Stock No: 1525

Kian Shen Corporation

2023 Annual Report

Publication date: March 31, 2024

Company website: https://www.kian-shen.com/

Website for inquiry: https://mops.twse.com.tw/

I. Names, titles, contact numbers and email addresses of the Company's spokesperson and acting spokesperson

Spokesperson: Ya-Ling Chang
Title: Assistant Vice President
Telephone: (03)478-3121
Email: ellen.chang@kian-shen.com
Acting spokesperson: Yu-Chin Lu
Title: Finance Manager
Telephone: (03)478-3121
Email: nico.lu@kian-shen.com

II. Addresses and telephone numbers of the company and factory

Address: No. 100, Xinjiang Road, Yangmei District, Taoyuan City
Telephone: (03)478-3121

III. Name, address, telephone number and website of the stock transfer institution

Name: Stock Affairs Section of Kian Shen Corporation
Address: 1F., No. 3, Section 3, Zhongxing Road, Xindian District, New Taipei City
Telephone: (02)2515-6421
Website: https://www.kian-shen.com/

IV. Names of the CPAs, CPA firm name, address, telephone number and website for the most recent annual financial report

CPAs' names: Yu-Ting Huang and Chien-Tse Huang
CPA firm: EY Taiwan
Address: 26F., No. 186, Shizheng North 7th Road, Xitun District, Taichung City
Telephone: (04)2559-8999
Website: https://www.ey.com/zh_tw

V. Trading venue for listing and trading of offshore securities and method for querying the information of the offshore securities: None.

VI. Company website: https://www.kian-shen.com/

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One. Letter to Shareholders

I. Operational Highlights

(I) The delivery volume of vehicle frames declined in the second half of the year due to insufficient inventory of the central plants. Fortunately, customers' export orders recovered after the pandemic passed, and parts revenue grew significantly. Together with the growth of the wooden bed and electric bus frame business, the operating revenue in 2023 was NT$1.598 billion. This was a 7% year-on-year growth.

(II) In order to maintain the economic scale of production, new equipment has been put online and some outsourced parts are moved back to the factory to expand the scale of production in the factory, and the production process is continuously improved to increase production efficiency, reduce processing costs, optimize the utilization rate of materials, and improve the operating gross profit. The operating profit in 2023 was NT$65.39 million, a significant year-on-year growth.

(III) Local car makers in mainland China have launched a massive price cut. In addition to using the price war to boost sales, electric vehicles have also entered the fray, affecting the sales of Japanese car makers and affecting the operations of investees. Therefore, the Company has actively reduced the purchase cost of materials and improved operating efficiency and quality, and saved various expenses to ensure profits, and with the benefit from the disposal of Kian Shen Hangzhou, the full-year recognized reinvestment income was NT$455 million, a year-on-year growth of 98%.

(IV) Overall, the 2023 net income after taxes for the was at NT$404 million, with earnings per share of NT$5.5.

II. Future Outlook

(I) The Directorate General of Budget, Accounting and Statistics estimates that the economic growth rate in 2024 will be 3.43%, and private consumption will continue to improve in line with the job market. In response to the trend of digital and net zero transformation, the Company continues to invest in R&D and process optimization. Under the subsidy policy for the electrification of mass transportation, there is a strong market demand for electric vehicles. It is expected that the sales volume of the overall vehicle market in Taiwan will grow moderately in 2024.

(II) The Company's business promotion direction this year will be to maintain a stable supply of existing products and continue cooperating with customers in the development and mass production of new car models; in addition, we will strengthen our research and sales advantages of electric bus shells, actively develop new customers and businesses, in order to expand our revenue scale.

(III) The sprint sales of Chinese car companies and the promotion of consumption by local governments at the end of last year have stimulated many car purchases to happen ahead of schedule. With the rapid increase in the penetration rate of new energy vehicles, the market and price competition will become more intense. In addition to cooperating with customers production plan, focus resources, increase production of best-selling models, and set challenging targets for cost reduction and expense control, in order to improve the Company's operating performance.

With the full support of shareholders and the joint efforts of all staff, we are confident in continuous expanding new businesses and client bases and improving competitive advantages to create higher profits for shareholders.

Lastly, I wish all shareholders good health and all the best. Thank you!

Chairman 

March 31, 2024

Two. Company Profile

I. Date of Establishment: May 30, 1963

II. Company History:

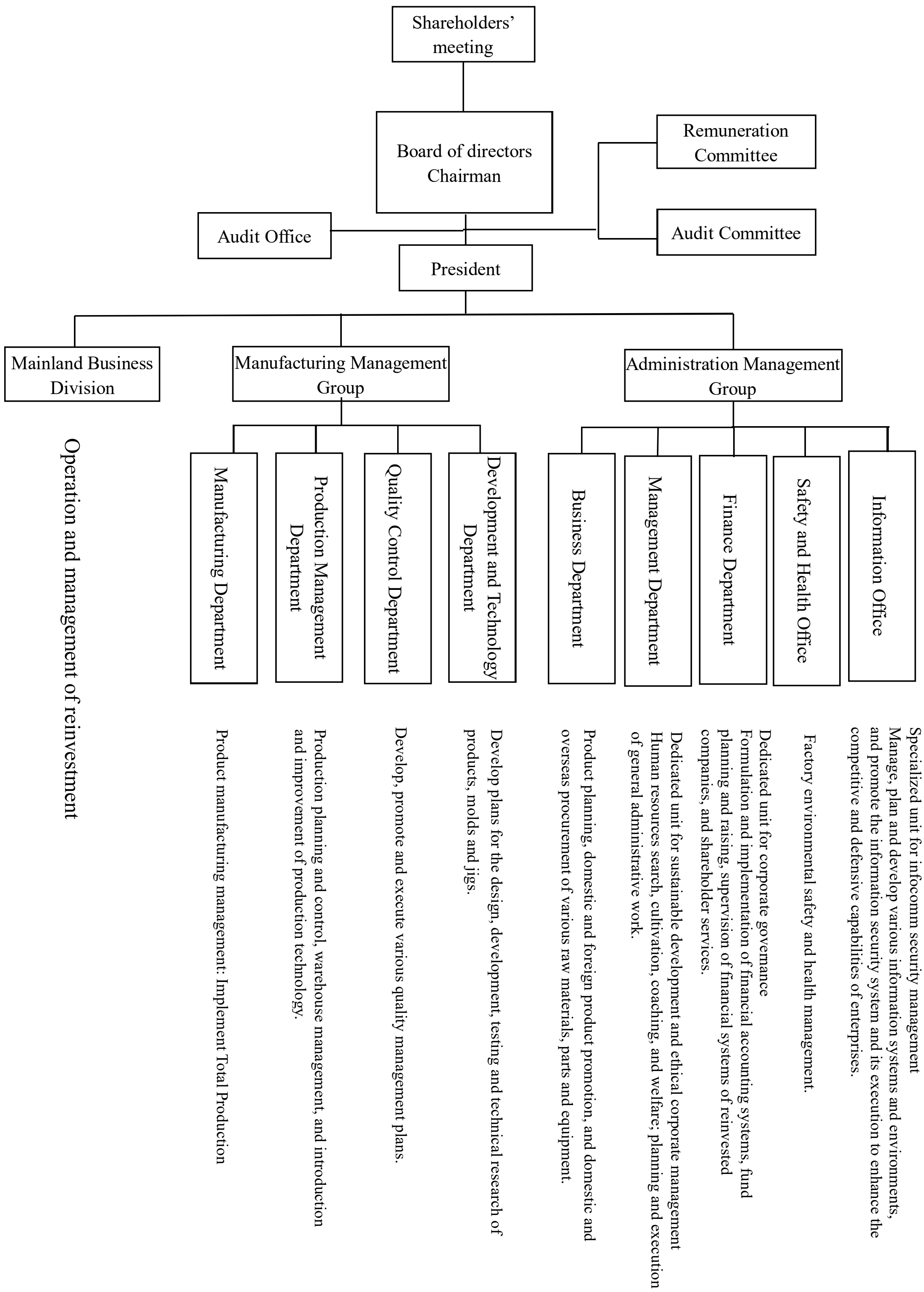
October 1955:	Mr. Tsao, Chi-Lung founded Kian Shen Hardware Factory, which initially focused on producing various types of steel shovels and hand tools. It was granted the Class A mark by the Bureau of Central Standards, and its products were sold in 18 countries worldwide.
1963:	The company name was changed to Kian Shen Hardware Factory Co., Ltd.
1970:	The capital was increased to NT$3 million, and was selected as a satellite factory approved by the military to engage in research and manufacturing of military vehicles and weapon components.
1974:	The Company became a satellite factory of China Motor Corporation, supplying rear body assemblies for small trucks.
1978:	The company name was changed to Kian Shen Corporation.
1979:	The new Yangmei factory covering an area of over 58,000 square meters was completed, specializing in the production of small truck rear carriages and container beams for supply to China Motor Corporation and Weilian Industrial Company.
1981:	The main beams and crossbeams of heavy-duty trucks were officially adopted by Huatong Automobile Company (joint venture with General Motors of the United States) after trial assembly.
1983:	Produced American Harley locomotive fuel tanks and various types of car bumpers, and marketed them in the U.S. market.
1984:	Collaborated with Japan's Takebe Iron Works to produce the shells of large trucks and buses for supply to Kuozui Motors, Ltd. and China Motor Corporation.
1986:	Supplied stamping parts and molds for Fengyong Automobile Company.
November 1990:	The Company was restructured and China Motor Corporation acquired 100% of its equity.
April 1991:	China Development Trust joined the Company's management team and acquired 10% equity.
August 1991:	Kuozui Motors, Ltd. participated in the investment and acquired 35% of the equity.
December 1991:	Establish a wooden bed assembly and painting production line to produce wooden bed rear vehicle bodies.
December 1992:	The new coating factory was completed and put into use, replacing traditional manual spraying with automatic impregnation to improve the working environment, avoid environmental pollution, and enhance product quality.
November 1993:	Handled supplementary public offering.
December 1995:	Technical cooperation with Japan's Yonan Industries Co., Ltd. to produce load arms and supply them to China Motor Corporation.
March 1996:	The Investment Commission of the Ministry of Economic Affairs approved the Company’s indirect investment in mainland China's Fuxiang (Fuzhou) Automobile Company, accounting for 35% of its equity.

July 1996:	Passed ISO9002 certification of Bureau of Standards, Metrology and Inspection, MOEA.
August 1996:	Produce bus shells for supply to Isuzu Motor Company in Taiwan.
December 1998:	Passed QS9000 certification.
May 1999:	The Company's shares were officially listed.
March 2000:	Started exporting RK beams to Japan’s Hino Heavy Vehicles.
July 2000:	Passed ISO14001 certification by UK’s UKAS.
March 2001:	Technical cooperation with Japan's Hirata Industries Co., Ltd. and Miwa Production Institute.
March 2002:	Established a BVI offshore investment company.
July 2002:	Established a joint venture Guangzhou Enten Yulong Transmission System Co., Ltd. with Japan's NTN.
October 2002:	The Industrial Development Bureau, MOEA granted the Outstanding Occupational Safety and Health Management Demonstration Team Award to the Company.
November 2002:	Passed the certification of OHSAS18001 Occupational Safety and Health Management System.
September 2003:	Jointly established "Beijing Ruihan Enten Automotive Parts Co., Ltd." with South Korea’s Flange and Japan's NTN.
October 2003:	The Industrial Development Bureau, MOEA granted the Industrial Sustainable Elite Award to the Company.
January 2004:	Passed the certification of TS-16949 Quality Management System.
August 2004:	Establish the subsidiary Jiang Sheng Investment Company.
November 2004:	The Council of Labor Affairs granted to the Company the Five Star Award for National Excellent Units in Promoting Labor Safety and Health.
March 2006:	Jointly established Xiamen Jinlong Kian Shen Vehicle Shell Co., Ltd. with Xiamen Electromechanical Group.
November 2007:	Establish Hong Kong Kian Shen Investment Company.
December 2007:	Obtained the TQ AAA level supplier evaluation of China Motor Corporation.
December 2008:	The subsidiary Jiang Sheng Investment Company handled its liquidation.
July 2009:	MOEA granted to the Company the Outstanding R&D Alliance Award of the 2009 Industry Development of Industrial Technology Plan.
February 2011:	Received the Excellent Manufacturer’s Design and Development Excellent Performance Award from Yulong Nissan Motor’s Cooperative System.
July 2012:	Selected by the Ministry of Finance as a business operator with excellent performance in issuing unified invoices.
January 2014:	Jointly established Xiangyang Enten Yulong Transmission System Co., Ltd. with Enten (China) Investment Company.
March 2014:	Received the Excellent Manufacturer’s Excellent Overall Performance Award from Yulong Nissan Motor’s Cooperative System.
August 2014:	Received the ISO14001 Environmental Sustainability Award.
September 2015:	Renewed technical cooperation with Japan’s Takebe Iron Works.
February 2016:	Rated A level in the safety and health management system evaluation of

	the First Section of Kuozui Motors' Cooperation Association for three consecutive years.
December 2019:	Received the Health Workplace Certification Mark from the Ministry of Health and Welfare.
April 2020:	The Company ranked among top 6%~20% of all the TWSE and TPEx listed companies in Corporate Governance Evaluation for five consecutive years.
November 2020:	Passed ISO45001 certification.
February 2021:	"Beijing Ruihan Enten Automotive Parts Co., Ltd." handled equity transfer.
March 2021:	Produced electric bus shells for supply to Foxtron Vehicle Technologies Co., Ltd.
June 2021:	Produced wooden bed rear vehicle bodies for supply to Hotai Vehicle Body Manufacturing Co., Ltd.
March 2022:	Established a dedicated production line for low-floor buses.
July 2022:	Rated A level in the safety and health management system evaluation of the First Section of Kuozui Motors' Cooperation Association.
November 2022:	Renewed technical cooperation with Japan's Takebe Iron Works.
February 2023:	Awarded A level in the evaluation of China Motor Quality Assurance System.
August 2023:	Obtained patent certifications of M644682 for vehicle platform cover and M644681 and M644683 for truck tailgate structure.
October 2023:	The Company was certified ISO 27001 Information Security Management System.

