

Stock Code : 1338

**Hiroca Holdings Limited
and Subsidiaries
Consolidated financial statements
For the years ended 31 December 2023 and 2022
with Report of independent auditors**

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The Independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in interpretation of English and Chinese Language Independent auditors' report and consolidated financial statement, the Chinese version shall prevail.

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Independent Auditors' Report

To the board of directors of Hiroca Holdings Ltd.

Opinion

We have audited the consolidated financial statements of Hiroca Holdings Ltd.(hereinafter referred to as the “Company”) and its subsidiaries (hereinafter referred to collectively as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statement of comprehensive income, changes in equity and cash flows for the years then ended, as well as relevant notes, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibility under those standards are further described in the paragraph “Auditor's responsibilities for the audit of the consolidated financial statements”. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key Audit Matters

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

1. Revenue recognition

Please refer to Note 4(P) to the 2023 consolidated financial statements for the accounting policy on revenue recognition. Please refer to Note 6(S) to the consolidated financial statements for the disclosures of revenue.

Description of key audit matters:

Sales revenue is the main indicator for investors and management to evaluate the Group's financial or business performance. As the accuracy of the time point at which revenue was recognized had a significant impact on the financial statements, it was an important matter when we audited the financial statements.

Audit procedures:

Our main audit procedures for the above key audit matter included understanding and testing the effectiveness of the internal control over the sales and collection cycle; testing details; checking the Group's accounting treatment of revenue recognition and evaluating if it was in compliance with relevant rules; randomly selecting sales transactions for a period of time before and after the balance sheet date to check the relevant documents and receipts to evaluate the correctness of the time point at which revenue was recognized. Furthermore, we checked if there were any major returns after the balance sheet date.

2. Inventory Valuation

Please refer to Note 4(H) to the 2023 consolidated financial statements for the accounting policy on inventory valuation. Please refer to Note 5 to the consolidated financial statements for the uncertainty of accounting estimates and assumptions for the inventory valuation. Please refer to Note 6(E) to the consolidated financial statements for disclosures of inventories.

Description of key audit matters:

In the Group's financial statements, inventories are measured at the lower of cost or the net realizable value. The Company manufactures and sells a variety of automotive trim parts and electronic plastic parts, mainly to the world major automakers. The sales of various car models may affect the sales of the inventories and the fluctuation of the selling prices, which may result in a risk of the net realizable value of the inventories being lower than the cost. Therefore, the inventory valuation testing was one of the important evaluation items for us when auditing the Group's financial statements.

Audit procedures:

Our main audit procedures for the above key audit matter included reviewing the inventory aging reports and analyzing the changes in the inventory age for each period; evaluating the reasonableness of the Group's accounting policies, such as a policy on an allowance for inventory valuation and obsolescence losses; evaluating if the inventories have been valued as per the Group's established accounting policies; reviewing the reasonableness of the Group's provision of an allowance for inventory losses in the past and comparing them with the allowance estimated in this current period to assess if the estimation method and assumptions in this period were appropriate; evaluating management's disclosure of the allowance for inventories was appropriate.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

Those charged with governance (including members of Audit Committee) are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance on whether the consolidated financial statements as a whole are free from any material misstatements arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the consolidated financial statements, they are considered material.

We have utilized our professional judgment and maintained professional doubt when performing the audit work in accordance with the auditing standards generally accepted in the Republic of China. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the consolidated financial statements; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.
4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Group's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the consolidated financial statements to pay attention to the relevant disclosures in said statements within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the consolidated financial statements (including relevant notes), and whether the consolidated financial statements adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Group, to express an opinion on the consolidated financial statements. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Group.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the audit).

We also provided the governing bodies with a declaration that we have complied with the Norm of Professional Ethics for Certified Public Accountants of the Republic of China regarding independence and communicated with them all relations and other matters that may possibly be regarded as detrimental to our independence (including relevant protective measures).

From the matters communicated with the governing bodies, we determined the key audit matters for the audit of the Group's consolidated financial statements of the current period. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the

public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate specific items in the auditors' report, it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

The engagement partners on the audit resulting in this independent auditors' report are Chen, Yi-Chun and Lien, Shu-Ling.

KPMG

Taipei, Taiwan (Republic of China)

March 14, 2024

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Hiroca Holdings Ltd. and Its Subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

		31-Dec-23		31-Dec-22				31-Dec-23		31-Dec-22	
				(Restatement)						(Restatement)	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
Current assets:						Current liabilities:					
1100	Cash and cash equivalents (note 6(1))	\$ 2,986,053	26	2,151,723	19	2100	Short-term borrowings (note 6(9))	\$ 1,202,921	11	774,291	7
1150	Notes receivables, net (note 6(4))	299,281	3	441,392	4	2120	Current financial liabilities at fair value through profit or loss(note 6(2),(s) and (12))	30,165	-	-	-
1170	Accounts receivable, net (note 6(4),(19) and 7)	1,671,841	15	1,864,289	17	2130	Current contract liabilities (note 6(19))	80,040	1	103,248	1
1310	Inventories (note 6(5))	790,631	7	1,019,240	9	2170	Accounts payable(note 7)	895,863	8	980,764	9
1410	Prepayments(note 7)	94,969	1	107,901	1	2219	Other payables, others(note 7)	417,101	4	498,125	5
1476	Other financial assets - current (note 8)	119,624	1	241,292	2	2230	Current tax liabilities	11,669	-	25,303	-
1479	Other current assets	55,716	-	68,200	1	2280	Current lease liabilities (note 6(11))	104,313	1	91,969	1
		<u>6,018,115</u>	<u>53</u>	<u>5,894,037</u>	<u>53</u>	2320	Long-term liabilities, current portion (note 6(12))	27,681	-	196,524	2
Non-current assets:						2321	Bonds payable, current portion(note 6(10))	533,916	5	-	-
1521	Non-current financial assets at fair value through other comprehensive income (note 6(3))	102,945	1	23,891	-	2399	Other current liabilities (note 6(10))	62,970	-	68,591	-
1550	Investments accounted for using equity method(note 6 (6))	364,214	3	359,970	3			<u>3,366,639</u>	<u>30</u>	<u>2,738,815</u>	<u>25</u>
1600	Property, plant and equipment (note 6(7), 7 and 8)	3,885,937	34	3,946,954	36	Non-Current liabilities:					
1755	Right-of-use assets (note 6(8))	649,500	6	715,326	6	2500	Non-current financial liabilities at fair value through profit or loss (Note 6(2),(12))	126,240	1	21,720	-
1840	Deferred tax assets(note 6(15))	100,008	1	102,158	1	2530	Bonds payable (note 6(12))	468,923	4	529,373	5
1980	Other non-current financial assets (note 7 and 8)	95,122	1	28,138	-	2540	Non-current portion of non-current borrowings (note 6(11))	636,666	6	812,762	7
1995	Other non-current assets	60,403	1	81,807	1	2570	Deferred tax liabilities	83,660	1	79,097	1
		<u>5,258,129</u>	<u>47</u>	<u>5,258,244</u>	<u>47</u>	2580	Non-current lease liabilities (note 6(13))	162,795	1	227,286	2
						2600	Other non-current liabilities	432	-	1,217	-
								<u>1,478,716</u>	<u>13</u>	<u>1,671,455</u>	<u>15</u>
								<u>4,845,355</u>	<u>43</u>	<u>4,410,270</u>	<u>40</u>
						Total liabilities					
						Equity attributable to owners of parent:(note 6(16))					
						3100	Capital stock	838,400	7	838,400	8
						3200	Capital surplus	2,787,090	25	2,787,090	25
							Retained earnings :				
						3310	Legal reserve	641,284	6	627,651	6
						3320	Special reserve	616,649	6	793,400	7
						3350	Unappropriated retained earnings	1,852,997	16	2,021,875	18
								<u>3,110,930</u>	<u>28</u>	<u>3,442,926</u>	<u>31</u>
						3400	Other equity	(632,615)	(6)	(616,649)	(6)
							Total equity attributable to owners of parent:	<u>6,103,805</u>	<u>54</u>	<u>6,451,767</u>	<u>58</u>
						Non-controlling interests:					
						36XX	Non-controlling interests	327,084	3	290,244	2
								<u>6,430,889</u>	<u>57</u>	<u>6,742,011</u>	<u>60</u>
						Total equity					
						Total liabilities and equity					
								<u>\$ 11,276,244</u>	<u>100</u>	<u>11,152,281</u>	<u>100</u>
Total assets		<u>11,276,244</u>	<u>100</u>	<u>11,152,281</u>	<u>100</u>						

(Please refer to the Notes to the Consolidated Financial Statements)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Hiroca Holdings Ltd. and Its Subsidiaries
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (note 6(19) and 7)	\$ 5,761,288	100	7,344,840	100
5000	Operating costs(note6(5) and 7)	4,486,785	78	5,849,352	80
	Gross profit from operations	1,274,503	22	1,495,488	20
	Operating expenses:				
6100	Selling expenses	300,701	5	334,581	5
6200	Administrative expenses	672,119	12	687,611	9
6300	Research and development expenses	259,332	4	226,506	3
6450	Expected credit loss	(2,061)	-	36,805	-
6300	Total operating expenses	1,230,091	21	1,285,503	17
	Net operating income (loss)	44,412	1	209,985	3
	Non-operating income and expenses (note 6(20)) :				
7100	Interest income	40,056	1	26,884	-
7020	Other gains and losses(Note7)	(13,512)	-	138,717	2
7050	Finance costs	(148,345)	(3)	(79,780)	(1)
7060	Share of profit (loss) of associates and joint ventures accounted for using equity method, net (note 6(6))	(41,982)	(1)	(86,445)	(1)
	Total non-operating income and expenses	(163,783)	(3)	(624)	-
	Profit(loss) before income tax from operations	(119,371)	(2)	209,361	3
7950	Income tax expenses (note 6(15))	50,953	1	78,668	1
	Profit (Loss)	(170,324)	(3)	130,693	2
	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8316	Unrealised gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	456	-	(13,242)	-
8341	Other components of other comprehensive income that will not be reclassified to profit or loss	(133,604)	(2)	101,047	1
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will not be reclassified to profit or loss	(133,148)	(2)	87,805	1
8360	Components of other comprehensive income that will be reclassified to profit or loss				
8361	Exchange differences on translation	160,030	3	133,432	2
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Total components of other comprehensive income that will be reclassified to profit or loss	160,030	3	133,432	2
	Other comprehensive income	26,882	1	221,237	3
8500	Total comprehensive income	\$ (143,442)	(2)	351,930	5
	Net profit (loss) attributable to:				
8610	Owners of parent	\$ (164,316)	(3)	136,329	2
8620	Non-controlling interests	(6,008)	-	(5,636)	-
	Total comprehensive income (loss):	\$ (170,324)	(3)	130,693	2
8710	Owners of parent	\$ (180,282)	(3)	313,080	4
8720	Non-controlling interests	36,840	1	38,850	1
	Earnings per share (NT dollars) (Note 6(17))				
	Basic earnings per share	\$ (1.96)		1.63	
	Diluted earnings per share	\$ (1.96)		1.36	

(Please refer to the Notes to the Consolidated Financial Statements)

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Hiroca Holdings Ltd. and Its Subsidiaries
Consolidated Statements of Changes in Equity
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Equity attributable to owners of parent												
	Share capital		Retained earnings			Other equity interest						
	Ordinary share	Capital surplus	Legal reserv	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income	Others	Total	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at January 1, 2022	\$ 838,400	2,787,090	593,744	784,319	2,138,134	(87,127)	(118,124)	(588,149)	(793,400)	6,348,287	251,394	6,599,681
Profit for the year	-	-	-	-	136,329	-	-	-	-	136,329	(5,636)	130,693
Other comprehensive income for the year	-	-	-	-	-	92,503	(12,842)	97,090	176,751	176,751	44,486	221,237
Total comprehensive income for the year	-	-	-	-	136,329	92,503	(12,842)	97,090	176,751	313,080	38,850	351,930
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	33,907	-	(33,907)	-	-	-	-	-	-	-
Special reserve	-	-	-	9,081	(9,081)	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(209,600)	-	-	-	-	(209,600)	-	(209,600)
Balance at December 31, 2022	838,400	2,787,090	627,651	793,400	2,021,875	5,376	(130,966)	(491,059)	(616,649)	6,451,767	290,244	6,742,011
Profit for the year	-	-	-	-	(164,316)	-	-	-	-	(164,316)	(6,008)	(170,324)
Other comprehensive income for the year	-	-	-	-	-	111,090	605	(127,661)	(15,966)	(15,966)	42,848	26,882
Total comprehensive income for the year	-	-	-	-	(164,316)	111,090	605	(127,661)	(15,966)	(180,282)	36,840	(143,442)
Appropriation and distribution of retained earnings:												
Legal reserve	-	-	13,633	-	(13,633)	-	-	-	-	-	-	-
Special reserve	-	-	-	(176,751)	176,751	-	-	-	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(167,680)	-	-	-	-	(167,680)	-	(167,680)
Balance at December 31, 2023	\$ 838,400	2,787,090	641,284	616,649	1,852,997	116,466	(130,361)	(618,720)	(632,615)	6,103,805	327,084	6,430,889

(Please refer to the Notes to the Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese)

Hiroca Holdings Ltd. and Its Subsidiaries

Consolidated Statements of Cash Flows

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	2023	2022
Cash flows from (used in) operating activities:		
Profit (loss) before tax	\$ (119,371)	209,361
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation expense	601,037	624,312
Amortization expense	9,139	14,221
Expected credit loss (gain) / Provision for bad debt expense	(2,061)	36,805
Interest expense	148,345	79,780
Interest income	(40,056)	(26,884)
Share of loss (profit) of associates and joint ventures accounted for using equity method	41,982	86,445
Loss (gain) on disposal of property, plan and equipment	7,522	(19,981)
Net loss (gain) on financial liabilities at fair value through profit or loss	7,233	(33,460)
Warranty provision(reversal of provision)	(254)	(531)
Impairment loss	5,226	-
Total adjustments to reconcile profit (loss)	<u>778,113</u>	<u>760,707</u>
Changes in operating assets and liabilities :		
Changes in operating assets :		
Decrease (increase) in notes receivable	135,363	(178,405)
Decrease (increase) in accounts receivable	189,129	508,308
Decrease (increase) in inventories	233,649	368,064
Decrease (increase) in prepayments	10,879	(2,555)
Decrease (increase) in other current assets	12,959	56,697
Decrease (increase) in other financial assets	(7,807)	21,244
Total changes in operating assets	<u>574,172</u>	<u>773,353</u>
Changes in operating liabilities :		
Increase (decrease) in accounts payable	(21,444)	(31,710)
Increase (decrease) in other payable	(69,463)	(478,827)
Increase (decrease) in contract liabilities	(42,767)	(90,093)
Increase (decrease) in other current liabilities	(4,013)	(6,167)
Total changes in operating liabilities	<u>(137,687)</u>	<u>(606,797)</u>
Total changes in operating assets and liabilities	<u>436,485</u>	<u>166,556</u>
Total adjustments	<u>1,214,598</u>	<u>927,263</u>
Cash inflow (outflow) generated from operations	1,095,227	1,136,624
Interest received	40,056	26,884
Interest paid	(123,436)	(56,778)
Income taxes paid	(61,700)	(98,686)
Net cash flows from operating activities	<u>950,147</u>	<u>1,008,044</u>

(Please refer to the Notes to the Consolidated Financial Statements)

English Translation of Consolidated Financial Statements Originally Issued in Chinese)
Hiroca Holdings Ltd. and Its Subsidiaries
Consolidated Statements of Cash Flows(Continued)
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

	<u>2023</u>	<u>2022</u>
Cash flows from (used in) investing activities		
Acquisition of financial assets at fair value through other comprehensive income		
Acquisition of investments accounted for using equity method	(173,195)	-
Disposal of investments accounted for using equity method	33,444	-
Acquisition of property, plant and equipment	(517,387)	(562,863)
Proceeds from disposal of property, plant and equipment	70,654	132,920
Acquisition of intangible assets	(4,413)	(15,302)
Decrease (increase) in other current financial assets	61,525	(132,349)
Decrease (increase) in other non-current assets	-	3,903
Net cash flows from (used in) investing activities	<u>(529,372)</u>	<u>(573,691)</u>
Cash flows from (used in) financing activities :		
Increase (decrease) in short-term loans	453,029	(473,547)
Proceeds from issuing bonds	600,000	-
Cost of issuing bonds paid	(5,000)	-
Proceeds from long-term debt	172,098	334,730
Repayments of long-term debt	(501,978)	(87,227)
Payments of lease liabilities	(118,573)	(147,076)
Increase (decrease) in other non-current liabilities	(774)	-
Cash dividends paid	(167,680)	(209,600)
Net cash flows from (used in) financing activities	<u>431,122</u>	<u>(582,720)</u>
Effect of exchange rate changes on cash and cash equivalents	(17,567)	(775)
Net increase (decrease) in cash and cash equivalents	834,330	(149,142)
Cash and cash equivalents at beginning of period	2,151,723	2,300,865
Cash and cash equivalents at end of period	<u>\$ 2,986,053</u>	<u>2,151,723</u>

(Please refer to the Notes to the Consolidated Financial Statements)

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)

Hiroca Holdings Limited and Subsidiaries
Notes to the Consolidated Financial Statements
For the years ended December 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars , Unless Otherwise Specified)

1. Company History

Hiroca Holdings Ltd. (hereinafter referred to as the “Company”) was incorporated in the British Cayman Islands on December 8, 2009 as an investment holding company. It was mainly established for the purpose of organizational restructuring to file an application for public offering to the FSC, Executive Yuan, Republic of China. It issued ordinary shares on December 15, 2009, at a share swap ratio of 5 to 1 to obtain 100% equity of Lofty Success Group Limited. After restructuring, the Company became the parent company of Lofty Success Group Limited. The Company’s consolidated financial statements on December 31, 2023 include the Company and its subsidiaries (hereinafter collectively referred to as “the Group”) as well as the Group's equity in affiliates. The Group mainly engages in the production and sales of a variety of automotive trim parts, electronic plastic parts, plastic corrugated board, and molds. The Company's stock was approved for listing by Taiwan Stock Exchange Corporation on September 27, 2012 and was officially listed on Taiwan Stock Exchange for trading on December 19, 2012.

