TA YIH INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Ta Yih Industrial Co., Ltd. (the "Company") as of December 31, 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the year then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and its financial performance and its cash flows for the year then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

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

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Key audit matter: Cut-off of hub sales revenue

<u>Description</u>

Please refer to Notes 4(23) and 6(14) to the parent company only financial statements for the accounting policy and the details of sales revenue relating to this key audit matter, respectively. The hub sales revenue was $1,670,712 thousand for the year ended December 31, 2023, which accounted for 35% of the total operating revenue.

The Company mainly manufactures and sells automobile and locomotive lamps. The Company also sells its products to overseas markets and recognizes revenue upon acceptance of the goods by the customers (transfer of risks and rewards) if picked up from hub. The sales model of overseas markets depends on the delivery of goods from hub warehouse. The Company recognizes sales revenue based on movements of inventories contained in the statements or other information provided by the hub custodians. As there are numerous sales revenue transactions from hubs and the transaction amounts prior to and after the balance sheet date are significant to the financial statements. Thus, we considered the cut-off of hub sales revenue as the key audit matter of our 2023 annual audit.

How our audit addressed the matter

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

1. We validated the effectiveness of the management's controls in respect of the cut-off of sales revenue from hub warehouse.
2. We performed cut-off tests of hub sales revenue for a specific period prior to and after the balance sheet date, including verifying records of picking goods from hubs and confirming records of inventory movements are recorded in appropriate period.
3. We conducted physical count of inventory quantities held at hubs and agreed to accounting records.

Other matter – Scope of the audit

The financial statements of the Company as of and for the year ended December 31, 2022 were audited by other auditors whose report dated March 8, 2023 expressed an unmodified opinion on those statements.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

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

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

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

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

Yeh, Fang-Ting

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan
Republic of China
March 8, 2024

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

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

TA YIH INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 382,731	12	$ 154,018	5
1136	Financial assets at amortized cost - current	6(1)(2)	-	-	5,600	-
1150	Notes receivable, net	6(3) and 12	9,086	-	416	-
1170	Accounts receivable, net	6(3) and 12	682,672	20	685,440	21
1180	Accounts receivable - related parties	6(3), 7 and 12	96,952	3	146,424	4
1200	Other receivables		26,912	1	5,581	-
1210	Other receivables - related parties	7	3,441	-	9,690	-
130X	Inventories	5 and 6(4)	1,084,652	32	952,784	29
1410	Prepayments	7	28,908	1	107,865	3
1479	Other current assets		28,191	1	18,387	1
11XX	**Total current assets**		2,343,545	70	2,086,205	63
	Non-current assets					
1550	Investments accounted for under equity method	6(5)	7,618	-	174,923	6
1600	Property, plant and equipment	6(6)	912,720	27	966,643	29
1755	Right-of-use assets	6(7) and 7	45,308	2	38,650	1
1780	Intangible assets		5,035	-	8,521	-
1840	Deferred income tax assets	6(21)	25,237	1	21,449	1
1915	Prepayments for equipment	6(23)	9,541	-	7,053	-
1920	Guarantee deposits paid		7,794	-	7,577	-
15XX	**Total non-current assets**		1,013,253	30	1,224,816	37
1XXX	**Total assets**		$ 3,356,798	100	$ 3,311,021	100

(Continued)

TA YIH INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(8)	$ 210,000	6	$ 300,000	9
2130	Contract liabilities - current	6(14) and 7	25,247	1	113,995	4
2150	Notes payable		92,641	3	78,300	2
2170	Accounts payable		682,796	20	528,522	16
2180	Accounts payable - related parties	7	54,170	2	66,622	2
2200	Other payables	6(9)	187,763	6	172,999	5
2220	Other payables - related parties	7	46,553	1	45,874	1
2230	Current income tax liabilities	6(21)	57,087	2	25,621	1
2280	Lease liabilities - current	7	13,745	-	10,711	-
2399	Other current liabilities		47,521	1	15,744	1
21XX	**Total current liabilities**		1,417,523	42	1,358,388	41
	Non-current liabilities					
2570	Deferred income tax liabilities	6(21)	76,736	2	78,784	2
2580	Lease liabilities - non-current	7	28,041	1	28,115	1
2640	Net defined benefit liabilities - non-current	6(10)	58,894	2	49,797	2
2670	Other non-current liabilities		2,399	-	2,429	-
25XX	**Total non-current liabilities**		166,070	5	159,125	5
2XXX	**Total liabilities**		1,583,593	47	1,517,513	46
	Equity					
	Share capital					
3110	Common stock	6(11)	762,300	23	762,300	23
3200	Capital surplus	6(12)	61,145	2	61,023	2
	Retained earnings	6(13)				
3310	Legal reserve		684,741	20	674,678	20
3320	Special reserve		68,264	2	68,264	2
3350	Unappropriated retained earnings		231,885	7	262,141	8
3400	Other equity interest		(35,130)	(1)	(34,898)	(1)
3XXX	**Total equity**		1,773,205	53	1,793,508	54
	Significant contingent liabilities and unrecognized contract commitments	9				
3X2X	**Total liabilities and equity**		$ 3,356,798	100	$ 3,311,021	100

The accompanying notes are an integral part of these parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	Year ended December 31 2023 AMOUNT	%	2022 AMOUNT	%
4000	Operating revenue	6(14) and 7	$ 4,817,004	100	$ 4,746,405	100
5000	Operating costs	6(4)(10)(19)(20) and 7	(4,103,898)	(85)	(4,151,023)	(88)
5900	Operating margin		713,106	15	595,382	12
5910	Unrealized gain on sales	6(5)	(730)	-	(1,473)	-
5920	Realized gain on sales	6(5)	1,047	-	1,762	-
5950	Net operating margin		713,423	15	595,671	12
	Operating expenses	6(10)(19)(20), 7 and 12				
6100	Selling expenses		(188,649)	(4)	(263,744)	(5)
6200	General and administrative expenses		(153,692)	(3)	(129,199)	(3)
6300	Research and development expenses		(172,268)	(4)	(147,122)	(3)
6450	Expected credit gains		2,171	-	-	-
6000	Total operating expenses		(512,438)	(11)	(540,065)	(11)
6900	Operating profit		200,985	4	55,606	1
	Non-operating income and expenses					
7100	Interest income	6(2)(15)	5,079	-	293	-
7010	Other income	6(16) and 7	41,036	1	43,631	1
7020	Other gains and losses	6(7)(17), 7 and 12	14,320	-	93,288	2
7050	Finance costs	6(7)(18) and 7	(5,997)	-	(5,356)	-
7070	Share of loss of subsidiaries, associates and joint ventures accounted for under equity method	6(5)	(176,667)	(3)	(102,707)	(2)
7000	Total non-operating income and expenses		(122,229)	(2)	29,149	1
7900	**Profit before income tax**		78,756	2	84,755	2
7950	Income tax (expense) benefit	6(21)	(36,346)	(1)	4,069	-
8200	**Net profit for the year**		$ 42,410	1	$ 88,824	2
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Actuarial (losses) gains on defined benefit plans	6(10)	($ 11,552)	-	$ 14,756	-
8349	Income tax related to components of other comprehensive income (loss) that will not be reclassified to profit or loss	6(21)	2,310	-	(2,951)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(5)	(290)	-	5,016	-
8399	Income tax related to components of other comprehensive income (loss) that will be reclassified to profit or loss	6(21)	58	-	(1,003)	-
8300	**Other comprehensive (loss) income for the year**		($ 9,474)	-	$ 15,818	-
8500	**Total comprehensive income for the year**		$ 32,936	1	$ 104,642	2
	Earnings per share (in dollars)	6(22)				
9750	Basic		$	0.56	$	1.17
9850	Diluted		$	0.56	$	1.17

The accompanying notes are an integral part of these parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

