Ta Yih Industrial Co., Ltd.

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

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Ta Yih Industrial Co., Ltd.

Opinion

We have audited the accompanying standalone financial statements of Ta Yih Industrial Co., Ltd. (the "Company"), which comprise the standalone balance sheets as of December 31, 2022 and 2021, and the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the standalone financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying standalone financial statements present fairly, in all material respects, the standalone financial position of the Company as of December 31, 2022 and 2021, and its standalone financial performance and its standalone cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the standalone Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements for the year ended December 31, 2022. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the audit of the Company's standalone financial statements for the year ended December 31, 2022 is as follows:

Sales Revenue from Hub Warehouse

Ta Yih Industrial Co., Ltd. mainly manufactures and sells automobile and locomotive lamps. The Company also sells its products to overseas markets. The sales model of overseas markets depends on the delivery of goods from hub warehouse. Ta Yih Industrial Co., Ltd. usually relies on the statements or other information from the external custodians of hub warehouse when making important strategic decisions. The inventory change related to the delivery from hub warehouse is used as the basis for recognizing revenue, and sales revenue is recognized when the customer picks up the goods (transfer of risks and rewards).

The sales revenue generated from the hub warehouse was $1,530,564 thousand for the year ended December 31, 2022, which accounted for 32% of the total operating revenue. The transaction volume of revenue from the hub warehouse is significant to the standalone financial statements of Ta Yih Industrial Co., Ltd. for the year ended December 31, 2022; therefore, the revenue recognition of sales from hub warehouse needed to be verified through multiple internal controls and was identified as a key audit matter.

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

1. We obtained an understanding and tested the effectiveness of the design of the internal control and implementation related to the authenticity of sales revenue.

2. We confirmed the existence of revenue by sampling the sales revenue from shipment of hub warehouse and checked the corresponding documents such as export declarations, bills of lading and bank statement's records.

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

Management is responsible for the preparation and fair presentation of the standalone financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of standalone financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the standalone financial statements. We are responsible for the direction, supervision, and performance of the audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine a matter that was of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 and is therefore the key audit matter. We describe this matter in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Chi-Chen Lee and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2023

Notice to Readers

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

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

Ta Yih Industrial Co., Ltd.

STANDALONE BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	December 31, 2022		December 31, 2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash (Notes 4 and 6)	$ 154,018	5	$ 81,857	2
Financial assets at amortized cost - current (Notes 4 and 7)	5,600	-	-	-
Notes receivable (Notes 4 and 8)	416	-	14,256	-
Accounts receivable (Notes 4, 8 and 20)	685,440	21	706,917	21
Accounts receivable from related parties (Notes 4, 8, 20 and 27)	146,424	4	63,689	2
Other receivables (Notes 4 and 8)	5,581	-	2,291	-
Other receivables from related parties (Notes 4, 8 and 27)	9,690	-	15,332	1
Inventories (Notes 4 and 9)	952,784	29	1,061,190	31
Prepayments (Note 27)	107,865	3	74,149	2
Other current assets (Note 14)	18,387	1	17,895	1
Total current assets	2,086,205	63	2,037,576	60
NON-CURRENT ASSETS				
Investments accounted for using the equity method (Notes 4 and 10)	174,923	5	272,325	8
Property, plant and equipment (Notes 4, 11 and 27)	966,643	29	995,638	29
Right-of-use assets (Notes 4 and 12)	38,650	1	8,166	-
Intangible assets (Notes 4, 13 and 27)	8,521	-	13,716	1
Deferred tax assets (Notes 4 and 22)	21,449	1	45,777	1
Other non-current assets (Notes 4 and 14)	14,630	1	21,265	1
Total non-current assets	1,224,816	37	1,356,887	40
TOTAL	$ 3,311,021	100	$ 3,394,463	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 300,000	9	$ 375,830	11
Short-term bills payable (Note 15)	-	-	90,000	3
Contract liabilities - current (Notes 4, 20 and 27)	129,154	4	53,953	2
Notes payable (Note 16)	78,300	2	84,738	2
Accounts payable (Note 16)	528,522	16	527,055	16
Accounts payable to related parties (Notes 16 and 27)	66,622	2	68,820	2
Other payables (Note 17)	172,999	5	171,840	5
Other payables to related parties (Notes 17 and 27)	45,874	2	50,016	1
Current tax liabilities (Notes 4 and 22)	25,621	1	55,122	2
Lease liabilities - current (Notes 4 and 12)	10,711	-	4,527	-
Other current liabilities (Note 17)	585	-	427	-
Total current liabilities	1,358,388	41	1,482,328	44
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Notes 4 and 22)	78,784	2	92,342	3
Lease liabilities - non-current (Notes 4 and 12)	28,115	1	3,713	-
Net defined benefit liabilities (Notes 4 and 18)	49,797	2	78,730	2
Other non-current liabilities (Note 17)	2,429	-	2,845	-
Total non-current liabilities	159,125	5	177,630	5
Total liabilities	1,517,513	46	1,659,958	49
EQUITY (Note 19)				
Ordinary shares	762,300	23	762,300	22
Capital surplus	61,023	2	60,924	2
Retained earnings				
Legal reserve	674,678	20	667,215	20
Special reserve	68,264	2	68,264	2
Unappropriated earnings	262,141	8	214,713	6
Total retained earnings	1,005,083	30	950,192	28
Other equity	(34,898)	(1)	(38,911)	(1)
Total equity	1,793,508	54	1,734,505	51
TOTAL	$ 3,311,021	100	$ 3,394,463	100

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

Ta Yih Industrial Co., Ltd.

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 20 and 27)	$ 4,746,405	100	$ 4,992,142	100
OPERATING COSTS (Notes 9, 18, 21 and 27)	4,151,023	88	4,350,801	87
GROSS PROFIT	595,382	12	641,341	13
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	(1,473)	-	(2,200)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES	1,762	-	2,645	-
REALIZED GROSS PROFIT	595,671	12	641,786	13
OPERATING EXPENSES (Notes 8, 18, 21 and 27)				
Selling and marketing expenses	263,744	5	224,238	5
General and administrative expenses	129,199	3	134,216	3
Research and development expenses	147,122	3	154,030	3
Expected credit loss	-	-	2,038	-
Total operating expenses	540,065	11	514,522	11
PROFIT FROM OPERATIONS	55,606	1	127,264	2
NON-OPERATING INCOME AND EXPENSES (Notes 21 and 27)				
Interest income	293	-	100	-
Other income	43,631	1	59,041	1
Other gains and losses	87,932	2	(39,408)	(1)
Share of profit or loss of subsidiaries and associates	(102,707)	(2)	(59,456)	(1)
Total non-operating income and expenses	29,149	1	(39,723)	(1)
PROFIT BEFORE INCOME TAX	84,755	2	87,541	1
INCOME TAX EXPENSE (BENEFIT) (Notes 4 and 22)	(4,069)	-	5,017	-
NET PROFIT FOR THE YEAR	88,824	2	82,524	1
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	14,756	-	(9,866)	-

(Continued)

Ta Yih Industrial Co., Ltd.

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

	2022		2021	
	Amount	**%**	**Amount**	**%**
Income tax relating to items that will not be reclassified subsequently to profit or loss (Notes 4 and 22)	$ (2,951)	-	$ 1,973	-
	11,805	-	(7,893)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	5,016	-	(1,810)	-
Income tax relating to items that may be reclassified subsequently to profit or loss (Notes 4 and 22)	(1,003)	-	362	-
	4,013	-	(1,448)	-
Other comprehensive income (loss) for the year, net of income tax	15,818	-	(9,341)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 104,642	2	$ 73,183	1
EARNINGS PER SHARE (New Taiwan dollars, Note 23)				
Basic	$ 1.17		$ 1.08	
Diluted	$ 1.17		$ 1.08	

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

(Concluded)

Ta Yih Industrial Co., Ltd.

