	December 31, 2022
Floating interest rate		
Due within one year	\$ 428,793	\$ 197,000
Due over one year later	-	-
	<u>\$ 428,793</u>	<u>\$ 197,000</u>

- D. The following table demonstrates the Company's non-derivative financial liabilities, which are classified according to the relevant maturity dates. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. The contractual cash flow amounts disclosed in the table below are undiscounted amounts.

<u>Non-derivative financial liabilities</u>				
December 31, 2023	Within 1 year	1-2 years	Over 2 years	Total
Short-term loan	\$ 833,153	\$ -	\$ -	\$ 833,153
Short-term notes payable	60,000	-	-	60,000
Notes payable	120	-	-	120
Accounts payable	62,584	-	-	62,584
Accounts payable-related party	163,142	-	-	163,142
Other accounts payable	59,285	-	-	59,285
Other accounts payable-Related parties	3,246	-	-	3,246
Long-term loans (including due within one year or within one business cycle)	51,464	102,596	257,077	411,137
<u>Non-derivative financial liabilities</u>				
December 31, 2022	Within 1 year	1-2 years	Over 2 years	Total
Short-term loan	\$ 880,569	\$ -	\$ -	\$ 880,569
Short-term notes payable	50,000	-	-	50,000
Accounts payable	34,593	-	-	34,593
Accounts payable-related party	72,695	-	-	72,695
Other accounts payable	82,735	-	-	82,735
Other accounts payable-Related parties	10,017	-	-	10,017
Long-term loans (including due within one year or within one business cycle)	23,771	23,771	74,048	121,590

(3) Fair value information

1. The definitions of each level of evaluation techniques used to measure the fair value of financial and non-financial instruments are as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities available to the enterprise on the measurement date. An active market is one in which transactions in assets or liabilities occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the over-the-counter stock investment invested by the Group belongs to this category.

Level 2: Observable inputs, directly or indirectly, for the asset or liability other than quoted prices included in level 1.

Level 3: Unobservable inputs to the assets or liabilities.

2. Financial instruments not measured at fair value

Financial instruments not measured at fair value by the Company include cash and cash equivalents, notes receivable, accounts receivable, accounts receivable-related parties, other receivables, deposits, short-term loans, Short-term notes payable, notes payable, accounts payable, accounts payable-related parties, other payables, other payables-related parties, long-term loans (including due within one year or one business cycle), and the carrying amount of the lease liability is a reasonable approximation of the fair value.

3. Financial and non-financial instruments measured by fair value are classified by the Company based on the nature, characteristics and risks of assets and liabilities and the basis of fair value levels. The relevant information is as follows:

- (1) The Company is classified according to the nature of assets and liabilities, and the relevant information is as follows:

December 31, 2023	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at FVTPL				
Equity securities	\$ -	\$ -	\$ 10,151	\$ 10,151
December 31, 2022	Level 1	Level 2	Level 3	Total
<b>Assets</b>				
<u>Recurring fair value</u>				
Financial assets at fair value through profit or loss				
Equity securities	\$ 13,925	\$ -	\$ -	\$ 13,925

- (2) The methods and assumptions used by the Company to measure the fair value are as follows:
- A. If the Company adopts market quotations as the input value of the fair value (i.e. Level 1) for the year end of December 31, 2022, then it is classified according to the characteristics of the instrument as follows:

	<u>Stocks of listed (OTC) companies</u>
Market quotation	Closing price

- B. The Company evaluated financial assets measured at fair value through profit or loss as of December 31, 2023, using the market approach (price-to-net-asset-value ratio) valuation technique. This involved utilizing the price-to-net-asset-value ratios of comparable entities in the market as observable input values to estimate the fair value of these financial assets.
- C. The estimated values derived from the valuation model are approximate outputs of the estimation system, while the valuation technique may not fully reflect all relevant factors concerning the Company's holdings of financial and non-financial instruments. Therefore, the estimated values from the valuation model are appropriately adjusted based on additional parameters, such as model risk or liquidity risk. According to the Company's fair value assessment model management policy and related control procedures, the management believes that evaluation adjustments are appropriately and necessarily made to accurately represent the fair value of financial and non-financial instruments in the balance sheet. The price information and parameters used in the evaluation process are carefully assessed and adjusted appropriately based on current market conditions.
4. In 2023 and 2022, there was no transfer between levels 1 and 2.
5. The table below illustrates the changes in Level 3 for the year ended December 31, 2023:

	2023
January 1	\$ -
Recognized in gain or loss (accounted for in other benefits and losses)	1,151
Purchased in the current period	9,000
December 31	\$ 10,151

Year 2022: N/A.

6. In 2023 and 2022, there was no inward and outward transfer from Level 3.
7. The Company applied the valuation techniques and inputs for level 3 fair value measurement for its independent fair value authentication of financial instruments which was carried out by the financial department. Through information from independent resources, the Company keeps the results close to the market state and confirms that the data source is independent, reliable, consistent with other resources, and represents executable prices, and regularly calibrates the evaluation model,

conducts back-testing, updates the input values and data required for the evaluation model, and make any necessary fair value adjustments reviews such results periodically to ensure that they are reasonable.

8. Quantitative information on significant unobservable inputs used in the valuation models for Level 3 fair value measurements and sensitivity analysis of significant changes in unobservable inputs are as follows:

	December 31, 2023 Fair value	Evaluation on Techniques	Significant Unobservable Inputs:	Range (Weighted Average):	Relationship between input value and fair value
Non derivative equity instruments:					
Non Stocks of OTC companies	\$ 10,151	Simulated listing and OTC company method	Price-to-net-asset-value ratio multiplier	1.87%	The higher the multiplier premium, the higher the fair value.
			Lack of market liquidity discount	30%	The higher the market liquidity discount, the lower the fair value.

December 31, 2022: N/A.

9. The Company, after careful assessment, has selected evaluation models and parameters. However, using different evaluation models or parameters may yield different results. For financial assets and liabilities classified as Level 3, the impact on the current period's profit or loss due to changes in evaluation parameters is as follows:

	Input Values	Change	December 31, 2023	
			Amounts recognized in profit or loss	
			Favorable changes	Unfavorable changes
Financial assets				
Equity instrument	Price-to-net-asset-value ratio Market liquidity discount	±10% ±5%	\$ 1,015 725	(\$ 1,015) (\$ 725)

December 31, 2022: N/A.

### 13. Disclosures

#### (1) Information about major transactions

1. Funds loaned to others: Please see Table 1.
2. Endorsement/guarantee for others: Please see Table 2.
3. The situation of securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture control parts): Please see Table 3.
4. The accumulative purchase or sale of the same securities reaches NT\$300 million or more than 20% of the paid-in capital: Please see Table 4.