			Capital Surplus			Retained Earnings			Other equity interest	
	Notes	Share capital - common stock	Share premium	Gain on disposal of assets	Donated assets	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Total
For the year ended December 31, 2022										
Balance at January 1, 2022		$ 762,300	$ 56,330	$ 4,142	$ 452	$ 667,215	$ 68,264	$ 214,713	($ 38,911)	$ 1,734,505
Net income		-	-	-	-	-	-	88,824	-	88,824
Other comprehensive income		-	-	-	-	-	-	11,805	4,013	15,818
Total comprehensive income		-	-	-	-	-	-	100,629	4,013	104,642
Distribution of 2021 net income:										
Legel reserve		-	-	-	-	7,463	-	(7,463)	-	-
Cash dividends	6(13)	-	-	-	-	-	-	(45,738)	-	(45,738)
Unclaimed cash dividends overdue transferred to capital surplus		-	-	-	99	-	-	-	-	99
Balance at December 31, 2022		$ 762,300	$ 56,330	$ 4,142	$ 551	$ 674,678	$ 68,264	$ 262,141	($ 34,898)	$ 1,793,508
For the year ended December 31, 2023										
Balance at January 1, 2023		$ 762,300	$ 56,330	$ 4,142	$ 551	$ 674,678	$ 68,264	$ 262,141	($ 34,898)	$ 1,793,508
Net income		-	-	-	-	-	-	42,410	-	42,410
Other comprehensive loss		-	-	-	-	-	-	(9,242)	(232)	(9,474)
Total comprehensive income (loss)		-	-	-	-	-	-	33,168	(232)	32,936
Distribution of 2022 net income:										
Legel reserve		-	-	-	-	10,063	-	(10,063)	-	-
Cash dividends	6(13)	-	-	-	-	-	-	(53,361)	-	(53,361)
Unclaimed cash dividends overdue transferred to capital surplus		-	-	-	122	-	-	-	-	122
Balance at December 31, 2023		$ 762,300	$ 56,330	$ 4,142	$ 673	$ 684,741	$ 68,264	$ 231,885	($ 35,130)	$ 1,773,205

The accompanying notes are an integral part of these parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 78,756	$ 84,755
Adjustments			
Adjustments to reconcile profit (loss)			
Expected credit gains	12	(2,171)	-
Provision for inventory market price decline	6(4)	2,476	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method (including (realized) unrealized gain on sales)	6(5)	176,350	102,418
Depreciation expense	6(6)(7)(19)	146,431	181,886
Net loss (gain) on disposal of property, plant and equipment	6(17)	404	(59)
Gain from lease modification	6(7)(17)	(23)	-
Amortization expense	6(19)	6,390	10,127
Interest income	6(15)	(5,079)	(293)
Finance costs	6(18)	5,997	5,356
Net loss (gain) on foreign currency exchange		15,250	(8,912)
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable		(8,662)	13,840
Accounts receivable		(9,504)	30,895
Accounts receivable - related parties		45,348	(76,436)
Other receivables		(21,331)	(3,290)
Other receivables - related parties		6,273	5,523
Inventories		(172,205)	108,406
Prepayments		78,957	(33,716)
Other current assets		(9,804)	(492)
Changes in operating liabilities			
Contract liabilities - current		(88,748)	60,042
Notes payable		14,341	(6,438)
Accounts payable		155,628	976
Accounts payable - related partie		(10,521)	(5,393)
Other payables		14,732	1,227
Other payables - related parties		679	(4,142)
Other current liabilities		31,777	15,317
Net defined benefit liabilities - non-current		(2,455)	(14,177)
Other non-current liabilities		(30)	(416)
Cash inflow generated from operations		449,256	467,004
Interest received		5,079	293
Interest paid		(5,965)	(5,424)
Income tax paid		(8,348)	(18,616)
Net cash flows from operating activities		440,022	443,257

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TA YIH INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (Increase) in financial assets at amortized cost - current		$ 5,600	($ 5,600)
Acquisition of investments accounted for under equity method	6(5)	(9,335)	-
Cash paid for acquisition of property, plant and equipment	6(23)	(44,014)	(137,483)
Proceeds from disposal of property, plant and equipment		-	80
Acquisition of intangible assets		(2,904)	(4,932)
(Increase) decrease in guarantee deposits paid		(217)	1,988
Net cash flows used in investing activities		(50,870)	(145,947)
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease in short-term borrowings	6(24)	(90,000)	(78,830)
Decrease in short-term notes and bills payable	6(24)	-	(90,000)
Payments of lease liabilities	6(24)	(17,200)	(10,680)
Payment of cash dividends	6(13)	(53,361)	(45,738)
Unclaimed cash dividends overdue transferred to capital surplus		122	99
Net cash flows used in financing activities		(160,439)	(225,149)
Net increase in cash and cash equivalents		228,713	72,161
Cash and cash equivalents at beginning of year	6(1)	154,018	81,857
Cash and cash equivalents at end of year	6(1)	$ 382,731	$ 154,018

The accompanying notes are an integral part of these parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

1. History and Organization

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

(2)The Company's shares have been listed on the Taiwan Stock Exchange since October 1997.

2. The Date of Authorization for Issuance of the Financial Statements and Procedures for Authorization

These parent company only financial statements were authorized for issuance by the Board of Directors on March 8, 2024.

3. Application of New Standards, Amendments and Interpretations

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

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

New Standards, Interpretations and Amendments	Effective date 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 above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

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

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

New Standards, Interpretations and Amendments	Effective date by 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
Amendments to IAS 7 and IFRS 7, 'Supplier finance arrangements'	January 1, 2024

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

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

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

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

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

4. Summary of Material Accounting Policies

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5, 'Critical accounting judgements, estimates and key sources of assumption uncertainty'.

(3) Foreign currency translation

Items included in the financial statements of each of the Company's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and the Company's presentation currency.

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

B. Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are 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.

D. All foreign exchange gains and losses are presented in the statement of comprehensive income within "Other gains and losses".

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

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

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realized within twelve months from the balance sheet date;

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

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

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

(b) Liabilities arising mainly from trading activities;

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

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

(5) Cash equivalents

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

(6) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Company'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.

(7) Accounts and notes receivable

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

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

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. Inventories are recorded at the standard cost on the balance sheet date. The difference between actual costs and normal standard costs is allocated in proportion to inventory and operational costs on financial year-end, in order to approach the amount of weighted-average cost. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses. When the cost of inventories exceeds net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

(11) Investments accounted for under equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. After acquisition of subsidiaries, the Company recognizes proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss in a subsidiary equals or exceeds the carrying amount of Company’s interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. As long as the change in shareholding in the subsidiaries does not lead to loss of control (transactions with non-controlling interest), it is to be treated as equity, which are transactions between the owners. The difference between non-controlling equity adjustment amount and the fair value of payment and receipt is to be recognized as equity.

E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

F. The Company’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company’s ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in ‘capital surplus’ in proportion to its ownership.

H. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company’s interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

J. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, “Profit for the year” and “Total other comprehensive income for the year” reported in the parent company only statement of comprehensive income, shall equal to “Profit for the year” and “Total other comprehensive income” attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in the parent company only financial statements shall equal to equity attributable to owners of parent reported in the consolidated financial statements.

(12) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. 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 Company 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 charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

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

Asset	Useful lives
Buildings	
Main buildings	40 to 60 years
Factory and other buildings	5 to 40 years
Machinery equipment	3 to 12 years
Molding equipment	2 to 3 years
Transportation equipment	5 years
Other equipment	3 to 8 years

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortized cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liabilities; and

(b) Any lease payments made at or before the commencement date.

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

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease and recognize the difference in profit or loss.

(14) Intangible assets

A. Computer software

Stated at cost and amortized on a straight-line basis over its estimated useful life of 3 years.

B. Patents

Stated at cost and amortized on a straight-line basis over its estimated useful life of 5 years.

(15) Impairment of non-financial assets

The Company 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 costs to sell or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.

(16) Borrowings

Borrowings comprise short-term bank borrowings. Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings 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 over the period of the lifetime using the effective interest method.

(17) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

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

(18) Derecognition of financial liabilities

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

(19) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) 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.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation 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 rate used to discount 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.

ii. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognized immediately in profit or loss.

C. Other long-term employee benefits

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

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' 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 estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(20) Income taxes

A. The tax expense for the period comprises current and deferred 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.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Compnay operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred 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 balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Compnay and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

D. Deferred 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 tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(21) Share capital

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

(22) Dividends

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

(23) Revenue recognition

Sales of goods

A. The Company primarily manufactures and sells car lamps and molds related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

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

(24) Government grants

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

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

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

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

A. As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company 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. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2023, the carrying amount of inventories was $1,084,652.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand and revolving funds	$ 750	$ 505
Checking accounts and demand deposits	320,571	153,513
	321,321	154,018
Cash equivalents:		
Time deposits	61,410	-
	$ 382,731	$ 154,018

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

B. As of December 31, 2023 and 2022, the Company's time deposits maturing between three months and one year (listed as "Financial assets at amortized cost - current") were $－ and $5,600, respectively.

C. The Company has no cash and cash equivalents pledged to others as of December 31, 2023 and 2022.

(2) Financial assets at amortized cost – current

Items	December 31, 2023	December 31, 2022
Current items:		
Time deposits with original maturities of over 3 months	$ -	$ 5,600

A. The Company recognized interest income in profit or loss on financial assets at amortized cost amounting to $12 and $－ for the years ended December 31, 2023 and 2022, respectively (listed as "Interest income").

