Stock Symbol：3226

Topower Co., LTD

Financial Statements for the Year Ended December 31, 2023 and 2022 and Certified Public Auditor's Report

Add.：No. 75, Huangong Road, Yongkang District,
Tainan City 71041, Taiwan, R.O.C.
Tel：(06)510-5388

§ Contents §

CERTIFIED PUBLIC AUDITOR'S REPORT

To Topower Co., LTD

Opinion

We have audited the accompanying financial statements of Topower Co., LTD (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the whole year ended December 31, 2023 and 2022, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the whole year ended December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our 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 financial statements for the year ended December 31,

2023. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter for the Company's financial statements for the year ended December 31, 2023 is as follows:

Authenticity of Sales Revenue Recognition

The Company's main business is the manufacturing and sale of automotive components, electronic components, and high-end environmental power supplies. However, when comparing the gross profit margin of the top twelve sales customers between 2023 and 2022, some customers (hereinafter referred to as the key audit customers) had an increase in gross profit margin in 2023, which had a significant impact on the overall financial statements. Therefore, the auditor has designated the authenticity of revenue recognition for these key audit customers as a key audit matter for this year.

Refer to Note 4(12) for the accounting policies regarding revenue recognition, and refer to Note 24 for the relevant disclosure of operating revenues.

The auditor has designed relevant internal control audit procedures to address the risks associated with revenue recognition based on an understanding of the internal control procedures related to sales. In addition, the auditor has obtained basic information and transaction details of the key audit customers from management and reviewed and analyzed their relevant industry background information. The auditor has also confirmed the existence of these customers by analyzing credit limits, credit conditions, actual sales, and accounts receivable turnover days. The auditor has also confirmed the completeness of transaction details, selected appropriate samples, and examined whether orders, export declarations, and payment recipients are consistent with the trading parties to understand whether there are any abnormalities in the transactions. The auditor has also investigated whether significant sales returns and allowances occurred after the period, and if so, the auditor has investigated the reasons and whether appropriate handling has been done to ensure that there is no significant misstatement in the recognition of revenue.

Responsibilties of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

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

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

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

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

the Company to cease to continue as a going concern.

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

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 financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Deloitte & Touche
Taipei, Taiwan
Repubic of China
CPA Chang, Keng-Hsi

CPA Chen, Chiang-Hsuan

Securities and Futures Bureau
No.Taiwan-Financial-Securities-VI-0920123784

Financial Supervision Commission
No.Financial-Supervisory-Securities-Auditing-1060023872

March 15, 2024

Notice to Readers

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

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

Topower Co., LTD

BALANCE SHEETS

December 31, 2023 and 2022

In Thousands of New Taiwan Dollars

Code	Asset	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	CURRENT ASSETS				
1100	Cash and cash equivalents (Note 4 and 6)	$ 493,224	21	$ 546,541	25
1110	Financial assets at fair value through profit or loss-current (Note 4 and 7)	2,646	-	4,965	-
1136	Financial assets at amortized cost-current (Note 4, 8 and 32)	112,918	5	83,752	4
1150	Notes receivable (Note 4, 10 and 24)	12,523	-	8,228	-
1160	Notes receivable-related parties (Note 4, 10, 24 and 31)	22,759	1	13,909	1
1170	Accounts-receivable (Note 4, 10 and 24)	512,357	22	466,816	21
1180	Accounts receivable-related parties (Note 4, 10, 24 and 31)	7,959	-	4,922	-
1200	Other receivables-related parties (Note 4 and 10)	2,346	-	798	-
1310	Inventories (Notes 4 and 11)	181,495	8	184,887	8
1410	Prepayments (Notes 12)	16,502	1	17,330	1
1479	Other current assets	7,344	-	4,159	-
11XX	Total current assets	1,372,073	58	1,336,307	60
	NON-CURRENT ASSETS				
1517	Financial assets at fair value through other comprehensive income-noncurrent(Note 4 and 9)	2,924	-	2,924	-
1600	Property, plant and equipment (Notes 4 and 13)	596,681	25	528,801	24
1755	Right-of-use assets (Notes 4 and 14)	16,245	1	23,422	1
1760	Investments property (Notes 4 and 15)	52,156	2	52,785	2
1780	Other intangible assets (Notes 4 and 16)	1,296	-	2,356	-
1840	Deferred income tax assets (Notes 4 and 26)	15,720	1	24,787	1
1975	Net defined benefit assets (Notes 4 and 22)	9,422	-	9,232	1
1990	Other non-current assets (Notes 4, 17 and 31)	300,471	13	249,599	11
15XX	Total non-current assets	994,915	42	893,906	40
1XXX	TOTAL	$ 2,366,988	100	$ 2,230,213	100
Code	LIABILITIES AND EQUITY				
	CURRENT LIABILITIES				
2100	Short-term loans (Notes 18)	$ 255,000	11	$ 290,000	13
2130	Contract liabilities (Notes 4 and 24)	1,255	-	1,122	-
2150	Notes payable (Notes 19)	-	-	116	-
2170	Accounts payable (Notes 19)	209,219	9	163,248	7
2180	Accounts payable-related parties (Note 19 and 31)	185,315	8	134,831	6
2219	Other payables (Notes 20 and 31)	68,135	3	60,025	3
2250	Provisions for liabilities-current (Notes 4 and 21)	24,077	1	36,199	2
2280	Lease liabilities-current (Note 4, 14 and 31)	9,415	-	9,519	-
2230	Current income tax liabilities (Notes 4 and 26)	34,205	1	46,908	2
2300	Other current liabilities	1,130	-	1,110	-
21XX	Total current liabilities	787,751	33	743,078	33
	NON-CURRENT LIABILITIES				
2570	Deferred income tax liabilities (Notes 4 and 26)	1,885	-	1,850	-
2580	Lease liabilities-noncurrent (Note 4, 14 and 31)	7,176	1	14,302	1
2645	Guarantee deposits	628	-	628	-
25XX	Total non-current liabilities	9,689	1	16,780	1
2XXX	Total liabilities	797,440	34	759,858	34
	EQUITY (Note 23)				
3110	Share Capital-Common stock	644,306	27	644,306	29
3200	Capital surplus	14,878	1	14,872	1
	Retained earnings				
3310	Legal reserve	197,123	8	165,137	7
3320	Special reserve	3,950	-	5,166	-
3350	Unappropriated earnings	713,241	30	644,824	29
3400	Other components of equity	(3,950)	-	(3,950)	-
3XXX	Total equity	1,569,548	66	1,470,355	66
	TOTAL	$ 2,366,988	100	$ 2,230,213	100

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

Chairman：Lin, Chong-Yi　　Manager：Lin, Chong-Yi　　Accounting Manager：Kang, Chih-He

Topower Co., LTD

STATEMENTS OF COMPREHENSIVE INCOME

Year 2023 and 2022

In Thousands of New Taiwan Dollars,
Except Earnings Per Share

Code		2023 Amount	2023 %	2022 Amount	2022 %
4000	OPERATING REVENUE (Notes 4, 24 and 31)	$ 2,159,806	100	$ 2,243,952	100
5000	OPERATING COSTS (Notes 4, 11, 25 and 31)	(1,619,717)	(75)	(1,733,310)	(77)
5900	GROSS PROFIT	540,089	25	510,642	23
	OPERATING EXPENSE (Notes 4, 10, 25 and 31)				
6100	Selling expenses	60,078	3	58,722	3
6200	Administrative expenses	48,188	2	46,536	2
6300	Research and development	57,025	3	57,440	2
6450	Expected credit losses	(68,102)	(3)	68,102	3
6000	Total operating expenses	97,189	5	230,800	10
6900	OPERATING INCOME	442,900	20	279,842	13
	NON-OPERATING INCOME AND EXPENSES (Notes 4, 25 and 31)				
7100	Interest income	20,045	1	6,235	-
7010	Other income	7,385	-	6,030	-
7020	Other gains and losses	(106,614)	(5)	107,984	5
7050	Finance costs	(9,896)	-	(2,363)	-
7000	Total non-operating income and expenses	(89,080)	(4)	117,886	5
7900	EARNINGS BEFORE TAX	353,820	16	397,728	18
7950	INCOME TAX EXPENSE (Notes 4 and 26)	(93,590)	(4)	(78,971)	(4)
8200	NET INCOME	260,230	12	318,757	14

(Continued)

(Continued)

Code		2023 Amount	2023 %	2022 Amount	2022 %
	OTHER COMPREHENSIVE INCOME (LOSS) (Notes 4, 22, 23 and 26)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plans	$ 42	-	$ 735	-
8316	Unrealized valuation gain/(loss) on investments in equity instruments at fair value through other comprehensive income	-	-	1,789	-
8349	Income tax benefit (expense) related to items that will not be reclassified subsequently	(9)	-	(207)	-
8300	Total other comprehensive income (loss), net of income tax	33	-	2,317	-
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 260,263	12	$ 321,074	14
	EARNINGS PER SHARE (Note 27)				
9710	Basic earnings per share	$ 4.04		$ 4.95	
9810	Diluted earnings per share	$ 4.04		$ 4.94	

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

Chairman：Lin, Chong-Yi Manager：Lin, Chong-Yi Accounting Manager：Kang, Chih-He

Topower Co., LTD

STATEMENTS OF CHANGES IN EQUITY

January 1st to December 31st, 2023 and 2022

In Thousands of New Taiwan Dollars

Code		Capital Stock	Capital Surplus	Retained Earnings: Legal capital reserve	Retained Earnings: Special capital reserve	Retained Earnings: Unappropriated Earnings	Others: Unrealized Gain (Loss) on Financial Through Other Comprehensive Income	Total Equity
A1	BALANCE, JANUARY 1, 2022	$ 644,306	$ 14,852	$ 142,099	$ 5,131	$ 509,115	($ 5,166)	$ 1,310,337
	Appropriations of 2021 earnings (Note 23)							
B1	Provision of legal reserve	-	-	23,038	-	(23,038)	-	-
B3	Provision of special reserve	-	-	-	35	(35)	-	-
B5	Cash dividends to shareholders	-	-	-	-	(161,076)	-	(161,076)
	Changes in other capital surplus							
C17	Shareholders fail to claim dividends overdue	-	20	-	-	-	-	20
D1	Net income of 2022	-	-	-	-	318,757	-	318,757
D3	Other comprehensive income (loss), net of income tax of 2022	-	-	-	-	588	1,729	2,317
D5	Total comprehensive income (loss) of 2022	-	-	-	-	319,345	1,729	321,074
Q1	Disposal of investments in equity instruments at fair value through other comprehensive income (Note 9)	-	-	-	-	513	(513)	-
Z1	BALANCE, DECEMBER 31, 2022	644,306	14,872	165,137	5,166	644,824	(3,950)	1,470,355
	Appropriations of earnings of 2022 (Note 23)							
B1	Provision of legal reserve	-	-	31,986	-	(31,986)	-	-
B17	Reversal of special reserve	-	-	-	(1,216)	1,216	-	-
B5	Cash dividends to shareholders	-	-	-	-	(161,076)	-	(161,076)
	Changes in other capital surplus							
C17	Shareholders fail to claim dividends overdue	-	6	-	-	-	-	6
D1	Net income of 2023	-	-	-	-	260,230	-	260,230
D3	Other comprehensive income (loss), net of income tax of 2023	-	-	-	-	33	-	33
D5	Total comprehensive income (loss) of 2023	-	-	-	-	260,263	-	260,263
Z1	BALANCE, DECEMBER 31, 2023	$ 644,306	$ 14,878	$ 197,123	$ 3,950	$ 713,241	($ 3,950)	$ 1,569,548

