

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

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KING SHING INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT
AUDITORS' REPORT FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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Independent Auditors' Report

(2024) Financial Review No. 23005002

To King Shing Industrial Co., Ltd.:

Audit opinions

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the King Shing Industrial Co., Ltd. as of December 31, 2023 and 2022, and its parent company only financial performance and cash flows from January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparations of Financial Reports by Securities Issuers.

Basis for audit opinions

We conducted our audits of the parent company only financial statements in accordance with the "Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants", and auditing standards of the Republic of China. Our responsibilities under those standards are further addressed in the Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the King Shing Industrial Co., Ltd. in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of King Shing Industrial Co., Ltd.'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 of the King Shing Industrial Co., Ltd.'s 2023 parent company only financial statements were as follows:

Evaluation of allowance for inventory valuation losses

Description of matters

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

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

The aforementioned matters also exist in King Shing Industrial Co., Ltd.'s subsidiary, which is recognized in investments accounted for using equity method. As the amounts of inventory are material, considering the estimation of net realizable value of inventory and the adjustment of obsolete inventory exceeding a certain period of its shelf life is subject to the subjective judgment of management, we evaluated that the impact of amount of allowance for inventory valuation losses on the financial statements is significant. Therefore, we consider the allowance for inventory valuation losses to be one of the most important matters for this year's audit.

Audit Procedures in Response

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

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

Sales revenue cutoff

Description of matters

Please refer to Note IV(XXV) of the parent company only financial report for accounting policies on sales revenue. Please refer to Note VI(XVI) of the parent company only financial report for the details of sales revenue.

The operating revenue of the Company derives from manufacturing and selling fans and blowers for automotive cooling systems. There are different types of transactions terms when selling them to the customers. Sales revenue is recognized according to the individually agreed transaction terms with customers and confirmation of transfer of control of goods upon shipment. In particular, whether the control of goods shipped before the end of the reporting period has transferred to the customers in accordance with the agreed transaction terms will affect the period to which sales revenue is attributed in the financial

statements. Therefore, we consider the cutoff of sales revenue to be one of the most important matters for this year's audit.

Audit Procedures in Response

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

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

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 Preparations of Financial Reports by Securities Issuers, and maintain necessary internal controls related to the preparation of parent company only financial statements to ensure that parent company only financial statements are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for auditing the parent company only financial statement

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 audit report. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error, and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform appropriate audit procedures responsive to those risks, and obtain sufficient and appropriate audit evidence to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of King Shing Industrial Co., Ltd.'s internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the King Shing Industrial Co., Ltd.'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 King Shing Industrial Co., Ltd. to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements (including relevant notes) and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities within the King Shing Industrial Co., Ltd. to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit of entities. We are responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of King Shing Industrial Co., Ltd.'s 2023 parent company only financial statements and are therefore the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a specific matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PricewaterhouseCoopers, Taiwan

Lin, Se-Kai

CPA

Lin, Chun-Yao

Former Securities and Futures Bureau of Financial Supervisory
Commission

Approval certificate number: Order No. Financial-Supervisory-
Securities-IV-0960072936

Former Securities Commission of the Ministry of Finance

Approval certificate number: Order No. (85) Taiwan-Ministry of
Finance-Securities and Futures Bureau (6) 68702

April 8, 2024

King Shing Industrial Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars

			December 31, 2023		December 31, 2022	
Assets			Amount		Amount	
			%		%	
Current assets						
1100	Cash and cash equivalents	VI(I)	\$ 318,309	16	\$ 98,127	5
1136	Financial assets at amortized cost - current	VI(II) and VIII	3,078	-	125,931	7
1150	Notes receivable, net	VI(III)	4,088	1	3,333	-
1170	Accounts receivable, net	VI(III)	259,796	13	284,522	15
1180	Net accounts receivable - related parties	VII	1,293	-	1,540	-
1200	Other receivables		2,650	-	3,298	-
1210	Other receivables - related parties	VII	-	-	191	-
130X	Inventories	VI(IV)	233,664	12	232,747	13
1410	Prepayments		1,224	-	1,854	-
1470	Other current assets		22	-	95	-
11XX	Total current assets		824,124	42	751,638	40
Non-current assets						
1550	Investments accounted for using equity method	VI(V)	542,421	27	508,836	27
1600	Property, plant and equipment	VI(VI), VII and VIII	577,678	29	579,223	31
1755	Right-of-use assets	VI(VII)	1,470	-	2,182	-
1780	Intangible assets	VI(IX)	10,836	1	12,866	1
1840	Deferred income tax assets	VI(XXII)	12,819	1	8,637	1
1900	Other non-current assets		3,785	-	1,858	-
15XX	Total non-current assets		1,149,009	58	1,113,602	60
1XXX	Total assets		\$ 1,973,133	100	\$ 1,865,240	100

(Continued)

King Shing Industrial Co., Ltd.
Parent Company Only Balance Sheets
December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars

			December 31, 2023		December 31, 2022	
Liabilities and equity		Notes	Amount	%	Amount	%
Current liabilities						
2100	Short-term loans	VI(X)	\$ 179,000	9	\$ 354,000	19
2130	Contract liabilities- current	VI(XVI) and VII	33,637	2	33,531	2
2170	Accounts payable		43,481	2	58,673	3
2180	Accounts payable - related parties	VII	58,670	3	66,779	4
2200	Other payables		45,726	2	42,161	2
2230	Current income tax liabilities		35,748	2	31,028	2
2280	Lease liabilities- current		725	-	712	-
2300	Other current liabilities		5,567	-	5,502	-
21XX	Total current liabilities		402,554	20	592,386	32
Non-current liabilities						
2570	Deferred income tax liabilities	VI(XXII)	8,473	1	2,772	-
2580	Lease liabilities- non-current		767	-	1,484	-
2600	Other non-current liabilities	VI(XI)	1,843	-	3,488	-
25XX	Total non-current liabilities		11,083	1	7,744	-
2XXX	Total liabilities		413,637	21	600,130	32
Equity						
	Share capital	VI(XIII)				
3110	Share capital - common stock		600,000	30	511,860	27
	Capital surplus	VI(XIV)				
3200	Capital surplus		606,111	31	531,028	29
	Retained earnings	VI(XV)				
3310	Legal reserve		34,574	2	22,413	1
3350	Unappropriated retained earnings		366,134	18	251,508	14
	Other equity interest					
3400	Other equity interest		(47,323)	(2)	(51,699)	(3)
3XXX	Total equity		1,559,496	79	1,265,110	68
	Significant Events after the Balance Sheet Date	XI				
3X2X	Total liabilities and equity		\$ 1,973,133	100	\$ 1,865,240	100

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

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd.
Parent Company Only Statements of Comprehensive Income
January 1 to December 31, 2023 and 2022

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

	Item	Notes	2023		2022	
			Amount	%	Amount	%
4000	Operating revenue	VI(XVI) and VII	\$ 1,019,547	100	\$ 929,530	100
5000	Operating costs	VI(IV)(XX)(XXI) and VII	(799,173)	(78)	(742,169)	(80)
5900	Operating profit - gross		220,374	22	187,361	20
	Operating expenses	VI(XX)(XXI)				
6100	Selling expenses		(21,266)	(2)	(21,441)	(2)
6200	Administrative expenses		(52,452)	(5)	(48,098)	(5)
6300	Research and development expenses		(25,895)	(3)	(22,771)	(2)
6450	Expected credit impairment loss	XII(II)	(84)	-	(4,977)	(1)
6000	Total operational expenses		(99,697)	(10)	(97,287)	(10)
6900	Operating profit		120,677	12	90,074	10
	Non-operating income and expenses					
7100	Interest income	VI(XVII)	7,352	1	2,444	-
7010	Other income		3,254	-	2,415	-
7020	Other gains and losses	VI(XVIII)	9,634	1	44,832	5
7050	Finance cost	VI(XIX) and VII	(5,450)	(1)	(5,347)	(1)
7070	Share of profit or loss of subsidiaries, associates and joint ventures accounted for using equity method	VI(V)				
			28,870	3	17,219	2
7000	Total non-operating income and expenses		43,660	4	61,563	6
7900	Profit before income tax		164,337	16	151,637	16
7950	Income tax expense	VI(XXII)	(38,324)	(4)	(32,236)	(3)
8200	Net income for the period		<u>\$ 126,013</u>	<u>12</u>	<u>\$ 119,401</u>	<u>13</u>
	Other comprehensive income					
	Components not to be reclassified to profit or loss					
8311	Remeasurements of defined benefit plans	VI(XI)	\$ 629	-	\$ 2,106	-
8330	Shares of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method - components not to be reclassified to profit or loss	VI(V)	339	-	648	-
8349	Income tax related to components that are not reclassified subsequently to profit or loss	VI(XXII)	(194)	-	(550)	-
8310	Components not to be reclassified to profit or loss - total		774	-	2,204	-
	Components that may be reclassified to profit or loss					
8361	Exchange difference arising from translation of foreign financial statements	VI(V)	4,376	1	33,385	4
8360	Components that may be reclassified to profit or loss - total		4,376	1	33,385	4
8300	Other comprehensive income - net		<u>\$ 5,150</u>	<u>1</u>	<u>\$ 35,589</u>	<u>4</u>
8500	Total comprehensive income (loss)		<u>\$ 131,163</u>	<u>13</u>	<u>\$ 154,990</u>	<u>17</u>
	Basic earnings per share	VI(XXIII)				
9750	Basic earnings per share		<u>\$ 2.36</u>		<u>\$ 2.33</u>	
	Diluted earnings per share	VI(XXIII)				
9850	Diluted earnings per share		<u>\$ 2.19</u>		<u>\$ 2.20</u>	