B. As of December 31, 2023 and 2022, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortized cost held by the Company was its carrying amount.

C. The Company has no financial assets at amortized cost pledged to others as of December 31, 2023 and 2022.

D. Information relating to credit risk of financial assets at amortized cost is provided in Note 12(2) 'Financial Instruments'. The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable, net

	December 31, 2023	December 31, 2022
Notes receivable	$ 9,097	$ 435
Less: Allowance for uncollectible accounts	(11)	(19)
	$ 9,086	$ 416
Accounts receivable	$ 687,919	$ 691,198
Less: Allowance for uncollectible accounts	(5,247)	(5,758)
	$ 682,672	$ 685,440
Accounts receivable - related parties	$ 97,054	$ 148,178
Less: Allowance for uncollectible accounts	(102)	(1,754)
	$ 96,952	$ 146,424

A. The aging analysis of notes and accounts receivable (including related parties) is as follows:

	December 31, 2023	December 31, 2022
Notes receivable		
Not past due	$ 9,097	$ 435
Accounts receivable (including related parties)		
Not past due	$ 772,485	$ 804,793
Within 90 days	5,945	22,442
91 to 180 days	5,136	3,934
181 to 270 days	1,200	944
Over 271 days	207	7,263
	$ 784,973	$ 839,376

The above aging analysis was based on past due date.

B. As of December 31, 2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $792,393.

C. As of December 31, 2023 and 2022, without considering any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the notes and accounts receivable was its carrying amount.

D. The Company has no notes and accounts receivable pledged to others as of December 31, 2023 and 2022.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), ‘Financial Instruments’.

(4) Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 47,966	$ 38,668
Raw materials	365,382	273,410
Work in progress	68,274	119,236
Finished goods	603,030	521,470
	$ 1,084,652	$ 952,784

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 4,091,143	$ 4,141,885
Provision for inventory market price decline	2,476	-
Loss on scrapped inventories	13,139	13,533
Income from sale of scraps	(2,860)	(4,395)
	$ 4,103,898	$ 4,151,023

(5) Investments accounted for under equity method

A. Movements of investments accounted for under equity method are as follows:

	2023	2022
January 1	$ 174,923	$ 272,325
Addition of investments accounted for under equity method (Note)	9,335	-
Unrealized gain on sales	(730)	(1,473)
Realized gain on sales	1,047	1,762
Share of profit or loss of investments accounted for under equity method	(176,667)	(102,707)
Other equity - Exchange differences on translation of foreign financial statements	(290)	5,016
December 31	$ 7,618	$ 174,923

(Note) The subsidiary, Ta Yih International Investment Co., Ltd. (BVI) had completed the process of capital increase in November, 2023.

B. Details of investments accounted for under equity method are as follows:

	December 31, 2023	December 31, 2022
Subsidiary:		
Ta Yih International Investment Co., Ltd. (BVI)	$ 7,618	$ 815
Associates:		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	-	174,108
	$ 7,618	$ 174,923

C. For information regarding the subsidiary of the Company, please refer to Note 4(3), "Basis of consolidation" of the Company's 2023 Annual Consolidated Financial Statements.

D. Associates

(a) The basic information of the associates that are material to the Company is as follows:

		Shareholding ratio		
Company name	Principal place of business	December 31, 2023	December 31, 2022	Nature of relationship
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	China	49.00%	49.00%	Strategic alliance

(b) The summarized financial information of the associates that are material to the Company is as follows:

Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.

Balance sheets

	December 31, 2023	December 31, 2022
Current assets	$ 1,358,567	$ 1,503,436
Non-current assets	1,053,707	1,243,809
Current liabilities	(2,904,972)	(2,383,636)
Total net assets	($ 492,698)	$ 363,609
Share in associate's net assets	$ 3,743	$ 178,168
Unrealized gain on transactions with associates	(3,743)	(4,060)
Carrying amount of the associate	$ -	$ 174,108

Statements of comprehensive income

	For the years ended December 31,	
	2023	2022
Revenue	$ 1,418,857	$ 1,627,297
Loss for the year	($ 843,177)	($ 209,498)
Total comprehensive income for the year	($ 843,177)	($ 209,498)

E. The Company has no investments accounted for under equity method pledged to others as of December 31, 2023 and 2022.

(6) Property, plant and equipment

	Land	Buildings	Machinery	Molding equipment	Transportation equipment	Other equipment	Total
January 1, 2023							
Cost	$ 601,050	$ 264,360	$ 1,138,863	$ 245,186	$ 18,013	$ 341,493	$ 2,608,965
Accumulated depreciation	-	(237,894)	(935,979)	(169,426)	(16,793)	(282,230)	(1,642,322)
	$ 601,050	$ 26,466	$ 202,884	$ 75,760	$ 1,220	$ 59,263	$ 966,643
For the year ended December 31, 2023							
January 1	$ 601,050	$ 26,466	$ 202,884	$ 75,760	$ 1,220	$ 59,263	$ 966,643
Additions	-	6,394	10,332	-	476	24,324	41,526
Transferred from inventories	-	-	15,391	18,462	-	4,008	37,861
Depreciation	-	(7,579)	(51,256)	(46,170)	(1,004)	(26,897)	(132,906)
Disposals - cost	-	-	(97,089)	-	-	(3,863)	(100,952)
- accumulated depreciation	-	-	96,690	-	-	3,858	100,548
December 31	$ 601,050	$ 25,281	$ 176,952	$ 48,052	$ 692	$ 60,693	$ 912,720
December 31, 2023							
Cost	$ 601,050	$ 270,754	$ 1,067,497	$ 263,648	$ 18,489	$ 365,962	$ 2,587,400
Accumulated depreciation	-	(245,473)	(890,545)	(215,596)	(17,797)	(305,269)	(1,674,680)
	$ 601,050	$ 25,281	$ 176,952	$ 48,052	$ 692	$ 60,693	$ 912,720

	Land	Buildings	Machinery	Molding equipment	Transportation equipment	Other equipment	Total
January 1, 2022							
Cost	$ 601,050	$ 259,996	$ 1,124,622	$ 178,147	$ 17,583	$ 311,664	$ 2,493,062
Accumulated depreciation	-	(230,413)	(903,406)	(89,166)	(15,318)	(259,121)	(1,497,424)
	$ 601,050	$ 29,583	$ 221,216	$ 88,981	$ 2,265	$ 52,543	$ 995,638
For the year ended December 31, 2022							
January 1	$ 601,050	$ 29,583	$ 221,216	$ 88,981	$ 2,265	$ 52,543	$ 995,638
Additions	-	4,364	38,924	67,039	430	31,373	142,130
Depreciation	-	(7,481)	(57,236)	(80,260)	(1,475)	(24,652)	(171,104)
Disposals - cost	-	-	(24,683)	-	-	(1,544)	(26,227)
- accumulated depreciation	-	-	24,663	-	-	1,543	26,206
December 31	$ 601,050	$ 26,466	$ 202,884	$ 75,760	$ 1,220	$ 59,263	$ 966,643
December 31, 2022							
Cost	$ 601,050	$ 264,360	$ 1,138,863	$ 245,186	$ 18,013	$ 341,493	$ 2,608,965
Accumulated depreciation	-	(237,894)	(935,979)	(169,426)	(16,793)	(282,230)	(1,642,322)
	$ 601,050	$ 26,466	$ 202,884	$ 75,760	$ 1,220	$ 59,263	$ 966,643

A. As of December 31, 2023 and 2022, the Company’s property, plant and equipment are all for own use.

B. There was no capitalization of borrowing costs for the years ended December 31, 2023 and 2022.

C. As of December 31, 2023 and 2022, the Company has no property, plant and equipment pledged to others.

(7) Leasing arrangements - lessee

A. The Group leases various assets including buildings, office equipment, and business vehicle. Rental contracts are typically made for periods of 2 to 5 years. Certain lease contracts of office equipment and business vehicles do not give priority rights to renew the lease or purchase the properties. The Company does not have bargain purchase options to acquire the leasehold buildings at the end of the lease contracts of buildings. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

B. Short-term leases with a lease term of 12 months or less comprise underlying assets such as air compressors, forklift trucks and offices, etc. Low-value assets comprise office equipment such as printers, etc.

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

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Buildings	$ 29,158	$ 34,627
Office equipment	2,830	1,046
Transportation equipment	13,320	2,977
	$ 45,308	$ 38,650

	For the years ended December 31,	
	2023	2022
	Depreciation	Depreciation
Buildings	$ 8,288	$ 6,111
Office equipment	529	522
Transportation equipment	4,708	4,149
	$ 13,525	$ 10,782

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $21,054 and $42,186, respectively.

