

**HORNG SHIUE HOLDING CO., LTD. AND
SUBSIDIARIES AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT**

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of Horng Shiue Holding Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Horng Shiue Holding Co., Ltd. and subsidiaries (the "Group") as at December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Appropriateness of cut-off of stamping die sales revenue

Description

Refer to Note 4(27) for accounting policies on operating revenue and Note 6(18) for details of operating revenue.

The Group's revenue is mainly derived from automotive sheet metal stamping die sold by the assembly plant and stamping factory. As the automotive industry belongs to a buyer's market, revenue is recognised when customers accept the products and the control of products has been transferred to customers.

Given that revenue recognition involves several manual processes which may affect the accuracy of sales revenue recognition timing, and revenue is significant to the financial statements, we considered the cut-off of sales revenue as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

1. Obtained an understanding of and inspected the procedures on sales revenue recognition of automotive sheet metal stamping die. Assessed and tested the effectiveness of design and performance of the internal control procedures on sales revenue recognition, and confirmed whether they were adopted consistently during the comparative period of the financial statements.

2. Performed confirmation on the Company's accounts receivable around the year-end date in order to check whether recorded accounts receivable and customers' recognition timing are reasonable.
3. Verified items recognised as sales revenue for a certain period before and after the balance sheet date, and verified the date on the acceptance receipts that had been signed by customers in order to check the accuracy of cut-off timing.

Valuation of allowance for inventory valuation losses

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for the details of inventory.

The Group is primarily engaged in the manufacture, processing and trading of automotive sheet metal stamping die and gauge. As the manufacturing cycle is longer than one year, there is a high possibility that inventory valuation loss would occur due to fluctuations in prices of materials, labor costs and demand. The Group's inventories are measured at the lower of cost and net realisable value, and the Group provides allowance for inventory valuation loss on inventories that are over a certain age and inventories individually identified as obsolete or slow-moving.

Inventory of \$1,557,629 thousand (constituting 49% of total assets) is significant to the financial statements, and the assessment of net realisable value involves subjective judgment resulting in a high degree of estimation uncertainty. Thus, we considered the valuation of allowance for inventory valuation losses as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

1. Assessed the reasonableness of policies and procedures on allowance for inventory valuation loss, based on our understanding of the operations and industry of the Group.
2. Obtained an understanding of the inventory control procedures, and reviewed year-end inventory count plan and participated in the year-end inventory counting event;
3. Obtained the Group's allowance for inventory valuation loss report, and selected a sample of inventories to test the accuracy of calculation logic and information.
4. Interviewed with management to obtain supporting documents in relation to net realisable value, selected samples and reviewed the related data to assess the adequacy of allowance for inventory valuation loss.

Assessment of going concern assumption

Description

As of December 31, 2023, the Group's accumulated losses aggregated to one half of its paid-in capital. The liabilities due within one year or one operating cycle amounted to \$370,839 thousand as described in Notes 6(8) and (12). The management of the Company has proposed its plan to improve the Company's operations and financial situation in Note 12(4). Given that the management's plans would significantly affect the Company's financial situation within 12 months from the balance sheet date, we considered the assessment of going concern assumption as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in relation to the above key audit matter:

1. Obtained management's plans to improve the Group's operations and financial situation and discussed the execution of such plans with the management.

2. Obtained the Group's projected cash flows within 12 months from the balance sheet date which were prepared by management and assessed its reasonableness, including:
 - (a) Obtaining and comparing the collection plan for the next 12 months with the actual result in a certain period after the balance sheet date.
 - (b) Comparing the basis of forecast financial information used by management with changes in cash outflows over the past year.
 - (c) Checking the terms and conditions of corporate bonds and borrowing contracts to ensure that there is no default resulting in unexpected cash outflows.
 - (d) Reviewing the financing contracts to confirm the undrawn borrowing facilities.
3. Assessed the appropriateness of the disclosure in the notes to the financial statements made by management.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Liao, Fu-Ming

Chen, Ching Chang

For and on Behalf of PricewaterhouseCoopers, Taiwan

March 15, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars)

Assets		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 232,116	7	\$ 215,708	6
1110	Financial assets at fair value through profit or loss - current	6(2)	-	-	48	-
1150	Notes receivable, net	6(3)	159,720	5	212,871	6
1170	Accounts receivable, net	6(3) and 8	426,734	13	356,119	11
1200	Other receivables		7,158	-	4,415	-
130X	Inventory	6(4)	1,557,629	49	1,683,160	50
1470	Other current assets	6(7), 8 and 9	108,532	4	82,705	3
11XX	Current Assets		2,491,889	78	2,555,026	76
Non-current assets						
1600	Property, plant and equipment	6(5) and 8	504,619	16	557,413	17
1755	Right-of-use assets	6(6) and 8	162,845	5	185,884	5
1780	Intangible assets		6,888	-	5,672	-
1840	Deferred income tax assets	6(25)	32,957	1	51,128	2
1900	Other non-current assets	6(7) and 8	6,579	-	13,942	-
15XX	Non-current assets		713,888	22	814,039	24
1XXX	Total assets		\$ 3,205,777	100	\$ 3,369,065	100

(Continued)

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity			Notes	December 31, 2023		December 31, 2022		
				AMOUNT	%	AMOUNT	%	
Current liabilities								
2100	Short-term borrowings	6(8)	\$	203,853	7	\$	220,205	6
2130	Current contract liabilities	6(18)		876,570	27		1,082,225	32
2150	Notes payable			119,902	4		95,349	3
2170	Accounts payable	6(9)		760,958	24		593,590	18
2200	Other payables	6(10)		105,544	3		162,655	5
2220	Other payables - related parties	7		-	-		204,564	6
2250	Current provisions	9		41,434	1		-	-
2280	Current lease liabilities	6(6)		18,346	1		17,992	-
2320	Long-term liabilities, current portion	6(12)		166,986	5		136,994	4
21XX	Current Liabilities			2,293,593	72		2,513,574	74
Non-current liabilities								
2540	Long-term borrowings	6(12)		61,155	2		176,164	5
2580	Non-current lease liabilities	6(6)		172,423	5		188,355	6
25XX	Non-current liabilities			233,578	7		364,519	11
2XXX	Total Liabilities			2,527,171	79		2,878,093	85
Equity								
	Share capital	6(15)						
3110	Common stock			693,736	22		459,714	14
	Capital surplus	6(16)						
3200	Capital surplus			622,308	20		515,588	16
	Retained earnings	6(17)						
3310	Legal reserve			16,253	-		16,253	-
3320	Special reserve			34,425	1		34,425	1
3350	Accumulated deficit		(	624,079)	(20)	(	479,741)	(14)
	Other equity interest							
3400	Other equity interest		(	64,037)	(2)	(	55,267)	(2)
3XXX	Total equity			678,606	21		490,972	15
	Significant Contingent Liabilities and	9						
	Unrecognised Contract Commitments							
	Significant Events after the Balance	11						
	Sheet Date							
3X2X	Total liabilities and equity		\$	3,205,777	100	\$	3,369,065	100

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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Year ended December 31			
			2023		2022	
Items	Notes		AMOUNT	%	AMOUNT	%
4000 Sales revenue	6(18)		\$ 1,674,740	100	\$ 1,698,196	100
5000 Operating costs	6(4)(22)(23)		(1,663,574)	(99)	(1,561,309)	(92)
5900 Net operating margin			11,166	1	136,887	8
Operating expenses	6(22)(23)					
6100 Selling expenses			(19,736)	(1)	(12,370)	(1)
6200 General and administrative expenses			(85,195)	(5)	(79,059)	(4)
6300 Research and development expenses			(17,795)	(1)	(51,793)	(3)
6450 Impairment gain and reversal of impairment loss determined in accordance with IFRS 9	6(22)		(4,077)	(1)	21,132	1
6000 Total operating expenses			(126,803)	(8)	(122,090)	(7)
6900 Operating (loss) profit			(115,637)	(7)	14,797	1
Non-operating income and expenses						
7100 Interest income	6(19)		4,714	-	2,061	-
7010 Other income	6(20)		27,042	1	28,818	2
7020 Other gains and losses	6(21)		(4,221)	-	4,187	-
7050 Finance costs	6(24) and 7		(38,545)	(2)	(66,700)	(4)
7000 Total non-operating revenue and expenses			(11,010)	(1)	(31,634)	(2)
7900 Loss before income tax			(126,647)	(8)	(16,837)	(1)
7950 Income tax expense	6(25)		(17,691)	(1)	(11,805)	(1)
8200 Loss for the year			(\$ 144,338)	(9)	(\$ 28,642)	(2)
Other comprehensive income						
Components of other comprehensive income that will be reclassified to profit or loss						
8361 Other comprehensive income, before tax, exchange differences on translation			(\$ 8,770)	-	\$ 25,484	2
8300 Other comprehensive (loss) income for the year			(\$ 8,770)	-	\$ 25,484	2
8500 Total comprehensive income for the year			(\$ 153,108)	(9)	(\$ 3,158)	-
Basic loss per share	6(26)					
9750 Basic loss per share			(\$ 2.21)		(\$ 0.65)	
9850 Diluted loss per share			(\$ 2.21)		(\$ 0.65)	

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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent							
		Accumulated deficit					Other equity interest		
							Financial statements translation differences of foreign operations	Others	Total equity
Notes	Common stock	Additional paid-in capital	Legal reserve	Special reserve	Accumulated deficit				
<u>Year 2022</u>									
	\$ 461,324	\$ 515,164	\$ 16,253	\$ 34,425	(\$ 451,099)	(\$ 80,751)	(\$ 4,206)	\$ 491,110	
Loss for the year	-	-	-	-	(28,642)	-	-	(28,642)	
Other comprehensive income	-	-	-	-	-	25,484	-	25,484	
Total comprehensive income (loss)	-	-	-	-	(28,642)	25,484	-	(3,158)	
Redemption of restricted employee shares 6(15)(16)	(1,610)	424	-	-	-	-	1,186	-	
Share-based payments 6(14)	-	-	-	-	-	-	3,020	3,020	
Balance at December 31, 2022	\$ 459,714	\$ 515,588	\$ 16,253	\$ 34,425	(\$ 479,741)	(\$ 55,267)	\$ -	\$ 490,972	
<u>Year 2023</u>									
Balance at January 1, 2023	\$ 459,714	\$ 515,588	\$ 16,253	\$ 34,425	(\$ 479,741)	(\$ 55,267)	\$ -	\$ 490,972	
Loss for the year	-	-	-	-	(144,338)	-	-	(144,338)	
Other comprehensive loss	-	-	-	-	-	(8,770)	-	(8,770)	
Total comprehensive loss	-	-	-	-	(144,338)	(8,770)	-	(153,108)	
Cash capital increase 6(15)(16)	200,000	78,985	-	-	-	-	-	278,985	
Conversion of convertible bonds 6(11)(15)(16)	34,022	27,735	-	-	-	-	-	61,757	
Balance at December 31, 2023	\$ 693,736	\$ 622,308	\$ 16,253	\$ 34,425	(\$ 624,079)	(\$ 64,037)	\$ -	\$ 678,606	