Three. Corporate Governance Report

I. Organization Structural Chart



II. Information of Directors, President, Vice Presidents, Associate Vice Presidents, Managerial Officers of Departments

(I) Information of Directors

March 31, 2024

Title	Nationality or place of registration	Name	Gender and age	Date of Election (Inauguration)	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and minor children		Shareholding in other people's names		Education and experience	Current concurrent positions at the Company and other companies	Other supervisors, directors or supervisors with a relationship of spouse or second-degree kinship.			Remarks
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
	Taiwan	China Motor Corporation					32,201,367	43.87%	32,201,367	43.87%										
Chairman	Taiwan	China Motor Corporation Representative: Chao-Wen Chen	Male Over 61 years old	2022.07.01	Three years	2018.03.21	-	-	-	-	-	-	-	-	Entrepreneur Class, School of Business Management, National Cheng Chi University Department of Chemical engineering, Chung Yuan Christian University	Director and President of China Motor Corporation Chairman of Coc Tooling & Stamping Co., Ltd. Chairman of ROC-Spicer Ltd. Chairman of Fortune Motors Co., Ltd. Director of Shung Ye Motor Co., Ltd. Chairman of Taiwan Transportation Vehicle Manufacturers Association Director of Hong Kong Kian Shen Investment Company Director of Kian Shen Investment Co.,Ltd.	-	-	-	-
Director	Taiwan	Representative of China Motor Corporation: Chiung-Chih Tseng	Male Over 61 years old	2022.07.01	Three years	2013.07.01	-	-	-	-	-	-	-	-	Department of Mechanical Engineering, Tamkang University	Director and President of Kiang Shen Corporation Director of Fuzhou Fuxiang Automobile Industry Co., Ltd. Director of Guangzhou Enten Yulong Transmission System Co., Ltd. Director of Xiamen Jinlong Kian Shen Vehicle Shell Co., Ltd. Director of Xiangyang Enten Yulong Transmission System Co., Ltd. Director of Taiwan Transportation Vehicle Manufacturers Association	-	-	-	-
	Taiwan	Kuozui Motors, Ltd.					24,178,711	32.94%	24,178,711	32.94%										
Director	Taiwan	Kuozui Motors, Ltd. Representative: Wen-Chih Chien	Male Over 61 years old	2022.07.01	Three years	2019.04.01	-	-	-	-	-	-	-	-	Department of Industrial Design, Datong University	Director and Vice President of Kuozui Motors, Ltd. Director of Fuzhou Fuxiang Automobile Industry Co., Ltd. Managing Director of Taiwan Transportation Vehicle Manufacturers Association	-	-	-	-

Title	Nationality or place of registration	Name	Gender and age	Date of Election (Inauguration)	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and minor children		Shareholding in other people's names		Education and experience	Current concurrent positions at the Company and other companies	Other supervisors, directors or supervisors with a relationship of spouse or second-degree kinship.			Remarks
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Director	Taiwan	Kuozui Motors, Ltd. Representative: Kun-Sheng Lan	Male Over 61 years old	2022.07.01	Three years	2020.04.01	-	-	-	-	-	-	-	-	Department of Wheel Machinery Engineering, National Taiwan Ocean University	AVP of Kuozui Motors, Ltd. Managing Director of SAE Taipei Section Director of Xiamen Jinlong Kian Shen Vehicle Shell Co., Ltd.	-	-	-	-
Director	Japan	Kuozui Motors, Ltd. Representative: Naoki Kobayashi	Male 51~60 years old	2022.07.01	Three years	2022.02.01	-	-	-	-	-	-	-	-	Production Mechanical Engineering Department, Nippon Institute of Technology	AVP of Kuozui Motors, Ltd.	-	-	-	-
	Taiwan	Yulon-Administered Enterprises Co., Ltd.					10,600	0.01%	10,600	0.01%										
Director	Taiwan	Yulon-Administered Enterprises Co., Ltd. Representative: Hung-Ching Yang	Male 51~60 years old	2022.07.01	Three years	2022.01.01	-	-	-	-	-	-	-	-	Department of Mechanical Learning, Sun Yat-Sen University	Vice President of China Motor Corporation Director of Coc Tooling & Stamping Co., Ltd. Director of China Engine Corporation	-	-	-	-
Director	Taiwan	Yulon-Administered Enterprises Co., Ltd. Representative: Tung-Tai Hsiung (Note 1)	Male 51~60 years old	113.01.01	Three years	113.01.01	-	-	-	-	-	-	-	-	EMBA, National Central University Department of Mechanical Engineering, National Cheng Kung University	Vice President of China Motor Corporation Director of ROC-Spicer Ltd. Director of Yueki Industrial Co., Ltd. Director of China Engine Corporation	-	-	-	-

Title	Nationality or place of registration	Name	Gender and age	Date of Election (Inauguration)	Term	Date first elected	Shareholding when elected		Current shareholding		Shareholdings of spouse and minor children		Shareholding in other people's names		Education and experience	Current concurrent positions at the Company and other companies	Other supervisors, directors or supervisors with a relationship of spouse or second-degree kinship.			Remarks
							Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
Independent director	Taiwan	Te-Chang Yeh	Male Over 61 years old	2022.07.01	Three years	2016.07.01	-	-	-	-	-	-	-	-	School of Economics, National Cheng Chi University	Advisor of Wafer Works Corporation Supervisor of Shanghai Wafer Works Supervisor of Shanghai Jingmeng Silicon Materials Co., Ltd. Supervisor of Zhengzhou Wafer Works Director of Silicon Technology Investment （Cayman） Corp. Independent Director of Carnival Industrial Corporation Independent Director of DFI Inc. Supervisor of Maxkit Technology Co., Ltd.	-	-	-	-
Independent director	Taiwan	Hsuan Wang (Note 2)	Female 41-50 years old	2023.06.15	Three years	2023.06.15	-	-	-	-	-	-	-	-	PhD in Accounting, National University of Taiwan	Independent Director of Highpoint Service Network Corporation Independent Director of AP Memory Technology Corporation Assistant Professor of College of Management and Chairman of Internal Audit Committee, Yuan Ze University, Dean of Corporate Sustainability and Social Responsibility Center, Chairperson of Internal Audit Committee	-	-	-	-
Independent director	Taiwan	Yung-An Lo (Note 2)	Male 51~60 years old	2023.06.15	Three years	2023.06.15	-	-	-	-	-	-	-	-	Bachelor of Laws, Chinese Culture University	Chairman/Attorney of Yung Attorney-At-Law Chairman of Congrongzhichan Co., Ltd.	-	-	-	-

Note: (1) On January 1, 2024, Hsin-Cheng Tseng, the representative of Yulon Management Co., Ltd., was discharged, and Tung-Tai Hsiung was reappointed as Director.
(2) Independent Directors Chi-Ching Chen and Wei-Ching Lu resigned on March 31, 2023 due to personal reasons. Independent Directors Hsuan Wang and Yung-An Luo were by-elected at the shareholders' meeting on June 15, 2023.

(II) Major shareholder of corporate shareholder

March 31, 2024

Name of corporate shareholder	Major shareholder of corporate shareholder	Shareholding ratio %
China Motor Corporation	1. Tai Yuen textile Co., Ltd.	25.19
	2. Mitsubishi Motors Corporation	14.00
	3. Yulon Motor Co., Ltd.	8.05
	4. Diamond Hosiery & Thread Co., Ltd.	6.76
	5. Finance Division, Head Office, Mega International Commercial Bank	2.26
	6. Taiwan Life Insurance Co., Ltd.	1.80
	7. Labor pension fund under new system	1.05
	8. Citibank Taiwan trusted for custody of Norwegian Central Bank investment account	0.89
	9. Nan Shan Life Insurance Co., Ltd.	0.88
	10. Pan German Investment Co., Ltd.	0.87
Kuozui Motors, Ltd.	1. Toyota Motor Corp.	65.00
	2. Hotai Motor Co., Ltd.	30.00
	3. Hino Motors, Ltd.	5.00
	(Total shareholding percentage of aforementioned shareholders is 100%)	
Weitai Investment Co., Ltd.	1. Chen Li-Lien Yen	33.32
	2. Pei-Yu Yen	33.29
	3. Hsiang-Nan Yen	33.29
	4. Pan German Investment Co., Ltd.	0.04
	5. Wei Wen Investment Co., Ltd.	0.02
	6. Le Wen Investment Co., Ltd.	0.02
	7. Jing Yu Investment Co., Ltd.	0.02
	(Total shareholding percentage of aforementioned shareholders is 100%)	

(III) Major Shareholders of Corporate Shareholders as the Major Shareholders

1. Major shareholders as juridical persons for the major shareholders of China Motor Corporation

March 31, 2024

Name of institution	Major shareholders of corporate shareholders	Shareholding ratio %
1. Tai Yuen textile Co., Ltd.	1. Xiang Wei Investment Co., Ltd.	22.15
	2. Yen Tjing Ling Industrial Development Foundation	14.24
	3. Hoffman Brothers Investment Co., Ltd (British Virgin Islands)	9.80
	4. Evens Investment Co., Ltd (British Virgin Islands)	9.71
	5. West Bridge Investment Co., Ltd. (Cayman)	9.13
	6. Li Yuan Investment Co., Ltd.	7.17
	7. Yun Shueng Investment Corp.	6.82
	8. Diamond Hosiery & Thread Co., Ltd.	5.89
	9. Li Peng Investment Co., Ltd.	5.61
	10. Yuan Wei Investment Co., Ltd.	3.10
2. Mitsubishi Motors Corporation	1. Nissan Motor Co., Ltd.	34.01
	2. Mitsubishi Corporation	20.00
	3. Master Trust Bank of Japan, Ltd. (Trust Department)	7.53
	4. MSCO CUSTOMER SECURITIES	1.67
	5. Mitsubishi Heavy Industries, Ltd.	1.44
	6. MUFG Bank, Ltd.	0.99
	7. THE BANK OF NEW YORK MELLON 140044	0.82
	8. JP JPMSE LUX RE UBS AG LONDON BRANCH EQ CO	0.66
	9. JP MORGAN CHASE BANK 385781	0.57
	10. STATE STREET BANK WEST CLIENT - TREATY 505234	0.54

Name of institution	Major shareholders of corporate shareholders	Shareholding ratio %
3. Yulon Motor Co., Ltd.	1. Tai Yuen textile Co., Ltd.	17.43
	2. China Motor Corporation	16.02
	3. Chen Li-Lien Yen	3.19
	4. UBS Taipei Branch received Pei-Yu Yen's Trust Property Account	3.17
	5. UBS Taipei Branch received Hsiang-Nan Yen's Trust Property Account	3.17
	6. Pan German Investment Co., Ltd.	1.78
	7. Yen Tjing Ling Industrial Development Foundation	1.03
	8. Shih-Chung Lin	0.93
	9. Diamond Hosiery & Thread Co., Ltd.	0.73
	10. Yuea Ching Business Co., Ltd.	0.70
4. Diamond Hosiery & Thread Co., Ltd.	1. Wanda Co., Ltd. (British Virgin Islands)	72.51
	2. Tai Yuen textile Co., Ltd.	21.97
	3. Xiang Wei Investment Co., Ltd.	5.09
	4. Wu Shun Wen Industrial and Commercial Development Foundation	0.1684
	5. Le Wen Investment Co., Ltd.	
	6. Wei Wen Investment Co., Ltd.	0.13
	7. Chen Li-Lien Yen	0.13
	8. Pei-Yu Yen	0.0002
	9. Hsiang-Nan Yen	0.0002
	(Total shareholding percentage of aforementioned shareholders is 100%)	0.0002
5. Finance Division, Head Office, Mega International Commercial Bank	Mega Financial Holding Co., Ltd.	100
6. Taiwan Life Insurance Co., Ltd.	CTBC Financial Holding Co., Ltd.	100
7. Labor pension fund under new system	Since it is not a juridical person, this is not applicable	-
8. Citibank Taiwan trusted for custody of Norwegian Central Bank investment account.	Since it is not a juridical person, this is not applicable	-
9. Nan Shan Life Insurance Co., Ltd.	1. Ruen Chen Investment Holding Co., Ltd.	89.55
	2. Ruen Hua Dyeing & Weaving Co., Ltd.	1.34
	3. Ying-Tsung Tu	1.16
	4. Ruen Tai Shing Co., Ltd.	0.97
	5. Ruentex Development Co., Ltd.	0.23
	6. Ruentex Industries Co., Ltd.	0.21
	7. Yuan Hsin Investment Co., Ltd.	0.16
	8. Ruentex Leasing Co., Ltd.	0.12
	9. Ji Pin Investment Co., Ltd.	0.11
	10. Pan City Co., Ltd	0.09
10. Pan German Investment Co., Ltd.	1. Weitai Investment Co., Ltd.	33.36
	2. Wei Wen Investment Co., Ltd.	33.34
	3. Le Wen Investment Co., Ltd.	33.30

2. Major shareholders as juridical persons for the major shareholders of Kuozui Motors, Ltd.

March 31, 2024

Name of institution	Major shareholders of corporate shareholders	Shareholding ratio %
1. Toyota Motor Corp.	1. Japan Master Trust Bank Co., Ltd. 2. Toyota Industries Corporation 3. Custody Bank of Japan, Ltd. 4. Nippon Life Insurance Company 5. JPMorgan Chase Bank 6. DENSO Corporation 7. State Street Bank and Trust Company 8. BNY MELLON (Representative of Sumitomo Mitsui Banking Corporation) 9. MS&AD Insurance Group Holdings, Inc. 10. Tokio Marine & Nichido Fire Insurance Co., Ltd.	11.68 7.31 5.57 3.88 3.28 2.76 2.06 1.79 1.74 1.56
2. Hotai Motor Co., Ltd.	1. Hoyu Investment Co., Ltd. 2. Toyota Motor Corp. 3. Fong Gang Enterprise Co., Ltd. 4. Gin Yuan Shan Investment Co., Ltd. 5. Cheng Sun Trading Co., Ltd. 6. Shen Le Investment Co., Ltd. 7. Yuan Tou Investment Co., Ltd. 8. Golden Orange Corporation 9. Zi Geng Development Co., Ltd. 10. Tai Zhang Investment Co., Ltd.	8.83 8.13 7.42 6.60 4.49 3.11 2.68 2.49 2.43 2.29
3. Hino Motors, Ltd.	1. Toyota Motor Corp. 2. Master Trust Bank of Japan (Trust Department) 3. Custody Bank of Japan, Ltd. (Trust Department) 4. SSBTC CLIENT OMNIBUS ACCOUNT 5. DENSO Corporation 6. GOVERNMENT OF NORWAY 7. Nisshinbo Holdings Inc. 8. Tokio Marine & Nichido Fire Insurance Co., Ltd. 9. J.P.MORGAN CHASE BANK 385781 10. STATE STREET BANK WEST CLIENT-TREATY505234	50.14 10.09 2.92 0.91 0.71 0.69 0.65 0.64 0.63 0.60

3. Major shareholders as juridical persons for the major shareholders of Weitai Investment Co., Ltd.

March 31, 2024

Name of institution	Major shareholders of corporate shareholders	Shareholding ratio %
1. Chen Li-Lien Yen	It refers to an individual shareholder; therefore, provision of information is not required.	-
2. Pei-Yu Yen	It refers to an individual shareholder; therefore, provision of information is not required.	-
3. Hsiang-Nan Yen	It refers to an individual shareholder; therefore, provision of information is not required.	-
4. Pan German Investment Co., Ltd.	1. Weitai Investment Co., Ltd. 2. Wei Wen Investment Co., Ltd. 3. Le Wen Investment Co., Ltd. (Total shareholding percentage of aforementioned shareholders is 100%)	33.36 33.34 33.30
5. Wei Wen Investment Co., Ltd.	1. Chen Li-Lien Yen 2. Pei-Yu Yen 3. Hsiang-Nan Yen 4. Le Wen Investment Co., Ltd. 5. Jing Yu Investment Co., Ltd. 6. Pan German Investment Co., Ltd. 7. Weitai Investment Co., Ltd. (Total shareholding percentage of aforementioned shareholders is 100%)	28.84 28.73 28.73 11.39 2.11 0.10 0.10
6. Le Wen Investment Co., Ltd.	1. Weitai Investment Co., Ltd. 2. Wei Wen Investment Co., Ltd. 3. Pan German Investment Co., Ltd. 4. Chen Li-Lien Yen 5. Pei-Yu Yen 6. Hsiang-Nan Yen (Total shareholding percentage of aforementioned shareholders is 100%)	40.32 30.63 18.92 3.39 3.37 3.37
7. Jing Yu Investment Co., Ltd.	1. Evens Investment Co., Ltd. 2. Pan German Investment Co., Ltd. 3. Weitai Investment Co., Ltd. (Total shareholding percentage of aforementioned shareholders is 100%)	99.96 0.02 0.02