5. The amount of real estate acquired reaches NT\$300 million or more than 20% of the paid-in capital: Please see Table 5.
6. The amount of real estate disposed of reaches NT\$300 million or more than 20% of the paid-in capital: N/A.
7. Purchases and sales of goods with related parties reach NT\$100 million or more than 20% of the paid-in capital: Please see Table 6.
8. Receivables from related parties amount to NT\$100 million or more than 20% of the paid-in capital: N/A.
9. Trading in derivative instruments: N/A.
10. The business relationship between the parent company and its subsidiaries and between each subsidiary and the status and amount of important transactions: Please see Table 7.

(2) Information about reinvested business

Relevant information such as the name and location of the invested enterprises (excluding invested enterprises from mainland China): Please see Table 8.

(3) Information of investment at the mainland China

1. Basic information: Please see Table 9.
2. Significant transactions that occurred directly or indirectly through enterprises in third regions and invested enterprises reinvested in mainland China: Please see Table 7.

(4) Information on major shareholders

Information on major shareholders: Please see Table 10.

14. Segment information

N/A.

Cryomax Cooling System Corp.  
Loans to Others  
January 1 to December 31, 2023

TABLE 1

Unit: NTS 1,000  
(unless otherwise specified)

No. (Note 1)	Borrowed from	Lent to	Type	Related Party (Yes/No)	Highest Amount for the Period	Ending balance	Actual Borrowing Amount	The range of interest rate	Nature of Financing	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Total Limit (Note 3)	Remarks
													Name	Value		
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO related party	Other receivable-	Y	\$ 137,423	\$ 64,905	\$ 43,270	2%	Short-term Financing	-	Turnover	-	\$ -	\$ 274,401	48,802	Note 4
0	Cryomax Cooling System Corp.	CRYOMAX CRYOMAX MEXICO S.A. de C.V.	Other receivable-	Y	251,360	122,840	92,130	0%	Short-term Financing	-	Turnover	-	-	274,401	48,802	Note 4
1	COOL MAX-WAY AUTO PARTS CO., LTD	NANJING CRYOMAX AUTO related party	Other receivable-	Y	41,124	30,752	30,752	0%~4.687%	Business Interaction	70,829	N/A	-	-	80,926	61,853	Note 4
2	CRYOMAX U.S.A. INC.	CRYOMAX MEXICO S.A. de C.V.	Other receivable-	Y	125,040	122,840	92,130	0%	Short-term Financing	-	Turnover	-	-	167,901	67,901	Note 4

Note 1: The description of the numbering column is as follows:

(1) 0 for the issuer.

(2) Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note 2: The description of the loan and limit of funds for individual objects is as follows:

(1) For companies that need short-term financing, the amount of each loan shall not exceed 20% of the net value of the latest financial statement.

(2) For those who have business contacts, the amount of each loan shall not exceed the higher of the estimated actual purchase and sales amount in the latest year or the next year, and shall not exceed 20% of the net value of the latest financial statement.

(3) CRYOMAX MEXICO S.A. de C.V. is a subsidiary jointly held by CRYOMAX U.S.A INC. and Cryomax Precision Co., Ltd., with a combined ownership stake of 100%. The loan amount is limited to no more than 40% of the Company's latest financial statement net worth.

Note 3: The total loan amount of the company shall not exceed 40% of the net value of the company's latest financial statement.

Note 4: Already written off in the consolidated statement.

**Cryomax Cooling System Corp.**  
**Endorsement/Guarantee to Others**  
**January 1 to December 31, 2023**

**TABLE 2**

Unit: NT\$1,000

(unless otherwise specified)

No. (Note 1)	Endorsement and guaranteee Company Name	Endorsed/ Guaranteed Company	Relation (Note 2)	Limits on Endorsement/ Guarantee Made for Each Party (Note 3)	Maximum Endorsed/ Guaranteed During the Period (Note 5)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral (Note 4)	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements	Aggregate Endorsement/ Guarantee Limit (Note 4)	Endorsement/ Guarantee Made by Parent for Subsidiaries	Endorsement/ Guarantee Made by Subsidiaries for Parent	Endorsement/ Guarantee Made for Companies in Mainland China	Remarks
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	2	\$ 685,719	\$ 46,125	\$ -	\$ -	\$ -	0.00	\$ 686,003	Y	N	Y	

Note 1: The description of the numbering column is as follows:

(1) 0 for the issuer.

(2) Invested companies are numbered sequentially starting from the Arabic numeral 1 by company.

Note 2: The relationship between the endorser and the endorsed has the following 7 types:

(1) Companies with transaction relations.

(2) Companies in which the Company directly or indirectly holds more than 50% of the voting shares.

(3) Companies that directly and indirectly hold more than 50% of the Company's voting shares.

(4) Companies in which the Company directly or indirectly holds more than 90% of the voting shares.

(5) Based on the needs of contracting projects, companies of the same industry or co-constructors that are mutually guaranteed according to the contract.

(6) Companies endorsed and guaranteed by all the contributing shareholders in accordance with their shareholding ratio due to joint investment relationship.

(7) Inter-industry conducts performance guarantees and joint guarantees for pre-sale housing contracts in accordance with the Consumer Protection Act.

Note 3: The Company's endorsement and guarantee amount for a single enterprise, except that the Company directly and indirectly holds 100% of the voting shares shall not exceed 50% of the Company's latest financial statement net value, and the rest shall not exceed 20% of the company's latest financial statement net worth.

Note 4: The total amount of the Company's endorsement and guarantee liability is limited to 50% of the net worth of the Company's latest financial statement.

Note 5: The amount approved by the board of directors shall be filled in. However, when the board of directors authorizes the chairman to make a decision in accordance with Subparagraph 8 of Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, it refers to the amount decided by the chairman.

Cryomax Cooling System Corp.  
 Securities held at the end of the period (excluding investment subsidiaries, affiliated enterprises and joint venture control parts)  
 December 31, 2023

TABLE 3

Unit: NT\$1,000  
 (unless otherwise specified)

Holder	Type and Name of the Securities (Note)	Relation with the securities issuer	Item	Ending			Remarks
				Number of shares	Carrying Amount	Shareholding Ratio	
Cryomax Cooling System Corp.	Stock/ KING SHING INDUSTRIAL CO., LTD.	None	Financial assets at fair value through profit or loss - current	300,000	\$ 10,151	0.5% \$	10,151

Note: The securities mentioned in this table refer to stocks, bonds, beneficiary certificates and securities derived from the above items within the scope of IFRS 9 "Financial Instruments".

**Cryomax Cooling System Corp.**  
The accumulative purchase or sale of the same securities reaches NT\$300 million or more than 20% of the paid-in capital  
January 1 to December 31, 2023

**TABLE 4**

Unit: NT\$1,000  
(unless otherwise specified)

Buyer/Seller	Type of the Marketable Securities and Name	Item	Counterparty	Relation	Beginning		Acquisition		Disposal			Ending Amount (note)
					Number of shares	Amount	Number of shares	Amount	Selling price	Carrying Cost	Disposal gain (lost)	
Cryomax Cooling System Corp.	CRYOMAX MEXICO S.A. de C.V.	Investments accounted for using the equity method	Conducting cash capital increase	-	45	\$ 45,000	175,516,650	\$ 304,570	-	-	-	\$ 310,434
CRYOMAX U.S.A.INC.	CRYOMAX MEXICO S.A. de C.V.	Investments accounted for using the equity method	Conducting cash capital increase	-	5	\$ 5,000	19,501,850	33,871	-	-	-	34,493

Note: Already written off in the consolidated statement.