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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Year ended December 31	
	Notes	2023	2022
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Loss before tax		(\$ 126,647)	(\$ 16,837)
Adjustments			
Adjustments to reconcile profit (loss)			
Share-based payments	6(14)	-	3,020
Depreciation	6(22)	104,690	106,302
Amortisation	6(22)	6,360	7,423
Expected credit impairment loss (reverse)	6(22)	4,077	(21,132)
Interest income	6(19)	(4,714)	(2,061)
Interest expense	6(24)	38,545	66,700
Loss on disposal of property, plant and equipment	6(21)	267	652
Losses on financial liabilities at amortised cost	6(21)	-	4,047
Losses (gains) on financial assets at fair value through profit or loss	6(21)	48	(430)
Gains on financial liabilities at fair value through profit or loss	6(21)	-	(2,031)
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through other comprehensive income		-	430
Notes receivable		50,769	630,018
Accounts receivable	(	81,382)	(589,871)
Other receivables	(	2,782)	865
Inventories		101,696	158,610
Prepayments		8,485	(6,411)
Other current assets		10,434	(6,601)
Changes in operating liabilities			
Contract liabilities	(	192,447)	109,964
Notes payable		26,440	(57,497)
Accounts payable		179,361	(232,269)
Other payables	(	55,117)	(89,520)
Cash inflow generated from operations		68,083	63,371
Interest received		4,642	2,027
Interest paid	(	31,818)	(19,182)
Net cash flows from operating activities		<u>40,907</u>	<u>46,216</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of property, plant and equipment	6(27)	(36,865)	(6,105)
Proceeds from disposal of property, plant and equipment		855	5,803
Acquisition of intangible assets	6(27)	(8,298)	(7,718)
(Increase) decrease in refundable deposits	(	1,737)	18,242
Increase in prepayments for business facilities		-	(1,203)
Decrease in other non-current assets		3,894	374
Net cash flows (used in) from investing activities	(	<u>42,151)</u>	<u>9,393</u>
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Net changes in short-term borrowings	6(28)	(13,232)	(150,419)
(Decrease) increase in other payables to related parties	7	(204,564)	204,564
Proceeds from long-term debt	6(28)	66,162	176,964
Repayments of long-term debt	6(28)	(30,862)	(114,503)
Payments of lease liabilities	6(28)	(20,339)	(24,011)
Repayments of bonds	6(11)	(56,400)	(203,749)
Proceeds from issuing shares	6(15)	278,985	-
Net cash flows from (used in) financing activities		<u>19,750</u>	<u>(111,154)</u>
Effect of exchange rate change	(	<u>2,098)</u>	<u>18,964</u>
Net increase (decrease) in cash and cash equivalents		16,408	(36,581)
Cash and cash equivalents at beginning of year		215,708	252,289
Cash and cash equivalents at end of year	\$	<u>232,116</u>	<u>\$ 215,708</u>

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

HORNG SHIUE HOLDING CO., LTD. AND SUBSIDIARIES AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and organisation

Horng Shiue Holding Co., Ltd. (the “Company”) was incorporated as a company in the Cayman Islands on March 24, 2015. The Company was established as part of an organisational restructuring as a result of applying for listing on the Taiwan Stock Exchange. On June 30, 2015, the Company acquired a 100% equity interest in Horng Shiue Industrial Co., Ltd. by exchanging shares through the issuance of new shares. The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the manufacture, processing and trading of automotive sheet metal stamping die and gauge, and providing after sales services, such as technique consulting. The Company was listed on the Taiwan Stock Exchange starting from September 27, 2017.

2. The date of authorisation for issuance of the consolidated financial statements and procedures for authorisation

These consolidated financial statements were authorised for issuance by the Board of Directors on March 14, 2024.

3. Application of new standards, amendments and interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS[®]”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2023 are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC and will become effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
Amendments to IAS 1, 'Classification of liabilities as current or non-current'	January 1, 2024
Amendments to IAS 1, 'Non-current liabilities with covenants'	January 1, 2024
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.	

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. Summary of Material significant accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

- A. Except for the financial assets at fair value through profit or loss, the consolidated financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

- (a) All subsidiaries are included in the Group’s consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
- (b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- (c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)	
			December 31, 2023	December 31, 2022
The Company	Horng Shiue Industrial Co., Ltd.	Holding company	100%	100%
Horng Shiue Industrial Co., Ltd.	Shanghai Horngshiue Industrial Co., Ltd. (Shanghai Horngshiue)	Manufacture, processing and trading of automotive stamping die	100%	100%
Horng Shiue Industrial Co., Ltd.	Zhejiang Horngshiue Industrial Co., Ltd. (Zhejiang Horngshiue)	Manufacture, processing and trading of automotive stamping die	100%	100%

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: Not applicable.

E. Significant restrictions: Not applicable.

F. Subsidiaries that have non-controlling interests that are material to the Group: Not applicable.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Company's functional currency is RMB; however, the consolidated financial statements are presented in New Taiwan dollars under the regulations in relation to financial statements made by the Taiwan Stock Exchange. Considering the benefits of Group financing, the Company changes its operating target to plan the Group's financing activities, and the Group conducts its NTD- denominated financing activities in Taiwan. To reflect the changes in economic environment, the Group changes the functional currency from RMB to NTD, and prospective application of IAS 21, 'The effects of changes in foreign exchange rates' effective from October 1, 2018. The consolidated financial statements are presented in New Taiwan dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

- (a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

- (b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.
- (c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (a) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;
- (b) Income and expense presented in each comprehensive income statement are translated at average exchange rates of that period.
- (c) All resulting exchange differences are recognised in other comprehensive income.
- (d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) Classification of current and non-current items

The Group engages in manufacturing, processing and trading of automotive sheet metal stamping die and fixture related business, and the operating cycle exceeds 1 year. Therefore, the assets and liabilities related to the manufacture of automotive sheet metal stamping die and fixture are classified as current or non-current based on the operating cycle, and the classification standards for other accounts are as follows:

- A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:
 - (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
 - (b) Assets held mainly for trading activities;
 - (c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

A. Financial assets at amortised cost or fair value through other comprehensive income are designated as at fair value through profit or loss at initial recognition when they eliminate or significantly reduce a measurement or recognition inconsistency.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

For accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

- A. The contractual rights to receive the cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows of the financial asset have been transferred; however, the Group has not retained control of the financial asset.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Property, plant and equipment are measured at cost model subsequently. Land is not depreciated. Other property, plant and equipment are depreciated using the straight-line method over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	20	years
Machinery and equipment	1-10	years
Transportation equipment	4-5	years
Office equipment	2-12	years
Other equipment	3-20	years

(13) Leasing arrangements (lessee) — right-of-use assets/ lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
- (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date.

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(14) Intangible assets

Intangible assets, mainly computer software, are amortised using the straight-line method over 1-3 years.

(15) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(16) Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(17) Accounts and notes payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Convertible bonds payable

The bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) is remeasured on the conversion date. The book value of common shares issued due to the conversion is based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus - share options.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognised as interest expense. Provisions are not recognised for future operating losses.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

Defined contribution plans: for the defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

C. Employees' compensation and directors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Employee share-based payment-employee restricted shares

- A. Restricted stocks issued to employees are measured at the market price of the equity instruments granted at the grant date and are recognised as compensation cost over the vesting period.
- B. For restricted stocks where those stocks do not restrict distribution of dividends to employees but employees must return the dividends received if they resign during the vesting period, when the Group receives dividends from employees resigning during the vesting period, the Group credits related amounts that were previously debited from capital surplus at the date of dividends declared.
- C. For restricted stocks where employees do not need to pay to acquire those stocks, if the Company will not pay the employees who resign during the vesting period to take back their stocks, the Group estimates such payments that will be made and recognises such amounts as compensation cost and liability at the grant date in accordance with the terms of restricted stocks. The Group recognises compensation cost and other equity-earned compensation at the grant date in accordance with the terms of restricted stocks.

(24) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(25) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(26) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(27) Revenue recognition

- A. The Group manufactures and sells stamping die and gauge products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(28) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(29) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical accounting judgements, estimates and key sources of assumption uncertainty

The preparation of these financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to changes in market demands and material prices, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. Details of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 31	\$ 33
Demand deposits	232,085	215,675
	<u>\$ 232,116</u>	<u>\$ 215,708</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group has no cash and cash equivalents pledged to others.

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

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets designated as at fair value through profit or loss		
Call options on convertible bonds	\$ <u>-</u>	\$ <u>48</u>

- A. The above represents a call option embedded in the convertible bonds issued by the Company and was designated as measured at fair value through profit or loss.
- B. For the terms and conditions of the Company's first domestic unsecured convertible bonds, refer to Note 6(11).
- C. Amounts recognised in profit or loss in relation to financial assets at fair value through profit or loss are listed below:

	<u>Years ended December, 31</u>	
	<u>2023</u>	<u>2022</u>
Financial assets designated as at fair value through profit or loss		
Call options on convertible bonds	(\$ <u>48</u>)	\$ <u>2,031</u>

- D. The Group has no financial assets at fair value through profit or loss pledged to others as collateral.

(3) Notes and accounts receivable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ <u>159,720</u>	\$ <u>212,871</u>
Accounts receivable	\$ <u>440,035</u>	\$ <u>506,289</u>
Less: Allowance for uncollectible accounts	(<u>13,301</u>)	(<u>150,170</u>)
	\$ <u>426,734</u>	\$ <u>356,119</u>

- A. The ageing analysis of accounts receivable and notes receivable that were past due but not impaired is as follows:

	<u>December 31, 2023</u>		<u>December 31, 2022</u>	
	<u>Accounts receivable</u>	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Notes receivable</u>
Up to 1 year	\$ 376,448	\$ 159,720	\$ 302,429	\$ 212,871
1 to 2 years	56,629	-	60,227	-
Over 2 years	6,958	-	143,633	-
	\$ <u>440,035</u>	\$ <u>159,720</u>	\$ <u>506,289</u>	\$ <u>212,871</u>

The above ageing analysis was based on invoice date.