(IV) Disclosure of Information on Professional Qualifications and Independence of Independent Directors

March 31, 2024

Requirement / Name	Professional qualifications and experience	Status of independence	Number of independent director positions concurrently holding at other public companies
Chao-Wen Chen	Having work experience in board operations, corporate administration, global markets and related industries. Formerly the Vice President, Assistant Vice President and Production Technology Department Manager of China Motor Corporation.	1. None of the Company's Directors (including independent directors) has been under the circumstances defined by Article 26-3 of the Securities and Exchange Act and Article 30 of the Company Act. 2. The Company has obtained the declarations from independent directors to ensure that the independent directors meet the qualification requirements stipulated in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" issued by the Financial Supervisory Commission and the relevant provisions of Article 14-2 of the Securities and Exchange Act during their term of office.	-
Chiung-Chih Tseng	Having work experience in board operations, factory management, global markets and related industries. Formerly the Assistant Vice President of Production Group and Assistant Vice President of Business Group of China Motor Corporation.		-
Wen-Chih Chien	Having work experience in board operations and factory management. Formerly the Assistant Vice President of Management Department and Senior Manager of Coordination Department of Kuozui Motors, Ltd.		-
Kun-Sheng Lan	Having work experience in quality and factory management. Formerly the Assistant Vice President of Management Department and Senior Manager of Quality Assurance Department of Kuozui Motors, Ltd.		-
Naoki Kobayashi	Having work experience in production management, improvement and investigation. Formerly the Director of Production Investigation Department of Hino Motors, Ltd.		-
Hung-Ching Yang	Having work experience in board operations, global markets, corporate administration and related industries. Formerly the President of Southeast Motor, and Assistant Vice President of Production Group and Assistant Vice President of Technology Development Group of China Motor Corporation.		-
Tung-Tai Hsiung	Having work experience in board operations and production management. Formerly the Assistant Vice President of China Motor Corporation and President of		-

Requirement / Name	Professional qualifications and experience	Status of independence	Number of independent director positions concurrently holding at other public companies
	Coc Tooling & Stamping Co., Ltd.		
Te-Chang Yeh	Having work experience in board operations and financial investment. Formerly the Advisor of Wafer Works Corporation, Independent Director of Carnival Industrial Corporation, Independent Director of DFI Inc., and Advisor and President of USI Management Consulting Corporation.		2
Hsuan Wang	Having work experience in board operations and financial accounting. Independent Director of Highpoint Service Network Corporation and Independent Director of Advanced Lithium Electrochemistry Co., Ltd.		2
Yung-An Lo	Experience in corporate administration and legal affairs. Served as President of Yong Law Firm and Public Prosecutor of Taichung District Prosecutors Office.		-

(V) Diversity and Independence of the Board of Directors

In the "Measures for Election of Directors", the Company clearly stipulates that for the composition of the board of directors, diversity should be considered with no restriction on the gender, age, nationality. and culture background. In addition to having the knowledge, skills and literacy necessary for performing their duties, in order to achieve the goal of corporate governance, the overall capabilities of the board of directors shall include diversified professional backgrounds with: 1. Operational judgment ability. 2. Accounting and financial analysis ability. 3. Operation and management ability. 4. Crisis management ability. 5. Knowledge of the industry. 6. International market perspective. 7. Leadership. 8. Decision-making ability.

The composition of directors and independent directors in the board of directors should be balanced to ensure a high degree of independence of the board of directors. The board of directors of the company has at least one female member or at least one foreign member for the diversity goal. Investment management, risk management, international market outlook, and leadership decision-making expertise. There are currently 10 directors, of which 1 female director accounts for 10% of the total membership, 1 foreign director accounts for 10% of the total membership, and 3 independent directors accounts for 30% of the total membership. One independent director serves a term of more than 3 years, and the remaining two independent directors serve a term of less than 3 years.

As of the end of 2023, 5 directors were over 61 years old, 4 directors were 51 - 60 years old, and 1 director was 41 - 50 years old. Among them, all independent directors have met the requirements of the Securities and Futures Bureau of the Financial Supervisory Commission on independent directors. None of the Directors is a spouse or relative within the second degree of kinship. For information on the education, gender, professional qualifications, work experience and diversity of Directors, please refer to the above table and the Company's website “Board Member Information”.

(VI) Information of President, Vice Presidents, Assistant Vice Presidents and Supervisors of all departments and branches

March 31, 2024

Title	Nationality or place of registration	Name	Gender	Date of Election (Inauguration)	Shareholding		Shareholdings of spouse and minor children		Shareholding in other people's names		Education and experience	Current concurrent positions at other companies	Managers with relationships of spouse or relative within the second degree of kinship			Remarks
					Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding	Number of shares	Percentage of shareholding			Title	Name	Relationship	
President	Taiwan	Chiung-Chih Tseng	Male	2021.09.01	None.	None.	None.	None.	None.	None.	Department of Mechanical Engineering, Tamkang University	Director of Fuzhou Fuxiang Automobile Industry Co., Ltd. Director of Guangzhou Enten Yulong Transmission System Co., Ltd. Director of Xiamen Jinlong Kian Shen Vehicle Shell Co., Ltd. Director of Xiangyang Enten Yulong Transmission System Co., Ltd. Director of Taiwan Transportation Vehicle Manufacturers Association	-	-	-	-
Vice President	Taiwan	Der-Hsiang Yu	Male	2017.07.01	None.	None.	None.	None.	None.	None.	School of Business Management, Tunghai University	Director of Fuzhou Fuxiang Automobile Industry Co., Ltd. Supervisor of Guangzhou Enten Yulong Transmission System Co., Ltd. Supervisor of Xiangyang Enten Yulong Transmission System Co., Ltd. Director of Xiamen Jinlong Kian Shen Vehicle Shell Co., Ltd.	-	-	-	-
Vice President	Taiwan	Chen-Ching Sung	Male	2021.04.01	None.	None.	None.	None.	None.	None.	Department of Agricultural Machinery, National Chung Hsing University	None.	-	-	-	-
Vice President	Taiwan	Cheng-Yi Weng	Male	2021.01.01	None.	None.	None.	None.	None.	None.	Accounting Department, Tamkang University	Director and President of Guangzhou Enten Yulong Transmission System Co., Ltd.	-	-	-	-
Assistant Vice President	Taiwan	Ya-Ling Chang	Female	2019.01.01	None.	None.	None.	None.	None.	None.	Department of Banking and insurance, Feng Chia University	Supervisor of Xiamen Jinlong Kian Shen Vehicle Shell Co., Ltd. Director of Fuzhou Fuxiang Automobile Industry Co., Ltd.	-	-	-	-
Assistant Vice President	Taiwan	Yi-Wen Liao	Male	2022.01.01	None.	None.	None.	None.	None.	None.	Department of Industrial Engineering and Management, Ching Yun University	None.	-	-	-	-
Assistant Vice President	Taiwan	Chen-Kui Chen	Male	2021.01.01	None.	None.	None.	None.	None.	None.	Mechanical Engineering Department, Chien Hsin Industrial College	Director and President of Xiangyang Enten Yulong Transmission System Co., Ltd.	-	-	-	-
Assistant Vice President	Taiwan	Yu-Cheng Huang	Male	2022.12.01	None.	None.	None.	None.	None.	None.	Institute of Industrial Economics, Central University	President of Xiamen Jinlong Kian Shen Vehicle Shell Co., Ltd.	-	-	-	-

(VII) Remuneration paid to General Directors, Independent Directors, Supervisors, President and Vice Presidents in the past year:

1. Remuneration to General Directors and Independent Directors

Unit: NT$ thousand

Title	Name	Directors' remuneration								Sum of A, B, C, and D and as a percentage of net income after tax		Remuneration to directors holding employee positions concurrently								Sum of A, B, C, D, E, F and G and as a percentage of net income after tax		Remuneration from an invested company other than the Company's subsidiaries or parent company
		Compensation (A)		Pension (B)		Remuneration to Directors (C)		Fees for services rendered (D)				Salaries, bonuses and special allowances (E)		Pension (F)		Remuneration to employees (G)						
																The Company		All companies in financial statements				
		The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	Amount in cash	Amount in shares	Amount in cash	Amount in shares	The Company	All companies in financial statements	
Chairman (Note 1)	Chao-Wen Chen	764	764	-	-	931	931	96	96	0.47%	0.47%	-	-	-	-	-	-	-	-	1.29%	1.29%	9,872
Director (Note 1)	Chiung-Chih Tseng	-	-	-	-			96	96			3,277	3,277	-	-	61	-	61	-			1,545
Director (Note 2)	Wen-Chih Chien	-	-	-	-	1,117	1,117	96	96	0.35%	0.35%	-	-	-	-	-	-	-	-	0.35%	0.35%	0
Director (Note 2)	Kun-Sheng Lan	-	-	-	-			96	96			-	-	-	-	-	-	-	-			0
Director (Note 2)	Naoki Kobayashi	-	-	-	-			96	96			-	-	-	-	-	-	-	-			0
Director (Note 3)	Hung-Ching Yang	-	-	-	-	745	745	96	96	0.23%	0.23%	-	-	-	-	-	-	-	-	0.23%	0.23%	5,223
Director (Note 3)	Tung-Tai Hsiung	-	-	-	-			0	0			-	-	-	-	-	-	-	-			4,518
Director (Note 4)	Hsin-Cheng Tseng							96	96													4,978
Independent director	Te-Chang Yeh	-	-	-	-	-	-	550	550	0.14%	0.14%	-	-	-	-	-	-	-	-	0.14%	0.14%	0
Independent Director (Note 5)	Hsuan Wang							300	300	0.07%	0.07%									0.07%	0.07%	0
Independent Director (Note 5)	Yung-An Lo							300	300	0.07%	0.07%									0.07%	0.07%	0
Independent Director (Note 5)	Wei-Ching Lu	-	-	-	-	-	-	140	140	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	1,440
Independent Director (Note 5)	Chi-Ching Chen	-	-	-	-	-	-	140	140	0.03%	0.03%	-	-	-	-	-	-	-	-	0.03%	0.03%	1,440

I. The remuneration provided to the Company's general and independent directors is established through a thorough evaluation of various factors, including the obligations, liabilities, and temporal investments linked to their positions and their involvement in functional committees. A clear correlation exists between these variables and the remuneration received. In addition, the compensation levels are compared to those of directors in comparable industries and other publicly traded companies affiliated with the same conglomerate. The remuneration scheme is approved by the Board of Directors following a resolution and in accordance with applicable Company Act regulations.

II. All directors of the Company are representatives of legal entities, except for independent directors. No remuneration has been paid to individual directors. Independent directors only receive a fixed amount of remuneration and do not participate in the distribution of directors' remuneration.

Note:

(1) Chairman Chao-Wen Chen and Director Chiung-Chih Tseng are representatives of China Motor Corporation.

(2) Directors Wen-Chih Chien, Kun-Sheng Lan, and Naoki Kobayashi are the representatives of Kuozui Motors, Ltd.

(3) Directors Hung-Ching Yang and Tung-Tai Hsiung are representatives of Yulon-Administered Enterprises Co., Ltd.

(4) On January 1, 2024, Hsin-Cheng Tseng, the representative of Yulon Management Co., Ltd., was discharged, and Tung-Tai Hsiung was reappointed as a director.

(5) Independent Directors Chi-Ching Chen and Wei-Ching Lu resigned on March 31, 2023 due to personal reasons. Independent Directors Hsuan Wang and Yung-An Luo were by-elected at the shareholders' meeting on June 15, 2023.

2. Remunerations to supervisors: Yuan-Long Chen and Ching-Wu Chien, representatives of Weitai Investment Co., Ltd., were dismissed from their supervisor positions on July 1, 2022, and an Audit Committee was established.
3. Remuneration to President and Vice Presidents

Unit: NT$ thousand

Title	Name	Salary (A)		Pension (B)		Bonuses and special allowances (C)		Employees' remuneration (D)				Sum of A, B, C, and D and as a percentage of net income after tax		Remuneration from an invested company other than the Company's subsidiaries or parent company
								The Company		All companies in financial statements				
		The Company	All companies in financial statements	The Company	All companies in financial statements	The Company	All companies in financial statements	Amount in cash	Amount in shares	Amount in cash	Amount in shares	The Company	All companies in financial statements	
President	Chiung-Chih Tseng	1,642	1,642	-	-	1,635	1,635	61	-	61	-	0.83%	0.83%	1,545
Vice President	Der-Hsiang Yu	1,423	1,423	-	-	996	996	54	-	54	-	0.61%	0.61%	0
Vice President	Chen-Ching Sung	1,453	1,453	-	-	938	938	54	-	54	-	0.61%	0.61%	0
Vice President	Cheng-Yi Weng	1,586	1,586	-	-	1,263	1,263	55	-	55	-	0.72%	0.72%	0

4. Analysis of remuneration paid in the past two years to the Company's directors, supervisors, president and vice presidents, and their respective proportion of profit after tax in the individual or respective financial report, and explain the policies, standards and combinations, procedures for setting the remuneration, and their correlation with business performance and future risks

Object of payment	Proportion of total remuneration to profit net of tax		Percentage of increase (decrease)
	2023	2022	
Director	2.21%	2.56%	(0.35%)
Supervisor	—	0.04%	—
President and Vice Presidents	2.77%	3.50%	(0.73%)

Explanation: 1. Remuneration ratios for directors, presidents and vice presidents:

The 2023 operating income and investment income both grew year-on-year, which led to an increase in remuneration and bonuses, but the increase in net income was relatively large, resulting in a decrease in the proportion of 2023 remuneration from the previous year. In addition, the fixed part such as remuneration is paid according to the value of their participation in and contribution to the Company's operations, with reference to the industry level, and there is no special correlation with the Company's after-tax profit or loss.

2. The policies, standards, and packages for payment of remuneration, the procedures for determining remuneration, and the association with operating performance and future risks:

In accordance with Article 20 of the Company's Articles of Incorporation, if there is net profit after tax in the current year, no more than 1% of the net profit after making up for the accumulated losses shall be appropriated as remuneration to directors and no less than 0.1% of the remuneration to employees.

The remuneration paid by the Company to directors and managers is determined by the Remuneration Committee, which regularly reviews and evaluates the annual and long-term performance goals, policies, systems, standards and structures of salary and remuneration, as well as the achievement of performance goals, in order to comprehensively consider the salary amount, payment method and future operational risks.

(1) Remuneration distribution policy for directors (including independent directors):

According to Article 16 of the Company's Articles of Association, the directors of the Company may receive remuneration, and the remuneration shall be set based on the industry standard. Directors' remuneration is evaluated based on their participation in the Company's operations (40%), selection and continuing education of directors (20%), Internal control (20%), knowledge of the Company and responsibilities (20%) are included in performance evaluation and remuneration considerations, and the remuneration system to directors and managers is reviewed from time to time depending on the actual operating conditions and relevant laws and regulations.

