KING SHING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Stock Code: 7732)

Company Address: No. 3, Gongye 1st Rd., Pingzhen Dist., Taoyuan City 32461, Taiwan (R.O.C.)
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KING SHING INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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King Shing Industrial Co., Ltd.

Declaration of Consolidated Financial Statements of Affiliated Enterprises

Companies that should be included in the preparation of the consolidated financial statement of affiliated enterprises according to the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those required for the preparation of the consolidated financial statements of parent companies and subsidiaries according to the IFRS 10 in 2023 (from January 1 to December 31, 2023). The relevant information that should be disclosed in the consolidated financial statements of affiliated enterprises has been disclosed in the above consolidated financial statements of the parent companies and their subsidiaries. The Company shall not be required to prepare separate consolidated financial statements of affiliated enterprises.

Hereby declare

Company name: King Shing Industrial Co., Ltd.

Responsible person: Shih, Chun-Chin

April 8, 2024

Independent Auditors' Report

(2024) Financial Review No. 23005500

To King Shing Industrial Co., Ltd.:

Audit opinions

We have audited the accompanying consolidated balance sheets of King Shing Industrial Co., Ltd. and its Subsidiaries (hereinafter refer to as the "King Shing Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, consolidated statements of changes in equity, consolidated statements of cash flows for January 1 to December 31, 2023 and 2022, and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the King Shing Group as of December 31, 2023 and 2022, and its consolidated financial performance and cash flows from January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the Financial Supervisory Commission.

Basis for audit opinions

We conducted our audits of the consolidated financial statements in accordance with the"Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants", and auditing standards of the Republic of China. Our responsibilities under those standards are further addressed in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the King Shing Group in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with the Norm. 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 King Shing Group's 2023 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the King Shing Group's 2023 consolidated financial statements were as follows:

Evaluation of allowance for inventory valuation losses

Description of matters

Please refer to Note IV(XII) of the consolidated financial report for accounting policies on inventory, Note V(II) for critical accounting estimates and assumptions in relation to inventory valuation, and Note VI(IV) for details of inventories.

King Shing Group is primarily engaged in manufacturing and sales of fans and blowers for automotive cooling systems. Considering the useful life of vehicles and the diverse range of products in the after-sales service market, which are available in small quantities, the company needs to prepare adequate inventories to gain market share. This increases the risk of loss on inventory valuation or inventory obsolescence. Each inventory is measured at the lower of cost and net realizable value. Inventory is evaluated for impairment due to normal wear and tear, obsolescence, or changes in selling prices, and valuation losses are recognized accordingly.

As the amounts of inventory are material, considering the estimation of net realizable value of inventory and the adjustment of obsolete inventory exceeding a certain period of its shelf life is subject to the subjective judgment of management, we evaluated that the impact of amount of allowance for inventory valuation losses on the financial statements is significant. Therefore, we consider the allowance for inventory valuation losses to be one of the most important matters for this year's audit.

Audit Procedures in Response

We performed the main response procedures in respect of the specific aspects mentioned in the above key audit matters as summarized below:

1. Understand and evaluate the reasonableness of the company's inventory valuation policies.
2. Understand the annual inventory plan of King Shing Group and participate in the annual inventory taking to evaluate the effectiveness of the management's classification and control of obsolete inventories.
3. Obtain inventory aging reports and verify related supporting documents for the dates on which inventory changes occurred, ensure the age ranges are classified correctly and are consistent with the policies.
4. Obtain reports of which the net realizable value of inventories are evaluated, verify the completeness of the reports, and test the accuracy of the net realizable value and related calculations, thereby evaluating the reasonableness of King Shing Group's decision regarding the allowance for valuation loss.

Sales revenue cutoff

Description of matters

Please refer to Note IV(XXV) of the consolidated financial report for accounting policies on sales revenue. Please refer to Note VI(XV) of the consolidated financial report for the details of sales revenue.

The operating revenue of the King Shing Group derives from manufacturing and selling fans and blowers for automotive cooling systems. There are different types of transactions terms when selling them to the customers. Sales revenue is recognized according to the individually agreed transaction terms with customers and confirmation of transfer of control of goods upon shipment. In particular, whether the control of goods shipped before the end of the reporting period has transferred to the customers in accordance with the agreed transaction terms will affect the period to which sales revenue is attributed in the financial statements. Therefore, we consider the cutoff of sales revenue to be one of the most important matters for this year's audit.

Audit Procedures in Response

We performed the main response procedures in respect of the specific aspects mentioned in the above key audit matters as summarized below:

1. We have acknowledged and evaluated the internal controls regarding the timing of recognition of sales revenue for King Shing Group, and tested the effectiveness of these controls.
2. Cutoff tests were conducted on sales transactions during a certain period before and after the end of the financial reporting period to assess the accuracy of the timing of revenue recognition.

Other matters- Parent company only financial reports

King Shing Industrial Co., Ltd. has prepared the parent company only financial statements for 2023, and 2022. We have issued an audit report with an unqualified opinion, which was filed for reference.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations endorsed and issued into effect by the Financial Supervisory Commission, and maintain necessary internal controls related to the preparation of consolidated financial statements to ensure that the consolidated financial statements are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for auditing the consolidated financial statement

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards 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 the consolidated financial statements.

We exercise professional judgment and maintain professional skepticism according to the auditing standards of the Republic of China when auditing. We also:

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

We communicate with those charged with governance, including 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 Norm of Professional Ethics for Certified Public Accountant of the Republic of China regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to affect our independence (including related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of King Shing Group's 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a specific 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.

PricewaterhouseCoopers, Taiwan

Lin, Se-Kai

CPA

Lin, Chun-Yao

Former Securities and Futures Bureau of Financial Supervisory Commission
Approval certificate number: Order No. Financial-Supervisory-Securities-IV-0960072936
Former Securities Commission of the Ministry of Finance
Approval certificate number: Order No. (85) Taiwan-Ministry of Finance-Securities and Futures Bureau (6) 68702

April 8, 2024

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars

	Assets	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI(I)	$ 353,793	18	$ 121,141	7
1136	Financial assets at amortized cost - current	VI(II) and VIII	6,243	-	127,275	7
1150	Notes receivable, net	VI(III)	4,412	-	4,321	-
1170	Accounts receivable, net	VI(III)	263,368	14	288,681	16
1200	Other receivables		5,684	-	6,733	-
130X	Inventories	VI(IV)	361,217	19	350,068	19
1410	Prepayments		1,484	-	2,986	-
1470	Other current assets		596	-	267	-
11XX	**Total current assets**		996,797	51	901,472	49
	Non-current assets					
1535	Financial assets at amortized cost - non-current	VI(II) and VIII	180	-	-	-
1600	Property, plant and equipment	VI(V) and VIII	909,411	47	890,752	49
1755	Right-of-use assets	VI(VI)	2,970	-	4,009	-
1780	Intangible assets	VI(VIII)	11,072	1	13,145	1
1840	Deferred income tax assets	VI(XXII)	18,408	1	14,162	1
1900	Other non-current assets		3,286	-	2,825	-
15XX	**Total non-current assets**		945,327	49	924,893	51
1XXX	**Total assets**		$ 1,942,124	100	$ 1,826,365	100

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King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Balance Sheets
December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars

	Liabilities and equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term loans	VI(IX)	$ 179,000	9	$ 354,000	20
2130	Contract liabilities- current	VI(XV)	1,803	-	1,594	-
2170	Accounts payable		78,325	4	91,974	5
2200	Other payables		55,910	3	53,582	3
2230	Current income tax liabilities		35,752	2	33,114	2
2280	Lease liabilities- current		1,040	-	1,006	-
2300	Other current liabilities		6,434	1	6,092	-
21XX	**Total current liabilities**		358,264	19	541,362	30
	Non-current liabilities					
2570	Deferred income tax liabilities	VI(XXII)	8,226	-	2,772	-
2580	Lease liabilities- non-current		2,008	-	3,028	-
2600	Other non-current liabilities	VI(X)	14,130	1	14,093	1
25XX	**Total non-current liabilities**		24,364	1	19,893	1
2XXX	**Total liabilities**		382,628	20	561,255	31
	Equity attributable to owners of the parent					
	Share capital	VI(XII)				
3110	Share capital - common stock		600,000	31	511,860	28
	Capital surplus	VI(XIII)				
3200	Capital surplus		606,111	31	531,028	29
	Retained earnings	VI(XIV)				
3310	Legal reserve		34,574	2	22,413	1
3350	Unappropriated retained earnings		366,134	19	251,508	14
	Other equity interest					
3400	Other equity interest		(47,323)	(3)	(51,699)	(3)
31XX	**Total equity attributable to owners of parent**		1,559,496	80	1,265,110	69
3XXX	**Total equity**		1,559,496	80	1,265,110	69
	Significant Events after the Balance Sheet Date	XI				
3X2X	**Total liabilities and equity**		$ 1,942,124	100	$ 1,826,365	100

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin　　Manager: Shih, Chun-Chin　　Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars
(Except for earnings per share expressed in New Taiwan Dollar)