- B. As of December 31, 2023, December 31, 2022 and January 1, 2022, the balances of receivables (including notes receivable) from contracts with customers amounted to \$599,755, \$719,160, and \$746,407, respectively.
- C. Details of the Group's notes and accounts receivable pledged to others as collateral are provided in Note 8.
- D. As at December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes receivable were \$159,720 and \$212,871, and accounts receivable were \$426,734 and \$356,119, respectively.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2).

(4) Inventories

December 31, 2023			
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 24,249	(\$ 1,707)	\$ 22,542
Work in progress	1,021,392	(79,126)	942,266
Finished goods	672,620	(79,799)	592,821
	<u>\$ 1,718,261</u>	<u>(\$ 160,632)</u>	<u>\$ 1,557,629</u>

December 31, 2022			
	Cost	Allowance for valuation loss	Book value
Materials and supplies	\$ 144,165	(\$ 1,859)	\$ 142,306
Work in progress	1,076,415	(123,184)	953,231
Finished goods	621,576	(33,953)	587,623
	<u>\$ 1,842,156</u>	<u>(\$ 158,996)</u>	<u>\$ 1,683,160</u>

The cost of inventories recognised as expense for the period:

Years ended December 31,		
	2023	2022
Cost of goods sold	\$ 1,659,457	\$ 1,526,819
Loss on inventory market value decline	4,117	34,490
	<u>\$ 1,663,574</u>	<u>\$ 1,561,309</u>

(5) Property, plant and equipment

2023

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
<u>At January 1</u>							
Cost	\$ 160,727	\$ 1,090,997	\$ 14,149	\$ 39,187	\$ 22,990	\$ -	\$ 1,328,050
Accumulated depreciation	(117,626)	(596,875)	(11,097)	(23,510)	(21,529)	-	(770,637)
	<u>\$ 43,101</u>	<u>\$ 494,122</u>	<u>\$ 3,052</u>	<u>\$ 15,677</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ 557,413</u>
Opening net book amount as at January 1	\$ 43,101	\$ 494,122	\$ 3,052	\$ 15,677	\$ 1,461	\$ -	\$ 557,413
Additions	-	2,809	1,863	657	898	31,644	37,871
Disposals	-	(803)	(83)	(199)	(37)	-	(1,122)
Reclassification (Note)	-	85	-	-	-	228	313
Depreciation	(5,448)	(72,269)	(787)	(1,950)	(1,700)	-	(82,154)
Net exchange differences	(563)	(6,325)	(63)	(212)	(9)	(530)	(7,702)
Closing net book amount as at December 31	<u>\$ 37,090</u>	<u>\$ 417,619</u>	<u>\$ 3,982</u>	<u>\$ 13,973</u>	<u>\$ 613</u>	<u>\$ 31,342</u>	<u>\$ 504,619</u>
<u>At December 31</u>							
Cost	\$ 158,289	\$ 1,076,165	\$ 14,950	\$ 37,328	\$ 23,160	\$ 31,342	\$ 1,341,234
Accumulated depreciation	(121,199)	(658,546)	(10,968)	(23,355)	(22,547)	-	(836,615)
	<u>\$ 37,090</u>	<u>\$ 417,619</u>	<u>\$ 3,982</u>	<u>\$ 13,973</u>	<u>\$ 613</u>	<u>\$ 31,342</u>	<u>\$ 504,619</u>

2022

	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment under acceptance	Total
<u>At January 1</u>							
Cost	\$ 158,414	\$ 1,079,217	\$ 14,573	\$ 37,807	\$ 22,647	\$ 713	\$ 1,313,371
Accumulated depreciation	(110,836)	(513,466)	(11,507)	(26,035)	(17,366)	-	(679,210)
	<u>\$ 47,578</u>	<u>\$ 565,751</u>	<u>\$ 3,066</u>	<u>\$ 11,772</u>	<u>\$ 5,281</u>	<u>\$ 713</u>	<u>\$ 634,161</u>
Opening net book amount as at January 1	\$ 47,578	\$ 565,751	\$ 3,066	\$ 11,772	\$ 5,281	\$ 713	\$ 634,161
Additions	-	2,210	839	1,088	1,336	-	5,473
Disposals	-	(6,238)	(153)	(59)	(5)	-	(6,455)
Reclassification (Note)	1,099	(1,955)	(12)	4,558	(3,470)	(726)	(506)
Depreciation	(6,294)	(74,273)	(733)	(1,833)	(1,777)	-	(84,910)
Net exchange differences	<u>718</u>	<u>8,627</u>	<u>45</u>	<u>151</u>	<u>96</u>	<u>13</u>	<u>9,650</u>
Closing net book amount as at December 31	<u>\$ 43,101</u>	<u>\$ 494,122</u>	<u>\$ 3,052</u>	<u>\$ 15,677</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ 557,413</u>
<u>At December 31</u>							
Cost	\$ 160,727	\$ 1,090,997	\$ 14,149	\$ 39,187	\$ 22,990	\$ -	\$ 1,328,050
Accumulated depreciation	(117,626)	(596,875)	(11,097)	(23,510)	(21,529)	-	(770,637)
	<u>\$ 43,101</u>	<u>\$ 494,122</u>	<u>\$ 3,052</u>	<u>\$ 15,677</u>	<u>\$ 1,461</u>	<u>\$ -</u>	<u>\$ 557,413</u>

Note: Mainly pertained to transfers from prepayments for business facilities.

A. The Group has no interest capitalised to property, plant and equipment.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(6) Leasing arrangements — lessee

A. The Group leases various assets including land use right and buildings. Rental contracts are typically made for periods of 3 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

(a) Carrying amount

	December 31, 2023	December 31, 2022
Land use right	\$ 17,859	\$ 18,770
Buildings	144,986	167,114
	<u>\$ 162,845</u>	<u>\$ 185,884</u>

(b) Depreciation charge

	Years ended December 31,	
	2023	2022
Land use right	\$ 636	\$ 638
Buildings	21,343	19,760
	<u>\$ 21,979</u>	<u>\$ 20,398</u>

C. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets are as follows:

	2023		
	Land	Buildings and structures	Total
Opening net book amount as at January 1	\$ 18,770	\$ 167,114	\$ 185,884
Additions	-	1,396	\$ 1,396
Depreciation charge	(636)	(21,343)	(21,979)
Net exchange differences	(275)	(2,181)	(2,456)
Closing net book amount as at December 31	<u>\$ 17,859</u>	<u>\$ 144,986</u>	<u>\$ 162,845</u>
	2022		
	Land	Buildings and structures	Total
Opening net book amount as at January 1	\$ 19,125	\$ 586,932	\$ 606,057
Modification	-	(434,914)	(434,914)
Reclassifications	-	24,353	24,353
Depreciation charge	(638)	(19,760)	(20,398)
Net exchange differences	283	10,503	10,786
Closing net book amount as at December 31	<u>\$ 18,770</u>	<u>\$ 167,114</u>	<u>\$ 185,884</u>

Lease modification mainly pertains to an amendment of the house lease contract on the original lease of Zhejiang Hornngshiue, a subsidiary of the Company, in August 2022. Accordingly, the lease liability was recalculated in relation to the lease modification, and the right-of-use assets was adjusted.

D. The carrying amount of lease liability is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Buildings	\$ 190,769	\$ 206,347

E. The information on profit and loss accounts relating to lease contracts is as follows:

	<u>Years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 8,477	\$ 23,307

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases was \$20,339 and \$24,011, respectively.

G. Information about the right-of-use assets that were pledged to others as collaterals is provided in Note 8.

(7) Other assets

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current		
Other prepayments	\$ 9,459	\$ 18,390
Guarantee deposits paid	55,141	51,361
Guarantee for loss compensation	41,434	-
Others	2,498	12,954
	<u>\$ 108,532</u>	<u>\$ 82,705</u>
Non-current		
Guarantee deposits paid	\$ 4,423	\$ 7,308
Prepayments for business facilities	-	1,198
Other prepaid expenses	2,156	5,436
	<u>\$ 6,579</u>	<u>\$ 13,942</u>

A. Information relating to the Group obtaining the guarantee for loss compensation is provided in Note 9(1).

B. Information about the other assets that were pledged to others as collaterals is provided in Note 8.

(8) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ <u>203,853</u>	3.45%~3.95%	Accounts receivable, Right-of-use assets, Guarantee deposits paid, Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs (Note) and Huzhou Zhengce Financing Guarantee Co., Ltd. (Note)

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Bank borrowings			
Secured borrowings	\$ <u>220,205</u>	3.65%~4.15%	Accounts receivable, Guarantee deposits paid, Property, plant and equipment, Shanghai Administration Center of Policy Financing Guarantee Funds for SMEs (Note) and Huzhou Zhengce Financing Guarantee Co., Ltd. (Note)

Note: It was borrowed with an external third party as guarantor.

The Group recognised interest expenses in profit or loss for the years ended December 31, 2023 and 2022 amounting to \$11,962 and \$18,651, respectively.

(9) Accounts payable

	December 31, 2023	December 31, 2022
Material purchases	\$ 649,941	\$ 482,393
Outsourced processing	<u>111,017</u>	<u>111,197</u>
	<u>\$ 760,958</u>	<u>\$ 593,590</u>

(10) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Salary and bonus payable	\$ 46,223	\$ 44,699
Social insurance payable	22,106	28,616
Value-added tax payable	1,559	34,469
Freight payable	8,447	28,594
Payables for machinery and equipment	5,854	4,939
Payables for purchase of computer software	3,454	4,122
Accrued employees' compensation and directors' and supervisors' remuneration	4,879	6,069
Others	13,022	11,147
	<u>\$ 105,544</u>	<u>\$ 162,655</u>

(11) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Bonds payable	\$ -	\$ 119,000
Less: Discount on bonds payable	-	(2,251)
	-	116,749
Less: Current portion or exercise of put options	-	(116,749)
	<u>\$ -</u>	<u>\$ -</u>

A. Domestic convertible bonds issued by the Company

The terms of the first domestic unsecured convertible bonds issued by the Company are as follows:

- (a) The competent authority has approved the Company's first time raising and issuance of domestic unsecured corporate bonds. The bonds are with a total issuance amount of \$400,000 and a coupon rate of 0%, cover a 5-year period of issuance and a circulation period from November 30, 2018 to November 30, 2023. The bonds will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on November 30, 2018.
- (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after 3 months of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
- (c) The bondholders have the right to require the Company to redeem any bonds at the price of the bonds' face value plus 103% and 104% of the face value as interests upon three years and four years from the issue date, respectively.