2. Date and Procedure for Approval of Financial Statements

The consolidated financial statements were approved by the Board of Directors for release on March 14, 2024

3. New standards, amendments and interpretations adopted

1. The impact of the International Financial Reporting Standards (“IFRSs”) endorsed by the Financial Supervisory Commission, R.O.C. which have already been adopted.

The details of impact on the Group’s adoption of the new amendments beginning January 1, 2022 are as follows :

- (a) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments narrowed the scope of the recognition exemption so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Group may need to recognize equal deferred income tax assets and deferred income tax liabilities. The application of the amendments resulting in deferred tax assets and deferred tax liabilities to both increase by 86,464 thousand on January 1, 2022, deferred tax assets and deferred tax liabilities to both increase by 64,523 thousand on December 31, 2022. There is no impact on the cash flows in the said period.

In addition, if the Group had applied its previous accounting policy, the deferred tax assets and deferred tax liabilities would be decreased by 53,856 thousand on December 31, 2023. There is no impact on the cash flows in the said period.

- (b) Other amendments

The following amendments are not expected to have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 1 "Disclosure of Accounting Policies"
- Amendments to IAS 8 "Definition of Accounting Estimates"

In addition, the Group has adopted Amendments to IAS 12 "International Tax Reform – Pillar Two Model Rules" on May 23, 2023 which are not expected to have a significant impact.

2. The impact of IFRS endorsed by the FSC but not yet effective

The Group assesses that the adoption of the (following) new amendments, effective for annual period beginning on January 1, 2024, would not have a significant impact on its consolidated financial statements:

- Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"
- Amendments to IAS 1 "Non-current Liabilities with Covenants"
- Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"
- Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"

3. The impact of IFRS issued by IASB but not yet endorsed by the FSC

The Group does not expect the (following) other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its consolidated financial statements:

- Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"
- IFRS 17 "Insurance Contracts" and amendments to IFRS 17 " Insurance Contracts"
- Amendments to IAS21 "Lack of Exchangeability"

4. Summary of material accounting policies

The material accounting policies presented in the consolidated financial statements are summarized below. Except for those specifically indicated, the following accounting policies were applied consistently throughout the periods presented in the consolidated financial statements.

(1) Statement of compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (hereinafter referred to as "the Regulations") and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed by the Financial Supervisory Commission, R.O.C.

(2) Basis of preparation

(a) Basis of measurement

Except for the important items in the balance sheet below, the consolidated financial statements have been prepared at historical cost:

- (i) Financial assets at fair value through other comprehensive income. °
- (ii) Financial asset and liabilities at fair value through profit or loss.

(b) Functional currency and presentation currency

The Group adopts the currency used in the main economic environment in which each system under the Group operates as its functional currency. The Company's functional currency is CNY, but to meet the needs for primary listing on TWSE or TPEx of Republic of China, the Group presented its operating performance and financial position in NT dollars (NTD) on the balance sheet date in accordance with IAS 21; translated the consolidated balance sheet at the spot exchange rate prevailing on the balance sheet date, the consolidated statements of comprehensive income at the average exchange rate during the year, and the capital transactions and other equity items attributable to owners in the consolidated financial statements at the exchange rate prevailing on the transaction dates; recognized the resulting exchange differences in other comprehensive income; all financial information presented in NTD is in thousands. The spot exchange rates of CNY to NTD prevailing on December 31, 2023 and 2022 were 1 CNY to 4.3170 and 4.4090 NTD, respectively. The average exchange rates of CNY to NTD for the year 2023 and 2022 were 1 CNY to 4.3970 and 4.4230 NTD, respectively.

As of December 31, 2023 and 2022, the cumulative exchange losses amounted to NT\$618,720 thousand and NT\$491,059 thousand, respectively. Please refer to "Other equity items" for details.

(3) Basis of consolidation

(a) Principle of preparation of the consolidated financial statements

The consolidated financial statements comprised of the Company and subsidiaries. Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases. Intra group balances and transactions, and any unrealized income and expenses arising from intra group transactions, are eliminated in preparing the consolidated financial statements. The Group attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

The Group prepares consolidated financial statements using uniform accounting policies for like transactions and other events in similar circumstances.

Changes in the Group's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received will be recognized directly in equity, and the Group will attribute it to the owners of the parent.

(b) List of subsidiaries in the consolidated financial statements

Name of investor	Name of subsidiary	Principal activity	Share holding	
			31-Dec-23	31-Dec-22
The Company	Lofty Success Group Limited	Holding and sales company(Samoa)	100%	100%
"	Hiroca Automotive Trim Corporation (note 1)	R&D and sales company (Taiwan)	100%	100%
Lofty Success Group Limited	Dongguan Hirosawa Automotive Trim Co., Ltd.	Manufacturing and sales company (China)	100%	100%
"	Dong Guan Hiroca Automotive Trim Technology Co., Ltd.	R&D and sales company (China)	100%	100%

"	Hiroca Investment Limited	General investment business(Samoa)	100%	100%
"	Hirogen International Limited	"	79%	79%
"	Hiroyushi Investment Limited	"	100%	100%
"	Yoshisawa Investment Limited	"	100%	100%
"	Hiroyuki Investment Limited	"	100%	100%
"	Hirotai Investment Limited	"	68.55%	68.55%
"	Smart Scene Holding Limited	"	100%	100%
Hiroyushi Investment Limited	Wuhan Hiroyushi Automotive Trim Co., Ltd.	"	100%	100%
Dongguan Hirosawa Automotive Trim Co., Ltd.	Guangneng Automotive Trim Co., Ltd.	Manufacturing and sales company (China)	100%	100%
"	Hunan Hiroyushi Automotive Trim Co., Ltd.	"	100%	100%
"	Kaifeng Hiroyushi Automotive Trim Co., Ltd.	"	100%	100%
"	Xianyang Hiroyushi Automotive Trim Co., Ltd.	"	100%	100%
Hirotai Investment Limited	Hirotai Automotive Trim SA DE CV	Manufacturing and sales company (Mexico)	100%	100%
Smart Scene Holding Limited	Hirosawa Automotive Trim USA CO.	Manufacturing and sales company (USA)	100%	100%

Note1: Hiroca Co., Ltd. participated in the cash capital increase of Hiroca Automotive Trim Corporation in October 2023, subscribing NT\$120,000,000 in proportion to its shareholding.

(c) Subsidiaries excluded from the consolidation financial statements: None.

(4) Foreign currency

(a) Foreign currency transaction

Transactions in foreign currencies are translated into the respective functional currencies of Group entities at the exchange rates at the dates of the transactions. At the end of each subsequent reporting period, monetary items denominated in foreign currencies are translated into the functional currencies using the exchange rate at that date. Non-monetary items denominated in foreign currencies that are measured at fair value are translated into the functional currencies using the exchange rate at the date that the fair value was determined. Non-monetary items denominated in foreign currencies that are measured based on historical cost are translated using the exchange rate at the date of the transaction.

Exchange differences are generally recognized in profit or loss, except for those differences relating to the following, which are recognized in other comprehensive income:

- (i) an investment in equity securities designated as at fair value through other comprehensive income.
- (ii) a financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective; or
- (iii) qualifying cash flow hedges to the extent that the hedges are effective.

(b) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated into the presentation currency at the exchange rates at the reporting date. The income and expenses of foreign operations

are translated into the presentation currency at the average exchange rate. Exchange differences are recognized in other comprehensive income.

When a foreign operation is disposed of such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interest. When the Group disposes only part of its investment in an associate of joint venture that includes a foreign operation while retaining significant or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future. Exchange differences arising from such items are considered to form part of a net investment in the foreign operation and are recognized in other comprehensive income, and presented in the translation reserve in equity.

(5) Classification of current and non-current assets and liabilities

An asset is classified as current under one of the following criteria, and all other assets are classified as noncurrent.

- (a) It is expected to be realized, or intended to be sold or consumed, in its normal operating cycle.
- (b) It is held primarily for the purpose of trading.
- (c) It is expected to be realized within twelve months after the reporting period, or
- (d) The asset is cash or a cash equivalent (as defined in IAS 7), unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current under one of the following criteria, and all other liabilities are classified as non-current:

- (i) It is expected to settle in the normal operating cycle.
- (ii) It is held primarily for the purpose of trading.
- (iii) It is due to be settled within twelve months after the reporting period, or
- (iv) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits which meet the above definition and are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes should be recognized as cash equivalents.

(7) Financial instruments

Accounts receivable are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized when the Group becomes a party to the contractual provisions of the instrument. A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(a) Financial assets

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

Upon initial recognition, financial assets are classified as: financial assets at amortized cost or financial assets at fair value through other comprehensive income. Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

(i) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold financial assets to collect contractual cash flows
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

These assets are subsequently measured at amortized cost, which is the amount at which the financial asset is measured at initial recognition, plus/minus, the cumulative amortization using the effective interest method, adjusted for any loss allowance. Interest income, foreign exchange gains and losses, as well as impairment, are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

(ii) Fair value through other comprehensive income (FVOCI)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL :

- It is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- Its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. This election is made on an instrument-by-instrument basis.

Debt investments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss.

Equity instrument investments are subsequently measured at fair value. Dividend income (unless it clearly represents a recovery of part of the investment) is recognized in profit or loss. The remaining net gain or loss is recognized in other comprehensive income and is not reclassified to profit or loss.

Dividend income from equity investments are recognized on the day the Group becomes entitled to the dividends (usually the ex-dividend date).

(iii) Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered

includes:

- The stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- How the performance of the portfolio is evaluated and reported to the Group's management;
- The risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- How managers of the business are compensated — e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- The frequency, amount, and timing of financial assets sold in prior periods, the reasons for those sales, and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, and are consistent with the Group's continuing recognition of the assets.

- (iv) Assessment of whether contractual cash flows are solely payments of principal and interest on the outstanding principal

According to the assessment purpose, the principal is the fair value of a financial asset at the time of initial recognition and the interest consists of the consideration of the following: the time value of money, the credit risk related to the outstanding principal during a specific period, as well as other basic lending risks, costs, and profit margin.

When assessing whether contractual cash flows are solely payments of principal and interest on the outstanding principal, the Group considers the terms of financial instrument contracts, including assessing whether a financial asset contains a contractual term that can change the timing or amount of the contractual cash flows, resulting in its nonconformance with meet this criterium. During the assessment, the Group considers:

- Any contingencies that will change the timing or amount of the contractual cash flows;
- Terms that may cause the coupon rate of a contract to be adjusted, including the characteristics of variable interest rates;
- Early prepayment and deferral features; and
- The Group's right of claim is limited to the terms for the cash flows from specific assets (such as non-recourse features).

- (v) Impairment of financial assets

The Group recognizes its loss allowances for expected credit losses (ECL) on financial assets measured at amortized cost (including cash and cash equivalents, financial assets measured at amortized cost, notes and accounts receivable, other receivables, guarantee deposit paid and other financial assets).

The Group measures its loss allowances at an amount equal to lifetime ECL, except for the following which are measured as 12-month ECL :

- debt securities that are determined to have low credit risk at the reporting date ; and
- other debt securities and bank balances for which the credit risk (i.e. the risk of

default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowance for accounts receivable and contract assets are always measured at an amount equal to lifetime ECL.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECL, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Group's historical experience and informed credit assessment, as well as forward-looking information.

The Group considers a financial asset to be in default when the financial asset is more than 210 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs resulting from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data :

- significant financial difficulty of the borrower or issuer.
- a breach of contract such as a default or being more than 210 days past due.
- the lender of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession that the lender would not otherwise consider ;
- it is probable that the borrower will enter bankruptcy or other financial reorganization ; or
- the disappearance of an active market for a security because of financial difficulties.

Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

An allowance for losses on investments in debt instruments at fair value through other comprehensive income is to have profit or loss adjusted and recognized in other comprehensive income (without the carrying amount of the asset reduced).

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

For corporate customers, the Group individually makes an assessment with respect to

the timing and amount of write-off based on whether there is a reasonable expectation of recovery. The Group expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

(vi) Derecognition of financial assets

the Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset.

The Group enters into transactions whereby it transfers assets recognized in its statement of balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognized.

(b) Financial liabilities and equity instrument

(i) Classification of debt or equity

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

(ii) Equity instrument

An equity instrument is any contract that evidences residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recognized as the amount of consideration received, less the direct cost of issuing.

(iii) Financial liabilities

Financial liabilities are classified as measured at amortized cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognized in profit or loss.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on derecognition is also recognized in profit or loss.

(iv) Derecognition of financial liabilities

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

On derecognition of a financial liability, the difference between the carrying amount of a financial liability extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(v) Offsetting of financial assets and liabilities

Financial assets and financial liabilities are offset and the net amount presented in the statement of balance sheet when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

(8) Inventories

Inventories are measured at the lower of cost and net realizable value. The cost of

inventories is based on the weighted-average method and includes expenditure incurred in acquiring the inventories, production or conversion costs, and other costs incurred in bringing them to their present location and condition. In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity.

Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(9) Investment in associates

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in its financial and operating policy decisions without the power to control or jointly control those policies.

The Group adopts the equity method to recognize its equity in an associate. Under the equity method, on initial recognition the investment in an associate is recognized at cost. The carrying amount of an investment in an associate includes the goodwill identified upon initial investment, less any cumulative impairment losses.

The consolidated financial statements include the profit and loss and other comprehensive income of the investment in each associate recognized by the Group in proportion to its equity after their accounting policies are aligned with the Group's from the date of gaining significant influence on them to the date of losing significant influence on them. When a change in equity other than profit and loss and other comprehensive income of an associate does not affect the Group's shareholding, the Group will recognize the equity change under the share of the associate attributable to the Group as capital surplus in proportion to its shareholding.