(2) Managers' remuneration distribution policy:

Managers' remuneration includes salaries and bonuses. Salaries refer to peers' standards and titles, rank, academic (economic) qualifications, professional capabilities, and responsibilities. Bonuses are based on the Company's year-end bonuses, incentive management, and employee remuneration guidelines. Managers' performance evaluation items include operating revenue (25%), operating profit (25%), profit before tax (15%) and other financial indicators and key operating indicators (35%). For the evaluation items such as policy formulation/execution plan quality/efficiency and timeliness/cost control/achievement contribution/technology inheritance, the bonuses are calculated after comprehensive consideration and distributed accordingly. In addition to the "three-segment bonuses," an "additional bonus" and a "team performance bonus" are also allocated based on individual grades.

5. Names of managers who received employees' remuneration and the distribution status

Unit: NT$ thousand

	Title	Name	Amount in shares	Amount in cash	Total	Proportion of total amount to profit net of tax
Manager	President	Chiung-Chih Tseng	—	61	61	0.02%
	Vice President	Der-Hsiang Yu	—	54	54	0.01%
	Vice President	Chen-Ching Sung	—	54	54	0.01%
	Vice President	Cheng-Yi Weng	—	55	55	0.01%
	Assistant Vice President	Ya-Ling Chang	—	188	188	0.05%
	Assistant Vice President	Yi-Wen Liao				
	Assistant Vice President	Chen-Kui Chen				
	Assistant Vice President	Yu-Cheng Huang				

III. Corporate Governance Status

(I) Operation status of board of directors

The board of directors held seven meetings in 2023 and up to the end of March 2024, and the attendance of directors is as follows:

Title	Name of corporate shareholder	Name	Actual attendance number	Entrusted attendance number	Actual attendance rate	Remarks
Chairman	China Motor Corporation	Chao-Wen Chen	7	-	100%	Re-elected on July 1, 2022
Director		Chiung-Chih Tseng	7	-	100%	Re-elected on July 1, 2022
Director	Kuozui Motors, Ltd.	Wen-Chih Chien	7	-	100%	Re-elected on July 1, 2022
Director		Kun-Sheng Lan	7	-	100%	Re-elected on July 1, 2022
Director		Naoki Kobayashi	7	-	100%	Re-elected on July 1, 2022
Director	Yulon-Administered Enterprises Co., Ltd.	Hung-Ching Yang	7	-	100%	Re-elected on July 1, 2022
Director		Hsin-Cheng Tseng	6	-	100%	Dismissed on December 31, 2023
Director		Tung-Tai Hsiung	1	-	100%	Newly appointed on January 1, 2024
Independent director	-	Te-Chang Yeh	7	-	100%	Re-elected on July 1, 2022
Independent director	-	Hsuan Wang	4	-	100%	Newly elected on June 15, 2023
Independent director	-	Yung-An Lo	4	-	100%	Newly elected on June 15, 2023
Independent director	-	Chi-Ching Chen	1	-	100%	Resigned on March 31, 2023
Independent director	-	Wei-Ching Lu	1	-	100%	Resigned on March 31, 2023

Other matters to be recorded:

1. In case of any of the following circumstances in the operation of the board meetings, state the date, session, content of the proposal, all independent directors' opinions, and the Company's handling of the independent directors' opinions:
   (1)The items listed in Article 14-3 of the Security and Exchange Act: Please refer to the important resolutions of the shareholders' meeting and the board meeting for the opinions of independent directors.
   (2)Other than those described above, any objections or qualified opinions raised by independent directors against board resolutions with records or declarations in writing: None.
2. For the implementation of the directors' avoidance of the proposals involving personal interests, state the name of the director, the content of the proposal, the reason for the avoidance, and the status of their participation in voting: None.
3. For the Company's disclosure of information including the evaluation cycle and period, evaluation scope, method and evaluation content of the board's self (or peer) evaluation, please refer to the Status of Evaluation of the Board of Directors in the following table.
4. In the current year and the most recent year, the goal of strengthening the functions of the Board of Directors (e.g., the establishment of an Audit Committee, enhancement of information transparency, etc.) and the evaluation of the implementation, the Company has established an Audit Committee in 2022.

(II) Status of Evaluation of the Board of Directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Once a year	January 1, 2023 to December 31, 2023	1. Performance evaluation of the board of directors. 2. Performance evaluation of individual board members. 3. Performance evaluation of the Remuneration	Internal self-evaluation by the board, self-evaluation by individual board members, and self-evaluation by the Remuneration	1. Performance evaluation of the board: Participation in the operation of the Company; improvement in the quality of board resolutions, composition and structure of the board of directors; election and continuing study of directors, and internal control. 2. Performance evaluation of individual board members: awareness of the Company and responsibility, participation in the operation of the Company, the director's professionalism and continuing study, and internal control. 3. Performance evaluation of the Remuneration Committee: participation in the operation of the Company, improvement in the

		Committee. 4. Performance evaluation of the Audit Committee.	Committee and the Audit Committee.	awareness of the duties of the Remuneration Committee, quality of decision making by the Remuneration Committee, composition of the Remuneration Committee, and election of its members. 4. Performance evaluation of the Audit Committee: participation in the operation of the Company, improvement in the awareness of the duties of the Audit Committee, quality of decision making by the Audit Committee, composition of the Audit Committee and election of its members, and internal control.

(III) Operations of the Audit Committee

1. The Company’s Audit Committee has three members.

Title	Name	Professional qualifications and experience
convener	Hsuan Wang	Independent Director Hsuan Wang, holds a Doctoral Degree in Accounting and a CPA certificate from National Taiwan University, and is an Assistant Professor of the School of Management of Yuan Ze University, Director of the Center for Sustainability and Social Responsibility of the Company, Chairman of the Internal Audit Committee, and concurrently Independent Director of Highpoint Service Network Corporation and Independent Director of AP Memory Technology Corporation.
Committee member	Te-Chang Yeh	Independent Director Te-Chang Yee has a master's degree from Institute of Economy, National Chengchi University, and is Advisor of Wafer Works Corporation and Director of Silicon Technology Investment (Cayman) Corp., and concurrently Supervisor of Shanghai Wafer Works, Supervisor of Shanghai Jingmeng Silicon Materials Co., Ltd. and Supervisor of Zhengzhou Wafer Works, Independent Director of Carnival Industrial Corporation, Independent Director of DFI Inc., and Supervisor of Maxkit Technology Co., Ltd.
Committee member	Yung-An Lo	Independent Director Luo Yung-An holds a Bachelor of Laws degree and a lawyer's certificate from Chinese Culture University. He is the Director of Yung Attorney-At-Law and Chairman of Hsuan Rong Intellectual Property Co., Ltd. concurrently.

2. Term of office of current committee members: The Company established the Audit Committee in 2022. The term of office of the first-term committee members is from July 1, 2022 to June 30, 2025, and as of the end of March 2023 and 2024, the Committee held five meetings (A), with the attendance of the committee members as follows:

Title	Name	Actual attendance number (B)	Entrusted attendance number	Actual attendance rate (%)(B/A)	Remarks
convener	Hsuan Wang	3	-	100%	Newly elected on June 15, 2023
Committee member	Te-Chang Yeh	5	-	100%	Re-elected on July 1, 2022
Committee member	Yung-An Lo	3	-	100%	Newly elected on June 15, 2023
convener	Chi-Ching Chen	1	-	100%	Resigned on March 31, 2023
Committee member	Wei-Ching Lu	1	-	100%	Resigned on March 31, 2023

Other matters to be recorded:

1. In case of any of the following circumstances in the operation of the Audit Committee meeting, state the date, session, content of the proposal, independent directors' objections, reservations or significant proposal content, resolution of the Audit Committee, and the Company's handling of the opinions of the Audit Committee:
   (1)Matters listed in Article 14-5 of the Securities and Exchange Act: Operation Status of the Audit Committee.
   (2)Other than the matters above, the resolutions not approved by the Audit Committee but approved by more than two-thirds of all directors: None.
2. For the implementation of the independent directors’ avoidance of the proposals involving personal interests, state the name of the independent director, the content of the proposal, the reason for the avoidance, and the status of their participation in voting: None.
3. Communication between independent directors and internal audit supervisors and CPAs (including significant matters, methods, and results of communication regarding the Company's financial and business status): Please refer to the “Communication between Independent Directors and Internal Audit Manager and CPAs” on the Company’s website.

3. The Audit Committee of the Company is to assist the board of directors in overseeing the quality and integrity of the Company's execution of accounting, audit and financial reporting processes and financial controls. The Committee held five meetings in the past year, and the main review items include:

(1) Audit of financial statements and accounting policies and procedures.
(2) Internal control system and related policies and procedures.
(3) Legal compliance.
(4) Qualification, independence and performance evaluation of CPAs.
(5) Appointment, dismissal or remuneration of CPAs.
(6) Appointment and dismissal of the internal auditing officer
(7) Fulfillment of Audit Committee's responsibilities.

4. Operation Status of the Audit Committee

Session and term/date	Proposal content	Matters listed in Article 14-5 of the Securities and Exchange Act	Proposals not approved by the Audit Committee, but approved by more than 2/3 of all directors
4th meeting of the 1st term 2023.03.10	1. 2022 individual and consolidated financial statements.	V	
	2. 2022 earnings distribution proposal.	V	
	3. Appointment, remuneration and evaluation of independence and performance of certifying CPAs for 2023.	V	
	4. Proposal to issue the Company's 2022 "Declaration on Internal Control System".	V	
	5. Proposal to revise the Company's "Internal Control System" and "Internal Audit Implementation Rules".	V	
	Resolution result: 1. Proposal No. 3 was passed by all attending members as proposed, and the Chairman of the Audit Committee was appointed as the proxy to give prior consent to the non-assurance services added in the future. 2. All attending members passed the four other proposals as they were. The Company's handling of the opinions of the Audit Committee: After being submitted to the fifth meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.		
5th meeting of the 1st term 2023.05.05	1. Consolidated financial statements for the first quarter of 2023.	—	
	2. Bank credit line renewal.	V	
	3. Financing-nature commercial promissory note renewal.	V	
	4. Establishment of the Company's "Regulations Governing Operations Related to Finance and Business Between Related Parties".	V	
	Resolution: Passed by the incumbent members as proposed. The Company's handling of the opinions of the Audit Committee: After being submitted to the 7th meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.		
6th meeting of the 1st term 2023.08.02	1. Nomination of the convener and chair of the Audit Committee meeting.	V	
	2. Consolidated financial statements for the first half of 2023.	—	
	3. Bank credit line application.	V	
	4. Proposal to revise the Company's "Internal Control System of Stock Affairs Units".	V	
	Resolution result: 1. According to the election result, for Proposal 1, Hsuan Wang, served as the convener and chair of the Audit Committee's meeting. 2. All attending members passed the three other proposals as they were. The Company's handling of the opinions of the Audit Committee: After being submitted to the 8th meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.		
7th meeting of the 1st term 2023.10.30	1. Consolidated financial statements for the first three quarters of 2023.	—	
	2. Formulation of the 2024 audit plan.	V	
	3. Change of the Company's audit officer.	V	
	4. Approval for amending the "Guidelines Governing the Preparation of Financial Statements".	V	
	Resolution: All attending members passed the proposal as it was. The Company's handling of the opinions of the Audit Committee: After being submitted to the 9th meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.		
8th meeting of the 1st term 113.03.08	1. 2023 individual and consolidated financial statements.	V	
	2. 2023 earnings distribution proposal.	V	
	3. Proposal to issue the Company's 2023 "Declaration on Internal Control System".	V	
	4. Appointment, remuneration and evaluation of independence and performance of certifying CPAs for 2024.	V	
	5. Proposal to amend the "Organizational Regulations for the Audit Committee" of the Company.	V	
	Resolution: All attending members passed the proposal as it was. The Company's handling of the opinions of the Audit Committee: After being submitted to the 11th meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.		

(IV) The operation status of corporate governance, and the differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons

Assessment items	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
I. Has the Company formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies?	V		The Company has formulated and disclosed its corporate governance best practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, and disclosed it on the MOPS and the Company's website.	Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
II. Company Equity Structure and Shareholders' Equity				Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(I) Has the Company established internal operating procedures to handle shareholder suggestions, doubts, disputes and litigation, and implement them in accordance with the procedures?	V		(I) Regarding shareholders' suggestions, questions, disputes, and litigation matters, in addition to the spokesman system to answer and explain, shareholders can visit the Company's website at https://www.kian-shen.com/ to reflect their opinions, and the responsible unit will properly respond; in addition, a dedicated stock affairs unit is set up in the Finance Department to handle and respond at any time.	
(II) Does the Company have a list of the major shareholders who actually control the Company and the final controllers of the major shareholders?	V		(II) The Company keeps track of the list of the major shareholders who actually control the Company and the ultimate controllers of major shareholders, and file shareholding and share pledge and release in accordance with the information reporting procedures for TWSE listed companies.	
(III) Has the Company established and implemented risk control and firewall mechanisms with affiliated enterprises?	V		(III) The Company implements risk control and firewall mechanisms with its affiliates in accordance with the "Regulations Governing Operations Related to Finance and Business Between Related Parties".	
(IV) Has the Company formulated internal regulations to prohibit insiders from trading securities using information not yet published on the market?	V		(IV) The Company has formulated "Management Procedures for Preventing Insider Trading" to prohibit insiders from trading securities using information not yet published on the market?	
III. Composition and Responsibilities of the Board of Directors				Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(I) Does the Board of Directors establish and implement a diversified policy for the composition of its members?	V		(I) The Company has established relevant regulations on the composition and diversification of board members in the "Measures for Election of Directors". Board members not only have different gender and nationalities, but also have work experience in different fields, possessing the necessary knowledge, skills and literacy to perform their duties, such as operational judgment, accounting and financial analysis, business management, crisis management, industrial knowledge, international market perspective, leadership and decision-making. For details, please refer to the attachment and "Board Member Information" on the Company's website.	
(II) In addition to setting up the Remuneration Committee and the Audit Committee according to law, has the Company voluntarily set up other functional committees?	V		(II) The Company has established the Remuneration Committee and the Audit Committee in accordance with laws and regulations, and will evaluate and establish other functional committees based on the needs of corporate governance and risk management operations.	