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

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 606	$ 402
Expense on short-term lease contracts	978	154
Expense on leases of low-value assets	87	122
Gain on lease modification	(23)	-

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $18,871 and $11,358, respectively.

(8) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Unsecured bank borrowings	$ 210,000	1.70%	None

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	$ 300,000	1.40%～1.65%	None

For more information about interest expense recognized in profit or loss by the Company for the years ended December 31, 2023 and 2022, please refer to Note 6(18), 'Finance costs'.

(9) Other payables

	December 31, 2023	December 31, 2022
Wages, salaries and bonus payable	$ 146,926	$ 140,795
Utilities expenses payable	5,939	5,062
Molding equipment payables	12,900	9,357
Others	21,998	17,785
	$ 187,763	$ 172,999

(10) Pensions

A. 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 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 6 months prior to retirement. The Company has established the pension fund monitoring committee in accordance with the Labor Standards Act and the manager pension fund managing committee in accordance with the Income Tax Act since August,1987 and July, 1999. The Company contributes amounts equal to 11% and 8% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee and a manager pension fund administered by the manager pension fund managing committee. Pension contributions are deposited respectively in the Bank of Taiwan and Taiwan Business Bank in the committee's name. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every 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 next March.

Information about the abovementioned pension plan is disclosed as follows:

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 236,141)	($ 259,563)
Fair value of plan assets	177,247	209,766
Net defined benefit liabilities	($ 58,894)	($ 49,797)

(b) Movements in net defined benefit liabilities are as follows:

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1	($ 259,563)	$ 209,766	($ 49,797)
Current service cost	(1,694)	-	(1,694)
Interest (expense) income	(3,569)	2,918	(651)
	(264,826)	212,684	(52,142)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,285	1,285
Change in financial assumptions	(2,795)	-	(2,795)
Experience adjustments	(10,042)	-	(10,042)
	(12,837)	1,285	(11,552)
Pension fund contribution	-	4,800	4,800
Paid pensions	41,522	(41,522)	-
December 31	($ 236,141)	$ 177,247	($ 58,894)

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
January 1	($ 279,214)	$ 200,484	($ 78,730)
Current service cost	(1,997)	-	(1,997)
Interest (expense) income	(1,396)	1,027	(369)
	(282,607)	201,511	(81,096)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	16,765	16,765
Change in financial assumptions	10,080	-	10,080
Experience adjustments	(12,089)	-	(12,089)
	(2,009)	16,765	14,756
Pension fund contribution	-	16,543	16,543
Paid pensions	25,053	(25,053)	-
December 31	($ 259,563)	$ 209,766	($ 49,797)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no 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 are less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.250%	1.375%
Future salary increase rate	2.500%	2.500%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table for the years ended December 31, 2023 and 2022.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was 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 present value of defined benefit obligation	($ 5,543)	$ 5,738	$ 5,571	($ 5,411)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 6,183)	$ 6,403	$ 6,221	($ 6,038)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $4,920.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 9.5 years. The analysis of timing of the future pension payment was as follows:

Within next 1 year	$ 5,631
Within next 2 to 5 years	58,228
Over next 6 years	62,649
	$ 126,508

B. Effective July 1, 2005, the Company has 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. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the Company's defined contribution pension plan for the years ended December 31, 2023 and 2022 were $23,029 and $22,340, respectively.

(11) Share capital

A. Movements in the number of the Company's ordinary shares outstanding are as follows (Unit: in thousand shares):

	For the years ended December 31,	
	2023	2022
Balance as of January 1 and December 31	76,230	76,230

B. As of December 31, 2023, the Company's total authorized capital and the paid-in capital were $762,300, consisting of 76,230 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(12) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(13) Retained earnings

A. 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 distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, with consideration of the future needs for funds and long-term financial plan, the current year's earnings, if any, shall be first utilized for paying taxes, offsetting losses of previous years, setting aside 10% of the remaining profit as legal reserve, setting aside or reversing special reserve in accordance with the Act. The remainder with any undistributed retained earnings shall be distributed by the Company's Board of Directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. The shareholders' dividends shall not be lower than 50% of distributed retained earnings, and the cash dividends shall not be lower than 50% of the total shareholders' dividends.

C. Special reserve

(a) 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

(b) The amount of $23,122 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. The Company recognized cash dividends distributed to owners amounting to $53,361 ($0.7 (in dollars) per share) and $45,738 ($0.6 (in dollars) per share) for the years ended December 31, 2023 and 2022, respectively. On March 8, 2024, the Board of Directors proposed for the distribution of cash dividends from 2023 earnings in the amount of $53,361 ($0.7(in dollars) per share.

(14) Operating revenue

A. The Company derives revenue from the transfer of goods sold of revenue-related contract at a point in time in the following major product categories:

	For the years ended December 31,	
	2023	2022
Car lamps	$ 4,089,309	$ 4,018,051
Molds	321,864	271,118
Others	405,831	457,236
	$ 4,817,004	$ 4,746,405

B. Contract liabilities

As of December 31, 2023, December 31, 2022 and January 1, 2022, the Company recognized contract liabilities amounting to $25,247, $113,995 and $53,953, respectively. Revenue recognized for the years ended December 31, 2023 and 2022 that was included in the contract liability balance at the beginning of the year amounted to $103,248 and $48,360, respectively.

(15) Interest income

	For the years ended December 31, 2023	For the years ended December 31, 2022
Interest income from bank deposits	$ 5,067	$ 293
Interest income from financial assets at amortized cost	12	-
	$ 5,079	$ 293

(16) Other income

	For the years ended December 31, 2023	For the years ended December 31, 2022
Royalty revenue	$ 14,899	$ 35,330
Government grants income	15,978	5,833
Other income	10,159	2,468
	$ 41,036	$ 43,631

(17) Other gains and losses

	For the years ended December 31, 2023	For the years ended December 31, 2022
(Losses) gains on disposal of property, plant and equipment	($ 404)	$ 59
Gain from lease modification	23	-
Net currency exchange gain	20,118	103,517
Royalty expense	(4,567)	(10,221)
Other losses	(850)	(67)
	$ 14,320	$ 93,288

(18) Finance costs

	For the years ended December 31, 2023	For the years ended December 31, 2022
Interest expense:		
Bank borrowings	$ 5,382	$ 4,954
Interest expense on lease liabilities	606	402
Others	9	-
	$ 5,997	$ 5,356

(19) Expenses by nature

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 443,840	$ 206,615	$ 650,455
Depreciation charges	132,061	14,370	146,431
Amortization charges	1,262	5,128	6,390
	$ 577,163	$ 226,113	$ 803,276

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	$ 440,420	$ 193,161	$ 633,581
Depreciation charges	167,646	14,240	181,886
Amortization charges	2,804	7,323	10,127
	$ 610,870	$ 214,724	$ 825,594

(20) Employee benefit expense

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 361,327	$ 172,478	$ 533,805
Labor and health insurance	41,311	15,553	56,864
Pension costs	17,666	7,708	25,374
Directors' remuneration	-	370	370
Other personnel expenses	23,536	10,506	34,042
	$ 443,840	$ 206,615	$ 650,455

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 359,267	$ 159,935	$ 519,202
Labor and health insurance	39,686	14,564	54,250
Pension costs	17,341	7,365	24,706
Directors' remuneration	-	940	940
Other personnel expenses	24,126	10,357	34,483
	$ 440,420	$ 193,161	$ 633,581

A. For the years ended December 31, 2023 and 2022, the average number of employees of the Company were 866 and 857 employees, respectively, which both included 7 non-employee directors. For the years ended December 31, 2023 and 2022, the average employee benefit expenses were $757 and $744, while average wages and salaries were $621 and $611, respectively. The average wages and salaries increased by 1.64% compared to prior year.

B. The Company has set up an Audit Committee. As a result, there was no supervisors' remuneration for the years ended December 31, 2023 and 2022.

C. The remuneration of the directors and managers of the Company shall be determined by the board of directors in accordance with the provisions of the Articles of Incorporation and in accordance with the general standards of the industry. The general standards of the industry refer to formulating the salary and remuneration policy of the company's directors and managers by taking into account the rationality of the correlation between personal performance, company operating performance and future risks.

(a) The directors of the Company are paid for the execution of the company's business. The amount depends on the value of the company's participation in the operation and the value of the contribution. As for the independent directors, the directors' meeting will set a fixed remuneration, and all directors will not participate in the company's profit distribution.

(b) The standard of manager's remuneration payment depends on the performance of the individual's performance and the contribution to the overall operation of the company, taking into account the market rate.