Unrealized profits and losses arising from transactions between the company and affiliated companies are recognized in the corporate financial statements only to the extent that they are not related to investors' rights and interests in affiliated companies. When the group shall recognize the loss share of the affiliated enterprise proportionally equal to or exceeds its equity in the affiliated enterprise, it shall stop recognizing its losses, and only when a legal obligation, a constructive obligation, or a payment has been made on behalf of the invested company Within the scope, additional losses and related liabilities are recognized.

(10) Joint arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement, either a joint operation or a joint venture, has the following characteristics: (a) The parties are bound by a contractual arrangement; (b) the contractual arrangement gives two or more of those parties joint control of the arrangement. As per IFRS 11 "Joint Arrangements", joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (i.e. activities that significantly affect the returns of the arrangement) require the unanimous consent of the parties sharing control.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement, rather than having rights to assets and obligations to liabilities. Those parties are called joint venturers. A joint venturer shall recognize its interest in a joint venture as an investment and shall account for that investment using the equity method in accordance with IAS 28 Investments in Associates and Joint Ventures unless the entity is exempted from applying the equity method as specified in that standard. Please refer to Note 4(9) for the accounting of the equity method.

The Group shall determine the type of joint arrangement in which it is involved by considering the structure and legal form of the arrangement, the terms agreed by the parties

in the contractual arrangement, and other facts and circumstances. If facts and circumstances change, the Group shall reassess whether the type of joint arrangement in which it is involved has changed.

(11) Property, plant and equipment

(a) Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalized borrowing costs, less accumulated depreciation and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit or loss.

(b) Subsequent cost

Subsequent expenditure is capitalized only when it is probable that future economic benefits associated with the expenditure will flow to the Group.

(c) Depreciation

Depreciation is calculated on the cost of an asset, less its residual value and is recognized in profit or loss on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment.

Land is not depreciated.

The estimated useful lives for the current and comparative years of significant items of property, plant and equipment are as follows:

(i) Buildings and structures	20 years
(ii) Machinery and equipment	3 ~ 13 years
(iii) Mold equipment	5 years
(iv) Other equipment	2 ~ 20 years

Depreciation methods, useful lives, and residual values are reviewed at each reporting date and adjusted if appropriate.

(12) Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received. The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be reliably determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the

discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- (i) fixed payments, including in-substance fixed payments; ;
- (ii) variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date ;
- (iii) amounts expected to be paid under a residual value guarantee; and
- (iv) payments for purchase or termination options that are reasonably certain to be exercised.

The lease liability is measured at amortized cost using the effective interest method.

It is remeasured when:

- (i) there is a change in future lease payments arising from the change in an index or rate.
- (ii) there is a change in the Group's estimate of the amount expected to be paid under a residual value guarantee.
- (iii) there is a change of its assessment on whether it will exercise an option to purchase the underlying asset.
- (iv) there is a change in the lease term resulting from a change of its assessment on whether it will exercise an extension or termination option.
- (v) there are any lease modifications.

When the lease liability is remeasured, other than lease modifications, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or in profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

When the lease liability is remeasured to reflect the partial or full termination of the lease for lease modifications that decrease the scope of the lease, the Group accounts for the remeasurement of the lease liability by decreasing the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognize in profit or loss any gain or loss relating to the partial or full termination of the lease.

Short-term leasing and leasing of low-value underlying assets for the leasing of some machinery and equipment and staff dormitories, the Group presents right-of-use that do not meet the definition of investment and lease liabilities as a separate line item respectively in the statement of financial position.

(b) As a lessor

When the Group acts as a lessor, it determines at lease commencement whether each lease is a finance lease or an operating lease. To classify each lease, the Group makes an overall assessment of whether the lease transfers to the lessee substantially all of the risks and rewards of ownership incidental to the underlying asset. If this is the case, then the lease is a finance lease; if not, then the lease is an operating lease. As part of this assessment, the Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

If the Group is a sublessor, it accounts for headlease and sublease transactions separately and classifies sublease transactions based on the right-of-use assets derived from a headlease. If a headlease is a short-term lease to which recognition exemption applies, the sublease transaction derived therefrom should be classified as an operating lease.

If an agreement contains lease and non-lease components, the Company allocates the consideration in the agreement as per IFRS 15.

(13) Intangible assets

(a) Recognition and measurement

Intangible assets are acquired by the Group and have finite useful lives are measured at cost less accumulated amortization and any accumulated impairment losses.

(b) Subsequent expenditure

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognized in profit or loss as incurred.

(c) Amortization

Amortization is calculated over the cost of the asset, less its residual value, and is recognized in profit or loss on a straight-line basis over the estimated useful lives of intangible assets from the date that they are available for use.

The intangible assets of the company are mainly the cost of acquiring computer software, etc., which are amortized using the straight-line method over an estimated useful life of three to ten years from the time they are ready for use, and the amortized amount is recognized in profit or loss.

Amortization methods, useful lives and residual values are reviewed at each annual reporting date and adjusted if appropriate.

(14) Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than inventories, deferred tax assets and employee benefits) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Goodwill is tested annually for impairment.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs. Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU.

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognized in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(15) Provisions

The recognition of provision is a present obligation due to past events, which makes it probable that the economic resources may flow out from the Company to settle the obligation in the future and the amount of the obligation can be estimated reliably. A provision is discounted at a pre-tax discount rate that reflects market assessments of the time value of money and the risks specific to the liability, and the amortization of the discount is recognized in interest expense.

A provision for warranty liability is recognized when goods or services are sold and is measured based on historical warranty information and all probable outcomes weighted by respective probabilities.

(16) Revenue recognition

1. Revenue from customer contracts

Revenue is measured as the consideration to which the transfer of goods or services is expected to be entitled. The Group recognizes revenue when the control over goods or services is transferred to customers and its performance obligations are fulfilled. The main sources of the Group's revenue are as follows:

(1) Sales of goods - automobile trims

The Group manufactures car trims and sells them to automakers. The Company recognizes revenue when control over products is transferred. The transfer of the control over the goods means that the goods have been delivered to clients, who can then fully determine the sales channels and prices of the goods, without any outstanding obligations that will affect clients' acceptance of the goods. Delivery occurs when the goods have been shipped to a specific location with its risk of obsolescence losses passed to the clients, and the clients have accepted the goods in accordance with the sales contracts; the acceptance clause has become invalid, or the Group has objective evidence that all acceptance criteria have been met.

Due to the characteristics of the industry or based on the terms of agreements, after products are sold, the sales that are likely to be discounted due to product defects or practices in the market are first recognized with the total amount, and the sales revenue is written down or recognized as sales discounts and allowances when the discounts are estimated on the date of the event or the balance sheet date and will only recognized as revenue when it is highly probable that no significant reversal will occur. As of the reporting date, the amount expected to be paid to customers due to relevant sales discounts is recognized as a refund liability. The credit period for the sales of car trims is net 30 to 120 days after the end of each month, which is consistent with the practice adopted in the industry, so it does not include any financing elements.

The Group provides a standard warranty for some products and is obliged to refund due to defects and has recognized the obligation in provisions for warranty liabilities. Please refer to Note 4(15) for details.

The Group recognizes accounts receivable when the goods are delivered, at which it has an unconditional right to receive the consideration.

(17) Government grants

When the Group can receive government grants to subsidize the property, plant and equipment, the Group recognizes the unconditional grants as other income. Government grants to compensate for the Group's expenses or losses and relevant expenses in the same period are recognized in profit or loss on a systematic basis.

(18) Employee benefits

1. Defined contribution plan

Contribution obligations to the defined contribution plan are recognized as expenses in the period during which an employee provides services. Prepaid contribution are recognized as an asset to the extent that it will result in a return of cash or a decrease in future payments.

2. Short-term employee benefits

Short-term employee benefits are recognized as expenses when the relevant services are provided. If the Group has a present legal or constructive payment obligation due to an employee's past services and the obligation can be estimated reliably, the

amount of benefits is recognized as liabilities.

(19) Income taxes

Income taxes comprise current taxes and deferred taxes. Except for expenses related to business combinations or recognized directly in equity or other comprehensive income, all current and deferred taxes are recognized in profit or loss.

The Group judges that the interest or penalty related to income taxes (including uncertain tax treatment) does not meet the definition of income taxes, so the accounting under IAS 37 applies.

Current taxes comprise the expected tax payables or receivables on the taxable profits (losses) for the year, and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payables or receivables is the best estimate of the tax amount expected to be paid or received that it is measured using tax rates enacted or substantively enacted at the reporting date.

Deferred taxes arise due to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases. Deferred taxes are recognized except for the following:

- (a) temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profits (losses) at the time of the transaction;
- (b) temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future, and
- (c) taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for the carry forward of unused tax losses, unused tax credits, and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefits will be realized; such reductions are reversed when the probability of future taxable profits improves.

Deferred taxes are measured at tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are offset if the following criteria are met:

- (a) the Group has a legally enforceable right to set off current tax assets against current tax liabilities; and
- (b) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either:
 - (i) the same taxable entity; or
 - (ii) different taxable entities which intends to settle current tax assets and liabilities on a net basis, or to realize the assets and liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

(20) Earnings per share

The Group discloses the Company's basic and diluted earnings per share attributable to ordinary shareholders of the Company. Basic earnings per share are calculated as the profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding. Diluted earnings per share are calculated as the

profit attributable to ordinary shareholders of the Company, divided by the weighted-average number of ordinary shares outstanding after adjustment for the effects of all potentially dilutive ordinary shares. Potential dilutive common stock of the company including stock options on convertible corporate bonds

(21) Operating segments

An operating segment is a component of the Group that engages in business activities from which it may incur revenues and incur expenses (including revenues and expenses relating to transactions with other components of the Group). Operating results of the operating segment are regularly reviewed by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and to assess its performance. Each operating segment consists of standalone financial information.

5. Significant accounting assumptions and judgments, and major sources of estimation uncertainty

When management prepares the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, it shall make judgments, estimates, and assumptions, which will affect the accounting policies adopted and the amounts of assets, liabilities, income, and expenses presented. Actual results may differ from estimates.

The management continues to monitor the accounting estimates and assumptions. The management recognizes any changes in accounting estimates during the period and the impact of those changes in accounting estimates in the following period.

The accounting policies involve significant judgement, and the information with no material impact on the amounts recognized in the consolidated financial statements.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial year is as follows:

1) Valuation of inventories

As inventories are stated at the lower of cost or net realizable value, the Group estimates the net realizable value of inventories for obsolescence and unmarketable items at the end of the reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is mainly determined based on assumptions as to future demand within a specific time horizon. Due to the rapid industrial transformation, there may be significant changes in the net realizable value of inventories. Please refer to note 6(5) for further description of the valuation of inventories.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Petty cash and cash on hand	\$ 1,904	1,511
Demand deposits	1,861,469	1,231,756
Time deposits	1,122,680	918,456
Cash and cash equivalents in the consolidated statement of cash flows	<u>\$ 2,986,053</u>	<u>2,151,723</u>

None of the Group's above financial assets was pledged for collateral or restricted.

Please refer to Note 6(21) for the disclosure of interest rate risk and sensitivity analysis of the Group's financial assets.

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

	December 31, 2023	December 31, 2022
Financial liabilities at fair value through profit or loss		
Corporate bond option-current	\$ 30,165	-
Corporate bond option-non current	126,240	21,720
Total Corporate bond option	<u>\$ 156,405</u>	<u>21,720</u>

Financial liabilities at fair value through profit or loss please refer to Note 6 (20)

Please refer to Note 6 (21) for the determination of the fair value of the Group's financial instrument and the credit and exchange rate risks to which financial instruments were exposed.

The Group issued domestic unsecured convertible corporate bonds. As per the domestic unsecured convertible corporate bond issuance rules, the Company and creditors have the option of redemption as per the agreement. Please refer to Note 6(12) for details.

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

	December 31, 2023	December 31, 2022
Equity instruments at fair value through other comprehensive income:		
Unlisted company	<u>\$ 102,945</u>	<u>23,891</u>

These equity instrument investments held by the Group are long-term strategic investments and are not held for trading purposes, so they have been designated to be measured at fair value through other comprehensive income.

After the Group acquired 1.15% equity of Chongqing Ruibo Optoelectronics Co., Ltd. at the consideration of the original equity held by Chongqing Zhengze Auto Parts Company, it classified as financial assets at fair value through other comprehensive income. Please refer to Note 6(6) for relevant explanations.

The Group did not dispose of strategic investments during 2023 and 2022, and the cumulative profits and losses during this period were not reclassified in equity.

Please refer to Note 6(21) for the information on the credit and the market risks.

None of the above financial assets was pledged for collateral or restricted.

(4) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable from operating activities	\$ 299,281	441,392
Accounts receivable -Measured as amortized cost	1,723,377	1,920,195
Less: Loss allowance	(51,536)	(55,906)
	<u>\$ 1,971,122</u>	<u>2,305,681</u>

The Group adopts a simplified approach to estimating the expected credit losses for all notes and accounts receivables, which are measured at lifetime expected credit losses. To this end, such notes and accounts receivables are grouped by common credit risk characteristics that represent a customer's ability to pay all amounts due as per the contract terms with forward-looking information incorporated, including the information on the

macro economy and relevant industries. The Group's expected credit loss on the Group's notes and accounts receivable is as follows:

	December 31, 2023		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 1,853,835	0.82%	15,293
1 to 30 days past due	112,697	1.50%	1,692
31 to 90 days past due	19,712	15.36%	3,027
91 to 150 days past due	6,335	29.74%	1,884
151 to 210 days past due	3,667	91.82%	3,367
More than 211 days past due	26,412	99.47%	26,273
	\$ 2,022,658		51,536

	December 31, 2022		
	Gross carrying amount	Weighted-average loss rate	Loss allowance provision
Current	\$ 2,154,572	1.02%	22,069
1 to 30 days past due	82,054	2.87%	2,358
31 to 90 days past due	93,437	12.23%	11,424
91 to 150 days past due	20,850	46.74%	9,746
151 to 210 days past due	1,846	83.80%	1,547
More than 211 days past due	8,828	99.25%	8,762
	\$ 2,361,587		55,906

The movement in the allowances for losses on the Group's notes and accounts receivable are as follows:

	2023	2022
Balance at January 1	\$ 55,906	26,662
Impairment loss (gain on reversed)	(2,061)	36,805
Amount written off due to irrecoverability in the current year	(1,718)	(8,447)
Effect of movements in exchange rates	(591)	886
Balance at December 31	\$ 51,536	55,906

None of the Group's notes and accounts receivable was pledged for collateral or restricted.

(5) Inventories

	December 31, 2023	December 31, 2022
Raw materials	\$ 286,274	455,038
Work in progress	10,686	18,833
Finished goods	451,466	508,643
Stock in transit	42,205	36,726
	\$ 790,631	1,019,240

The details of the Group's costs of sales are as follows: :

	2023	2022
Sales costs	\$ 4,409,546	5,746,932
Unallocated Manufacturing Overhead	2,528	5,372
Loss on disposal of inventory	58,938	57,700
Inventory valuation and obsolescence loss	20,525	43,099
Gain on disposal of leftover bits and pieces	(5,672)	(5,221)
Inventory shortage	1,174	2,001
Others	(254)	(531)
	<u>\$ 4,486,785</u>	<u>5,849,352</u>

None of the Group's inventories was pledged for collateral or restricted.

(6) Investments using the equity method

The Group's investments using the equity method at the balance sheet date are shown below:

	December 31, 2023	December 31, 2023
Affiliates	\$ 164,683	180,700
Joint ventures	199,531	179,270
	<u>\$ 364,214</u>	<u>359,970</u>

(a) Affiliates

The Group's board of directors resolved on November 28, 2023 to purchase 30% equity of Hsin Shi Technology Co., Ltd. at the transaction price of NT\$104,000 thousand. As of December 31, 2023, the amount is recognized under Prepayments for Investments and the registration was completed in January 2024.