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

	Share Capital			Retained Earnings			Other Equity	
	Shares	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2021	76,230	$ 762,300	$ 60,832	$ 651,251	$ 68,264	$ 255,145	$ (37,463)	$ 1,760,329
Appropriation of the 2020 earnings (Note 19)								
Legal reserve	-	-	-	15,964	-	(15,964)	-	-
Cash dividends distributed by the Company - NT$1.3 per share	-	-	-	-	-	(99,099)	-	(99,099)
Unclaimed cash dividends overdue transferred to capital surplus	-	-	92	-	-	-	-	92
Net profit for the year ended December 31, 2021	-	-	-	-	-	82,524	-	82,524
Other comprehensive loss for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(7,893)	(1,448)	(9,341)
Total comprehensive income for the year ended December 31, 2021	-	-	-	-	-	74,631	(1,448)	73,183
BALANCE AT DECEMBER 31, 2021	76,230	762,300	60,924	667,215	68,264	214,713	(38,911)	1,734,505
Appropriation of the 2021 earnings (Note 19)								
Legal reserve	-	-	-	7,463	-	(7,463)	-	-
Cash dividends distributed by the Company - NT$0.6 per share	-	-	-	-	-	(45,738)	-	(45,738)
Unclaimed cash dividends overdue transferred to capital surplus	-	-	99	-	-	-	-	99
Net profit for the year ended December 31, 2022	-	-	-	-	-	88,824	-	88,824
Other comprehensive income for the year ended December 31, 2022, net of income tax	-	-	-	-	-	11,805	4,013	15,818
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	100,629	4,013	104,642
BALANCE AT DECEMBER 31, 2022	76,230	$ 762,300	$ 61,023	$ 674,678	$ 68,264	$ 262,141	$ (34,898)	$ 1,793,508

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

Ta Yih Industrial Co., Ltd.

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

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 84,755	$ 87,541
Adjustments for:		
Depreciation expense	181,886	167,259
Amortization expense	10,127	10,368
Expected credit loss recognized on trade receivables	-	2,038
Finance costs	5,356	3,451
Interest income	(293)	(100)
Share of profits of subsidiaries and associates	102,707	59,456
Loss (gain) on disposal of property, plant and equipment, net	(59)	43
Unrealized gain on transactions with associates	1,473	2,200
Realized gain on transactions with associates	(1,762)	(2,645)
Net gain on foreign currency exchange	(8,912)	(10,869)
Changes in operating assets and liabilities:		
Notes receivable	13,840	(12,068)
Accounts receivable	30,895	63,555
Accounts receivable from related parties	(76,436)	175,527
Other receivables	(3,290)	29
Other receivables from related parties	5,523	4,446
Inventories	108,406	(118,169)
Prepayments	(33,716)	31,845
Other current assets	(492)	11,057
Contract liabilities	75,201	(104,915)
Notes payable	(6,438)	(10,750)
Accounts payable	976	(189,351)
Accounts payable to related parties	(5,393)	(1,812)
Other payables	1,227	(32,077)
Other payables to related parties	(4,142)	(16,336)
Other current liabilities	158	(196)
Net defined benefit liabilities	(14,177)	(6,192)
Other non-current liabilities	(416)	79
Cash generated from operations	467,004	113,414
Interest received	293	100
Interest paid	(5,424)	(3,386)
Income tax paid	(18,616)	(26,265)
Net cash generated from operating activities	443,257	83,863
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(5,600)	-
Payments for property, plant and equipment	(137,483)	(129,161)
Proceeds from disposal of property, plant and equipment	80	-
Increase in refundable deposits	(2,409)	(6,421)

(Continued)

Ta Yih Industrial Co., Ltd.

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

	2022	2021
Decrease in refundable deposits	$ 4,397	$ 11,157
Payments for intangible assets	(4,932)	(5,160)
Net cash used in investing activities	(145,947)	(129,585)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	3,913,065	2,885,588
Repayments of short-term borrowings	(3,991,895)	(2,850,440)
Proceeds from short-term bills payable	260,000	640,000
Repayments of short-term bills payable	(350,000)	(550,000)
Repayment of the principal portion of lease liabilities	(10,680)	(5,866)
Cash dividends	(45,738)	(99,099)
Unclaimed cash dividends overdue transferred to capital surplus	99	92
Net cash generated from (used in) financing activities	(225,149)	20,275
NET INCREASE (DECREASE) IN CASH	72,161	(25,447)
CASH AT THE BEGINNING OF THE YEAR	81,857	107,304
CASH AT THE END OF THE YEAR	$ 154,018	$ 81,857

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

(Concluded)

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

1. GENERAL INFORMATION

Ta Yih Industrial Co., Ltd. (the "Company") was incorporated in 1964. It was formerly known as Ta Yih Industrial Corp. and changed to its present name in 1976. The Company mainly sells, manufactures and processes automobile parts, motorcycle parts, railway vehicle parts, transportation machineries, industrial plastic parts, as well as invests in related industries.

The Company's shares have been trading on the Taiwan Stock Exchange since October 1997.

The standalone financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The standalone financial statements were approved by the Company's board of directors on March 8, 2023.

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

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

   The initial application of the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

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

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction"	January 1, 2023 (Note 3)

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

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

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

The Company determined that as of the date the financial report was approved and authorized for issue, the above application of other standards and interpretations did not have material impacts on the financial position and financial performance of the Company.

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

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 - Comparative Information"	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The standalone financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

When preparing the standalone financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the standalone financial statements to be the same as the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the standalone basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates and the related equity items, as appropriate, in the standalone financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Foreign currencies

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

For the purposes of presenting the standalone financial statements, the investments of the Company's foreign operations (including subsidiaries and associates in other countries that use currencies which are different from the Company) are translated into the New Taiwan dollar using exchange rates prevailing at the end of the reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the standard cost on the balance sheet date. The difference between actual costs and normal standard costs is allocated in proportion to inventory and operational costs on fiscal year-end, in order to approach the amount of weighted-average cost.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Company’s share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the share of other equity of subsidiaries.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee’s financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years.

g. Investments in associates

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

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

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

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

When the Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Company’s standalone financial statements only to the extent of interests in the associate that are not related to the Company.

h. Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those assets and the cost of those assets are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets, intangible assets and assets related to contract costs

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

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: financial assets at amortized cost.

<u>Financial assets at amortized cost</u>

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

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

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

Subsequent to initial recognition, financial assets at amortized cost, including cash, financial assets at amortized cost - current, accounts receivable at amortized cost (including related parties), notes receivable, other receivables (including related parties), and refundable deposits (classified under other non-current assets), are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

i Significant financial difficulty of the issuer or the borrower;

ii Breach of contract, such as a default;

iii It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv The disappearance of an active market for that financial asset because of financial difficulties.

b) Impairment of financial assets

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

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

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

For internal credit risk management purposes, the Company determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Company):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 365 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Revenue recognition

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

For contracts where the period between the date on which the Company transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Company does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of car lamps and molds. Sales of goods are recognized as revenue and accounts receivable when the goods are delivered to the customer's specific location because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Royalty revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Company and that the amount of revenue can be measured reliably. Royalty arrangements that are based on sales are recognized with reference to the underlying arrangement.

m. Leases

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

The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

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

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

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in other income on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

6. CASH

	December 31	
	2022	2021
Cash on hand	$ 505	$ 356
Checking accounts and demand deposits	153,513	81,501
	$ 154,018	$ 81,857

7. FINANCIAL ASSETS AT AMORTIZED COST - CURRENT

	December 31	
	2022	2021
Current		
Domestic investments		
Time deposits with original maturities of more than 3 months	$ 5,600	$ -

The range of interest rates for time deposits with original maturities of more than 3 months was approximately 0.425% per annum as of December 31, 2022.

8. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE (INCLUDING RELATED PARTIES), AND OTHER RECEIVABLES (INCLUDING RELATED PARTIES)

	December 31	
	2022	2021
Notes receivable		
At amortized cost		
Gross carrying amount - operating	$ 435	$ 14,275
Less: Allowance for impairment loss	19	19
	$ 416	$ 14,256
Accounts receivable		
At amortized cost		
Gross carrying amount	$ 691,198	$ 712,660
Less: Allowance for impairment loss	5,758	5,743
	$ 685,440	$ 706,917
Accounts receivable from related parties		
At amortized cost		
Gross carrying amount	$ 148,178	$ 65,458
Less: Allowance for impairment loss	1,754	1,769
	$ 146,424	$ 63,689
Other receivables		
Tariff refund receivables	$ 635	$ 435
Others	4,946	1,856
	$ 5,581	$ 2,291
Other receivables from related party		
Royalty receivables	$ 9,530	$ 14,967
Others	160	365
	$ 9,690	$ 15,332

The average credit period of sales of goods was 60 to 90 days. No interest was charged on accounts receivable.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company’s historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Company’s different customer base.