Cryomax Cooling System Corp.  
 The amount of real estate acquired reaches NT\$300 million or more than 20% of the paid-in capital  
 January 1 to December 31, 2023

TABLE 5

Unit: NT\$1,000  
 (unless otherwise specified)

Company acquiring real estate	Asset Name	Date of occurrence	Transaction Amount	Payment status	Counterparty	Relation	Transaction involving related parties, with previous transfer data			The Basis for Price Determination (Reference to valuation report issued by professional appraisers)	Purpose and utilization of acquisitions	Other Agreed Matters
							Owner	Relation with the issuer	Transfer date			
CRYOMAX MEXICO S.A. de C.V.	Land and plant	111.9.23	\$ 287,117	\$ 87,117	JMP MEXICO S.A. DE C.V.	None	-	-	\$ -	Negotiation between both parties	Operating Use	-

Cryomax Cooling System Corp.  
Purchase and sale of goods with related parties amount to NT\$100 million or more than 20% of the paid-in capital  
January 1 to December 31, 2023

TABLE 6

Unit: NT\$1,000  
(unless otherwise specified)

Companies of Purchase (Sale)	Counterparty	Relation	Purchase (Sale)	Amount	Transaction		Credit Period	Unit Price	Credit Period	Balance	Notes/accounts receivable (payable)		Remarks
					Ratio to Total Purchase (Sale) Ratio	Ratio to Total Notes or Accounts Receivable (Payable)					Situations and reasons why transaction conditions are different from general transactions (Note 1)	Notes/accounts receivable (payable)	
Cryomax Cooling System Corp.	CRYOMAX U.S.A INC.	Subsidiary	Sale	231,527	15.50%	Collected within 60 days to 90 days receivable after monthly settlement	Note 1	Collected within 60 days to 90 days receivable after monthly settlement	43,593	12.81%	Note 3		
Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	Subsidiary	Purchase	650,745	57.15%	Payment within 60 days after monthly settlement	Note 2	Payment within 60 days after monthly settlement	113,020	50.04%	Note 3		
Cryomax Cooling System Corp.	COOL MAX-WAY AUTO PARTS CO., LTD.	Subsidiary	Purchase	180,601	15.86%	Payment within 60 days after monthly settlement	Note 2	Payment within 60 days after monthly settlement	49,671	21.99%	Note 3		
Cryomax Cooling System Corp.	DENSO PRODUCTS AND SERVICES AMERICAS,INC.(DPAM)	Other related party	Sale	194,549	13.02%	Collected within 60 after monthly settlement	Note 1	Collected within 60 after monthly settlement	26,265	7.72%	-		
NANJING CRYOMAX AUTO PARTS CO., LTD	DENSO INTERNATIONAL ASIA PTE. LTD.(DIAS)	Other related party	Sale	192,975	20.33%	Collected within 60 after monthly settlement	Note 1	Collected within 60 after monthly settlement	17,916	10.36%	-		

Note 1: Priced according to the general sales price.

Note 2: Priced based on general purchase price.

Note 3: Already written off in the consolidated statement.

Cryomax Cooling System Corp.  
Business relationship between the parent company and its subsidiaries and each subsidiary, as well as the status and amount of important transactions  
January 1 to December 31, 2023

TABLE 7

Unit: NT\$1,000  
(unless otherwise specified)

No. (Note 1)	Company	Counterparty	Relations (Note 2)	Item	Amount	Transaction terms	Ratio to total revenue or assets (Note 3)
0	Cryomax Cooling System Corp.	CRYOMAX U.S.A INC.	1	Sale revenue	\$ 231,527	Priced at general sales price	10.91
0	Cryomax Cooling System Corp.	CRYOMAX U.S.A INC.	1	Account Receivable	43,593	Collected within 60 days to 90 days receivable after monthly settlement	1.31
0	Cryomax Cooling System Corp.	COOL MAX-WAY AUTO PARTS CO., LTD.	1	Purchase	180,601	Priced at general purchase price	8.51
0	Cryomax Cooling System Corp.	COOL MAX-WAY AUTO PARTS CO., LTD.	1	Accounts payable	49,671	Payment within 60 days after monthly settlement	1.49
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	1	Sale revenue	12,836	Priced at general sales price	0.60
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	1	Purchase	650,745	Priced at general Purchase price	30.67
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	1	Accounts payable	113,020	Payment within 60 days after monthly settlement	3.39
0	Cryomax Cooling System Corp.	NANJING CRYOMAX AUTO PARTS CO., LTD	1	Other receivables	43,780	According to the agreement of both parties	1.31
0	Cryomax Cooling System Corp.	CRYOMAX MEXICO S.A. de C.V.	1	Other receivables	92,130	According to the agreement of both parties	2.76
1	COOL MAX-WAY AUTO PARTS CO., LTD.	NANJING CRYOMAX AUTO PARTS CO., LTD	3	Sale revenue	70,829	Priced at general sales price	3.34
1	COOL MAX-WAY AUTO PARTS CO., LTD.	NANJING CRYOMAX AUTO PARTS CO., LTD	3	Account Receivable	55,692	Collected within 60 days to 180 days receivable after monthly settlement	1.67
1	COOL MAX-WAY AUTO PARTS CO., LTD.	NANJING CRYOMAX AUTO PARTS CO., LTD	3	Other receivables	30,752	Collected within 60 days to 180 days receivable after monthly settlement	0.92
2	NANJING CRYOMAX AUTO PARTS CO., LTD	CRYOMAX U.S.A INC.	3	Sale revenue	43,297	Priced at general sales price	2.04
2	NANJING CRYOMAX AUTO PARTS CO., LTD	CRYOMAX MEXICO S.A. de C.V.	3	Account Receivable	13,555	Collected within 90 after monthly settlement	0.41
2	NANJING CRYOMAX AUTO PARTS CO., LTD	CRYOMAX MEXICO S.A. de C.V.	3	Sale of property, plant and equipment	11,067	According to the agreement of both parties	0.52
3	CRYOMAX U.S.A INC.	CRYOMAX MEXICO S.A. de C.V.	3	Other receivables	92,130	According to the agreement of both parties	2.76

Note 1: The business transaction information between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the number is as follows:

(1) 0 for parent company.

(2) Subsidiaries are numbered sequentially starting from the Arabic numeral 1 according to the company.

Note 2: There are the following three types of relationship with the trader, and the type of indication is sufficient (if it is the same transaction between a parent company and a subsidiary company or between subsidiaries, there is no need to disclose it repeatedly. For example: for a transaction between a parent company and a subsidiary company, if the parent company has disclosed it, then the subsidiary part does not need to be repeatedly disclosed; for a subsidiary company-to-subsubsidiary transaction, if one subsidiary company has disclosed it, the other subsidiary company does not need to disclose it repeatedly):

(1) Parent company to subsidiary.