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

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

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

Unit: Expressed in thousands of New Taiwan Dollars

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

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

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd.
Parent Company Only Statements of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: Expressed in thousands of New Taiwan Dollars

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		\$ 164,337	\$ 151,637
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	VI(VI)(VII)(XX)	9,969	9,480
Amortization	VI(IX)(XX)	2,215	2,400
Expected credit impairment loss	XII(II)	84	4,977
Interest expense	VI(XIX)	5,450	5,347
Interest income	VI(XVII)	(7,352)	(2,444)
Profit from lease modification	VI(VII)	-	(18)
Share-based payment compensation cost	VI(XII)	2,583	1,096
Share of profit of associates and joint ventures accounted for using equity method	VI(V)	(28,870)	(17,219)
Loss (gain) on disposal of fixed assets	VI(XVIII)	(48)	267
Changes in operating assets and liabilities			
Net changes in operating assets			
Notes receivable	(755)	2,360
Accounts receivable		24,642	(78,568)
Accounts receivable - related parties		247	1,374)
Other receivables		198	435
Other receivables - related parties		191	(191)
Inventories	(917)	11,141
Prepayments		630	66
Other current assets		73	(78)
Net changes in operating liabilities			
Contract liabilities- current		106	10,057
Notes payable		-	(20)
Accounts payable	(15,192)	(18,969)
Accounts payable - related parties	(8,109)	24,814
Other payables		6,102	2,129
Other current liabilities		65	1,345
Other non-current liabilities	(1,166)	(1,164)
Cash inflow generated from operating activities		154,483	107,506
Interest received		7,802	1,830
Interest Paid	(5,505)	(5,201)
Income taxes paid	(32,279)	(12,068)
Cash inflow generated from operating activities, net		124,501	92,067
CASH FLOWS FROM INVESTING ACTIVITIES			
Disposal of (acquisition) financial assets at amortized cost- current		122,853	(78,288)
Acquisition of property, plant and equipment	VI(XXIV)	(12,411)	(2,800)
Disposal of property, plant and equipment		48	1,564
Acquisition of intangible assets	VI(IX)	(185)	(2,021)
Decrease (increase) in refundable deposits		300	100)
Cash inflow (outflow) generated from investing activities, net		110,605	(81,645)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term loans	VI(XXV)	872,000	896,000
Decrease in short-term loans	VI(XXV)	(1,047,000)	(695,000)
Decrease in other payables - related parties	VI(XXV)	-	(175,811)
Cash capital increase	VI(XIII)	101,500	-
Share options exercised by the employees	VI(XII)	59,140	-
Repayments for the principal of lease liabilities	VI(XXV)	(714)	(444)
Increase in refundable deposits	VI(XXV)	150	-
Cash inflow (outflow) generated from financing activities, net	(14,924)	24,745
Increase in cash and cash equivalents		220,182	35,167
Cash and cash equivalents, beginning of period		98,127	62,960
Cash and cash equivalents, end of period		\$ 318,309	\$ 98,127

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

Chairman: Shih, Chun-Chin

Manager: Shih, Chun-Chin

Accounting supervisor: Lai, Tsung-Yen

King Shing Industrial Co., Ltd.
Notes to the Parent Company Only Financial Statements
2023 and 2022

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

I. History and Organization

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

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

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

III. Application of New Standards, Amendments and Interpretations

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

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

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

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

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

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

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

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

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

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

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

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

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

IV. Summary of Significant Accounting Policies

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

(I) Statement of Compliance

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

(II) Basis of preparation

1. Apart from the defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation, the parent company only financial statements have been prepared on a historical cost basis.
2. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed and issued into effect by the FSC (collectively, "IFRSs") requires the use of certain critical accounting estimates. It also requires the management to exercise judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note V.

(III) Foreign currency translation

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

1. Foreign currency transactions and balances

- (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items

are remeasured. Foreign exchange gains and losses resulting from translating the settlement of such transactions are recognized in profit or loss in the period in which they arise.

- (2) Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing as at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss in the period in which they arise.
- (3) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing as at the balance sheet date; their translation differences are recognized in profit or loss in the period in which they arise. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing as at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (4) All other foreign exchange gains and losses are presented in the statements of comprehensive income within “other gains and losses” based on the types of transactions.

2. Translation of foreign operations

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

- (1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate as at the date of the balance sheet.
- (2) Income and expenses for each statement of comprehensive income are translated at average exchange rates of the period.
- (3) All resulting exchange differences are recognized in other comprehensive income.

(IV) Classification of current and non-current items

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

- (1) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
- (2) Held mainly for trading purposes.
- (3) Assets that are expected to be realized within 12 months after the balance sheet date.
- (4) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the balance sheet date.

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

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

- (1) Liabilities that are expected to be settled within the normal operating cycle.
- (2) Held mainly for trading purposes.
- (3) Liabilities that are to be settled within 12 months after the balance sheet date.
- (4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at

the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(V) Cash equivalents

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

(VI) Financial assets at amortized cost

1. Those that meet all of the following criteria:
 - (1) The financial assets are held under the business model with the objective of collecting contractual cash flows.
 - (2) The financial assets' contractual cash flows generated at specific dates represent solely payments of principal and interest on the principal amount outstanding.
2. Financial assets at amortized cost meeting criteria of regular way purchase or sale are recognized and derecognized using trade date accounting.
3. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Subsequently, impairment loss on and interest income from these financial assets is recognized using the effective interest method in accordance with the amortization procedure. A gain or loss is recognized in profit or loss when the asset is derecognized.
4. The 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.

(VII) Notes and accounts receivable

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

(VIII) Impairment of financial assets

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

(IX) Derecognition of financial assets

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

(X) Leasing Arrangement (Lessor) - Operating Leases

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

(XI) Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods, goods in process, and

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

(XII) Investments accounted for using equity method- subsidiary

1. Subsidiaries are entities controlled by the Company. The Company controls an entity when it is exposed or gains rights to variable returns from its involvement with the entity, and has the ability to affect those returns through its power over the entity.
2. Unrealized gains or losses on transactions between the Company and its subsidiaries have been eliminated in full. Accounting policies of subsidiaries have been adjusted where necessary to maintain consistency with those of the Company.
3. The Company's share of profits or losses after the acquisition of subsidiaries is recognized in profit or loss, and its share of other comprehensive income after acquisition is recognized in other comprehensive income. When the Company's share of losses recognized in a subsidiary equals or exceeds the equity in that subsidiary, the Company shall continue to recognize loss in proportion to its shareholding.
4. According to the "Regulations Governing the Preparation of Financial Reports by Securities Issuers," the profit or loss during the current period and other comprehensive income presented in parent company only financial reports shall be the same as the allocations of profit or loss during the current period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports shall be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis.

(XIII) Property, plant and equipment

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

Buildings and structures	2 ~ 31 years
Machinery and equipment	3 - 10 years
Transportation equipment	2 ~ 5 years

Office equipment	5 years
Mold equipment	2 - 3 years
Communication equipment	2 ~ 5 years
Other equipment	2 ~ 10 years

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

1. Lease assets are recognized as right-of-use assets and lease liabilities when they are available for use by the Company. When the lease contract is for a short-term lease or a lease of low-value underlying assets, the lease payments are recognized as an expense on a straight-line basis over the lease term.