The Company writes off trade receivables when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation. For trade receivables that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2022

	No indication of default of debtor			
	Not Past Due	**Up to 60 Days**	**Individual identification**	**Total**
Expected credit loss rate	0.1% -0.06%	0.1%-100%	30%-100%	
Gross carrying amount	$ 804,411	$ 23,037	$ 12,363	$ 839,811
Loss allowance (Lifetime ECL)	(516)	(576)	(6,439)	(7,531)
Amortized cost	$ 803,895	$ 22,461	$ 5,924	$ 832,280

December 31, 2021

	No indication of default of debtor			
	Not Past Due	**Up to 60 Days**	**Individual identification**	**Total**
Expected credit loss rate	0.1%-0.3%	0%	30%-100%	
Gross carrying amount	$ 777,141	$ 1,801	$ 13,451	$ 792,393
Loss allowance (Lifetime ECL)	(2,288)	-	(5,243)	(7,531)
Amortized cost	$ 774,853	$ 1,801	$ 8,208	$ 784,862

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 7,531	$ 6,112
Add: Net remeasurement of loss allowance	-	2,038
Less: Amounts written off	-	(619)
Balance at December 31	$ 7,531	$ 7,531

9. INVENTORIES

	December 31	
	2022	2021
Merchandise	$ 38,668	$ 40,170
Finished goods	521,470	563,510
Work in progress	119,236	110,597
Raw materials	273,410	346,913
	$ 952,784	$ 1,061,190

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 4,151,023	$ 4,350,801

10. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2022	2021
Investments in subsidiaries	$ 815	$ 784
Investments in associates	174,108	271,541
	$ 174,923	$ 272,325

a. Investments in subsidiaries

	December 31	
	2022	2021
Ta Yih International Investment Co., Ltd. (BVI)	$ 815	$ 784

As of December 31, 2022 and 2021, the Company's percentages of ownership and voting rights in Ta Yih International Investment Co., Ltd. (BVI) were both 100%.

b. Investments in associates

	December 31	
	2022	2021
Material associates		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	$ 174,108	$ 271,541

As of December 31, 2022, and 2021, The Company's percentage of ownership and voting rights in Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. were both 49%.

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRSs adjusted by the Company for equity accounting purposes.

Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.

	December 31	
	2022	2021
Current assets	$ 1,503,436	$ 2,043,932
Non-current assets	1,243,809	1,143,152
Current liabilities	(2,383,636)	(2,624,042)
Equity	$ 363,609	$ 563,042
Proportion of the Company's ownership	49%	49%
Equity attributable to the Company	$ 178,168	$ 275,890
Unrealized gain or loss with associates	(4,060)	(4,349)
Carrying amount	$ 174,108	$ 271,541

	For the Year Ended December 31	
	2022	2021
Operating revenue	$ 1,627,297	$ 1,923,096
Net profit for the year	$ (209,498)	$ (121,231)
Total comprehensive income for the year	$ (209,498)	$ (121,231)

Refer to Table 2 "Information on Investees" and Table 3 "Information on Investments in Mainland China" for the nature of activities, principal places of business and countries of incorporation of the associates.

11. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery Equipment	Molding Equipment	Transportation Equipment	Other Equipment	Total
Cost							
Balance at January 1, 2021	$ 601,050	$ 258,515	$ 1,091,010	$ 131,503	$ 17,583	$ 297,158	$ 2,396,819
Additions	-	1,481	72,119	46,644	-	19,009	139,253
Disposals	-	-	(38,507)	-	-	(4,503)	(43,010)
Balance at December 31, 2021	$ 601,050	$ 259,996	$ 1,124,622	$ 178,147	$ 17,583	$ 311,664	$ 2,493,062
Accumulated depreciation							
Balance at January 1, 2021	$ -	$ 222,483	$ 879,989	$ 26,007	$ 13,593	$ 236,921	$ 1,378,993
Depreciation expenses	-	7,930	61,897	63,159	1,725	26,687	161,398
Disposals	-	-	(38,480)	-	-	(4,487)	(42,967)
Balance at December 31, 2021	$ -	$ 230,413	$ 903,406	$ 89,166	$ 15,318	$ 259,121	$ 1,497,424
Carrying amount at December 31, 2021	$ 601,050	$ 29,583	$ 221,216	$ 88,981	$ 2,265	$ 52,543	$ 995,638
Cost							
Balance at January 1,2022	$ 601,050	$ 259,996	$ 1,124,622	$ 178,147	$ 17,583	$ 311,664	$ 2,493,062
Additions	-	4,364	38,924	67,039	430	31,373	142,130
Disposals	-	-	(24,683)	-	-	(1,544)	(26,227)
Balance at December 31,2022	$ 601,050	$ 264,360	$ 1,138,863	$ 245,186	$ 18,013	$ 341,493	$ 2,608,965
Accumulated depreciation							
Balance at January 1,2022	$ -	$ 230,413	$ 903,406	$ 89,166	$ 15,318	$ 259,121	$ 1,497,424
Depreciation expenses	-	7,481	57,236	80,260	1,475	24,652	171,104
Disposals	-	-	(24,663)	-	-	(1,543)	(26,206)
Balance at December 31,2022	$ -	$ 237,894	$ 935,979	$ 169,426	$ 16,793	$ 282,230	$ 1,642,322
Carrying amount at December 31,2022	$ 601,050	$ 26,466	$ 202,884	$ 75,760	$ 1,220	$ 59,263	$ 966,643

All property, plant and equipment are used by the Company.

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Main buildings	40 - 60 years
Factory and other buildings	5 - 40 years
Machinery equipment	3 - 12 years
Molding equipment	2 - 3 years
Transportation equipment	5 years
Other equipment	3 - 8 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2022	**2021**
Carrying amount		
Building	$ 34,627	$ -
Office equipment	1,046	1,568
Transportation equipment	2,977	6,598
	$ 38,650	$ 8,166

	For the Year Ended December 31	
	2022	**2021**
Additions to right-of-use assets	$ 42,186	$ 5,693
Depreciation charge for right-of-use assets		
Buildings	$ 6,111	$ -
Office equipment	522	522
Transportation equipment	4,149	5,339
	$ 10,782	$ 5,861

b. Lease liabilities

	December 31	
	2022	**2021**
Carrying amount		
Current	$ 10,711	$ 4,527
Non-current	$ 28,115	$ 3,713

Range of discount rate for lease liabilities was as follows:

	December 31	
	2022	2021
Building	1.25%	-
Office equipment	1.45%	1.45%
Transportation equipment	1.05%-1.45%	1.18%-1.45%

c. Material leasing activities and terms

The Company leases company cars and office equipment with lease terms of 2 to 5 years. These arrangements do not contain renewal or purchase options.

The Company also leases land and buildings for the use of plants with lease terms of 5 years. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2022	2021
Expenses relating to short-term leases	$ 154	$ 67
Expenses relating to low-value asset leases	$ 122	$ 124
Total cash outflow for leases	$ (11,358)	$ (6,181)

The Company's leases of certain machinery qualify as short-term leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. INTANGIBLE ASSETS

	Computer Software	Patents	Total
Cost			
Balance at January 1, 2021	$ 29,390	$ 785	$ 30,175
Additions	5,160	-	5,160
Balance at December 31, 2021	$ 34,550	$ 785	$ 35,335
Accumulated amortization			
Balance at January 1, 2021	$ 10,866	$ 385	$ 11,251
Amortization expense	10,268	100	10,368
Balance at December 31, 2021	$ 21,134	$ 485	$ 21,619
Carrying amount at December 31, 2021	$ 13,416	$ 300	$ 13,716

(Continued)

	Computer Software		Patents		Total	
Cost						
Balance at January 1, 2022	$	34,550	$	785	$	35,335
Additions		4,932		-		4,932
Balance at December 31, 2022	$	39,482	$	785	$	40,267
Accumulated amortization						
Balance at January 1, 2022	$	21,134	$	485	$	21,619
Amortization expense		10,027		100		10,127
Balance at December 31, 2022	$	31,161	$	585	$	31,746
Carrying amount at December 31, 2022	$	8,321	$	200	$	8,521

(Concluded)

The above other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	3 years
Patents	5 years

14. OTHER ASSETS

	December 31			
	2022		2021	
Current				
Input tax	$	18,252	$	17,723
Payment on behalf of others		135		172
	$	18,387	$	17,895
Non-current				
Refundable deposits	$	7,577	$	9,565
Prepayments for property, plant, and equipment		7,053		11,700
	$	14,630	$	21,265

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2022	2021
Unsecured borrowings		
Bank unsecured loans	$ 300,000	$ 375,830

The range of interest rates on bank loans were 1.4%-1.65% and 0.53%-0.95% per annum, as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31	
	2022	2021
Commercial papers payable	$ -	$ 90,000

The range of interest rates on commercial papers payable was 0.89%-0.9% per annum at December 31, 2021.