	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	VI(XV)	$ 1,033,173	100	$ 940,201	100
5000	Operating costs	VI(IV)(XX)(XXI)	(729,082)	(71)	(682,407)	(73)
5900	Operating profit - gross		304,091	29	257,794	27
	Operating expenses	VI(XX)(XXI)				
6100	Selling expenses		(42,788)	(4)	(44,284)	(5)
6200	Administrative expenses		(87,267)	(8)	(77,539)	(8)
6300	Research and development expenses		(25,895)	(3)	(22,771)	(2)
6450	Expected credit impairment loss	XII(II)	(129)	-	(4,977)	(1)
6000	Total operational expenses		(156,079)	(15)	(149,571)	(16)
6900	Operating profit		148,012	14	108,223	11
	Non-operating income and expenses					
7100	Interest income	VI(XVI)	7,530	1	2,472	-
7010	Other income	VI(XVII)	3,339	-	2,644	-
7020	Other gains and losses	VI(XVIII)	11,414	1	46,690	5
7050	Finance cost	VI(XIX) and VII	(5,556)	-	(5,405)	-
7000	Total non-operating income and expenses		16,727	2	46,401	5
7900	**Profit before income tax**		164,739	16	154,624	16
7950	Income tax expense	VI(XXII)	(38,726)	(4)	(35,223)	(4)
8200	**Net income for the period**		$ 126,013	12	$ 119,401	12

(Continued)

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars
(Except for earnings per share expressed in New Taiwan Dollar)

	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
	Other comprehensive income - net					
	Components not to be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	VI(X)	$ 1,052	-	$ 2,916	-
8349	Income tax related to components that are not reclassified subsequently to profit or loss	VI(XXII)	(278)	-	(712)	-
8310	Components not to be reclassified to profit or loss - total		774	-	2,204	-
	Components that may be reclassified to profit or loss					
8361	Exchange difference arising from translation of foreign financial statements		4,376	1	33,385	4
8360	Components that may be reclassified to profit or loss - total		4,376	1	33,385	4
8300	**Other comprehensive income - net**		$ 5,150	1	$ 35,589	4
8500	**Total comprehensive income (loss)**		$ 131,163	13	$ 154,990	16
	Net profit attributable to:					
8610	Owners of the parent		$ 126,013	12	$ 119,401	12
			$ 126,013	12	$ 119,401	12
	Total comprehensive income attributable to:					
8710	Owners of the parent		$ 131,163	13	$ 154,990	16
			$ 131,163	13	$ 154,990	16
	Basic earnings per share	VI(XXIII)				
9750	Basic earnings per share		$ 2.36		$ 2.33	
	Diluted earnings per share	VI(XXIII)				
9850	Diluted earnings per share		$ 2.19		$ 2.20	

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin   Manager: Shih, Chun-Chin   Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars

		Equity attributable to owners of the parent						
			Capital surplus		Retained earnings			
	Notes	Share capital - common stock	Share premium	Employee share options	Legal reserve	Unappropriated retained earnings	Exchange difference arising from translation of foreign financial statements	Total equity
2022								
Balance - January 1, 2022		$ 511,860	$ 514,658	$ 15,274	$ 17,625	$ 134,691	($ 85,084)	$ 1,109,024
Net income for the period		-	-	-	-	119,401	-	119,401
Other comprehensive income		-	-	-	-	2,204	33,385	35,589
Total comprehensive income (loss)		-	-	-	-	121,605	33,385	154,990
Appropriation and distribution of earnings:	VI(XIV)							
Legal reserve recognized		-	-	-	4,788	(4,788)	-	-
Share-based payment transaction	VI(XI)	-	-	1,096	-	-	-	1,096
Balance - December 31, 2022		$ 511,860	$ 514,658	$ 16,370	$ 22,413	$ 251,508	($ 51,699)	$ 1,265,110
2023								
Balance - January 1, 2023		$ 511,860	$ 514,658	$ 16,370	$ 22,413	$ 251,508	($ 51,699)	$ 1,265,110
Net income for the period		-	-	-	-	126,013	-	126,013
Other comprehensive income		-	-	-	-	774	4,376	5,150
Total comprehensive income (loss)		-	-	-	-	126,787	4,376	131,163
Appropriation and distribution of earnings:	VI(XIV)							
Legal reserve recognized		-	-	-	12,161	(12,161)	-	-
Cash capital increase	VI(XII)	29,000	72,500	-	-	-	-	101,500
Share-based payment transaction	VI(XI)(XII)	59,140	18,953	(16,370)	-	-	-	61,723
Balance - December 31, 2023		$ 600,000	$ 606,111	$ -	$ 34,574	$ 366,134	($ 47,323)	$ 1,559,496

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin   Manager: Shih, Chun-Chin   Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2023 and 2022
Unit: Expressed in thousands of New Taiwan Dollars

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 164,739	$ 154,624
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit impairment loss	XII(II)	129	4,977
Depreciation	VI(V)(VI)(XX)	53,195	49,307
Amortization	VI(VIII)(XX)	2,262	2,492
Interest expense	VI(XIX)	5,556	5,405
Interest income	VI(XVI)	(7,530)	(2,472)
Profit from lease modification	VI(VI)	-	(18)
Share-based payment compensation cost	VI(XI)	2,583	1,096
Gain on disposal of fixed assets	VI(XVIII)	(133)	36
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes receivable		(91)	1,568
Accounts receivable		25,184	(79,760)
Other receivables		598	1,006
Inventories		(11,149)	(2,747)
Prepayments		1,502	(722)
Other current assets		(329)	225
Net changes in operating liabilities			
Contract liabilities- current		209	149
Notes payable		-	(20)
Accounts payable		(13,649)	(19,232)
Other payables		4,864	5,398
Other current liabilities		342	1,334
Other non-current liabilities		941	1,249
Cash inflow generated from operating activities		229,223	123,895
Interest received		7,981	1,858
Interest Paid		(5,610)	(5,259)
Income taxes paid		(35,130)	(16,941)
Cash inflow generated from operating activities, net		196,464	103,553

(Continued)

King Shing Industrial Co., Ltd. and subsidiaries
Consolidated Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of (acquisition) financial assets at amortized cost		$ 120,852	($ 78,385)
Acquisition of property, plant and equipment	VI(XXIV)	(69,791)	(33,333)
Disposal of property, plant and equipment		176	1,928
Acquisition of intangible assets	VI(VIII)	(185)	(2,075)
Decrease (increase) in refundable deposits		281	(1,067)
Cash inflow (outflow) generated from investing activities, net		51,333	(112,932)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	VI(XXV)	872,000	896,000
Decrease in short-term loans	VI(XXV)	(1,047,000)	(695,000)
Decrease in other payables - related parties	VI(XXV)	-	(175,811)
Repayments for the principal of lease liabilities	VI(XXV)	(1,010)	(611)
Increase in refundable deposits	VI(XXV)	150	-
Cash capital increase	VI(XII)	101,500	-
Share options exercised by the employees		59,140	-
Cash inflow (outflow) generated from financing activities, net		(15,220)	24,578
Effect of changes in exchange rate		75	13,387
Increase in cash and cash equivalents		232,652	28,586
Cash and cash equivalents, beginning of period		121,141	92,555
Cash and cash equivalents, end of period		$ 353,793	$ 121,141

The accompanying notes are an integral part of these consolidated financial statements. Please refer to it as well.

Chairman: Shih, Chun-Chin   Manager: Shih, Chun-Chin   Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd. and subsidiaries
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars
(Except as otherwise indicated)

I. History and Organization

King Shing Industrial Co., Ltd. (hereinafter referred to as "the Company") was established on March 28, 1989. The Company and subsidiaries (hereinafter collectively referred to as "the Group") are primarily engaged in the research, development, manufacturing, and sales of automotive parts. The Company's stock was approved by the Taipei Exchange (TPEx) on March 13, 2024, and is listed for trading on the over-the-counter market of TPEx.

II. Date of Authorization for Issuance of Financial Statements and Procedures for Authorization

The consolidated financial statements were approved for issuance by the Board of Directors on April 8, 2024.

III. Application of New Standards, Amendments and Interpretations

(I) Effect of the adoption of new issuances of and amendments to International Financial Reporting

Standards and accounting standards as endorsed and issued into effect by the Financial Supervisory Commission (hereinafter referred to as "FSC")

New, amended and revised IFRSs and accounting standards that have been endorsed by the FSC and become effective beginning in 2023 are stated as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by International Accounting Standards Board ("IASB")
Amendments to IAS 1, "Disclosure of Accounting Policies"	January 1, 2023
Amendments to IAS 8, "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12, "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12, "International Tax Reform—Pillar Two Model Rules"	May 23, 2023

The aforementioned standards and interpretations have no significant impact on the Group's financial position and financial performance based on the Group's assessment.