The Group acquired a 1.15% stake in Chongqing Ruibo Optoelectronics Co., Ltd in October 2023 with the 40% equity of Chongqing Zhengze Automobile Parts Co., Ltd. that it originally held at a value of NT\$79,105 thousand as the consideration for the acquisition. It is recognized under Non-Current Financial Assets at Fair Value Through Other Comprehensive Income, please refer to Note 6(3).

After evaluation, the Group recognized an impairment loss of NT\$5,226 thousand on Dongguan Taica Hirosawa Technologies Co., Ltd in 2023. Please refer to Note 6(20).

The Group's affiliates using the equity method are not material individually, and their aggregate financial information is as follows, which are the amounts included in the Group's consolidated financial statements:

	December 31, 2023	December 31, 2022
End-of-period consolidated book value of interests in individual insignificant affiliates	<u>\$ 164,683</u>	<u>180,700</u>

	2023	2022
Attributable to the company:		
Profit (loss) from continuing operations	\$ (32,648)	(69,029)
Total comprehensive income	<u>\$ (32,648)</u>	<u>(69,029)</u>

(b) Joint ventures

The Group participated in Suzhou Hiroyuki Automotive Trim Co., Ltd.'s capital increase in 2023 with an investment of 15,300 thousand CNY.

The Group liquidated Guangdong Kawasaki Automotive Trim Parts Co., Ltd in November 2023, and repatriated the share capital of 7,606 thousand CNY.

The Group's joint ventures using the equity method are not individually material, and their aggregate financial information is as follows, which are the amounts included in the Group's consolidated financial statements:

	December 31, 2023	December 31, 2022
End-of-period consolidated book value of interests in individual insignificant joint ventures	<u>\$ 199,531</u>	<u>179,270</u>
	<u>2023</u>	<u>2022</u>
Attributable to the company:		
Profit (loss) from continuing operations	\$ (9,334)	(17,416)
Total comprehensive income	<u>\$ (9,334)</u>	<u>(17,416)</u>

(c) Collateral

None of the Group's investments using the equity method was pledged for collateral or restricted.

(7) Property, plant and equipment

The details of the movements in the costs and depreciation of the Group's property, plant and equipment are as follows:

	Land	Building and construction	Machinery and equipment	Mold equipment	Other facilities	Unfinished construction and equipment under acceptance	Total
Cost or deemed cost:							
Balance on January 1, 2023	\$ 28,773	2,007,061	2,543,270	1,322,860	1,424,798	394,166	7,720,928
Additions	-	192,135	38,268	72,817	120,628	34,438	458,286
Reclassification	-	63,934	58,146	48,707	90,806	(237,611)	23,982
Disposal	-	-	(25,998)	(42,556)	(128,386)	(5,596)	(202,536)
Effect of movements in exchange rates	4,097	(2,779)	13,344	(29,026)	(10,229)	(3,692)	(28,285)
Balance on December 31, 2023	<u>\$ 32,870</u>	<u>2,260,351</u>	<u>2,627,030</u>	<u>1,372,802</u>	<u>1,497,617</u>	<u>181,705</u>	<u>7,972,375</u>
Balance on January 1, 2022	\$ 24,461	1,218,246	2,390,610	1,224,348	1,398,452	761,792	7,017,909
Additions	-	63,431	83,952	77,164	87,235	347,254	659,036
Reclassification	-	672,389	55,011	58,288	18,038	(730,325)	73,401
Disposal	-	(171)	(77,385)	(55,860)	(118,030)	(1,159)	(252,605)
Effect of movements in exchange rates	4,312	53,166	91,082	18,920	39,103	16,604	223,187
Balance on December 31, 2022	<u>\$ 28,773</u>	<u>2,007,061</u>	<u>2,543,270</u>	<u>1,322,860</u>	<u>1,424,798</u>	<u>394,166</u>	<u>7,720,928</u>
Depreciation and impairment loss							
Balance on January 1, 2023	\$ -	406,126	1,471,754	833,705	1,062,389	-	3,773,974
Depreciation for the year	-	104,075	158,886	118,386	94,933	-	476,280
Disposal	-	-	(21,783)	(24,410)	(78,167)	-	(124,360)
Effect of movements in exchange rates	-	819	(8,377)	(19,096)	(12,802)	-	(39,456)
Balance on December 31, 2023	<u>\$ -</u>	<u>511,020</u>	<u>1,600,480</u>	<u>908,585</u>	<u>1,066,353</u>	<u>-</u>	<u>4,086,438</u>
Balance on January 1, 2022	\$ -	320,710	1,317,524	734,253	992,841	-	3,365,328
Depreciation for the year	-	68,432	180,869	114,541	99,599	-	463,441
Disposal	-	-	(64,305)	(26,743)	(48,618)	-	(139,666)
Effect of movements in exchange rates	-	16,984	37,666	11,654	18,567	-	84,871
Balance on December 31, 2022	<u>\$ -</u>	<u>406,126</u>	<u>1,471,754</u>	<u>833,705</u>	<u>1,062,389</u>	<u>-</u>	<u>3,773,974</u>
Carrying amounts:							
Balance on December 31, 2023	<u>\$ 32,870</u>	<u>1,749,331</u>	<u>1,026,550</u>	<u>464,217</u>	<u>431,264</u>	<u>181,705</u>	<u>3,885,937</u>
Balance on January 1, 2022	<u>\$ 24,461</u>	<u>897,536</u>	<u>1,073,086</u>	<u>490,095</u>	<u>405,611</u>	<u>761,793</u>	<u>3,652,582</u>
Balance on December 31, 2022	<u>\$ 28,773</u>	<u>1,600,935</u>	<u>1,071,516</u>	<u>489,155</u>	<u>362,409</u>	<u>394,166</u>	<u>3,946,954</u>

- (a) The Group built facilities on the leased land. As the law stipulates that the owner of the property and the party with the land use right shall be the same party, we obtained the property certificate owned by the land use right holder, Qiaotou Tangmian Economic Cooperative in Houjie Town, Dongguan City (hereinafter referred to as "Qiaotou Tangmian Cooperative"), and it agreed that the Group, during the 46-year lease term from April 1, 2009 through March 31, 2055, does not need to pay any rent and should return the ownership to the Qiaotou Tangmian Cooperative at the end of the agreement for free. The details are as follows:

	December 31, 2023	December 31, 2023
Building and construction	\$ 75,979	77,598
Less : Accumulated depreciation	(52,995)	(50,633)
Total	\$ 22,984	26,965

- (b) The Group began construction of a new plant in 2020 and capitalized borrowing costs of NT\$33,838 thousand related to land acquisition and new plant construction incurred during in 2022. The amounts were calculated at the capitalization rate of 4.30%.
- (c) The Group has built new factories and expanded production lines in various operating entities since 2020. As of 2023, the relevant construction and installation projects were still in progress and accounted for as unfinished projects and equipment to be accepted. Please refer to Note 9(1) for details of significant unrecognized contractual commitments associated with the acquisition of property, plant and equipment.
- (d) Collateral
Please refer to Note 8 for details of long-term borrowings and financing lines guaranteed as of December 31, 2023 and 2022.

(8) Right-of-use assets

The Group leases many assets including land, buildings and Machinery and equipment. Information about leases for which the Group as a lessee was presented below:

	Land	Buildings	Machinery and equipment	Total
Cost:				
Balance on January 1, 2023	\$ 461,571	766,103	30,399	1,258,073
Additions	-	61,970	10,274	72,244
Effect of movements in exchange rates	(9,631)	(16,090)	(821)	(26,542)
Balance on December 31, 2023	<u>\$ 451,940</u>	<u>811,983</u>	<u>39,852</u>	<u>1,303,775</u>
Balance on January 1, 2022	\$ 454,452	704,456	26,239	1,185,147
Reclassification	-	48,325	1,903	50,228
Disposal	-	(1,823)	1,823	-
Additions	-	(581)	-	(581)
Effect of movements in exchange rates	7,119	15,726	434	23,279
Balance on December 31, 2022	<u>\$ 461,571</u>	<u>766,103</u>	<u>30,399</u>	<u>1,258,073</u>
Accumulated depreciation losses:				
Balance on January 1, 2023	\$ 42,593	480,059	20,095	542,747
Depreciation for the year	9,238	109,541	5,978	124,757
Effect of movements in exchange rates	(1,057)	(11,644)	(528)	(13,229)
Balance on December 31, 2023	<u>\$ 50,774</u>	<u>577,956</u>	<u>25,545</u>	<u>654,275</u>
Balance on January 1, 2022	\$ 32,816	330,246	12,777	375,839
Depreciation for the year	9,292	145,925	5,654	160,871
Reclassification	-	(1,459)	1,459	-
Disposal	-	(581)	-	(581)
Effect of movements in exchange rates	485	5,928	205	6,618
Balance on December 31, 2022	<u>\$ 42,593</u>	<u>480,059</u>	<u>20,095</u>	<u>542,747</u>
Carrying amount:				
Balance at December 31, 2023	<u>\$ 401,166</u>	<u>234,027</u>	<u>14,307</u>	<u>649,500</u>
Balance at January 1, 2022	<u>\$ 421,636</u>	<u>374,210</u>	<u>13,462</u>	<u>809,308</u>
Balance at December 31, 2022	<u>\$ 418,978</u>	<u>286,044</u>	<u>10,304</u>	<u>715,326</u>

Please refer to Note 8 for details of long-term borrowings and financing lines guaranteed as of December 31, 2023 and 2022.

(9) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	<u>\$ 1,202,921</u>	<u>774,291</u>
Unused credit Lines	<u>\$ 607,699</u>	<u>1,042,058</u>
Range of interest rates	<u>3.45%~7.11%</u>	<u>0.93%~6.03%</u>

The Group's short-term borrowings were not pledged as collateral.

(10) Other current liabilities

The other current liability were summarized as follows:

	December 31, 2023	December 31, 2022
Tax payable	\$ 47,210	48,527
Current refund liabilities	9,912	12,620
Current provisions	2,728	7,444
Others	3,120	-
Total	<u>\$ 62,970</u>	<u>68,591</u>

The refund liabilities mainly came from the amounts estimated to pay to clients for the return or discounts on automotive trim parts due to defective products or a fall in prices.

(11) Long-term borrowings

The details were as follows:

	December 31, 2023			
	Currency	Range of interest rates	Maturity Day	Amount
Secured bank loans	RMB	3.95%~5.46%	2030/12/10	\$ 664,347
Less: Current portion				(27,681)
Total				<u>\$ 636,666</u>
Unused long-term credit lines				<u>\$ -</u>

	December 31, 2022			
	Currency	Range of interest rates	Maturity Day	Amount
Secured bank loans	RMB	3.95%~5.46%	2030/12/10	\$ 542,541
Unsecured bank loans	USD	1.74%~6.55%	2025/2/4	466,745
Less: Current portion				(196,524)
Total				<u>\$ 812,762</u>
Unused long-term credit lines				<u>\$ 515,619</u>

Please refer to Note 8 for the details of the collateral as which the Group pledged assets for bank borrowings.

(12) Corporate bonds payable

The details were as follows:

	December 31, 2023	December 31, 2022
Total amount of convertible corporate bonds issued	\$ 1,200,000	600,000
Unamortized balance of discounted corporate bonds payable	(70,627)	(70,627)
Cumulative sold-back amount	(19,900)	-
Ending balance of corporate bonds payable	<u>\$ 1,002,839</u>	<u>529,373</u>
Current	<u>\$ 533,916</u>	<u>-</u>
Non-current	<u>\$ 468,923</u>	<u>529,373</u>
Embedded derivatives - options	<u>\$ 156,405</u>	<u>21,720</u>
(recognized in financial liabilities at fair value through profit or loss)		
Embedded derivatives – gain or loss on options re-measured at fair value (recognized in other gains and losses)	<u>\$ (7,233)</u>	<u>33,460</u>
Interest expense	<u>\$ 24,885</u>	<u>23,001</u>

1. The first domestic unsecured convertible corporate bonds

The major rights and obligations attached to the first domestic unsecured convertible corporate bonds issued by the Group on January 19, 2021 are as follows:

- 1) Bond: The first domestic unsecured convertible corporate bonds.
- 2) Date of issuance: January 19, 2021.
- 3) Amount issued: The total amount issued was NT\$600,000 thousand.
- 4) Issuance period: Five years, from January 19, 2021 through January 19, 2026.
- 5) Coupon rate: 0% per annum.
- 6) Date and method of principal repayment:
Except for those that are converted into the Company's ordinary shares early, redeemed in advance by the Company, or repurchased and canceled by the Company's

securities firm, the bonds will be repaid in cash in a lump sum at the face value on the maturity date.

7) Conversion period:

Creditors may, from the day following the three full months from the date of issuance to the maturity date, request the Company to convert the bonds into the Company's ordinary shares at any time, except during the book closure period as required by law.

8) Conversion price and adjustment:

The conversion price upon issuance was set at NT\$68.8 per share and will be adjusted when the total monetary amount of the Company's ordinary shares has changed or when the conversion price is lower than the real-time price per share and securities with conversion rights are issued.

9) The Company's right to redeem the convertible corporate bonds:

(1) From the day following the three full months from the date of issuance to the 40th day before the end of the issuance period, the convertible corporate bonds shall be redeemed when:

- A. When the closing price of the Company's common stock exceeds the then conversion price by 30% or more for 30 consecutive business days;
- B. When the balance of the outstanding convertible corporate bonds is less than 10% of the initial total amount of bonds issued;
- C. If a bondholder fails to reply in writing to the Company's shareholder service agency before the bond redemption record date stated in the Bond Redemption Notice.

10) Creditor's right to reverse repurchase:

Creditors, after the bonds have been issued for three years, may request the Company to redeem the convertible corporate bonds they hold in cash at the face value of the bonds, plus interest compensation. After accepting the request for redemption, the Company shall make the payment to each creditor by remittance to redeem the convertible bonds within five business days after the reverse repurchase record date.

2. The second domestic unsecured convertible corporate bonds

1) Bond: The second domestic unsecured convertible corporate bonds.

2) Date of issuance: December 1, 2023.

3) Amount issued: The total amount issued was NT\$600,000 thousand.

4) Issuance period: Five years, from December 1, 2023 through December 1, 2028.

5) Coupon rate: 0% per annum.

6) Date and method of principal repayment:

Except for those that are converted into the Company's ordinary shares early, redeemed in advance by the Company, or repurchased and canceled by the Company's securities firm, the bonds will be repaid in cash in a lump sum at the face value on the maturity date.

7) Conversion period:

Creditors may, from the day following the three full months from the date of issuance to the maturity date, request the Company to convert the bonds into the Company's ordinary shares at any time, except during the book closure period as required by law.

8) Conversion price and adjustment:

The conversion price upon issuance was set at NT\$39.4 per share and will be adjusted when the total monetary amount of the Company's ordinary shares has changed or when the conversion price is lower than the real-time price per share and securities with conversion rights are issued.

9) The Company's right to redeem the convertible corporate bonds:

From the day following the three full months from the date of issuance to the 40th day before the end of the issuance period, the convertible corporate bonds shall be redeemed when:

- A. When the closing price of the Company's common stock exceeds the then conversion price by 30% or more for 30 consecutive business days;
- B. When the balance of the outstanding convertible corporate bonds is less than 10% of the initial total amount of bonds issued;
- C. If a bondholder fails to reply in writing to the Company's shareholder service agency before the bond redemption record date stated in the Bond Redemption Notice.

10) Creditor's right to reverse repurchase:

Creditors, after the bonds have been issued for three years, may request the Company to redeem the convertible corporate bonds they hold in cash at the face value of the bonds, plus interest compensation. After accepting the request for redemption, the Company shall make the payment to each creditor by remittance to redeem the convertible bonds within five business days after the reverse repurchase record date.

(13) Lease liabilities

The carrying amounts of the Group's lease liabilities are as follows:

	December 31, 2023	December 31, 2022
Current	<u>\$ 104,313</u>	<u>91,969</u>
Non-current	<u>\$ 83,660</u>	<u>79,097</u>

For the maturity analysis, please refer to note 6(21).