- (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value at any time when the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue to 40 days before the maturity date.
- (e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- (f) For the year ended December 31, 2022, the amount of put option of bonds exercised by holders was \$195,800, the redemption price was \$203,749, and the difference between book value and redemption price was recognised in losses in the amount of \$4,047. The amount of capital surplus-forfeited share options generated from redemption was \$13,885 and the amount of capital surplus, share option decreased due to redemption was \$13,885.
- (g) For the year ended December 31, 2023, the face value of the convertible bonds of \$62,600 had been exercised conversion right by the bondholders, which converted into 3,402 thousand shares of common shares (the conversion price was NT\$19.4 (in dollars) per share). The capital surplus-share options arising from the conversion amounted to \$32,174, and capital surplus-share options decreased by \$4,439.
- (h) In December 2023, the Company repaid the matured bonds amounted to \$56,400.
- B. Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised in 'capital surplus-share options' in accordance with IAS 32. The Company recognised capital surplus-share options amounting to \$28,365 taking into consideration the initial recognition and subsequent conversion measurement. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IAS 39 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective annual interest rate of the bonds after separation was 2.14%.

(12) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Long-term bank borrowings				
Secured borrowings	Borrowing period is from December 18, 2022 to December 11, 2025; interest is payable monthly	4.45%~4.65%	Note 8	
				\$ 228,141
Less: Current portion				(166,986)
				<u>\$ 61,155</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Other long-term bank borrowings				
Secured borrowings	Borrowing period is from July 25, 2021 to September 18, 2023; interest is payable monthly	5.6%~8.00%	Note 8; Note	\$ 20,245
Long-term bank borrowings				
Secured borrowings	Borrowing period is from December 6, 2022 to December 13, 2024; interest is payable quarterly	4.65%	Note 8	176,164
				196,409
Less: Current portion				(20,245)
				<u>\$ 176,164</u>

Note: It was a sale and leaseback transaction for the Group's equipment. The Group has a right to repurchase the equipment at the end of the contract period based on the contract price, and this right is a partial of sale and leaseback transactions under IFRS 15. The Group shall continually recognise the equipment as an asset, and the related considerations shall be recognised as financial liabilities which shall be treated in accordance with IFRS 9.

(13) Pensions

The Company's mainland China second-tier subsidiary, Shanghai Horngshiue, has a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on a certain percentage of employees' monthly salaries and wages. The contribution percentage for the years ended December 31, 2023 and 2022 was 20% for both years. Other than the monthly contributions, the Group has no further obligations. The Group recognised endowment insurance of \$26,090 and \$22,579 for the years ended December 31, 2023 and 2022, respectively.

(14) Share-based payment

For the year ended December 31, 2023

None.

For the year ended December 31, 2022

A. The Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted (shares in thousands)	Contract period	Vesting conditions
Restricted stocks to employees	2019.11.12	2,000	3 years	Conditions for satisfying service years and performance

(a) The restricted stocks issued by the Company cannot be transferred during the vesting period, but voting right and dividend right are not restricted on these stocks. The vesting conditions are not satisfied if employees resign during the vesting period, and the Company will withdraw the stock for free and cancel it. As of December 31, 2022, the Group has accumulated 211 thousand stocks, which did not meet the vesting conditions. According to the agreement, these stocks were withdrawn and cancelled by the Group, and the registration for retirement was completed.

(b) Above share-based payment arrangements are settled by equity.

B. The fair value of restricted stocks to employees granted on grant date is measured using daily stock price. Relevant information is as follows:

Type of arrangement	Grant date	Quantity (shares in thousands)	Stock price (in dollars)	Exercise price	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Restricted stocks to employees	2019.11.12	2,000	\$ 13.4	\$ -	-	-	-	\$ 13.4

C. Expenses incurred on share-based payment transactions are shown below:

	Year ended December 31, 2022
Restriction of employee restricted shares	\$ 3,020

(15) Share capital

	2023	2022
At January 1	\$ 459,714	\$ 461,324
Cash capital increase	200,000	-
Conversion of convertible bonds	34,022	-
Redemption of employee restricted stock	-	(1,610)
At December 31	\$ 693,736	\$ 459,714

- A. As of December 31, 2023, the Company's authorised capital was \$2,000,000, consisting of 200 million shares of ordinary stock, and the paid-in capital was \$693,736 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.
- B. The Board of Directors during its meeting on August 25, 2022 resolved to raise additional cash through the issuance of 20,000 thousand shares with the effective date set on December 22, 2022. The amount is \$280,000 at an subscription price of \$14 (in dollars) per share. The Company had raised additional cash in the amount of 20,000 thousand shares, amounting to \$278,985 (net of necessary issuance cost), on February 14, 2023.
- C. On June 29, 2023, the shareholders of the Company resolved not to implement the private replacement of common shares or convertible bonds under the limit of \$400,000 which was originally resolved by the shareholders at their special meeting on October 20, 2022.
- D. On June 29, 2023, the shareholders of the Company resolved to raise cash through the private placement of common shares of 40,000 thousand shares or unsecured domestic convertible bonds of 4,000 bonds or a combination of the two under the limit of \$400,000 in total.
- E. Information on the convertible bonds converting into common shares for the year ended December 31, 2023 is provided in Note 6(11).

(16) Capital surplus

2023					
	Share premium	Share option	Expired employee stock warrants	Total	
At January 1	\$ 490,775	\$ 8,439	\$ 16,374	\$	515,588
Cash capital increase	78,985	-	-		78,985
Conversion of convertible bonds	32,174	(4,439)	-		27,735
Repayment of convertible bonds at maturity	-	(4,000)	4,000		-
At December 31	<u>\$ 601,934</u>	<u>\$ -</u>	<u>\$ 20,374</u>	<u>\$</u>	<u>622,308</u>

2022					
	Share premium	Share option	Employee restricted shares	Expired employee stock warrants	Total
At January 1	\$ 483,721	\$ 22,324	\$ 6,630	\$ 2,489	\$ 515,164
Put option of bonds exercised by holders	-	(13,885)	-	13,885	-
Redemption of employee restricted shares	-	-	424	-	424
Employee restricted shares	7,054	-	(7,054)	-	-
At December 31	<u>\$ 490,775</u>	<u>\$ 8,439</u>	<u>\$ -</u>	<u>\$ 16,374</u>	<u>\$ 515,588</u>

- A. Except as otherwise stated in the Cayman Islands' laws, regulations or the Company's Articles of Incorporation, legal reserve and capital surplus are only used to offset against accumulated deficit. If the legal reserve and the special reserve appropriated for offsetting deficit are insufficient, the capital surplus may be used to offset deficit.
- B. During the listing period, if the Company has no deficit, the Company can set aside all or part of share premium that was recognised in legal reserve and donated assets received from shareholder as capital, which can be used to issue new shares or distribute as dividends in the form of cash, as specially resolved by the shareholders during their meeting, except as otherwise stated in the Cayman Islands' laws.

(17) Accumulated deficit

- A. In accordance with the Articles of Incorporation of the Company, during the listing period, if the Company has distributable earnings, it shall first be used to pay related taxes, offset prior years' operating losses and set aside reserves, and the remaining earnings shall be distributed to the shareholders as resolved by the shareholders during their meeting. However, when the distributable earnings is lower than 1% of the paid-in capital, the Company will not distribute dividends which shall be approved by the shareholders.
- B. As the Company is in the growth stage, the dividend policy is adopted taking into consideration the Company's capital expenditures, future expansion plans, financial plans and other sustainable development plans. According to the dividend policy, at least 10% of the Company's distributable earnings along with prior years' unappropriated retained earnings shall be appropriated as dividends, and dividends will be distributed in the form of cash/shares.
- C. As the Company had incurred a net loss in 2022 and 2021, the shareholders during their meeting on June 29, 2023 and June 29, 2022 resolved to offset deficit and not to distribute earnings.

(18) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives revenue mainly from the transfer of goods and services at a point in time in the following major product lines and geographical regions:

	<u>Mainland China</u>		<u>Others</u>		<u>Total</u>
	<u>Sales of</u>	<u>Others</u>	<u>Sales of</u>	<u>Others</u>	
<u>2023</u>	<u>stamping die</u>		<u>stamping die</u>		
Revenue from external customer contracts	<u>\$ 1,256,010</u>	<u>\$ 43,432</u>	<u>\$ 363,084</u>	<u>\$ 12,214</u>	<u>\$ 1,674,740</u>

	Mainland China		Others		Total
	Sales of stamping die	Others	Sales of stamping die	Others	
2022					
Revenue from external customer contracts	\$ 1,228,740	\$ 28,697	\$ 434,518	\$ 6,241	\$ 1,698,196

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities:			
Stamping die manufacture contracts	\$ 876,570	\$ 1,082,225	\$ 958,264

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	Years ended December 31,	
	2023	2022
Stamping die manufacture contracts	\$ 926,966	\$ 787,687

(19) Interest income

	Years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 4,567	\$ 2,025
Others	147	36
	\$ 4,714	\$ 2,061

(20) Other income

	Years ended December 31,	
	2023	2022
Government grant revenues	\$ 6,397	\$ 18,920
Overdue payables transferred to revenue	17,262	9,625
Others	3,383	273
	\$ 27,042	\$ 28,818

(21) Other gains and losses

	Years ended December 31,	
	2023	2022
Loss on disposal of property, plant and equipment	(\$ 267)	(\$ 652)
(Loss) gains on financial assets at fair value through profit or loss	(48)	430
Gains on financial liabilities at fair value through profit or loss	-	2,031
Net currency exchange (loss) gain	(3,787)	8,541
Loss on financial liabilities measured at amortised cost	- (	4,047)
Others	(119)	(2,116)
	<u>(\$ 4,221)</u>	<u>\$ 4,187</u>

(22) Expenses by nature

	Years ended December 31,	
	2023	2022
Employee benefit expense	\$ 407,124	\$ 326,047
Depreciation charges	104,690	106,302
Amortisation charge	6,360	7,423
Transportation expenses	22,049	81,331
Expected credit impairment loss (reverse)	4,077 (	21,132)