16. NOTES PAYABLE AND ACCOUNTS PAYABLE (INCLUDING RELATED PARTIES)

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

17. OTHER LIABILITIES

	December 31	
	2022	2021
Current		
Other payables		
Payables for salaries or bonuses	$ 121,256	$ 115,304
Payables for molding equipment	9,357	16,394
Payables for annual leave	19,539	18,589
Payables for compensation of employees	2,036	2,689
Payables for utilities expense	5,062	4,136
Payables for inspection expense	2,673	2,199
Others	13,076	12,529
	$ 172,999	$ 171,840

(Continued)

	December 31	
	2022	2021
Other payables to related parties		
Payables for royalty	$ 43,933	$ 49,129
Payables for molds	1,323	614
Payables for design expense	106	-
Others	512	273
	$ 45,874	$ 50,016
Other current liabilities		
Receipts under custody	$ 585	$ 427
Non-current		
Other non-current liabilities		
Provision for employee benefits	$ 2,189	$ 2,605
Guarantee deposits received	240	240
	$ 2,429	$ 2,845

(Concluded)

Provision for employee benefits is the estimate of long-term bonus for senior employees.

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the Republic of China (ROC). Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 11% and 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee and a manager pension fund administered by the manager pension fund managing committee. Pension contributions are deposited respectively in the Bank of Taiwan and Taiwan Business Bank in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the standalone balance sheets in respect of the Company’s defined benefit plans were as follows:

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 259,563	$ 279,214
Fair value of plan assets	(209,766)	(200,484)
Net defined benefit liabilities	$ 49,797	$ 78,730

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2021	$ 318,954	$ (243,898)	$ 75,056
Service cost			
Current service cost	2,645	-	2,645
Net interest expense (income)	1,595	(1,232)	363
Recognized in profit or loss	4,240	(1,232)	3,008
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,810)	(2,810)
Actuarial profit - changes in demographic assumptions	7,976	-	7,976
Actuarial profit - experience adjustments	4,700	-	4,700
Recognized in other comprehensive income	12,676	(2,810)	9,866
Contributions from the employer	-	(9,200)	(9,200)
Benefits paid	(56,656)	56,656	-
Balance at December 31, 2021	279,214	(200,484)	78,730
Service cost			
Current service cost	1,997	-	1,997
Net interest expense (income)	1,396	(1,027)	369
Recognized in profit or loss	3,393	(1,027)	2,366
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(16,765)	(16,765)
Actuarial loss - changes in demographic assumptions	(10,080)	-	(10,080)
Actuarial profit - experience adjustments	12,089	-	12,089
Recognized in other comprehensive income	2,009	(16,765)	(14,756)
Contributions from the employer	-	(16,543)	(16,543)
Benefits paid	(25,053)	25,053	-
Balance at December 31, 2022	$ 259,563	$ (209,766)	$ 49,797

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

	For the Year Ended December 31	
	2022	2021
Operating costs	$ 1,574	$ 2,017
Selling and marketing expenses	9	2
General and administrative expenses	293	522
Research and development expenses	490	467
	$ 2,366	$ 3,008

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

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2022	2021
Discount rate	1.375%	0.500%
Expected rate of salary increase	2.500%	2.000%

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

	December 31	
	2022	2021
Discount rate		
0.25% increase	$ (6,183)	$ (7,108)
0.25% decrease	$ 6,403	$ 7,373
Expected rate of salary increase/decrease		
0.25% increase	$ 6,221	$ 7,139
0.25% decrease	$ (6,038)	$ (6,920)

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

	December 31	
	2022	2021
Expected contributions to the plans for the next year	$ 4,920	$ 9,792
Average duration of the defined benefit obligation	9.7 years	10.3 years

19. EQUITY

a. Share capital

Number of shares authorized (in thousands)	76,230
Shares authorized	$ 762,300
Number of shares issued and fully paid (in thousands)	
Ordinary shares	76,230
Shares issued	
Ordinary shares	$ 762,300

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

b. Capital surplus

	December 31	
	2022	2021
Issuance of ordinary shares	$ 56,330	$ 56,330
Capital surplus from gain on disposal of assets	4,142	4,142
Donations (dividends expired)	551	452
	$ 61,023	$ 60,924

Such capital surplus from issuance of ordinary shares and donations may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year). Capital surplus from gain on disposal of assets may only be used to offset a deficit.

c. Retained earnings and dividends policy

With due consideration of the future needs for funds and long-term financial plan, when the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' dividends shall not be lower than 50% of distributed retained earnings, and the cash dividends shall not be lower than 50% of the shareholders' dividends. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors before and after amendment, refer to Note 21(f) "Compensation of employees and remuneration of director and supervisors".

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset a deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2021 and 2020, which were approved in the shareholders' meetings on June 21, 2022 and August 4, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	2020
Legal reserve	$ 7,463	$ 15,964
Cash dividends	$ 45,738	$ 99,099
Cash dividends per share (NT$)	$ 0.6	$ 1.3

The appropriations of earnings for 2022 were proposed by the Company's board of directors on March 8, 2023. The appropriations were as follows:

	Appropriation of Earnings
Legal reserve	$ 10,062
Cash dividends	$ 53,361
Cash dividends per share (NT$)	$ 0.7

The appropriations of earnings for 2022 are subject to the resolution of the shareholders in their meeting.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at December 31	$ 68,264	$ 68,264

At the Group's initial adoption of IFRS, the amount transferred to retained earnings was $159,287 thousand representing the increase in cumulative translation adjustment and unrealized revaluation increments of $19,849 thousand and $139,438 thousand, respectively; retained earnings decreased by $136,165 thousand due to increase in employee benefits - short-term accumulating compensated absences and employee benefits - defined benefit plan of $10,539 thousand and $125,626 thousand, respectively. Therefore, the increase in retained earnings of $23,122 thousand by adopting IFRS was recognized in special reserve. When there is subsequent use, disposal, or reclassification of the relevant assets, the Company may reverse and book for earnings distribution the corresponding proportion originally allocated to special reserve.

20. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sale of goods	$ 4,746,405	$ 4,992,142

a. Contract information

Revenue from sale of goods

The Company's primary products are car lamps and molds. Car lamps and molds are sold at their respective fixed amounts as agreed in the contracts.

b. Contract balances

	December 31, 2022	December 31, 2021	January 1, 2021
Accounts receivable (including related parties) (Note 8)	$ 831,864	$ 770,606	$ 1,002,942
Contract liabilities - current			
Deferred revenue	$ 129,154	$ 53,953	$ 158,868

The changes in the balance of contract liabilities primarily resulted from the timing differences between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue recognized in the current year from the contract liabilities at the beginning of the year is as follows:

	For the Year Ended December 31	
	2022	2021
From the contract liabilities at the beginning of the year		
Sale of goods	$ 48,360	$ 149,036

c. Disaggregation of revenue

	For the Year Ended December 31	
	2022	2021
Type of goods		
Car lamps	$ 4,018,051	$ 3,998,845
Molds	271,118	451,606
Others	457,236	541,691
	$ 4,746,405	$ 4,992,142

21. PROFIT BEFORE INCOME TAX

a. Interest income

	For the Year Ended December 31	
	2022	2021
Bank deposits	$ 293	$ 100

b. Other income

	For the Year Ended December 31	
	2022	2021
Royalty revenue	$ 35,330	$ 46,210
Others	8,301	12,831
	$ 43,631	$ 59,041

c. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ (4,954)	$ (3,327)
Interest on lease liabilities	(402)	(124)
Net foreign exchange (losses) gains	103,517	(15,989)
Royalty expense	(10,221)	(15,174)
Gain (loss) on disposal of property, plant and equipment	59	(43)
Others	(67)	(4,751)
	$ 87,932	$ (39,408)

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 171,104	$ 161,398
Right-of-use assets	10,782	5,861
Intangible assets	10,127	10,368
	$ 192,013	$ 177,627
An analysis of depreciation by function		
Operating costs	$ 167,646	$ 150,058
Operating expenses	14,240	17,201
	$ 181,886	$ 167,259
An analysis of amortization by function		
Operating costs	$ 2,804	$ 2,682
Operating expenses	7,323	7,686
	$ 10,127	$ 10,368

e. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term benefits		
Salaries	$ 519,202	$ 508,898
Directors' remuneration	940	930
Labor and health insurance	54,250	55,346
Others	24,312	24,156
	598,704	589,330
Post-employment benefits		
Defined contribution plans	22,340	22,573
Defined benefit plans (Note 18)	2,366	3,008
	24,706	25,581
Total employee benefits expense	$ 623,410	$ 614,911
An analysis of employee benefits expense by function		
Operating costs	$ 435,116	$ 417,625
Operating expenses	188,294	197,286
	$ 623,410	$ 614,911

f. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees at the rates of no less than 1% of net profit after offsetting previous fiscal deficits, and before income tax, and compensation of employees. The compensation of employees for the years ended December 31, 2022 and 2021, which were approved by the Company's board of directors on March 8, 2023 and March 25, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	2021
Compensation of employees	1%	1%

Amount

	For the Year Ended December 31	
	2022	2021
Compensation of employees - cash	$ 1,152	$ 884

Remuneration of directors was not issued over the years.