The amounts recognized in profit or loss are as follows:

	2023	2022
Interest on lease liabilities	<u>\$ 8,249</u>	<u>10,027</u>
Expenses relating to short-term leases	<u>\$ 3,743</u>	<u>3,874</u>

The amounts recognized in the statement of cash flows are as follows:

	2023	2022
Total cash outflow for leases	<u>\$ 130,565</u>	<u>160,977</u>

(a) Lease-in of land and buildings

The Group has leased in land and buildings as office premises and factories, with a lease term of four to 50 years.

Some equipment lease agreements contain an option to extend the leases. Such agreements are managed separately by entities in each region, so the individual terms and conditions agreed may differ from those of the agreements managed by the Group. Such options can only be exercised by the Group rather than the lessors. Where it is not reasonably certain that an option to extend the lease term will be exercised, payments related to the term covered by the option are not included in the lease liabilities.

(b) Other leases

The lease term for the machinery and equipment leased by the Group ranges from two to four years.

Also, the lease term for partial machinery and equipment and staff dormitories

leased by the Group only lasts for one year. As such leases are short-term leases, the Group elects to apply for the exemption from recognition and does not recognize the relevant right-of-use assets and lease liabilities thereof.

(14) Employee benefits

The subsidiaries in China and America contribute a certain percentage of total salaries to the pension funds on a monthly basis as per local laws and regulations, and the contributions are recognized as current expenses. The Company and other overseas subsidiaries have not stipulated any employee pension regulations as the local laws and regulations do not mandatorily require the formulation of pension regulations.

The defined contribution plan of the Group's subsidiaries in Taiwan is as per the Labor Pension Act, and the Company makes a contribution equal to 6% of each employee's monthly salary to employees' individual pension accounts under the Bureau of Labor Insurance. Under this plan, after the Group's subsidiaries in Taiwan have contributed a fixed amount to the Bureau of Labor Insurance, they have no legal or constructive obligation to pay additional amounts.

(15) Income tax

(a) Tax expenses

The components of income tax in the years 2023 and 2022 were as follows:

	2023	2022
Current tax expense:		
Current period	\$ 46,363	95,025
Adjust the current income tax of the previous period	(1,758)	(2,797)
	<u>44,605</u>	<u>92,228</u>
Deferred tax expense :		
Origination and reversal of temporary differences	6,348	(13,560)
Income tax expenses for continuing operations	<u>\$ 50,953</u>	<u>78,668</u>

Reconciliation of income tax and profit before tax 2023 and 2022 is as follows:

	2023	2022
Profit before income tax	\$ (119,371)	209,361
Income tax using the Company's domestic tax rate	\$ (26,264)	45,840
Non-deductible expenses	2,500	6,193
Tax-free income	-	(3,963)
Recognition of tax losses not recognized in previous periods	(8,174)	(1,376)
Current tax losses for unrecognized deferred tax assets	43,325	14,867
Changes in income tax in prior periods	(1,758)	(2,797)
Others	41,324	19,904
Total	<u>\$ 50,953</u>	<u>78,668</u>

The Group did not recognize income tax directly in equity in 2023 and 2022

(b) Deferred tax assets and liabilities

(i) Unrecognized deferred tax liabilities

The Group is able to control the timing of the reversal of the temporary differences associated with investments in subsidiaries as of December 31, 2023 and 2022. Also, management considers it probable that the temporary differences will not reverse in the foreseeable future. Hence, such temporary differences are not recognized under deferred tax liabilities. Details are as follows:

	December 31, 2023	December 31, 2022
Amount not recognized as deferred income tax liabilities	\$ 443,597	485,045

(ii) Unrecognized deferred tax assets

	December 31, 2023	December 31, 2022
Tax loss carry forward	\$ 140,497	122,775

The above is not recognized in deferred tax assets because it is not highly probable that the Group will have sufficient taxable income in the future for the tax loss. As of December 31, 2023, the deadlines for using tax losses on deferred tax assets not yet recognized by the Group are as follows:

Loss year	Amount of loss not yet deducted	Year of final deduction
2016	\$ 34,152	2026
2017	77,897	2027
2018	132,386	2028
2019	26,240	2024
2020	14,546	2025~2030
2021	37,583	2026~2031
2022	33,414	2027~2032
2023	173,121	2028~2033
Total	\$ 529,339	

(iii) Recognized deferred tax assets and liabilities

Changes in the amount of deferred tax assets and liabilities for 2023 and 2022 were as follows:

	Unrealized investment benefits	Lease	Others	Total
Recognized deferred tax assets				
Balance at January 1, 2023(Restatement)	\$ 14,550	64,523	24	79,097
Recognized profit or loss	15,822	-	-	15,822
Others	-	(9,494)	-	(9,494)
Exchange rate impact	(592)	(1,173)	-	(1,765)
Balance at December 31, 2023	\$ 29,780	53,856	24	83,660
Balance at January 1, 2022(Restatement)	\$ 9,116	86,464	-	95,580
Recognized profit or loss	5,308	-	47	5,355
Others	-	(23,370)	-	(23,370)
Exchange rate impact	126	1,429	(23)	1,532
Balance at December 31, 2022(Restatement)	\$ 14,550	64,523	24	79,097
Recognized deferred tax liabilities				
Balance at January 1, 2023(Restatement)	\$ 64,523	37,635	-	102,158
Recognized profit or loss	-	9,474	-	9,474
Others	(9,474)	-	-	(9,474)
Exchange rate impact	(1,173)	(957)	-	(2,130)
Balance at December 31, 2023	\$ 53,856	46,152	-	100,008

Balance at January 1, 2022(Restatementen)	\$	86,464	18,275	104,739
Recognized profit or loss	-		18,915	18,915
Others	(23,370)	-		(23,370)
Exchange rate impact	1,429	445		1,874
Balance at December 31, 2022(Restatementen)		64,523	37,635	102,158

(16) Capital and other equity

As of December 31, 2023 and 2022, the total number of authorized ordinary shares were NTD1,500,000 thousand dollars, with a par value of NTD10 per share, 83,840 thousand shares were issued. All issued shares were paid up upon issuance.

(a) Capital surplus

The balance of the Company's capital surplus is as follows:

	December 31, 2023	December 31, 2022
Stock premium	\$ 2,786,955	2,786,955
Lapsed subscription rights	135	135
	\$ 2,787,090	2,787,090

It is mainly caused by taking over the capital reserve and retained earnings of the pre-conversion subsidiary after the establishment of the share conversion and issuing new shares at a premium.

(b) Retaining earnings

As per the Articles of Incorporation, where the Company makes a profit for a fiscal year, the profit shall be first used for paying taxes, offsetting a cumulative deficit, setting aside 10% of the remaining profit as a legal reserve unless it has reached the total amount of the Company's paid-in capital, setting aside an amount for a special reserve as per the Company's business needs and laws and regulations, and then any remaining profit, together with any undistributed retained earnings from the beginning of the period, shall be adopted by the Company's Board of Directors as the basis for making a distribution proposal, which shall then be submitted to the shareholders' meeting for a resolution before distribution.

(i) Special reserve

When the Company distributes the distributable earnings, a special reserve shall be set aside from the current profit or loss and the undistributed earnings for the prior period to make up for the difference between the net deduction of other shareholders' equity recognized for the year and the balance of the special reserve set aside as mentioned in the preceding paragraph. If it belongs to the deduction of other shareholders' equity accumulated from the prior period, a special reserve shall be set aside from the undistributed earnings from the prior period and shall not be distributed. If there is a subsequent reversal of the amount of the deduction of other shareholders' equity, the earnings may be distributed from the reversed portion.

(ii) Earnings distribution

The general shareholders' meeting resolved a decision to distribute 2022 and 2021 earnings on May 29, 2023 and May 30, 2022. The amounts of dividends to be distributed to owners are as follows:

	2022		2021	
	Amount per share (Dollars)	Total amount	Amount per share (Dollars)	Total amount
Dividends distributed to ordinary shareholders:				
Cash	\$ 2.00	<u>167,680</u>	2.50	<u>209,600</u>

On March 14, 2013, the company's board of directors proposed a dividends distribution plan for the year 2023. The amount of dividends to be distributed to shareholders is as follows:

	2023	
	Amount per share (Dollars)	Total amount
Dividends distributed to ordinary shareholders:		
Cash	\$ 0.50	<u>41,920</u>

(i) Other equity interests (net of tax)

	Exchange differences on translation of foreign financial statements	Unrealized gains or losses on financial assets at fair value through other comprehensive income	Others	Non-controlling interest	Total
Balance as of January 1, 2023	\$ 5,376	(130,966)	(491,059)	290,244	(326,405)
Exchange differences on foreign operations	111,090	-	-	48,940	160,030
Unrealized gains or losses on financial assets at fair value through other comprehensive income	-	605	-	(149)	456
Others	-	-	(127,661)	(5,943)	(133,604)
Non-controlling interest	-	-	-	(6,008)	(6,008)
Balance as of December 31, 2023	<u>\$ 116,466</u>	<u>(130,361)</u>	<u>(618,720)</u>	<u>327,084</u>	<u>(305,531)</u>
Balance as of January 1, 2022	\$ (87,127)	(118,124)	(588,149)	251,394	(542,006)
Exchange differences on foreign operations	92,503	-	-	40,929	133,432
Unrealized gains or losses on financial assets at fair value through other comprehensive income	-	(12,842)	-	(400)	(13,242)
Others	-	-	97,090	3,957	101,047
Non-controlling interest	-	-	-	(5,636)	(5,636)
Balance as of December 31, 2022	<u>\$ 5,376</u>	<u>(130,966)</u>	<u>(491,059)</u>	<u>290,244</u>	<u>(326,405)</u>

(17) Earnings per share

The Group's basic earnings per share and diluted earnings per share are as follows:

	2023	2022
Basic earnings per share		
Profit belonging to common shareholders	<u>\$ (164,316)</u>	<u>136,329</u>
Weighted average number of outstanding shares of common stock (in thousand shares)	<u>83,840</u>	<u>83,840</u>

Basic earnings per share (in NTD)	\$	(1.96)	1.63
Diluted earnings per share			
Profit belonging to common shareholders	\$	(164,316)	136,329
Impact of convertible corporate bonds(Note)		-	(10,459)
Profit belonging to common shareholders	\$	(164,316)	125,870
Weighted average number of outstanding shares of common stock		83,840	83,840
Effect on potentially dilutive common stock-employee Remuneration(Note)		-	113
Impact of convertible corporate bonds(Note)		-	8,721
Weighted average number of common stock (diluted) (in thousand shares)		83,840	92,674
Diluted earnings per share (in NTD)(Note)	\$	(1.96)	1.36

Note: In 2023, the effect of convertible corporate bonds and employee stock remuneration was anti-dilution, so it was ignored in the calculation of diluted earnings per share.

(18) Employee remuneration and directors' remuneration

As per the Company's Articles of Incorporation, where the Company makes a profit for a year, it shall set aside no higher than 7% and no lower than 3% for employee remuneration and no higher than 3% for directors' remuneration. However, if the Company still has a cumulative deficit, it shall reserve an amount to make up for it in advance. The recipients of the employee remuneration in stock or cash in the preceding paragraph include employees at affiliates who meet certain criteria.

The company suffered a loss in 2023, so employee remuneration and director remuneration were not estimated. The Company's employee remuneration set out for 2022 amounted to NT\$3,627 thousand and directors' remuneration amounted to NT\$3,981 thousand, based on the Company's net income before tax for the period before the employee remuneration and the directors' remuneration were deducted, multiplied by the percentages for the distribution of employee remuneration and directors' remuneration as specified in the Articles of Incorporation. These remunerations and bonuses were expensed under operating expenses for each period. Related information would be available at the Market Observation Post System website. The amounts stated in the parent company only financial statements are identical to those of the actual distributions for 2023 and 2022.

(19) Revenue from customer contracts

(a) Details of revenue

	2023	2022
Major regional markets:		
Mainland China	\$ 4,037,676	5,496,771
America	1,096,473	1,124,381
Others	627,139	723,688
	\$ 5,761,288	7,344,840
Main products:		
Automotive spare parts	\$ 5,634,695	6,870,965
Others	126,593	473,875
	\$ 5,761,288	7,344,840

(b) Contract balance

	December 31, 2023	December 31, 2022	December 31, 2021
Notes and accounts receivable	\$ 2,022,658	2,361,587	2,616,438
Less: Allowance	(51,536)	(55,906)	(26,662)
Total	<u>\$ 1,971,122</u>	<u>2,305,681</u>	<u>2,589,776</u>
Contract balance	<u>\$ 80,040</u>	<u>103,248</u>	<u>132,778</u>

Please refer to Note 6(4) for the disclosure of notes and accounts receivable and the impairment thereof.

The opening balances of contract liabilities as at January 1, 2023 and 2022 recognized as revenue for the year 2023 and 2022 amounted to NT\$72,755 thousand and NT\$127,321 thousand, respectively.

(20) Non-operating income and expenses

(a) Interest income

The details of the Group's interest income are as follows:

	2023	2022
Interest income	<u>\$ 40,056</u>	<u>26,884</u>

(b) Other gains and losses

The details of the Group's other gains and losses are as follows:

	2023	2022
Foreign exchange gains (losses)	\$ (69,367)	(25,418)
Gains (losses) on disposals of property, plant and equipment	(7,522)	19,981
Gains (losses) on financial liabilities at fair value through profit or loss	(7,233)	33,460
Impairment losses	(5,226)	-
Government subsidy income	13,655	46,576
Rental income	40,150	36,336
Others	22,031	27,782
	<u>\$ (13,512)</u>	<u>138,717</u>

(a) Financial costs

The details of the Group's financial costs are as follows:

	2023	2022
Interest expense	<u>\$ 148,345</u>	<u>79,780</u>

(21) Financial instruments

(a) Credit risk

(i) Credit risk of receivables

Please refer to Note 6(4) for the information on the exposure of notes and accounts receivable to the credit risk.

Other financial assets at amortized cost include other receivables and certificates of deposit.

Interest receivable and certificates of deposit from those who are not related parties are other financial assets with low credit risk, so an allowance for losses for the period is measured at 12-month expected credit losses.

Other financial assets belonging to related parties mainly include loans, rent receivables and advances on behalf of others. The Group has been assessed to

have no significant impairment.

(b) Liquidity risk

The table below indicates the contractual maturity dates for financial liabilities, including estimated interest but excluding the effect of netting agreements.

	Carrying amount	Contract ualcash flows	Within 6 month	6-12 month	1-2 year	2-5 year	Over 5 years
December 31, 2023							
Non-derivative financial liabilities							
Secured bank loans	\$ 664,347	813,127	27,611	27,472	81,828	377,053	299,163
Unsecured bank loans	1,202,921	1,220,836	1,186,858	33,978	-	-	-
Bonds payable	1,002,839	1,180,100	580,100	-	-	600,000	-
Accounts payable	895,863	895,863	895,863	-	-	-	-
Payable on equipment and other payables	417,101	417,101	417,101	-	-	-	-
Lease liability	267,108	311,413	54,364	53,632	90,123	27,417	85,877
Non-current financial liabilities at fair value through profit or loss	156,405	-	-	-	-	-	-
	\$ 4,606,584	4,838,440	3,161,897	115,082	171,951	1,004,470	385,040
December 31, 2022							
Non-derivative financial liabilities							
Secured bank loans	\$ 542,541	701,305	14,894	15,141	39,746	184,796	446,728
Unsecured bank loans	1,241,036	1,512,063	755,504	29,877	259,542	467,140	-
Bonds payable	529,373	600,000	-	-	600,000	-	-
Accounts payable	980,764	980,764	980,764	-	-	-	-
Payable on equipment and other payables	498,125	498,125	498,125	-	-	-	-
Lease liability	319,255	373,418	53,778	45,071	87,335	97,574	89,660
Non-current financial liabilities at fair value through profit or loss	21,720	-	-	-	-	-	-
	\$ 4,132,814	4,665,675	2,303,065	90,089	986,623	749,510	536,388

The Group does not expect that the timing of the cash flows for the maturity analysis will occur significantly earlier or that the actual amounts will be significantly different.