(II) Effect of new issuances of and amendments to IFRSs and accounting standards as endorsed by the FSC but not yet adopted by the Company

New, amended and revised IFRSs and accounting standards that have been endorsed by the FSC and become effective beginning in 2024 are stated as follows:

New Standards, Interpretations and Amendments	Effective Date Issued by International Accounting Standards Board (“IASB”)
Amendments to IFRS 16, “Lease Liability in a Sale and Leaseback”	January 1, 2024
Amendments to IAS 1, “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1, “Non-current Liabilities with Covenants”	January 1, 2024
Amendment to IAS 7 and IFRS 7, “Supplier Finance Arrangements”	January 1, 2024

The aforementioned standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment.

(III) Effect of IFRSs and accounting standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective Date Issued by International Accounting Standards Board (“IASB”)
Amendments to IFRS 10 and IAS 28, “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17, “Initial Application of IFRS 17 and IFRS 9 — Comparative Information”	January 1, 2023
Amendments to IAS 21, “Lack of Exchangeability”	January 1, 2025

The aforementioned standards and interpretations have no significant impact on the Group’s financial position and financial performance based on the Group’s assessment.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of the consolidated financial statements are addressed below. Unless otherwise stated, these policies are consistently applicable to all periods presented.

(I) Statement of Compliance

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

(II) Basis of preparation

1. Apart from the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared on a historical cost basis.

2. The preparation of consolidated financial statements in conformity with the IFRSs requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note V.

(III) Basis for consolidation

1. Basis for preparation of consolidated financial statements

(1) The Group includes all subsidiaries as entities for the preparation of the consolidated financial reports. Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed or gains rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity. A subsidiary is consolidated from the date the Group gains control over it until the date such control ceases.

(2) All transactions, balances and unrealized profit or loss among the companies within the Group have been eliminated in full. Accounting policies of subsidiaries have been adjusted where necessary to maintain consistency with those of the Group.

(3) Profit or loss and each component of other comprehensive income are attributed to owners of the parent and non-controlling interests; the total comprehensive income is also attributed to owners of the parent and non-controlling interests, even if it results in the non-controlling interests having a deficit balance.

2. Consolidated subsidiaries are as follows:

			Shareholding (%)		
			2023	2022	
Name of investor	Name of subsidiary	Main businesses	December 31	December 31	Note
The Company	KING SHING AUTOMOBILE PARTS CO.,LTD.	Manufacturing automotive components	100%	100%	-

3. Subsidiaries not consolidated: None.

4. Adjustment and handling methods for different accounting periods of subsidiaries: Not applicable.

5. Material restriction: Not applicable.

6. Subsidiaries with material non-controlling interests of the Group: None.

(IV) Foreign currency translation

Items included in the financial statements of each entity of the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars" (NTD), which is the Company's functional and presentation currency.

1. Foreign currency transactions and balances

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

(2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing as at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.

(3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing as at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing as at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(4) All other foreign exchange gains and losses are presented in the statements of comprehensive income within "other gains and losses" based on the types of transactions.

2. Translation of foreign operations

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

(1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate as at the date of the balance sheet.

(2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of the period.

(3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of current and non-current items

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

(1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.

(2) Held mainly for trading purposes.

(3) Assets that are expected to be realized within 12 months after the balance sheet date.

(4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

Assets that meet none of the above criteria are classified by the Group as non-current assets.

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

(1) Liabilities that are expected to be settled within the normal operating cycle.

(2) Held mainly for trading purposes.

(3) Liabilities that are to be settled within 12 months after the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that meet none of the above criteria are classified by the Group as non-current liabilities.

(VI) Cash equivalents

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

(VII) Financial assets at amortized cost

1. Those that meet all of the following criteria:
   (1) The financial assets are held under the business model with the objective of collecting contractual cash flows.
   (2) The financial assets' contractual cash flows generated at specific dates represent solely payments of principal and interest on the principal amount outstanding.
2. Financial assets at amortized cost meeting criteria of regular way purchase or sale are recognized and derecognized using trade date accounting.
3. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. Subsequently, impairment loss on and interest income from these financial assets is recognized using the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized.
4. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(VIII) Notes and accounts receivable

1. As per contractual agreements, notes and accounts receivable entitle the Group an unconditional legal right to receive consideration in exchange for transferred goods or rendered services.
2. The short-term notes and accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(IX) Impairment of financial assets

For financial assets at amortized cost, the Group measures, at each balance sheet date, the impairment provision at 12-month expected credit losses if there has no significant increase in credit risk since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts; or measures the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition; On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime ECLs.

(X) Derecognition of financial assets

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(XI) Leasing Arrangement (Lessor) - Operating Leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(XII) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods, goods in process, and semi-finished goods comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). However, loan costs are excluded. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale.

(XIII) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized as profit or loss during the financial period in which they are incurred.
3. While land is not depreciated, other property, plant and equipment that apply cost model are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant in relation to the total cost of the item, it must be depreciated separately.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors" from the date of the change. Useful lives of property, plant and equipment are as follows:

Buildings and structures	2 ~ 31 years
Machinery and equipment	3 ~ 10 years
Transportation equipment	2 ~ 10 years
Office equipment	5 ~ 10 years
Mold equipment	2 ~ 10 years
Communication equipment	2 ~ 10 years
Other equipment	2 ~ 10 years

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

1. Lease assets are recognized as right-of-use assets and lease liabilities when they are available for use by the Group. When the lease contract is for a short-term lease or a lease of low-value underlying assets, the lease payments are recognized as an expense on a straight-line basis over the lease term.
2. The lease liabilities are recognized at the discounted present value of the unpaid lease payments at the Group's incremental borrowing rate on the lease commencement date. The lease payments include fixed payment, less any rental incentives that may be received.

   It is subsequently measured at amortized cost by the interest method, and the interest expense is set aside during the lease period. The lease liabilities will be reassessed and the right-of-use assets will be adjusted accordingly when there is a change in the lease term or lease payment not caused by contractual modification.
3. The right-of-use assets are recognized at cost on the lease commencement date. The costs include:

   (1) The amount of the initial measurement of the lease liability; and

   (2) any lease payments made at or before the commencement date.

   The costs will be subsequently measured according to cost model, and the depreciation expense will be recognized over the expiration of the useful life of the right-of-use asset or the lease term, whichever is earlier. When the lease liabilities are reassessed, the right-of-use assets will be adjusted for any remeasurement of the lease liabilities.

(XV) Intangible assets

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 2 to 10 years.

(XVI) Impairment of non-financial assets

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

(XVII) Loans

Loans comprise short-term bank loans. Loans are recognized initially at fair value, net of transaction costs incurred. Loans are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss as interest expenses over the period of the loans using the effective interest method.

(XVIII) Accounts and notes payable

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

(XIX) Derecognition of financial liabilities

A financial liability is derecognized when the obligation specified in the contract is either discharged or canceled or expires.

(XX) Provisions for liabilities

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

(XXI) Employee benefits

1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

A. Net obligation under a defined benefit plan is calculated based on discounting the future benefits earned by employees for services rendered during the current or past periods, and presented by the present value of the defined benefit obligation as at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

B. Remeasurements arising from defined benefit plans are recognized in other comprehensive income for the period in which they arise and are presented in retained earnings.

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

3. Termination benefits

Termination benefits are provided to employees upon termination of their employment before the normal retirement date or when an employee decides to accept the company's offer for benefits in exchange for termination of employment. The Group recognizes expense as it can no longer withdraw an offer of termination benefits or it recognizes relating restructuring costs, whichever is earlier. Benefits that are not expected to be fully settled within 12 months after the balance sheet date should be discounted.

4. Employees', directors' and supervisors' remuneration

Employees', directors' and supervisors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in accounting estimates. If employees compensation is paid by stocks, the basis for calculating the number of stocks is to use valuation techniques in accordance with IFRS 2 "Share-based Payment" to evaluate the fair value.

(XXII) Employee share-based payment

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date, up until the amount of compensation cost is recognized in full on the day the number of equity instruments eventually vest.

(XXIII) Income tax

1. The tax expense for the period comprises current and deferred income tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in

other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. The management periodically evaluates implementations taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to distribute the earnings.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. The deferred tax is not recognized if it arises from the initial recognition of an asset or liability in a transaction (excluding business combinations) and, at the time of the transaction, affects neither accounting nor taxable profit or loss and does not result in equal taxable and deductible temporary differences. Deferred tax liability is recognized for temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
5. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(XXIV) <u>Share capital</u>

Common stock is classified as equity. The net amount which is the incremental costs directly attributable to the issuance of new shares or stock options less the income tax is recognized in equity as a contra item.

(XXV) <u>Revenue recognition</u>

1. The Group manufactures and sells automotive fans and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers. There is no unfulfilled obligation that could affect the customer’s acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. Sales revenue of products such as automotive fans is recognized in the amount equal to its contractual price less the estimated sales discounts and allowance and price

reduction. Sales discount and allowances and price reductions granted to customers are usually calculated based on cumulative amount of sales over a 12-month period. The Group estimates sales discount and allowances and price reductions using the expected value method based on historical experience. Sales revenue is recognized to the extent that a significant reversal is highly improbable. Revenue recognition is revisited at each balance sheet date. The estimated sales discounts and allowances and price reductions related to sales and granted to customers are recognized as refund liabilities as of the balance sheet date. The credit terms for sales transactions are usually from 30 to 120 days after the shipment date. As the time interval between the transfer of goods or services pledged and the payment from customers does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

3. The Group's obligation to provide reparation for faulty products under the standard warranty terms is recognized as a provision.
4. A receivable is recognized when goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(XXVI) Segment Information

The segment information of the Group is reported in a consistent manner with the internal management reports provided to the chief operating decision maker. The chief operating decision maker is responsible for allocating resources to segments and evaluating their performance. The chief operating decision maker of the Group is the Board of Directors.