Assessment items	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
(III) Has the Company formulated the performance evaluation measures and the evaluation method for the board of directors, conducted the performance evaluation annually and regularly, and submitted the results of the performance evaluation to the board meeting and used them for the reference of individual directors' remuneration and nomination for renewal?	V		(III) The Company has completed the formulation of the Measures for Performance Evaluation of the Board of Directors, and conducts the annual performance evaluation in late December of each year and submits the evaluation results to the following year's board meeting for reporting. The performance evaluation report for the board of directors for 2023 was completed as required, and submitted to the 11th meeting of the 12th board of directors (March 8, 2024). In addition, in accordance with the Measures, an external performance evaluation is conducted on the board of directors every three years, and the Taiwan Corporate Governance Association was commissioned in March 2021 and a report was issued. The Company's procedure for setting remuneration is based on the "Measures for Performance Evaluation of the Board of Directors" which serves as the evaluation basis, and reasonable remuneration is given with reference to the overall operational performance of the Company, the decision-making quality of the board of directors and functional committees, and the evaluation results of the internal control system and individual performance. The reasonableness of the remuneration is carefully reviewed by the Remuneration Committee and the board of directors for a balance between the Company's sustainable operation and risk control management.	Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(IV) Does the Company regularly evaluate the independence of its certifying CPAs?	V		(IV) The evaluation of the independence of certifying CPAs is explained as follows: 1. In accordance with the "Corporate Governance Best-Practice Principles", the Company evaluates the independence of CPAs with reference to the Audit Quality Indicators (AQIs) on a regular basis (once a year). We have prepared the evaluation table and obtained the declaration of independence issued by the CPA firm and AQI information. After evaluation, the Ernst & Young CPAs Yu-Ting Huang and Chien-Tse Huang appointed by the Company for 2024 did not violate the provisions of accounting laws and regulations on independence in learning, and their work experience and professional qualifications meet the eligibility requirements. 2. The evaluation criteria include the interest relationship between the CPAs and the Company, whether they are prone to double standards, whether they act as advocates for the Company, whether they are familiar with the Company's personnel, whether they have been coerced by the Company, and the duration of their practice. 3. According to the assessment made by the Audit Committee and the Board of Directors in March 2024, the CPAs appointed by the Company are independent.	
IV. For a TWSE/TPEx listed company, has it allocated eligible and an appropriate number of corporate governance personnel, and designated a director of corporate governance to be responsible for corporate governance related matters (including but not limited to providing information necessary for directors and supervisors to perform business, assisting directors and supervisors in complying with laws and regulations, handling matters related to the board meeting and shareholders' meeting according to law, and preparing minutes of the board meeting and shareholders' meeting, etc.)?	V		Ya-Ling Chang (with more than three years of professional experience in the financial management of public companies), Assistant Vice President of the Company's Administrative Management Group, is responsible for supervising corporate governance affairs, and the Company has designated Finance Department as the responsible unit for corporate governance with currently 10 persons. The main responsibilities of the corporate governance unit are to handle matters related to the Company's board of directors and shareholders' meetings, prepare minutes of board of directors and shareholders' meetings, provide directors with the information required for business execution, and report to the board of directors the results of the review of independent directors' qualifications with relevant laws and regulations during their tenure, and other Corporate governance related affairs. For details on the implementation of corporate governance affairs in 2023 and the continuing education of the corporate governance officer, please refer to the Company's website.	Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment items	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
V. Has the Company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers), set up stakeholder zones on the Company's website, and properly responded to important corporate social responsibility issues of concern to stakeholders?	V		On the Company's website at https://www.kian-shen.com/, a Stakeholders Area has been set up, and there are contact methods at all levels for stakeholders (customers, the general public, and suppliers) to express their opinions and respond appropriately.	Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VI. Has the Company appointed a professional stock affairs agency to handle the affairs of the shareholders' meeting?		V	The Company handles its own stock affairs and respond to shareholder suggestions at any time.	Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VII. Information Disclosure				Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
(I) Has the Company set up a website to disclose financial business and corporate governance information?	V		(I) On the Company's website at https://www.kian-shen.com/, there is disclosure of financial, business and corporate governance related information.	
(II) Has the Company adopted other methods of information disclosure (such as setting up an English website, appointing a special person to be responsible for the collection and disclosure of company information, implementing the spokesperson system, placing on the company website the corporate investor briefing process, etc.)?	V		(II) The Company has built a Chinese and English website with the spokesman's contact method on it. At the same time, a dedicated person is designated to collect and disclose company information. The relevant information about corporate investor briefings has also been placed on the Company website for investors to view.	
(III) Has the Company announced and filed its annual financial report within two months after the end of the fiscal year, and announced and filed its first, second, and third quarter financial reports and monthly operating conditions before the prescribed time limit?		V	(III) The Company currently files its financial report and monthly operating status on the prescribed date in accordance with the "Business Matters to Be Handled by Listed Securities Issuers".	Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.
VIII. Does the Company have other important information that can help to understand the operation of corporate governance (including but not limited to employee rights and interests, employee care, investor relations, supplier relations, rights of interested parties, directors and supervisors' further study, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the Company's purchase of liability insurance for directors and supervisors)?	V		Please refer to the note.	Compliant with the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies.

Assessment items	Operation status			Differences from the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
IX. Please explain the situation that has been improved according to the corporate governance evaluation results issued by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and propose priority strengthening items and measures for those that have not been improved. The results of the 2023 "Corporate Governance Assessment" are to be announced at the end of April. For the unscored indicator of the 9th board of directors (2022) announced in April 2023, the Company strives to score, as follows: (I) The Company will hold the shareholders' meeting on May 29, 2024 in order to meet the score requirement of Indicator 1.6. (II) The Company will further disclose quantitative data on resources invested in cyber security management and measures for employee personal safety and work environmental protection on its website and in the 2023 annual report to meet the scoring requirements of Indicator 2.24 and Indicator 4.10. (III) The Company will provide supplementary information in the annual report for 2023 concerning the performance evaluation criteria for directors and managers, the actions implemented to mitigate risks and capitalize on opportunities associated with climate change, and the efficacy of community-based risk and opportunity mitigation strategies implemented throughout the year. The purpose of these additions is to fulfill the scoring requirements of indicators 3.14, 4.18, and 4.21.				
Note: Important information that helps to understand the operation of corporate governance. (I) Employee rights: The Company implements various protections for the rights and interests of employees in accordance with the Labor Standards Act, and has established an Employee Handbook which outlines the rights employees should have. Employees' rights and interests are disclosed on the Company's internal website and bulletin boards from time to time. (II) Employee care: The Company's various measures for employee care include setting up the employee cafeteria, dormitory, library, health room, nursing room, etc. Additionally, we subsidize employee travel, and regularly organize employee health checks. (III) Investor relationship: The Company regularly announces information on its future development and financial status that investors are concerned about on the Company's website, and holds at least two corporate investor briefing sessions every year to explain the current operating status and future prospects to investors. The Company has established a spokesman system to provide investors with answers to relevant questions and explain the Company's future development. (IV) Supplier relationship: The Company's Procurement Section is in charge of the development, negotiation, evaluation and management of domestic and foreign suppliers. We also handle quality improvement of parts from suppliers from time to time, and explain the Company's annual plan and future development to suppliers every year. (V) Rights of stakeholders: The Company manages the rights and obligations of stakeholders in a manner that complies with laws and regulations, and requires relevant units of stakeholders to correspond accordingly. (VI) Further study of directors (including independent directors): The Company regularly provides information on further study to directors (including independent directors), and encourages directors (including independent directors) to participate in further study; in addition, in response to the implementation of new laws or accounting systems, we also arrange external professional instructors to offer classes for directors (including independent directors), and the total training hours in 2023 is 66 hours. The relevant training hours are disclosed on the Market Observation Post System. (VII) Implementation of risk management policies and risk measurement standards: The Company has established the Audit Office and conducts regular audits of potential risks. We also report to the board meeting on the implementation of the audit plan and the improvement and tracking of abnormal items on a quarterly basis. (VIII) Implementation of customer policy: The Company maintains a stable and good relationship with customers to create company profits. (IX) The Company's purchase of liability insurance for directors (including independent directors): In order to strengthen corporate governance, the Company purchases liability insurance for directors (including independent directors) every year, and the relevant situation is disclosed on MOPS. (X) Succession plan for board members and key management: Please refer to the Company's website/Human Resources/Training and Development/Training System.				

(V) Composition and operation status of Remuneration Committee:

1. Information of Remuneration Committee members

Identity	Requirement / Name	Professional qualifications and experience	Status of independence	Number of remuneration committee member positions concurrently holding at other public companies
Independent director (convener)	Yung-An Lo	1. At least 5 years of work experience in corporate administration and legal affairs. 2. For the experience, please refer to Disclosure of Information on Professional Qualifications and Independence of Independent Directors on page 12.	In compliance with independence requirements.	-
Independent director	Te-Chang Yeh	1. Having work experience in board operations and financial investment for over five years. 2. For the experience, please refer to Disclosure of Information on Professional Qualifications and Independence of Independent Directors on page 12.		2
Independent director	Hsuan Wang	1. Having work experience in board operations and finance for over five years. 2. For the experience, please refer to Disclosure of Information on Professional Qualifications and Independence of Independent Directors on page 12.		2

2. Operation status of Remuneration Committee

(1) The Company's Remuneration Committee has three members.

(2) Term of office of current committee members: The term of office of the 5th-term committee members is from July 1, 2022 to June 30, 2025, and in the past year the Remuneration Committee held four meetings (A), with the attendance of the committee members as follows:

Title	Name	Actual attendance number (B)	Entrusted attendance number	Actual attendance rate (%)(B/A)	Remarks
Convener	Yung-An Lo	3	-	100%	Newly elected on June 15, 2023
Committee member	Te-Chang Yeh	4	-	100%	Re-elected on July 1, 2022
Committee member	Hsuan Wang	3		100%	Newly elected on June 15, 2023
Convener	Wei-Ching Lu	1	-	100%	Resigned on March 31, 2023
Committee member	Chi-Ching Chen	1		100%	Resigned on March 31, 2023

Other matters to be recorded:

1. If the board meeting does not adopt or amend the suggestions of the Remuneration Committee, state the date of the board meeting, the session, the content of the proposal, the resolution of the board meeting, and the Company's handling of the opinions of the Remuneration Committee (if the remuneration adopted by the board meeting is superior to the suggestions of the Remuneration Committee, state the circumstances and reasons for the differences): No such situation.
2. If the members of the Remuneration Committee disagree or reserve their opinions on the resolutions, and there are records or written statements in place, state the date, session, content of the proposal, opinions of all members, and the handling of the opinions of the members: No such situation.

(3) Operation status of Remuneration Committee:

Session and term/date	Proposal content
3rd meeting of the 5th term 2023.03.10	1. Distribution of directors' and employees' remuneration for 2022.
	Resolution: All attending members passed the proposal as it was. The Company's handling of the opinions of the Remuneration Committee: After being submitted to the fifth meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.
4th meeting of the 5th term 2023.08.02	1. Election of the Remuneration Committee convener and chairman of the meeting.
	2. Amendments to the "Regulations Governing the Distribution of Employees' Remuneration."
	Resolution result: 1. According to the election results of Proposal 1, Yung-An Lo was the convener and chairman of the meeting of the 5th-term Remuneration Committee. 2. The word "only" in the calculation article 5 of the calculation method of Proposal 2 is deleted by the salary of retired employees only. The amendments to the remaining provisions were passed by all the members attending the meeting. The Company's handling of the opinions of the Remuneration Committee: After being submitted to the 8th meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.
5th meeting of the 5th term 2023.12.18	1. Adjustment to managers' salaries for 2023.
	2. Amendments to the "Regulations Governing the Distribution of Employees' Remuneration."
	3. Proposal to set up the 2024 business performance goals.
	Resolution: All attending members passed the proposal as it was. The Company's handling of the opinions of the Remuneration Committee: After being submitted to the 10th meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.
6th meeting of the 5th term 113.03.08	1. Distribution of directors' and employees' remuneration for 2023.
	Resolution: All attending members passed the proposal as it was. The Company's handling of the opinions of the Remuneration Committee: After being submitted to the 11th meeting of the 12th-term board of directors, the proposal was approved by all attending directors as it was.

(VI) Implementation of promoting sustainable development and differences with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons:

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
I. Has the Company established a governance structure to promote sustainable development, and set up a full-time (part-time) unit to promote sustainable development, which is authorized by the board meeting to be handled by senior management and supervised by the board of directors?	V		The Company has established a Sustainable Development Committee and designated the Management Department as the responsible unit for promoting sustainable development. It reports annually to the board meeting on the implementation results of sustainable development. On March 8, 2024, it reported to the board meeting on the implementation status of promoting sustainable development for the year 2023, and also disclosed it on the Company's website. The board meeting listened to the report of the management team and timely guided and urged adjustments.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
II. Does the Company conduct risk assessment on environmental, social and corporate governance issues related to the company's operations in accordance with the principle of materiality, and has it formulated relevant risk management policies or strategies?	V		The Company is mainly engaged in the manufacturing and sales of automotive parts, and has not engaged in high-leverage or high-risk investments. It has functional committees (such as the Remuneration Committee and Audit Committee) to inspect and manage relevant risks and response strategies at any time based on the standards that directors and operators should comply with. In addition, each functional unit of the Company conducts detailed risk identification based on division of labor, and has formulated relevant management policies to effectively reduce the risks of the Company's operations, including: 1. Operational Risk Management (1) Implement integrity management policies. (2) Handle liability insurance for directors and important employees. (3) Actively collect laws, policies, and market changes, develop response strategies. (4) Implement corporate governance training, and take preventive measures against the impact and influence of law revisions. 2. Financial Risk Management (1) Integrate the financial control mechanism and tax planning. (2) Regularly implement exchange rate hedging measures. (3) Carefully evaluate market funding conditions and bank interest rates. (4) Strategically evaluate the effectiveness of reinvested companies. 3. Environmental and Climate Risk Management (1) Obtained the ISO-14001:2015 certificate, which is valid from December 29, 2023 to December 28, 2026. (2) Established operating procedures for various emergency response standard to cope with force majeure events. (3) Established disaster prevention and notification mechanisms. 4. Occupational Safety and Health Risk Management (1) Established a dedicated unit to plan and supervise safety and health operations, and continuously improve personnel, equipment and environmental risks. (2) Established a "target improvement plan" and continuously tracks and confirms progress. 5. Information Management Risk (1) Introduce the ISO 27001 information security management system and obtain certification; (2) Establish management measures for the protection of confidential data and implement confidential data protection; (3) Establish an information security manual; (4) Establish an endpoint protection system for strict monitoring over the network.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
III. Environmental Issues (I) Has the Company established an appropriate environmental management system according to its industrial characteristics?	V		(I) The Company has obtained the ISO-14001:2015 version of the environmental management system certification, and continues the validity of the certificate. Speak, write and produce consistently for system specifications. Assigned dedicated personnel for waste, air pollution and wastewater, who regularly file discharge volumes. Assignment of dedicated personnel: Waste: Level B waste treatment technicians. Air pollution: Dedicated Level B air pollution control personnel. Effluents: Dedicated Level A wastewater treatment personnel. Energy: Energy administrators.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Is the Company committed to improving energy efficiency and using renewable materials with low impact on the environment?	V		(II) 1. The Company upholds garbage classification to reduce resource waste, established internal web pages, promotes paperless official documents, reduces paper consumption, adds timers to control the heating time slot of water dispensers' power supply to save energy, and changes the production process to reduce the use of oil and paint. 2. Introduced entry of energy-saving equipment, added solar panels, and introduced power monitoring system. 3. Regularly files to the Environmental Protection Bureau the emission standards of waste produced, sets environmental, safety and health goals/targets annually for management, and improves equipment. 4. Promote equipment improvement, process improvement, and optimization of other ancillary equipment. 5. Five major energy-saving improvement projects promoted in 2023: (1) The air compressor was changed to variable frequency energy-saving system. (2) Renewal of waste gas treatment windmills in the wooden bed section. (3) Upgraded boiler burner. (4) The sand filtration equipment of the wastewater treatment plant was added an automatic control device. (5) A heat pump sludge dryer was installed in the wastewater treatment plant. 6. In 2023, the Company promoted energy-saving improvements, and saved a total of 131,034 KWH of power. Although the power consumption was reduced by 208,885 KWH or 4% compared to 2022, the improvement in sales volume was increased by 7%.	
(III) Does the Company assess the potential risks and opportunities of climate change to the enterprise now and in the future, and take countermeasures for climate related issues?	V		(III) 1. The Company is very concerned about the environmental impact of climate change, and voluntarily discloses carbon emissions through inventory checks. At the same time, an energy conservation group is established, with each department assigning a window to carry out energy conservation statistical analysis, and regular meetings are held every quarter. 2. In the annual inventory check of the ISO-14001:2015 environmental management system, energy-saving improvement measures are included in the annual special improvement projects.	