2. The lease liabilities are recognized at the discounted present value of the unpaid lease payments at the Company's incremental borrowing rate on the lease commencement date. The lease payments include fixed payment, less any rental incentives that may be received.

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

3. The right-of-use assets are recognized at cost on the lease commencement date. The costs include:

- (1) The amount of the initial measurement of the lease liability; and
- (2) any lease payments made at or before the commencement date.

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

(XV) Intangible assets

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

(XVI) Impairment of non-financial assets

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

(XVII) Loans

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

(XVIII) Notes and accounts payable

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

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

(XIX) Derecognition of financial liabilities

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

(XX) Provisions for liabilities

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

(XXI) Employee benefits

1. 1. Short-term employee benefits

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

2. Pensions

(1) Defined contribution plans

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

(2) Defined benefit plans

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

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

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

3. Termination benefits

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

4. Employees', directors' and supervisors' remuneration

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

(XXII) Employee share-based payment

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

(XXIII) Income tax

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

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

(XXIV) Share capital

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

(XXV) Revenue recognition

1. The Company manufactures and sells automotive fans and related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the customers. There is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.
2. Sales revenue of products such as automotive fans is recognized in the amount equal to its contractual price less the estimated sales discounts and allowance and price reduction. Sales discount and allowances and price reductions granted to customers are usually calculated based on cumulative amount of sales over a 12-month period. The Company estimates sales discount and allowances and price reductions using the expected value method based on historical experience. Sales revenue is recognized to the extent that a significant reversal is highly improbable. Revenue recognition is revisited at each balance sheet date. The estimated sales discounts and allowances and price reductions related to sales and granted to customers are recognized as refund liabilities as of the balance sheet date. The credit terms for sales transactions are usually from 30 to 120 days after the shipment date. As the time interval between the transfer of goods or services pledged and the payment from customers does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.
3. The Company's obligation to provide reparation for faulty products under the standard warranty terms is recognized as a provision.
4. A receivable is recognized when goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

V. Critical Accounting Judgments, Estimates and Assumptions on Uncertainty

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

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

None.

(II) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Company must determine the net realizable value of inventories on balance sheet date based on judgments and estimates. Due to fast-changing 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. Inventory valuation mainly considers the estimation of net realizable value of inventory and adjustment of obsolete inventory exceeding a certain period of its shelf life, which may result in significant changes. Please refer to Note VI(IV) for details on the carrying amount of inventories of the Company as of December 31, 2023.

VI. Details of Significant Accounting Items

(I) Cash

	December 31, 2023	December 31, 2022
Cash on hand and petty cash	\$ 217	\$ 182
Checking accounts and demand deposits	218,092	97,945
Time deposits	100,000	-
	<u>\$ 318,309</u>	<u>\$ 98,127</u>

1. The Company transacts with a variety of financial institutions with high credit quality for the purpose of spreading credit risk. As such, the probability of counterparty default is expected to be low.
2. For the years ended December 31, 2023 and 2022, the Company classified cash with restricted purposes, such as deposits with periods exceeding three months and short-term loans, amounting to \$3,078 and \$125,931 respectively, as “ financial assets at amortized cost”. Please refer to Notes VI(II) and Note VIII for details.

(II) Financial assets at amortized cost

Item	December 31, 2023	December 31, 2022
<u>Current items:</u>		
Pledged time deposits	\$ 3,078	\$ 64,502
Time deposits with maturity over three months	-	61,429
	<u>\$ 3,078</u>	<u>\$ 125,931</u>

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

	2023	2022
Interest income	<u>\$ 3,915</u>	<u>\$ 2,053</u>

2. Without taking into account the collateral or other credit enhancements held, the financial assets at amortized cost that best represents the Company at the maximum exposure to credit risk were \$3,078 and \$125,931 on December 31, 2023 and 2022, respectively.
3. For information concerning financial assets at amortized cost pledged as collateral, please refer to Note VIII.
4. For information relating to credit risk of financial assets at amortized cost, please refer to Note XII(II). The trading counterparties of the Company’s investment in time deposit certificates are financial institutions with good credit quality, so it is expected that the probability of default is low.

(III) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	\$ 4,088	\$ 3,333
Accounts receivable	268,551	293,193
Less: Allowance for bad debts	(8,755)	(8,671)
	<u>\$ 263,884</u>	<u>\$ 287,855</u>

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

	December 31, 2023		December 31, 2022	
	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable
Not past due	\$ 248,884	\$ 4,088	\$ 194,015	\$ 3,333
Within 30 days	10,051	-	63,903	-
31 - 90 days	2,974	-	31,558	-
Over 91 days	6,642	-	3,717	-
	<u>\$ 268,551</u>	<u>\$ 4,088</u>	<u>\$ 293,193</u>	<u>\$ 3,333</u>

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

2. The balances of accounts receivable and notes receivable as of December 31, 2023 and 2022 were all generated by customer contracts, and the balance of accounts receivable (including notes receivable) for the customer contracts as of January 1, 2022 amounted to \$220,318.
3. The Company has no notes receivable or accounts receivable provided as pledge guarantee.
4. Without taking into account the collateral or other credit enhancements held, the notes receivable that best represents the Company at the maximum exposure to credit risk were \$4,088 and \$3,333 on December 31, 2023 and 2022, respectively. The accounts receivable that best represents the Company at the maximum exposure to credit risk were \$259,796 and \$284,522 on December 31, 2023 and 2022, respectively.
5. Information concerning credit risks of accounts and notes receivable is provided in Note XII(II).

(IV) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 132,431	(\$ 41,002)	\$ 91,429
Work in process and semi-finished goods	172,497	(54,787)	117,710
Finished goods	21,897	(3,716)	18,181
Goods	62	(3)	59
Inventory in transit	6,285	-	6,285
	<u>\$ 333,172</u>	<u>(\$ 99,508)</u>	<u>\$ 233,664</u>

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials and supplies	\$ 136,730	(\$ 38,832)	\$ 97,898
Work in process and semi-finished goods	149,761	(44,257)	105,504
Finished goods	28,434	(3,512)	24,922
Goods	127	(3)	124
Inventory in transit	4,299	-	4,299
	<u>\$ 319,351</u>	<u>(\$ 86,604)</u>	<u>\$ 232,747</u>

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

	2023	2022
Cost of inventories sold	\$ 786,426	\$ 741,840
Valuation loss (gain from price recovery)	12,904 (49)
Inventory (overage) shortage	(157)	378
	<u>\$ 799,173</u>	<u>\$ 742,169</u>

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

(V) Investments accounted for using equity method

	2023	2022
January 1	\$ 508,836	\$ 457,584
Share of profit on investments accounted for using equity method	28,870	17,219
Changes in other equity interest	4,715	34,033
December 31	<u>\$ 542,421</u>	<u>\$ 508,836</u>

	December 31, 2023	December 31, 2022
KING SHING AUTOMOBILE PARTS CO.,LTD.	<u>\$ 542,421</u>	<u>\$ 508,836</u>

The share of profits and losses on investments recognized using the equity method by the Company for 2023 and 2022 were \$28,870 and \$17,219, respectively, and were reviewed by the independent auditors based on the financial statements from the investee companies during the same period.