V. Critical Accounting Judgments, Estimates and Assumptions on Uncertainty

The preparation of the consolidated financial statements requires the management to make judgments in applying the Group's accounting policies, as well as accounting estimates and assumptions for the reasonable expectation of future events based on circumstances as of the balance sheet date. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Below details the uncertainties of critical accounting judgments, estimates and assumptions:

(I) Critical judgments in applying the Group's accounting policies

None

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date based on judgments and estimates. Due to fast-changing technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realizable value. Inventory valuation mainly considers the estimation of net realizable value of inventory and adjustment of obsolete inventory exceeding a certain period of its shelf life, which may result in significant changes. Please refer to Note VI(IV) for details on the carrying amount of inventories of the Group as of December 31, 2023.

VI. Details of Significant Accounting Items

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	$ 259	$ 229
Checking accounts and demand deposits	253,534	120,574
Time deposits	100,000	338
	$ 353,793	$ 121,141

1. The Group transacts with a variety of financial institutions with high credit quality for the purpose of spreading credit risk. As such, the probability of counterparty default is expected to be low.
2. For the years ended December 31, 2023 and 2022, the Group classified cash and cash equivalents with restricted purposes, such as deposit with periods exceeding three months and short-term loans, amounting to $6,423 and $127,275 respectively, as " financial assets at amortized cost". Please refer to Notes VI(II) and Note VIII for details.

(II) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Current assets		
Pledged time deposits	$ 4,881	$ 65,846
Time deposits with maturity over three months	1,362	61,429
	6,243	127,275
Non-current assets		
Pledged time deposits	180	-
Total	$ 6,423	$ 127,275

1. Amounts recognized in profit or loss in relation to financial assets at amortized cost are listed below:

	2023	2022
Interest income	$ 3,923	$ 2,060

2. Without taking into account the collateral or other credit enhancements held, the financial assets at amortized cost that best represents the Group at the maximum exposure to credit risk were $6,423 and $127,275 on December 31, 2023 and 2022, respectively.
3. For information concerning financial assets at amortized cost pledged as collateral, please refer to Note VIII.
4. For information relating to credit risk of financial assets at amortized cost, please refer to Note XII(II). The trading counterparties of the Group's investment in time deposit certificates are financial institutions with good credit quality, so it is expected that the probability of default is low.

(III) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 4,412	$ 4,321
Accounts receivable	272,168	297,352
Less: Allowance for bad debts	(8,800)	(8,671)
	$ 267,780	$ 293,002

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	$ $252,226	$ 4,412	$ 197,667	$ 4,321
Within 30 days	10,198	-	64,231	-
31 - 90 days	3,071	-	31,737	-
Over 91 days	6,673	-	3,717	-
	$ $272,168	$ 4,412	$ 297,352	$ 4,321

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

2. The balances of accounts receivable and notes receivable as of December 31, 2023 and 2022 were all generated by customer contracts, and the balance of accounts receivable (including notes receivable) for the customer contracts as of January 1, 2022 amounted to $223,481.
3. Without taking into account the collateral or other credit enhancements held, the notes receivable that best represents the Group at the maximum exposure to credit risk were $4,412 and $4,321 on December 31, 2023 and 2022, respectively. The accounts receivable that best represents the Group at the maximum exposure to credit risk were $263,368 and $288,681 on December 31, 2023 and 2022, respectively.
4. Information concerning credit risks of accounts and notes receivable is provided in Note XII(II).

(IV) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 174,712	($ 47,886)	$ 126,826
Work in process and semi-finished goods	266,063	(62,123)	203,940
Finished goods	35,133	(4,757)	30,376
Goods	85	(10)	75
	$ 475,993	($ 114,776)	$ 361,217

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	$ 184,675	($ 46,586)	$ 138,089
Work in process and semi-finished goods	216,875	(50,971)	165,904
Finished goods	50,544	(4,636)	45,908
Goods	174	(7)	167
	$ 452,268	($ 102,200)	$ 350,068

Amount recognized as cost of goods sold for the current period is as follows:

	2023	2022
Cost of inventories sold	$ 716,529	$ 684,198
Losses on retirement of inventories	116	172
Valuation loss (gain from price recovery)	12,444	(1,618)
Inventory overage	(7)	(345)
	$ 729,082	$ 682,407

The Group recognized a decrease in cost of goods sold in 2022 due to the recovery of net realizable value from the destocking of products that had previously been recognized for valuation loss.

(The following is left blank)

(V) Property, plant and equipment

2023

	Land		Buildings and structures						
	For self-use	For lease	For self-use	For lease	Machinery and equipment	Mold equipment	Other equipment	Construction in progress and equipment pending acceptance	Total
January 1									
Cost	$ 395,343	$ 112,796	$ 369,060	$ 558	$ 189,603	$ 239,540	$ 40,459	$ 4,102	$ 1,351,461
Accumulated depreciation	-	-	(181,996)	(380)	(151,703)	(93,984)	(32,646)	-	(460,709)
	$ 395,343	$ 112,796	$ 187,064	$ 178	$ 37,900	$ 145,556	$ 7,813	$ 4,102	$ 890,752
January 1	$ $395,343	$ 112,796	$ 187,064	$ 178	$ 37,900	$ 145,556	$ 7,813	$ 4,102	$ 890,752
Additions	-	-	3,976	-	2,012	16,923	3,313	40,343	66,567
Disposals	-	-	-	-	(35)	(8)	-		(43)
Transfers	(66,304)	66,304	482	109	9,842	3,019	1,086	(14,538)	-
Depreciation	-	-	(15,997)	(150)	(8,499)	(24,265)	(3,220)		(52,131)
Net exchange difference	231	-	812	-	1,958	1,206	24	35	4,266
December 31	$ 329,270	$ 179,100	$ 176,337	$ 137	$ 43,178	$ 142,431	$ 9,016	$ 29,942	$ 909,411
December 31									
Cost	$ 329,270	$ 179,100	$ 375,111	$ 900	$ 200,832	$ 261,908	$ 44,688	$ 29,942	$ 1,421,751
Accumulated depreciation	-	-	(198,774)	(763)	(157,654)	(119,477)	(35,672)	-	(512,340)
	$ 329,270	$ 179,100	$ 176,337	$ 137	$ 43,178	$ 142,431	$ 9,016	$ 29,942	$ 909,411

2022

	Land		Buildings and structures						
	For self-use	For lease	For self-use	For lease	Machinery and equipment	Mold equipment	Other equipment	Construction in progress and equipment pending acceptance	Total
January 1									
Cost	$ 393,534	$ 112,796	$ 353,905	$ 558	$ 175,353	$ 201,353	$ 36,867	$ 2,641	$ 1,277,007
Accumulated depreciation	-	-	(159,132)	(287))	(136,644)	(67,012)	(28,680)	-	(391,755)
	$ 393,534	$ 112,796	$ 194,773	$ 271	$ 38,709	$ 134,341	$ 8,187	$ 2,641	$ 885,252
January 1	$ 393,534	$ 112,796	$ 194,773	$ 271	$ 38,709	$ 134,341	$ 8,187	$ 2,641	$ 885,252
Additions	-	-	929	-	4,070	21,732	4,420	5,361	36,512
Disposals	-	-	-	-	(-)	(133)	(1,831)	-	(1,964)
Transfers	-	-	-	-	846	2,814	82	(3,744)	(2)
Depreciation	-	-	(15,309)	(93)	(8,274)	(21,795)	(3,194)	-	(48,665)
Net exchange difference	1,809	-	6,671	-	2,549	8,597	149	(156)	19,619
December 31	$ 395,343	$ 112,796	$ 187,064	$ 178	$ 37,900	$ 145,556	$ 7,813	$ 4,102	$ 890,752
December 31									
Cost	$ 395,343	$ 112,796	$ 369,060	$ 558	$ 189,603	$ 239,540	$ 40,459	$ 4,102	$ 1,351,461
Accumulated depreciation	-	-	(181,996)	(380)	(151,703)	(93,984)	(32,646)	-	(460,709)
	$ 395,343	$ 112,796	$ 187,064	$ 178	$ 37,900	$ 145,556	$ 7,813	$ 4,102	$ 890,752

For information on guarantees provided by property, plant and equipment, please refer to Note VIII.