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
(IV) Does the Company count the greenhouse gas emissions, water consumption and total weight of waste in the past two years, and formulate policies for energy conservation and carbon reduction, greenhouse gas reduction, water reduction or other waste management?	V		(IV) 1. To ensure the systematic management of various environmental issues, the Company has introduced the ISO 14001 environmental management system certification, and regularly reviews the achievement of goals and environmental improvement performance. The Company also regularly convenes relevant department heads every month to review and improve the internal environmental KPIs of the factory. 2. The statistics on greenhouse gases, water consumption and waste materials in the past two years are as follows: (1) Greenhouse gas: The Company introduced various energy-saving improvement measures; the emissions in 2022 and 2023 were 3,695 tons and 3,570 tons respectively, a reduction of 3%. (2) Water consumption: The Company continuously measures, monitors and directly operates water resources consumption, and plans to improve the efficiency of water consumption for operations and reduce pollution. The goal is to reduce total water consumption by more than 1% annually from 2022 to 2023. In 2022 and 2023, the water consumption was 16,408 tons and 16,010 tons respectively, a reduction of 2%. (3) Waste: The waste generated by the Company is general production waste, which is disposed of through incineration, physical treatment and recycling according to the "Waste Cleaning Plan". We have signed contracts with qualified vendors and entrusted them with disposal. The removal volume for 2022 and 2023 were 188.7 tons and 220.07 tons respectively, an increase of 16%, mainly due to the one-time cleaning and transportation of sludge from employee dormitory and ditch, and the increase in production, packaging consumables and paint waste.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Social Issues (I) Has the Company formulated relevant management policies and procedures in accordance with relevant regulations and international human rights conventions?	V		(I) The Company complies with labor related laws and regulations, and adheres to internationally recognized human rights norms and principles, including the spirit and basic norms of the United Nations Global Covenant, the United Nations Universal Declaration of Human Rights, and the International Labor Organization Declaration of Fundamental Principles and Rights of Engineering. We protect employees' basic human rights, including freedom of association, collective bargaining rights, caring for disadvantaged groups, prohibiting the use of child labor, eliminating any form of forced labor, and eliminating employment and work discrimination, and do not engage in activities that harm the basic rights of workers. For details, please refer to “Human Rights Policy” on the Company's website.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promotion item	Implementation status			Differences from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
(II) Has the Company formulated and implemented reasonable employee welfare measures (including salary, vacation and other benefits), and appropriately reflected the business performance or results in employee compensation?	V		(II) 1. The Company and its Employee Welfare Committee regularly discuss various employee welfare measures every year, including domestic and foreign tour assistance, language learning subsidies, annual health checks, scholarships and maternity bonuses. 2. The Company has achieved equal pay for the same work and equal promotion opportunities for men and women. The average proportion of female employees in 2023 was 17%, and the average proportion of female supervisors was 10%. 3. The salaries paid on a monthly basis are included in the salaries of the Company's employees. In addition, the Company calculates and allocates quarterly bonus, three festival bonuses, additional annual bonus, management team performance and other incentive bonuses, as well as employees' remuneration that is not less than 0.1% of the "annual pre tax net profit before deduction of employees' remuneration and directors' remuneration" according to the Company's Articles of Association. The amount and distribution method are determined by the board meeting and recognized by the shareholders' meeting, and the amount allocated to each employee is determined by his/her position, contribution and performance. The average employee salary adjustment is disclosed on MOPS. 4. According to the Company's "Business Management Measures", the management team formulates business plans and strategic objectives, tracks the progress of execution and corrects the plan every quarter, conducts employee evaluation every six months, and reflects the results of the stage at the right time. Rewards are given through the "Promotion Management Measures" and "Incentive Management Measures". For details, please refer to "Employee Benefits" on the Company's website.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(III) Does the Company provide a safe and healthy working environment for employees, and conduct regular safety and health education for employees?	V		(III) Introduction of ISO-45001: The Company obtained in 2018 the Occupational Safety and Health Management Certification, which is valid from December 6, 2023 to December 5, 2026. 1. On September 5, 2023, the Company conducted a general health examination for 256 employees, and a lung function and hearing examination for 236 employees in special operations with dust and noise. 2. The Company conducts the environmental measurement and inspection twice a year (in January and July). The inspection items include noises, organic solvents and lighting inspections, and the results comply with regulations. 3. The Company regularly holds health promotion lectures, and posts safety, hygiene, and health slogans and publicity materials. 4. The factory has established a "Safety and Sensory Training Hall", which aims to present high-risk machinery in a reduced size for safety and health training to new employees, in-service employees and contractors, in order to provide a safe and comfortable workplace.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

<table>
<tr><td>(Continued from previous page)</td><td></td><td></td><td>5. In order to comply with the labor health protection rules and Personal Data Protection Act, the Company has conducted a comprehensive survey of individual wishes as the basis for implementation, which is superior to the health examination requirement by the laws and regulations.
6. Personal health care and consultation is arranged from time to time, and health education is provided during the monthly doctor visit to the factory.
7. There were no major disasters (or fires) in 2023. The Company carry out irregular audits for each work environment, and establish a disaster emergency response organization that regularly organizes education and training, firefighting, emergency evacuation, and disaster prevention drills to implement the concept of "disaster prevention for everyone."
8. Occupational disasters in 2023:
<table>
<tr><th>Content</th><th>2022</th><th>2023</th></tr>
<tr><td>Employee disability injury frequency (FR)</td><td>0</td><td>1.5</td></tr>
<tr><td>Number of employee commuting disability cases</td><td>None.</td><td>3 (victims)</td></tr>
<tr><td>Disability injury frequency of third-party manufacturers (FR)</td><td>None.</td><td>None.</td></tr>
<tr><td>Major occupational disasters</td><td>None.</td><td>None.</td></tr>
</table>
After review, the Company has taken practical actions to reduce the occurrence rate of disasters:
(1) Publicity of prohibited behavior.
(2) Automatic check for the implementation status.
(3) 4RKY hazard prediction activity.
(4) Monthly safety inspections and irregular audits.
(5) Safety related activities and competitions.</td><td rowspan="3">Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
<tr><td>(IV) Has the Company established an effective career development training program for employees?</td><td>V</td><td></td><td>(IV) The Company's Management Department is responsible for planning and implementing training, including pre employment training, on-the-job training, multifunctional training, and further study courses in English and Japanese, and appropriate employees are designated to participate in various professional skills courses. The training cost totaled NT$595,000 in 2023, for a total of 6,300 hours.</td></tr>
<tr><td>(V) Does the Company comply with relevant laws and regulations and international standards on issues such as customer health and safety, customer privacy, marketing and labeling of products and services, and has it formulated relevant policies and complaint procedures to protect the rights and interests of consumers or customers?</td><td>V</td><td></td><td>(V)
1. The Company has formulated relevant measures as follows to gain customers' trust and satisfaction with its products:
(1) "Customer Service Measures"
(2) The "Customer Complaint Handling Measures" requires that after the product is sold, the Company continues providing services to customers, meet their needs, and safeguard the rights of consumers and stakeholders.
2. The products produced by the Company comply with the regulations and the requirements of the central factory, and the production is carried out in accordance with the standards of the international quality system ISO/IATF16949.</td></tr>
<tr><td>(VI) Has the Company formulated a supplier management policy that requires suppliers to comply with relevant specifications on issues, such as environmental protection, occupational safety and health or labor human rights, and the implementation status?</td><td>V</td><td></td><td>(VI)
1. Suppliers must comply with the ISO 9001 quality management system certification, and requires suppliers to avoid, reduce,or control the generation and discharge of any form of pollutants or waste.
2. The introduction of new suppliers requires basic information, organizational structure, and business certification (approval letter), and regulated materials must comply with government regulations.
3. Suppliers are required to comply with environmental laws and regulations, the Company conducts occasional visits and holds symposiums to increase the understanding of and assistance to stakeholders.
4. The Company adopts a one-year contract system for suppliers, and the contents already include the supplier's compliance with terms such as quality, technology, safety and health. If the terms are violated or illegal behavior occurs, the cooperative relationship of the contract can be terminated at any time.
5. Suppliers engaged in construction work must undergo education and training by the safety and health room and must be qualified in safety and health management. Each project is required to be insured. Daily registration of construction targets, scope of people and construction intervals. (A separate application is required for hot work.) The hazard notification courses for suppliers and</td><td>Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.</td></tr>
</table>

	V		contractors in 2023 totaled 150 hours. 6. The Company conducts monthly evaluations of suppliers, focusing on service, product quality, and delivery punctuality. A range of evaluation mechanisms, including contract termination, rewards, and on-site coaching, are implemented in accordance with these assessments. Occasionally, supplier conferences are held to share information about the sustainability philosophy and objectives, as well as to acknowledge suppliers who have shown outstanding performance.	
V. Has the Company prepared the sustainability report or guidelines that disclose non-financial information of the company by reference to internationally accepted reporting standards or guidelines? Has the aforementioned report obtained the assurance or guarantee opinion of a third-party certification organization?	V		The Sustainable Development Report prepared by the Company: 1. The Report is prepared in accordance with international reference guidelines such as GRI 101: Basic 2016, GRI 303 Water and Drainage: 2018, GRI 403 Occupational Safety and Health: 2018, 2019 GRI 207, GRI 306, etc. The content of the Sustainable Development Report also discloses non-financial information of the Company for the public and stakeholders to understand. 2. At present, there is no affirmation by a third-party notary agency, and a review will be conducted to obtain it based on the situation in the future.	Compliant with the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

VI. If the Company has its own Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between their operations:

The Company has formulated its Sustainable Development Best Practice Principles according to the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", established a complete internal control system, and disclosed the annual implementation of its Sustainable Development Best Practice Principles and Sustainable Development Report on the Company's website. All operations are in accordance with legal norms and there are no discrepancies.

VII. Other important information that facilitates the understanding of the implementation of sustainable development:

The full-time units of the Company include "Corporate Governance", "Environmental Sustainability Development", "Stakeholder Care", and "Labor Workers' Rights and Social Care" groups, with the Finance Department, Management Department, Business Department, and Manufacturing Department serving as the main responsible departments of each group. The implementation is explained as follows:

1. Corporate governance: The Company voluntarily wrote the ESG Sustainability Report, and ranked in the top 36% - 50% of the Company in the 9th (2022) corporate governance appraisal. The results of the 10th (2023) corporate governance appraisal will be announced at the end of April.
2. Environmental sustainability: Actively promoting energy-saving and carbon reduction measures, carrying out improvement projects such as adding variable frequency controllers for electric painting field windmills, updating UF tanks of the electric painting field, updating the boiler combustion system, introducing variable frequency energy-saving systems for stamping and oil press machines, replacing blast fans in wastewater treatment fields with high-efficiency motors, improving biological filter materials in wastewater treatment fields, adding smoke exhaust facilities for bus shell production lines, evaluating and replacing energy consumption equipment and devices every year, installing solar panels in the factory for self-generated power, and eliminating old diesel stackers and introducing environment-friendly electric stackers, in order to reduce carbon emissions and fulfill the environmental responsibility of the enterprises.
3. Stakeholder care: The Company visits the village chiefs in the communities (Hsiu-Tsai-Li and Tai-Ping-Li) before the 25th day of each month to learn about the needs of stakeholders and provide assistance in order to maintain the safety of residents in the village.
4. Community development: Active engagement in diverse community welfare initiatives and voluntary community service in Taoyuan City is regarded as a top priority. Additionally, efforts are made to collaborate with the Xiucai Village cleaning campaign and coordinate the Xiucai Mountain Climbing and Mountain Walk, both of which aim to mitigate environmental pollution. Participated in the "Hsu Chuo Kang Beach Cleaning Event" in the Dayuan Industrial Park for 10 people for a total of 40 hours. During the winter warmth event, donations totaling NT$112,000 to Yangmei District Yu Ethical Children's Home and Xinwu District Fangzhou Nursing Home were donated NT$12,000. To support charitable organizations, the Company purchased meal boxes from a social welfare organization for people with intellectual disabilities and other products from charitable groups as gifts for company events. In 2023, the total amount spent on these purchases was NT$262,155.
5. Industry-academia cooperation: To fulfill corporate social responsibility, industry-academia cooperation is used to provide students with practical experience in related industries before they enter the job market, and to improve their employment opportunities; at the same time, it also improves the company's core technology and reserve talents. The main focus is on those who are willing to intern at the factory. In the future, we will explore more partner schools depending on the characteristics and operational needs of the Company. The status of industry-academia cooperation in 2023 is as follows:

School	Number of people	Period
Ming Chi University of Technology	4	2022/09/12 - 2023/09/11
Ming Chi University of Technology	2	2023/09/12 - 2024/09/06
Minghsin University of Science and Technology	6	2022/09/01 - 2025/06/30

6. Social service: Participating in Yangmei Police Station's police friend association activities to strengthen good local interactive relationships.
7. Human rights: Setting up dedicated parking lots for pregnant women, providing maternity gifts, nursing rooms, health counseling for postpartum mothers, and twice-a-week counseling and care sessions for foreign (Thailand/Indonesia) employees to collect opinions and actively improve their lives and work, as well as improving the living environment and quality of life for foreign employees to provide them with good living conditions.
8. Health promotion: Taking care of the health and safety of employees, hiring a "Chang Gung Hospital specialist doctor" every month to conduct a safety audit within the factory area, and provide personal medical consultation for employees to achieve the goal of a friendly and safe workplace; organizing various health related lectures and health promotion activities, with a total reward amount of NT$39,000 granted.
9. Safety: Implementing the fire prevention plan and automatic inspection plan, arranging for in-service personnel to complete at least 3 hours of training within 3 years, and holding safety related lectures for suppliers and contracted businesses, with a total of 160 hours in 2023.
10. Fire prevention: The fire alarm system is installed for the entire factory and is connecting to the security room to timely monitor the situation in the plant. At the same time, the factory is equipped with monitoring systems for important equipment and safety entrances and exits, with network connection to keep track of information at any time.