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

Chairman：Lin, Chong-Yi　　Manager：Lin, Chong-Yi　　Accounting Manager：Kang, Chih-He

Topower Co., LTD

STATEMENTS OF CASH FLOWS

January 1st to December 31st, 2023 and 2022

In Thousands of New Taiwan Dollars

Code		2023	2022
	CASH FLOWS FROM OPERATING ACTIVITIES		
A10000	Earnings before tax	$ 353,820	$ 397,728
A20010	Income expense item		
A20100	Depreciation expense	164,386	121,993
A20200	Amortization expense	1,060	808
A20300	Expected credit losses	(68,102)	68,102
A20400	Loss (gain) on financial instruments at fair value through profit or loss	701	(27)
A20900	Finance costs	9,896	2,363
A21200	Interest income	(20,045)	(6,235)
A22500	Loss (gain) on disposal of property, plant and equipment	(58)	-
A23700	Impairment loss on property, plant and equipment	968	-
A24100	Loss (gain) on foreign exchange	20,107	(30,111)
A29900	Profit from lease modification	(8)	-
A29900	Reduce inventory to market	1,722	3,281
A29900	Provision for liabilities	4,256	27,102
A30000	Changes in operating assets and liabilities		
A31115	Financial assets compulsory at fair value through profit or loss	1,637	-
A31130	Note receivables	(4,295)	6,450
A31140	Note receivables-related parties	(8,850)	10,996
A31150	Account receivables	3,198	57,393
A31160	Account receivables-related parties	(3,037)	5,007
A31180	Other receivables	245	(245)
A31200	Inventories	1,670	(937)
A31230	Prepayments	828	2,283
A31240	Other current assets	(3,185)	2,897
A32125	Contract liabilities	133	(123)
A32130	Notes Payable	(116)	-
A32150	Accounts payable	46,076	(38,430)
A32160	Accounts payable-related parties	50,484	(218,221)
A32180	Other payable	10,506	(8,789)
A32200	Provision for liabilities	(16,378)	(1,732)
A32230	Other current liabilities	20	(45)
A32240	Net defined benefit assets	(148)	(36)
A33000	Cash generated from operations	547,491	401,472
A33100	Interest received	18,252	6,278

(Continued)

(Continued)

Code		2023	2022
A33300	Interest paid	($ 9,902)	($ 2,024)
A33500	Income tax paid	(97,200)	(109,095)
AAAA	Net cash generated by operating activities	458,641	296,631
	CASH FLOWS FROM INVESTING ACTIVITIES		
B00020	Disposal of financial assets at fair value through other comprehensive income (Note 9)	-	437
B00040	Acquisition of financial assets measured at amortized cost	(29,166)	(83,752)
B02700	Acquisitions of Property, plant and equipment	(226,096)	(259,578)
B02800	Disposal of Property, plant and equipment	593	-
B03700	Refundable deposits paid	708	(220)
B04500	Acquisitions of other intangible assets	-	(1,880)
B07100	Decrease (increase) in advance payment for equipment	(51,580)	22,102
BBBB	Net cash used in investing activities	(305,541)	(322,891)
	CASH FLOWS FROM FINANCING ACTIVITIES		
C00100	Increase (decrease) in short-term loans	(35,000)	140,000
C03000	Guarantee deposit received increased	-	22
C04020	Repayment of the principal portion of lease liabilities	(9,439)	(9,606)
C04500	Cash dividend	(161,076)	(161,076)
C09900	Dividends not claimed by shareholders overdue	6	20
CCCC	Net cash generated by (used in) financing activities	(205,509)	(30,640)
DDDD	EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(908)	31,245
EEEE	NET DECREASE IN CASH AND CASH EQUIVALENTS	(53,317)	(25,655)
E00100	CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	546,541	572,196
E00200	CASH AND CASH EQUIVALENTS, END OF YEAR	$ 493,224	$ 546,541

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

Chairman：Lin, Chong-Yi Manager：Lin, Chong-Yi Accounting Manager：Kang, Chih-He

Topower Co., LTD

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022

（Expressed in Thousands of New Taiwan Dollars, Unless Specified otherwise）

1. Company history

Topower Co., LTD. (referred to as "the Company") was established in September 1986, with main business activities including manufacturing, processing, and trading of automotive components, electronic components, and high-end environmentally friendly power supply units. The Company's stock has been listed on the Taiwan OTC market since June 16th, 2004.

This financial report is presented in the functional currency of the Company, which is New Taiwan Dollars.

2. Date and procedures of approval of financial statements

The financial statements for the years ended December 31, 2023 and 2022 of the Company were authorized for issue by the Board of Directors on March 15, 2024.

3. Application of new, amended and revised standards and interpretations

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

Except the following explanation, the initial application of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

Amendments to IAS 1 "Disclosure of Accounting Policies"

The amendments specify that the Company should refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments also clarify that:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Company may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The amendments also illustrate that accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

a. The Company changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b. The Company chose the accounting policy from options permitted by the standards;

c. The accounting policy was developed in accordance with IAS 8 "Accounting Policies, Changes in Accounting Estimates and Errors" in the absence of an IFRS that specifically applies;

d. The accounting policy relates to an area for which the Company is required to make significant judgements or assumptions in applying an accounting policy, and the Company discloses those judgements or assumptions; or

e. The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions

(2) The IFRSs issued by International Accounting Standards Board (IASB) and endorsed by the FSC with effective date starting 2024.

New Issued / Amended / Revision IFRS or Explanation	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendment to IAS 1 "Non-Current Liabilities with Covenants"	January 1, 2024
Amendment to IAS 7 and IFRS 7 "Financing Arrangement to Vendors"	January 1, 2024 (Note 3)

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

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

Note 3: The first time this modification is applied, some disclosures could be exempted.

Amendments to IAS 1 "Classification of liabilities as current or non-current" (referred to as the "2020 amendments") and "Non-Current Liabilities with Covenants" (referred to as the "2022 amendments")

The 2020 amendments clarify that for a liability to be classified as non-current, the Company shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Company shall disclose information that enables users of financial statements to understand the risk of the Company that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Company's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Company's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

Except for the above impact, as of the publication date of the financial statements, the Company had assessed that the amendments to these standards and interpretations would not have a significant impact of the Company's financial position and financial performance.

(3) The IFRSs issued by IASB but not yet endorsed and issued into effect by the FSC

New Issued / Amended / Revision IFRS or Explanation	Effective Date Announced by IASB (Note 1)
Amendments to IFRS10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17 – Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above new, revised or amended standards and interpretations are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: Applicable to annual reporting periods starting after January 1, 2025. When the amendment is first applied, the impact will be recognized in retained earnings on the first application date. When the Company uses non-functional currency as the currency of expression, the impact amount will be adjusted to the exchange difference of foreign operating institutions under equity on the first application date.

As of the publication date of the financial statements, the Company has assessed constantly the impact that the amendment to these standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of compliance

The Company's financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

(2) Basis of Preparation

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

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

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

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

c. Level 3 inputs are unobservable inputs for an asset or liability.

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

Current assets include:

a. Assets held primarily for the purpose of trading;

b. Assets expected to be realized within 12 months after the reporting period; and

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

Current liabilities include:

a. Liabilities held primarily for the purpose of trading;

b. Liabilities due to be settled within 12 months after the reporting period, and

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

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

(4) Foreign Currencies

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

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise.

Non-monetary items measured at historical cost in foreign currencies are retranslated using the exchange rate at the date of transaction.

(5) Inventories

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

(6) Property, plant and equipment

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

(7) Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

(8) Intangible assets

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

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

(9) Impairment of property, plant and equipment, investment properties, right-of-use assets, and intangible assets

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

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

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

(10) Financial Instruments

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

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

a. Financial assets

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

(a) Measurement categories

Financial assets possessed by the Company are classified into financial assets at fair value through profit or loss (FVTPL), financial assets at amortized cost, and FVTPL through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

   Financial asset is classified as at FVTPL when the financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include equity instrument investments that the Company has not specified to be measured at FVTPL through other comprehensive income and investments in debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

   Financial assets at FVTPL are subsequently measured at fair value, with dividends, interest and any gains or losses arising on remeasurement recognized in profit or loss. Fair value is determined in the manner described in Note 30.

ii. Financial assets at amortized cost

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

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

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

   Subsequent to initial recognition, financial assets at amortized cost, including cash, cash equivalents, debt investments at amortized cost, accounts receivable, other receivables and refundable deposits, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

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

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

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may irrevocably designate investments in equity investments that are not held for trading nor merging and acquisition as at FVTOCI.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments at FVTOCI are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

(b) Impairment of financial assets

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

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

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

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

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

ii. When a financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment losses of the aforementioned financial assets are reduced by the allowance account.

(c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

b. Financial liabilities

(a) Subsequent measurement

The Company's financial liabilities are measured at amortized cost using the effective interest method.

(b) Derecognition of financial liabilities

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

(11) Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Warranty

The warranty obligation to ensure that the product conforms to the agreed specifications is based on the management's best estimate of the expenditure required to pay off the company's obligations, and is recognized when the relevant products are recognized as revenue.

(12) Revenue recognition

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

Revenue from sale of auto parts, electronic parts and environmentally friendly high-end power supplies is measured at the fair value of the consideration received or receivable. When the goods are delivered in accordance with the terms of the transaction between the two parties, the customer has the right to set the price and use of the goods and bears the main responsibility for reselling the goods, and bears the risk of obsolescence of the goods. The company recognizes revenue and accounts receivable at this point payment. Advance receipts from sales of goods are recognized as contract liabilities before the goods are transferred.

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

(13) Leases

At the inception of a contract, the Corporation and its subsidiaries assess whether the contract is, or contains, a lease.

a. The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b. The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments and variable lease payments which depend on an index or a rate. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee's incremental borrowing rate will be used.

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

(14) Employee benefits

a. Short-term employee benefits

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

b. Retirement benefits

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

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

Net defined benefit liability represents the actual deficit in the Corporation and its subsidiaries' defined benefit plan.

(15) Taxation

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

a. Current tax payable

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction. According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain the earnings. Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation and its subsidiaries expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred taxes for the year

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION AND UNCERTAINTY

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

The Company has considered the inflation and interest rate fluctuation on critical accounting estimates and will continue evaluating the impact on cash flow estimation, growth rate, discount rate, and profitability. The estimates and underlying assumptions are reviewed on an ongoing basis.

The accounting policies, estimates and basic assumptions adopted by the company have not been subject to uncertainty in major accounting judgments, estimates and assumptions after evaluation by the company's management.

6. Cash and cash equivalent

	December 31st, 2023	December 31st, 2022
Cash on hand	$ 552	$ 505
Bank deposit		
Check and demand deposit	102,479	95,305
Foreign currency deposit	190,610	253,247
Cash equivalent （Investments with original maturity within 3 months）		
Bank foreign currency time deposit	199,583	197,484
	$ 493,224	$ 546,541

Market interest rate range:

	December 31st, 2023	December 31st, 2022
Checkings and savings	0.01%～5%	0.005%～3.6%
Foreign currency time deposit	5.4%～5.55%	2.1%～4.3%

7. Loss (gain) on financial instruments at fair value through profit or loss

	December 31st, 2023	December 31st, 2022
Financial assets－current		
Mandatory fair value through profit or loss for non-derivative financial assets		
－ Foreign bond	$ -	$ 191
－ Foreign listed stock	-	2,068
－ Mutual fund beneficiary certificate	2,646	2,706
	$ 2,646	$ 4,965

8. Financial assets measured at amortized cost

	December 31st, 2023	December 31st, 2022
Current（note）		
Domestic investment		
Limited time deposit	$ 82,213	$ 83,752
Time deposit over 3 months	30,705	-
	$112,918	$ 83,752

Note: The Company considers the debtor's history of default, current financial situation, to assess the expected credit losses over the next 12 months or expected credit losses over the remaining period of creditworthiness for financial assets - current measured at amortized cost. As of December 31st, 2023 and 2022, the company assessed that no expected credit losses need to be recognized for financial assets - current measured at amortized cost.