(2) Subsidiary to parent company.

(3) Subsidiary to subsidiary.

Note 3: The calculation of the ratio of the transaction amount to the consolidated total revenue or total assets, if it is an asset and liability item, is calculated by the balance at the end of the period as a percentage of the consolidated total assets; if it is a profit and loss item, the accumulated amount in the period is used to account for the consolidated total. The method of receipt is calculated.

Note 4: If the transaction amount is less than NT\$10 million, it will not be disclosed.

Note 5: Already written off in the consolidated statement.

**Cryomax Cooling System Corp.**  
**Invested company name, location and other relevant information (excluding mainland Chinese invested companies)**  
**January 1 to December 31, 2023**

**TABLE 8**

Unit: NT\$1,000  
(unless otherwise specified)

Investment Companies	Investee Company name (Note 1)	Location	Business item	Original investment			Number held at the end of the period			Current profit and loss of the invested company	Share of Profit (Loss) for the recognized period	Remarks
				Ending of current period	End of last year	Number of shares	Ratio	Carrying Amount	Investment Company			
Cryomax Cooling System Corp.	CRYOMAX INTERNATIONAL LTD.	BVI	General investment	\$ 688,895	\$ 688,895	22,432,284	100.00	\$ 828,858	\$ 55,740	\$ 59,008	Note 2 and 3	
Cryomax Cooling System Corp.	CRYOMAX U.S.A INC.	USA	Trading of auto parts	307,100	307,100	10,000,000	100.00	434,934	1,826	2,030	Note 3	
CRYOMAX INTERNATIONAL LTD.	CROHAN INTERNATIONAL LTD.	Samoa	General investment	717,426	717,426	23,361,325	100.00	860,406	55,758	59,008	Note 3	
Cryomax Cooling System Corp.	CRYOMAX MEXICO S.A. de C.V.	Mexico	Manufacturing and trading of auto parts	319,146	70	175,561,650	90.00	310,434 (	8,383) (	8,383) (	Note 4	
CRYOMAX U.S.A.INC.	CRYOMAX MEXICO S.A. de C.V.	Mexico	Manufacturing and trading of auto parts	35,461	8	19,506,850	10.00	34,492 (	931) (	931) (	Note 4	

Note 1: Relevant figures in this table refer to foreign currencies, which are converted into New Taiwan dollars at the exchange rate on the balance sheet date.

Note 2: The investment profit and loss recognized in the current period includes the amount of profit and loss write-off and realization of the reverse transaction of the invested company.

Note 3: Already written off in the consolidated statement.

Note 4: The Company established CRYOMAX MEXICO S.A. de C.V. in Mexico in June 2022 with a registered capital of 50,000 Mexican pesos. The Company and its subsidiary, CRYOMAX U.S.A. INC., injected 45,000 and 5,000 Mexican pesos, respectively, on October 18, 2022. The Company further injected 160,076,700 Mexican pesos on May 3, 2023, and May 8, 2023. Additionally, on May 4, 2023, the Company and its subsidiary jointly injected 17,786,300 Mexican pesos. Furthermore, on November 28, 2023, the Company and its subsidiary CRYOMAX U.S.A.INC. injected 15,439,950 and 1,715,550 Mexican pesos, respectively, acquiring 90% and 10% ownership stakes in the company, resulting in a combined ownership of 100%.

**Cryomax Cooling System Corp. and Its Subsidiaries**  
**Mainland China Investment Information - Basic Information**  
**January 1 to December 31, 2023**

TABLE 9

Unit: NT\$1,000  
(unless otherwise specified)

Investee Company of Mainland	Business item	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of the beginning of the Period	Investment Flows for the Period		Accumulated Outflow of Investment from Taiwan as of the End of Period	Current profit and loss of the invested company	Ownership of Direct or Indirect Investment	Share of Profit (Loss) for the recognized period (Note 2)	Carrying Amount as of the End of Period	Accumulated Repatriation of Investment Income as of the End of Period	Remarks
					Outflow	Inflow							
COOLMAX-WAY AUTO PARTS CO., LTD.	Manufacturing and trading of auto parts	\$ 307,100	2	\$ 307,100	\$ -	\$ -	\$ 307,100	\$ 11,923	100.00	\$ 14,845	\$ 399,594	\$ -	Note 3 and 4
NANJING CRYOMAX AUTO PARTS CO., LTD	Manufacturing and trading of auto parts	504,258	2	374,662	-	-	374,662	40,913	100.00	40,913	457,141	-	Note 3 and 4
<p>Note 1: The investment methods are divided into the following three types, which can be simply marked as:</p> <p>(1) Directly investment in the mainland China</p> <p>(2) Reinvest in mainland China through the third-party company (CROHAN INTERNATIONAL LTD.)</p> <p>(3) Other investment methods</p> <p>Note 2: The financial report was audited by the certified public accountants of the parent company in Taiwan</p> <p>Note 3: Relevant figures in this table involve foreign currencies, which are converted into New Taiwan dollars at the exchange rate on the balance sheet date.</p> <p>Note 4: Already written off in the consolidated statement.</p>													
				Investment Amounts		Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 6)		Commission, MOEA (Note 7)					
Cryomax Cooling System Corp.				\$ 681,762	\$ 813,385	\$ 823,204							

Note 5: At the end of the current period, the accumulative investment amount remitted from Taiwan to mainland China was US\$22,200,000, calculated based on the actual remittance exchange rate.

Note 6: The approved amount is USD26,486 thousand, converted according to the average exchange rate of buying and selling on December 31, 2023.

Note 7: Calculated according to the limit stipulated by the Ministry of Economic Affairs in the "Principles for the Review of Investment or Technical Cooperation in the Mainland China Area" (60% of the net worth).

Cryomax Cooling System Corp.  
Information on major shareholders  
December 31, 2023

TABLE 10

	Major shareholders	Shares held	Shares	Shareholding Ratio
DENSO		14,147,072		20.61%
Yida Investment Co., Ltd.		4,120,000		6.00%

## Seven. Review and analysis of the financial status and financial performance and risk evaluation

### I. Financial status

The main reason and impact of major changes in assets, liabilities, and equity in the last two years. The future response plan for any significant impact resulted should be explained.