(c) The procedures for paying salary, besides considering the overall operational performance, future industry business risks and development trends, the individual participation and the contribution of the individual performance and contribution to company performance, will be given reasonable compensation. Relevant performance appraisal and reasonableness of remuneration are reviewed by the Remuneration Committee and the Board of Directors, and the remuneration system is reviewed at times, depending on the actual operating conditions and relevant laws and regulations, in order to balance the company's sustainable management and risk control.

D. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation. The ratio shall not be lower than 1% for employees' compensation, and then be appropriated as employees' compensation based on the abovementioned ratios. In addition, the Company did not distribute directors' remuneration over years, and thus did not accrue directors' remuneration.

E. For the years ended December 31, 2023 and 2022, employees' compensation was accrued at \$1,652 and \$1,152, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation was estimated and accrued based on the percentage of distributable profit of current year as of the end of reporting period as prescribed by the Company's Articles of Incorporation. The employees' compensation resolved by the Board of Directors for 2023 was \$1,652 and the employees' compensation will be distributed in the form of cash. The amounts of employees' compensation as resolved by the Board of Directors was in agreement with the estimated amounts of \$1,152 recognized in the 2022 financial statements. Information about employees' compensation of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense (benefit):

(a) Components of income tax expense (benefit):

	For the years ended December 31,	
	2023	2022
Current income tax:		
Current tax on profits for the year	$ 55,551	$ 15,291
Tax on unappropriated earnings	1,860	1,071
Prior year income tax overestimation	(17,597)	(27,247)
Total current income tax	39,814	(10,885)
Deferred income tax:		
Origination and reversal of temporary differences	(3,468)	6,816
Income tax expense (benefit)	$ 36,346	($ 4,069)

(b) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurement of defined benefit obligations	$ 2,310	($ 2,951)
Financial statements translation differences of foreign operations	58	(1,003)
	$ 2,368	($ 3,954)

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

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 15,751	$ 16,951
Effects from items adjusted in accordance with tax regulations	36,332	5,156
Tax on unappropriated earnings	1,860	1,071
Prior year income tax overestimation	(17,597)	(27,247)
Income tax expense (benefit)	$ 36,346	($ 4,069)

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

	For the year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Loss on decline in market value of inventories	$ 2,569	$ 496	$ -	$ 3,065
Unrealized gain with associates	812	(812)	-	-
Unused compensated absences	3,908	502	-	4,410
Long-term employee benefit liabilities	438	(6)	-	432
Pensions	9,959	(491)	2,310	11,778
Unrealized exchange losses	-	1,731	-	1,731
Financial statements translation differences of foreign operations	3,763	-	58	3,821
	$ 21,449	$ 1,420	$ 2,368	$ 25,237
Deferred income tax liabilities:				
Temporary differences:				
Increment tax on land revaluation	($ 76,736)	$ -	$ -	($ 76,736)
Unrealized exchange gains	(2,048)	2,048	-	-
	($ 78,784)	$ 2,048	$ -	($ 76,736)
	($ 57,335)	$ 3,468	$ 2,368	($ 51,499)

	For the year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Loss on decline in market value of inventories	$ 2,569	$ -	$ -	$ 2,569
Unrealized gain with associates	870	(58)	-	812
Deferred revenue	17,588	(17,588)	-	-
Unused compensated absences	3,717	191	-	3,908
Long-term employee benefit liabilities	521	(83)	-	438
Pensions	15,746	(2,836)	(2,951)	9,959
Financial statements translation differences of foreign operations	4,766	-	(1,003)	3,763
	$ 45,777	($ 20,374)	($ 3,954)	$ 21,449
Deferred income tax liabilities:				
Temporary differences:				
Foreign investment income	($ 15,398)	$ 15,398	$ -	$ -
Increment tax on land revaluation	(76,736)	-	-	(76,736)
Unrealized exchange gains	(208)	(1,840)	-	(2,048)
	($ 92,342)	$ 13,558	$ -	($ 78,784)
	($ 46,565)	($ 6,816)	($ 3,954)	($ 57,335)

D. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority. As of March 13,2024, there was no administrative lawsuit.

(22) Earnings per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the ordinary shareholders	$ 42,410	76,230	$ 0.56
Diluted earnings per share			
Profit attributable to the ordinary shareholders	$ 42,410	76,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	42	
Profit attributable to the ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 42,410	76,272	$ 0.56

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to the ordinary shareholders	$ 88,824	76,230	$ 1.17
Diluted earnings per share			
Profit attributable to the ordinary shareholders	$ 88,824	76,230	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	38	
Profit attributable to the ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 88,824	76,268	$ 1.17

(23) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31, 2023	2022
Acquisition of property, plant and equipment	$ 41,526	$ 142,130
Add: Ending balance of prepayments for equipment	9,541	7,053
Less: Beginning balance of prepayments for equipment	(7,053)	(11,700)
Cash paid for acquisition of property, plant and equipment	$ 44,014	$ 137,483

B. Investing activities with no cash flow effects:

	For the years ended December 31, 2023	2022
Inventories transferred to property, plant and equipment	$ 37,861	$ -

(24) Changes in liabilities from financing activities

For the year ended December 31, 2023	Short-term borrowings	Lease liabilities	Liabilities from financing activities
January 1	$ 300,000	$ 38,826	$ 338,826
Changes in cash flow from financing activities	(90,000)	(17,200)	(107,200)
Changes in other non-cash items	-	20,160	20,160
December 31	$ 210,000	$ 41,786	$ 251,786

For the year ended December 31, 2022	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Liabilities from financing activities
January 1	$ 375,830	$ 90,000	$ 8,240	$ 474,070
Changes in cash flow from financing activities	(78,830)	(90,000)	(10,680)	(179,510)
Changes in other non-cash items	3,000	-	41,266	44,266
December 31	$ 300,000	$ -	$ 38,826	$ 338,826

7. Related Party Transactions

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Ta Yih International Investment Co., Ltd. (BVI)	Subsidiary
Koito Manufacturing Co., Ltd.	Entities with significant influence on the Company
Guangzhou Koito Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Company
India Japan Lighting Private Limited	Subsidiary of the entity with significant influence on the Company
PT. Indonesia Koito	Subsidiary of the entity with significant influence on the Company
Thai Koito Company Limited	Subsidiary of the entity with significant influence on the Company
Hubei Koito Automotive Lamp Co., Ltd.	Subsidiary of the entity with significant influence on the Company
North American Lighting Inc.	Subsidiary of the entity with significant influence on the Company
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Subsidiary of the entity with significant influence on the Company
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Associates
Ta Yih Kenmos Auto Parts Co., Ltd.	Substantive related party
Ta Yih Kenmos Auto Parts (Thailand) Co., Ltd.	Substantive related party
Ta Yih International Hotel Co., Ltd.	Substantive related party
TYC Brother Industrial Co., Ltd.	Substantive related party
DBM Reflex of Taiwan Co., Limited	Substantive related party
Juoku Technology Co., Ltd.	Substantive related party
KUO CHI MIN Investment Co., Ltd. (Note)	Substantive related party
Nai Yi Entertainment Company Ltd.	Substantive related party

(Note) Formerly known as Ta Yih Investment Co., Ltd., the company changed its name to KUO CHI MIN Investment Co., Ltd., which was approved by the competent authority on December 2, 2022.

(2) Significant related party transactions

A. Operating revenue:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Sales of goods:		
Koito Manufacturing Co., Ltd.	$ 559,039	$ 595,705
Associates	7,679	46,312
Subsidiaries of the entity with significant influence on the Company	73,642	84,643
Substantive related parties	1,516	77
	$ 641,876	$ 726,737

The prices of sales of goods with related parties did not have substantive difference compared to non-related parties, except the prices of sales of goods with associates were added based on the costs. The collection term of domestic sales with related parties is 90 days. Except for Koito Manufacturing Co., Ltd., which the payment is received within 2 months of monthly settlement, and for associate which the payment is received within 4 to 6 months of monthly settlement, the collection term of export sales with related parties according to the term of individual transaction, which is normally 90 days, and the collection term does not have substantive difference compared to non-related parties.

B. Purchases:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Purchases of goods:		
Enities with significant influence on the Company	$ 258,480	$ 195,402
Associates	19,271	42,505
Subsidiaries of the entity with significant influence on the Company	11,199	3,426
Substantive related parties	6,060	8,067
	$ 295,010	$ 249,400

The price of goods purchased do not have substantive difference between related and non-related parties. Except for the associate which the payment is paid within 4 months of monthly settlement, the payment term for related parties depends on individual transaction, which is normally 90 days, and does not have substantive difference from non-related parties.