Interest rate range of limited time deposit as of December 31st, 2023 and 2022 are as follows:

	December 31st, 2023	December 31st, 2022
USD	5.40%	-
RMB	2.65%	2,20%

For information on the pledge of financial assets measured at cost after amortization, please refer to Note 32.

9. Financial assets at fair value through other comprehensive income

Equity instrument investment

	December 31st, 2023	December 31st, 2022
Non-current		
Domestic investment		
Unlisted Share	$ 2,924	$ 2,924

The Company invests in the common stocks of domestic unlisted companies according to its medium-to-long-term strategic objectives and expects to profit from long-term investments.

The management believes that if the short-term fair value fluctuations of these investments are included in the income statement, it would not be consistent with the aforementioned long-term investment plan. Therefore, the company has chosen to designate these investments as a fair value measured through other comprehensive income.

In November 2022, The Company's holding of special stocks in an overseas listed company was delisted. The Company obtained cash of NT$437 thousand, stocks of NT$2,043 thousand, and bonds of NT$198 thousand, which were measured at fair value through profit or loss for the obtained stocks and bonds. Please refer to Note 7 for other equity- financial assets measured at fair value through other comprehensive income. The unrealized gains of NT$513 thousand were transferred to retained earnings.

10. Notes receivable, accounts receivable and other receivables

	December 31st, 2023	December 31st, 2022
Notes receivable		
Measured at amortized cost		
Total book value		

	December 31st, 2023	December 31st, 2022
Non-related party	$ 12,523	$ 8,228
Related party	$ 22,759	$ 13,909

Accounts receivable		
Measured at amortized cost		
Total book value		
Non-related party	$512,357	$534,918
Less: Allowance for losses	-	(68,102)
	$512,357	$466,816
Related party	$ 7,959	$ 4,922

Other receivables		
Interest receivable	$ 2,346	$ 553
Others	-	245
	$ 2,346	$ 798

To reduce credit risk, the management of The Company has assigned a dedicated team to monitor the process and ensure that appropriate actions have been taken to collect overdue receivables. In addition, on the balance sheet date, The Company reviews the recoverable amount of each receivable item to ensure that the appropriate impairment loss has been recognized for any unrecoverable receivables. Based on these measures, the management of The Company believes that our credit risk has significantly decreased.

The Company recognizes the provision for credit losses on receivables based on the expected credit losses over the life of the receivables. The expected credit losses are calculated using a probability matrix that takes into account the customer's past default history and current financial condition, as well as GDP forecasts. As our company's historical experience of credit losses shows no significant differences in loss patterns among different customer groups, the probability matrix does not further differentiate customer groups and only sets the expected credit loss rate based on the number of days the receivables are overdue. During 2022, a specific customer occurred payment overdue and triggered significant credit loss exposure, therefore the Company evaluated credit loss occurred and recognized the provision for credit losses on such receivables. However, as of December 31, 2023, the client’s payments overdue situation had no longer exist. The Company therefore didn’t differentiate customer groups to calculate the expected credit loss.

If there is evidence that the counterparty is facing severe financial difficulties and the company cannot reasonably expect to recover the receivables, we will write off the relevant receivables. However, we will continue to pursue recovery activities, and any amount recovered will be recognized in the income statement.

The Company measures the provision for impairment losses on receivables (accounts receivable and notes receivable) according to the probability matrix as follows:

December 31st, 2023

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Total
expected credit loss rate	-	-	4.35%~4.55%	100%	
Total book value	$ 536,184	$ 19,414	$ -	$	$ 555,598
Allowance for losses（Expected credit losses during the duration）	-	-	-		-
Amortized cost	$ 536,184	$ 19,414	$ -	$	$ 555,598

December 31st, 2022

	Non-overdue	Overdue 1-90 days	Overdue 91-180 days	Overdue Over 181 days	Individual assessment Impairment loss	Total
expected credit loss rate	-	0.01%~4.17%	4%~8.33%	100%	32.40%	
Total book value	$ 308,285	$ 43,500	$ -	$ -	$ 210,192	$ 561,977
Allowance for losses（Expected credit losses during the duration）	-	(3)	-	-	(68,099)	(68,102)
Amortized cost	$ 308,285	$ 43,497	$ -	$ -	$ 142,093	$ 493,875

Most of the overdue accounts have been collected. The management of The Company has assessed that there is no expected credit loss for accounts receivable as of December 31st, 2023. The information regarding changes in the provision for account receivable is as follows:

	2023	2022
Beginning balance	$ 68,102	$ -
Add(Less): Provision(reversal) of Impairment loss for the year	(68,102)	68,102
Ending balance	$ -	$ 68,102

11. Inventory

	December 31st, 2023	December 31st, 2022
Raw material	$ 75,060	$ 87,964
Finished products	52,015	43,191
Semi-finished products	33,673	36,119
Work in progress	20,747	17,613
	$181,495	$184,887

The cost of goods sold for 2023 and 2022 include inventory write-down expenses of NT$1,722 thousand and NT$3,281 thousand, respectively.

12. Prepayments

	December 31st, 2023	December 31st, 2022
Overpaid VAT	$ 5,379	$ 3,845
Other prepayments	11,123	13,485
	$ 16,502	$ 17,330

13. Property, plant and equipment - own use

	Machine equipment	Mold equipment	Transportation equipment	Office equipment	Lease improvement	Total
Cost						
Balance as of January 1, 2023	$ 50,096	$ 903,501	$ 11,691	$ 3,139	$ 27,960	$ 996,387
Increase	8,779	214,874	-	93	-	223,746
Disposal	(4,721)	(550)	-	-	-	(5,271)
Balance as of December 31, 2023	$ 54,154	$1,117,825	$ 11,691	$ 3,232	$ 27,960	$1,214,862
Accumulated depreciation and impairment						
Balance as of January 1, 2023	$ 38,791	$ 404,754	$ 6,216	$ 2,821	$ 15,004	$ 467,586
Depreciation	4,094	144,825	1,406	170	3,868	154,363
Impairment	-	968	-	-	-	968
Disposal	(4,721)	(15)	-	-	-	(4,736)
Balance as of December 31, 2023	$ 38,164	$ 550,532	$ 7,622	$ 2,991	$ 18,872	$ 618,181
Net balance as of December 31, 2023	$ 15,990	$ 567,293	$ 4,069	$ 241	$ 9,088	$ 596,681
Cost						
Balance of January 1, 2022	$ 48,135	$ 649,097	$ 8,739	$ 3,139	$ 38,240	$ 747,350
Increase	1,961	254,404	2,952	-	-	259,317
Disposal	-	-	-	-	(10,280)	(10,280)
Balance as of December 31, 2022	$ 50,096	$ 903,501	$ 11,691	$ 3,139	$ 27,960	$ 996,387
Accumulated depreciation and impairment						
Balance of January 1, 2022	$ 34,452	$ 303,047	$ 4,786	$ 2,542	$ 21,349	$ 366,176
Depreciation	4,339	101,707	1,430	279	3,935	111,690
Disposal	-	-	-	-	(10,280)	(10,280)
Balance of December 31, 2022	$ 38,791	$ 404,754	$ 6,216	$ 2,821	$ 15,004	$ 467,586
Net balance of December 31, 2022	$ 11,305	$ 498,747	$ 5,475	$ 318	$ 12,956	$ 528,801

In 2023, the Company recognized an impairment loss of 968 thousand New Taiwan Dollars for the fixed assets - mold equipment, after conducting an impairment assessment. This was due to the unsatisfactory sales of the car lamp finished product in the market, which led to a reduction in expected future cash flows for the product. As a result, the recoverable amount of the equipment was lower than its carrying amount. The Company used the value in use as the recoverable amount for the product, and the discount rate used in the fiscal year 2023 was 10%. This impairment loss has been included in the net gain or loss from other comprehensive income on the comprehensive income statement. Please refer to note 25(2) for more information.

Depreciation expense is provided on a straight-line basis over the following useful years:

Machine equipment	3-6 years
Mold equipment	2-5 years
Transportation equipment	5 years
Office equipment	2-5 years
Lease improvement	3-5 years

14. Lease agreement

(1) Right-of-use assets

	December 31st, 2023	December 31st, 2022
Carrying amounts of right-of-use assets		
Building	$ 13,965	$ 22,343
Transportation equipment	2,280	1,079
	$ 16,245	$ 23,422

	2023	2022
Increase amounts of right-of-use assets	$ 2,649	$ -
Depreciation expense on right-of-use assets		
Building	$ 8,378	$ 8,378
Transportation equipment	1,016	1,296
	$ 9,394	$ 9,674

(2) Lease liabilities

	December 31st, 2023	December 31st, 2022
Carrying amounts of lease liabilities		
Current	$ 9,415	$ 9,519
Non-current	$ 7,176	$ 14,302

The discount rate range for the lease liability is as follows:

	December 31st, 2023	December 31st, 2022
Building	1.39%	1.39%
Transportation equipment	1.80%	1.39%

(3) Important leasing activities and terms:

The Company leases buildings and transportation equipment for use as factories, offices, and company vehicles for a period of 3 to 5 years. At the end of the lease term, The Company does not have any preferential purchase rights for the leased buildings and transportation equipment.

(4) For information on our company's business leasing of investment properties, please refer to Note 15.

(5) Other leasing information.

	2023	2022
Short-term lease expense	$ 8,400	$ 8,400
Low-value assent lease expense	$ 18	$ -
Total amount (outflows) from leases	($ 18,143)	($ 18,409)

(6) All lease commitments for which the lease period begins after the balance sheet date are as follows:

	December 31st, 2023	December 31st, 2022
Lease commitments	$ 8,400	$ 8,400

15. Investment property

	Land	Buildings	Total
Cost			
Balance of January 1st, 2023	$ 34,813	$ 32,060	$ 66,873
Balance of December 31st, 2023	$ 34,813	$ 32,060	$ 66,873
Accumulated depreciation			
Balance of January 1st, 2023	$ -	$ 14,088	$ 14,088
Depreciation	-	629	629
Balance of December 31st, 2023	$ -	$ 14,717	$ 14,717
Net balance of December 31st, 2023	$ 34,813	$ 17,343	$ 52,156
Cost			
Balance of January 1st, 2022	$ 34,813	$ 32,060	$ 66,873
Balance of December 31st, 2022	$ 34,813	$ 32,060	$ 66,873
Accumulated depreciation			
Balance of January 1st, 2022	$ -	$ 13,459	$ 13,459
Depreciation	-	629	629
Balance of December 31st, 2022	$ -	$ 14,088	$ 14,088
Net balance of December 31st, 2022	$ 34,813	$ 17,972	$ 52,785

The lease period for the investment property for rent is 2-3 years. The lessee does not have the option to purchase the investment property at the end of the lease period.

The total lease payments to be received in the future for leasing investment property under operating leases are as follows:

	December 31st, 2023	December 31st, 2022
First year	$ 3,589	$ 3,097
Second year	1,907	2,606
Third year	-	1,359
	$ 5,496	$ 7,062

Investment properties are depreciated on a straight-line basis based on the following useful lives:

Building and structures - 50 years.