(I) The financial report in accordance with the IFRSs

Unit: NT\$ Thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	949,847	997,563	(47,716)	(4.78)
Investment under equity method	1,573,014	1,218,297	354,717	29.12
Property, plant and equipment	461,194	486,374	(25,180)	(5.18)
Investment property – net	-	-	-	-
Intangible assets	723	696	27	3.88
Deferred income tax assets	21,299	22,653	(1,354)	(5.98)
Other noncurrent assets	1,456	952	504	52.94
Total assets	3,007,533	2,726,535	280,998	10.31
Current liabilities	1,243,419	1,178,254	65,165	5.53
Long-term loans	324,777	91,246	233,531	255.94
Deferred income tax liabilities	64,692	53,878	10,814	20.07
Other noncurrent liabilities	2,639	4,999	(2,360)	(47.21)
Total liabilities	1,635,527	1,328,377	307,150	23.12
Capital stock	686,244	686,244	-	-
Additional paid-in capital	376,078	376,078	-	-
Retained earnings	360,154	386,132	(25,978)	(6.73)
Other equity	(50,470)	(50,296)	(174)	0.35
Treasury stock	-	-	-	-
Total equity	1,372,006	1,398,158	(26,152)	(1.87)
<p>The significant change between two periods for over 20% and for an amount over NT\$10 million is analyzed and described as follows:</p> <ol style="list-style-type: none"> <li>1. Increase in investment under equity method: Mainly due to the capital increase of CRYOMAX MEXICO S.A.DE C.V. .</li> <li>2. Increase in long-term loans: Mainly due to the increase in long-term loans.</li> <li>3. Increase in deferred income tax liabilities: Mainly due to the increase in deferred income tax liabilities arising from temporary differences.</li> <li>4. Increase in total liabilities: Mainly due to the increase in long-term loans.</li> </ol>				

## (II) The consolidated financial report in accordance with the IFRSs

Unit: NT\$ Thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	1,792,067	1,930,696	(138,629)	(7.18)
Property, plant and equipment	1,296,742	982,674	314,068	31.96
Right-of-use assets	154,554	147,071	7,483	5.09
Investment property – net	-	-	-	-
Intangible assets	854	834	20	2.40
Deferred income tax assets	71,781	79,455	(7,674)	(9.66)
Other noncurrent assets	18,351	21,477	(3,126)	(14.56)
Total assets	3,334,349	3,162,207	172,142	5.44
Current liabilities	1,447,229	1,491,878	(44,649)	(2.99)
Long-term loan	324,777	93,548	231,229	247.18
Deferred income tax liabilities	90,515	83,214	7,301	8.77
Lease liability – noncurrent	97,183	90,410	6,773	7.49
Other noncurrent liabilities	2,639	4,999	(2,360)	(47.21)
Total liabilities	1,962,343	1,764,049	198,294	11.24
Capital stock	686,244	686,244	-	-
Additional paid-in capital	376,078	376,078	-	-
Retained earnings	360,154	386,132	(25,978)	(6.73)
Other equity	(50,470)	(50,296)	(174)	0.35
Treasury stock	-	-	-	-
Total equity	1,372,006	1,398,158	(26,152)	(1.87)
The significant change between two periods for over 20% and for an amount over NT\$10 million is analyzed and described as follows:				
1. Increase in property, plant and equipment: Mainly due to the purchase of property, plant and equipment by CRYOMAX MEXICO S.A.DE C.V.				
2. Increase in long-term loans: Mainly due to the increase in long-term loans.				

## II. Financial performance:

(I) Financial Performance Comparative Analysis Form – Financial report in accordance with the IFRSs

Unit: NT\$ Thousand

Item \ Year	2023	2022	Increase (decrease) amount	Change ratio (%)
Operating income	1,493,762	1,800,057	(306,295)	(17.02)
Operating cost	1,360,232	1,600,440	(240,208)	(15.01)
Unrealized sales loss (profit)	451	(7,610)	8,061	(105.93)
Operating gross profit – net	133,981	192,007	(58,026)	(30.22)
Operating expense	117,296	133,922	(16,626)	(12.41)
Operating profit	16,685	58,085	(41,400)	(71.27)
Non-operating income and expense	40,806	112,298	(71,492)	(63.66)
Net income before tax	57,491	170,383	(112,892)	(66.26)
Income tax expense	15,430	33,478	(18,048)	(53.91)
Net income	42,061	136,905	(94,844)	(69.28)
<p>The significant change between two periods for over 20% and for an amount over NT\$10 million is analyzed and described as follows:</p> <ol style="list-style-type: none"> <li>1. Decrease in operating gross profit – net: Mainly due to decrease in product gross profit.</li> <li>2. Decrease in operating profit: Mainly due to decrease in product gross profit.</li> <li>3. Decrease in non-operating income and expenses: Mainly due to the decrease in net foreign currency exchange benefits this year.</li> <li>4. Decrease in net income before tax: Mainly due to the decrease in net foreign currency exchange benefits this year.</li> <li>5. Decrease in income tax expense: Mainly due to the decrease in net income before tax this year.</li> <li>6. Decrease in net income: Mainly due to the decrease in net foreign currency exchange benefits this year.</li> </ol>				

(II) Financial Performance Comparative Analysis Form - Consolidated financial report in accordance with the IFRSs

Unit: NT\$ Thousand

Item	Year		Increase (decrease) amount	Change ratio (%)
	2023	2022		
Operating income	2,122,061	2,535,296	(413,235)	(16.30)
Operating cost	1,677,394	1,945,906	(268,512)	(13.80)
Operating gross profit	444,667	589,390	(144,723)	(24.55)
Operating expense	389,755	423,032	(33,277)	(7.87)
Operating profit	54,912	166,358	(111,446)	(66.99)
Non-operating income and expense	3,245	29,613	(26,368)	(89.04)
Net income before tax	58,157	195,971	(137,814)	(70.32)
Income tax expense	16,096	59,066	(42,970)	(72.75)
Net income	42,061	136,905	(94,844)	(69.28)
The significant change between two periods for over 20% and for an amount over NT\$10 million is analyzed and described as follows:				
1. Decrease in operating gross profit: Mainly due to decrease in product gross profit.				
2. Decrease in operating profit: Mainly due to decrease in product gross profit.				
3. Decrease in non-operating income and expenses: Mainly due to the decrease in net foreign currency exchange benefits this year.				
4. Decrease in net income before tax: Mainly due to the decrease in net foreign currency exchange benefits this year.				
5. Decrease in income tax expense: Mainly due to the decrease in net income before tax this year.				
6. Decrease in net income: Mainly due to the decrease in net foreign currency exchange benefits this year.				

(III) Expected sales volume and its basis, possible impact on the company's future finance and business and response plans

The company bases on the grasp of major customers and market development, years of experience in the industry, and ensuring that the company's production capacity can be maintained to determine the sales volume. The company continues to develop new markets and solicit new customers currently that is expected to benefit the company's development and the growth of sales in the coming years.