11. Hygiene: In order to take care of the health of employees and the happiness of their families, the Company arranges regular employee health checks every year, and the most recent one was held on September 18, 2023, with a general health examination for 256 employees, and a lung function and hearing examination for 236 employees in special operations with dusts and noises; the results are also tracked and managed.
12. “Zero” disasters in the workplace and participated in the filing activity of no disasters in the central factory.
13. Handled relevant training and measure revisions according to the regulations of the central competent authority, and posted legal regulations on the Company's website for inquiry.
14. The Company participated in the subsidy project of the Ministry of Economic Affairs for low-carbon and intelligent upgrade and transformation of the manufacturing industry, and the first phase of the subsidy was received in 2023.
15. Climate Change Risks and Countermeasures

Risk category	Risk factors	Opportunity	Responding measures
Policies and regulations	Renewable Energy Development Act	Develop renewable energy plans ahead of schedule to promote energy diversification.	Collaborate with solar energy manufacturers to install solar power generation equipment on the roof of factories.
	Greenhouse Gas Reduction and Energy Management Act	Improve energy efficiency and take this opportunity to reduce operating costs.	1. Optimization of product manufacturing process to reduce its environmental impact. 2. Set energy conservation and carbon reduction targets, and introduce energy conservation projects such as intelligent energy management systems and equipment renovations in plant areas.
Technical risk	Inability to innovate technology with market demand and be eliminated by the market	Actively develop electric vehicles and their supporting measures in line with global market trends.	Continue to invest in the R&D and process improvement of electric vehicle frames and components.
Market risk	Consumers are aware of the impact of climate change and want to buy environmentally friendly and energy-saving products	Provide environmentally friendly and energy-saving products and services to meet the needs of stakeholders, gain their trust, and increase revenue.	Conduct product research and development in line with the green energy development needs of central plants.
	Fluctuations in energy prices affect production and operating costs	Improve energy efficiency and take this opportunity to reduce operating costs.	1. Fully introduce an intelligent energy management system to save power and cost. 2. Improve the energy-consuming lighting of the plant and set up natural ventilation devices to achieve energy-saving effect.
Extreme climate disasters	Reduced or interrupted production capacity due to typhoons, floods and droughts	Improve the ability of production lines to resist natural disasters.	1. Establish various emergency response standard operating procedures to face the changes in force majeure. 2. Establishment of disaster prevention and reporting mechanisms. 3. Conduct emergency response and disaster prevention drills.
	Dry season causes water shortage	Improve process water efficiency, increase water resource recycling rate, and reduce water consumption costs.	Introduce water reduction projects.

(VII) Performance of ethical corporate management, and differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons:

Item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and plan (I) Has the Company formulated an ethical corporate management policy approved by the board meeting, and clearly stated the policies and practices of ethical corporate management in rules and external documents, as well as the commitment of the board of directors and senior management to actively implement the operation policy?	V		(I) The Company has established organization structural charts and responsibility regulations (HR-B-007) for each department in accordance with the Company's organizational structure, and adheres to the business philosophy of integrity, responsibility and transparency and consistent ethical standards in all business activities. The Company has formulated the “Ethical Corporate Management Best Practice Principles” approved by the Board of Directors, and in accordance with the “Rules of Work” strictly requires each employee to implement the ethical corporate management policy and practices. The members of the Board of Directors and the management have signed the Corporate Governance Best Practice Principles, the Sustainable Development Best Practice Principles, the Ethical Corporate Management Best Practice Principles, and the Declaration of Ethics, which are explained in the annual report and sustainability report.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the company established a risk assessment mechanism for unethical behavior, regularly analyzed and assessed business activities within its business scope that have a high risk of unethical behavior, and formulated a plan to prevent unethical behavior that at least covers the preventive measures for acts under paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies”?	V		(II) The Company adheres to the principle of ethical corporate management and conducts business activities in a fair and transparent manner. In accordance with the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, the Company has established the “Ethical Corporate Management Best Practice Principles” (CG-B-003) related procedures and behavior guidelines, and regularly evaluates and audits the risks of unethical behavior in business activities. In addition, in accordance with paragraph 2, Article 7 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies”, it is clearly stipulated that unethical behaviors such as accepting bribes or other improper benefits in the position are not allowed. It is also clearly stipulated in the “Work Rules” of the Company that any unethical behavior will be punished. The Company has an appeal and whistleblowing system, and the whistleblowing channel information is disclosed on the company website.	
(III) Has the company specified operating procedures, conduct guidelines, disciplinary and appeal systems for violations in the unethical behavior prevention plan, implemented them, and regularly reviewed and amended the disclosure plan?	V		(III) To ensure that the Company's behavior complies with legal norms and ethical standards, the "Work Rules" of the Company clearly stipulate that any unethical behavior will be penalized and punished. For any unethical behavior, the Company has an appeal and whistleblowing system, and the whistleblowing channel information is disclosed on the company website. For any behavior that is suspected of violating professional ethics, the Company treats it with the most serious attitude and takes strict disciplinary measures against violators in all confirmed cases based on the Company's employee reward and punishment and appeal measures, or terminates employment or business relations and takes appropriate legal action. Regarding the provision of prohibiting illegal political donations and prohibiting inappropriate charitable donations or sponsorships, the Company has formulated and implemented the “Donation and Sponsorship Measures” to ensure compliance with laws and regulations and the implementation of the internal control system.	

Item	Operation status: Yes	No	Summary	Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
II. Implementation of Ethical Corporate Management (I) Does the Company evaluate the ethical corporate management record of its counterparties, and specify the terms of ethical behavior in the contracts signed with its counterparties?	V		(I) The Company conducts a annual evaluation of customers, suppliers, and business partners to prevent unethical behavior. They also sign trading contracts with stakeholders (e.g. suppliers, contractors, or other collaborators) with which the Company has business dealings, clearly specifying that the Company may terminate or rescind the terms and conditions of the contracts if the trading counterparties are involved in unethical conduct.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
(II) Has the Company set up a dedicated unit subordinate to the board of directors to promote the ethical corporate management of enterprises, and regularly (at least once a year) report to the board of directors its ethical corporate management policy and plan to prevent unethical behavior, as well as the implementation of supervision?	V		(II) The Company has designated the Management Department as the dedicated unit to promote, communicate, and execute the Company's ethical corporate management; moreover, it checks whether the Company's business-related trading violates the ethical corporate management principle through various internal and external audits, and regularly reports to the directors in March of each year on the implementation status during the board of directors meeting. Completed in 2023: 69 person-times of ethical management promotion and whistle-blowing system education for new employees, and 48 man-hour of internal control education and training for finance and audit personnel; passed computer information security ISO 27001 system certification, 1 information system vulnerability scanning operation, and 1 information security drill and advocacy of information intellectual property rights and laws and regulations.	
(III) Has the Company develop a conflict of interest prevention policy, provided appropriate presentation channels, and implemented them?	V		(III) The Company has clearly stipulated in the "Work Rules" that an employee may be expelled if he engages in work that conflicts with the Company's interests without the Company's approval and damages the rights and interests of the Company, and the circumstances are serious. The Company has also set up an internal opinion box and whistleblowing line to accept whistleblowing cases, and keeps the identity of the whistleblower and the content confidential.	
(IV) Has the Company established an effective accounting system and internal control system for the implementation of ethical operation, and has the internal audit unit formulated relevant audit plans based on the assessment results of unethical behavior risks, and audited the compliance with the unethical behavior prevention plan, or entrusted CPAs to perform the audit?	V		(IV) The Company has established effective accounting and internal control systems, and the Audit Office conducts audits on the internal control system and external activities based on the risk assessment results of unethical behavior in conjunction with the annual audit plan, and reports the audit results and improvement status to the board of directors.	
(V) Does the company regularly hold internal and external training on ethical corporate management?	V		(V) In order to promote and advocate ethical behavior, the Company has uploaded the procedures and behavior guidelines related to the "Ethical Corporate Management Best Practice Principles" on the Company's internal website for employees to download and implement. The company provides guidance on ethical behavior and work rules for new employees to enable them to understand ethical behavior and relevant punishments. In addition, stakeholders (e.g. suppliers, contractors) who have business dealings with the Company must comply with the Company's code of business ethics during annual cooperation meetings or during routine transactions.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.

Item	Operation status			Differences from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary	
III. Operation of the Company's Whistleblower System (I) Has the Company established a specific whistleblower and reward system, established a convenient channel for whistleblowing, and assigned appropriate personnel to handle complaints? (II) Has the Company established standard operating procedures for the investigation of matters reported, follow-up measures to be taken after the investigation, and relevant confidentiality mechanisms? (III) Does the Company take measures to protect the whistleblower from improper handling due to the whistleblowing?	V V V		(I) In order to implement the ethical corporate management policy and actively prevent unethical behavior, the Company has established a "whistleblower system", which clearly stipulates the reporting channels for violations of ethical corporate management regulations. The head of the Company's Management Department is the dedicated person responsible for accepting reported cases. (II) The Company's "whistleblower system" has clearly stipulated the procedures and confidentiality mechanism for accepting accusations and investigations. The accusations received and subsequent investigations are processed with a confidential and rigorous attitude, and the procedures are clearly defined in internal regulations. (III) The Company shall declare in writing (in a confidentiality agreement) that for the handling of personnel involved in the reported case, it shall keep confidential the whistleblower's identity and the contents of the report, and promise to protect the whistleblower from improper treatment due to the reported matter.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
IV. Strengthening of Information Disclosure Does the Company disclose the content of its Ethical Corporate Management Best Practice Principles and the effectiveness of promotion on its website and MOPS?	V		The Company discloses the content of the "Ethical Corporate Management Best Practice Principles" on the Company's website and the Market Observation Post System, and regularly discloses the Company's operations on the Company's website, including the implementation of ethical corporate management and the measures taken.	Compliant with the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies.
V. If the Company has its own Ethical Corporate Management Best Practice Principles in compliance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies", please describe the differences between their operations: The Company has established its Ethical Corporate Management Best Practice Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies" in June 2014, and the revision was approved by the board meeting in May 2022. The actual operation is in line with legal regulations.				
VI. Other important information that will facilitate the understanding of the Company's ethical corporate management (such as the Company's review and revision of its Ethical Corporate Management Best Practice Principles): The Company discloses its Ethical Corporate Management Best Practice Principles in its internal regulations, annual reports, and company websites, enabling suppliers, customers, shareholders,and other relevant institutions and personnel to have a clear understanding of the Company's ethical corporate management philosophy and standards.				

(VIII) If the Company has adopted a corporate governance best practice principles and related regulations, disclose its inquiry methods:
Please inquire on the Corporate Governance Section of the Market Observation Post System and the Company's website (https://www.kian-shen.com).

(IX) Please also disclose other important information which may enhance the understanding of the Company's corporate governance operation:
Please inquire on the Corporate Governance Section of the Market Observation Post System and the Company's website (https://www.kian-shen.com).

(X) Implementation of the internal control system

1. Internal Control Declaration

Kian Shen Corporation

Declaration on Internal Control System

Date: March 8, 2024

Based on the results of self-assessment, the Company's internal control system for 2023 is hereby declared as follows:

I. The Company knows that the establishment, implementation and maintenance of the internal control system is the responsibility of the Board of Directors and managers of the Company, and the Company has already established this system. Its purpose is to provide reasonable assurance for the achievement of the objectives of operational effectiveness and efficiency (including profitability, performance and asset security), reliability, timeliness, transparency of reporting, and compliance with relevant norms and relevant laws and regulations.

II. The internal control system has its inherent limitations. No matter how perfect the design is, an effective internal control system can only provide reasonable assurance for the achievement of the three objectives above. Moreover, due to changes in environment and circumstances, the effectiveness of the internal control system may change accordingly. However, the Company's internal control system has a self supervision mechanism, and once deficiencies are identified, the Company will take corrective action immediately.

III. The Company judges whether the design and implementation of the internal control system is effective in accordance with the judgment items of the effectiveness of the internal control system specified in the “Regulations Governing Establishment of Internal Control Systems by Public Companies” (hereinafter referred to as the "Regulations"). The judgment items of the internal control system adopted in the Regulations are to divide the internal control system into five components according to the process of management control: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. supervision operations. Each component element includes several items. For the items above, please refer to the provisions of the "Regulations".

IV. The Company has adopted the internal control system judgment items above to evaluate the effectiveness of the design and implementation of the internal control system.

V. Based on the evaluation results referred to in the preceding paragraph, the Company believes that the design and implementation of the internal control system as of December 31, 2023 (including supervision and management of subsidiaries), including the understanding of the effectiveness of operations and the extent to which efficiency goals have been achieved, the reliability, timeliness, transparency of reporting, and the compliance with relevant norms and relevant laws and regulations, as well as the compliance with relevant internal control systems, are effective and can reasonably ensure the achievement of the goals above.

VI. This Declaration will become the main content of the Company's annual report and prospectus, and will be made public. If there are false, hidden and other illegal circumstances in the disclosure above, the legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act will be involved.

VII. This Declaration was approved by the board meeting of the Company on March 8, 2024, and all the ten directors present agreed to the contents of this Declaration.

Kian Shen Corporation

Chairman: Chao-Wen Chen Signature & Seal

President: Chiung-Chih Tseng Signature & Seal

2. CPA's audit report on the internal control system via a special project: None.

(1) In 2023 and up to March 31, 2024, the Company and its internal personnel have been punished according to law, or the Company has punished its internal personnel for violating internal control system regulations, and the content of the punishment, major deficiencies, and improvements: None.

(2) Important resolutions of the shareholders' meeting and board meetings in 2023 and up to March 31, 2024:

Type	Date	Important resolutions	Implementation status
Shareholders' meeting	2023.06.15	1. Recognition of the Company's 2022 Financial Statements.	Already announced and filed according to regulations.
		2. Recognition of the Company's 2022 earnings distribution.	July 25, 2023 was set as the base date for cash dividend distribution, and August 16, 2023 was set as the payment date. (cash dividend of NT$2.1/share)
		3. Approval of amendment to the Company's "Rules of Procedures for Shareholder Meetings".	Already announced on the Company's website, and handled in accordance wit the revised procedures.
		4. By-election of the 12th Independent Directors.	Approved for registration by the Ministry of Economic Affairs on June 30, 2023 and was announced on the company website.
		5. Approval of lifting the non-competition restriction on directors under Article 209 of the Company Act.	Already filed for material information according to regulations.

Board of directors	Proposal content and subsequent handling	Matters listed in Article 14-3 of the Securities and Exchange Act	Independent directors' objections or reservations
The 12th term The 5th session 2023.03.10	1. 2022 individual and consolidated financial statements.	-	-
	2. Proposal for 2022 earnings distribution.	V	-
	3. The remuneration distribution plan for directors and employees for 2022 reviewed by the Company's Remuneration Committee.	V	-
	4. Proposal to issue the Company's 2022 "Declaration on Internal Control System".	V	-
	5. Date and place of 2023 shareholders' meeting.	V	-
	6. Appointment, remuneration and independence of the Company's CPAs for 2023.	V	-
	7. Proposal to revise the Company's "Internal Control System" and "Internal Audit Implementation Rules".	V	-
	8. Proposal to revise the Company's "Sustainable Development Best Practice Principles".	-	-
	9. Proposal to revise the Company's "Corporate Governance Best Practice Principles".	-	-
	Independent directors' opinions: None. The Company's handling of independent directors' opinions: None. Resolution result: All attending members passed the proposal as it was.		
The 12th term The 6th session 2023.04.13	1. Proposal to by-elect two independent directors of the Company at the 2023 shareholders' meeting.	-	-
	2. Proposal to allow the new independent directors to engage in competitive business activities.	-	-
	Independent directors' opinions: None. The Company's handling of independent directors' opinions: None. Resolution result: All attending members passed the proposal as it was.		
The 12th term The 7th session 2023.05.05	1. Consolidated financial statements for the first quarter of 2023.	-	-
	2. Review of the nomination of independent director candidates for the by-election of the 2023 shareholders' meeting.	-	-
	3. Bank credit line renewal.	-	-
	4. Financing-nature commercial promissory note renewal.	-	-
	5. Proposal of renewal of technical cooperation contract.	-	-
	6. Appointed the Chief Information Security Officer of the Company.	-	-
	7. Proposal to revise the Company's "Rules of Procedures for Shareholders' Meetings".	-	-
	8. Establishment of the Company's "Regulations Governing Operations Related to Finance and Business Between Related Parties".		-
	Independent directors' opinions: None. The Company's handling of independent directors' opinions: None. Resolution result: All attending members passed the proposal as it was.		