If there is a change in the amounts after the annual standalone financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of compensation of employees paid and the amounts recognized in the standalone financial statements for the years ended December 31, 2021 and 2020.

Information on the compensation of employees resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

g. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	2021
Foreign exchange gains	$ 134,145	$ 29,262
Foreign exchange losses	(30,628)	(45,251)
	$ 103,517	$ (15,989)

22. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 15,291	$ 29,665
Income tax on unappropriated earnings	1,071	2,229
Adjustment for prior years	(27,247)	(14,619)
	(10,885)	17,275
Deferred tax		
In respect of the current year	6,816	(12,258)
Income tax expense recognized in profit or loss	$ (4,069)	$ 5,017

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

	For the Year Ended December 31	
	2022	2021
Profit before tax	$ 84,755	$ 87,541
Income tax expense calculated at the statutory rate	$ 16,951	$ 17,508
Adjustment items of income tax		
Temporary differences		
Deferred revenue	(17,588)	3,403
Share of profit or loss of overseas associates accounted for using equity method	20,541	11,891
Others	(4,626)	(3,169)
Non-deductible expenses for tax purposes	13	32
Income tax on unappropriated earnings	1,071	2,229
Current taxable income	16,362	31,894
Deferred income tax expense (income)	6,816	(12,258)
Adjustments for prior years' tax	(27,247)	(14,619)
	$ (4,069)	$ 5,017

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year		
Remeasurement of defined benefit plans	$ (2,951)	$ 1,973
Exchange differences on translating foreign operations	(1,003)	362
	$ (3,954)	$ 2,335

c. Current tax assets and liabilities

	December 31	
	2022	2021
Current tax liabilities		
Income tax payable	$ 25,621	$ 55,122

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred Tax Assets				
Temporary differences				
Allowance for reduction of inventory to market	$ 2,569	$ -	$ -	$ 2,569
Unrealized gain or loss with associates	870	(58)	-	812
Long-term employee benefit liability	521	(83)	-	438
Deferred revenue	17,588	(17,588)	-	-
Defined benefit plans	15,746	(2,836)	(2,951)	9,959
Payables for annual leave	3,717	191	-	3,908
Exchange differences on translating the financial statements of foreign operations	4,766	-	(1,003)	3,763
	$ 45,777	$ (20,374)	$ (3,954)	$ 21,449
Deferred Tax Liabilities				
Temporary differences				
Unappropriated earnings of associates	$ 15,398	$ (15,398)	$ -	$ -
Unrealized exchange losses	208	1,840	-	2,048
Land value tax	76,736	-	-	76,736
	$ 92,342	$ (13,558)	$ -	$ 78,784

For the year ended December 31, 2021

		Opening Balance		Recognized in Profit or Loss		Recognized in Other Comprehensive Income		Closing Balance
Deferred Tax Assets								
Temporary differences								
Allowance for reduction of inventory to market	$	2,569	$	-	$	-	$	2,569
Unrealized gain or loss with associates		959		(89)		-		870
Long-term employee benefit liability		505		16		-		521
Deferred revenue		14,185		3,403		-		17,588
Defined benefit plans		15,011		(1,238)		1,973		15,746
Payables for annual leave		3,472		245		-		3,717
Unrealized exchange losses and gains		1,895		(1,895)		-		-
Exchange differences on translating the financial statements of foreign operations		4,404		-		362		4,766
	$	43,000	$	442	$	2,335	$	45,777
Deferred Tax Liabilities								
Temporary differences								
Unappropriated earnings of associates	$	27,422	$	(12,024)	$	-	$	15,398
Unrealized exchange losses		-		208		-		208
Land value tax		76,736		-		-		76,736
	$	104,158	$	(11,816)	$	-	$	92,342

e. Income tax assessments

The tax returns of the Company through 2020 have been assessed by the tax authorities.

23. EARNINGS PER SHARE

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

	For the Year Ended December 31			
		2022		2021
Net profit for the year	$	88,824	$	82,524

Shares | Unit: In Thousands of Shares

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in computation of basic earnings per share	$ 76,230	$ 76,230
Effect of potentially dilutive ordinary shares:		
Compensation of employees	38	29
Weighted average number of ordinary shares used in the computation of diluted earnings per share	$ 76,268	$ 76,259

Since the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Company entered into the following non-cash investing and financing activities that were not reflected in the consolidated statements of cash flows for the years ended December 31, 2022 and 2021:

	For the Year Ended December 31	
	2022	2021
Increase in property, plant and equipment	$ 142,130	$ 139,253
Decrease in prepayments for equipment	(4,647)	(10,092)
	$ 137,483	$ 129,161

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2022

	Short-term borrowings	Lease liabilities
Balance at January 1, 2022	$ 375,830	$ 8,240
Net cash flows from financing activities	(78,830)	(10,680)
Non-cash changes		
New leases	-	42,186
Disposal leases	-	(920)
Effect of foreign currency exchange differences	3,000	-
Balance at December 31, 2022	$ 300,000	$ 38,826

For the year ended December 31, 2021

	Short-term borrowings	Lease liabilities
Balance at January 1, 2021	$ 342,400	$ 8,413
Net cash flows from financing activities	35,148	(5,866)
Non-cash changes		
New leases	-	5,693
Effect of foreign currency exchange differences	(1,718)	-
Balance at December 31, 2021	$ 375,830	$ 8,240

25. CAPITAL MANAGEMENT

The Company manages its capital to ensure that entities in the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The capital structure of the Company consists of net debt (borrowings offset by cash) and equity of the Company. The Company is not subject to any externally imposed capital requirements.

26. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The carrying amounts of the Company’s financial instruments that are not measured at fair value, such as cash, financial assets at amortized cost - current, accounts receivable (including related parties), refundable deposits (classified under other non-current assets), accounts payable (including related parties), short-term borrowings, short-term bills payable and guarantee deposits received (classified under other non-current liabilities) approximate their fair values.

b. Categories of financial instruments

	December 31	
	2022	2021
Financial assets		
Financial assets at amortized cost (1)	$ 1,014,746	$ 893,907
Financial liabilities		
Financial liabilities at amortized cost (2)	1,192,557	1,368,539

1) The balances include financial assets at amortized cost, which comprise cash, financial assets at amortized cost - current, accounts receivable (including related parties), other receivables (including related parties), and refundable deposits (classified under other non-current assets).

2) The balances include financial liabilities at amortized cost, which comprise short-term borrowings, short-term bills payable, notes and accounts payable (including related parties), other payables (including related parties), and guarantee deposits received (classified under non-current liabilities).

c. Financial risk management objectives and policies

The Company’s major financial instruments include equity investments, accounts receivable, accounts payable, borrowings, short-term bills payable and lease liabilities.

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

1) Market risk

The Company’s activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

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

The carrying amounts of the Company’s foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 28.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company’s sensitivity to an increase and decrease of 1% in the functional currency against the relevant foreign currencies. The sensitivity analysis included only outstanding foreign currency denominated monetary items. A positive number below indicates an increase in pre-tax profit. For a 1% weakening of the functional currency against the relevant foreign currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2022	**2021**
Profit or loss	$ 3,135	$ 3,032

Exchange rate fluctuations are mainly attributable to the exposure on outstanding cash, accounts receivable, other receivables, short-term borrowings and accounts payable in foreign currency which were not hedged at the end of the reporting period.