### III. Review and Analysis of Cash Flow

(I) Analysis of changes in cash flows for the most recent year – financial report

Unit: NT\$ Thousand

Cash balance at the beginning of the period – 1/1/2023 (1)	Net cash flow from operating activities for the year (2)	Cash inflow (outflow) for the year (3)	(1)+(2)+(3) Cash balance (shortfall) (1)+(2)+(3)	Remedies for cash shortfall	
				Investment plan	Financing plan
252,937	126,534	(239,260)	140,211	-	-
Analysis of changes in cash flows for the most recent year:					

1. The increase in net cash inflow from operating activities was mainly due to the net income before tax in the current period for NT\$57,491 thousand, the profit or loss of subsidiaries under equity method, affiliated enterprises, and joint ventures for NT\$52,655 thousand, the depreciation expenses for NT\$27,737 thousand, the interest expenses for NT\$24,204 thousand, the net profit of financial assets measured at fair value through profit or loss for NT\$4,203 thousand, the net change in assets from operating activities for NT\$7,747 thousand, the net change in liabilities from operating activities for NT\$89,947 thousand, and the payment of interest and income tax for NT\$25,245 thousand.
2. The increase in net cash outflow from investing activities was mainly due to investments accounted for using equity method for NT\$304,569 thousand, the acquisition of property, plant and equipment for NT\$10,191 thousand, the disposal of property, plant and equipment for NT\$6,172 thousand, and the increase of other receivable - related parties for NT\$85,503 thousand.
3. The increase in net cash inflow from financing activities was mainly due to the decrease in short-term loans for NT\$46,793 thousand, the increase in short-term bills payable for NT\$10,000 thousand, the increase in long-term loans for NT\$259,222 thousand, and the distribution of cash dividends for NT\$68,624 thousand.

(II) Analysis of changes in cash flows for the most recent year – consolidated financial report

Unit: NT\$ Thousand

Cash balance at the beginning of the period – 1/1/2023 (1)	Net cash flow from operating activities for the year (2)	(3) Cash inflow (outflow) for the year (3)	(1)+(2)+(3) Cash balance (shortfall) (1)+(2)+(3)	Remedies for cash shortfall	
				Investment plan	Financing plan
544,846	345,472	(336,429)	553,889	-	-
Analysis of changes in cash flows for the most recent year:					
1. The decrease in net cash inflow from operating activities was mainly due to the net income before tax for NT\$58,157 thousand, the depreciation expenses for NT\$177,428 thousand, the interest expenses for NT\$31,054 thousand, the net change in assets from operating activities for NT\$166,698 thousand, the net change in liabilities from operating activities for NT\$37,743 thousand, and the payment of interest and income tax for NT\$53,851 thousand.					
2. The increase in net cash outflow from investing activities was mainly due to the acquisition of property, plant and equipment for NT\$457,504 thousand.					
3. The increase in net cash inflow from financing activities was mainly due to the decrease in short-term loans for NT\$53,170 thousand, the increase in short-term bills payable for NT\$10,000 thousand, the increase in long-term loans for NT\$247,947 thousand, the repayment of lease principal for NT\$38,852 thousand, and the distribution of cash dividends for NT\$68,624 thousand.					

(III) Remedy plans for insufficient liquidity: Not applicable

(IV) Analysis of cash liquidity for the coming year:

1. Analysis of cash liquidity for the coming year – financial report

Unit: NT\$ Thousand

Cash balance at the beginning of the period (1)	Net cash flow from operating activities for the year (2)	Estimated cash outflow for the year (3)	(1)+(2)-(3) Estimated cash balance (shortfall) (1)+(2)+(3)	Remedies for cash shortfall	
				Investment plan	Financing plan
140,211	207,982	(218,193)	130,000	-	-
Analysis of changes in cash flows:					
1. The net cash inflow from operating activities is about NT\$207,982 thousand, which is mainly due to the expected operating results in 2024.					
2. The net cash outflow from investing activities is about NT\$82,055 thousand, which is mainly due to the expected purchase of equipment and the increase in long-term equity investment under the equity method.					
3. The net cash outflow from financing activities is about NT\$136,139 thousand, which is mainly due to the increase in the repayments of loans and the distribution of cash dividends.					
4. Remedial measures for estimated cash shortfall: Not applicable.					

2. Analysis of cash liquidity for the coming year – consolidated financial report

Unit: NT\$ Thousand

Cash balance at the beginning of the period (1)	Net cash flow from operating activities for the year (2)	Estimated cash outflow for the year (3)	(1)+(2)-(3) Estimated cash balance (shortfall) (1)+(2)+(3)	Remedies for cash shortfall	
				Investment plan	Financing plan
553,889	219,196	(307,128)	465,957	-	-
Analysis of changes in cash flows:					
1. The net cash inflow from operating activities is about NT\$219,196 thousand, which is mainly due to the expected operating results in 2023.					
2. The net cash outflow from investing activities is about NT\$159,964 thousand, which is mainly due to the expected purchase of property, plant and equipment.					
3. The net cash outflow from financing activities is about NT\$129,078 thousand, which is mainly due to the increase in the repayments of loans and the distribution of cash dividends.					
4. Remedial measures for estimated cash shortfall: Not applicable.					

**IV. The impact of major capital expenditures on the finance and business in the most recent year: None**

**V. Investment policy for the most recent year, the main reasons for profit or loss, improvement plan, and investment plan for the coming year:**

Unit: NT\$ Thousand

Description Investing company	Recognition of annual profit amount (Note 1)	Policy	The main reasons for profit or loss	Improvement plan	Investment plan for the coming year
CRYOMAX INTERNATIONAL LTD.	59,008	The holding company, invested in Coolmax-way Auto Parts Co., Ltd. and Nanjing Cryomax Auto Parts Co., Ltd. through its holding of CROHAN INTERNATIONAL LTD.	The main reason is that the operating condition of the reinvested company is good, so it is recognized as the reinvested income.	-	It is depending on the operating conditions
CRYOMAX U.S.A INC.	2,030	Responsible for sales in North America.	Mainly due to internal inventory adjustments by customers and price competition from competitors, CRYOMAX U.S.A. INC.'s revenue and profits decreased.	-	It is depending on the operating conditions
CRYOMAX MEXICO S.A. de C.V.	(8,383)	It is the production base intended to supply the demands in the America area.	Mainly in the early days of establishment.	It is operated according to the planned schedule	It is depending on the operating conditions

Note 1: It is the amount listed in the financial report audited and attested by the CPAs in 2023.

## **VI. Analysis and evaluation of risk events in the most recent year and as of the annual report publication date**

(I) The impact of change in interest rate, exchange rate, and inflation on the company's profit or loss, and future countermeasures

(1) The impact of changes in interest rates:

The net interest expenses were NT\$31,054 thousand and NT\$21,212 thousand on the company's 2023 and 2022 consolidated financial report, respectively, accounted for 1.46% and 0.84% of the net operating income. The interest income and expenses have little impact on the company's profit or loss. The company will adjust the use of funds in a timely manner in the future according to the changes in financial interest rates in order to reduce the impact of changes in interest rates on the company's profit or loss.

(2) The impact of changes in exchange rates:

The sales of the company's parent company are mainly quoted in US dollars and New Taiwan dollars, and the main materials are paid mainly in the currency of US dollars and New Taiwan dollars. Therefore, part of the purchase and sales in US dollars can be used as a natural hedge, but due to the differences resulted from the receivables and payables occurred in different period, a net USD asset is booked; therefore, there is the risk of exchange gains and losses. The exchange gain and loss amounted to NT\$11,122 thousand and NT\$22,995 thousand in 2023 and 2022, respectively, accounted for 0.52% and 0.91% of the net operating income of the year, a relatively low percentage; therefore, the overall exchange rate factor does not constitute a risk burden for profit or loss. In response to the risks of exchange rate fluctuations on the company's profit or loss, the company will closely observe the information related to exchange rate fluctuations, grasp exchange rate trends in real time, and adjust assets and liabilities in foreign currency in a timely manner based on the global macroeconomy, exchange rate prices, overseas market expansion and development, and future capital needs in order to hedge the risk of exchange rate changes and to reduce the impact of exchange rate change on the company's profit or loss.