As of December 31st, 2023 and 2022, the fair value of the Company's investment properties was NT$183,091 thousand and NT$204,806 thousand, respectively. The fair value was evaluated by the Company's management based on the actual transaction prices of similar properties in the adjacent area selected from the Ministry of the Interior's real estate transaction website in the recent period.

16. Other intangible assets

	Patent	Computer software	Total
Cost			
Balance of January 1st, 2023	$ 577	$ 14,171	$ 14,748
Disposal	(577)	-	(577)
Balance of December 31st, 2023	$ -	$ 14,171	$ 14,171
Accumulated amortization			
Balance of January 1st, 2023	$ 577	$ 11,815	$ 12,392
Amortization	-	1,060	1,060
Disposal	(577)	-	(577)
Balance of December 31st, 2023	$ -	$ 12,875	$ 12,875
Net balance of December 31st, 2023	$ -	$ 1,296	$ 1,296
Cost			
Balance of January 1st, 2022	$ 577	$ 12,291	$ 12,868
Obtained separately	-	1,880	1,880
Balance of December 31st, 2022	$ 577	$ 14,171	$ 14,748

	Patent	Computer software	Total
Accumulated amortization			
Balance of January 1st, 2022	$ 577	$ 11,007	$ 11,584
Amortization	-	808	808
Balance of December 31st, 2022	$ 577	$ 11,815	$ 12,392
Net balance of December 31st, 2022	$ -	$ 2,356	$ 2,356

Amortization is charged on a straight-line basis over the following useful years:

Patent	5 years
Computer software	3 years

17. **Other non-current assets**

	December 31st, 2023	December 31st, 2022
Prepaid equipment	$ 294,178	$ 242,598
Refundable deposits	6,293	7,001
	$ 300,471	$ 249,599

18. **Short-term loan**

	December 31st, 2023	December 31st, 2022
Secured loan（Note 32）		
Bank loan	$ 70,000	$ 70,000
Unsecured loan		
Line of credit loan	185,000	220,000
	$ 255,000	$ 290,000

The interest rates for the bank's revolving loans as of December 31st, 2023 and 2022 were 0.5% to 1.95% and 1.4%~1.84%, respectively.

19. **Accounts Payable**

(1) Notes Payable

The Company's notes payable are mainly issued for payment of goods and operating expenses.

(2) Accounts Payable

The Company's accounts payable primarily consist of amounts due for purchases of goods. The Company has established financial risk management policies to ensure that all payables are settled within the predetermined credit terms.

20. Other accounts payable

	December 31st, 2023	December 31st, 2022
Payable salary and bonus	$ 22,942	$ 23,663
Payable for mold repair	8,577	2,699
Payable for equipment	8,044	10,394
Payable processing fee	7,560	5,657
Payable test fee—related party	2,814	3,328
Others	18,198	14,284
	$ 68,135	$ 60,025

21. Liability provision

	December 31st, 2023	December 31st, 2022
Current		
Warranty	$ 24,077	$ 36,199

	2023	2022
Warranty		
Beginning balance	$ 36,199	$ 10,829
Add: Addition this year	4,256	27,102
Less: Usage this year	(16,378)	(1,732)
Ending balance	$ 24,077	$ 36,199

The warranty liability reserve is based on the sales contract for goods. The management of the Company estimates the present value of the best estimate of future economic benefits that will flow out due to warranty obligations. This estimate is based on historical warranty experience and takes into account adjustments for new raw materials, process changes, or other factors affecting product quality.

22. Retirement Benefit Plan

(1) Defined Contribution Plan

The retirement benefit system of The Company, which is governed by the "Labor Retirement Pension Act," is a defined contribution retirement plan managed by the government. The Company contributes 6% of an employee's monthly salary to their personal account at the Labor Insurance Bureau.

(2) Defined Benefit Plan

The retirement benefit system of The Company, which is based on the "Labor Standards Act" of Republic of China, is a defined benefit retirement plan managed by the government. Retirement benefits are calculated based on the employee's years of service and the average salary for the 6 months prior to the approved retirement date. The Company originally contributed 5% of an employee's monthly salary to the retirement plan, which was deposited in a special account at Taiwan Bank under the name of the Labor Retirement Reserve Supervisory Commission. However, The Company has already received approval from the Tainan City Labor Bureau to suspend contributions to the Labor Retirement Reserve Fund. The special account is managed by the Labor Fund Supervisory Board of the Ministry of Labor, and our company does not have the right to influence investment management strategies.

The amount of defined benefit plan included in the balance sheet is listed below:

	December 31st, 2023	December 31st, 2022
Determining the present value of benefit obligations	($ 324)	($ 311)
Fair value of project assets	9,746	9,543
Net defined benefit assets	$ 9,422	$ 9,232

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

	Determining the present value of benefit obligations	Fair value of project assets	Net defined benefit assets
January 1st, 2023	$ 311	($ 9,543)	($ 9,232)
Interest expense (income)	5	(153)	(148)
recognized in profit or loss	5	(153)	(148)
Return on project assets (except the amount included in net interest)	-	(50)	(50)
Actuarial losses - changes in financial losses	12	-	12
Actuarial loss - experience adjustment	(4)	-	(4)
Recognized in other comprehensive income	8	(50)	(42)
December 31st, 2023	$ 324	($ 9,746)	($ 9,422)
January 1st, 2022	$ 338	($ 8,799)	($ 8,461)
Interest expense (income)	2	(38)	(36)
recognized in profit or loss	2	(38)	(36)
Return on project assets (except the amount included in net interest)	-	(706)	(706)
Actuarial losses - changes in	(34)	-	(34)

	Determining the present value of benefit obligations	Fair value of project assets	Net defined benefit assets
financial losses			
Actuarial loss - experience adjustment	5	-	5
Recognized in other comprehensive income	(29)	(706)	(735)
December 31st, 2022	$ 311	($ 9,543)	($ 9,232)

The Company is exposed to the following risks due to the retirement pension system under the "Labor Standards Act":

a. Investment risk: The Ministry of Labor's Labor Pension Fund is invested in domestic (foreign) equity securities, debt securities, bank deposits, and other assets through self-operation and commission management. However, the amount of the plan assets distributed by The Company is calculated based on earnings that are not lower than the local bank's 2-year fixed deposit interest rate, which may be subject to investment risks.

b. Interest rate risk: A decrease in the interest rates of government bonds/corporate bonds will increase the present value of the defined benefit obligation. However, the debt investment return of the plan assets will also increase, partially offsetting the impact on the net defined benefit liability.

c. Salary risk: The calculation of the present value of the defined benefit obligation is based on the future salary of plan members. Therefore, an increase in plan members' salaries will increase the present value of the defined benefit obligation.

The present value of The Company's defined benefit obligation is calculated by qualified actuaries, and the major assumptions are as follows:"

	December 31st, 2023	December 31st, 2022
Discount rate	1.1580%	1.6032%
Salary expected increase rate	3.5%	3.5%

If significant actuarial assumptions change reasonably and all other assumptions remain unchanged, the increase (decrease) in the present value of the defined benefit obligation would be as follows:

	December 31st, 2023	December 31st, 2022
Discount rate		

	December 31st, 2023	December 31st, 2022
Increase0 .5%	($ 13)	($ 13)
Decrease 0.5%	$ 14	$ 14
Salary expected increase rate		
Increase 0.5%	$ 13	$ 14
Decrease 0.5%	($ 13)	($ 13)

Since actuarial assumptions may be interrelated and the possibility of a single assumption changing is unlikely, the above sensitivity analysis may not reflect the actual changes in the present value of the defined benefit obligation.

	December 31st, 2023	December 31st, 2022
Expected amount allocated within 1 year	$ -	$ -
Determining the average benefit obligation due period	8.34 years	8.96 year

23. Equity

(1) Share capital

Common stock

	December 31st, 2023	December 31st, 2022
Number of shares authorized (thousand shares)	88,000	88,000
Authorized capital	$ 880,000	$ 880,000
Number of issued and fully paid shares (thousand shares)	64,431	64,431
Paid-in capital	$ 644,306	$ 644,306

The issued common stock has a par value of NTD10 per share, and each share has one voting right and the right to receive dividends.

(2) Capital surplus

	December 31st, 2023	December 31st, 2022
Can be used to make up for losses, distribute cash or allocate capital (Note 1)		
Additional paid-in capital	$ 14,705	$ 14,705
Can be used only to make up		

	December 31st, 2023	December 31st, 2022
losses		
Dividends not collected by shareholders overdue (Note 2)	173	167
	$ 14,878	$ 14,872

Note 1: This type of capital surplus can be used to offset losses, and can also be used to distribute cash or allocate to share capital when the company has no losses, but the allocation to share capital is limited to a certain percentage of the paid-in share capital each year.

Note 2: According to the Ruling No. 10602420200 issued by the Ministry of Economic Affairs on September 21st, 2017, dividends that shareholders fail to collect within the statute of limitations shall be recognized as capital surplus.

(3) Retained earnings and dividend policy

In accordance with the Company's amended Articles of Association resolved by the shareholders' meeting at June 16, 2023, if there are surplus earnings before tax upon the final settlement of account of each fiscal year, the Company shall, accrue income tax payable first, offset any previous accumulated losses, and then set aside 10% of such profits as a legal reserve. However, when the legal reserve equals to the paid-in capital, the Company may decide stop setting aside the legal reserve. After set aside legal reserve, the Company should reserve or reverse the special reserve in accordance with relevant regulations or as requested by the authorities in charge, or may doing so on the Company's discretion. The remaining net profit, if any, plus the beginning unappropriated earnings shall be distributed into dividends to shareholders according to the distribution plan proposed by the Board of Directors and submitted to the shareholders' meeting for approval. The aforementioned dividend distribution, if distributed in the form of cash dividends, including the issuance of capital surplus and legal reserve by cash, the board of directors shall authorize a resolution of more than two-thirds of the attending directors and the approval of the majority of the attending directors, and report to the shareholders' meeting.

The Company, upon considering factors such as future funding needs, financial structure, and profits, for the purpose of sustainable management and steady company growth, in the future, the dividends of the Company will depend on the Company's operation situation, the total distributed dividends shall not be less than 10% of the amount which the distributable retained earnings deducts beginning accumulated unappropriated retained earnings, except when the distributable earnings are lower than 5% of the paid-in capital, the Company may decide not to distribute any dividends. The distributed dividend in the form of cash shall not be less than 30% of the total amount of dividend allocable in the year.

Before the Company's Articles of Association was amended, the dividend policy was as follows. If there are surplus earnings before tax upon the final settlement of account of each fiscal year, the Company shall, accrue income tax payable first, offset any previous accumulated losses, and then set aside 10% of such profits as a legal reserve. Aside from the distribution of dividends, the remaining earnings shall be planned in the proposal for earnings distribution by the Board of Directors. When distributed in the form of new shares to be issued, it shall be distributed after resolved by the shareholders' meeting. When the Company distributed preceding surplus earnings in the form of cash, (including the capital reserve and the legal reserve distributed in the form of cash in accordance with Article 241 of the Company Act), such distributions is authorized to be made after a resolutions has been adopted by a majority vote at a meeting of the Board of Directors attended by two-thirds of the total number of directors; and in addition, a report of such distribution shall be submitted to the shareholders' meeting.