C. Receivables from related parties:

	December 31, 2023	December 31, 2022
Accounts receivable:		
Koito Manufacturing Co., Ltd.	$ 67,011	$ 99,599
Subsidiaries of the entity with significant influence on the Company	26,353	18,669
Associates	2,281	29,910
Substantive related parties	1,409	-
	97,054	148,178
Less: Allowance for uncollectible accounts	(102)	(1,754)
	$ 96,952	$ 146,424
Other receivables:		
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	$ 3,268	$ 9,558
Substantive related parties	173	84
Subsidiaries of the entity with significant influence on the Company	-	48
	$ 3,441	$ 9,690

The outstanding trade receivables from related parties are unsecured.

D. Prepayments:

	December 31, 2023	December 31, 2022
Prepayments:		
Enities with significant influence on the Company	$ 170	$ 110

E. Contract liabilities:

	December 31, 2023	December 31, 2022
Deferred revenue:		
Subsidiaries of the entity with significant influence on the Company	$ -	$ 2,317

F. Payables to related parties:

	December 31, 2023	December 31, 2022
Accounts payable:		
Enities with significant influence on the Company	$ 50,585	$ 49,605
Associates	2,329	14,227
Substantive related parties	1,256	2,764
Subsidiaries of the entity with significant influence on the Company	-	26
	$ 54,170	$ 66,622

	December 31, 2023	December 31, 2022
Other payables:		
Koito Manufacturing Co., Ltd.	$ 46,553	$ 44,808
Substantive related parties	-	934
Associate	-	132
	$ 46,553	$ 45,874

The outstanding trade payables from related parties are unsecured.

G. Lease transactions - lessee

(a) The Company leases plants from Ta Yih Kenmos Auto Part Co., Ltd. Rental contracts are typically made for periods from April 1, 2022 to March 31, 2027. Rents are determined by reference to market prices and are paid monthly starting from the first day of lease.

i. In April 2022, the Company recognized the additions to right-of-use assets amounting to $40,738 due to the above lease transactions.

ii. The carrying amount of lease liabilities recognized by the Company as of December 31, 2023 and 2022 was $26,740 and $34,752, respectively. Interest expense recognized for the years ended December 31, 2023 and 2022 were $388 and $314, respectively.

(b) The Company leases offices from Ta Yih Kenmos Auto Part Co., Ltd. Rental contracts are typically made for periods from May 1, 2023 to April 30, 2024. Rents are determined by reference to market prices and are paid monthly starting from the first day of lease.

For the year ended December 31, 2023, the Company recognized rent expense amounting to $800 due to the above lease transactions.

H. Other transactions with related parties

(a) Royalty expenses

The Company entered into a royalty expense contract with the entity with significant influence - Koito Manufacturing Co., Ltd on June 1, 1987, original contract period 8 years, in accordance with the provisions of the contract, if either party doesn’t give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty expenses were $86,333 and $81,842 for the years ended December 31, 2023 and 2022, respectively (listed as “operating costs’ and ‘operating expenses”).

(b) Royalty revenue

i. The Company entered into a royalty revenue contract with its associate - Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. on December 26, 2016, original contract period 2 years, in accordance with the provisions of the contract, if either party doesn’t give notice of termination of the original contract 6 months prior to the end of the period, extended every 3 years. The royalty revenues were $11,426 and $30,153 for the years ended December 31, 2023 and 2022, respectively (listed as “other income”). According to the contract, 50% of the royalty revenue should be paid to the entity with significant influence - Koito Manufacturing Co., Ltd. which amounted to $4,567 and $10,221 for the years ended December 31, 2023 and 2022, respectively (listed as “other gains and losses”).

ii. The Company entered into a contract with the subsidiary of Koito Manufacturing Co., Ltd - Guangzhou Koito Automotive Lamp Co., Ltd. on November 11, 2019. The contract period is one year, and it shall be automatically renewed for successive one year term thereafter until and unless either the Party provides the other Party within 3 months prior notification to expire or modify the contract. The royalty revenue was $3,473 and $5,177 for the years ended December 31, 2023, and 2022, respectively (listed as “other income”).

(3) Significant related party transactions

	For the years ended December 31,			
	2023		2022	
Salaries and other short-term employee benefits	$	9,241	$	9,443
Post-employment benefits		71		130
	$	9,312	$	9,573

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

8. Pledged Assets

None.

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

As of December 31, 2023 and 2022, the balances for contracts that the Company entered into but not yet paid are $5,854 and $461, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

The Company’s objectives when managing capital are to safeguard the Company’s ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company consists of net liabilities (borrowings offset by cash) and the equity, and the Company is not subject to any externally imposed capital requirements.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortized cost		
Cash and cash equivalents	$ 382,731	$ 154,018
Financial assets at amortized cost	-	5,600
Notes receivable	9,086	416
Accounts receivable	779,624	831,864
Other receivables	30,353	15,271
Guarantee deposits paid	7,794	7,577
	$ 1,209,588	$ 1,014,746

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortized cost		
Short-term borrowings	$ 210,000	$ 300,000
Notes payable	92,641	78,300
Accounts payable	736,966	595,144
Other payables	234,316	218,873
Guarantee deposits received (listed as "other non-current liabilities")	240	240
	$ 1,274,163	$ 1,192,557
Lease liabilities (including current portion)	$ 41,786	$ 38,826

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk and interest rate risk), credit risk and liquidity risk.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries used in various functional currency, primarily with respect to the USD, CNY and JPY. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The companies are required to hedge their entire foreign exchange risk exposure with the Group treasury. Foreign exchange risk arises when future commercial transactions, recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.

iii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follow:

	December 31, 2023		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 17,923	30.71	$ 550,329
CNY:NTD	2,548	4.327	11,027
JPY:NTD	683,264	0.2172	148,405
Financial liabilities			
Monetary items			
USD:NTD	1,383	30.71	42,455
CNY:NTD	4,196	4.327	18,158
JPY:NTD	259,658	0.2172	56,398

	December 31, 2022				
		Foreign currency amount (in thousands)	Exchange rate		Book value (NTD)
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$	10,401	30.71	$	319,423
CNY:NTD		10,983	4.408		48,415
JPY:NTD		564,394	0.2324		131,165
Financial liabilities					
Monetary items					
USD:NTD		193	30.71		5,936
CNY:NTD		5,732	4.408		25,267
JPY:NTD		242,889	0.2324		56,447

The sensitivity analysis of foreign exchange risk mainly focuses on the foreign currency monetary items at the end of the financial reporting period. If the exchange rate of NTD to all foreign currencies had appreciated or depreciated by 1% with all other variables held constant, the Company's profit, net of tax for the years ended December 31, 2023 and 2022 would have increased/decreased by $4,742 and $3,291, respectively.

iv. The total exchange gain, including realized and unrealized, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $20,118 and $103,517, respectively.

Price risk

The Company has not engaged in financial instrument or derivatives investment, hence is not exposed to significant market risk of price fluctuations.

Cash flow and fair value Interest rate risk

i. The Company's certain borrowings are financial instruments at floating rates. Thus, future cash flows fluctuate due to changes in market interest rates and further changes in effective rates of debt instruments. However, risk is partially offset by cash and cash equivalents held at variable rates and borrowings issued at fixed rates expose the Company to fair value interest rate risk.

ii. If the borrowing interest rate had increased/decreased by 1% with all other variables held constant, profit, net of tax for the years ended December 31, 2023 and 2022 would have decreased/increased by $1,680 and $2,400, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages their credit risk taking into consideration the entire entity's concern. According to the Company's credit policy, each local entity in the Company 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. Internal risk control assesses the credit quality of the customers, considering their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilization of credit limits is regularly monitored.

iii. The Company adopts the management of credit risk, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument. the default occurs when the contract payments are past due over 365 days. In addition, the default occurs after the Company initiates recourse procedures. However, the Company will continue executing the recourse procedures to secure their rights.

iv. The Company's credit risks are deemed significantly concentrated since the credit risks are mainly concentrated in the top three customers of the Company. The Company classifies customer's notes and accounts receivable in accordance with credit rating of customer. The Company applies the modified approach using a provision matrix based on the loss rate methodology to estimate the expected credit loss and uses the forecast ability to adjust historical and timely information to assess the default possibility of notes and accounts receivable. On December 31, 2023 and 2022, the provision matrix is as follows:

	No indication of default of debtor			
December 31, 2023	Not past due	Up to 90 days past due	Individual identification	Total
Rate	0%～0.13%	0.1%～100%	50%～100%	
Total book value	$ 781,582	$ 5,945	$ 6,543	$ 794,070
Loss allowance	(995)	(390)	(3,975)	(5,360)
	$ 780,587	$ 5,555	$ 2,568	$ 788,710