(3) The impact of inflation:

The Directorate-General of Budget, Accounting and Statistics, Executive Yuan, R.O.C. (Taiwan) published the 2023 Consumer Price Index (CPI) with a 2.50% annual growth rate, indicating that there is no significant inflation. Therefore, the inflation has no significant impact on the company. The company will continue to observe changes in the price index in the future, study and determine the impact of inflation on the company, and adjust the product price in a timely manner accordingly in order to reduce the impact of inflation on the company's operations.

(II) The policies on engaging in high-risk, high-leverage investments, loaning of funds to others, making of endorsements/guarantees for others, and derivatives transactions, main reasons for gain or loss, and future countermeasures:

The company currently only arranges loaning of funds and making of endorsements/guarantees for the funds needed for operation by the indirectly invested company with 100% equity held by the company; also, the relevant operations are handled in accordance with the provisions of the "Procedures for Loaning of Funds" and "Procedures for Making of Endorsements/Guarantees." The company has not engaged in high-risk, high-leverage investment and derivative transactions in the most recent year and as of the annual report publication date. The company has formulated the "Procedures for Acquisition and Disposal of Assets" as the basis for future implementation to ensure the company's best interests.

- (III) The future research and development plans and estimated research and development expenses:

The company has developed automotive cooling system with many items in mass production and sales already. The company has effectively integrated the supply chain of radiators and other related components through the technical cooperation with DENSO Corporation in Japan, and has also accumulated various key designs and stable production capabilities; also, has managed to reduce production cost through modularized unit design and increase added value of the product; coupled with the company's original business advantages, the company's high-performance radiator is more competitive in the market. The company continues to develop a variety of radiator cooling systems, such as water-based, coolant-based, oil-based, and air-based systems for vehicles; in addition, launches various high-value-added product designs successively, and cooling radiator and cooling condensers for cloud servers, etc. The company plans to invest in R&D for an amount depending on the development of new products planned. The annual R&D expenses will be gradually increased to support future R&D plans along with the growth of sales in the future in order to increase the market share and market competitiveness of the company.

- (IV) The impact of important domestic and foreign policies and legal changes on the company's finance and business, and the countermeasures:

The company's finance and business has not been affected by the important policies and legal changes in Taiwan and abroad in the most recent year and as of the annual report publication date. The company will constantly observe the development trend of domestic and foreign policies and changes in laws and regulations in order to fully grasp the changes in the market environment, and adopt appropriate response strategies to reduce the impact of important domestic and foreign policies and legal changes on the company's finance and business.

- (V) The impact of technological changes (including information security risks) and industry changes on the company's finance and business, and the countermeasures:

The company's R&D team is ahead of its peers in terms of product development capabilities, and has obtained patent certificates that makes the company's products even more widely accepted in the market. Under the circumstance, the company's business and finances are rapidly developed. Therefore, the company's technology research and development plan should be able to respond to the impact of the technological changes and industrial changes on the company's finance and business.

In terms of information security, the company actively deploys data backup mechanisms. According to the recent analysis on information security threats, the threats mainly come from external hacker attacks and computer viruses. Therefore, it is necessary to improve employees' defending against external malicious attacks, strictly prohibit the use of unauthorized computer programs, and enhance the information security reporting system. The company had not experienced any material information security risk and material operational risk in the most recent year and as of the annual report publication date.

- (VI) The impact of change in the corporate image on the company's corporate crisis management, and the countermeasures:

The company has complied with relevant laws and regulations strictly since the incorporation, actively enhanced internal management and improved management quality and performance, and maintained a harmonious labor-management relationship to uphold an excellent corporate image without committing any act that is detrimental to the corporate image.

- (VII) The expected benefits and possible risks of mergers and acquisitions and the countermeasures:

The company had no plan to acquire other companies in the most recent year and as of

the annual report publication date. However, if there is a plan for mergers and acquisitions in the future, the company will adhere to a prudent assessment attitude and consider the synergistic effects of mergers to protect the rights and interests of the original shareholders properly.

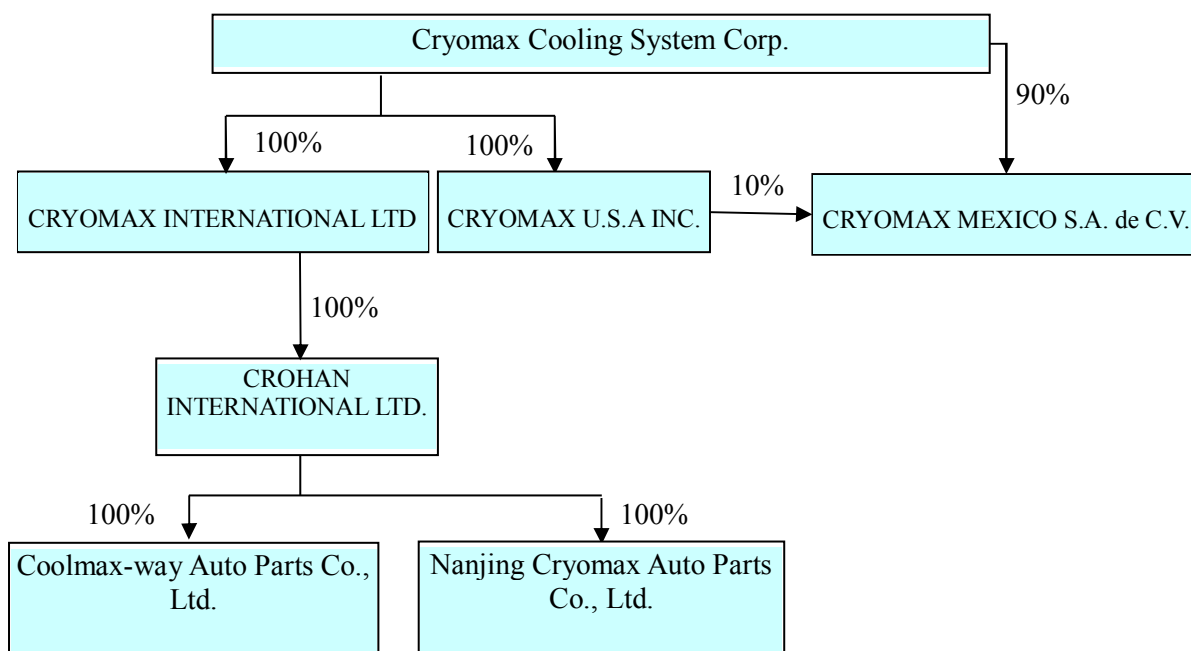
- (VIII) The expected benefits and possible risks of plant expansion, and the countermeasures:  
In consideration of reducing transportation costs and shortening the delivery time by being close to the US market, the company jointly invests in CRYOMAX MEXICO S.A. de C.V. with CRYOMAX U.S.A INC., a 100% owned subsidiary of the company, with a comprehensive shareholding ratio of 100%. In assessing plant expansions, the Company have taken into account investment benefits and potential risks, and have conducted evaluations through a complete, cautious, and professional process. Significant capital expenditures must also be reported to the Audit Committee for review, and to the Board of Directors for approval. To reduce risks arising from market changes, risk sensitivity analysis has been enhanced, while benefit performance assessment has been implemented.
- (IX) The risks of consolidation of purchase or sales in operations, and the countermeasures:
- (1) Evaluation of the risks of consolidation of purchase and the countermeasures  
Huafon Nikkei Aluminum Corporation was the largest supplier of the company in 2023 and 2022, accounted for 42.42% and 40.13% of the total purchase, respectively. Huafon Nikkei Aluminum Corporation is the largest raw material supplier of the company with a long-term and good cooperative relationship maintained and a good quality of raw material supplied to the company. The company continues to search for new sources of supply and observe the changing trend of the supply of raw materials in the market in order to disperse the risk of insufficient supply or supply interruption.
- (2) Evaluation of the risks of consolidation of sales and the countermeasures  
AUTOZONE, RADIATOR EXPRESS, and DENSO Products and Services Americas, Inc. were the top three buyers of the company in 2023, accounted for 17.21%, 16.27%, and 9.17% of the total sales, respectively. The top two buyers are American customers that are not a related party of the company. The third largest customer is the third largest auto parts supplier in the world, and holds about 20% of the company's equity. The company strives to develop market and expand the customer base; therefore, there is no risk of consolidation of sales.
- (X) The impact on the company and risks of the massive transfer or change of shares by directors, supervisors, or major shareholders with 10% shareholding or more, and the countermeasures: None
- (XI) The impact on the company and risks of change in management rights, and the countermeasures: None
- (XII) The litigative and non-litigative events faced by the company's directors, supervisors, President, persons in charge of the company, substantial shareholders holding more than 10% of the shares: None
- (XIII) Other important risks and countermeasures: None