The Company, upon considering factors such as future funding needs, financial structure, earnings, and other factors to ensure sustainable operation and stable growth. In the future, The Company's earnings will be based on The Company's operating conditions, and dividends will be distributed to shareholders at a rate of not less than 10% of the distributable earnings every year, provided that the accumulated distributable earnings should not be distributed when it is less than 5% of the paid-in capital. The principle for the distribution of cash dividends is not less than 30% of the total amount of dividends distributed in the current year.

For the employee and director remuneration distribution policy, please refer to Note 25 (7) of the employee and director remuneration.

The legal reserve fund can be used to offset for losses. When The Company has no losses, the part of the legal reserve that exceeds 25% of the total paid-in capital may be distributed to shareholders as dividends either in shares or cash.

When the Company sets aside special surplus reserves based on the net deductions from other equity accumulated in the previous period, only the undistributed earnings of the previous period are allocated.

The Company's profit distribution proposals for the 2022 and 2021 are as follows:

	2022	2021
Legal reserve	$ 31,986	$ 23,038
Special earnings reserve	($ 1,216)	$ 35
cash dividend	$ 161,076	$ 161,076
Cash dividend per share (NTD)	$ 2.5	$ 2.5

The above-mentioned cash dividends have been resolved by the board of directors at March 10th, 2023 and March 18, 2022, respectively. And the rest distribution plan had been recognized by the general meeting of shareholders at June 16, 2023 and June 14, 2022, respectively.

On March 15, 2024, the Company's Board of Directors proposed the 2023 earnings distribution plan as follows:

	2023
Legal reserve	$ 26,026
cash dividend	$ 32,215
Cash dividend per share (NTD)	$ 0.5

The above-mentioned cash dividends have been resolved by the board of directors, and the rest are yet to be recognized by the general meeting of shareholders expected to be held on June 27, 2024.

(4) Special earnings reserve

	2023	2022
Beginning balance	$ 5,166	$ 5,131
Provision of special reserve		
Deductions of other equity items	-	35
Reverse of special reserve		
Deductions of other equity items	(1,216)	-
Ending balance	$ 3,950	$ 5,166

(5) Other equity items

Unrealized valuation gains and losses on financial assets measured at fair value through other comprehensive income.

	2023	2022
Beginning balance	($ 3,950)	($ 5,166)
Generated in the current year		
Unrealized gains and losses		
Equity instrument	-	1,917
Related income tax	-	(188)
Other comprehensive income for the year	-	1,729
Transfer of accumulative gains and losses from disposal of equity instruments to retained earnings		
Realized profit or loss		
Equity instrument	-	(641)
Related income tax	-	128

	-	(513)
Ending balance	($ 3,950)	($ 3,950)

24. Revenue

(1) Revenue details

Product category	2023	2022
Automobile component	$ 2,053,797	$ 2,127,031
Electronics component	106,009	116,899
Environmental power supply unit	-	22
	$ 2,159,806	$ 2,243,952

Region	2023	2022
America	$ 1,712,243	$ 1,827,096
Asia	363,481	348,584
Europe	81,231	65,394
Oceania	2,,851	2,878
	$ 2,159,806	$ 2,243,952

(2) Contract balance

	December 31st, 2023	December 31st, 2022	January 1st, 2022
Notes receivable (related parties) (Note 10 and 31)	$ 35,282	$ 22,137	$ 39,583
Accounts receivable (related parties) (Note 10 and 31)	$ 520,316	$ 471,738	$ 603,455
Contract liabilities	$ 1,255	$ 1,122	$ 1,245

The change in contract liabilities mainly comes from the difference between the timing of fulfilling contractual obligations and the timing of customer payments.

The number of contract liabilities recognized as revenue for 2023 and 2022 at the beginning of the year was NT$778 thousand and NT$1,104 thousand, respectively.

25. Net income

(1) Other income

	2023	2022
Rent	$ 3,597	$ 3,684
Other income	3,788	2,346

	$ 7,385	$ 6,030

(2) Other gains and losses

	2023	2022
Penalty on VAT	($166,837)	$ -
Return penalty on VAT	52,793	-
Net foreign currency exchange gain	9,661	108,595
Net gain (loss) on financial assets at fair value through profit or loss	(701)	27
Gain on lease modification	8	-
Disposal of net interest in property, plant and equipment	58	-
Impairment loss on property, plant and equipment	(968)	-
Miscellaneous expense	(628)	(638)
	($106,614)	$107,984

The National Taxation Bureau of the Southern Area of the Ministry of Finance determined that this company acquired uniform invoices issued by non-actual trading business entities as input tax credit certificates for offsetting output tax during the period from November 2014 to March 2018. This involved falsely reporting input tax amounts. On October 5th, 2021, this company received a notice of business tax violation from the National Taxation Bureau of the Southern Area and was required to pay VAT of NT$105,587 thousand.

On December 1st, 2021, this company received a penalty decision from the National Taxation Bureau of the Southern Area and was fined NT$53,793 thousand. The Company has paid the relevant taxes and fines and has filed a re-examination application to the National Taxation Bureau of the Southern Area on November 24th and December 16th, 2021, respectively, seeking to revoke the original decision.

In addition, the Company intended to lower tax exposure, after an internal evaluation during May 2023, the Company made an automatic supplementary filing and payment for VAT, amounted to NT$166, 837 thousand, for the same transaction after April 2018 and booked other gains and losses.

At July 19, 2023, The National Taxation Bureau of the Southern Area of the Ministry of Finance made a decision on the re-examination application and returned the VAT penalty amounted to NT$52,793 thousand of the previous mentioned penalty NT$53,793 thousand, the rest of the application was turned down. The Company had booked NT$52,793 as other gains. As to the re-examination application for the VAT NT$105,587 thousand and NT$1,000 thousand penalty, the Company agreed to withdraw the application.

(3) Financial costs

	2023	2022
Input VAT interest	$ 4,782	$ -
Bank loan interest	4,796	1,940
Interest on the lease liabilities	286	403
Imputed interest on deposits received	32	20
	$ 9,896	$ 2,363

(4) Depreciation and amortization

	2023	2022
Property, plant and equipment	$154,363	$111,690
Right-of-use assets	9,394	9,674
Investment property	629	629
Intangible property	1,060	808
Total	$165,446	$122,801
Summary of depreciation expense by function		
Operating cost	$158,300	$116,160
Operating expense	5,457	5,204
Non-operating expense	629	629
	$164,386	$121,993
Amortization expenses summarized by function		
Marketing expense	$ 209	$ 427
R&D expense	851	381
	$ 1,060	$ 808

(5) Direct operating expenses of investment property

	2023	2022
Generate rental income		
Depreciation expense	$ 629	$ 629
Taxes	124	125
	$ 753	$ 754

(6) Employee benefits expense

	2023	2022
Short-term employee benefits	$118,584	$119,469
Post-employment benefits		
Confirm allocation plan	4,650	4,633
Defined benefit plans (Note 22)	(148)	(36)
	$123,086	$124,066

Summary by function

	2023	2022
Operating cost	$ 57,698	$ 60,196
Operating expense	65,388	63,870
	$123,086	$124,066

(7) Employee compensation and director and supervisor compensation

The Company allocates employee compensation and director and supervisor compensation by setting aside a portion of the pre-tax profits of the current year, which shall not be less than 1% and not more than 5% before deducting such compensation. The employee compensation and director and supervisor compensation for 2023 and 2022 were respectively resolved by the Board of Directors on March 15, 2024 and March 10, 2023 as follows:

Estimated ratio

	2023	2022
Employee compensation	1%	1%
Compensations of directors and supervisors	0.51%	0.52%

Amounts

	2023	2022
Employee compensation	$ 3,592	$ 4,040
Compensations of directors and supervisors	1,835	2,100

After the release date of the annual financial report, if there are still changes in the amounts, they will be handled according to accounting estimates and adjusted in the next year's accounts.

The actual distribution amounts of employee compensation and director and supervisor compensation for 2022 and 2021 are not different from the recognized amounts in the 2022 and 2021 financial reports.

For information regarding employee compensation and director and supervisor compensation decisions made by The Company's board of directors, please refer to the "Public Information Observation Station" of the Taiwan Stock Exchange.

(8) Foreign exchange gain and loss

	2023	2022
Total foreign exchange gain	$ 80,142	$150,410
Total foreign exchange (loss)	(70,481)	(41,815)
Net gain	$ 9,661	$108,595

26. Income tax

(1) Income tax recognized in profit or loss

The main components of income tax expenses (benefits) are as follows:

	2023	2022
income tax of current year		
In respect of the current year	$ 84,492	$ 96,850
Prior year adjustments	5	2,384
	84,497	99,234
Deferred income tax		
In respect of the current year	9,093	(20,263)
Income tax expense recognized in profit and loss	$ 93,590	$ 78,971

The adjustment of accounting income and income tax expense is as follows:

	2023	2022
Earnings before tax	$353,820	$397,728
Income tax expense calculated at statutory tax rate	$ 70,764	$ 79,545
Non-deductible expense losses	22,809	-
Tax-free income	12	(93)
Unrecognized deductible temporary differences	-	(2,865)
Adjustment for previous year's income tax	5	2,384
Income tax expense recognized in profit or loss	$ 93,590	$ 78,971

(2) Recognized in other comprehensive income tax

	2023	2022
Deferred income tax		
Generated in the current year		
- Defined benefit plan remeasurement number	$ 9	$ 147
- Unrealized gains and losses on financial assets at fair value through other comprehensive income	-	188
Reclassification adjustment		
- Disposal of equity instrument investments measured at fair value through other comprehensive income	-	(128)
Income tax recognized in other	$ 9	$ 207

comprehensive profit or loss

(3) Current income tax liabilities

	December 31st, 2023	December 31st, 2022
Current income tax liabilities		
Income tax payable	$ 34,205	$ 46,908

(4) Deferred income tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows:

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred tax assets				
Temporary difference				
Allowance for losses	$ 12,496	($ 12,496)	$ -	$ -
Unrealized loss on inventory decline	4,490	344	-	4,834
Property, plant and equipment	524	19	-	543
Liability provision	7,240	(2,424)	-	4,816
Unrealized exchange loss	37	5,490	-	5,527
	$ 24,787	($ 9,067)	$ -	$ 15,720
Deferred tax liabilities				
Temporary difference				
Financial assets at fair value through profit or loss	$ 4	($ 4)	$ -	$ -
Defined benefit Retirement Plan	1,846	30	9	1,885
	$ 1,850	$ 26	$ 9	$ 1,885

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred tax assets				
Temporary difference				
Financial assets at fair value through other comprehensive income	$ 60	$ -	($ 60)	$ -
Allowance for losses	-	12,496	-	12,496
Unrealized loss on inventory decline	3,833	657	-	4,490
Property, plant and equipment	-	524	-	524
Liability provision	-	7,240	-	7,240
Unrealized exchange loss	680	(643)	-	37

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
	$ 4,573	$ 20,274	($ 60)	$ 24,787

Deferred tax liabilities				
Temporary difference				
Financial assets at fair value through profit or loss	$ -	$ 4	$ -	$ 4
Defined benefit Retirement Plan	1,692	7	147	1,846
	$ 1,692	$ 11	$ 147	$ 1,850

(5) Income tax verification situation

The profit-seeking enterprise income tax return of the Company has been assessed by the tax authority until 2021, and the audited amount is the same as the declared amount.