(The following is left blank)

(VI) Property, plant and equipment

		2023							
		Land		Buildings and structures		Machinery and equipment	Mold equipment	Others	Total
		For self-use	For lease	For self-use	For lease				
January 1									
Cost	\$	368,113	\$ 112,796	\$ 154,360	\$ 558	\$ 17,928	\$ 2,921	\$ 21,370	\$ 678,046
Accumulated depreciation		-	-	(64,430)	(380)	(15,023)	(2,313)	(16,677)	(98,823)
	\$	<u>368,113</u>	<u>\$ 112,796</u>	<u>\$ 89,930</u>	<u>\$ 178</u>	<u>\$ 2,905</u>	<u>\$ 608</u>	<u>\$ 4,693</u>	<u>\$ 579,223</u>
January 1	\$	368,113	\$ 112,796	\$ 89,930	\$ 178	\$ 2,905	\$ 608	\$ 4,693	\$ 579,223
Additions		-	-	2,945	-	2,114	350	2,293	7,702
Transfers	(66,304)	66,304	(109)	109	-	-	-	-
Depreciation		-	-	(5,147)	(150)	(1,127)	(346)	(2,477)	(9,247)
December 31	\$	<u>301,809</u>	<u>\$ 179,100</u>	<u>\$ 87,619</u>	<u>\$ 137</u>	<u>\$ 3,892</u>	<u>\$ 612</u>	<u>\$ 4,509</u>	<u>\$ 577,678</u>
December 31									
Cost	\$	301,809	\$ 179,100	\$ 156,963	\$ 900	\$ 20,042	\$ 3,271	\$ 23,381	\$ 685,466
Accumulated depreciation		-	-	(69,344)	(763)	(16,150)	(2,659)	(18,872)	(107,788)
	\$	<u>301,809</u>	<u>\$ 179,100</u>	<u>\$ 87,619</u>	<u>\$ 137</u>	<u>\$ 3,892</u>	<u>\$ 612</u>	<u>\$ 4,509</u>	<u>\$ 577,678</u>

2022

	Land		Buildings and structures		Machinery and equipment	Mold equipment	Others	Total
	For self-use	For lease	For self-use	For lease				
January 1								
Cost	\$ 368,113	\$ 112,796	\$ 153,998	\$ 558	\$ 16,150	\$ 2,521	\$ 20,039	\$ 674,175
Accumulated depreciation	-	-	(59,380)	(287)	(14,314)	(1,810)	(14,295)	(90,086)
	<u>\$ 368,113</u>	<u>\$ 112,796</u>	<u>\$ 94,618</u>	<u>\$ 271</u>	<u>\$ 1,836</u>	<u>\$ 711</u>	<u>\$ 5,744</u>	<u>\$ 584,089</u>
January 1	\$ 368,113	\$ 112,796	\$ 94,618	\$ 271	\$ 1,836	\$ 711	\$ 5,744	\$ 584,089
Additions	-	-	362	-	1,778	400	3,439	5,979
Disposals	-	-	-	-	-	(1,831)	(1,831)
Depreciation	-	-	(5,050)	(93)	(709)	(503)	(2,659)	(9,014)
December 31	<u>\$ 368,113</u>	<u>\$ 112,796</u>	<u>\$ 89,930</u>	<u>\$ 178</u>	<u>\$ 2,905</u>	<u>\$ 608</u>	<u>\$ 4,693</u>	<u>\$ 579,223</u>
December 31								
Cost	\$ 368,113	\$ 112,796	\$ 154,360	\$ 558	\$ 17,928	\$ 2,921	\$ 21,370	\$ 678,046
Accumulated depreciation	-	-	(64,430)	(380)	(15,023)	(2,313)	(16,677)	(98,823)
	<u>\$ 368,113</u>	<u>\$ 112,796</u>	<u>\$ 89,930</u>	<u>\$ 178</u>	<u>\$ 2,905</u>	<u>\$ 608</u>	<u>\$ 4,693</u>	<u>\$ 579,223</u>

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

(VII) Lease Transactions - Lessee

1. The underlying assets leased by the Company include land and official vehicles. The lease contract period are usually between 3 and 8 years. The lease contract is negotiated individually and contains various terms and conditions. No other restrictions are imposed except that the leased assets cannot be used as loan guarantees.
2. The information on the book value of the right-of-use assets and the recognized depreciation expense is as follows:

	December 31, 2023	2023	December 31, 2022	2022
	Book value	Depreciation	Book value	Depreciation
Land	\$ 369	\$ 92	\$ 451	\$ 90
Transportation equipment	1,101	630	1,731	376
	<u>\$ 1,470</u>	<u>\$ 722</u>	<u>\$ 2,182</u>	<u>\$ 466</u>

3. The increases in the Company's right-of-use assets for 2023 and 2022 amounted to \$10 and \$1,889 respectively.
4. The information on the profit and loss items related to the lease contract is as follows:

Items affecting current profit and loss	2023	2022
Interest expense of lease liabilities	\$ 28	\$ 15
Expenses on short-term lease contracts	1,346	1,361
Expenses on lease of low-value assets	111	101
Profit from lease modification	-	18

5. The total cash outflows used in the Company's leases for 2023 and 2022 amounted to \$2,199 and \$1,921 respectively.
6. The Company adopted the practical expedient for "COVID-19-Related Rent Concessions" and recognized a gain or loss of \$18 from changes in lease payments due to rent concessions as other income in 2022.

(VIII) Lease Transactions - Lesser

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

	December 31, 2023		December 31, 2022
2024	\$ 1,350	2023	\$ 2,000
2025	-	2024	400
	<u>\$ 1,350</u>		<u>\$ 2,400</u>

(IX) Intangible assets

	2023	2022
	Computer software	Computer software
January 1		
Cost	\$ 17,936	\$ 7,526
Accumulated amortization	(5,070)	(2,670)
	<u>\$ 12,866</u>	<u>\$ 4,856</u>
January 1	\$ 12,866	\$ 4,856
Acquisition	185	2,021
Reclassification	-	8,389
Amortization	(2,215)	(2,400)
December 31	<u>\$ 10,836</u>	<u>\$ 12,866</u>
December 31		
Cost	\$ 18,121	\$ 17,936
Accumulated amortization	(7,285)	(5,070)
	<u>\$ 10,836</u>	<u>\$ 12,866</u>

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

	2023	2022
Operating costs	\$ 1,595	\$ 1,789
Selling expenses	71	73
Administrative expenses	334	331
Research and development expenses	215	207
	<u>\$ 2,215</u>	<u>\$ 2,400</u>

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

(X) Short-term loans

Type of loans	December 31, 2023	Interest rate range	Collateral
Bank loans			
Secured loans	\$ 149,000	1.76%	Land, buildings and structures
Credit loans	30,000	1.76%	None
	<u>\$ 179,000</u>		
Type of loans	December 31, 2022	Interest rate range	Collateral
Bank loans			
Secured loans	\$ 317,000	1.635%~1.8587%	Land, buildings and structures, time deposits
Credit loans	37,000	1.675%	None
	<u>\$ 354,000</u>		

Interest expenses recognized in the profit or loss for 2023 and 2022 amounted to \$5,422 and \$3,879 respectively.

(XI) Pensions

1. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years (inclusive) and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last six months prior to retirement. The Company contributes monthly an amount of \$100 to the retirement fund deposited with Bank of Taiwan, under the name of the independent retirement fund committee. Also, the Company assesses the balance in the aforementioned labor pension reserve account at year end each year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by the end of next March.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	(\$ 12,861)	(\$ 13,762)
Fair value of plan assets	11,528	10,634
Net defined benefit liabilities	(\$ 1,333)	(\$ 3,128)

(The following is left blank)

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

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1	(\$ 13,762)	\$ 10,634	(\$ 3,128)
Interest (expense) income	(189)	155	(34)
	(13,951)	10,789	(3,162)
Remeasurements:			
Return on plan assets	-	74	74
Impact of changes in financial assumptions	159	-	159
Experience adjustments	396	-	396
	555	74	629
Contribute to the retirement fund	-	1,200	1,200
Pension payment	535	(535)	-
December 31	(\$ 12,861)	\$ 11,528	(\$ 1,333)
	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities
January 1	(\$ 15,422)	\$ 9,024	(\$ 6,398)
Interest (expense) income	(96)	60	(36)
	(15,518)	9,084	(6,434)
Remeasurements:			
Return on plan assets	-	669	669
Impact of changes in financial assumptions	1,194	-	1,194
Experience adjustments	243	-	243
	1,437	669	2,106
Contribute to the retirement fund	-	1,200	1,200
Pension payment	319	(319)	-
December 31	(\$ 13,762)	\$ 10,634	(\$ 3,128)

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

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

	2023	2022
Discount rate	1.250%	1.375%
Future salary increase rate	2.75%	3.00%

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

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

	Discount rate		Future salary increase rate	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
<u>December 31, 2023</u>				
Effect on the present value of defined benefit obligation	(\$ 329)	\$ 342	\$ 331	(\$ 321)
<u>December 31, 2022</u>				
Effect on the present value of defined benefit obligation	(\$ 367)	\$ 382	\$ 369	(\$ 357)

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

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

- (5) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to \$1,200.
- (6) As of December 31, 2023, the weighted average duration of that pension plan is 10.4 years. The maturity analysis on pension payments is as follows:

Less than 1 year	\$ 303
1 - 2 years	223
2 - 5 years	4,086
Over 5 years	2,168
	<u>\$ 6,780</u>