(23) Employee benefits, depreciation and amortisation

	Year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 289,318	\$ 42,671	\$ 331,989
Social insurance premium	15,452	2,114	17,566
Pension costs	23,058	3,032	26,090
Other employee benefit expenses	15,465	16,014	31,479
	<u>\$ 343,293</u>	<u>\$ 63,831</u>	<u>\$ 407,124</u>
Depreciation	<u>\$ 97,915</u>	<u>\$ 6,775</u>	<u>\$ 104,690</u>
Amortisation	<u>\$ 701</u>	<u>\$ 5,659</u>	<u>\$ 6,360</u>

	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense			
Salary expenses	\$ 209,257	\$ 50,881	\$ 260,138
Social insurance premium	14,036	2,159	16,195
Pension costs	19,786	2,793	22,579
Other employee benefit expenses	10,555	13,560	24,115
Share-based payment	2,130	890	3,020
	<u>\$ 255,764</u>	<u>\$ 70,283</u>	<u>\$ 326,047</u>
Depreciation	<u>\$ 81,139</u>	<u>\$ 25,163</u>	<u>\$ 106,302</u>
Amortisation	<u>\$ 454</u>	<u>\$ 6,969</u>	<u>\$ 7,423</u>

- A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration during listing on the Taiwan Stock Exchange. The ratio shall be 0.5% to 8% for employees' compensation and shall not be higher than 5% for directors' and supervisors' remuneration.
- B. The Company has accumulated deficit for the years ended December 31, 2023 and 2022, and therefore, no employees' compensation and directors' remuneration was accrued. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(24) Finance costs

	Years ended December 31,	
	2023	2022
Interest expense		
Bank borrowings	\$ 19,992	\$ 18,651
Amortisation on interest from lease liabilities	8,477	23,307
Amortisation of discounts on bonds payable	1,408	6,139
Others	8,668	18,603
	<u>\$ 38,545</u>	<u>\$ 66,700</u>

(25) Income tax

- A. Components of income tax expense:

	Years ended December 31,	
	2023	2022
Deferred tax:		
Origination and reversal of temporary differences	<u>\$ 17,691</u>	<u>\$ 11,805</u>

B. Reconciliation between income tax (benefit) expense and accounting profit

	Years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate (note)	(\$ 29,831)	\$ 4,128
Effects from items disallowed in accordance with tax regulation	326	337
Taxable loss not recognised as deferred tax assets	-	21,225
Effect from investment tax credits	(3,222)	-
Change in assessment of realisation of deferred tax assets	50,414	(13,885)
Others	4	-
Income tax expense	<u>\$ 17,691</u>	<u>\$ 11,805</u>

Note: The basis for computing the applicable tax rate is the rate applicable in the People's Republic of China.

C. Amounts of deferred tax assets as a result of temporary differences are as follows:

	2023			
	January 1	Recognised in profit or loss	Net translation differences	December 31
Deferred income tax assets:				
-Temporary differences:				
Expected credit impairment loss	\$ 22,530	(\$ 20,535)	(\$ 1)	\$ 1,994
Inventory valuation loss	23,849	618	(372)	24,095
Effect of lease	-	6,982	(114)	6,868
-Tax loss carryforwards	4,749	(4,756)	7	-
	<u>\$ 51,128</u>	<u>(\$ 17,691)</u>	<u>(\$ 480)</u>	<u>\$ 32,957</u>
	2022			
	January 1	Recognised in profit or loss	Net translation differences	December 31
Deferred income tax assets:				
-Temporary differences:				
Expected credit impairment loss	\$ 25,042	(\$ 2,892)	\$ 380	\$ 22,530
Inventory valuation loss	20,629	2,932	288	23,849
-Tax loss carryforwards	20,808	(16,436)	377	4,749
	<u>66,479</u>	<u>(16,396)</u>	<u>1,045</u>	<u>51,128</u>
Deferred income tax liabilities:				
-Temporary differences:				
Tax on earnings from subsidiaries	(4,249)	4,591	(342)	-
	<u>\$ 62,230</u>	<u>(\$ 11,805)</u>	<u>\$ 703</u>	<u>\$ 51,128</u>

D. Expiration dates of unused tax losses and amounts of unrecognised deferred tax assets are as follows:

December 31, 2023					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2019	\$ 48,667	\$ 48,667	\$ 48,667	2029	
2020	20,793	20,793	20,793	2030	
2021	69,774	69,774	69,774	2031	
2022	155,276	155,276	155,276	2032	

December 31, 2022					
Year incurred	Amount filed/ assessed	Unused amount	Unrecognised deferred tax assets	Expiry year	
2019	\$ 48,667	\$ 48,667	\$ 48,667	2029	
2020	20,793	20,793	20,793	2030	
2021	91,569	91,569	91,569	2031	

E. The Company's subsidiary, Shanghai Horngshiue, was a foreign wholly-owned enterprise incorporated in the People's Republic of China, and the applicable income tax rate is 25%. As Shanghai Horngshiue obtained a high-tech enterprise certification, Shanghai Horngshiue is entitled a 10% tax preferential rate. Consequently, Shanghai Horngshiue's applicable income tax rate is 15% starting from November 2018 to November 2021. The Company's subsidiary has reapplied for and obtained a high-tech enterprise certification in November 2021, which is effective for the period from November 2021 to November 2024.

F. The Company's subsidiary, Zhejiang Horngshiue, is a foreign-invested enterprise which was incorporated in the People's Republic of China, and the applicable tax rate of the subsidiary is 25%. As the subsidiary is entitled to 10% tax relief from December 2022 to December 2025 due to obtainment of High and New Tech Enterprises Certification, hence the applicable income tax rate was reduced to 15%.

(26) Loss per share

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic (diluted) loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 144,338)	65,209	(\$ 2.21)

	Year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Loss per share (in dollars)
<u>Basic (diluted) loss per share</u>			
Loss attributable to ordinary shareholders of the parent	(\$ 28,642)	44,091	(\$ 0.65)

(27) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31,	
	2023	2022
Purchase of property, plant and equipment	\$ 37,871	\$ 5,473
Add: Opening balance of payable on equipment	4,939	5,489
Less: Ending balance of payable on equipment	(5,854)	(4,939)
Impact of changes in foreign exchange rate	(91)	82
Cash paid during the year	<u>\$ 36,865</u>	<u>\$ 6,105</u>
	Years ended December 31,	
	2023	2022
Purchase of intangible assets	\$ 7,683	\$ 5,476
Add: Opening balance of payable on intangible assets	4,122	6,237
Less: Ending balance of payable on intangible assets	(3,454)	(4,122)
Impact of changes in foreign exchange rate	(53)	127
Cash paid during the year	<u>\$ 8,298</u>	<u>\$ 7,718</u>

(28) Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liability	Liabilities from financing activities-gross
At January 1, 2023	\$ 220,205	\$ 196,409	\$ 116,749	\$ 206,347	\$ 739,710
Changes in cash flow from financing activities	(13,232)	35,300	(56,400)	(20,339)	(54,671)
Impact of changes in foreign exchange rate	(3,120)	(3,568)	-	(2,897)	(9,585)
Changes in other non-cash items	-	-	(60,349)	7,658	(52,691)
At December 31, 2023	<u>\$ 203,853</u>	<u>\$ 228,141</u>	<u>\$ -</u>	<u>\$ 190,769</u>	<u>\$ 622,763</u>

	Short-term borrowings	Long-term borrowings	Bonds payable	Lease liability	Liabilities from financing activities-gross
At January 1, 2022	\$ 364,619	\$ 132,299	\$ 302,363	\$ 633,774	\$ 1,433,055
Changes in cash flow from financing activities	(150,419)	62,461	(203,749)	(24,011)	(315,718)
Impact of changes in foreign exchange rate	6,005	1,649	-	11,226	18,880
Changes in other non-cash items	-	-	18,135	(414,642)	(396,507)
At December 31, 2022	<u>\$ 220,205</u>	<u>\$ 196,409</u>	<u>\$ 116,749</u>	<u>\$ 206,347</u>	<u>\$ 739,710</u>

Note: Including current portion of long-term borrowings.

7. Related party transactions

(1) Names of related parties and relationship with the Company

Names of related parties	Relationship with the Company
LIN, WEI-YUAN	The Group's management

(2) Significant related party transactions and balances

A. Loans from related parties

(a) Outstanding balance

	December 31, 2023	December 31, 2022
The Group's management	<u>\$ -</u>	<u>\$ 204,564</u>

(b) Interest expense

	Years ended December 31,	
	2023	2022
The Group's management	\$ 7,118	\$ 815

The loans from the management are repayable within 1 year and carry interest at 4.8% per annum. As of December 31, 2023, the loans had been fully settled.

B. Endorsements / guarantees

As of December 31, 2023 and 2022, the Group's key management provided joint guarantee for the bank borrowings and financing borrowing from lease company in the amounts of \$377,345 and \$440,850, respectively.

(3) Key management compensation

	Years ended December 31,	
	2023	2022
Salaries and other short-term employee benefits	\$ 32,798	\$ 32,955
Post-employment benefits	2,146	1,898
Share-based payment	-	1,633
	<u>\$ 34,944</u>	<u>\$ 36,486</u>

8. Pledged assets

The Group's assets pledged as collateral are as follows:

Pledged asset	Book value		Purpose
	December 31, 2023	December 31, 2022	
Accounts receivable	\$ 52,183	\$ 26,472	Guarantee for long-term and short-term borrowings
Refundable deposits (current)	35,971	35,651	Guarantee for short-term borrowings, acceptance bills, finance lease and project bids
Property, plant and equipment	-	67,208	Guarantee for long-term and short-term borrowings
Right-of-use assets	17,859	18,770	Guarantee for long-term borrowings
Refundable deposits (non-current)	4,423	4,480	Guarantee for long-term borrowings
	<u>\$ 110,436</u>	<u>\$ 152,581</u>	

9. Significant contingent liabilities and unrecognised contract commitments

(1) Contingencies

The Group's subsidiary, Horng Shiue Industrial Co., Ltd., had a dispute in relation to share transfers with the Company's chairman and a former employee, Xiao. On January 30, 2024, the first instance judgement of the First Intermediate People's Court of Shanghai Municipality ruled that Horng Shiue Industrial Co., Ltd. shall return RMB 9 million, along with the interest. Horng Shiue Industrial Co., Ltd. disagreed with the judgement, and filed an appeal in February 2024. The case is currently under the assessment of the Shanghai High People's Court. The Group considered that this case is a personal case between the chairman and the shareholders and is not associated with the Group. If there is any loss arising from the dispute made to the Group, the Group will claim for compensation against the person who is liable for the loss. Accordingly, the Group had accrued provisions amounting to \$41,434 (RMB 9.55 million) which recognised in other current assets amounting to \$41,434, and obtained a guarantee for loss compensation from the chairman for an equal amount.