(c) Market risk

(i) Exposure to exchange rate risk

The Group's financial assets and liabilities exposed to significant foreign-currency exchange rate risk are as follows:

December 31, 2023					
	Foreign currency	Exchange rate	CNY (Functional currency)	Exchange rate	NTD (Express currency)
<u>Financial assets</u>					
<u>Monetary items</u>					
USD	\$	28,626	USD:RMB 7.0827	202,749	875,267
		14,203	USD:MXN 16.922	240,343	434,279
NTD		617,829	NTD:RMB 0.2316	143,089	617,829
<u>Financial liabilities</u>					
USD		37,501	USD:RMB 7.0827	265,608	1,146,630
NTD		1,002,839	NTD:RMB 0.2316	232,300	1,002,839

December 31, 2022						
	Foreign currency	Exchange rate	CNY (Functional currency)	Exchange rate	NTD (Express currency)	
<u>Financial assets</u>						
<u>Monetary items</u>						
USD	\$	29,000	USD:CNY 6.9646	201,973	4.4090	890,499
		10,341	USD:MXN 19.4145	200,765	1.5816	317,540
NTD		1,972	NTD:CNY 0.2268	447	4.4090	1,972
<u>Financial liabilities</u>						
USD		37,706	USD:CNY 6.9646	262,607	4.4090	1,157,836
NTD		529,373	NTD:CNY 0.2268	120,066	4.4090	529,373

(ii) Sensitivity analysis

The exchange rate risk of the Group's currency items mainly comes from cash and cash equivalents denominated in foreign currencies, accounts receivable and other receivables, borrowings, as well as accounts payable and other payables, from which foreign currency exchange gains and losses arise during translation. On December 31, 2023 and 2022, when the CNY depreciated or appreciated by 5% against the USD and the NTD, with all other factors held constant, the effect on the net income (loss) after tax for the years ended December 31, 2023 and 2022 is as follows:

	2023	2022
USD(against CNY and MXN)		
Appreciated 5%	\$ 6,109	1,882
Depreciated 5%	(6,109)	(1,882)
NTD(against CNY)		
Appreciated 5%	(14,438)	(19,778)
Depreciated 5%	14,438	19,778

(iii) Exchange gains or losses on monetary items

Since the Group has many kinds of functional currencies, the information on foreign exchange gains or losses on monetary items is disclosed by total amount. For the years ended December 31, 2023 and 2022, foreign exchange losses (including realized and unrealized portions) amounted to \$69,367 thousand and \$25,418 thousand, respectively.

(iv) Interest rate risk

The exposure of the Group's financial assets and financial liabilities to interest rate risk is described in liquidity risk management in this note.

The sensitivity analysis below is based on the exposure of derivative and non-derivative instruments to interest rate risk at the balance sheet date. For floating-rate liabilities, the analysis is based on an assumption that the amount of a liability outstanding at the balance sheet date is outstanding throughout the year. The sensitivity to a 1% (100 basis points) change in the interest rate is used when reporting the interest rate risk internally to the key management personnel and also represents management's assessment of the reasonably possible change in interest rates.

If the interest rate increases (decreases) by 1% (100 basis points), the Group's net profit after tax would have decreased (increased) by \$43 thousand and \$4,139 thousand for the years ended December 31, 2023 and 2022, respectively, all other variable factors that remain constant. This is mainly due to the Group's demand deposit and loan in floating rates.

(v) Fair value of financial instruments

(i) Categories and fair value of financial instruments

The Group's financial liabilities at fair value through profit or loss and financial assets at fair value through other comprehensive income are measured at fair value on a recurring basis. The carrying amounts and fair values of various types of financial assets and financial liabilities (including fair value level information, but the information on the financial instruments not at fair value with their carrying amounts being the reasonable approximations of their fair values and the fair values of lease liabilities is not required to be disclosed as per regulations) are listed below:

December 31, 2023					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	\$ 102,945	-	-	102,945	102,945
Financial assets at amortised cost					
Cash and cash equivalents	2,986,053	-	-	-	-
Notes and accounts receivable	1,971,122	-	-	-	-
Other financial assets	214,746	-	-	-	-
Subtotal	5,171,921	-	-	-	-
Total	\$ 5,274,866	-	-	102,945	102,945
Financial liabilities at fair value through other comprehensive income	\$ 156,405	-	156,405	-	156,405
Financial assets at amortised cost					
Bonds payable	1,002,839	-	-	-	-
Bank loan	1,867,268	-	-	-	-
Accounts payable	895,863	-	-	-	-
Payable on equipment and other payable	417,101	-	-	-	-
Lease liabilities	267,108	-	-	-	-
Subtotal	4,450,179	-	-	-	-
Total	\$ 4,606,584	-	156,405	-	156,405

December 31, 2022					
	Book Value	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets at fair value through other comprehensive income	\$ 23,891	-	-	23,891	23,891
Financial assets at amortised cost					
Cash and cash equivalents	2,151,723	-	-	-	-
Notes and accounts receivable	2,305,681	-	-	-	-
Other financial assets	269,430	-	-	-	-
Subtotal	4,726,834	-	-	-	-
Total	\$ 4,750,725	-	-	23,891	23,891
Financial liabilities at fair value through other comprehensive income	\$ 21,720	-	21,720	-	21,720

Financial assets at amortised cost

Bonds payable	529,373	-	-	-	-
Bank loan	1,783,577	-	-	-	-
Accounts payable	980,764	-	-	-	-
Payable on equipment and other payable	498,125	-	-	-	-
Lease liabilities	319,255	-	-	-	-
Subtotal	4,111,094	-	-	-	-
Accounts payable	\$ 4,132,814	-	21,720	-	21,720

(ii) Fair value valuation techniques for financial instruments at fair value**(2.1) Non-derivative financial instruments**

When a financial instrument is quoted in an active market, the quoted price in the active market is the fair value. The market prices announced by major exchanges and Taipei Exchange that sells popular bonds are the basis for the fair values of listed equity instruments and debt instruments with quoted prices in the active markets.

A financial instrument is deemed to be with quoted prices in the active markets if its quoted prices can be obtained from exchanges, brokers, underwriters, industry associations, pricing services institutions, or competent authorities in a timely and regular manner, and the prices represent the prices in actual fair market transactions that occur frequently. If the above criteria are not met, the market is deemed inactive. Generally speaking, a large bid-ask spread, a significant increase in the bid-ask spread, or a low trading volume are all indicators of an inactive market.

Except for the above financial instruments with active markets, the fair values of other financial instruments are obtained through valuation techniques or with reference to the quoted prices by counterparties. The fair value obtained through valuation techniques may be calculated and obtained with reference to the present fair value of other financial instruments with substantively similar criteria and characteristics, discounted cash flow method, or other valuation techniques, including the use of models based on market information available at the consolidated balance sheet date.

If there is no active market for a financial instrument held by the Group and its fair value is listed by category and attribute below:

Equity instruments without quoted prices: Their fair values were estimated using the comparable company method, and the main assumptions were made based on each investee's book value per share, multiplied by a percentage of the earnings deduced from the market quotes of comparable publicly listed companies at home and abroad. Such an estimate has been adjusted for the effect of discounts on equity securities without adequate liquidity in the market.

(2.2) Derivative financial instruments

It is valued with the valuation model widely accepted by users in the market. Derivative financial instruments are valued with appropriate option pricing models.

(iii) Transfer between Level 1 and Level 2 fair values

There was no transfer between Level 1 and Level 2 fair values in 2023 and 2022.

(iv) Movement in Level 3 fair value

	Fair value through other comprehensive income
	Unquoted equity instrument
Balance as of January 1, 2023	\$ 23,891
Total gains and losses recognized:	
In other comprehensive income	456
Reclassification (Note)	79,105
Exchange rate impact	(507)
Balance as of December 31, 2023	\$ 102,945
Balance as of January 1, 2022	\$ 36,519
Total gains and losses recognized:	
In other comprehensive income	(13,242)
Purchase	614
Balance as of December 31, 2022	\$ 23,891

Note: Please refer to Note 6(6) for details.

The above total gains or losses are recognized in "Other gains or losses" and "Unrealized gains (losses) on financial assets at fair value through other comprehensive income". Among them, those related to the assets still owned in 2023 and 2022 are as follows:

	2023	2022
Total gains and losses recognized		
Recognized in other comprehensive gains(losses) \$	456	(13,242)
List in "Unrealised gains (losses) on financial assets measured at fair value through other comprehensive income" and others		

(v) Quantitative information on the measurement of significant unobservable fair value inputs

The Group's Level 3 fair value mainly includes financial assets at fair value through other comprehensive income.

Most of the Group's fair values are classified as Level 3 with only a single significant unobservable input, and only equity instrument investments without an active market bear multiple significant unobservable inputs. Significant unobservable inputs for investments in equity instruments with no active market are independent of each other and therefore do not correlate.

Quantitative information on significant unobservable fair value inputs is as follows:

Item	Valuation technique	Significant unobservable inputs	Inter-relationship between significant unobservable inputs and fair value measurement
Financial assets at fair value through other comprehensive income equity investments without an active market	Comparable listed companies approach	- Price-to-book ratio (1.34 to 2.70 and 1.27 to 2.46 as of 2023.12.31 and 2022.12.31, respectively) - EV/SALES (2.59 and 2.42 as of 2023.12.31 and 2022.12.31, respectively) - Discount for lack of marketability (20%–25% as of both 2023.12.31 and 2022.12.31)	- The higher the ratio, the higher the fair value - The higher the discount for lack of marketability, the lower the fair value
Financial liabilities at fair value through profit or loss - embedded derivative - put option	Binomial tree model for valuation of convertible bonds	Volatility (24.12% and 29.10% as of 2023.12.31 and 2022.12.31, respectively)	The higher the volatility, the higher the fair value

(vi) Sensitivity analysis of reasonably possible alternative assumptions for fair value measurements in Level 3 of the fair value hierarchy

The fair value measurements of the Group's financial instruments are reasonable. However, changes in the use of valuation models or valuation variables may affect the estimations. For fair value measurements in Level 3, changing one or more of the assumptions would have the following effect on other comprehensive income:

			Changes in fair value reflected in other comprehensive income	
	Input	Increase or decrease	Favorable change	Unfavorable change
December 31, 2023				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments without an active market	Price-to-book ratio& EV/SALES	3%	\$ 604	(604)
Investments in equity instruments without an active market	Discount for lack of marketability	3%	604	(604)
			\$ 1,208	1,208
December 31, 2022				
Financial assets at fair value through other comprehensive income				
Investments in equity instruments without an active market	Price-to-book ratio& EV/SALES	3%	\$ 341	(341)
Investments in equity instruments without an active market	Discount for lack of marketability	3%	603	(603)
			\$ 944	(944)

The favorable and unfavorable effects represent the changes in fair value, and fair value is based on a variety of unobservable inputs calculated using a valuation technique. The analysis above only reflects the effects of changes in a single input, and it does not include the inter relationships with another input.

(22) Financial risk management

(a) Overview

The Group have exposures to the following risks from its financial instruments:

- (1) credit risk
- (2) liquidity risk
- (3) market risk

The following likewise discusses the Group's objectives, policies and processes for measuring and managing the above-mentioned risks. For more disclosures about the quantitative effects of these risk exposures, please refer to the respective notes in the accompanying consolidated financial statements.

(b) Structure of risk management

The Group's Finance Department provides services for each business, coordinates operations in domestic and international financial markets, and monitors and manages the financial risks related to the Group's operations as per the internal risk report on the analysis of internal risk exposures based on risk levels and breadth. The use of derivative financial instruments is regulated by the policies approved by the Board of Directors, including the written principles of exchange rate risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment with remaining liquidity. Internal auditors continue to verify the compliance with policies and the maximum exposures. The Group does not trade financial instruments (including derivative financial instruments) for speculative purposes.

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and investments.

(1) Accounts receivable and other receivables

The Group's exposure to credit risk mainly arises from each client's situation. However, management also considers the data on its client base, including the risk of default in each client's industry and country, as such factors may affect credit risk. About 17% and 22% of the Group's 2023 and 2022 revenue came from sales to a single group.

The Group has established a credit policy, as per which the Group analyzes each new client's credit rating before setting standard payment and delivery terms and conditions for them. The Group's review covers external ratings, if available, and, in some cases, notes sent by banks. Each procurement limit is set for each client and regularly reviewed.

When the Group monitors the credit risk from clients, it is grouped according to the clients' credit characteristics. The main clients of the Group's accounts receivable and other receivables are international joint venture automakers in mainland China (established jointly by foreign and China's investors) and local independent car brands in mainland China. To reduce credit risk, the Group continues to regularly evaluate the clients' financial position but usually does not require them to provide collateral.

The Group has provided an allowance for bad debts to reflect its estimate of

incurred losses on accounts receivable, other receivables, and investments. The main components of the allowance for losses account include specific losses related to each significant exposure and combined losses established for incurred but unidentified losses from a group of similar assets. The allowance for combined losses account is determined based on the data on historical payments for similar financial assets.

(2) Investments

The exposure to credit risk for the bank deposits and other financial instruments is measured and monitored by the Group's finance department. The Group only deals with banks, other external parties, corporate organizations, government agencies and financial institutions, with good credit rating. The Group expects the counterparties above to meet their obligations; hence, there is no significant credit risk arising from these counterparties.

(d) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or other financial assets. The Group's approach to managing liquidity is to ensure, as far as possible, that it always has sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group monitors cash flow needs and optimal return on investment in cash. Generally speaking, the Group ensures that there is sufficient cash to cover expected operating expenditure for 60 days, including the fulfillment of financial obligations and excluding potential impacts that cannot be reasonably expected under extreme circumstances, such as natural disasters. Moreover, the Group's undrawn borrowing facilities as of December 31, 2022 and 2021 amounted to NT\$607,699 thousand and NT\$1,557,677 thousand, respectively.

(e) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, and equity prices, that will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return.

Exchange rate risk

The Group is exposed to exchange rate risk arising from sales, procurement, and borrowings that are not denominated in its functional currencies. The Group's functional currency is CNY. The main currencies, in which such transactions are denominated, are USD and JPY.

Interest on borrowings is denominated in the loan principal currency. Generally speaking, the borrowings are denominated in the same currency as the cash flows arising from the Group's operations, primarily USD. As such, it provides financial hedging without a need to trade derivatives, so hedge accounting is not adopted.

As for monetary assets and liabilities denominated in other foreign currencies, when a short-term imbalance occurs, the Group will buy or sell foreign currencies at the spot exchange rate to ensure that the net exposure remains at an acceptable level.

(23) Capital management

The Group has drawn up a capital management plan based on the industry characteristics and future business development, as well as factors of changes in the external environment, to ensure that it has the necessary financial resources and a complete business plan to provide future working capital, capital expenditure, and research and development

expenses, repay debts, and pay out dividends. Competent authorities adopt an appropriate debt-to-equity ratio or other financial ratios to determine the Group's optimum capital. While maintaining a solid foundation for capital, the Group will optimize the debt and equity balances to increase return on equity.

The Group's debt-to-equity ratio at the end of the reporting period was as follows:

	December 31, 2023	December 31, 2022
Total liabilities	\$ 4,845,355	4,410,270
Less: cash and cash equivalents	(2,986,053)	(2,151,723)
Net debt	\$ 1,859,302	2,258,547
Total equity	\$ 6,430,889	6,742,011
Debt-to-equity ratio	28.91%	33.50%

As of December 31, 2023, the Group's capital management method did not change.