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

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

(XII) Share-based payment

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

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

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

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

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

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

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

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

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

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

(XIII) Share capital

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

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

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

(XIV) Capital surplus

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

(XV) Retained earnings

1. If there are any earnings on the final financial statement, the Company shall first pay tax and make up for the accumulated losses, and then set aside 10% of such earnings as a legal reserve, unless the legal reserve has reached the Company's paid-in capital. Furthermore, the special reserve shall be set aside or reversed as required by the regulations or by the competent authority. The balance shall be added to the unappropriated retained earnings at the beginning of the period as distributable earnings. After careful consideration of retention, the Board of Directors shall prepare a profit distribution proposal for approval from the shareholders' meeting before distribution.
2. The Company authorizes the Board of Directors to distribute all or part of the dividends and bonuses, capital surplus or legal reserve in cash by a resolution approved by more than half of the directors present at a meeting with the presence of more than two-thirds of the directors and submitted to the Shareholders' Meeting.
3. The Company's dividend policies are as follows:
The Company is at the growing stage. The Company's stock dividend is appropriated based on accumulated distributable earnings, dividends shall take into consideration the Company's current and future investment environment, capital needs, domestic and overseas competition and capital budget, along with shareholders' profit and the Company's long-term financial plans. At least 10% of the dividends distributed for the current year should be allocated as cash dividends. But the Board of Directors may

adjust this ratio according to the overall operating conditions at the time and shall submit it to the Shareholders' Meeting for resolution.

4. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.
5. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.
6. The earnings distribution for 2022 and 2021 was adopted in the shareholders' meeting on June 30, 2023 and July 29, 2022. Details are summarized below:

	2022		2021	
	Amount	Dividends per Share (NT\$)	Amount	Dividends per Share (NT\$)
Legal reserve	\$ 12,161		\$ 4,788	
Cash dividends	- \$	-	- \$	-
	<u>\$ 12,161</u>		<u>\$ 4,788</u>	

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

	2023	
	Amount	Dividends per Share (NT\$)
Legal reserve	\$ 12,679	
Special reserve	47,323	
Cash dividends	66,720 \$	1.112
	<u>\$ 126,722</u>	

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

(XVI) Operating revenue

	2023	2022
Revenue from customer contracts	<u>\$ 1,019,547</u>	<u>\$ 929,530</u>

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

	2023	2022
Types of fans	\$ 950,397	\$ 838,035
Blowers	47,792	75,622
Others	21,358	15,873
	<u>\$ 1,019,547</u>	<u>\$ 929,530</u>

2. Contract liabilities

The contract liabilities related to revenue from customer contracts recognized by the Company in December 31, 2023, December 31, 2022, and January 1, 2022, were \$33,637, \$33,531, and \$23,474, respectively, representing advance sales receipts.

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

	2023	2022
The balance of the contract liabilities at the beginning of the period recognized as revenue for the current period		
Advance sales receipts	\$ 33,531	\$ 23,474
(XVII) <u>Interest income</u>		
	2023	2022
Interest income from bank deposits	\$ 3,418	\$ 382
Interest income from financial assets at amortized cost	3,915	2,053
Other interest income	19	9
	<u>\$ 7,352</u>	<u>\$ 2,444</u>
(XVIII) <u>Other gains and losses</u>		
	2023	2022
Gain (loss) on disposal of property, plant and equipment	\$ 48	(\$ 267)
Gain on foreign exchange	9,586	44,387
Gain on financial assets at fair value through profit or loss	-	712
	<u>\$ 9,634</u>	<u>\$ 44,832</u>
(XIX) <u>Finance cost</u>		
	2023	2022
Interest on loans	\$ 5,422	\$ 5,332
Interest on lease liabilities	28	15
	<u>\$ 5,450</u>	<u>\$ 5,347</u>
(XX) <u>Additional disclosures related to expenses</u>		
	2023	2022
Employee benefit expenses	\$ 160,869	\$ 162,870
Property, plant and equipment depreciation expenses	9,247	9,014
Right-of-use assets depreciation expenses	722	466
Amortization	2,215	2,400
(XXI) <u>Employee benefit expenses</u>		
	2023	2022
Wages and salaries	\$ 129,710	\$ 130,760
Labor and health insurance fees	15,636	15,761
Pension costs	6,669	6,985
Other personnel expenses	8,854	9,364
	<u>\$ 160,869</u>	<u>\$ 162,870</u>

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

The amounts of employee remuneration and directors' and supervisors' remuneration for 2022, as resolved by the Board of Directors, were in line with amounts recognized in the 2022 financial report.

(XXII) Income tax

1. Income tax expense

(1) Components of income tax expense:

	2023	2022
Current tax:	\$ 31,543	\$ 29,306
Additional unappropriated retained earnings	4,978	1,873
Amount of income tax overestimated and underestimated for prior years	478	36
Total current tax	36,999	31,215
Deferred tax:		
Origination and reversal of temporary differences	1,325	1,021
Income tax expense	\$ 38,324	\$ 32,236

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

	2023	2022
Remeasurements of defined benefit obligation	\$ 194	\$ 550

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

	2023	2022
Income tax calculated based on profit before tax at the statutory rate	\$ 32,868	\$ 30,327
Amount of income tax underestimated for prior years	478	36
Additional unappropriated retained earnings	4,978	1,873
Income tax expense	\$ 38,324	\$ 32,236

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

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:				
Temporary differences:				
Loss on inventory valuation	\$ 3,100	\$ 2,581	\$ -	\$ 5,681
Remeasurements of defined benefit plans	179	(179)		-
Unused vacation bonus	1,568	67	-	1,635
Others	3,790	1,713	-	5,503
	\$ 8,637	\$ 4,182	\$ -	\$ 12,819
Deferred income tax liabilities:				
Temporary differences:				
Unrealized foreign exchange gains	\$ 391	(\$ 391)	\$ -	\$ -
Remeasurements of defined benefit plans	-	54	194	248
Profits on investments accounted for using equity method	2,381	5,844	-	8,225
	\$ 2,772	\$ 5,507	\$ 194	\$ 8,473
	\$ 5,865	(\$ 1,325)	(\$ 194)	\$ 4,346

		2022			
		January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred income tax assets:					
Temporary differences:					
Loss on inventory valuation	\$	3,110	(\$ 10)	\$ -	\$ 3,100
Remeasurements of defined benefit plans		962	(233)	(550)	179
Unused vacation bonus		1,260	308	-	1,568
Others		2,670	1,120	-	3,790
	\$	<u>8,002</u>	<u>\$ 1,185</u>	<u>(\$ 550)</u>	<u>\$ 8,637</u>
Deferred income tax liabilities:					
Temporary differences:					
Unrealized foreign exchange gains	\$	566	(\$ 175)	\$ -	\$ 391
Profits on investments accounted for using equity method		-	2,381	-	2,381
	\$	<u>566</u>	<u>\$ 2,206</u>	<u>\$ -</u>	<u>\$ 2,772</u>
	\$	<u>7,436</u>	<u>(\$ 1,021)</u>	<u>(\$ 550)</u>	<u>\$ 5,865</u>
4. Deductible temporary differences that are not recognized as deferred income tax assets					
		December 31, 2023		December 31, 2022	
Deductible temporary differences		<u>\$ 71,102</u>		<u>\$ 71,102</u>	
5. The Company's income tax returns through 2021 have been assessed and approved by the tax authorities.					