(2) Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2023	December 31, 2022
Property, plant and equipment	\$ 3,596	\$ 1,797

10. Significant disaster loss

None.

11. Significant events after the balance sheet date

- A. Refer to Note 9(1) for details.
- B. On March 14, 2024, the Company's Board of Directors resolved not to conduct the \$400,000 private placement of ordinary shares or private placement of convertible bonds up to a maximum of \$400,000 that was resolved by the shareholders at their special meeting on June 29, 2023 and will report it at the recent shareholders' meeting.
- C. On March 14, 2024, the Company's Board of Directors resolved to raise an amount up to \$400,000. The funding will be conducted either through a single issuance of 40,000 thousand ordinary shares or 4,000 unsecured domestic convertible bonds in a private placement, or a combination of both options.

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the debt ratio. This ratio is calculated as total liabilities divided by total assets.

During the year ended December 31, 2023, the Group's strategy was unchanged from 2022. The debt ratios at December 31, 2023 and 2022 were 79% and 85%, respectively.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets designated as at fair value through profit or loss	\$ -	\$ 48
Financial assets at amortised cost		
Cash and cash equivalents	\$ 232,116	\$ 215,708
Notes receivable	159,720	212,871
Accounts receivable	426,734	356,119
Other receivables	7,158	4,415
Guarantee deposits paid	59,564	58,669
	<u>\$ 885,292</u>	<u>\$ 847,782</u>
<u>Financial liabilities</u>		
Financial liabilities at amortised cost		
Short-term borrowings	\$ 203,853	\$ 220,205
Notes payable	119,902	95,349
Accounts payable	760,958	593,590
Other payables	105,544	162,655
Other payables to related parties	-	204,564
Bonds payable	-	116,749
Long-term borrowings (including current portion)	228,141	196,409
	<u>\$ 1,418,398</u>	<u>\$ 1,589,521</u>
Lease liability (including current portion)	<u>\$ 190,769</u>	<u>\$ 206,347</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.
- (b) Risk management is carried out by Group treasury under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and RMB. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.
- ii. Management has set up a policy to require group companies to manage their foreign exchange risk against its functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions or recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.
- iii. The Group's businesses involve some non-functional currency operations. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

December 31, 2023				
(Foreign currency: functional currency)	Foreign currency amount		Book value	
	(In thousands)	Exchange rate	(NTD)	
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:NTD	\$ 913	32.28	\$	29,468
USD:RMB	504	7.08		16,041
EUR:RMB	1,294	7.86		45,722
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:RMB	\$ 5,492	7.08	\$	174,796

December 31, 2022			
(Foreign currency: functional currency)	Foreign currency amount (In thousands)		Book value (NTD)
	Exchange rate		
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	\$	2,632	6.96 \$ 80,677
EUR:RMB		560	7.42 18,300
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB		5,208	6.96 159,638

iv. Analysis of foreign currency market risk arising from significant foreign exchange variation:

Year ended December 31, 2023			
(Foreign currency: functional currency)	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 295	\$ -
USD:RMB	1%	160	-
EUR:RMB	1%	457	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	1%	1,748	-

Year ended December 31, 2022				
Sensitivity analysis				
	Degree of variation		Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:RMB	1%	\$	807	\$ -
EUR:RMB	1%		183	-
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:RMB	1%		1,596	-

Price risk

The Group is not exposed to commodity price risk.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates.
- ii. At December 31, 2023 and 2022, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax profit or loss for the years ended December 31, 2023 and 2022 would have been \$3,629 and \$3,519 lower/higher, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the contract cash flows of the accounts receivable based on the agreed terms.
- ii. The Group manages their credit risk taking into consideration the entire group's concern. According to the Group's credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits. The utilisation of credit limits is regularly monitored.

iii. The Group adopts historical experience to assess whether there has been a significant increase in credit risk on that instrument since initial recognition:

If the contract payments were past due over 1 year based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

iv. The Group adopts historical experience and industrial characteristics; the default occurs when the contract payments are past due over 1 year.

v. The Group classifies customer's accounts receivable in accordance with customer types. The Group applies the simplified approach using loss rate methodology to estimate expected credit loss under the provision matrix basis.

vi. The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2023 and 2022, the Group's written-off financial assets that are still under recourse procedures amounted to \$36,976 and \$0, respectively.

vii. (i) Loss rate methodology on December 31, 2023 and 2022 is as follows:

<u>December 31, 2023</u>				
	Up to 1			
<u>Stamping factory</u>	<u>year past due</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>	<u>Total</u>
Expected loss rate	Within 5%	10%	25%~100%	
Total book value	\$ 39,002	\$ 20,573	\$ -	\$ 59,575
Loss allowance	1,234	2,057	-	3,291
	Up to 1			
<u>Assembly plant</u>	<u>year past due</u>	<u>1 to 2 years</u>	<u>Over 2 years</u>	<u>Total</u>
Expected loss rate	Within 1%	5%~10%	20%~100%	
Total book value	\$ 258,790	\$ 25,540	\$ 16	\$ 284,346
Loss allowance	1,082	1,277	3	2,362
	Up to 1	Over 1 year		
<u>Overseas plant</u>	<u>year past due</u>	<u>past due</u>	<u>Over 2 years</u>	<u>Total</u>
Expected loss rate	Within 1%	5%~10%	20%~100%	
Total book value	\$ 78,131	\$ 11,040	\$ 785	\$ 89,956
Loss allowance	781	552	157	1,490

December 31, 2022				
Stamping factory	Up to 1 year past due	1 to 2 years	Over 2 years	Total
Expected loss rate	Within 5%	5%~10%	25%~100%	
Total book value	\$ 54,255	\$ -	\$ -	\$ 54,255
Loss allowance	2,455	-	-	2,455

Assembly plant	Up to 1 year past due	1 to 2 years	Over 2 years	Total
Expected loss rate	Within 1%	5%~10%	20%~100%	
Total book value	\$ 216,848	\$ 1,662	\$ -	\$ 218,510
Loss allowance	758	83	-	841

Overseas plant	Up to 1 year past due	Over 1 year past due	Over 2 years	Total
Expected loss rate	Within 1%	5%~10%	20%~100%	
Total book value	\$ 31,326	\$ 58,565	\$ -	\$ 89,891
Loss allowance	313	2,928	-	3,241

(ii) In accordance with historical experience, the Group calculates expected credit loss using individual assessment for those high credit risk customers. As of December 31, 2023 and 2022, the total carrying amount of accounts receivable amounted to \$6,158 and \$143,633, respectively, and had provisioned a 100% loss allowance.

viii. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	2023		
	Individual provision	Group provision	Total
At January 1	\$ 143,633	\$ 6,537	\$ 150,170
Provision for impairment	3,671	406	4,077
Write-off during the year	(141,260)	-	(141,260)
Reversal of write-off	-	311	311
Effect of exchange changes	114	(111)	3
At December 31	<u>\$ 6,158</u>	<u>\$ 7,143</u>	<u>\$ 13,301</u>

	2022		
	Individual provision	Group provision	Total
At January 1	\$ 158,842	\$ 8,109	\$ 166,951
Provision for impairment	(16,593)	(4,539)	(21,132)
Write-off during the year	(1,015)	(34)	(1,049)
Reversal of write-off	-	2,874	2,874
Effect of exchange changes	2,399	127	2,526
At December 31	<u>\$ 143,633</u>	<u>\$ 6,537</u>	<u>\$ 150,170</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. Treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs.
- ii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023

<u>Non-derivative financial liabilities</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>Total</u>
Short-term borrowings	\$ 207,524	\$ -	\$ -	\$ 207,524
Notes payable	119,902	-	-	119,902
Accounts payable	760,958	-	-	760,958
Other payables	105,544	-	-	105,544
Lease liability	28,672	63,371	149,997	242,040
Long-term borrowings (including current portion)	<u>177,049</u>	<u>63,900</u>	<u>-</u>	<u>240,949</u>
	<u>\$ 1,399,649</u>	<u>\$ 127,271</u>	<u>\$ 149,997</u>	<u>\$ 1,676,917</u>

December 31, 2022

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
<u>Non-derivative financial liabilities</u>				
Short-term borrowings	\$ 227,244	\$ -	\$ -	\$ 227,244
Notes payable	95,349	-	-	95,349
Accounts payable	593,590	-	-	593,590
Other payables	162,655	-	-	162,655
Other payables to related parties	213,529	-	-	213,529
Bonds payable	123,832	-	-	123,832
Lease liability	26,785	59,455	184,972	271,212
Long-term borrowings (including current portion)	29,600	183,907	-	213,507
	<u>\$ 1,472,584</u>	<u>\$ 243,362</u>	<u>\$ 184,972</u>	<u>\$ 1,900,918</u>

iii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	<u>\$ 202,793</u>	<u>\$ 61,657</u>

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

Except for financial liabilities at amortised cost and long-term borrowings (including current portion), the carrying amounts of cash and cash equivalents, notes receivable, accounts receivable, other receivables, short-term borrowings, notes payable, accounts payable and other payables are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2023 and 2022 are as follows:

(a) The related information on the nature of the assets and liabilities is as follows:

December 31, 2023: None.

December 31, 2022	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Liabilities				
<u>Recurring fair value measurements</u>				
Financial liabilities at				
fair value through profit				
or loss				
Put and call options of				
convertible bonds	\$ -	\$ -	\$ 48	\$ 48

(b) The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods.

D. For the years ended December 31, 2023 and 2022, there was no transfer into or out from Level 3.

E. Appointed external appraiser is in charge of valuation procedures for call options and put options of convertible corporate bonds whose fair value measurements being categorised within Level 3, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

December 31, 2023: None.

	<u>Fair value at December 31, 2022</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Put and call options of convertible bonds	\$ 48	Binary tree valuation model	Stock price volatility	54.63%	The higher the stock price volatility, the higher the fair value

G. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income from financial liabilities categorised within Level 3 if the inputs used to valuation models have changed:

December 31, 2023: None.