(24) Financing activities not affecting current cash flow

Reconciliations of liabilities arising from financing activities for the years ended December 31, 2023 and 2022 were as follows:

			Non-cash changes			
	January 1, 2023	Cash flows	Changes in lease	Foreign exchange movement and others	Changes in fair value	December 31, 2023
Long-term borrowings	\$ 1,009,286	(329,880)	-	(15,059)	-	\$ 664,347
Short-term borrowing	774,291	453,029	-	(24,399)	-	1,202,921
Lease liabilities	319,255	(118,573)	72,244	(5,818)	-	267,108
Bonds payable	529,373	595,000	-	(121,534)	-	1,002,839
Total liabilities from financing activities	\$ 2,632,205	599,576	72,244	(166,810)	-	\$ 3,137,215

			Non-cash changes			
	January 1, 2022	Cash flows	Changes in lease	Foreign exchange movement and others	Changes in fair value	December 31, 2022
Long-term borrowings	\$ 750,807	247,503	-	10,976	-	1,009,286
Short-term borrowing	1,227,116	(473,547)	-	20,722	-	774,291
Lease liabilities	409,384	(147,076)	50,228	6,719	-	319,255
Bonds payable	506,419	-	-	22,954	-	529,373
Total liabilities from financing activities	<u>\$ 2,893,726</u>	<u>(373,120)</u>	<u>50,228</u>	<u>61,371</u>	<u>-</u>	<u>2,632,205</u>

7. Related-party transactions:

A. Names and relationship with related parties

the consolidated financial statements, the related parties with transactions with the Group are as follows:

Name of related party(simple name)	Relationship with the Group
Dongguan Karyu Automotive Trim Co., Ltd (“Dongguan Karyu”)	An affiliate of the Group
Guangdong Kawasaki Automotive Trim Parts Co., Ltd (“Guangdong Kawasaki”)	An affiliate of the Group
Suzhou Hiroyuki Automotive Trim Co., Ltd. (“Suzhou Hiroyuki”)	An affiliate of the Group
Dongguan Fongyi Precision Mold Co., Ltd. (“Dongguan Fongyi”)	Its Chairman and the Chairman of the Company are relatives within the second degree of kinship.
Dongguan Conserve & Associates, Inc. (“Dongguan Conserve & Associates”)	Its director is one of the Company’s key management personnel.
Jinya Dian Technology Co., Ltd (“Jinya Dian”)	Its parent company’s Chairman and the Chairman of the Company are the same person.
Jiangmen Tsukada Riken Automotive Trim Co., Ltd. (Jiangmen Tsukada Riken)	Its Vice Chairman is one of the Company’s key management personnel.
Dongguan Jing Wang Electronic Co.,Ltd. (“Dongguan Jing Wang”)	Its director and the Chairman of the Company are the same person.
Chongqing Zhengze Automotive Componet Co., Ltd (“Chongqing Zhengze”)	An affiliate of the Group (Note)
Dongguan Taica Hirosawa Technologies Co., Ltd (“Taica Hirosawa”)	An affiliate of the Group
Losang-Hirosawa mold Co.Ltd (“Losang-Hirosawa”)	An affiliate of the Group
Changshu Mono Hirosawa Automotive Trim Co. (“Changshu Mono”)	An affiliate of the Group
WIN INC(“WIN”)	An affiliate of the Group
Yu, Che-ming	Chairman of the Group

Note:It has been a non-related person since October 2023, please refer to Note 6(6) for details.

B. Significant transactions with related parties

(a) Operating revenue

The Group’s significant sales to related parties are as follows:

	2023	2022
Other related parties	\$ 12,695	14,818
Affiliates	8,017	8,136
Join Ventures	2,400	1,086
	\$ 23,112	24,040

The products sold by the Group to related parties are different from those to non-related parties, so there is no comparable transaction price available. The payment term for related parties ranges from 30 days to 120 days after the end of each month, while that for general clients ranges from 30 days to 120 days after the end of each month (for plastic parts) and that for molds is negotiated and agreed by both parties.

The Group did not receive collateral for receivables from related parties and determined that no allowance for bad debt was required.

(b) Purchases

The amounts of purchases by the Group from related parties are as follows:

	2023	2022
Other related parties	\$ 77,802	121,920
Affiliates	22,099	45,621
Join Ventures	74,025	20,785
	<u>\$ 173,926</u>	<u>188,326</u>

There is not comparable transaction counterparty available for the Group's purchases from related parties. The payment term for related parties ranges from 30 ~ 60 days or is negotiated and agreed upon by both parties, and the payment term for general suppliers is mainly 30–90 days after the end of each month.

In 2023 and 2022, to avoid the repeated calculation of the above purchase and sales, the Group presented the income and costs of the sales of raw materials and semi-finished goods to affiliates and other related parties in net amounts, which were NT\$148 and NT\$27 thousand, respectively. When the affiliates completed the processing and manufacturing and sold them back to the Group for resale, the relevant operating revenue and costs were initially recognized, but the receivables and payables failed to meet the conditions for derecognition, so they were still listed in an aggregate manner.

(c) Others

The Group entrusted affiliates, joint ventures, and other related parties for in 2023 and 2022 payments for processing and purchases of miscellaneous items and paid them NT\$1,264 thousand and NT\$1,816 thousand, respectively.

The amounts of the purchases of raw materials made by the Group on behalf of affiliates and other related parties in 2022 and 2021 are as follows:

	Procurement of raw materials	
	2023	2022
Other related parties	\$ 3	-
Join Ventures	2	6,145
Affiliates	2	-
	<u>\$ 7</u>	<u>\$ 6,145</u>

(d) Receivables from related parties

The details of the Group's receivables from related parties are as follows:

Account	Relationship	December 31 2023	December 31 2022
Accounts receivable	Other related parties	\$ 3,772	7,927
Accounts receivable	Affiliates	7,493	3,875
Accounts receivable	Join Ventures	1,189	3,822
Other current financial assets	Affiliates	18,303	15,658
Other current financial assets	Other related parties	4,626	3,020
Other non-current financial assets	Join Ventures	1,533	63
		<u>\$ 36,916</u>	<u>34,365</u>

Note: Other financial assets - current and non-current mainly refer to the sales of equipment, rental income, and others.

(e) Payables to related parties

The details of the Group's payables to related parties are as follows:

Account	Relationship	December 31 2023	December 31 2022
Accounts payable	Other related parties	\$ 16,822	17,664
Accounts payable	Affiliates	18,724	33,671
Accounts payable	Join Ventures	35,157	29,637
Other payables	Affiliates	7,014	12,505
Other payables	Other related parties	4,987	3,229
		\$ 82,704	96,706

(f) Other non-current assets

	December 31 2023	December 31 2022
Join Ventures	\$ 761	777

(g) Prepayments

The details of the Group's prepayments to related parties are as follows:

	December 31 2023	December 31 2022
Affiliates - Losang-Hirosawa	\$ 11,809	17,176
Other related parties	6,306	5,085
	\$ 17,395	22,261

(h) Property transactions

1) Acquisition of property, plant and equipment

The aggregate information on the prices of property, plant and equipment acquired by the Group from related parties is as follows:

	2023	2022
Affiliates	\$ 13,050	35,012
Other related parties	7,856	11,915
	\$ 20,906	46,927

2) Disposition of property, plant and equipment

The summary of the Group's sale of real estate, plant and equipment to related parties in a general manner is as follows:

	2023	
Relationship	Disposition price	Disposition gains(losses)
Join Ventures	\$ 1,382	93

(i) Rental income

	2023	2022
Other related parties	\$ 11,165	12,462
Affiliates	7,518	19,280
Join Ventures	618	681
	<u>\$ 19,301</u>	<u>32,423</u>

The above income is from the offices and factories leased to affiliates, other related parties, and the Group's joint ventures. The payment term is 30 days after the end of each month, and the transaction prices were not significantly different from those with non-related parties.

(j) Other income

	2023	2022
Join Ventures	\$ 1,197	143
Affiliates	-	2
Other related parties	-	5
	<u>\$ 1,197</u>	<u>150</u>

(k) Loans to related parties (accounted for under other financial assets - current)

The drawdown expenditures of the loans from the Group to related parties is as follows:

	December 31, 2023	December 31, 2022
Other related parties - Dongguan Conserve & Associates	\$ 37,920	34,527
Affiliates - Changshu Mono	22,320	33,436
	<u>\$ 60,222</u>	<u>67,963</u>

The interest on the loans from the Group related parties was accrued at 3.65% to 3.70% per annum, and they were all unsecured. After the Group's assessment, there was no need to set aside an allowance for bad debt.

(l) The Group paid NT\$104,000 thousand in 2023 to the Chairman of the Company in 2023 for a 30% stake in Hsin Shi Technology Co., Ltd., please refer to Note 6(6).

The Group participated in the capital increase in cash of Suzhou Hiroyuki Automotive Trim Co., Ltd. in 2023. Please refer to Note 6(6) for details.

C. Transactions with key personnel

The remuneration to key management personnel includes:

	2023	2022
Short-term employee benefits	<u>\$ 32,288</u>	<u>33,893</u>

8. Assets Pledged

The details of the book value of the assets pledged by the Group are as follows:

Pledged assets	Object	December 31, 2023	December 31, 2022
Land (Right-of-use Asset), Property, plant and equipment	Guarantees for bank Loan	\$ 1,018,037	170,298
Guarantee deposits paid (Accounting for Other non-current financial assets)	Lease Deposit	95,122	28,075
		<u>\$ 1,13,159</u>	<u>198,373</u>

9. Material Contingent Liabilities and Unrecognized Contractual Commitments

1. The Group's unrecognized contractual commitments are as follows:

	December 31, 2023	December 31, 2022
Acquisition of property, plant and equipment	<u>\$ 128,524</u>	<u>315,700</u>

2. The Group signed a factory lease contract with Xitou Joint Stock Economic Cooperative, Houjie Town, Dongguan City on August 18, 2023. As of December 31, 2023, the factory was still under construction, the contract period is twenty years from the date of delivery of the factory. The total rent in the twenty years is expected to be approximately RMB 699,563 thousand. The contract deposit is RMB 15,000 thousand accounting for non-current other financial assets.

10. Major Disaster Loss: None.

11. Material Events After the Balance Sheet Date:

In January 2024, at the request of the investors, the Group exercised the redemption right in accordance with the Regulations Governing the First Convertible Bonds, and sold back a total of 5,783 bonds for an amount of NT\$578,300 thousand. In addition, the Group expects to exercise the bond redemption right in accordance with the Regulations Governing the First Convertible Bonds during February 23 to March 23, 2024, and to redeem all of the bonds at the face value in cash, totaling NT\$1,800 thousand.

12. Others

(a) Employee benefits and depreciation and amortization expenses are summarized by function as follows:

By item	2023			2022		
	Operating cost	Operating Expense	Total	Operating cost	Operating Expense	Total
Employee benefits						
Salary	663,546	405,631	1,069,177	875,672	413,356	1,289,028
Labor and health insurance	32,391	11,458	43,849	30,405	10,093	40,498
Pension	73,348	26,327	99,675	82,613	26,087	108,700
Remuneration of directors	-	1,800	1,800	-	4,033	4,033
Others	39,202	12,155	51,357	44,772	12,067	56,839
Depreciation	440,263	160,774	601,037	461,659	162,653	624,312
Amortization	1,454	7,685	9,139	286	13,935	14,221

13. Additional Disclosures

(1) Information on significant transactions

As per the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Group shall disclose the relevant information on significant transactions during 2023. The details are as follows:

(a) Loan to Others:

Unit: NT\$ thousand

No. (Note 1)	Financing Company	Counterparty	Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn (Note 5)	Interest Rate (%)	Nature for Financing (Note 4)	Transactio n Amount	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limit
													Item	Value		
1	Dongguan Hirosawa	Wuhan Hiroyoshi	Other receivables due from related parties	Yes	302,190	151,095	86,430	3.55	2	-	Operating capital	-		-	Not exceed 10% of the Corporation's net worth 538,780	Not exceed 20% of the Corporation's net worth 1,077,560
1	Dongguan Hirosawa	Dongguan Conserve & Associates	Other receivables due from related parties	Yes	43,170	43,170	37,920	3.65	2	-	Operating capital	-		-	Not exceed 10% of the Corporation's net worth 538,780	Not exceed 20% of the Corporation's net worth 1,077,560
1	Dongguan Hirosawa	Changshu Mono	Other receivables due from related parties	Yes	51,804	51,804	22,302	3.70	2	-	Operating capital	-		-	Not exceed 10% of the Corporation's net worth 538,780	Not exceed 20% of the Corporation's net worth 1,077,560
1	Dongguan Hirosawa	Hunan Hiroyoshi	Other receivables due from related parties	Yes	21,585	21,585	21,585	3.65	2	-	Operating capital	-		-	Not exceed 10% of the Corporation's net worth 538,780	Not exceed 20% of the Corporation's net worth 1,077,560
1	Lofty Group	Hirotai Investment	Other receivables due from related parties	Yes	43,170	43,170	41,017	3.65	2	-	Operating capital	-		-	Not exceed 10% of the Corporation's net worth 646,466	Not exceed 20% of the Corporation's net worth 1,292,934

Note 1: The method of filling in the Code column is as follows:

1. The issuer is coded "0."

2. The investees are coded sequentially beginning from "1" in the order presented in the table above.

Note 2: The method of filling in the nature of loans to others is as follows:

1. Business relationship.

2. The need for short-term financing.

Note 3: The transactions related to the consolidated entities listed above have been eliminated when the consolidated financial statements were prepared.

Note 4: If the relevant numbers in this table involve a foreign currency, it shall be converted into NTD at the exchange rate prevailing on the balance sheet date. If it is an item under the assets and liabilities account, it shall be converted at the spot exchange rate; if it is an item under the profit or loss account, it shall be converted at the average exchange rate.

(b) Endorsements/Guarantees Provided to Others:

Number (Note 1)	Name of Guarantor	Counter-party of guarantee and endorsement		Limitation on amount of guarantees and endorsements (Note2)	Highest balance of guarantees and endorsements during the period	Balance of guarantees and endorsements as of reporting date	Actual usage amount	Property pledged for guarantees and endorsements (Amount)	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note2)	en to
		Name	Relationship with the Company (Note 3)								
0	The Company	Lofty Group	2	1,220,760	550,368	-	-	-	9.02%	2,441,521	
1	Dongguan Hirosawa	Wuhan Hiroyushi	4	1,077,560	129,510	129,510	-	-	2.40%	2,155,120	

Note 1: The method of filling in the Code column is as follows:

1. The issuer is coded "0."

2. The investees are coded sequentially beginning from "1" in the order presented in the table above.

Note 2: The upper limit of each endorsement/ guarantee provided to a single enterprise shall not exceed 20% of the then net worth of the enterprise; if it exceeds 40% of the then net worth of the enterprise.

Note 3: There are seven types of relations between the endorser/guarantor and the endorsed/guaranteed party as follows; just indicate the type.

1. Companies with business dealings.

2. A company in which the Company directly or indirectly holds more than 50% of the voting shares.

3. A company directly or indirectly holds more than 50% of the voting shares in the Company.

4. A company in which the Company directly or indirectly holds more than 90% of the voting shares.

5. Companies that need to purchase insurance for each other in the same industry or as co-builders in accordance with contract for contracting construction projects.

6. A company that is endorsed and guaranteed by all shareholders of the Company based on their ownership percentage due to the Company's business.

7. The companies that are engaged in joint and several guarantees for the performance of a pre-sale property contract in accordance with the contract.

Note 4: If the relevant numbers in this table involve a foreign currency, it shall be converted into NTD at the exchange rate prevailing at the reporting date; if it is an item under the assets and liabilities account, it shall be converted at the spot exchange rate; if it is an item under the profit or loss account, it shall be converted at the average exchange rate.

(c) Securities held at the end of the period (excluding investment in subsidiaries, affiliates, and joint ventures):

Name of holder	Category and name of security	Relationship with the company	Account title	Ending balance				Remark
				Shares / Units	Carrying value	Percentage of ownership (%)	Fair value (Note2)	
Lofty Group	Common stock Conserve & Associates, Inc.	Investee companies at fair value through other comprehensive income	Non-current financial assets at fair value through other comprehensive income	2,414,400	16,321	7.27%	16,321	
Yoshisawa Investment	Jiangmen Tsukada Riken Automotive Trim Co., Ltd.	"	"	-	7,519	10.00%	7,519	
Hirogen Internationa	Cubic (Tianjin) Printing Co., Ltd	"	"	-	-	10.00%	-	
Dongguan Hirosawa	Chongqing Zhengze Automotive Componet Co., Ltd	"	"	1,886,637	79,105	1.15%	79,105	

Note 1: If the relevant numbers in this table involve a foreign currency, it shall be converted into NTD at the exchange rate prevailing on the balance sheet date.
If it is an item under the assets and liabilities account, it shall be converted at the spot exchange rate; if it is an item under the profit or loss account, it shall be converted at the average exchange rate.