(XXIII) Earnings per share

2023			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders	\$ 126,013	53,309	\$ 2.36
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders	\$ 126,013	53,309	
Potential effect of dilutive ordinary shares			
Employee share options	-	4,142	
Employees' remuneration	-	87	
Net profit of the ordinary shareholders plus effect of all potential ordinary shares	\$ 126,013	57,538	\$ 2.19
2022			
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NT\$)
<u>Basic earnings per share</u>			
Net profit attributable to ordinary shareholders			
Owners of the parent	\$ 119,401	\$ 51,186	\$ 2.33
<u>Diluted earnings per share</u>			
Net profit attributable to ordinary shareholders			
Owners of the parent	\$ 119,401	51,186	
Potential effect of dilutive ordinary shares			
Employee share options	-	3,093	
Employees' remuneration	-	84	
Net profit of the ordinary shareholders plus effect of all potential ordinary shares	\$ 119,401	54,363	\$ 2.20

(XXIV) Supplemental cash flow information

Investing activities with partial cash payments:

	2023	2022
Purchase of property, plant and equipment	\$ 7,702	\$ 5,979
Add: Ending balance of prepaid equipment	2,654	427
Add: Opening balance of payables on equipment	2,835	194
Add: Transfer to intangible assets	-	8,389
Less: Opening balance of prepaid equipment	(427)	(9,354)
Less: Ending balance of payables on equipment	(353)	(2,835)
Cash paid during the period	<u>\$ 12,411</u>	<u>\$ 2,800</u>

(XXV) Changes in liabilities from financing activities

	2023				
	Short-term loans	Other payables - related parties	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
January 1	\$ 354,000	\$ -	\$ 2,196	\$ 360	\$ 356,556
Cash flow	(175,000)	-	(714)	150	(175,564)
Interest expense of lease liabilities paid (Note)	-	-	(28)	-	(28)
Non-cash flow					
Changes in leases	-	-	38	-	38
December 31	<u>\$ 179,000</u>	<u>\$ -</u>	<u>\$ 1,492</u>	<u>\$ 510</u>	<u>\$ 181,002</u>

	2022				
	Short-term loans	Other payables - related parties	Lease liabilities	Guarantee deposits received	Total liabilities from financing activities
January 1	\$ 153,000	\$ 175,811	\$ 769	\$ 360	\$ 329,940
Cash flow	201,000	(175,811)	(444)	-	24,745
Interest expense of lease liabilities paid (Note)	-	-	(15)	-	(15)
Non-cash flow					
Changes in leases	-	-	1,886	-	1,886
December 31	<u>\$ 354,000</u>	<u>\$ -</u>	<u>\$ 2,196</u>	<u>\$ 360</u>	<u>\$ 356,556</u>

Note: Presented as cash flows from operating activities.

VII. Related Party Transactions

(I) Names and relationship of related parties

<u>Company name</u>	<u>Relationship with the Company</u>
KING SHING AUTOMOBILE PARTS CO., LTD. (King Shing in Thailand)	Subsidiaries
Shih, Chun-Chin	Chairman of the Company
Ku, Ying-Chen	Close relative of the Company's director

(II) Transactions with related parties

1. Operating revenue

	<u>2023</u>	<u>2022</u>
Sales of goods:		
King Shing in Thailand	\$ <u>2,675</u>	\$ <u>3,040</u>

The Company's sales to related parties are carried out according to agreed prices, terms and conditions, with sales prices and transaction terms equivalent to those for general customers.

2. Purchases

	<u>2023</u>	<u>2022</u>
Commodity purchase:		
King Shing in Thailand	\$ <u>434,069</u>	\$ <u>376,799</u>

In 2023 and 2022, there were no comparable transactions for the Company's purchases from related parties. The transaction terms were carried out according to the agreed prices, terms and conditions between both parties.

3. Receivables from related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts receivable:		
King Shing in Thailand	\$ <u>1,293</u>	\$ <u>1,540</u>
Other receivables:		
King Shing in Thailand	\$ <u>-</u>	\$ <u>191</u>

Receivables from related parties mainly arise from the sale of goods. Payments for sales transactions are due 60 days from the end of the month following the shipment date. The receivables neither contain pledged assets nor are interest-bearing.

4. Payables to related parties

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accounts payable:		
King Shing in Thailand	\$ <u>58,670</u>	\$ <u>66,779</u>

Payables to related parties mainly arise from purchase transactions, with payment terms of 60 days from the end of the month following the arrival of goods at port. The payables are non-interest bearing.

5. Contract liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
King Shing in Thailand	\$ <u>31,837</u>	\$ <u>31,937</u>

6. Property transactions

Acquisition of property, plant and equipment:

	2023	2022
King Shing in Thailand	\$ 1,485	\$ 400

7. Loans to related parties

Borrow from related parties

Interest expense

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

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

(III) Information about remunerations to the major management:

	2023	2022
Salary and short-term employee benefits	\$ 9,672	\$ 11,173
Retirement benefits	294	365
Share-based payment	-	443
	\$ 9,966	\$ 11,981

VIII. Pledged Assets

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

Assets	Book value		Purpose of collateral
	December 31, 2023	December 31, 2022	
Time deposits (presented as “financial assets at amortized cost- current”)	\$ 3,078	\$ 64,502	Short-term loans, derivative deposit
Land	301,809	301,809	Short-term loans
Buildings and structures	84,585	89,149	"
	\$ 389,472	\$ 455,460	

IX. Significant Contingent Liabilities and Unrecognized Contract Commitments

None.

X. Significant Disaster Loss

None.

XI. Significant Events after the Balance Sheet Date

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

XII. Others

(I) Capital management

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

(II) Financial instruments

1. Classification of financial instruments

	December 31, 2023	December 31, 2022
<u>Financial Assets</u>		
Financial assets at amortized cost		
Cash and cash equivalents	\$ 318,309	\$ 98,127
Financial assets at amortized cost	3,078	125,931
Notes receivable	4,088	3,333
Accounts receivable (including related parties)	261,089	286,062
Other receivables (including related parties)	2,650	3,489
Refundable deposits (recognized in "other non-current assets")	1,131	1,431
	<u>\$ 590,345</u>	<u>\$ 518,373</u>
<u>Financial liabilities</u>		
Financial liabilities at amortized cost		
Short-term loans	\$ 179,000	\$ 354,000
Accounts payable (including related parties)	102,151	125,452
Other payable	45,726	42,161
Refundable deposits (recognized in "other non-current liabilities")	510	360
	<u>\$ 327,387</u>	<u>\$ 521,973</u>
Lease liabilities	<u>\$ 1,492</u>	<u>\$ 2,196</u>

2. Risk management policies

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

3. Significant financial risks and degrees of financial risks

(1) Market risk

Foreign exchange risk

- A. As the Company is a multinational company, the Company is exposed to exchange rate risks arising from transactions denominated in currencies other than their functional currency, primarily USD and THB. The related exchange rate risks arise from future business transactions, recognized assets and liabilities and net investments on foreign operations.
- B. The Company's management has set up policies requiring companies to manage the exchange rate risks of their functional currencies. The company hedges the overall exchange rate risk through the treasury. The measurement of exchange rate risk is based on the highly probable expected transactions paid in USD, and foreign exchange forward transactions and foreign exchange swap contracts are adopted to mitigate the impact of exchange rate fluctuations on the anticipated cost of purchasing inventory.
- C. The Company hedges exchange rate risk through foreign exchange forward transactions and foreign exchange swap contracts, however hedge accounting is not applied.

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

	December 31, 2023			
	Foreign currency (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				
USD: NTD	\$	9,084	30.71	\$ 278,938
Non-monetary items				
THB: NTD	\$	603,341	0.9017	\$ 542,421
Financial liabilities				
Monetary items				
USD: NTD	\$	1,930	30.71	\$ 59,262

	December 31, 2022			
	Foreign currency (in thousands)		Exchange rate	Book value (NTD)
(Foreign currency: functional currency)				
Financial Assets				
Monetary items				
USD: NTD	\$	15,905	30.72	\$ 488,508
Non-monetary items				
THB: NTD	\$	570,511	0.8941	\$ 508,836
Financial liabilities				
Monetary items				
USD: NTD	\$	2,238	30.72	\$ 68,745

- E. Total exchange gain (loss), including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Company for 2023 and 2022 amounted to a gain of \$9,586 and \$44,387, respectively.
- F. The analysis of foreign currency market risk that is materially affected by exchange rate fluctuations for the Company is as follows:

	2023			
	Sensitivity analysis			Effect on other comprehensive income
	Extent of variation		Effect on profit and loss	
(Foreign currency: functional currency)				
<u>Financial Assets</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$	2,789	\$
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD: NTD	1%	\$	593	\$

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

Cash flow and fair value interest rate risk

- A. The Company's interest rate risk mainly arises from short-term loans calculated at floating interest rates, exposing the company to cash flow interest rate risk. In 2023 and 2022, the Company's loans and other payable— related parties are denominated in NTD.
 - B. If the loan interest rate denominated in NTD increases or decreases by 1%, while all other factors remain constant, the profit after income tax for 2023 and 2022 will decrease or increase by \$1,192 and \$2,832, respectively. This is mainly due to the changes in interest expenses resulting from loans at floating-rates and other payable - related parties.
- (2) Credit risk
- A. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments. The risk mainly arises from counterparties' inability to settle notes receivable and accounts receivable according to credit terms.
 - B. Credit risk management is initiated from the Company's perspective. According to the Company's credit policy, 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. The internal risk control assesses customers' credit quality by taking into account their financial position, historical experience, and other factors. Individual risk limits are set by the Board of Directors based on internal or external ratings. The utilization of credit limits is regularly monitored.
 - C. The Company adopts IFRS 9, assuming that a default been occurred when contractual payments are past due over 90 days based on the terms.
 - D. The Company adopts IFRS 9 to provide the following assumptions as the basis for determining whether there has been a significant increase in credit risk of financial instruments since initial recognition:
If the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.
 - E. The indicators used by the Company to determine credit impairment of debt instrument investments are as follows:
 - (A) It becomes probable when the issuer will enter bankruptcy or other financial reorganization due to their financial difficulties;