			December 31, 2022			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial liabilities						
Put and call options of convertible bonds	Stock price volatility	±5%	\$ 48	(\$ 31)	\$ -	\$ -

(4) Management's plans for operational and financial situation improvement

As of December 31, 2023, the Group's current portion of borrowings amounted to \$370,839. The current and quick ratios were 1.09 and 0.40, which increased by 6.86% and 14.29% constantly when compared with the current and quick ratios of 1.02 and 0.35 on December 31, 2022, respectively. Since the Group had completed the cash capital increase and the full conversion or repayment of convertible bonds starting from this year, the Group's capital has gradually improved, and it has also implemented relevant measures with banks to borrow new loans to repay the old one, and the related risks have continued to decrease. On this basis, the Group intends to propose the following countermeasures in order to further improve its operational and financial situation:

A. Operating performance:

- Business side: Regularly check the progress of order acceptance to ensure that the payment is collected within the expected period, and strengthen the collection plan for past due accounts to improve operating performance and ensure operation security.
- Production side: Strictly implement the production plan, meet the collection conditions of each stage of the project production as soon as possible to avoid delays in collection; strictly control the cost expenditure of each project, carry out corresponding measures for each cost unit, and use technology to cooperate with suppliers to achieve cost reduction goals; set up a data center to upgrade the computing cost control system while effectively controlling the production process to facilitate project progress control.
- Technology side: Continuously upgrade the technology to reduce the production difficulty and duplication of works at the production side; improve the accuracy and efficiency of the craft and design through software development.

- B. Financial operation: Use the funds under the condition of ensuring the security of working capital to maintain the net inflow of capital for operating activities; in the case of the improvement of the Group's financial situation, actively seek favorable measures in terms of financing from banks or financial institutions; at the same time, moderately increase some financing loans, adjust and optimize the financial structure, increase the proportion of long-term liabilities and reduce the amount of finance lease to reduce the pressure on short-term debt repayment.

13. Supplementary disclosures

(1) Significant transactions information

- A. Loans to others: Refer to table 1.
- B. Provision of endorsements and guarantees to others: Refer to table 2.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching \$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more: Refer to table 3.
- H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting periods: None.
- J. Significant inter-company transactions during the reporting periods: Refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Refer to table 7.

14. Segment information

(1) General information

The Group operates business only in a single industry. The Group's revenue is mainly derived from manufacture of automotive sheet metal stamping die. The chief operating decision maker, who allocates resources and assesses performance of the Company as a whole, has identified that the Group has only one reportable operating segment.

(2) Measurement of segment information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The Group's chief operating decision-maker evaluates the performance of the operating segments based on profit before tax.

(3) Reconciliation for segment income (loss)

- A. Sales between segments are carried out at arm's length. The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income.
- B. Reportable segments evaluates the performance of the operating segments based on profit before tax. Reportable segment income or loss is in a manner consistent with the income/(loss) before tax from continuing operations, therefore, no additional reconciliation was needed.

(4) Information on products and services

Revenue from external customers is mainly from automotive sheet metal stamping die, gauge and fixture businesses. Details of revenue are as follows:

	Years ended December 31,	
	2023	2022
Manufacture of automotive sheet metal stamping die	\$ 1,619,094	\$ 1,663,258
Others	55,646	34,938
	<u>\$ 1,674,740</u>	<u>\$ 1,698,196</u>

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Non-current		Non-current	
	Revenue	assets	Revenue	assets
Asia	\$ 1,310,976	\$ 676,508	\$ 1,263,199	\$ 755,603
South America	148,943	-	85,546	-
Europe	214,780	-	70,912	-
Africa	41	-	278,539	-
	<u>\$ 1,674,740</u>	<u>\$ 676,508</u>	<u>\$ 1,698,196</u>	<u>\$ 755,603</u>

(6) Major customer information

Major customer information of the Group for the years ended December 31, 2023 and 2022 is as follows:

	Years ended December 31,			
	2023		2022	
	Revenue	Segment	Revenue	Segment
A	\$ 321,749	Manufacture of stamping die	\$ -	Manufacture of stamping die
B	292,105	Manufacture of stamping die	-	Manufacture of stamping die
C	230,500	Manufacture of stamping die	-	Manufacture of stamping die
D	225,107	Manufacture of stamping die	211,026	Manufacture of stamping die
E	-	Manufacture of stamping die	392,453	Manufacture of stamping die
F	-	Manufacture of stamping die	278,539	Manufacture of stamping die

Horng Shiue Holding Co., Ltd. and Subsidiaries
 Loans to others
 Year ended December 31, 2023

Table 1
 Expressed in thousands of NTD
 (Except as otherwise indicated)

No. (Note 1)	Creditor	Borrower	General ledger account (Note 2)	Is a related party	Maximum outstanding balance during the year ended	Balance at	Actual amount drawn down	Interest rate	Nature of loan (Note 4)	Amount of transactions with the borrower (Note 5)	Reason for short-term financing (Note 6)	Allowance for doubtful accounts	Collateral		Limit on loans granted to a single party (Note 7)	Ceiling on total loans granted (Note 7)	Note
					(Note 3)	(Note 8)							Item	Value			
0	Horng Shiue Holding Co., Ltd.	HORNG SHIUE INDUSTRIAL CO., LTD.	Other receivables-related parties	Y	\$ 200,000	\$ 196,300	\$ -	4.50%	Financing	\$ -	Additional operating capital	\$ -	None	\$ -	\$ 271,443	\$ 271,443	
1	Horng Shiue Industrial Co.,Ltd.	Shanghai Horngshiue Industrial Co.,Ltd.	Other receivables-related parties	Y	372,290	61,440	61,440	4.50%	Financing	-	Additional operating capital	-	None	-	757,637	757,637	
1	Horng Shiue Industrial Co.,Ltd.	Horng Shiue Holding Co., Ltd.	Other receivables-related parties	Y	153,115	150,528	93,016	0.50%	Financing	-	Additional operating capital	-	None	-	757,637	757,637	
2	Shanghai Horngshiue Industrial Co.,Ltd.	Zhejiang Horngshiue Industrial Co., Ltd.	Other receivables-related parties	Y	126,283	121,444	-	-	Financing	-	Additional operating capital	-	None	-	318,690	318,690	

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

- (1) The Company is ‘0’.
- (2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Fill in the name of account in which the loans are recognised, such as receivables–related parties, current account with stockholders, prepayments, temporary payments, etc.

Note 3: Fill in the maximum outstanding balance of loans to others during the year ended December 31, 2023.

Note 4: The column of ‘Nature of loan’ shall fill in ‘Business transaction or ‘Short-term financing’.

Note 5: Fill in the amount of business transactions when nature of the loan is related to business transactions, which is the amount of business transactions occurred between the creditor and borrower in the current year.

Note 6: Fill in purpose of loan when nature of loan is for short-term financing, for example, repayment of loan, acquisition of equipment, working capital, etc.

Note 7: Limit on loans granted to a single party and ceiling on total loans granted as prescribed in the creditor company’s “Procedures for Provision of Loans”, and state each individual party to which the loans have been provided and the calculation for ceiling on total loans granted in the footnote.

【Horng Shiue Holding Co., Ltd.】

(1) Limit on the period of loans between the foreign companies which the Company hold 100% of the voting rights directly or indirectly shall not exceed 5 years, and limit on loans granted for a single party shall not exceed 100% of the Company’s net assets.

(2) Limit on loans to a single party with short-term financing is 10% of the Company’s net asset. However, limit on loans to a single subsidiary of which the Company directly or indirectly holds 50% of its voting shares, or a single subsidiary of which the parent company directly or indirectly holds over 50% (excluding 100%) of its voting shares should not exceed 40% of the Company’s net assets.

(3) Limit on loans to a single party with business transactions cannot exceed the total business transactions amount within 12 months, and shall not exceed 10% of the Company’s net assets.

【HORNG SHIUE INDUSTRIAL CO., LTD.】

(1) Limit on the period of loans between the foreign companies which the Company and Cayman parent company hold 100% of the voting rights directly or indirectly shall not exceed 5 years, and limit on loans granted for a single party shall not exceed 100% of the Company’s net assets.

(2) Limit on loans to a single party with short-term financing is 10% of the Company’s net asset. However, limit on loans to a single subsidiary of which the Company directly or indirectly holds 50% of its voting shares, or a single subsidiary of which the parent company directly or indirectly holds over 50% (excluding 100%) of its voting shares should not exceed 40% of the Company’s net assets.

(3) Limit on loans to a single party with business transactions cannot exceed the total business transactions amount within 12 months, and shall not exceed 10% of the Company’s net assets.

【Shanghai Horngshiue.】

(1) Limit on the period of loans between the foreign companies which the Company and Cayman parent company hold 100% of the voting rights directly or indirectly shall not exceed 5 years, and limit on loans granted for a single party shall not exceed 100% of the Company’s net assets.

(2) Limit on loans to a single party with short-term financing is 10% of the Company’s net asset. However, limit on loans to a single subsidiary of which the Company directly or indirectly holds 50% of its voting shares, or a single subsidiary of which the parent company directly or indirectly holds over 50% (excluding 100%) of its voting shares should not exceed 40% of the Company’s net assets.

(3) Limit on loans to a single party with business transactions cannot exceed the total business transactions amount within 12 months, and shall not exceed 10% of the Company’s net assets.

Note 8: The amounts of funds to be loaned to others which have been approved by the board of directors of a public company in accordance with Article 14, Item 1 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies” should be included in its published balance of loans to others at the end of the reporting period to reveal the risk of loaning the public company bears, even though they have not yet been appropriated. However, this balance should exclude the loans repaid when repayments are done subsequently to reflect the risk adjustment. In addition, if the board of directors of a public company has authorized the chairman to loan funds in instalments or in revolving within certain lines and within one year in accordance with Article 14, Item 2 of the “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies”, the published balance of loans to others at the end of the reporting period should also include these lines of loaning approved by the board of directors, and these lines of loaning should not be excluded from this balance even though the loans are repaid subsequently, for taking into consideration they could be loaned again thereafter.