	No indication of default of debtor			
December 31, 2022	Not past due	Up to 60 days past due	Individual identification	Total
Rate	0%～0.06%	0.1%～100%	30%～100%	
Total book value	$ 804,411	$ 23,037	$ 12,363	$ 839,811
Loss allowance	(516)	(576)	(6,439)	(7,531)
	$ 803,895	$ 22,461	$ 5,924	$ 832,280

v. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable accounts receivable (including related parties) are as follows:

	For the years ended December 31,	
	2023	2022
January 1	$ 7,531	$ 7,531
Expected credit gains	(2,171)	-
December 31	$ 5,360	$ 7,531

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company's Finance Department. Company's Finance Department monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants on any if its borrowing facilities.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company's Finance Department. The Company's Finance Department invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the above-mentioned forecasts, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	$ 1,062,820	$ 1,280,000

iv. The table below analyses the Company's non-derivative financial liabilities and relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 210,510	$ -	$ -	$ -
Notes payable	92,641	-	-	-
Accounts payable (including related parties)	736,966	-	-	-
Other payables (including related parties)	234,316	-	-	-
Lease liabilities	14,285	13,168	15,228	188
Guarantee deposits received	-	240	-	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
Non-derivative financial liabilities:			
Short-term borrowings	$ 300,074	$ -	$ -
Notes payable	78,300	-	-
Accounts payable (including related parties)	595,144	-	-
Other payables (including related parties)	218,873	-	-
Lease liabilities	11,133	9,426	19,263
Guarantee deposits received	-	240	-

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. The carrying amounts of the financial instruments which are not measured at fair value (including cash and cash equivalents, financial assets at amortized cost - current, notes receivable, accounts receivable (including related parties), other receivables (including related parties), guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables (including related parties) and guarantee deposits received are approximate to their fair values.

13. Supplementary Disclosures

(According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023)

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

D. Acquisition or sale of the same security with the accumulated cost reaching $300 million or 20% of the Company’s paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of the Company’s paid-in capital: None.

F. Disposal of real estate reaching $300 million or 20% of the Company’s paid-in capital: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of the Company’s paid-in capital: Refer to table 1.

H. Receivables from related parties reaching $100 million or 20% of the Company’s paid-in capital: None.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Refer to table 2.

(3) Information on investments in Mainland China

A. Basic information: Refer to table 3.

B. Significant transactions with investee companies in Mainland China, either directly or indirectly through a third area: Refer to table 4.

(4) Information on major shareholders

Information on major shareholders: Refer to table 5.

14. Segment Information

Not applicable.

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item		Description	Amount
Cash:			
Cash on hand			$ 750
Checking accounts and revolving funds			1,145
Demand deposits - NTD			60,102
	- Foreign currency	USD 5,260 thousand @ 30.71	
		CNY 778 thousand @ 4.327	
		EUR 387 thousand @ 33.98	
		JPY 374,285 thousand @ 0.2172	259,324
			321,321
Cash equivalents:			
Time deposits	- Foreign currency	USD 2,000 thousand @ 30.71	
		Maturity date: January 19, 2024	
		Annual interest rate: 5.20%	61,410
			$ 382,731

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client name	Description	Amount	Note
Company A	Accounts receivable	$ 256,198	—
Company B	Accounts receivable	253,671	—
Company C	Accounts receivable	38,712	—
Others (less than 5%)	Accounts receivable	139,338	—
		687,919	
Less: Allowance for uncollectible accounts		(5,247)	
		$ 682,672	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS RECEIVABLE - RELATED PARTIES, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client name	Description	Amount	Note
Koito Manufacturing Co., Ltd.	Accounts receivable	$ 67,011	—
NAL DO BRASIL INDUSTRIA E COMERCIO DE COMPONENTES DE ILUMINACAO LTDA	Accounts receivable	25,595	—
Others (less than 5%)	Accounts receivable	4,448	—
		97,054	
Less: Allowance for uncollectible accounts		(102)	
		$ 96,952	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials	—	$ 365,382	$ 369,955	(Note)
Work in progress	—	68,274	75,205	(Note)
Finished goods	—	603,030	768,017	(Note)
Merchandise	—	47,966	51,627	(Note)
		$ 1,084,652	$ 1,264,804	

(Note) Refer to Note 4(10) ‘Inventories’ of parent company only financial statements for the method to determine the net realizable value.

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) ‘Property, plant and equipment’ of parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED DEPRECIATION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(6) ‘Property, plant and equipment’ of parent company only financial statements for the change in accumulated depreciation of property, plant and equipment.

Refer to Note 4(12) ‘Property, plant and equipment’ of parent company only financial statements for the depreciation method and useful lives for assets.

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023	Footnote
Buildings	$ 40,738	$ 2,819	$ -	$ 43,557	—
Office equipment	2,743	3,184	(2,743)	3,184	—
Transportation equipment	11,563	15,051	(4,936)	21,678	—
	$ 55,044	$ 21,054	($ 7,679)	$ 68,419	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSESTS - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Balance as of January 1, 2023	Increase	Decrease	Balance as of December 31, 2023	Note
Buildings	$ 6,111	$ 8,288	$ -	$ 14,399	—
Office equipment	1,697	529	(1,872)	354	—
Transportation equipment	8,586	4,708	(4,936)	8,358	—
	$ 16,394	$ 13,525	($ 6,808)	$ 23,111	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Nature	Description	December 31, 2023	Period of contract	Range of interest rate	Credit facility	Collateral	Note
Unsecured borrowings	Chang Hwa Comercial Bank	$ 210,000	2023.10.18~2024.2.25	1.70%	$ 300,000	None	—

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF NOTES PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Vendor Name	Description	Amount	Footnote
Company D	Notes payable	$ 80,547	—
Others (less than 5%)	Notes payable	12,094	—
		$ 92,641	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Supplier Name	Description	Amount	Note
Company E	Accounts payable	$ 52,642	—
Company F	Accounts payable	81,836	—
Company G	Accounts payable	66,794	
Others (less than 5%)	Accounts payable	481,524	—
		$ 682,796	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF ACCOUNTS PAYABLE – RELATED PARTIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Supplier Name	Description	Amount	Note
Koito Manufacturing Co., Ltd.	Accounts payable	$ 50,585	—
Others (less than 5%)	Accounts payable	3,585	—
		$ 54,170	

<u>TA YIH INDUSTRIAL CO., LTD.</u>
<u>STATEMENT OF OTHER PAYABLES</u>
<u>DECEMBER 31, 2023</u>
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(9) 'Other payables' of parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF OTHER PAYABLES – RELATED PARTIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Supplier Name	Description	Amount	Note
Koito Manufacturing Co., Ltd.	Payables for royalty	$ 46,553	—

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF CURRENT INCOME TAX LIABILITIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Corporate income tax payable	—	$ 55,227	—
Income tax payable on undistributed earnings	—	1,860	—
		$ 57,087	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF OTHER CURRENT LIABILITIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Refund liabilities	—	$ 46,969	—
Others (less than 5%)	—	552	—
		$ 47,521	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF CHANGES IN DEFERRED TAX LIABILITIES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(21) ‘Income tax’ of parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF LEASE LIABILITIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Lease period	Discount rate	Balance as of December 31, 2023	Note
Buildings	—	2022.4.1~2028.9.5	1.25%~2.09%	$ 29,425	—
Office equipment	—	2023.5.1~2029.4.30	2.09%	2,849	—
Transportation equipment	—	2021.3.8~2026.11.30	1.05%~2.09%	9,512	—
				$ 41,786	
			Less: Current portion	(13,745)	
				$ 28,041	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF CHANGE IN NET DEFINED BENEFIT LIABILITIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(10) ‘Pensions’ of parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Quantity	Amount: Subtotal	Amount: Total	Note
Sales:				
Car lamps	17,137 thousands	$ 4,111,526		—
Molds	229	321,864		—
Others		409,687		—
			$ 4,843,077	
Less: Sales returns			(11,277)	—
Sales discounts and allowances			(14,796)	—
			$ 4,817,004	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1, 2023	$ 38,668
Add: Merchandise purchased	205,664
Less: Transferred to expenses	(141)
Transferred to equipments	(13,077)
Other adjustments	(1,705)
Merchandise at December 31, 2023	(47,966)
Merchandise used during the year	181,443
Raw materials at January 1, 2023	273,410
Add: Raw materials purchased	2,574,443
Less: Transferred to expenses	(26,779)
Sale of raw materials	(316,216)
Scrapped	(2,011)
Loss for market price decline and obsolete and slow-moving inventories	(4,246)
Raw materials at December 31, 2023	(365,382)
Raw materials used during the year	2,133,219
Direct labor	227,982
Manufacturing overhead	607,578
Manufacturing cost	2,968,779
Work in progress at January 1, 2023	119,236
Work in progress at December 31, 2023	(68,274)
Cost of finished goods	3,019,741