- (B) The issuer's financial difficulties have resulted in the disappearance of the active market for the financial assets.
- (C) Default or delinquency in interest or principal repayments;
- (D) Adverse changes in national or regional economic conditions that are expected to cause a default.
- F. The Company classifies accounts receivable based on the characteristics of customers and estimates the ECLs using simplified approach and the provision matrix as basis.
- G. The Company adjusts the credit loss that is based on historical and recent information by taking into account the forecasts of the Taiwan Institute of Economic Research's economic forecast report to estimate the loss allowance for accounts receivable. The provision matrices for December 31, 2023, and 2022 are as follows:

December 31, 2023			
	Expected loss rate	Total book value	Allowance for doubtful accounts
Not past due	0.20%~3.06%	\$ 248,884	\$ 1,080
Past due 1~30 days	1.67%~15.78%	10,051	675
Past due 31~90 days	0%~50.20%	2,974	358
Past due over 91 days	100%	6,642	6,642
		<u>\$ 268,551</u>	<u>\$ 8,755</u>

December 31, 2022			
	Expected loss rate	Total book value	Allowance for doubtful accounts
Not past due	0%~1.4%	\$ 194,014	\$ 587
Past due 1~30 days	0%~9.72%	63,903	1,282
Past due 31~90 days	3%~35.11%	31,559	3,085
Past due over 91 days	100%	3,717	3,717
		<u>\$ 293,193</u>	<u>\$ 8,671</u>

- H. Movements of loss allowance for notes receivable and accounts receivable (including related parties), adopting the simplified approach by the Company, are as follows:

	2023	2022
	Notes and accounts receivable	Notes and accounts receivable
January 1	\$ 8,671	\$ 3,694
Recognize impairment losses	84	4,977
December 31	<u>\$ 8,755</u>	<u>\$ 8,671</u>

(3) Liquidity risk

- A. Cash flow forecast is performed and aggregated by the company's treasury. The company's treasury monitors rolling forecasts of the company's liquidity requirements to ensure it has sufficient funds to meet operational needs and maintains adequate unused committed facilities at all times.
- B. When the company's residual funds exceed the need for working capital management, the company's treasury shall invest the residual funds in interest-

bearing demand and time deposits. The instruments selected have appropriate maturity dates or sufficient liquidity to respond to the above forecast and provide adequate liquidity buffers. The Company held positions in the money market of \$318,309 and \$159,556, respectively, in December 31, 2023 and 2022, with the expectation of managing liquidity risks by generating instant cash flows.

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

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

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

	Less than 3 months	Between 3 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
December 31, 2023					
<u>Non-derivative</u> <u>financial liabilities:</u>					
Short-term loans	\$ 93,685	\$ 86,262	\$ -	\$ -	\$ -
Accounts payable (including related parties)	102,151	-	-	-	-
Other payables	45,726	-	-	-	-
Lease liabilities	185	556	581	196	-

	Less than 3 months	Between 3 months to 1 year	Between 1 to 2 years	Between 2 to 5 years	Over 5 years
December 31, 2022					
<u>Non-derivative</u> <u>financial liabilities:</u>					
Short-term loans	\$ 271,155	\$ 84,259	\$ -	\$ -	\$ -
Accounts payable (including related parties)	125,452	-	-	-	-
Other payables	42,161	-	-	-	-
Lease liabilities	185	555	739	770	-

E. 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 would be significantly different.

(III) Fair value information

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

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

- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability.

2. Financial instruments not measured at fair value

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

3. For 2023 and 2022, there were no movements between Level 1 and Level 2.
4. For 2023 and 2022, there was no transfer into or out from Level 3.

XIII. Supplementary Disclosures

(I) Significant transactions information

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

(II) Information on investees

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

(III) Information on investments in Mainland China

None.

XIV. Segment Information

Not applicable.

(The following is left blank)

King Shing Industrial Co., Ltd.
Purchases or sales of goods from or to related parties of NT\$100 million or 20% of paid-in capital or more
January 1 to December 31, 2023

Table 1

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

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

King Shing Industrial Co., Ltd.
Significant inter-company transactions during the reporting period
January 1 to December 31, 2023

Table 2

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

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

King Shing Industrial Co., Ltd.
Names, locations and other information of investee companies (excluding investees in Mainland China)
January 1 to December 31, 2023

Table 3

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

Name of investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at end of period			Net profit (loss) of the investee for the current period	Investment income (loss) recognized by the Company for the current period	Note
				End of the period	End of last year	Number of shares	Ownership (%)	Book value			
King Shing Industrial Co., Ltd.	KING SHING AUTOMOBILE PARTS CO., LTD.	Thailand	Manufacturing automotive components	\$ 456,718	\$ 456,718	439,998	100%	\$ 542,421	\$ 29,224	\$ 28,870	Subsidiaries

King Shing Industrial Co., Ltd.
Cash and cash equivalents
December 31, 2023

Statement 1

Unit: Expressed in thousands of New Taiwan Dollars

Item	Abstract	Amount	Note
Cash on hand		\$ 217	
Demand deposits		185,786	
Foreign currency deposits	USD 830 thousand, exchange rate 30.7050	25,494	
	EUR 118 thousand, exchange rate 33.9800	3,998	
	CNY 650 thousand, exchange rate 4.3270	2,814	
Time deposits	Annual interest rate is 1.180%	100,000	
		<u>\$ 318,309</u>	

(The following is left blank)

King Shing Industrial Co., Ltd.
Accounts receivable, net
December 31, 2023

Statement 2

Unit: Expressed in thousands of New Taiwan Dollars

Name of customer	Amount	Note
Party B	\$ 141,230	
Party A	51,291	
Others	76,030	The balance of each occasional customer does not exceed 5% of the total balance of this account.
	<u>268,551</u>	
Less: Allowance for doubtful accounts	(8,755)	
	<u>\$ 259,796</u>	

(The following is left blank)

King Shing Industrial Co., Ltd.
Inventories
December 31, 2023

Statement 3

Unit: Expressed in thousands of New Taiwan Dollars

Item	Amount		Note
	Cost	Net realizable value	
Raw materials and supplies	\$ 132,431	\$ 96,224	Note
Work in process and semi-finished goods	172,497	152,953	"
Finished goods	21,897	22,227	"
Goods	62	65	"
Inventory in transit	6,285	6,285	"
	333,172	\$ 277,754	
Less: Allowance for inventory valuation losses	(99,508)		
	<u>\$ 233,664</u>		

(Note) For the method for determining the net realizable value, please refer to Note IV(XI) on inventory for details.

(The following is left blank)

King Shing Industrial Co., Ltd.
Statement of changes in investments accounted for using equity method
January 1 to December 31, 2023

Statement 4

Unit: Expressed in thousands of New Taiwan Dollars

Name	Balance - beginning of the period		Increases for the current period (Note)		Decreases for the current period		Balance - end of period			Market price and net equity value		Status of guarantee or pledge provided	Note
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Number of shares	Ownership (%)	Amount	Unit price (NTD)	Total price		
KING SHING AUTOMOBILE PARTS CO.,LTD.	439,998	\$ 508,836	-	\$ 33,585	-	\$ -	439,998	100%	\$ 542,421	\$ 1.233	\$ 542,421	None	

Note: The increases for the current period include the recognition of investment income of \$28,870, remeasurement of defined benefit plans of \$339, and foreign operations' translation differences in their financial statements of \$4,376.