27. Earnings per share (EPS)

Earnings and weighted average number of ordinary shares used to calculate earnings per share are as follows:

Net profit for the year

	2023	2022
Net income used to calculate basic earnings per share	$260,230	$318,757

Number of shares (Unit Thousand shares)

	2023	2022
Weighted average number of common shares used to calculate basic earnings per share	64,431	64,431
Effect on dilutive potential ordinary shares:		
Employee compensation	42	48
Weighted average number of common shares used to calculate diluted earnings per share	64,473	64,479

If the Company may choose to distribute employee compensation in the form of stocks or cash, when calculating diluted earnings per share, we assume that the employee compensation will be distributed in the form of stocks and include the weighted average number of outstanding shares with dilution effects of such potential common stocks to calculate diluted earnings per share. When calculating diluted earnings per share before deciding on the number of shares to be issued as employee compensation in the following year, we will continue to consider the dilutive effects of such potential common stocks.

28. Cash Flow Information

(1) Non-cash transactions

In addition to disclosures made in other notes, the following investment and financing activities involving non-cash transactions were carried out by our company in 2023 and 2022:

The Company acquired properties, plants, and equipment which were not yet paid as of December 31st, 2023 and 2022, respectively, and were accounted for as other payables of NT$8,044 thousand and NT$10,394 thousand, respectively (refer to Note 20).

(2) Liability change from financing activities

2023

			Non-cash changes				
	January 1st, 2023	Cash flow	New lease	Lease modification	Interest expense Amortized amount	Others	December 31st, 2023
Short-term loan	$ 290,0	($ 35,000)	$ -	$ -	$ -	$ -	$255,000
Lease liability	23,8	(9,439)	2,649	(440)	286	(286)	16,591
Deposits Received	6	-	-	-	-	-	628
	$ 314,4	($ 44,439)	$ 2,649	($ 440)	$ 286	($ 286)	$272,219

2022

			Non-cash changes		
	January 1st, 2022	Cash flow	Interest expense Amortized amount	Others	December 31st, 2022
Short-term loan	$ 150,000	$ 140,000	$ -	$ -	$ 290,000
Lease liability	33,427	(9,606)	403	(403)	23,821
Deposits Received	606	22	-	-	628
	$ 184,033	$ 130,416	$ 403	($ 403)	$ 314,449

29. Capital risk management

The Company conducts capital management to ensure the maximization of shareholder returns by optimizing debt and equity balances while continuing operations. Our overall strategy remains unchanged.

The Company's capital structure consists of equity (including share capital, capital reserves, retained earnings, and other equity items).

We are not required to comply with external capital regulations.

30. Financial instruments

(1) Fair value information - financial instruments not measured at fair value

The management believes that the carrying amounts of financial assets and financial liabilities not measured at fair value are close to their fair values.

(2) Fair value information - financial instruments measured at fair value on a recurring basis.

a. Fair value level

December 31st, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Fund beneficiary certificate	$ 2,646	$ -	$ -	$ 2,646
Financial assets at fair value through other comprehensive income				
Equity instrument investment				
- Domestic unlisted (counter) stocks	$ -	$ -	$ 2,924	$ 2,924

December 31st, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
- Foreign bonds	$ 191	$ -	$ -	$ 191
- Foreign listed (counter) stocks	2,068	-	-	2,068
- Fund beneficiary certificate	2,706	-	-	2,706

	Level 1	Level 2	Level 3	Total
	$ 4,965	$ -	$ -	$ 4,965
Financial assets at fair value through other comprehensive income				
Equity instrument investment				
- Domestic unlisted (counter) stocks	$ -	$ -	$ 2,924	$ 2,924

In 2023 and 2022, there was no transfer between level 1 and level 2 at fair value measurement.

b. Reconciliation of financial instruments measured at level 3 fair value

Financial assets at fair value through other comprehensive income - equity instruments

	2023	2022
Beginning Balance	$ 2,924	$ 2,924
Recognized in other comprehensive profit or loss (unrealized gains or losses on financial assets measured at fair value through other comprehensive profit or loss)	-	-
Ending Balance	$ 2,924	$ 2,924

c. Valuation techniques and inputs applied for level 3 fair value Measurement

For domestic unlisted equity investments, the fair value of the investment is determined using the comparable listed companies method, taking into account the trading price of stocks of companies engaged in similar or related businesses in an active market, the implied value multiplier of such prices, and the liquidity discount to determine the value of the target company. The significant unobservable input value is the liquidity discount.

(3) Financial instruments category

	December 31st, 2023	December 31st, 2022
Financial assets		
Fair value through profit or loss		
Mandatory fair value through profit or loss	$ 2,646	$ 4,965
Financial assets measured at	1,170,379	1,131,967

	December 31st, 2023	December 31st, 2022
amortized cost（Note 1）		
Financial assets at fair value through other comprehensive income		
Equity instrument investment	2,924	2,924
Financial liabilities		
Measured at amortized cost（Note 2）	695,355	625,185

Note 1: The balance includes cash and cash equivalents, financial assets measured at amortized cost-current, accounts receivable, other receivables, and deposits paid measured at amortized cost.

Note 2: The balance includes short-term borrowings, bills payable, accounts payable, other payable (excluding salaries and bonuses payable), and deposits received measured at amortized cost.

(4) The purpose and policy of financial risk management

The Company's primary financial instruments include foreign currency deposits, equity instrument investments, accounts receivable, accounts payable, borrowing, and lease liabilities. Our financial management department provides services to various business units, coordinating and supervising the operation of entering domestic and international financial markets. By analysing internal risk reports of unexpected risks according to the degree and breadth of risk, we manage the financial risks related to the Company's operations. Such risks include market risk (including exchange rate risk, interest rate risk, and other price risks), credit risk, and liquidity risk.

a. Market Risk

The main financial risks of the Company assumes in its operating activities are foreign exchange rate risk, interest rate risk, and other price volatility risk.

There is no change in the Company's market risk and its management and measurement methods regarding financial instruments.

(a) Exchange Rate Risk

Please refer to Note 36 for the book value of monetary assets and monetary liabilities denominated in non-functional currencies on the balance sheet date.

Sensitivity Analysis

The Company is mainly affected by fluctuations in the exchange rates of the US dollar, RMB, and Euro.

The following table shows the sensitivity analysis of The Company when the New Taiwan Dollar (the functional currency) increases or decreases by 5% against each relevant currency. 5% is the sensitivity ratio used by the Company's management to report exchange rate risks to the top management and represents the evaluation of a reasonable possible range of exchange rate changes by the management.

Negative numbers in the table indicate that when the New Taiwan Dollar appreciates by 5% against each relevant currency, it will result in a decrease in profit before tax. When the New Taiwan Dollar depreciates by 5% against each relevant foreign currency, the impact on profit before tax will be the same amount but positive.

	2023	2022
USD	($ 45,705)	($ 45,674)
RMB	($ 4,199)	($ 4,994)
EUR	($ 333)	($ 2,247)

The above mainly comes from the evaluation of the Company's cash and cash equivalents, financial assets measured at amortized cost, accounts receivable, and accounts payable denominated in USD, CNY, and EUR that were still outstanding and not hedged for cash flows on the balance sheet date.

The Company's sensitivity to USD exchange rates increased during the current year mainly due to the increase in the net assets held in USD. The sensitivity to CNY exchange rates decreased mainly because of the decrease in the net assets held in CNY, while the sensitivity to EUR exchange rates decreased due to the decrease in the assets held in EUR.

(b) Interest rate risk

The carrying amounts of the financial assets and financial liabilities of the Company subject to interest rate exposure on the balance sheet date are as follows:

	December 31st, 2023	December 31st, 2022
Fair value interest rate risk		
- Financial assets	$ 312,501	$ 281,427
- Financial liabilities	271,591	313,821
Cash flow interest rate risk		
- Financial asset	290,091	347,201

Sensitivity Analysis

The following sensitivity analysis is based on the Company’s exposure to interest rate for non-derivative instruments on the balance sheet date. The fluctuation rate used by the Company's management to report interest rates internally is an increase or decrease of 25 basis points, which also represents their assessment of the reasonable range of interest rate changes.

If the interest rate increases or decreases by 25 basis points, with all other variables remaining constant, the pre-tax profits for 2023 and 2022 will increase or decrease by NT$ 725 thousand and NT$ 868 thousand, respectively. This is mainly due to the interest rate risk of the Company's floating-rate current deposits and foreign exchange deposits. The Company's sensitivity to interest rates has increased in this period mainly due to the increase in bank deposits with floating interest rates.

(c) Other price risk

The Company has experienced equity price volatility due to domestic and foreign equity securities investments. These equity investments are not held for trading but rather for strategic purposes. The Company has not actively traded these investments and manages the risk by holding low-risk portfolio products.

Sensitivity Analysis

The following sensitivity analysis is based on the equity securities price exposure on the balance sheet date. If the equity price increases/decreases by 5%, the pre-tax profit or loss for the year 2022 will increase/decrease by NT$103 thousand due to the fair value changes in financial assets measured at fair value through profit or loss. Additionally, the pre-tax other comprehensive income for 2023 and 2022 will increase/decrease both by NT$146 thousand, due to the fair value changes in financial assets measured at fair value through other comprehensive income.

The decrease in sensitivity to equity securities price risk is mainly due to the decrease in foreign equity securities investment.

b. Credit risk

Credit risk refers to the risk of financial loss that The Company may incur when the counterparty fails to fulfil its contractual obligations. As of the balance sheet date, the maximum credit risk of financial loss that The Company may suffer from the counterparty's failure to fulfil its obligations mainly comes from the carrying amount of financial assets recognized in the balance sheet.

The Company's policy is to only engage in transactions with reputable counterparties and to obtain collateral when necessary to mitigate the risk of financial loss due to defaults.

The Company's credit risk is mainly concentrated on our top three customers. As of December 31, 2023 and 2022, the total amount of accounts receivable from these customers accounted for 77% and 83% of the total amount of accounts receivable, respectively.

c. Liquidity risk

The Company manages and maintains sufficient cash positions to support its operations and mitigate the impact of cash flow fluctuations. The Company's management oversees the use of bank financing facilities and ensures compliance with loan contract terms.

(a) Liquidity and interest rate risk table

The following table shows the remaining contractual maturities of non-derivative financial liabilities that The Company has agreed to repay. The analysis is based on the earliest possible date The Company may be required to repay and is prepared based on the undiscounted cash flows of the financial liabilities.

December 31, 2023

	Less than 1 month	1-3 months	3 months- 1 year	1-5 years
Non- derivative financial liabilities				
Liability with no interest	$ 167,751	$ 248,760	$ 23,844	$ -
Lease liability	799	1,599	7,194	7,225
Fixed rate instrument	150,248	70,079	35,014	-
	$ 318,798	$ 320,438	$ 66,052	$ 7,225

December 31, 2022

	Less than 1 month	1-3 months	3 months- 1 year	1-5 years
Non- derivative financial liabilities				
Liability with no interest	$ 27,716	$ 202,977	$ 104,492	$ -
Lease liability	834	1,668	7,286	14,476
Fixed rate instrument	-	220,379	70,264	-
	$ 28,550	$ 425,024	$ 182,042	$ 14,476

(b) Financing amount

	December 31st, 2023	December 31st, 2022
Unsecured bank overdraft facility		
- Used amount	$ 185,000	$ 220,000
- Unused amount	295,705	276,065
	$ 480,705	$ 496,065
Secured bank overdraft facility		
- Used amount	$ 70,000	$ 70,000
- Unused amount	130,000	-
	$ 200,000	$ 70,000

31. Related party transaction

The ultimate parent company and ultimate controller of the company are Zhicheng Investment Co., Ltd., which held 52.76% of the company's ordinary shares on December 31, 2023 and 2022.

Except as disclosed in Notes, the transactions between the company and related parties are as follows.