(VI) Lease Transactions - Lessee

1. The underlying assets leased by the Group include land and official vehicles. The lease contract period are usually between 2 and 8 years. The lease contract is negotiated individually and contains various terms and conditions. No other restrictions are imposed except that the leased assets cannot be used as loan guarantees.
2. The information on the book value of the right-of-use assets and the recognized depreciation expense is as follows:

	December 31, 2023	December 31, 2022
	Book value	Book value
Land	$ 369	$ 451
Transportation equipment	2,601	3,558
	$ 2,970	$ 4,009

	2023	2022
	Depreciation	Depreciation
Land	$ 92	$ 90
Transportation equipment	972	552
	$ 1,064	$ 642

3. The increases in the Group's right-of-use assets for 2023 and 2022 amounted to $10 and $3,901 respectively.
4. The information on the profit and loss items related to the lease contract is as follows:

Items affecting current profit and loss	2023	2022
Interest expense of lease liabilities	$ 135	$ 73
Expenses on short-term lease contracts	1,346	1,361
Expenses on lease of low-value assets	111	101
Profit from lease modification	-	18

5. The total cash outflows used in the Group's leases for 2023 and 2022 amounted to $2,602 and $2,146 respectively.
6. The Group adopted the practical expedient for "COVID-19-Related Rent Concessions" and recognized a gain or loss of $18 from changes in lease payments due to rent concessions as other income in 2022.

(VII) Lease Transactions - Lesser

1. The underlying assets leased to others by the Group include land and buildings. The lease contract period are usually between 1 to 2 years. The lease contract is negotiated individually and contains various terms and conditions.
2. The Group recognized rental income of $2,910 and $2,160 respectively in 2023 and 2022 based on the operating lease contracts, with no variable lease payments included.
3. The maturity date analysis of the lease payments by the Group under operational leasing is as follows:

	December 31, 2023		December 31, 2022
2024	$ 1,350	2023	$ 2,000
2025	-	2024	400
	$ 1,350		$ 2,400

(VIII) Intangible assets

	2023	2022
	Computer software	Computer software
January 1		
Cost	$ 21,160	$ 10,484
Accumulated amortization	(8,015)	(5,329)
	$ 13,145	$ 5,155
January 1	$ 13,145	$ 5,155
Acquisition	185	2,075
Amortization	(2,262)	(2,492)
Reclassification	-	8,391
Net foreign exchange gains and losses	4	16
December 31	$ 11,072	$ $13,145
December 31		
Cost	$ 21,374	$ 21,160
Accumulated amortization	(10,302)	(8,015)
	$ $11,072	$ 13,145

1. The details of amortization of intangible assets are as follows:

	2023	2022
Operating costs	$ 1,595	$ 1,789
Selling expenses	71	73
Administrative expenses	381	423
Research and development expenses	215	207
	$ 2,262	$ 2,492

2. The Group has no intangible assets provided as collateral.

(IX) Short-term loans

Type of loans	December 31, 2023	Interest rate range	Collateral
Bank loans			
Secured loans	$ 149,000	1.760%	Land, buildings and structures
Credit loans	30,000	1.760%	None
	$ 179,000		

Type of loans	December 31, 2022	Interest rate range	Collateral
Bank loans			
Secured loans	$ 317,000	1.635%~1.8587%	Land, buildings and structures, time deposits
Credit loans	37,000	1.675%	None
	$ 354,000		

Interest expenses recognized in the profit or loss for 2023 and 2022 amounted to $5,421 and $3,879 respectively.

(X) Pensions

1. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years (inclusive) and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company contributes monthly an amount of $100 to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee. Also, the Company assesses the balance in the aforementioned labor pension reserve account at year end each year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by the end of next March.
2. The pension system applicable to the company in Thailand within the merged companies adheres to the local "Thailand Labor Protection Act" which is a defined benefit pension plan. The payment of employee pensions is calculated based on years of service and wages before the approved retirement date, and the company is obligated to provide a specified retirement payment upon the employee's retirement according to labor regulations.
3. Defined benefit plans

(1) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	($ 25,148)	($ 24,367)
Fair value of plan assets	11,528	10,634
Net defined benefit liabilities	($ 13,620)	($ 13,733)

(2) The changes in the net defined benefit liabilities are as follows:

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1	($ 24,367)	$ 10,634	($ 13,733)
Service cost of the current period	(1,797)	-	(,797)
Interest (expense) income	(551)	155	(396)
	(26,715)	10,789	(15,926)
Remeasurements:			
Return on plan assets	-	74	74
Impact of changes in financial assumptions	74	-	74
Experience adjustments	904	-	904
	978	74	1,052
Contribute to the retirement fund	-	1,200	1,200
Pension payment	682	(535)	147
Foreign exchange gain or loss	(93)	-	(93)
December 31	($ 25,148)	$ 11,528	($ 13,620)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1	($ 24,424)	$ 9,024	($ 15,400)
Service cost of the current period	(1,430)	-	(1,430)
Interest (expense) income	(363)	60	(303)
	(26,217)	9,084	(17,133)
Remeasurements:			
Return on plan assets	-	669	669
Impact of changes in financial assumptions	2,091	-	2,091
Experience adjustments	156	-	156
	2,247	669	2,916
Contribute to the retirement fund	-	1,200	1,200
Pension payment	319	(319)	-
Foreign exchange gain or loss	(716)	-	(716)
December 31	($ 4,367)	$ 10,634	($ 13,733)

(3) The management of fund assets of the Company's defined benefit retirement plan is delegated to Bank of Taiwan, following the proportions and amounts specified in the Annual Plan for Investment and Utilization of the Funds, and is managed according to Article 6 of the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund (such as deposit in domestic and foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, and investment in domestic or foreign real estate securitization products). Relevant management of these assets is supervised by the Labor Pension Fund Supervisory Committee. With regard to utilization of the Fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company has no rights to participate in the operation and management of the fund, it is unable to disclose the classification of fair value of plan assets according to paragraph 142 of IAS 19. For details on the fair value of the total assets comprising the Fund for December 31, 2023, and 2022, please refer to the annual Labor Retirement Fund Utilization Reports announced by the government.

(4) The summary of actuarial assumptions regarding pension is as follows:

	2023	2022
Discount rate	1.25%~3.43%	1.375%~3.48%
Future salary increase rate	2.75%~5%	3%~5%

The assumption regarding future mortality rates is based on statistics and empirical estimates announced by each country.

The analysis of the present value of defined benefit obligations affected by changes in the main actuarial assumptions adopted is as follows:

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on the present value of defined benefit obligation	($ 756)	$ 789	$ 725	($ 699)

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on the present value of defined benefit obligation	($ 730)	$ 763	$ 702	($ 676)

The sensitivity analysis above is the analysis of the effect of changes in one single assumption while keeping other assumptions unchanged. In practice, changes in many assumptions may be interrelated. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

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

(5) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2024 amount to $1,324.

(6) As of December 31, 2023, the weighted average duration of that pension plan is 10.4~19 years.

The maturity analysis on pension payments is as follows:

Less than 1 year	$	427
1 - 2 years		865
2 - 5 years		4,569
Over 5 years		21,708
	$	27,569

4. (1)Effective July 1, 2005, the Company have established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. According to the labor pension systems opted by employees as per the "Labor Pension Act", the Company makes a monthly contribution based on 6% of the employees' monthly salaries and wages to their individual pension accounts at the Bureau of Labor Insurance. The pensions accrued in employees' individual accounts and the amounts of accumulated gains are paid monthly or in lump sum.

(2) The pension costs recognized by the Group in accordance with the above pension regulations for 2023 and 2022 amounted to $6,635 and $6,949 respectively.

(XI) Share-based payment

1. The share-based payment arrangements of the Company for 2023 and 2022 are as follows:

Type of agreement	Grant date	Number of stocks granted	Contract period	Vesting conditions
Employee share option plan	2020.11.18	5,744 (shares in thousands)	3 years	6 ~ 18 months of service
Employee share option plan	2023.04.21	170 (shares in thousands)	3 years	Vested immediately

The share-based payment arrangements mentioned above are equity-settled.

2. The detailed information regarding the share-based payment arrangements mentioned above is as follows:

	2023		2022	
	Number of share options	Weighted average exercise price (NT$)	Number of share options	Weighted average exercise price (NT$)
Share options outstanding as of January 1	5,744	$ 10	5,744	$ 10
Share options granted for the current period	170	10	-	-
Share options exercised for the current period	(5,914)	10	-	-
Share options outstanding as of December 31	-	-	5,744	10
Exercisable share options as of December 31	-	-	5,744	10

3. As of December 31, 2023 and 2022, the share options outstanding have an exercise price of NT$10, with remaining contract periods of 2.3 years and 0.9 years, respectively.
4. The fair value of share option for the share-based payment transaction granted at the grant date was estimated using with the Black-Scholes option evaluation model. The relevant information is as follows:

Type of agreement	Grant date	Stock price	Exercise price	Expected volatility (Note)	Expected duration	Expected dividends	Risk-free rate	Fair value per unit
Employee share option plan	2020.11.18	NT$11.75	NT$10	30.17% ~31.06%	1.75 ~2.25 years	-	0.14%~ 0.16%	NT$2.76 ~ NT$3.02
Employee share option plan	2023.04.21	NT$25.04	NT$10	26.13%	1.5 years	-	1.01%	NT$15.19

Note: The expected volatility is estimated using the stock prices from the most recent period equivalent to the expected duration of the share options, and the standard deviation of the stock returns within that period.