(The following is left blank)

King Shing Industrial Co., Ltd.
Statement of changes in property, plant and equipment
January 1 to December 31, 2023

Statement 5

Unit: Expressed in thousands of New Taiwan Dollars

Cost	Balance - beginning of the period	Increases for the current period	Decreases for the current period	Transfers for the current period	Balance - end of period	Status of guarantee or pledge provided	Note
Land	\$ 480,909	\$ -	\$ -	\$ -	\$ 480,909	Some guarantees provided for short-term loans	
Buildings and structures	154,918	2,945	-	-	157,863	"	
Machinery and equipment	17,928	2,114	-	-	20,042	None	
Mold equipment	2,921	350	-	-	3,271	"	
Computer and communication equipment	6,142	2,063	-	-	8,205	"	
Transportation equipment	11,518	- (282)	-	11,236	"	
Office equipment	315	-	-	-	315	"	
Other equipment	3,395	230	-	-	3,625	"	
	<u>\$ 678,046</u>	<u>\$ 7,702</u>	<u>(\$ 282)</u>	<u>\$ -</u>	<u>\$ 685,466</u>		

King Shing Industrial Co., Ltd.
Statement of changes in accumulated depreciation of property, plant and equipment
January 1 to December 31, 2023

Statement 6

Unit: Expressed in thousands of New Taiwan Dollars

Item	Balance - beginning of the period	Increases for the current period	Decreases for the current period	Transfers for the current period	Balance - end of period	Note
Buildings and structures	(\$ 64,810)	(\$ 5,297)	\$ -	\$ -	(\$ 70,107)	
Machinery and equipment	(15,023)	(1,127)	-	-	(16,150)	
Mold equipment	(2,313)	(346)	-	-	(2,659)	
Computer and communication equipment	(3,056)	(1,382)	-	-	(4,438)	
Transportation equipment	(10,612)	(547)	282	-	(10,877)	
Office equipment	(162)	(63)	-	-	(225)	
Other equipment	(2,847)	(485)	-	-	(3,332)	
	<u>(\$ 98,823)</u>	<u>(\$ 9,247)</u>	<u>\$ 282</u>	<u>\$ -</u>	<u>(\$ 107,788)</u>	

King Shing Industrial Co., Ltd.
Statement of short-term loans
December 31, 2023

Statement 7

Unit: Expressed in thousands of New Taiwan Dollars

Types of loans	Note	Balance - end of period	Contract maturity date	Interest rate range	Credit limit	Pledge or guarantee	Note
Credit loans	Financial institution loans	\$ 30,000	2023/12/29~2024/2/27	1.76%	\$ 50,000	None	
Secured loans	Financial institution loans	63,000	2023/9/5~2024/3/15	1.76%	270,000	Land, buildings and structures	
Secured loans	Financial institution loans	6,000	2023/11/20~2024/5/20	1.76%	"	"	
Secured loans	Financial institution loans	61,000	2023/12/1~2024/6/1	1.76%	"	"	
Secured loans	Financial institution loans	19,000	2023/12/15~2024/6/15	1.76%	"	"	
		<u>\$ 179,000</u>					

(The following is left blank)

King Shing Industrial Co., Ltd.
Operating revenue
January 1 to December 31, 2023

Statement 8

Unit: Expressed in thousands of New Taiwan Dollars

Item	Quantity	Amount	Note
Sales revenue			
Types of fans	784,304 PCS	\$ 954,412	
Blowers	80,739 PCS	51,012	
Others		23,549	
Total sales revenue		1,028,973	
Less: Sales return, discount and allowances		(9,426)	
		<u>\$ 1,019,547</u>	

(The following is left blank)

King Shing Industrial Co., Ltd.
Operating costs
January 1 to December 31, 2023

Statement 9

Unit: Expressed in thousands of New Taiwan Dollars

Item	Amount	Note
Goods at the beginning of the period	\$ 127	
Add: Purchases for the current period	372	
Less: Goods at the end of the period	(62)	
Cost of purchases and sales of goods	437	
Raw materials at the beginning of the period	139,625	
Add: Materials purchased for the current period	233,484	
Shortage of raw materials	232	
Less: Raw materials at the end of the period	(135,005)	
Inventories transferred into and out	(8,106)	
Materials used for the current period	230,230	
Direct labor	51,167	
Production overheads	141,025	
Manufacturing costs	422,422	
Add: Work in process at the beginning of the period	151,165	
Work in process purchased	79,618	
Less: Work in process at the end of the period	(176,208)	
Overage of work in process	(147)	
Inventories transferred into and out	(341)	
Cost of finished goods	476,509	
Add: Finished goods at the beginning of the period	28,434	
Finished goods purchased	304,006	
Shortage of finished goods	72	
Less: Finished goods at the end of the period	(21,897)	
Inventories transferred into and out	(64)	
Manufacturing cost and cost of sales	787,060	
Add: Other operating costs	(962)	
Less: Income from sales of scraps	(266)	
Gain from price recovery of inventory	12,904	
Operating costs	\$ 799,173	

King Shing Industrial Co., Ltd.
Production overheads
January 1 to December 31, 2023

Statement 10

Unit: Expressed in thousands of New Taiwan Dollars

Item	Abstract	Amount	Note
Indirect labor		\$ 42,401	
Processing expenses		38,783	
Freight charges for purchase of goods		9,236	
Indirect materials		7,873	
Others		42,732	The balance of each miscellaneous account does not exceed 5% of the total of this account.
		<u>\$ 141,025</u>	

(The following is left blank)

King Shing Industrial Co., Ltd.
Selling expenses
January 1 to December 31, 2023

Statement 11

Unit: Expressed in thousands of New Taiwan Dollars

Item	Abstract	Amount	Note
Payroll expenses		\$ 7,369	
Insurance premiums		1,249	
Import and export charges		9,788	
Others		2,860	The balance of each miscellaneous account does not exceed 5% of the total of this account.
		<u>\$ 21,266</u>	

(The following is left blank)

King Shing Industrial Co., Ltd.
Administrative expenses
January 1 to December 31, 2023

Statement 12

Unit: Expressed in thousands of New Taiwan Dollars

Item	Abstract	Amount	Note
Payroll expenses		\$ 29,690	
Professional service expenses		5,705	
Insurance premiums		2,852	
Others		14,205	The balance of each miscellaneous account does not exceed 5% of the total of this account.
		<u>\$ 52,452</u>	

(The following is left blank)

King Shing Industrial Co., Ltd.
Research and development expenses
January 1 to December 31, 2023

Statement 13

Unit: Expressed in thousands of New Taiwan Dollars

Item	Abstract	Amount	Note
Payroll expenses		\$ 14,200	
Depreciation and wear and tear		2,166	
Insurance premiums		1,664	
Others		7,865	The balance of each miscellaneous account does not exceed 5% of the total of this account.
		<u>\$ 25,895</u>	

(The following is left blank)

King Shing Industrial Co., Ltd.
Summary statement of current period employee benefits, depreciation, depletion and amortization expenses by function
January 1 to December 31, 2023

Statement 14

Unit: Expressed in thousands of New Taiwan Dollars

By nature \ By function	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expenses						
Wages and salaries	80,820	48,890	129,710	87,377	43,383	130,760
Labor and health insurance fees	10,668	4,968	15,636	11,453	4,308	15,761
Pension costs	4,300	2,369	6,669	4,814	2,171	6,985
Other employee benefit expenses	5,641	3,213	8,854	5,920	3,444	9,364
Depreciation	5,708	4,261	9,969	5,947	3,533	9,480
Amortization	1,595	620	2,215	1,789	611	2,400

Note 1: The number of employees for the current year and the previous year was approximately 243 and 236, respectively, with the number of directors not concurrently serving as employees being 2 and 0, respectively.

Note 2: The Company's remuneration policies are as follows:

1. The standards for the distribution of remuneration for the Company's directors and managers are handled according to the Company's personnel policies, unless otherwise stipulated by regulations or the Company's Articles of Incorporation.
2. With respect to the performance assessment and remuneration of directors and managers of the company, it shall refer to the typical pay levels adopted by peer companies, and take into consideration the reasonableness of the correlation between remuneration and individual performance, the company's business performance, and future risk exposure.
3. Directors' remuneration includes compensation and transportation allowances.
4. Managers' and employees' remuneration includes salaries, bonuses, employee compensation, and employee share options.
5. The remuneration for managers and employees refers to the typical pay levels adopted by peer companies, and it is calculated based on individual work experiences, performances, previous remuneration requirements, as well as individual performance assessed according to "Calculation and Distribution of Remuneration Procedures" and "Attendance and Performance Evaluation Procedures."
6. According to the Company's Articles of Incorporation, if the company makes a profit during the year, it should allocate at least 1% of its profit as employee remuneration and no more than 5% as director and supervisor remuneration. The employee remuneration is distributed in stocks or cash in the preceding paragraph. The recipients include employees of subordinate companies who meet certain conditions and the qualification requirements for which are determined by the Board of Directors. However, if the company still has accumulated losses, profits shall be reserved to offset the losses.