(1) Related party and relationship

Related party	Relationship to our company
Eagle Eyes Traffic Industrial Co., Ltd. ("EE Co., Ltd.")	Substantive related party

(2) Revenue

Related party	2023	2022
EE Co., Ltd.	$ 76,611	$ 89,216

There is no significant difference between The Company's trading conditions for sales to related parties and general customers.

(3) Operating cost

Related party	Nature	2023	2022
EE Co., Ltd.	Purchase	$ 652,651	$ 676,813
EE Co., Ltd.	Utility expense	$ 3,321	$ 2,896
EE Co., Ltd.	Processing expense	$ -	$ 175
EE Co., Ltd.	Other expenses	$ 33	$ 147

The Company's transaction prices for purchases from related parties do not significantly differ from those of regular suppliers, and payment terms are determined by mutual agreement. Please refer to Note 37, Appendix 2 for details.

(4) General and administrative

Related party	Nature	2023	2022
EE Co., Ltd.	Maintenance expense	$ 40	$ 40

The Company pays for maintenance expense.

(5) Research and development

Related party	Nature	2023	2022
EE Co., Ltd.	Testing fee	$ 9,490	$ 12,704

The Company pays for mold testing.

(6) Other income

Related party	2023	2022
EE Co., Ltd.	$ 135	$ 1

(7) Accounts receivable to related party

Category	Related party	December 31st, 2023	December 31 st, 2022
Noted receivable	EE Co., Ltd.	$ 22,759	$ 13,909
Accounts receivable	EE Co., Ltd.	$ 7,959	$ 4,922

There is no guarantee for the outstanding receivables from related parties. The amount receivable from a related party is evaluated and no provision for loss is required.

(8) Refundable deposits (accounted for in other non-current assets)

Related party	December 31st, 2023	December 31st, 2022
EE Co., Ltd.	$ 1,520	$ 1,520

(9) Amount payable to related parties

Accounts	Related party	December 31st, 2023	December 31st, 2022
Accounts payable	EE Co., Ltd.	$ 185,315	$ 134,831
Other payables	EE Co., Ltd.	$ 2,814	$ 3,328

The outstanding balance of payables to related parties has not been guaranteed.

(10) Lease agreement

Accounts	Related party	December 31st, 2023	December 31st, 2022
Lease liability	EE Co., Ltd.	$ 14,302	$ 22,725

Related party	2023	2022
Interest expense		
EE Co., Ltd.	$ 262	$ 378

The rental of factories leased from related parties due to operational needs is negotiated and paid monthly with reference to market conditions.

(11) Trademark license

The Company is licensed to use the trademark of Eagle Eyes Traffic Industrial Co., Ltd. On some of the products. According to the agreement, we are required to pay a royalty of 1% of the unit price for each sale using the licensed trademark. The trademark expenses for 2023 and 2022 were NT$ 492 thousand and NT$ 454 thousand, respectively.

(12) Salary of major managerial position

	2023	2022
Short-term employee benefits	$ 8,095	$ 7,959
Retirement benefits	120	117
	$ 8,215	$ 8,076

The salary of directors and major managerial position is determined by the remuneration committee in accordance with individual performance and market trends.

32. Assets pledged as collateral or for security

The following assets were provided as collateral for short-term loan:

	December 31st, 2023	December 31st, 2022
Pledged time deposits (accounted for as financial assets measured at amortized cost - current)	$ 82,213	$ 83,752

33. Significant contingent liabilities and unrecognized commitments

As of December 31, 2023, the unpaid amount of the contracted mold and construction payment of the Company was NT$ 76,286 thousand, USD$ 229 thousand and RMB$ 23,007 thousand.

34. Significant subsequent events

None

35. Other significant events

None

36. Significant assets and liabilities denominated in foreign currencies

The following information is summarized and expressed in terms of foreign currencies other than The Company's functional currency, and the disclosed exchange rates refer to the exchange rates converted from these foreign currencies to the functional currency. Assets and liabilities denominated in foreign currencies with significant impact are as follows:

Each foreign currency / New Taiwan Dollars in thousands

	December 31st, 2023		
	Foreign exchange	Exchange Rate	Amount
Foreign currency assets			
Monetary item			
USD	$ 29,863	30.705(USD：NTD)	$ 916,935
RMB	19,647	4.327(RMB: NTD)	85,011
EUR	196	33.98(EUR:NTD)	6,669
Foreign currency liabilities			
Monetary item			
USD	92	30.705(USD: NTD)	2,830
RMB	237	4.327(RMB: NTD)	1,024

Each foreign currency / New Taiwan Dollars in thousands

	December 31st, 2022		
	Foreign exchange	Exchange Rate	Amount
Foreign currency assets			
Monetary item			
USD	$ 29,948	30.71(USD：NTD)	$ 919,714
RMB	22,664	4.408(RMB: NTD)	99,902
EUR	1,374	32.72(EUR:NTD)	44,941
Non-monetary items			
USD	67	30.71(USD: NTD)	2,068
Foreign currency liabilities			
Monetary item			
USD	203	30.710(USD: NTD)	6,241
RMB	3	4.408(RMB: NTD)	13

Unrealized foreign exchange gains and losses with significant impacts are as follows：

	2023		2022	
Foreign exchange	Exchange rate	Net unrealized Exchange (loss) loss	Exchange rate	Net unrealized Exchange (loss) loss
USD	1: 31.155 (USD: NTD)	($ 26,628)	1：29.805 (USD: NTD)	($ 3,171)
RMB	1: 4.396 (RMB: NTD)	(937)	1：4.422 (RMB: NTD)	1,922
EUR	1:33.697 (EUR:NTD)	(71)	1：31.360 (EUR:NTD)	1,066
		($ 27,636)		($ 183)

37. Separately disclosure items

(1) Information about significant transaction:

a. Loans to others: None.

b. Endorsements and guarantees for others: None.

c. Holdings of securities at the end of the period (excluding investments in subsidiaries, associated companies, and joint venture equity): see Appendix 1.

d. Cumulative purchases or sales of the same securities reaching NT$300 million or 20% of paid-in capital: None.

e. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital: None.

f. Disposal of real estate reaching NT$300 million or 20% of paid-in capital: None.

g. Sales and purchases with related parties reaching NT$100 million or 20% of paid-in capital: see Appendix 2.

h. Receivables from related parties reaching NT$100 million or 20% of paid-in capital: None.

i. Trading in derivative instruments: None.

j. Other: No significant business relationships or important transactions between the parent company, subsidiaries, and among subsidiaries with significant amounts.

(2) Information on investees: None

(3) Information on investments in China

a. Information on invested companies in Mainland China, including their names, main business activities, paid-up capital, investment methods, inflow and outflow of funds, shareholding ratios, investment gains and losses, year-end book value of investments, realized investment gains and losses, and investment quotas in Mainland China: None.

b. Significant transactions directly or indirectly carried out with invested companies in Mainland China via third-party countries, along with their prices, payment terms, and unrealized gains and losses: None.

(4) Information on major shareholders: Names, shareholding amounts, and ratios of shareholders with a stake of 5% or more are listed in Appendix 3.

38. Segment information

(1) Information by segment

The Company primarily engages in the production and sales of automotive components, electronic components, and high-end environmentally friendly power supplies, and has no other segments to report.

(2) Information on major customers

The following is a disclosure of the revenue from the Company's major customers in 2023 and 2022, which exceeded 10% of the total revenue:

	2023	2022
Customer A	$ 665,221	$ 867,287
Customer B	601,206	512,086
Customer C	227,594	204,427
	$ 1,494,021	$ 1,583,800

Appendix 1

Topower Co., LTD

Securities held at the end of the period

December 31st, 2023

In Thousands of New Taiwan Dollars, unless otherwise specified

Holding company	Type and name of securities	Issuer of securities relationship	Accounts	End of year				Notes
				Number of thousand shares or thousand equity units	Amount	Share percentage %	Fair value（note）	
Topower Co., LTD	Stocks Domestic unlisted (counter) stocks ACT-RX Technology Corp.	None	Financial assets at fair value through other comprehensive income-noncurrent	328	$ 2,924	1.425	$ 2,924	
	Fund Franklin Templeton Global Bond Fund	None	Financial assets at fair value through profit or loss-current	7	2,646		2,646	

Note: The fair value of domestic unlisted (over-the-counter) stocks have no public quotations, so their fair value can be evaluated and reasonably estimated by the method of analogous listed OTC companies; the fair value of open-end funds is based on the balance sheet Calculate the net value of the fund on the day.

Appendix 2

Topower Co., LTD

The amount of goods purchased and sold with related parties reaches NT$100 million or more than 20% of the paid-in capital

For the Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Purchasing (selling) goods company	Trading partners	Relation	Transaction situation				Situations and reasons of transaction conditions are different from general transactions		Notes/ Accounts payable or receivable		Note
			Purchasing (selling) goods	Amount	% of total purchase (sales)	Payment Terms	Unit price	Payment Terms	Ending Balance	% of total notes and accounts receivable (payable) (Note 1)	
Topower Co., LTD	EE Co., Ltd.	Substantial related party	Purchasing Goods	$652,651	49%	Net 77 days from the end of the month of when the invoice is issued for finished goods purchased; and except finished goods is Net 107 days	-	Net 90 days from the end of the month of when the invoice is issued	($ 185,315)	(47%)	

Note 1: The above ratio is calculated based on the ratio of the balance of notes/accounts payable or receivable of the transaction partner to the total balance of notes/accounts payable or receivable of the purchasing (selling) company.

Appendix 3

Topower Co., LTD

Major shareholders information

December 31, 2023

Major shareholder	Shares	
	Numbers of share holding	Holding percentage %
Zhicheng Investment Co., Ltd.	34,000,000	52.76
Chou Chinglin	3,374,837	5.23

Note: The information on major shareholders in this table is calculated by Taiwan Depository & Clearing Corporation based on the total number of common shares held by shareholders who have completed the delivery of shares without physical registration (including treasury stocks) as of the last business day of the quarter. The number of shares recorded in The Company's financial report and the actual number of shares delivered without physical registration may differ due to differences in calculation methods.

§ Contents of significant accounts §

Topower Co., LTD

Cash and Cash Equivalents

December 31, 2023

Table 1

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Content	Summary		Amount
Cash			
Cash on hand			$ 552
Cash in banks			
Checking and savings			
Checking deposits			2,998
Demand deposits			99,481
			102,479
Foreign currency deposits	USD	6,115 thousand	187,749
	RMB	633 thousand	2,738
	EUR	3 thousand	117
	Others		6
			190,610
Cash equivalents			
Time deposits	USD	6,500 thousand	199,583
			$ 493,224

Note:

Foreign currency deposits are based on the spot exchange rate of US$1 to NT$30.705 on the balance sheet date.

Foreign currency deposits are based on the spot exchange rate of RMB 1 to NT$ 4.327 on the balance sheet date.

Foreign currency deposits are based on the spot exchange rate of EUR 1 to NT$ 33.98 on the balance sheet date.

Table 2

Topower Co., LTD

Financial Assets at Fair Value Through Profit or Loss - Current

December 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Financial instruments	Summary	Unit in thousand	Carrying amount	Total amount	Interest rate (%)	Cost	Fair value Unit price	Fair value Total amount	Note
Mutual fund									
Franklin Templeton Investment Funds	-	7	USD 10	$ 2,209	-	$ 4,823	USD 11.98	$ 2,646	None

Note: The fair value of the open-end fund is calculated based on the net value of the fund on the balance sheet date.