In management’s opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period. Sales quoted in USD may change with the fluctuation of client orders.

b) Interest rate risk

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

	For the Year Ended December 31	
	2022	**2021**
Fair value interest rate risk		
Financial assets	$ 5,600	$ -
Financial liabilities	28,115	93,713
Cash flow interest rate risk		
Financial assets	147,375	76,952
Financial liabilities	300,000	375,830

Sensitivity analysis

For floating rate assets and liabilities, the analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2022 and 2021 would have decreased by $1,526 thousand and $2,989 thousand, respectively, which was mainly a result of variable-rate borrowings.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. As at the end of the reporting period, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Company, could be equal to the total of the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Company's credit risk primarily arose from sales of the top 3 clients, which contributed more than 10% of the operating revenue in the statements of comprehensive income. The total percentages of accounts receivable (include related parties) from the above clients for the years ended December 31, 2022 and 2021 were 69% and 68%, respectively.

3) Liquidity risk

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

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2022 and 2021, the Company had available unutilized short-term bank loan facilities set out in (b) below.

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

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

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

December 31, 2022

	Less than 1 Year	1+ Years
Non-interest bearing liabilities	$ 892,317	$ 240
Lease liabilities	11,133	28,689
Variable interest rate liabilities	300,074	-
	$ 1,203,524	$ 28,929

December 31, 2021

	Less than 1 Year	1+ Years
Non-interest bearing liabilities	$ 902,469	$ 240
Lease liabilities	4,608	3,755
Variable interest rate liabilities	375,972	-
Fixed interest rate liabilities	90,000	-
	$ 1,373,049	$ 3,995

b) Financing facilities

	December 31	
	2022	2021
Unsecured bank overdraft facilities		
Amount used	$ 300,000	$ 465,830
Amount unused	1,280,000	1,114,170
	$ 1,580,000	$ 1,580,000

27. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed below.

a. Related party name and category

Related Party Name	Related Party Category
Koito Manufacturing Co., Ltd.	Investors with significant influence over the Company
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Associates
Guangzhou Koito Automotive Lamp Co., Ltd.	Subsidiary of Koito Manufacturing Co., Ltd.
India Japan Lighting Private Limited	Subsidiary of Koito Manufacturing Co., Ltd.
PT. Indonesia Koito	Subsidiary of Koito Manufacturing Co., Ltd.
Thai Koito Company Limited	Subsidiary of Koito Manufacturing Co., Ltd.
Hubei Koito Automotive Lamp Co., Ltd.	Subsidiary of Koito Manufacturing Co., Ltd.
North American Lighting Inc.	Subsidiary of Koito Manufacturing Co., Ltd.
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Subsidiary of Koito Manufacturing Co., Ltd.
TYC Brother Industrial Co., Ltd.	Substantive related party
DBM Reflex of Taiwan Co., Limited	Substantive related party
Juoku Technology Co., Ltd.	Substantive related party
KUO CHI MIN Investment Co., Ltd. (Formerly known as Ta Yih Investment Co., Ltd.)	Substantive related party
Nai Yi Entertainment Company Ltd.	Substantive related party
Ta Yih Kenmos Auto Parts Co., Ltd.	Substantive related party
Ta Yih International Hotel Co., Ltd.	Substantive related party

b. Sales of goods

Related Party Category/Name	For the Year Ended December 31 2022	2021
Investors with significant influence over the Company		
Koito Manufacturing Co., Ltd.	$ 595,705	$ 730,847
Associates		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	46,312	95,694
Subsidiary of Koito Manufacturing Co., Ltd.	84,643	21,137
Substantive related party	77	337
	$ 726,737	$ 848,015

The prices of sales of goods with related parties did not have substantive difference compared to non-related parties, except the prices of sales of goods with associates were added based on the costs. The collection term of domestic sales with related parties is 90 days, the collection term of export sales with related parties apart from associates, according to the term of individual transaction, is 120 to 180 days, and the collection term does not have substantive difference compared to non-related parties.

The unrealized gains on sales with associates for the years ended December 31, 2022 and 2021 were $4,060 thousand and $4,349 thousand, respectively, and had been recognized as a reduction of investments accounted for using the equity method.

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Investors with significant influence over the Company		
Koito Manufacturing Co., Ltd.	$ 195,402	$ 327,491
Associates	42,505	21,632
Subsidiary of Koito Manufacturing Co., Ltd.	3,426	934
Substantive related party	8,067	18,425
	$ 249,400	$ 368,482

The payment term and price of goods purchased do not have substantive difference between related and non-related parties. The payment term for related parties depends on individual transaction, which is normally 90 days, and does not have substantive difference from non-related parties.

d. Contract liabilities

Related Party Category/Name	December 31 2022	December 31 2021
Subsidiary of Koito Manufacturing Co., Ltd.	$ 2,317	$ 7,288

e. Receivables from related parties (excluding loans to related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts receivable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	$ 99,599	$ 46,714
	Associates		
	Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	29,910	16,711
	Subsidiary of Koito Manufacturing Co., Ltd.	18,669	1,976
	Substantive related party	-	57
		148,178	65,458
	Less: Allowance for impairment loss	1,754	1,769
		$ 146,424	$ 63,689
Other receivables	Associates		
	Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	$ 9,558	$ 14,411
	Subsidiary of Koito Manufacturing Co., Ltd.	48	921
	Substantive related party	84	-
		$ 9,690	$ 15,332

The outstanding trade receivables from related parties are unsecured.

f. Payables to related parties (excluding loans from related parties)

Line Item	Related Party Category/Name	December 31 2022	December 31 2021
Accounts payable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	$ 49,605	$ 55,216
	Associates	14,227	7,653
	Subsidiary of Koito Manufacturing Co., Ltd.	26	-
	Substantive related party	2,764	5,951
		$ 66,622	$ 68,820
Other payable	Investors with significant influence over the Company		
	Koito Manufacturing Co., Ltd.	$ 44,808	$ 49,906
	Associates	132	110
	Substantive related party	934	-
		$ 45,874	$ 50,016

The outstanding payables to related parties are unsecured.

g. Prepayments

Line Item	Related Party Category	December 31 2022	December 31 2021
Prepaid expenses (classified under prepayments)	Investors with significant influence over the Company	$ 110	$ 191

h. Acquisition of property, plant and equipment

Related Party Category/Name	Purchase Price For the Year Ended December 31 2021
Substantive related party	$ 880

i. Acquisition of other assets (classified under intangible assets)

Related Party Category/Name	Purchase Price For the Year Ended December 31 2021
Investors with significant influence over the Company	
Koito Manufacturing Co., Ltd.	$ 518

The group acquired intangible assets $2,226 thousand from investors with significant influence Koito Manufacturing Co. by agent for the collecting and paying for the year ended December 31, 2021.

j. Lease arrangements

Related Party Category/Name	January 1 to December 31, 2022
Acquisition of right-of-use assets	
Substantive related party	
Ta Yih Kenmos Auto Parts Co., Ltd.	$ 40,738

Line Item	Related Party Category/Name	December 31 2022
Lease liabilities	Substantive related party	
	Ta Yih Kenmos Auto Parts Co., Ltd.	$ 34,752

Line Item	Related Party Category/Name	January 1 to December 31, 2022
Interest expense	Substantive related party	
	Ta Yih Kenmos Auto Parts Co., Ltd.	$ 314

The Company leased right-of-use of plant from Ta Yih Kenmos Auto Parts Co., Ltd. in April 2022. The lease term of the contract was 5 years; the rental is based on market prices and monthly payments as agreed.

k. Other transactions with related parties

1) Royalty expenses

The Company entered into a royalty expense contract with its investor with significant influence - Koito Manufacturing Co., Ltd on June 1, 1987, original contract period 8 years, in accordance with the provisions of the contract, if either party doesn’t give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty expenses were $81,842 thousand and $84,962 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as operating costs and operating expenses.

2) Royalty revenue

The Company entered into a royalty revenue contract with its associate - Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. on December 26, 2016, original contract period 2 years, in accordance with the provisions of the contract, if either party doesn't give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty revenues were $30,153 thousand and $35,943 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as other income of non-operating income and expenses. According to the contract, 50% of the royalty revenue should be paid to its investor with significant influence - Koito Manufacturing Co., Ltd. which amounted to $10,221 thousand and $15,174 thousand for the years ended December 31, 2022 and 2021, respectively, and had been recognized as other losses, net of non-operating income and expenses.

The Company entered into a contract with subsidiary of Koito Manufacturing Co., Ltd - Hubei Koito Automotive Lamp Co., Ltd. from December 25, 2015 to December 24, 2020. The royalty revenue were $0 thousand and $331 thousand for the year ended December 31, 2022 and 2021, respectively, and had been recognized as other income of non-operating income and expenses.