5. Expenses arising from share-based payment transactions are as follows:

	2023	2022
Equity-settled	$ 2,583	$ 1,096

(XII) Share capital

1. The Company's authorized capital amounted to $800,000, and the paid-in capital was $600,000 with a par value of $10 (in dollars) per share on December 31, 2023. All proceeds from shares issued have been collected.
2. The reconciliation of the number of shares of common stock outstanding at the beginning and end of the period is as follows:

	2023 Number of shares (In thousands)	2022 Number of shares (In thousands)
January 1	51,186	51,186
Share options exercised by the employees	5,914	-
Cash capital increase	2,900	-
December 31	60,000	51,186

3. Pursuant to the resolution adopted by the Board of Directors on October 19, 2023, the Company issued 2,900 thousand ordinary shares to effect a cash capital increase, with a subscription price of NT$35 per share. The baseline date for the capital increase was November 15, 2023, and the registration for the change has been completed.

(XIII) Capital surplus

1. Pursuant to the Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of ordinary shares and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership when the Company has no accumulated deficit. Furthermore, the Securities and Exchange Act requires that the amount of capital reserve to be capitalized mentioned above not exceeding 10% of the paid in capital each year. Capital reserve should not be used to cover accumulated deficit even though the surplus reserve is insufficient.
2. The Company has distributed cash dividends from the capital surplus amounting to $32,400 (NT$0.54 per share), which was approved by the Board of Directors on April 8, 2024.

(XIV) Retained earnings

1. If there are any earnings on the final financial statement, the Company shall first pay tax and make up for the accumulated losses, and then set aside 10% of such earnings as a legal reserve, unless the legal reserve has reached the Company's paid-in capital. Furthermore, the special reserve shall be set aside or reversed as required by the regulations or by the competent authority. The balance shall be added to the unappropriated retained earnings at the beginning of the period as distributable earnings. After careful consideration of retention, the Board of Directors shall prepare a profit distribution proposal for approval from the shareholders' meeting before distribution.
2. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash by a resolution approved by more than half of the directors present at a meeting with the presence of more than two-thirds of the directors and submitted to the Shareholders' Meeting.
3. The Company's dividend policies are as follows:

   The Company is at the growing stage. The Company's stock dividend is appropriated based on accumulated distributable earnings, dividends shall take into consideration the Company's current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with shareholders' profit and the Company's long-term financial plans. At least 10% of the dividends distributed for the current year should be allocated as cash dividends. But the Board of Directors may adjust this ratio according to the overall operating conditions at the time and shall submit it to the Shareholders' Meeting for resolution.
4. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
5. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
6. The earnings distribution for 2022 and 2021 was adopted in the shareholders' meeting on June 30, 2023 and July 29, 2022. Details are summarized below:

	2022		2021	
	Amount	Dividends per share	Amount	Dividends per share
Legal reserve	$ 12,161		$ $4,788	
Cash dividends	-	$ -	-	$ -
	$ $12,161		$ $4,788	

7. The earnings distribution for 2023 was adopted in the Board of Directors on Monday, April 8, 2024. Details are summarized below:

	2023	
	Amount	Dividends per share
Legal reserve	$ 12,679	
Special reserve	47,323	
Cash dividends	66,720	$ 1.112
	$ 126,722	

For information on the distribution of earnings, please proceed to the Market Observation Post System for reference.

(XV) Operating revenue

	2023	2022
Revenue from customer contracts	$ 1,033,173	$ 940,201

1. The Group’s main business activities are manufacturing and selling automotive parts. The Group’s revenue is derived from transfer of goods at a certain point of time to customers.

	2023	2022
Types of fans	$ 963,079	$ 845,887
Blowers	50,166	75,815
Others	19,928	18,499
	$ 1,033,173	$ 940,201

2. Contract liabilities

The contract liabilities related to revenue from customer contracts recognized by the Group in December 31, 2023, December 31, 2022, and January 1, 2022, were $1,803, $1,594, and $1,445, respectively, representing advance sales receipts.

The balance of the contract liabilities at the beginning of the period recognized as revenue for the current period is as follows:

	2023	2022
The balance of the contract liabilities at the beginning of the period recognized as revenue for the current period		
Advance sales receipts	$ 1,594	$ 1,445

(XVI) Interest income

	2023	2022
Interest income from financial assets at amortized cost	$ 3,923	$ 2,060
Interest income from bank deposits	3,588	403
Other interest income	19	9
	$ 7,530	$ 2,472

(XVII) Other income

	2023	2022
Rental income	$ 2,910	$ 2,160
Government grants income	-	119
Miscellaneous income	429	365
	$ 3,339	$ 2,644

(XVIII) Other gains and losses

	2023	2022
Foreign exchange gains	$ 11,310	$ 46,277
Gain (loss) on disposal of assets	133	(36)
Gain on financial assets at fair value through profit or loss	-	712
Miscellaneous disbursements	(29)	(263)
	$ 11,414	$ 46,690

(XIX) Finance cost

	2023	2022
Interest on loans	$ 5,421	$ 5,332
Interest on lease liabilities	135	73
	$ 5,556	$ 5,405

(XX) Additional disclosures related to expenses

	2023	2022
Employee benefit expenses	$ 282,575	$ 271,243
Property, plant and equipment depreciation expenses	52,131	48,665
Right-of-use assets depreciation expenses	1,064	642
Amortization	2,262	2,492

(XXI) Employee benefit expenses

	2023	2022
Wages and salaries	$ 233,358	$ 224,022
Labor and health insurance fees	19,161	17,974
Pension costs	8,828	8,682
Other personnel expenses	21,228	20,565
	$ 282,575	$ 271,243

1. In accordance with the Company's Articles of Incorporation, after deducting accumulated losses based on the profitability of the current year, if there is still a surplus, the Company shall allocate not less than 1% for employee remuneration and not more than 5% for directors' and supervisors' remuneration.
2. The estimated amount of employee remuneration for 2023 and 2022 amounted to $1,660 and $1,532, respectively, and the estimated amount of directors' and supervisors' remuneration were $0. The aforementioned amounts were recognized in operating expenses.
3. For 2023, the remuneration was estimated at 1% and 0%, respectively, of the annual profits. The actual distributed amount resolved by the Board of Directors is $1,660 and $0, respectively, of which employee remuneration will be distributed in cash.
   The amounts of employee remuneration and directors' and supervisors' remuneration for 2022, as resolved by the Board of Directors, were in line with amounts recognized in the 2022 financial report.

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2023	2022
Current tax:	$ 32,281	$ 33,718
Additional unappropriated retained earnings	4,978	1,873
Amount of income tax underestimated (overestimated) for prior years	489	(931)
Total current tax	37,748	34,660
Deferred tax:		
Origination and reversal of temporary differences	978	563
Income tax expense	$ 38,726	$ 35,223

(2) The income tax expenses relating to components of other comprehensive income are as follows:

	2023	2022
Remeasurements of defined benefit obligation	$ 278	$ 712

2. The relationship between income tax expense and accounting profit.

	2023	2022
Income tax calculated based on profit before tax at the statutory rate	$ 38,793	$ 34,620
Expenses to be excluded according to tax laws	29	56
Income exempt from tax according to tax laws	(40)	(395)
Impact of investment tax credit on income tax	(5,523)	-
Amount of income tax underestimated (overestimated) for prior years	489	(931)
Additional unappropriated retained earnings	4,978	1,873
Income tax expense	$ $38,726	$ $35,223

3. The amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

	2023				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred income tax assets:					
Temporary differences:					
Loss on inventory valuation	$ 6,220	$ 2,489	$ -	$ 26	$ 8,735
Remeasurements of defined benefit plans	2,300	169	(278)	19	2,210
Unused vacation bonus	1,853	96	-	3	1,952
Others	3,789	1,722	-	-	5,511
	$ 14,162	$ 4,476	($ 278)	$ 48	$ 18,408
Deferred income tax liabilities:					
Temporary differences:					
Unrealized foreign exchange gains	$391	($ 391))	$ -	$ -	$ -
Overseas investment income	2,381	5,845	-	-	8,226
	$ 2,772	$ 5,454	$ -	$ -	$ 8,226
	$ 11,390	($ $978)	($ 278)	$ 48	$ 10,182

	2022				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Exchange difference	December 31
Deferred income tax assets:					
Temporary differences:					
Loss on inventory valuation	$ 6,328	($ 323)	$ $-	$ 215	$ 6,220
Remeasurements of defined benefit plans	2,387	491	(712)	134	2,300
Unused vacation bonus	1,481	355	-	17	1,853
Others	2,669	1,120	-	-	3,789
	$ $12,865	$ $1,643	($ $712)	$ 366	$ 14,162
Deferred income tax liabilities:					
Temporary differences:					
Unrealized foreign exchange gains	566	($ 175)	$ -	$ -	$ 391
Overseas investment income	-	2,381	-	-	2,381
	$ 566	$ 2,206	$ -	$ -	$ 2,772
	$ 12,299	($ 563)	($ 712)	$ 366	$ 11,390