Table 3

Topower Co., LTD

Notes Receivable

December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Customer	Summary	Amount
Non-related parties		
Customer A	Payment	$ 10,449
Customer B	Payment	1,288
Customer C	Payment	774
Others (Note)	Payment	12
		$ 12,523
Related parties		
EE Co., Ltd.	Payment	$ 22,759

Note: The balance of each account does not exceed 5% of the balance of this subject.

Table 4

Topower Co., LTD

Accounts Receivable

December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Customer	Summary	Amount
Non-related party：		
Customer A	Payment	$ 201,881
Customer B	Payment	170,780
Customer C	Payment	55,447
Customer D	Payment	38,087
Others (Note)	Payment	46,162
		$ 512,357
Related party		
EE Co., Ltd.	Payment	$ 7,959

Note: The balance of each account does not exceed 5% of the balance of this subject.

Table 5

Topower Co., LTD

Inventories

December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Category	Summary	Amount	
		Cost	Net realizable value
Material	LED circuit, radiator and adapter	$ 86,963	$ 86,357
Finished goods	Headlights, power supply and LED	57,366	54,261
Semi-finished goods	Headlight lens, etc.	40,592	40,085
Work in process	Bulb	20,747	25,970
Less: Allowance to reduce inventory to market		(24,173)	-
		$ 181,495	$ 206,673

Table 6

Topower Co., LTD

Statement of Changes in Financial Assets at Fair Value Through Other Comprehensive Income-Noncurrent changes

January 1st to December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Category	Beginning of the year		Increase this year		Decrease this year		End of the year		Cumulative impairment	Guarantee or Pledge Situation	Note
	Unit (1000 shares)	Fair value	Unit (1000 shares)	Carrying amount	Unit (1000 shares)	Guarantee or Pledge Situation	Unit (1000 shares)	Fair value			
Domestic investment											
Unlisted (counter) stocks											
ACT-RX Technology Corp.	328	$ 2,924	-	$ -	-	$ -	328	$ 2,924	$ -	None	

Table 7

Topower Co., LTD

Statement of Changes in Right-of-Use Assets

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Category	Balance in the beginning of the year	Increase	Decrease	Balance in the end of the year	Note
Building	$ 56,123	$ -	$ -	$ 56,123	
Transportation equipment	3,887	2,649	3,887	2,649	
	$ 60,010	$ 2,649	$ 3,887	$ 58,772	

Table 8

Topower Co., LTD

Statement of Changes in Accumulated Depreciation of Right-of-Use Assets

For the Year Ended December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Category	Balance in the beginning of the year	Increase	Decrease	Balance in the end of the year	Note
Building	$ 33,780	$ 8,378	$ -	$ 42,158	
Transportation equipment	2,808	1,016	3,455	369	
	$ 36,588	$ 9,394	$ 3,455	$ 42,527	

Table 9

Topower Co., LTD

Short-term Loans

December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Types of loan	Description	Ending balance	Contract period	Interest rate	Credit amount	Mortgage or guarantee
Secured loan	First Bank	$ 70,000	2023/12/07-2024/03/07	1.65%	$ 200,000	Time deposits
Credit loan	DBS Bank	150,000	2023/10/16-2024/01/12	1.95%	165,352	None
Credit loan	E Sun Commercial Bank	35,000	2023/11/02-2024/11/01	0.50%	115,355	None
Credit loan	First Bank	-	2023/12/07-2024/03/07		200,000	None
		$ 255,000			$ 680,705	

Table 10

Topower Co., LTD

Accounts Payable

December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Customer	Summary	Amount
Non-related parties		
Customer A	Payment	$ 113,286
Others (Note)	Payment	95,933
		$ 209,219
Related parties		
EE Co., Ltd.	Payment	$ 185,315

Note: The balance of each account does not exceed 5% of the balance of this subject.

Table 11

Topower Co., LTD

Lease Liabilities

December 31, 2023

Amounts in Thousands of New Taiwan Dollars

Category	Summary	Leasing period	Discount rate	Ending balance	Note
Building	Factory and office	2020/09/01~2025/08/31	1.39%	$14,302	
Transportation equipment	Company cars	2023/08/25~2026/07/31	1.80%	2,289	
Less: current				(9,415)	
Leasing liabilities -Non-current				$ 7,176	

Table 12

Topower Co., LTD

Operating Revenue

January 1st to December 31st, 2023

Amounts in Thousands of New Taiwan Dollars

Category	Units	Amount
Sales revenue		
Automobile component	1,767,581 Pcs	$ 2,082,189
Electrical component	621,309 Pcs	106,014
		2,188,203
Sales return and allowance		(28,397)
		$ 2,159,806

Table 13

Topower Co., LTD

Operating costs

January 1st to December 31st, 2023

Amounts in Thousands of New Taiwan Dollars

Category	Amount
Cost of goods sold	
Cost of goods sold on self-made products and outsourced products	
Raw materials	
Beginning raw material	$ 98,965
Add: Net Purchases	269,710
Less：Ending raw materials	(86,963)
Relocate to expenses	(2,066)
Raw materials for sale	(2,972)
	276,674
Direct labor	40,506
Manufacturing overhead	254,875
Semi-finished goods	
Beginning Semi-finished goods	41,736
Add: Net purchase amount of semi-finished product	149,109
Less: Ending semi-finished goods	(40,592)
Relocate to expenses	(3,141)
Semi-finished product for sale	(3,136)
	143,976
Work in process	
Beginning work in process	17,612
Less：Ending work in process	(20,747)
	(3,135)
Cost of goods manufactured	712,896
Beginning finished goods	49,025
Add： Purchase of finished products	905,820
Less: finished goods at the end of the period	(57,366)
Transfer of Sample	(1,887)
Semi-finished products for sale	3,136
Sale of raw materials	2,972
Sale of scrap	(11)
Loss for market price decline of inventories	1,722
Loss for obsolete inventories	3,410
	$ 1,619,717

Table 14

Topower Co., LTD

Manufacturing Expenses

January 1st to December 31st, 2023

In Thousands of New Taiwan Dollars

Items	Amount
Depreciation	$158,300
Processing Expense	23,856
Salary Expense	19,562
Others (Note)	53,157
	$254,875

Note: The balance of each item does not exceed 5% of the subject amount, and will not be listed separately.

Table 15

Topower Co., LTD

Schedule of Operating Expenses

January 1st to December 31st, 2023

In Thousands of New Taiwan Dollars

Item	Marketing expenses	ADM expenses	R&D Expense	Expected credit impairment losses
Salary Expense	$ 9,014	$ 26,964	$ 20,374	$ -
Rent Expense	8,400	40	-	-
Freight	8,338	16	75	-
Insurance Expense	1,627	2,531	2,353	-
Entertainment expense	595	3,824	70	-
Depreciation	42	1,619	3,796	-
Export Expense	15,968	-	2	-
R&D Expense	-	-	6,811	-
Sample Expense	9,390	-	4	-
Service Expense	45	5,519	1,831	-
Test Expense	53	-	10,824	-
Security Expense	-	2,336	-	-
Reverse of Expected credit impairment losses	-	-	-	(68,102)
Others (Note)	6,606	5,339	10,885	-
	$ 60,078	$ 48,188	$ 57,025	($ 68,102)

Note: The balance of each item does not exceed 5% of the subject amount, and will not be listed separately.

Table 16

Topower Co., LTD

Statement of Employee Benefits, Depreciation and Amortization by Function

January 1st to December 31st, 2023

In Thousands of New Taiwan Dollars

	2023				2022			
	Belonging to operating costs	Belonging to business expenses	Belonging to non-operating expenses	Total	Belonging to operating costs	Belonging to business expenses	Belonging to non-operating expenses	Total
Employee benefits expenses								
Salary	$ 45,038	$ 48,270	$ -	$ 93,308	$ 47,362	$ 47,220	$ -	$ 94,582
Labor and health insurance	5,918	5,285	-	11,203	5,935	4,942	-	10,877
Pension	2,146	2,356	-	4,502	2,234	2,363	-	4,597
Directors remuneration	-	5,726	-	5,726	-	5,648	-	5,648
Other employee benefits	4,596	3,751	-	8,347	4,665	3,697	-	8,362
	$ 57,698	$ 65,388	$ -	$ 123,086	$ 60,196	$ 63,870	$ -	$ 124,066
Depreciation	$ 158,300	$ 5,457	$ 629	$ 164,386	$ 116,160	$ 5,204	$ 629	$ 121,993
Amortization	$ -	$ 1,060	$ -	$ 1,060	$ -	$ 808	$ -	$ 808

Notes:

1. The number of employees in this year and the previous year was 202 and 206, respectively, of which the number of directors who were not concurrently employees was 5 and 7, respectively.
2. A company whose stock is listed on a stock exchange or traded on an OTC securities trading center shall additionally disclose the following information:

(1) The average employee benefit expense for this year was NTD 596 thousand (calculated as "total employee benefit expense for this year minus total director remuneration for this year" divided by "total number of employees for this year minus the number of directors who are not employees").

The average employee benefit expense for the previous year was NTD 595 thousand (calculated as "total employee benefit expenses for the previous year minus total director remuneration for the previous year" divided by "total number of employees for the previous year minus the number of directors who are not employees"). ◦

(2) The average employee salary cost for this year is NTD474 thousand (total salary cost for this year/"Number of employees for this year - number of directors who are not concurrently employees").

The average salary cost of employees in the previous year was NTD 475 thousand (total salary cost in the previous year/"Number of employees in the previous year - number of directors who did not serve concurrently as employees").

(3) Changes in the adjustment of average employee salary expenses 0% ("Average employee salary expenses for the current year - average employee salary expenses for the previous year"/average employee salary expenses for the previous year).

(4) The supervisor's remuneration for this year is NTD 0, and the supervisor's remuneration for the previous year was NTD 300 thousand.

(5) The company's salary policy

Principles of remuneration policy

Directors and supervisors: mainly including the traveling expense of each person attending the board meeting and the company's annual profit status, and considering the results of the performance evaluation of the board of directors and the contribution efficiency and attendance rate to the company, the remuneration committee proposes distribution proposals according to the company's articles of association and remuneration for directors and supervisors appropriated by resolution of the board of directors.

Independent directors: receive travel expense according to their actual attendance at the board of directors, remuneration committee and audit committee, and receive director remuneration according to their degree of participation and contribution.

Managers: The manager’s remuneration policy is based on the company’s remuneration rules, profit status, performance and job contribution, and refers to the salary market level. The remuneration committee makes recommendations and is implemented after approval by the board of directors.

Employees: Employee remuneration mainly includes basic salary (including basic salary, job bonus, and other allowances), performance bonus, employee salary adjustment, year-end bonus, and employee remuneration allocated by the board of directors according to the company's annual profit status and refers to peer salaries The salary is determined based on market conditions, job category, academic experience, professional knowledge and technology, and professional seniority experience.

Employee salary adjustment: The company cooperates with the basic salary adjustment promulgated by the Ministry of Labor, and considers the employee's work ability, work attitude, work performance, absence from work, reward, and punishment records, etc. to determine the amount of the salary adjustment. The timing and amount of salary adjustments are determined by the company depending on the business environment.

The relationship between business performance and compensation

If the company makes annual profits, no less than 1% should be appropriated as employee remuneration, which will be distributed in the form of stocks or cash by the resolution of the board of directors, and the distribution objects include employees of subordinate companies who meet certain conditions; The amount of profit shall be allocated no more than 5% by the resolution of the board of directors as remuneration for directors and supervisors. Proposals on employee remuneration and distribution of remuneration to directors and supervisors shall be reported to the shareholders' meeting. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance, and then allocate employee remuneration and director and supervisor remuneration according to the proportion mentioned in the preceding paragraph.