The Company entered into a contract with subsidiary of Koito Manufacturing Co., Ltd - Guangzhou Koito Automotive Lamp Co., Ltd. on November 11, 2019. The contract period is one year, and it shall be automatically renewed for successive one year term thereafter until and unless either the Party provides the other Party within 3 months prior notification to expire or modify the contract. The royalty revenue was $5,177 thousand and $9,936 thousand for the years ended December 31, 2022, and 2021, respectively, and had been recognized as other income of non-operating income and expenses.

l. Remuneration of key management personnel

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 9,443	$ 11,880
Post-employment benefits	130	128
	$ 9,573	$ 12,008

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

28. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2022

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 10,401	30.71	$ 319,423
CNY	10,983	4.408	48,412
JPY	564,394	0.2324	131,165
Non-monetary items			
Investments accounted for using the equity method			
CNY	40,406	4.409	178,168
USD	27	30.71	815
Financial liabilities			
Monetary items			
USD	193	30.71	5,936
CNY	5,732	4.408	25,267
JPY	242,889	0.2324	56,447

December 31, 2021

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 12,295	27.690	$ 340,540
CNY	12,740	4.355	55,481
JPY	225,896	0.2407	54,373
Non-monetary items			
Investments accounted for using the equity method			
CNY	63,547	4.341	275,890
USD	28	27.680	784
Financial liabilities			
Monetary items			
USD	1,347	27.690	37,288
CNY	7,221	4.355	31,449
JPY	457,298	0.2407	110,072

The carrying amount of investments accounted for using the equity method does not contain the reduction of unrealized gains.

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	29.88 (USD:NTD)	$ 98,303	27.92 (USD:NTD)	$ (16,253)
CNY	4.42 (CNY:NTD)	99	4.34 (CNY:NTD)	535
JPY	0.2275 (JPY:NTD)	5,115	0.2536 (JPY:NTD)	(271)
		$ 103,517		$ (15,989)

29. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others (None)

2) Endorsements/guarantees provided (None)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (None)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (None)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (Table 1)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

b. Information on investees (Table 2)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 3)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or

losses (Table 4):

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

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

TABLE 1

Ta Yih Industrial Co., Ltd. And Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/ Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Koito Manufacturing Co., Ltd.	Investors with significant influence over the Company	Sales	$ (595,705)	(13)	60 days	No significant differences	No significant differences	Accounts receivable $ 99,599	12	
			Purchases	195,402	6	90 days	No significant differences	No significant differences	Accounts payable (49,605)	(7)	

TABLE 2

Ta Yih Industrial Co., Ltd. And Subsidiaries

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2022			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2022	December 31, 2021	Number of Shares	%	Carrying Amount			
The Company	Ta Yih International Investment Co., Ltd.	Omar Hodge Building, Wickhams Cay I P.O. Box 362, Road Town, Tortola, British Virgin Islands	Investment	$ 1,367	$ 1,367	50,000	100	$ 815	$ (53)	$ (53)	

Note: Information on investments in mainland China, refer to Table 3.

TABLE 3

Ta Yih Industrial Co., Ltd. And Subsidiaries

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2021 (Note 5)	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2022	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 1)	Carrying Amount as of December 31, 2022 (Note 1)	Accumulated Repatriation of Investment Income as of December 31, 2022 (Note 4)
					Outward	Inward						
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Import, export and sale of automobile lamps in mainland China	US $9 million (Note 2) (NT $ 276,390 thousand) (Note 3)	Entrusting Ta Yih International Investment Co., Ltd. which was established in third region to invest in mainland China. Items referred to Rule No. 84022220 issued by the Investment Commission, MOEA.	$ 42,470	$ -	$ -	$ 42,470	$ (209,498)	49	$ (102,654)	$ 174,108	$ 238,605

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2022	Investment Amount Authorized by The Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by The Investment Commission, MOEA (Note 6)
$ 42,470	US$4.41 million (Note 2) (NT$ 135,431 thousand) (Note 3)	$1,793,508×60%＝$ 1,076,105

Note 1： Amount was recognized based on the audited financial statements.

Note 2： On January 18, 1996, the Investment Commission, MOEA approved the investment of US$2.5 million (including cash investment of US$1.76 million and machinery investment of US$740,000) through the approval of the Rule No. 84022220. On February 20, 2001, according to the Rule No. 90003791, approved by the Investment Commission, MOEA, the Company entrusted Ta Yih Investment Co., Ltd. which was established in the third region to invest US$500,000 on machinery equipment. However, there was still US$150,000 left unpaid. Therefore, the amount of capital owned by Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was only US$2.85 million. However, at the end of November 2005, the Company transferred 51% of the investment to Koito Manufacturing Co., Ltd. In December 2007, Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd resolved to issue share dividends from capital surplus of US$2.45 million , of which the investment amount belonged to the Company was US$2.45 million × 49% = US$1.205 million, and had been approved by the Investment Commission, MOEA on March 24, 2008. In August 2008, the Company applied for issuing share dividends from capital surplus of US$1.5 million, of which the amount of investment belonged to the company was US$1.5 million × 49% = US$735,000, and had been approved by the Investment Commission, MOEA on August 6, 2008. In May 2010, the Company applied for issuing share dividends from capital surplus of US$2.2 million, of which the amount of investment belonged to the Company was US$2.2 million × 49% = US$1.078 million. As of December 31, 2022, the paid-in capital of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was US$9 million. The registration was completed in July 2010 and had been approved by the Investment Commission, MOEA on November 30, 2010.

Note 3： The amount in the table should be shown in NTD (exchange rate was 30.71 at reporting date).

Note 4： Inward cash dividends.

Note 5： The original amount of investment was NT$86,673 thousands. 51% equity of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was sold for NT$44,203 thousands.

Note 6： The upper limit according to “Principle of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission, MOEA on August 29, 2008.

Ta Yih Industrial Co., Ltd. And Subsidiaries

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS, AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Transaction Type	Purchase/Sale	Price	Transaction Details		Notes/Accounts Receivable (Payable)		Unrealized Gain
		Amount		Payment Terms	Comparison with Normal Transactions	Ending Balance	%	
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	Sales	$ 46,312	Cost plus pricing	120 to 180 days	90 days	Accounts receivable $ 29,910	4	$ 1,473
	Royalty revenue	30,153	According to the contract	Every 180 days.	N/A	Other receivables 9,530	62	-

TABLE 5

Ta Yih Industrial Co., Ltd.

INFORMATION OF MAJOR SHAREHOLDERS
December 31, 2022

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Koito Manufacturing Co., Ltd.	24,774,750	32.50%
Ta Wei Investment Co., Ltd.	20,797,622	27.28%

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

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

STATEMENT 1

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF CASH
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Cash on hand and petty cash	$ 505
Cash in banks	
Checking accounts and demand deposits	97,143
Foreign currency deposits (Note)	56,370
	$ 154,018

Note: Including the USD 1,129,492.18, JPY 55,959,442, RMB 1,064,883.38, THB 2.27 and EUR 121,808.48 (US1=NT$30.71, JPY1=NT$0.2324, RMB1=NT$4.408, THB1=NT$0.89 and EUR1=NT$32.72)

STATEMENT 2

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Name	Interest Rate （%）	Maturity Dates	Amount
CURRENT			
Time deposits with original maturities of more than 3 months	0.425	2022.12.21-2023.6.30	$ 5,600

STATEMENT 3

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF NOTES RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Company A	$ 318
Company B	99
Others (Note)	18
	435
Less: Allowance for impairment loss	19
	$ 416

Note: The amount of individual customer included in others does not exceed 5% of the account balance.

STATEMENT 4

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS RECEIVABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Not from related third parties	
Company C	$ 239,054
Company D	237,166
Company E	34,793
Others (Note 1)	180,185
	691,198
Less: Allowance for impairment loss	5,758
	$ 685,440
From related third parties	
Koito Manufacturing Co., Ltd.	$ 99,599
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	29,910
PT. Indonesia Koito	18,443
Thai Koito Company Limited	226
	148,178
Less: Allowance for impairment loss	1,754
	$ 146,424

Note1: The amount of individual customer included in others does not exceed 5% of the account balance.

Note2: The amount of accounts receivable of aging schedule more than one year was $12,363 thousand.

STATEMENT 5

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF OTHER RECEIVABLES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Customer Type	Abstract	Amount
Not from related third parties		
Tax refund receivables	Custom duty refundable	$ 635
Others	Receivables from other companies for defective products and advances	4,946
		$ 5,581
From related parties		
Royalty receivables	Royalty revenue	$ 9,530
Others-related parties	Expenses for guidance and transportation	160
		$ 9,690

STATEMENT 6

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF INVENTORIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Amount: Cost	Amount: Net Realizable Value (Note)
Raw materials	$ 273,410	$ 277,387
Work in process	119,236	127,688
Finished goods	521,470	657,746
Merchandise	38,668	44,090
	$ 952,784	$ 1,106,911

Note: Refer to Note 4 to the standalone financial statements.