4. The details of investment tax credit available to the Group and the related amounts of deferred income tax assets not recognized are as follows:

December 31, 2023			
Deduction	Unused tax credit	Unrecognized tax for deferred income tax assets	Final creditable year
Investment tax credit for equipment	$ 5,271	$ 5,271	2025

5. Deductible temporary differences that are not recognized as deferred income tax assets:

	December 31, 2023	December 31, 2022
Deductible temporary differences	$ $71,102	$ $71,102

6. The Company's income tax returns through 2021 have been assessed and approved by the tax authorities.

(XXIII) Earnings per share

	2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to ordinary shareholders of the parent	$ 126,013	53,309	$ 2.36
Diluted earnings per share			
Net profit attributable to ordinary shareholders of the parent	$ 126,013	53,309	
Potential effect of dilutive ordinary shares			
Employee share options	-	4,142	
Employees' remuneration	-	87	
Net profit attributable to ordinary shareholders of the parent plus effect of all potential ordinary shares	$ 126,013	57,538	$ 2.19

	2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT$)
Basic earnings per share			
Net profit attributable to ordinary shareholders of the parent	$ 119,401	51,186	$ 2.33
Diluted earnings per share			
Net profit attributable to ordinary shareholders of the parent	$ 119,401	51,186	
Potential effect of dilutive ordinary shares			
Employee share options	-	3,093	
Employees' remuneration	-	84	
Net profit attributable to ordinary shareholders of the parent plus effect of all potential ordinary shares	$ 119,401	54,363	$ 2.20

(XXIV) Supplemental cash flow information

Investing activities with partial cash payments:

	2023	2022
Purchase of property, plant and equipment	$ 66,567	$ 36,512
Add: Ending balance of prepaid equipment	1,169	427
Add: Opening balance of payables on equipment	2,835	194
Add: Transfer to intangible assets	-	8,389
Less: Opening balance of prepaid equipment	(427)	(9,354)
Less: Ending balance of payables on equipment	(353)	(2,835)
Cash paid during the period	$ 69,791	$ 33,333

(XXV) Changes in liabilities from financing activities

	2023				
	Short-term loans	Other payables - related parties	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
January 1	$ 354,000	$ -	$ 4,034	$ $360	$ $358,394
Cash flow	(175,000)	-	(1,010)	150	(175,860)
Interest expense of lease liabilities paid (Note)	-	-	(135)	-	(135)
Non-cash flow					
Changes in leases	-	-	159	-	159
December 31	$ 179,000	$ -	$ 3,048	$ $510	$ $182,558

	2022				
	Short-term loans	Other payables - related parties	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
January 1	$ $153,000	$ $175,811	$ $769	$ $360	$ $329,940
Cash flow	(201,000)	(175,811)	(611)	-	(24,578)
Interest expense of lease liabilities paid (Note)	-	-	(73)	-	(73)
Non-cash flow					
Changes in leases	-	-	3,949	-	3,949
December 31	$ $354,000	$ $-	$ $4,034	$ $360	$ $358,394

Note: Presented as cash flows from operating activities.

VII. Related Party Transactions

(I) Names and relationship of related parties

Names of related parties	Relationship with the Group
Shih, Chun-Chin	Chairman of the Company
Ku, Ying-Chen	Close relative of the Company’s director

(II) Transactions with related parties

1. Loans to related parties

Borrow from related parties

Interest expense

	2023	2022
Shih, Chun-Chin	$ -	$ 954
Ku, Ying-Chen	-	499
	$ -	$ 1,453

The terms and conditions of loan from related parties are to pay monthly interests. The interest for 2022 is at an annual interest rate of 1.01% to 1.51%.

(III) Information about remunerations to the major management:

	2023	2022
Salary and short-term employee benefits	$ 12,345	$ 13,614
Retirement benefits	294	365
Share-based payment	-	443
Total	$ 12,639	$ 14,422

VIII. Pledged Assets

The details of assets provided as collateral by the Group are as follows:

	Book value		
Assets	December 31, 2023	December 31, 2022	Purpose of collateral
Time deposits (presented as “financial assets at amortized cost”)	$ 5,061	$ 65,846	Loan limit guarantee, electric power consumption guarantee, and credit card guarantee
Land	301,809	301,809	Short-term loans
Buildings and structures	84,585	89,149	〃
	$ 391,455	$ 456,804	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

The earnings distribution for 2023 was adopted in the Board of Directors on Monday, April 8, 2024. Please refer to Notes VI(XIV) for details.

XII. Others

(I) Capital management

The objective of the Group's capital management is to ensure that the company continue as a going concern, that an optimal capital structure is maintained to lower the cost of capital and provide returns to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to the shareholders, issue new shares or sell assets to reduce debt.

(II) Financial instruments

1. Classification of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 353,793	$ 121,141
Financial assets at amortized cost	6,243	127,275
Notes receivable	4,412	4,321
Accounts receivable	263,368	288,681
Other receivables	5,684	6,733
Refundable deposits (recognized in "other non-current assets")	2,117	2,398
	$ 635,617	$ 550,549
Financial liabilities		
Financial liabilities at amortized cost		
Short-term loans	$ 179,000	$ 354,000
Accounts payable	78,325	91,974
Other payable	55,910	53,582
Refundable deposits (recognized in "other non-current liabilities")	510	360
	$ 313,745	$ 499,916
Lease liabilities	$ 3,048	$ 4,034

2. Risk management policies
   (1) The daily operations of the Group are affected by various kinds of financial risks, including market risk (including foreign exchange risk and interest rate risk), credit risk, and liquidity risk.
   (2) Risk management is executed by the Group treasury by following policies approved by the Board. Through collaboration with operating units within the Group, the Group treasury is responsible for identifying, evaluating and mitigating financial risks.
3. Significant financial risks and degrees of financial risks
   (1) Market risk

   Foreign exchange risk

   A. As the Group is a multinational company, the Group and the subsidiaries are exposed to exchange rate risks arising from transactions denominated in currencies other than their functional currency, primarily USD. The related exchange rate risks arise from future business transactions and recognized assets and liabilities.

B. The Group's management has set up policies requiring companies within the Group to manage the exchange rate risks of their functional currencies. The Group hedges the overall exchange rate risk through the Group treasury. The measurement of exchange rate risk is based on the highly probable expected transactions paid in USD, and foreign exchange forward transactions and foreign exchange swap contracts are adopted to mitigate the impact of exchange rate fluctuations on the anticipated cost of purchasing inventory.

C. The Group hedges exchange rate risk through foreign exchange forward transactions and foreign exchange swap contracts, however hedge accounting is not applied.

D. The Group's businesses involve several nonfunctional currencies (the functional currency of the Company is NTD, and the functional currency of the subsidiaries is THB), therefore, it is subject to the impact of exchange rate fluctuations. Information on foreign currency assets and liabilities significantly affected by exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD: NTD	$ 9,084	30.71	$ 278,938
USD: THB	2,267	34.05	69,578
Financial liabilities			
Monetary items			
USD: NTD	$ 1,930	30.71	$ 59,262
USD: THB	762	34.39	23,642

	December 31, 2022		
	Foreign currency (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial Assets			
Monetary items			
USD: NTD	$ 15,905	30.72	$ 488,508
USD: THB	2,364	34.38	72,682
Financial liabilities			
Monetary items			
USD: NTD	$ 2,238	30.72	$ 68,745
USD: THB	1,039	34.73	32,272

E. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for 2023 and 2022 amounted to a gain of $11,310 and $46,277, respectively.

F. The analysis of foreign currency market risk that is materially affected by exchange rate fluctuations for the Group is as follows:

	2023				
	Sensitivity analysis				
	Extent of variation	Effect on profit and loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial Assets					
Monetary items					
USD: NTD	1%	$	2,789	$	-
USD: THB	1%		696		-
Financial liabilities					
Monetary items					
USD: NTD	1%	$	593	$	-
USD: THB	1%		236		-

	2022				
	Sensitivity analysis				
	Extent of variation	Effect on profit and loss		Effect on other comprehensive income	
(Foreign currency: functional currency)					
Financial Assets					
Monetary items					
USD: NTD	1%	$	4,885	$	-
USD: THB	1%		727		-
Financial liabilities					
Monetary items					
USD: NTD	1%	$	687	$	-
USD: THB	1%		323		-

Cash flow and fair value interest rate risk

G. A. The Group's interest rate risk mainly arises from short-term loans calculated at floating interest rates, exposing the Group to cash flow interest rate risk. In 2023 and 2022, the Group's loans and other payable - related parties are denominated in NTD.

H. B. If the loan interest rate denominated in NTD increases or decreases by 1%, while all other factors remain constant, the profit after income tax for 2023 and 2022 will decrease or increase by $1,192 and $2,832, respectively. This is mainly due to the changes in interest expenses resulting from loans at floating-rates and other payable - related parties.

(2) Credit risk

A. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments. The risk mainly arises from counterparties' inability to settle notes receivable and accounts receivable according to credit terms.