Table 2

Horng Shiue Holding Co., Ltd. and Subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2023

Expressed in thousands of NTD

(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed			Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party (Note 3)	Maximum outstanding endorsement/ guarantee amount as of December 31, 2023 (Note 4)	Outstanding endorsement/ guarantee amount at December 31, 2023 (Note 5)	Actual amount drawn down (Note 6)	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided (Note 3)	Provision of endorsements/ guarantees by parent company to subsidiary (Note 7)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 7)	Provision of endorsements/ guarantees to the party in Mainland China (Note 7)	Footnote
		Company name														
1	Zhejiang Horngshiue Industrial Co., Ltd.	Shanghai Horngshiue Industrial Co.,Ltd.	4	\$ 151,637	\$ 29,670	\$ -	\$ -	\$ -	-	\$ 151,637	N	N	Y			

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following seven categories; fill in the number of category each case belongs to:

(1) Having business relationship.

(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.

(3) The endorsed/guaranteed company owns directly and indirectly more than 50% voting shares of the endorser/guarantor parent company.

(4) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

(5) Mutual guarantee of the trade made by the endorsed/guaranteed company or joint contractor as required under the construction contract.

(6) Due to joint venture, all shareholders provide endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.

(7) Joint guarantee of the performance guarantee for pre-sold home sales contract as required under the Consumer Protection Act.

Note 3: Limit on endorsements/guarantees provided for a single party and ceiling on total amount of endorsements/guarantees provided as prescribed in the endorser/guarantor company’s “Procedures for Provision of Endorsements and Guarantees”.

【Company】

(1) Limit on the Company endorsements/guarantees to others is 50% of the Company’s net asset

(2) The limit on endorsements and guarantees for any single entity is 10% of the Company’s net assets, and shall be lower than the net assets of the guaranteed/endorsed company.

(3) The Company's endorsement/guarantee amount for the Cayman parent company or the companies in which the Cayman parent company directly and indirectly holds 100% of the voting shares shall not exceed 50% of the company's net asset.

It is not subject to the above restrictions on the total amount of endorsement/guarantees, the amount of endorsement/guarantee for a single enterprise, and the net asset of the endorsed company.

【Subsidiaries】

(1) Limit on the Company endorsements/guarantees to others is 50% of the Company’s net asset

(2) The limit on endorsements and guarantees for any single entity is 10% of the Company’s net assets, and shall be lower than the net assets of the guaranteed/endorsed company.

(3) The Company's endorsement/guarantee amount for the Cayman parent company or the companies in which the Cayman parent company directly and indirectly holds 100% of the voting shares shall not exceed 50% of the company's net asset.

It is not subject to the above restrictions on the total amount of endorsement/guarantees, the amount of endorsement/guarantee for a single enterprise, and the net asset of the endorsed company.

Note 4: Fill in the year-to-date maximum outstanding balance of endorsements/guarantees provided as of the reporting period.

Note 5: Once endorsement/guarantee contracts or promissory notes are signed/issued by the endorser/guarantor company to the banks, the endorser/guarantor company bears endorsement/guarantee liabilities.

And all other events involve endorsements and guarantees should be included in the balance of outstanding endorsements and guarantees.

Note 6: Fill in the actual amount of endorsements/guarantees used by the endorsed/guaranteed company.

Note 7: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Horng Shiue Holding Co., Ltd. and Subsidiaries
Purchases or sales of goods from or to related parties reaching \$100 million or 20% of paid-in capital or more
Year ended December 31, 2023

Table 3

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
Shanghai Horngshiue Industrial Co.,Ltd.	Zhejiang Horngshiue Industrial Co., Ltd.	Same ultimate parent company	Sales	\$ 359,861	22.57%	Under the agreement	Mutual agreement	No significant difference	\$ 6,732	1.34%	-
Zhejiang Horngshiue Industrial Co., Ltd.	Shanghai Horngshiue Industrial Co.,Ltd.	Same ultimate parent company	Sales	415,436	50.88%	Under the agreement	Mutual agreement	No significant difference	-	-	-

Note 1: If terms of related-party transactions are different from third-party transactions, explain the differences and reasons in the ‘Unit price’ and ‘Credit term’ columns.

Note 2: In case related-party transaction terms involve advance receipts (prepayments) transactions, explain in the footnote the reasons, contractual provisions, related amounts, and differences in types of transactions compared to third-party transactions.

Note 3: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT\$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.

Horng Shiue Holding Co., Ltd. and Subsidiaries
Significant inter-company transactions during the reporting period
Year ended December 31, 2023

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 3)
				General ledger account	Amount	Transaction terms	
0	Horng Shiue Holding Co., Ltd.	Horng Shiue Industrial Co.,Ltd.	1	Other payables-related parties	\$ 93,016	Based on mutual agreements	2.90%
1	Horng Shiue Industrial Co.,Ltd.	Shanghai Horngshiue Industrial Co., Ltd.	1	Other receivables-related parties	61,440	Based on mutual agreements	1.92%
2	Shanghai Horngshiue Industrial Co., Ltd.	Zhejiang Horngshiue Industrial Co., Ltd.	3	Other receivables-related parties	359,861	Based on mutual agreements	21.48%
2	Shanghai Horngshiue Industrial Co., Ltd.	Zhejiang Horngshiue Industrial Co., Ltd.	3	Advance receipts	162,411	Based on mutual agreements	5.07%
3	Zhejiang Horngshiue Industrial Co., Ltd.	Shanghai Horngshiue Industrial Co., Ltd.	3	Operating revenue-related parties	415,436	Based on mutual agreements	24.80%

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:

- (1) Parent company is '0'.
- (2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories; fill in the number of category each case belongs to (If transactions between parent company and subsidiaries or between subsidiaries refer to the same transaction, it is not required to disclose twice. For example, if the parent company has already disclosed its transaction with a subsidiary, then the subsidiary is not required to disclose the transaction; for transactions between two subsidiaries, if one of the subsidiaries has disclosed the transaction, then the other is not required to disclose the transaction.):

- (1) Parent company to subsidiary.
- (2) Subsidiary to parent company.
- (3) Subsidiary to subsidiary.

Note 3: Regarding percentage of transaction amount to total operating revenues or total assets, it is computed based on period-end balance of transaction to total assets for balance sheet accounts and based on accumulated transaction amount for the period to total operating revenues for income statement accounts.

Note 4: The Company may decide to disclose or not to disclose transaction details in this table based on the Materiality Principle.

Horng Shiue Holding Co., Ltd. and Subsidiaries

Information on investees

Year ended December 31, 2023

Table 5

Expressed in thousands of NTD

(Except as otherwise indicated)

Investor	Investee (Note 1 and Note 2)	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss) of the investee for the year ended December 31, 2023 (Note 2(2))	Investment income (loss) recognised by the Company for the year ended December 31, 2023 (Note 2(3))	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value			
Horng Shiue Holding Co., Ltd.	Horng Shiue Industrial Co.,Ltd.	Republic of Mauritius	Holding company	\$ 1,149,466	\$ 1,149,466	36,000,000	100.00	\$ 757,637	(\$ 150,947)	(\$ 150,947)	

Note 1: If a public company is equipped with an overseas holding company and takes consolidated financial report as the main financial report according to the local law rules, it can only disclose the information of the overseas holding company about the the overseas investee information.

Note 2: If situation does not belong to Note 1, fill in the columns according to the following regulations:

- (1) The columns of ‘Investee’, ‘Location’, ‘Main business activities’, Initial investment amount’ and ‘Shares held as at December 31, 2023’ should fill orderly in the Company’s (public company’s) information on investees and every directly or indirectly controlled investee’s investment information, and note the relationship between the Company (public company) and its investee each (ex. direct subsidiary or indirect subsidiary) in the ‘footnote’ column.
- (2) The ‘Net profit (loss) of the investee for the year ended December 31, 2023’ column should fill in amount of net profit (loss) of the investee for this period.
- (3) The ‘Investment income (loss) recognised by the Company for the year ended December 31, 2023’ column should fill in the Company (public company) recognised investment income (loss) of its direct subsidiary and recognised investment income (loss) of its investee accounted for under the equity method for this period. When filling in recognised investment income (loss) of its direct subsidiary, the Company (public company) should confirm that direct subsidiary’s net profit (loss) for this period has included its investment income (loss) which shall be recognised by regulations.

Horng Shiue Holding Co., Ltd. and Subsidiaries

Information on investees in Mainland China

Year ended December 31, 2023

Table 6

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023	Amount remitted from Taiwan to Mainland China / Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Net income of investee for the year ended December 31, 2023	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Book value of investments in Mainland China as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of Deceember 31, 2023	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Shanghai Horngshiue Industrial Co., Ltd.	Manufacture, processing and trading of automotive stamping die	\$ 610,816	2	\$ -	\$ -	\$ -	\$ -	(\$ 192,654)	100%	(\$ 192,654)	\$ 318,690	\$ -	Note 2(2)B
Zhejiang Horngshiue Industrial Co., Ltd.	Manufacture, processing and trading of automotive stamping die	277,256	2	-	-	-	-	25,396	100%	25,396	303,274	-	Note 2(2)B

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:

- (1) Directly invest in a company in Mainland China..
- (2) Through investing in HORNG SHIUE INDUSTRIAL CO., LTD., which then invested in the investee in Mainland China.
- (3) Others

Note 2: In the ‘Investment income (loss) recognised by the Company for the year ended December 31, 2023’ column:

- (1) It should be indicated if the investee was still in the incorporation arrangements and had not yet any profit during this period.
- (2) Indicate the basis for investment income (loss) recognition in the number of one of the following three categories:

A.The financial statements were audited and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

B.The financial statements were audited and attested by R.O.C. parent company’s CPA.

C.Others.

Note 3: The Company was established in Cayman Islands, and the Company's investment is not restricted by the limilt specified in the "Regulations Governing the Permission of Investment or Technical Cooperation in Mainland Area" made by the MOEA.

Horng Shiue Holding Co., Ltd. and Subsidiaries

Major shareholders information

December 31, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
WEI-YUAN CO., LTD	6,225,000	8.97%
SI-YUAN INVESTMENT CO. LTD.	6,000,000	8.64%
PRO-COM. COMPOSITE CO., LTD.	5,000,000	7.20%
LIN WEI-YUAN	3,662,662	5.28%
HORNG SHIUE HOLDING CO., LTD	3,500,000	5.04%

Note 1: The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded on the financial statements may be different from the actual number of shares in dematerialised form due to the difference in the calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data was disclosed as a separate account of client which was set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with the Securities and Exchange Act, the shareholding ratio includes the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets. For the information of reported share equity of insider, please refer to Market Observation Post System.