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF PREPAYMENTS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Abstract	Amount
Prepayments for inventories	Prepayments for raw materials, merchandise, and molds.	$ 97,119
Prepayments for expenses	Prepayments for insurance fees and software maintenance fees.	10,746
		$ 107,865

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

	Balance at January 1, 2022		Increase (Note 2)				Balance at December 31, 2022				
Name	Shares	Amount	Shares	Amount	Net Income (Loss) of the Investee	Exchange differences on translating foreign operations (Note 1)	Shares	% of Ownership	Amount	Net Value	Collateral
Investments in subsidiaries											
Ta Yih International Investment Co., Ltd.	50,000	$ 784	-	$ -	$ (53)	$ 84	50,000	100	$ 815	$ 815	None
Investments in associates											
Fuzhou Koito Ta Yih Co., Ltd.	-	271,541	-	289	(102,654)	4,932	-	49	174,108	178,168	None
		$ 272,325		$ 289	$ (102,707)	$ 5,016			$ 174,923	$ 178,983	

Note1: The difference between exchange differences on translating foreign operations of $5,016 thousand and the standalone statements of changes in equity of $4,013 were due to adjustment of deferred tax assets recognized which amounted to $(1,003) thousand.

Note2: Unrealized gain on downstream transactions with investments in associates was increased by $289 thousand.

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Buildings	Transportation equipment	Office equipment	Total
Cost				
Balance at January 1, 2022	$ -	$ 15,232	$ 2,743	$ 17,975
Increase	40,738	1,448	-	42,186
Decrease	-	(5,117)	-	(5,117)
Balance at December 31, 2022	$ 40,738	$ 11,563	$ 2,743	$ 55,044
Accumulated depreciation				
Balance at January 1, 2022	$ -	$ 8,634	$ 1,175	$ 9,809
Increase	6,111	4,149	522	10,782
Decrease	-	(4,197)	-	(4,197)
Balance at December 31, 2022	$ 6,111	$ 8,586	$ 1,697	$ 16,394
Carrying amount at December 31, 2022	$ 34,627	$ 2,977	$ 1,046	$ 38,650

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	Maturity Date	Interest rate (%)	Balance	Credit Line	Collateral
Borrowings of unsecured loans					
Taishin Bank	2022.12 - 2023.01	1.65	$ 100,000	$ 200,000	None
Cathay United Bank	2022.12 - 2023.01	1.64	100,000	100,000	None
Yuanta Bank	2022.11 - 2023.01	1.40	100,000	100,000	None
			$ 300,000	$ 400,000	

STATEMENT 11

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Customer Name/Type	Amount
Not from related third parties	
Company I	$ 65,755
Others (Note)	12,545
	$ 78,300

Note: The amount of individual vendor in others does not exceed 5% of the account balance

STATEMENT 12

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Customer Name	Amount
Not from related third parties	
Company J	$ 54,755
Company K	53,145
Company L	35,892
Others (Note)	384,730
	$ 528,522
From related third parties	
Koito Manufacturing Co., Ltd.	$ 49,605
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd	14,227
DBM Reflex of Taiwan Co., Limited	1,869
Juoku Technology Co., Ltd.	276
Nai Yi Entertainment Company Ltd.	22
Ta Yih Kenmos Auto Parts Co., Ltd.	520
Ta Yih International Hotel Co., Ltd.	77
Thai Koito Company Limited	26
	$ 66,622

Note: The amount of individual vendor in others does not exceed 5% of the account balance.

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Lease Term	Discount Rate (%)	Balance, End of Year
Building	2021.04.01 - 2027.03.31	1.25	$ 34,752
Office equipment	2019.10.01 - 2024.12.31	1.45	1,070
Transportation equipment	2019.02.25 - 2026.11.30	1.05 - 1.45	3,004
			$ 38,826

STATEMENT 14

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING REVENUES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Unit	Weight	Amount
Car lamps	Thousands of Pcs	17,323	$ 4,051,794
Molds	Pcs	347	271,118
Others (Note)			458,279
			4,781,191
Sales return and allowance			34,786
			$ 4,746,405

Note: The amount of each item included in others does not exceed 10% of the account balance.

STATEMENT 15

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Item	Amount
Raw materials, beginning of year	$ 346,913
Raw materials purchased	2,425,985
Gain from price recovery of inventory	910
Raw materials sold	345,147
Transferred to manufacturing or operating expenses	24,513
Scrapped	796
Raw materials, end of year	273,410
Raw materials used	2,129,942
Direct labor	228,017
Manufacturing expenses	639,220
Manufacturing cost	2,997,179
Work in process, beginning of year	110,597
Work in process, end of year	119,236
Cost of finished goods	2,988,540
Finished goods, beginning of year	563,510
Finished goods purchased	732,320
Other adjustments	6,594
Transferred to manufacturing or operating expenses	8,376
Transferred to equipment	41,531
Scrapped	12,737
Provision for loss on inventories	910
Finished goods, end of year	521,470
Cost of production and marketing	3,692,752
Merchandise, beginning of year	40,170
Merchandise purchased	142,546
Merchandise, end of year	38,668
Transferred to manufacturing or operating expenses	165
Other adjustments	39,897
Cost of merchandise sold	103,986
Cost of raw materials sold	345,147
Scrapped	13,533
Revenue from sale of scraps	4,395
Total	$ 4,151,023

STATEMENT 16

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	$ 17,089	$ 56,732	$ 86,114	$ 159,935
Export fee	187,093	-	-	187,093
Freight expense	17,545	25	915	18,485
Examination expense	-	-	11,253	11,253
Insurance expenses	1,407	4,714	8,443	14,564
Depreciation expenses	-	13,164	1,076	14,240
Miscellaneous fee	22,003	15,336	17,552	54,891
Others	18,607	39,228	21,769	79,604
	$ 263,744	$ 129,199	$ 147,122	$ 540,065

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION
FOR THE YEAR ENDED DECEMBER 31, 2022
(In Thousands of New Taiwan Dollars)

	For the Year Ended December 31, 2022			For the Year Ended December 31, 2021		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	$ 359,267	$ 159,935	$ 519,202	$ 342,511	$ 166,387	$ 508,898
Labor and health insurance	39,686	14,564	54,250	39,474	15,872	55,346
Post-employment benefits	17,341	7,365	24,706	17,430	8,151	25,581
Remuneration of directors	-	940	940	-	930	930
Others	18,822	5,490	24,312	18,210	5,946	24,156
	$ 435,116	$ 188,294	$ 623,410	$ 417,625	$ 197,286	$ 614,911
Depreciation	$ 167,646	$ 14,240	$ 181,886	$ 150,058	$ 17,201	$ 167,259
Amortization	$ 2,804	$ 7,323	$ 10,127	$ 2,682	$ 7,686	$ 10,368

Note:

1. As of December 31, 2022 and 2021, the Company had 857 and 849 employees, respectively, which included 7 non-employee directors for both years.

2. Additional disclosures are as follows:

   (1) Average employee benefits for the year ended December 31, 2022 was NT$732 thousand (Total amount of employee benefits for the year ended December 31, 2022 less total amount of remuneration of directors for the year ended December 31, 2022/number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022)

   Average employee benefits for the year ended December 31, 2021 was NT$729 thousand (Total amount of employee benefits for the year ended December 31, 2021 less total amount of remuneration of directors for the year ended December 31, 2021/number of employees for the year ended December 31, 2021 less number of directors not serving concurrently as employees for the year ended December 31, 2021)

   (2) Average salary for the year ended December 31, 2022 was NT$611 thousand (Total amount of salaries for the year ended December 31, 2022/number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022)

   Average salary for the year ended December 31, 2021 was NT$604 thousand (Total amount of salaries for the year ended December 31, 2021/number of employees for the year ended December 31, 2021 less number of directors not serving concurrently as employees for the year ended December 31, 2021)

   (3) Change in average salary was 1% (Average salaries for the year ended December 31, 2022 less average salaries for the year ended December 31, 2021/average salaries for the year ended December 31, 2021)

3. The remuneration of the chairman is approved by the board of directors. The compensation policy for the chairman and managers of the Company is based on industry standards, taking into account individual performance, business performance and future risks.