Note 2: The fair values of non-TWSE or TPEx listed companies were estimated with the comparable listed company method and the net asset value approach.

- (d) Marketable securities acquired or sold at costs or prices at least nt\$300 million or 20% of the paid-in capital: None.**
(e) Acquisition of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.
(f) Disposal of individual property at costs of at least NT\$300 million or 20% of the paid-in capital: None.

(g) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Company Name	Related Party	Nature of Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Terms	Unit Price (Note 2)	Payment Terms	Ending Balance	% to Total	
Lofty Group	HIROSAWA USA	Parent and subsidiary company	Sales	(646,865)	(70.71)	O/A 120 days	-	-	168,799	69.69	
"	Dongguang Hirosawa	Parent and subsidiary company	Purchases	580,633	81.40	O/A 90 days	-	-	(475,504)	(92.68)	
Dongguang Hirosawa	Lofty Group	Parent and subsidiary company	Sales	(577,961)	(14.73)	O/A 90 days	-	-	475,504	32.43	
"	Xianyang Hiroyoshi	Parent and subsidiary company	Purchases	145,576	6.08	O/A 60 days	-	-	(67,496)	(7.34)	
"	Hunan Hiroyoshi	Parent and subsidiary company	Purchases	104,918	4.38	O/A 60 days	-	-	(40,543)	(4.41)	
"	Wuhan Hiroyoshi	Parent and subsidiary company	Purchases	301,849	12.60	O/A 90days	-	-	(228,951)	(24.90)	
Wuhan Hiroyoshi	Dongguang Hirosawa	Parent and subsidiary company	Sales	(308,837)	(43.13)	O/A 90 days	-	-	228,937	55.36	
Hunan Hiroyoshi	Dongguang Hirosawa	Parent and subsidiary company	Sales	(104,205)	(78.95)	O/A 90 days	-	-	41,148	81.49	
Xianyang Hiroyoshi	Dongguang Hirosawa	Parent and subsidiary company	Sales	(148,142)	(51.40)	O/A 60 days	-	-	67,496	63.27	
HIROSAWA USA	Lofty Group	Parent and subsidiary company	Purchases	641,930	99.21	O/A 120 days	-	-	(168,799)	(100.00)	

Note1: The transactions related to the consolidated entities listed above have been eliminated when the consolidated financial statements were prepared.

Note2: There is not comparable transaction counterparty available for the Group's sales to and purchases from related parties.

Note2: If the relevant numbers in this table involve a foreign currency, it shall be converted into NTD at the exchange rate prevailing on the balance sheet date.

If it is an item under the assets and liabilities account, it shall be converted at the spot exchange rate; if it is an item under the profit or loss account, it shall be converted at the average exchange rate.

(h) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital:

Unit: NT\$ thousand

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (Note 3)	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Lofty Group	HIROSAWA USA	Parent and subsidiary company	168,799	3.36	-	Pay at sight	74,152	-
Dongguang Hirosawa	Lofty Group	Parent and subsidiary company	475,504	1.43	-	Pay at sight	160,154	-
Wuhan Hiroyoshi	Dongguang Hirosawa	Parent and subsidiary company	228,937	1.52	-	Pay at sight	74,884	-

Note 1: The transactions related to the consolidated entities listed above have been eliminated when the consolidated financial statements were prepared.

Note 2: If the relevant numbers in this table involve a foreign currency, it shall be converted into NTD at the exchange rate prevailing on the balance sheet date. If it is an item under the assets and liabilities account, it shall be converted at the spot exchange rate; if it is an item under the profit or loss account, it shall be converted at the average exchange rate.

Note 3: Other receivables were not included in the calculation of the turnover.

(i) Derivatives Trading: None.

(j) Business relations and important transactions between parent company and subsidiaries:

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Account	Amount	Payment Terms	% of Total Sales or Assets
1	Lofty Group	Dongguan Hirosawa	3	Operating revenue, net	17,567	No other transaction counterparts can be compared	0.30%
1	"	Hirosawa USA	3	Operating revenue, net	646,865		11.23%
1	"	"	3	Accounts receivable	168,799		1.50%
1	"	Hirotai Mexico	3	Operating revenue, net	14,387		0.25%
1	"	Hirotai Investment	3	Other current financial assets	44,786		0.40%
2	Dongguan Hirosawa	Lofty Group	3	Operating revenue, net	577,961	"	10.03%
2	"	"	3	Accounts receivable	475,504	"	4.24%
2	"	Kaifeng Hiroyoshi	3	Operating revenue, net	27,214	"	0.47%
2	"	Wuhan Hiroyoshi	3	Other current financial assets	86,340	"	0.77%
2	"	Hunan Hiroyoshi	3	Other current financial assets	46,745	"	0.42%
3	Wuhan Hiroyoshi	Dongguan Hirosawa	3	Operating revenue, net	308,837	"	5.36%
3	"	"	3	Accounts receivable	228,937	"	2.04%
3	"	Lofty Group	3	Operating revenue, net	76,914	"	1.34%
3	"	"	3	Accounts receivable	20,278	"	0.18%
4	Kaifeng Hiroyoshi	Dongguan Hirosawa	3	Operating revenue, net	55,448	"	0.96%
4	"	"	3	Accounts receivable	21,406	"	0.19%
5	Xianyang Hiroyoshi	Lofty Group	3	Operating revenue, net	24,565	"	0.43%
5	"	Dongguan Hirosawa	3	Operating revenue, net	148,142	"	2.57%
5	"	"	3	Accounts receivable	67,496	"	0.60%
6	Hunan Hiroyoshi	Dongguan Hirosawa	3	Operating revenue, net	104,205	"	1.81%
6	"	"	3	Accounts receivable	41,148	"	0.37%
6	"	Lofty Group	3	Operating revenue, net	12,424	"	0.22%

Note 1: The method of filling in the Code column is as follows:

1. The parent company is coded "0".
2. The subsidiaries are coded sequentially beginning from "1" in the order presented in the table above.

Note 2: The types of relations with the counterparty are indicated as follows:

1. Parent company to subsidiary
2. Subsidiary to parent company
3. Between subsidiaries

Note 3: If the transaction amount as a percentage of the consolidated total revenue or total assets was under the assets and liabilities account, it was calculated with the ending balance as a percentage of the total assets; if it was under the profit and loss account, it was calculated with the cumulative amount during the period as a percentage of the consolidated total revenue.

Note 4: If a transaction amount does not reach NT\$10,000 thousand, it will not be disclosed. Of the sales and purchases and accounts receivable and payables, only the amounts of sales and accounts receivable written off are disclosed.

Note 5: If the relevant numbers in this table involve a foreign currency, it shall be converted into NTD at the exchange rate prevailing on the balance sheet date. If it is an item under the assets and liabilities account, it shall be converted at the spot exchange rate; if it is an item under the profit or loss account, it shall be converted at the average exchange rate.

(2) Information on investees

The information on the Group's investees for the year ended December 31, 2023 is as follows (excluding investees in China):

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2021			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Stock (Shares)	%	Carrying Value			
The Company	Lofty Group	Samoa	International trade business and general investment business	2,851,768	2,851,768	38,285,716	100.00%	6,464,669	(70,247)	(70,247)	Note1
"	Hiroca Taiwan	Taiwan	R&D and sales of automotive trim parts;	226,153	108,817	16,335,367	100.00%	148,453	(38,400)	(38,400)	"
Hiroca Taiwan	Hsin Shi Technology Co., Ltd	Taiwan	Production and sales of automotive trim parts	104,000	-	5,160,000	30.00%	104,000	-	-	Note4
Lofty Group	Hiroca Investment	Samoa	General investment business	43,324	43,324	1,500,000	100.00%	18,395	(19,263)	(19,263)	Note1
"	Hirogen International	"	"	73,132	73,132	19,414,080	79.00%	1,094	(2)	(2)	"
"	Hiroyoshi Investment	"	"	898,507	898,507	32,500,000	100.00%	701,956	57,988	57,988	"
"	Yoshisawa Investment	"	"	24,580	24,580	880,000	100.00%	7,400	(28)	(28)	"
"	Hiroyuki Investment	"	"	88,180	88,180	3,309,477	100.00%	37,031	(3,731)	(3,731)	"
"	Hirotai Investment	"	"	844,497	844,497	29,475,000	68.55%	710,963	(19,100)	(13,095)	"
"	Smart Scene	"	"	4,317	4,317	500,000	100.00%	89,204	60,324	81,277	Note1 and Note3
Hiroyuki Investment	WIN INC.	Cayman	International trade business and general investment business	86,574	86,574	25,480	49.00%	36,464	(7,581)	(3,715)	Note1
Hirotai Investment	HIROTAI AUTOMOTIVE TRIM SA DE CV	Mexico	Manufacturing and sales business	1,147,262	1,147,262	739,627,198	100.00%	1,084,179	(7,021)	(7,021)	"
Smart Scene	HIROSAWA AUTOMOTIVE TRIM USA CO.	USA	Sales business	30	30	60,000	100.00%	104,101	60,356	60,356	"

Note 1: The transactions related to the consolidated entities listed above have been eliminated when the consolidated financial statements were prepared.

Note 2: If the relevant numbers in this table involve a foreign currency, it shall be converted into NTD at the exchange rate prevailing on the balance sheet date. If it is an item under the assets and liabilities account, it shall be converted at the spot exchange rate; if it is an item under the profit or loss account, it shall be converted at the average exchange rate.

Note 3: It refers to the unrealized gross profit on downstream transactions

Note 4: It is accounted for prepaid investment as of December 31, 2023.

(3) Information on investments in mainland China:

(a) Information on investees in mainland China:

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment (Note 1)	Accumulated Outward Remittance for Investment from Taiwan as of 2023.01.01	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of 2023.12.31	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investmen	Investment Gain (Loss) (Note 2)	Carrying Amount as of 2023.12.31	Accumulated Repatriation of Investment Income as of 2023.12.31
					Outflow	Inflow						
Dongguan Hirosawa	Production and sales of automotive trim parts, electronic plastic parts, and polypropylene corrugated boxes; road freight; wholesale and import and export of molds, jigs, fixtures, and inspection tools	673,542	2	0	0	0	0	(130,093)	100.00%	(127,587)	5,376,544	0
Dongguan Taica Hirosawa	Production and sales of various types of automotive interiors and exterior trim parts, computer parts, small home appliance parts, building material parts	121,260	2	0	0	0	0	(40,112)	35.00%	(14,039)	16,758	0
Wuhan Hiroyushi	Production and sales of automotive trim parts, electronic plastic parts, and polypropylene corrugated boxes; road freight; wholesale and import and export of molds, jigs, fixtures, and inspection tools	824,013	2	0	0	0	0	44,556	100.00%	44,556	690,647	0
Changshu Mono Hirosawa	Production and sales of automotive trim parts	91,558	2	0	0	0	0	1,241	49.00%	608	38,453	0
Chongqing Zhengze(Note1)	Production and sales of automotive trim parts	438,176	2	0	0	0	0	(17,054)	40.00%	(6,670)	-	0
Kaifeng Hiroyushi	Production and sales of automotive trim parts	302,190	2	0	0	0	0	(4,046)	100.00%	(4,046)	488,149	0
Hunan Hiroyushi	Production and sales of automotive trim parts	323,775	2	0	0	0	0	(5,724)	100.00%	(5,724)	253,043	0
Dongguan Guangneng	Production and sales of automotive trim parts	21,585	2	0	0	0	0	(72)	100.00%	(72)	23,966	0
Xianyang Hiroyushi	Production and sales of automotive trim parts	215,850	2	0	0	0	0	8,985	100.00%	8,985	500,975	0
Dongguan Hiroca Technology	R&D and sales of automotive trim parts; auto parts design, development, technical consultation, and technical services	43,170	2	0	0	0	0	(4,386)	100.00%	(4,386)	64,079	0
Losang-Hirosawa	Production and sales of plastic and metal molds and provision of design and development and technical consultation services.	21,497	2	0	0	0	0	(27,302)	30.12%	(8,224)	7,461	0
Dongguan Karyu	Production and sales of automotive trim parts	53,963	2	0	0	0	0	(2,639)	51.00%	(1,346)	13,645	0
Guangdong Kawasawa(Note2)	Production and sales of automotive trim parts	86,340	2	0	0	0	0	(1,357)	50.00%	(679)	-	0
Suzhou Hiroyuki	Production and sales of automotive trim parts	400,197	2	0	0	0	0	(14,332)	35.00%	(7,309)	185,886	0

Note1: Please refer to note6(6) for the stock exchange transaction this year.

Note2: Please refer to note6(6) for the liquidation this year.

(b) **Limit of investment in investees in mainland China:**

Name of company	Cumulative outward remittances for investment from Taiwan to mainland China as of the end of this period (Note 4)	Investment amount approved by the Investment Commission, MOEA (Note 4)	Limit of the investment amount stipulated by Investment Commission, MOEA (Note 4)
-	-	-	-

Note 1: Investment methods are divided into the three types below, just indicate the type:

- (I) Direct investment in mainland China.
- (II) Indirect investment in mainland China through a third-region company
- (III) Other methods.

Note 2: The investment profits or losses recognized for this period is based on:

- (I) If it is under preparation, there is no investment profit or loss.
- (II) The basis of recognizing investment profits or losses is divided into the three types below
 - (1) Financial statements audited by an international accounting firm with a partnership with an accounting firm in the Republic of China.
 - (2) Financial statements audited by a CPA appointed by the parent company in Taiwan.
 - (3) Others - financial statements reviewed by a CPA appointed by the parent company in Taiwan or prepared by the company itself.

Note 3: The transactions related to the consolidated entities listed above have been eliminated when the consolidated financial statements were prepared.

Note 4: The Company is an overseas company and therefore is not subject to the limit specified in the Principles for the Review of Investment or Technical Cooperation in Mainland China.

Note 5: If the relevant numbers in this table involve a foreign currency, it shall be converted into NTD at the exchange rate prevailing on the balance sheet date. If it is an item under the assets and liabilities account, it shall be converted at the spot exchange rate; if it is an item under the profit or loss account, it shall be converted at the average exchange rate.

(c) **Information on significant transactions**

Please refer to “Business relations and important transactions between parent company and subsidiaries for the direct or indirect significant transactions between the Group and the investees in China in 2023 which have been eliminated when the consolidated statements were prepared).

(4) **Information on major shareholders**

Name of Major Shareholder	Shares	Number of Shares	Percentage of Ownership (%)
Yu ,Che-Ming		13,949,847	16.63%
Cheng, Hui-min		4,695,899	5.60%

Note: The major shareholders in this table are shareholders each holding 5% or more of the Company's ordinary and preference shares with registration of dematerialized securities completed (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial statements may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different bases of preparation.

14. Information on Segments

A. Product and service information

Revenue from external customers of the Group was as follows:

Product and service	2023	2022
Automotive spare parts	\$ 5,634,695	6,870,965
Others	126,593	473,875
Total	\$ 5,761,288	7,344,840

B. Geographic information

In presenting information on the basis of geography, segment revenue is based on the geographical location of customers and segment assets are based on the geographical location of the assets.

Geographical information	2023	2022
Revenue from external customers was as follows:		
Mainland China	\$ 4,037,676	5,496,771
American	1,096,473	1,124,381
Others	627,139	723,688
Total	\$ 5,761,288	7,344,840

Geographical information	December,31 2023	December,31 2022
Non-current assets:		
Mainland China	\$ 3,935,256	4,118,732
Mexico	612,392	579,252
Others	48,192	46,103
Total	\$ 4,595,840	4,744,087

Non-current assets include real property, plant and equipment, right-of-use assets, intangible assets and other assets, but exclude non-current assets of financial instruments and deferred tax assets.

C. Major customers (constituted 10% or more of revenue)

	2023	2022
Marelli Group	\$ 1,002,982	1,630,481