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF OPERATING COSTS (Cont.)
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Finished goods at January 1, 2023	$	521,470
Add: Gain from price recovery of inventory		1,770
Finished goods purchased		699,239
Less: Other adjustments	(	34)
Transfer to expenses	(	9,760)
Transfer to equipments	(	24,784)
Scrapped	(	11,128)
Finished goods at December 31, 2023	(	603,030)
Cost of production and marketing		3,593,484
Sale of cost of raw materials		316,216
Cost of goods sold		4,091,143
Loss on scrapped inventories		13,139
Provision for inventory market price decline		2,476
Less: Income from sale of scrap	(	2,860)
Operating costs	$	4,103,898

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 183,988	—
Depreciation	—	132,061	—
Royalty	—	79,226	—
Utilities	—	79,118	—
Repair and maintenance	—	22,421	—
Insurance	—	19,165	—
Others (less than 3%)	—	91,599	—
		$ 607,578	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Import/Export	—	$ 116,771	—
Freight	—	17,511	—
Wages and salaries	—	14,728	—
Professional service	—	5,853	—
Others (less than 3%)	—	33,786	—
		$ 188,649	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 70,238	—
Depreciation	—	13,264	—
Professional service	—	10,512	—
Royalty	—	7,111	—
Insurance	—	6,559	—
Repair and maintenance	—	4,847	—
Others (less than 3%)	—	41,161	—
		$ 153,692	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF RESEARCH AND DEVELOPMENT EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Footnote
Wages and salaries	—	$ 95,220	—
Examination	—	28,483	—
Software	—	17,821	—
Insurance	—	9,366	—
Others (less than 3%)	—	21,378	—
		$ 172,268	

TA YIH INDUSTRIAL CO., LTD.
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Refer to Note 6(19) ‘Expense by nature’ and Note 6(20) ‘Employee benefit expense’ of parent company only financial statements.

TA YIH INDUSTRIAL CO., LTD.

Purchases or sales transactions with related parties reaching $100 million or 20% of the Company's paid-in capital

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

			Description of transaction				Description and reasons for difference in transaction terms compared to non-related party		Notes or accounts receivable/(payable)		
Purchases/sales company	Name of the counterparty	Relationship	Purchases/(sales)	Amount	Percentage of net purchases/(sales)	Credit Period	Unit Price	Credit Period	Amount	Percentage of notes or accounts receivable/(payable)	Note
Ta Yih Industrial Co., Ltd.	Koito Manufacturing Co., Ltd.	Entities with significant influence on the Group	(Sales)	($ 559,039)	(12%)	2 months	Not significantly different	Not significantly different	$ 67,011	9%	-
			Purchases	258,480	7%	3 months	Not significantly different	Not significantly different	(50,585)	(6%)	-

TA YIH INDUSTRIAL CO., LTD.

Information on investees

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

				Original investment amount		Holding status as of December 31, 2023					
Investor	Investee	Location	Main Businesses	Balance as of December 31, 2023	Balance as of December 31, 2022 (Note 1)	Shares	Percentage of ownership	Book value	Net income (loss) of the investee	Investment income (loss) recognized by the Company	Note
Ta Yih Industrial Co., Ltd.	Ta Yih International Investment Co., Ltd. (BVI)	British Virgin Islands	General investments	$ 10,749	$ 1,536	350,000	100.00	$ 7,618	($ 2,445)	($ 2,445)	Subsidiary (Note 2)

(Note 1) Represents the original investment amount as of December 31, 2022.

(Note 2) The capital increase procedure was completed in November 2023.

(Note 3) Foreign currencies were translated into New Taiwan Dollars using the exchange rates as of report date as follows: USD:NTD 1:30.71.

TA YIH INDUSTRIAL CO., LTD.

Information on investments in Mainland China - Basic information

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

Investee in Mainland China	Main Businesses	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2023 (Note 3)	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2023		Accumulated amount of remittance from Taiwan as of December 31, 2023	Net income (loss) of the investee	Percentage of ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 4)	Book value of investments as of December 31, 2023	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2023 (Note 5)	Note
					Remitted to Mainland China	Remitted back to Taiwan							
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Import, export and sale of automobile lamps in mainland China	$ 276,390	(Note 1)	$ 42,470	$ -	$ -	$ 42,470	($ 843,177)	49.00	($ 173,905)	$ -	$ 238,605	(Note 2)

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2023	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA) (Note 2)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 6)
Ta Yih Industrial Co., Ltd.	$ 42,470	$ 135,431	$ 1,063,923

(Note 1) Entrusting Ta Yih International Investment Co., Ltd. which was established in third region to invest in mainland China. Items referred to Rule No. 84022220 issued by the Investment Commission, MOEA.

(Note 2) On January 18, 1996, the Investment Commission, MOEA approved the investment of US$2.5 million (including cash investment of US$1.76 million and machinery investment of US$740,000) through the approval of the Rule No. 84022220. On February 20, 2001, according to the Rule No. 90003791, approved by the Investment Commission, MOEA, the Company entrusted Ta Yih Investment Co., Ltd. which was established in the third region to invest US$500,000 on machinery equipment. However, there was still US$150,000 left unpaid. Therefore, the amount of capital owned by Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was only US$2.85 million. However, at the end of November 2005, the Company transferred 51% of the investment to Koito Manufacturing Co., Ltd. In December 2007, Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd resolved to issue share dividends from capital surplus of US$2.45 million, of which the investment amount belonged to the Company was US$2.45 million × 49% = US$1.205 million, and had been approved by the Investment Commission, MOEA on March 24, 2008. In August 2008, the Company applied for issuing share dividends from capital surplus of US$1.5 million, of which the amount of investment belonged to the company was US$1.5 million × 49% = US$735,000, and had been approved by the Investment Commission, MOEA on August 6, 2008. In May 2010, the Company applied for issuing share dividends from capital surplus of US$2.2 million, of which the amount of investment belonged to the Company was US$2.2 million × 49% = US$1.078 million. As of December 31, 2023, the paid-in capital of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd was US$9 million. The registration was completed in July 2010 and had been approved by the Investment Commission, MOEA on November 30, 2010.

(Note 3) The original amount of investment was NT$86,673 thousands. 51% equity of Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd. was sold for NT$44,203 thousands.

(Note 4) The Company recognized investment income (loss) based on audited financial statements. Since the net worth of investee had been negative, the book value of investment was recognized to not less than zero.

(Note 5) Inward cash dividends.

(Note 6) The ceiling amount is 60% of higher of consolidated net worth or net worth according to “Principle of Investment or Technical Cooperation in Mainland China” issued by the Investment Commission, MOEA.

(Note 7) Foreign currencies were translated into New Taiwan Dollars using the exchange rates as of report date as follows: USD:NTD 1:30.71, except for net income (loss) of the investee and investment income (loss) recognized by the Company.

TA YIH INDUSTRIAL CO., LTD.

Significant transactions with investee companies in Mainland China, either directly or indirectly through a third area

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

				Transaction terms			Notes/accounts receivable (payable)			
Investee in Mainland China	Relationship with the Company	Transaction type	Amount	Price	Payment terms	Compared to non-related party transactions	Balance	%	Unrealized gain	Note
Fuzhou Koito Ta Yih Automotive Lamp Co., Ltd.	Associates	Sales	$ 7,679	Cost plus pricing	Four to six months	Three months	$ 2,281	—	$ 730	—
		Purchases	19,271	Not significantly different from normal transactions	Four months	Three months	2,329	—	-	—
		Royalty revenue	11,426	According to the contract	Every half-year	No similar transactions availabe for comparison	3,268	11%	-	—

TA YIH INDUSTRIAL CO., LTD.

Information on major shareholders

December 31, 2023

Table 5

Name of major shareholders	Shares	
	Number of shares held	Ownership Percentage
Koito Manufacturing Co., Ltd.	24,774,750	32.50%
Ta Wei Investment Co., Ltd.	20,797,622	27.28%

(Note 1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital on the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

(Note 2) If a shareholder delivers their shareholdings to a trust, the above information will be disclosed by the individual trustee who opened the trust account.

For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Securities and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property.

For information relating to insider shareholding declaration, please refer to the Market Observation Post System website of the Taiwan Stock Exchange.