**VII. Other important matters: None**

## Eight. Special disclosures

### I. Information on affiliated enterprises:

(I) Affiliated enterprise organizational chart:



(II) Basic information on affiliated enterprises:

12/31/2023

Unit: NT\$ Thousand

Enterprise name	Date of establishment	Address	Paid-in capital	Principal business or production items
CRYOMAX INTERNATIONAL LTD.	12.2004	P.O.Box 3321,(Sealight House), Road Town, Tortola, British Virgin Islands	USD22,432	General investment business
CRYOMAX U.S.A INC.	5.2006	127 N. California Ave. Suite B, City of Industry, CA 91744 美國	USD10,000	Trading of auto parts
CROHAN INTERNATIONAL LTD.	12.2004	P.O. Box 217, Apia, Samoa	USD23,361	General investment business
Coolmax-way Auto Parts Co., Ltd.	4.2006	No. 39, Wusha Haibin Road, Chang'an Town, Dongguan City, Guangdong Province	USD10,000	Manufacturing and trading of auto parts
Nanjing Cryomax Auto Parts Co., Ltd.	5.2013	No. 78, Fengshan Road, Gaochun Economic Development Zone, Nanjing	USD16,420	Manufacturing and trading of auto parts
CRYOMAX MEXICO S.A. de C.V.	6.2022	Blvd. Fundadores #8252 Col. El Rubi Tijuana B.C. Mexico C.P. 22626	MXN 195,069	Manufacturing and trading of auto parts

Note 1: The exchange rate of foreign currency on the report date, the exchange rate of US dollar: New Taiwan dollar is 30.71, and the exchange rate of Mexican peso: New Taiwan dollar is 1.817859.

(III) Information on the common shareholder for those presumed to be in a controlling and subordinate relationship: None

## (IV) The scope of business operation of the overall related enterprises

12/31/2023

Name of Affiliated Enterprise	Main business items
CRYOMAX INTERNATIONAL LTD.	General investment business
CRYOMAX U.S.A INC.	Trading of auto parts
CROHAN INTERNATIONAL LTD.	General investment business
Coolmax-way Auto Parts Co., Ltd.	Manufacturing and trading of auto parts
Nanjing Cryomax Auto Parts Co., Ltd.	Manufacturing and trading of auto parts
CRYOMAX MEXICO S.A. de C.V.	Manufacturing and trading of auto parts

## (V) Information on directors, supervisors, and President of affiliated enterprises

12/31/2023

Company Name	Title	Name or representative	Shareholding	
			Shares (Thousand shares)	Shareholding ratio
CRYOMAX INTERNATIONAL LTD.	Director	Liu, Yen-Ti	-	-
CRYOMAX U.S.A INC.	President	Liu, Yen-Ti	-	-
CROHAN INTERNATIONAL LTD.	Director	Liu, Yen-Ti	-	-
Coolmax-way Auto Parts Co., Ltd.	Director	Liu, Yen-Ti	-	-
Nanjing Cryomax Auto Parts Co., Ltd.	Director	Liu, Yen-Ti	-	-
CRYOMAX MEXICO S.A. de C.V.	President	Chieh Yu Liu	-	-

## (VI) Operating profile of affiliated enterprises

12/31/2023

Unit: NT\$ Thousand

Name of Company	Capital amount	Total assets	Total liabilities	Net value	Operating income	Operating profit (loss)	Net income	Earnings (loss) per share
CRYOMAX INTERNATIONAL LTD.	688,895	867,591	1,511	866,080	-	(95)	55,740	0.08
CRYOMAX U.S.A INC.	307,100	588,769	169,015	419,754	499,590	(10,012)	1,826	0.01
CROHAN INTERNATIONAL LTD.	717,426	861,917	-	861,917	-	-	55,758	0.08
Coolmax-way Auto Parts Co., Ltd.	307,100	530,295	125,663	404,632	335,641	16,616	11,923	0.04
Nanjing Cryomax Auto Parts Co., Ltd.	504,258	812,123	354,982	457,141	949,175	35,901	40,913	0.08
CRYOMAX MEXICO S.A. de C.V.	354,607	565,374	220,447	344,927	-	(13,411)	(9,314)	(0.03)

(VII) Consolidated Financial Statements of affiliated enterprises: Please refer to page 130~197.

(VIII) Affiliation report: None

**II. Private placement of marketable securities in the most recent year and as of the annual report publication date: None**

**III. Holding or disposal of the company's shares by the subsidiaries in the most recent year and as of the annual report publication date: None**

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

**V. Any of the situations listed in Article 36, Paragraph 2, Subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the security price in the most recent year and as of the annual report publication date: None**

**Cryomax Cooling System Corp.**

**Chairman: Liu, Yen-Ti**