B. Credit risk management is initiated from the Group's perspective. According to the Group's credit policy, each entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings. The utilization of credit limits is regularly monitored.

C. The Group adopts IFRS 9, assuming that a default been occurred when contractual payments are past due over 90 days based on the terms.

D. The Group adopts IFRS 9 to provide the following assumptions as the basis for determining whether there has been a significant increase in credit risk of financial instruments since initial recognition:

   If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

E. The indicators used by the Group to determine credit impairment of debt instrument investments are as follows:

   (A) It becomes probable when the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

   (B) The issuer's financial difficulties have resulted in the disappearance of the active market for the financial assets.

   (C) Default or delinquency in interest or principal repayments;

   (D) Adverse changes in national or regional economic conditions that are expected to cause a default.

F. The Group classifies accounts receivable based on the characteristics of customers and estimates the ECLs using simplified approach and the provision matrix as basis.

G. The Group adjusts the credit loss that is based on historical and recent information by taking into account the forecasts of the Taiwan Institute of Economic Research's economic forecast report to estimate the loss allowance for accounts receivable. The provision matrices for December 31, 2023, and 2022 are as follows:

	December 31, 2023		
	Expected loss rate	Total book value	Allowance for doubtful accounts
Not past due	0%~3.06%	$ 252,226	$ 1,083
Within 30 days	0%~15.78%	10,198	677
31~90 days	0%~50.20%	3,071	367
Over 91 days	100%	6,673	6,673
		$ 272,168	$ 8,800

	December 31, 2022		
	Expected loss rate	Total book value	Allowance for doubtful accounts
Not past due	0%~1.40%	$ 197,667	$ 588
Within 30 days	0%~9.72%	64,231	1,282
31~90 days	0%~35.11%	31,737	3,084
Over 91 days	100%	3,717	3,717
		$ 297,352	$ 8,671

H. Movements of loss allowance for notes receivable and accounts receivable, adopting the simplified approach by the Group, are as follows:

	2023	2022
	Accounts receivable	Accounts receivable
January 1	$ 8,671	$ 3,694
Recognize impairment losses	129	4,977
December 31	$ 8,800	$ 8,671

(3) Liquidity risk

A. Cash flow forecast is performed by each operating entity of the Group and aggregated by the Group treasury. The Group treasury monitors rolling forecasts of the group's liquidity requirements to ensure it has sufficient funds to meet operational needs and maintains adequate unused committed facilities at all times.

B. When the residual funds of each operating entity exceed the need for working capital management they will be transferred back to the Group treasury. The Group treasury shall invest the residual funds in interest-bearing demand and time deposits. The instruments selected have appropriate maturity dates or sufficient liquidity to respond to the above forecast and provide adequate liquidity buffers. The Group held positions in the money market of $355,155 and $182,570, respectively, in December 31, 2023 and 2022, with the expectation of managing liquidity risks by generating instant cash flows.

C. Details of unused loan limit of the Group are as follows:

	December 31, 2023	December 31, 2022
Floating rates		
Maturing within one year	$ 411,000	$ 171,287

D. The table below analyzes the Group's non-derivative financial liabilities categorized into relevant maturity groups, i.e. based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the undiscounted contractual cash flows.

December 31, 2023	Less than 3 months	Between 3 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Non-derivative financial liabilities:					
Short-term loans	$ 93,685	$ 86,262	$ -	$ -	$ -
Accounts payable	78,325	-	-	-	-
Other payables	55,910	-	-	-	-
Lease liabilities	286	859	985	1,173	-

December 31, 2022	Less than 3 months	Between 3 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
Non-derivative financial liabilities:					
Short-term loans	$ 271,155	$ 84,259	$ 84,259	$ -	$ -
Accounts payable	91,974	-	-	-	-
Other payables	53,582	-	-	-	-
Lease liabilities	285	855	1,141	1,973	167

E. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date will be significantly earlier, nor expect the actual cash flow amount would be significantly different.

(III) Fair value information

1. The different levels of inputs used in the valuation techniques for measuring the fair value of financial and non-financial instruments are defined as follows:

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

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

   Level 3: Unobservable inputs for the asset or liability.

2. Financial instruments not measured at fair value

   The carrying amount of cash and cash equivalents, financial assets at amortized cost, notes and accounts receivable, other receivables, refundable deposits, short-term loans, notes and accounts payable, other payables and refundable deposits are approximate to their fair values.

3. For 2023 and 2022, there were no movements between Level 1 and Level 2.

4. For 2023 and 2022, there was no transfer into or out from Level 3.

XIII. Supplementary Disclosures

(I) Significant transactions information

1. Loans to others: None.
2. Provision of endorsements and guarantees to others: None.
3. Marketable securities held at the end of the period (excluding subsidiaries, associates and joint ventures): None.
4. Acquisition or sale of the same security with the accumulated cost of NT$300 million or 20% of paid-in capital or more: None.
5. Acquisition of property of NT$300 million or 20% of paid-in capital or more: None.
6. Disposal of property of NT$300 million or 20% of paid-in capital or more: None.
7. Purchases or sales of goods from or to related parties of NT$100 million or 20% of paid-in capital or more: Table 1.
8. Receivables from related parties of NT$100 million or 20% of paid-in capital or more: None.
9. Trading in derivatives undertaken during the reporting periods: None.
10. Significant inter-company transactions during the reporting period: Please refer to Table 2.

(II) Information on investees

Names, locations and other information of investee companies (excluding investees in Mainland China): Please refer to Table 3.

(III) Information on investments in Mainland China

None.

XIV. Segment Information

(I) General information

The Group operates business only in a single industry. and the Group's Board of Directors evaluates performance and allocates resources to the Group as a whole. They have identified the Group as the reportable segment.

(II) Measurement of segment information

The Board of Directors of the Group evaluates the performance of the segments based on profits and losses before tax.

(III) Information on segment profit and loss, assets, and liabilities

The segment information provided to the chief operating decision maker for the reportable segments is as follows:

	2023	2022
Segment revenue		
External revenue	$ 1,033,173	$ 940,201
Profit before tax	$ 164,739	$ 154,624

	December 31, 2023	December 31, 2022
Segment assets	$ 1,942,124	$ 1,826,365
Segment liabilities	$ 382,628	$ 561,255

(IV) Information on the reconciliation of the segment profit and loss

Sales transactions between segments are conducted in accordance with the fair value principle. The external revenue reported to chief operating decision maker is measured using the same method as the revenue in the income statement.

(V) Product category and service category information

The Group's product category information for 2023 and 2022 is as follows:

	2023	2022
Types of fans	$ 963,079	$ 845,887
Blowers	50,166	75,815
Others	19,928	18,499
Total	$ 1,033,173	$ 940,201

(VI) Region category information

The Group's region category information for 2023 and 2022 is as follows:

	2023	2022
	Revenue (Note)	Revenue (Note)
USA	$ 790,211	$ 693,448
Taiwan	119,298	102,352
Others	123,664	144,401
Total	$ 1,033,173	$ 940,201

	December 31, 2023	December 31, 2022
	Non-current assets	Non-current assets
Taiwan	$ 593,769	$ 595,774
Thailand	333,150	314,957
Total	$ 926,919	$ 910,731

Note: Revenue is classified based on the country in which the customer is located.

(VII) Important customers information

The Group's important customers information for 2023 and 2022 is as follows:

	2023	2022
	Revenue	Revenue
Party B	$ 435,494	$ 329,216
Party A	267,220	254,211

King Shing Industrial Co., Ltd. and subsidiaries

Purchases or sales of goods from or to related parties of NT$100 million or 20% of paid-in capital or more

January 1 to December 31, 2023

Table 1

Unit: Expressed in thousands of New Taiwan Dollars

(Except as otherwise indicated)

				Transaction			Differences in transaction terms and reasons		Notes/Accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship	Purchases (Sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Note
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO.,LTD.	Subsidiary of the Company	Purchases	$ $434,069	70%	Same as general suppliers	$ -	-	($ 58,670)	(57%)	

King Shing Industrial Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

January 1 to December 31, 2023

Table 2

Unit: Expressed in thousands of New Taiwan Dollars
(Except as otherwise indicated)

			Transaction			
Trader name	Counterparty	Relationship with the trader (Note 2)	General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO., LTD.	The parent company to the consolidated subsidiary	Purchases	$ 434,069	According to the agreed price and conditions by both parties	42%
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO., LTD.	The parent company to the consolidated subsidiary	Accounts payable	58,670	60 days after arrival at port	3%

King Shing Industrial Co., Ltd. and subsidiaries

Names, locations and other information of investee companies (excluding investees in Mainland China)

January 1 to December 31, 2023

Table 3

Unit: Expressed in thousands of New Taiwan Dollars

(Except as otherwise indicated)

				Initial investment amount		Shares held as at end of period					
Name of investor	Investee	Location	Main business activities	End of the period	End of last year	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the current period	Investment income (loss) recognized by the Company for the current period	Note
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO., LTD.	Thailand	Manufacturing automotive components	$ $456,718	$ $456,718	439,998	100%	$ $542,421	$ $542,421	$ $28,870	Subsidiaries