Board of directors	Proposal content and subsequent handling	Matters listed in Article 14-3 of the Securities and Exchange Act	Independent directors' objections or reservations
The 12th term The 8th session 2023.08.02	1. Consolidated financial statements for the first half of 2023.	-	-
	2. Additional capital expenditure budget.	-	-
	3. Bank credit line application.	-	-
	4. Liability insurance for the Company's directors and key employees.	-	-
	5. Proposal to revise the Company's "Internal Control System of Stock Affairs Units".	V	-
	6. Approval for amending the "Regulations Governing the Distribution of Employees' Remuneration."	V	-
	Independent directors' opinions: None. The Company's handling of independent directors' opinions: None. Resolution result: All attending members passed the proposal as it was.		
The 12th term The 9th session 2023.10.30	1. Consolidated financial statements for the first three quarters of 2023.	-	-
	2. Formulation of the 2024 audit plan.	-	-
	3. Change of the Company's audit officer.	V	-
	4. Approval for amending the "Guidelines Governing the Preparation of Financial Statements".	-	-
	Independent directors' opinions: None. The Company's handling of independent directors' opinions: None. Resolution result: All attending members passed the proposal as it was.		
The 12th term The 10th session 2023.12.18	1. Financial forecast and capital expenditure budget for 2024.	-	-
	2. Approval for amending the "Regulations Governing the Distribution of Employees' Remuneration."	V	-
	Independent directors' opinions: None. The Company's handling of independent directors' opinions: None. Resolution result: All attending members passed the proposal as it was.		
The 12th term The 11th session 113.03.08	1. 2023 individual and consolidated financial statements.	-	-
	2. Proposal for 2023 earnings distribution.	V	-
	3. The remuneration distribution plan for directors and employees for 2023 reviewed by the Company's Remuneration Committee.	V	-
	4. Proposal to issue the Company's 2023 "Declaration on Internal Control System".	V	-
	5. Date and place of 2024 shareholders' meeting.	V	-
	6. Appointment, remuneration and independence of the Company's CPAs for 2024.	V	-
	7. Proposal to lift the non-competition restriction on the Company's new directors.	-	-
	8. Appointment and dismissal of supervisors at managerial level and above.	-	-
	9. Proposal to revise the Company's "Articles of Association".	-	-
	10. Proposal to revise the Company's "Rules of Procedures for Board Meetings".	-	-
	11. Proposal to amend the "Organizational Regulations for the Audit Committee" of the Company.	-	-
	Independent directors' opinions: None. The Company's handling of independent directors' opinions: None. Resolution result: All attending members passed the proposal as it was.		

(3) In 2023 and up to March 31, 2024, directors or independent directors have expressed dissenting opinions on important resolutions of the board of directors with records or written statements: None.

(4) In 2023 and up to March 31, 2024, the resignation or dismissal of the chairman, president, accounting director, financial director, internal audit director, corporate governance director or R&D director of the Company:

Title	Name	Inauguration date	Date of discharge	Reasons for resignation or dismissal
Audit officer	Li-Ren Lin	2020/1/1	2023/9/30	Individual career planning

IV. Information of CPAs' Fees:

Amount: NT$ thousand

CPA firm name	CPA's name	CPA audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte Taiwan	Lilac Shue and Aaron Yang	202201-202212	4,600	505	5,105	Non-audit fees: tax certification, direct deduction method, full-time employee salary checklist, transfer pricing report, and annual report review.
Ernst & Young	Yu-Ting Huang and Chien-Tse Huang	202301-202312	3,650	400	4,050	

(I) If the CPA firm is replaced and the audit fees paid in the year of replacement are less than those paid in the year prior to the replacement, the amounts of audit fees before and after the replacement and the reasons thereof shall be disclosed: The change of CPA firm is to meet the Company's operational development and internal management needs.

(II) If the audit fee is reduced by more than 10% from the previous year, the amount, percentage and reason of the reduction shall be disclosed: In view of the Company's operational and management needs, in terms of management, we provide timely and complete consulting and suggestions. Therefore, we changed our CPA firm, which resulted in the additional benefits of improved audit efficiency and a 21% reduction in 2023 audit fees compared to the previous year.

V. Information on Change of CPAs

(I) Information about the former CPA

<table>
<tr><td>Date of change</td><td colspan="3">First quarter of 2023.</td></tr>
<tr><td>Reason for the change and explanation.</td><td colspan="3">Considering the operational and management needs of the Company, in order to improve the smoothness and efficiency of the audit on reinvested companies and provide timely and complete consultation and advice on the operational level, from the first quarter of 2023, CPAs Lilac Shue and Aaron Yang of Deloitte Taiwan will be changed to CPAs Yu-Ting Huang and Chien-Tse Huang of Ernst & Young as the successors.</td></tr>
<tr><td rowspan="3">Appointment terminated or unacceptable by the client or the CPA</td><td>Counterparty / Situation</td><td>CPAs</td><td>Appointer</td></tr>
<tr><td>Proactive termination of appointment</td><td>(note applicable)</td><td>V</td></tr>
<tr><td>Not accepting the (continued) appointment</td><td>(note applicable)</td><td>(note applicable)</td></tr>
<tr><td>Reasons for issuing audit reports with opinions other than unqualified opinions within the past two years</td><td colspan="3">The 2022 financial statements were audited by other independent auditors, and the auditor's report was issued because of the unqualified opinion plus other matters.</td></tr>
<tr><td rowspan="6">Any different opinions from the issuer</td><td rowspan="4">Yes.</td><td>—</td><td>Accounting principle or practice</td></tr>
<tr><td>—</td><td>Disclosures in the financial report</td></tr>
<tr><td>—</td><td>Audit scope or procedures</td></tr>
<tr><td>—</td><td>Other</td></tr>
<tr><td>None.</td><td colspan="2">V</td></tr>
<tr><td>Explanation</td><td colspan="2">—</td></tr>
<tr><td>Other disclosures (disclosures required according to subparagraphs 1-4 to 1-7, paragraph 6, Article 10 of the regulations)</td><td colspan="3">None.</td></tr>
</table>

(II) Information on the succeeding CPA

CPA firm name	Ernst & Young
CPA's name	CPAs Yu-Ting Huang and Chien-Tse Huang
Date of appointment	First quarter of 2023.
Prior to appointment, the accounting treatment methods or principles for specific transactions, as well as the consultation matters and results on the opinions that may be issued in the financial report	Not applicable
Different opinions of the succeeding CPAs in writing from those of the former CPAs	Not applicable

(III) Response letter from the former CPAs regarding the matters in subparagraphs 1 and 2-3, paragraph 6, Article 10 of the regulations: Not applicable.

VI. The chairman, president and managerial officers in charge of financial or accounting affairs of the Company who has served in the CPA firm or its affiliated enterprises within the most recent year: None.

VII. Transfer of shares and changes in pledge of shares by directors, managerial officers and shareholders with shareholding of more than 10%

(I) Transfer of shares by directors, managers, and shareholders with shareholding of more than 10%

Unit: share

Title	Name	2023		As of March 31, 2024	
		Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of shares pledged
Chairman	Chao-Wen Chen	—	None.	—	None.
Major shareholder	China Motor Corporation	—	None.	—	None.
Director	Chiung-Chih Tseng	—	None.	—	None.
Major shareholder	Kuozui Motors, Ltd.	—	None.	—	None.
Director	Wen-Chih Chien	—	None.	—	None.
Director	Kun-Sheng Lan	—	None.	—	None.
Director	Naoki Kobayashi	—	None.	—	None.
Director	Yulon-Administered Enterprises Co., Ltd.	—	None.	—	None.
Director	Hung-Ching Yang	—	None.	—	None.
Director	Hsin-Cheng Tseng	—	None.	—	None.
Director	Tung-Tai Hsiung (Note 1)	—	None.	—	None.
Independent director	Te-Chang Yeh (Note 1)	—	None.	—	None.
Independent director	Hsuan Wang (Note 2)	—	None.	—	None.
Independent director	Yung-An Lo (Note 2)	—	None.	—	None.
Independent director	Wei-Ching Lu (Note 3)	—	None.	—	None.
Independent director	Chi-Ching Chen (note 3)	—	None.	—	None.
Manager	Chiung-Chih Tseng	—	None.	—	None.
Manager	Chen-Ching Sung	—	None.	—	None.
Manager	Der-Hsiang Yu	—	None.	—	None.
Manager	Cheng-Yi Weng	—	None.	—	None.
Manager	Ya-Ling Chang	—	None.	—	None.
Manager	Yi-Wen Liao	—	None.	—	None.
Manager	Chen-Kui Chen	—	None.	—	None.
Manager	Yu-Cheng Huang	—	None.	—	None.

Note 1: On January 1, 2024, Hsin-Cheng Tseng, the representative of Yulon Management Co., Ltd., was relieved of duty, and Tung-Tai Hsiung was reappointed as a director.

Note 2: Independent directors Hsuan Wang and Yung-An Lo were newly elected on June 15, 2023.

Note 3: Independent directors Wei-Ching Lu and Chi-Ching Chen resigned on March 31, 2023

(II) The counterparties of transfer of shares by directors, managers, and shareholders with shareholding of more than 10% are related parties: None.

(III) The counterparties of share pledge by directors, managers, and shareholders with shareholding of more than 10% are related parties: None.

VIII. Information on Relationship Among Top Ten Major Shareholders

March 31, 2024

Name (Note 1)	Shareholding of the individual		Shareholdings of spouse and minor children		Total shareholding by nominee arrangement		Information on the relations among the top 10 major shareholders if anyone is a related party, a spouse, or a relative within second degree of kinship of another and their names. (Note 3)		Remarks
	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Number of shares	Shareholding percentage %	Company name (or individual name)	Relationship	
China Motor Corporation	32,201,367	43.87	—	—	—	—	—	—	
Chao-Wen Chen	—	—	—	—	—	—	—	—	Representative of China Motor Corporation
Chiung-Chih Tseng	—	—	—	—	—	—	—	—	Representative of China Motor Corporation
Kuozui Motors, Ltd.	24,178,711	32.94	—	—	—	—	—	—	
Kun-Sheng Lan	—	—	—	—	—	—	—	—	Representative of Kuozui Motors, Ltd.
Wen-Chih Chien	—	—	—	—	—	—	—	—	Representative of Kuozui Motors, Ltd.
Naoki Kobayashi	—	—	—	—	—	—	—	—	Representative of Kuozui Motors, Ltd.
Mu-Shan Chiang	2,134,820	2.91	—	—	—	—	Su-Luan Liao Li-Fu Chiang Ya-Pin Chiang	Husband and wife Father and son Father and daughter	
Li-Fu Chiang	1,762,060	2.40	—	—	—	—	Mu-Shan Chiang Su-Luan Liao Ya-Pin Chiang	Father and son Mother and son Sibling	
Su-Luan Liao	755,460	1.03	—	—	—	—	-	-	
Ya-Pin Chiang	696,060	0.95		—	—	—	Mu-Shan Chiang Su-Luan Liao Li-Fu Chiang	Father and daughter Mother and daughter Sibling	
Weitai Investment Co., Ltd.	661,857	0.90	—	—	—	—	-	-	
Feng-Chen Peng	418,000	0.57	—	—	—	—	Mu-Shan Chiang Li-Fu Chiang Ya-Pin Chiang	Husband and wife Mother and son Mother and daughter	
Yung-I Kuo	298,000	0.41	—	—	—	—	—	—	
Chi-Chih Weng	274,000	0.37	—	—	—	—	—	—	

Note 1: The names of all top 10 shareholders shall be indicated completely, and for corporate shareholders, corporate shareholders' name and representative shall be indicated separately.
Note 2: The calculation of the shareholding percentage refers to the shareholding percentage of the person and his/her spouse, minors, or by the person under others' names respectively.
Note 3: The shareholders listed above include juridical and natural persons, and the relationship among the shareholders shall be disclosed according to the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

IX. Comprehensive Shareholding Percentage

Unit: share; %

Reinvested company	The Company's investment		Investments of directors, supervisors, managers and directly or indirectly controlled businesses		Comprehensive investment	
	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio	Number of shares	Shareholding ratio
Kian Shen Investment Co., Ltd.	10,296,105	100%	—	—	10,296,105	100%

Four. Fundraising Status

I. Capital and Shares of the Company

(I) Type of shares

March 31, 2024

Type of shares	Authorized share capital			Remarks
	Outstanding shares (note)	Unissued shares	Total	
Registered ordinary shares	73,400,135	6,599,865	80,000,000	-

Note: Listed shares.

(II) Source of share capital

Year/Month	Issuing price	Authorized share capital		Paid-in capital		Remarks			
		Number of shares	Amount	Number of shares	Amount	Source of share capital		Assets other than cash used for share capital payment	Other
1963.05.31	10	100,000	1,000,000	100,000	1,000,000	Establishment		None.	None.
1970.05.28	10	300,000	3,000,000	300,000	3,000,000	Capital increase in cash	2,000,000	None.	None.
1978.06.15	10	1,800,000	18,000,000	1,800,000	18,000,000	Capital increase in cash	15,000,000	None.	None.
1984.05.07	10	5,000,000	50,000,000	5,000,000	50,000,000	Capital increase in cash	10,000,000	None.	None.
						Capital increase from capital surplus	22,000,000		
1985.02.06	10	8,500,000	85,000,000	8,500,000	85,000,000	Capital increase in cash	35,000,000	None.	None.
1990.09.07	10	18,500,000	185,000,000	18,500,000	185,000,000	Capital increase in cash	72,000,000	None.	None.
						Capital increase from capital surplus	28,000,000		
1993.11.01	10	24,975,000	249,750,000	24,975,000	249,750,000	Capital increase from earnings (note 1)	64,750,000	None.	None.
1994.08.16	10	27,972,000	279,720,000	27,972,000	279,720,000	Capital increase from earnings (note 2)	29,970,000	None.	None.
1995.08.17	10	30,769,200	307,692,000	30,769,200	307,692,000	Capital increase from earnings (note 3)	27,972,000	None.	None.
1998.06.27	10	37,324,650	373,246,500	37,324,650	373,246,500	Capital increase from earnings (note 4)	61,538,400	None.	None.
						Capital increase from employee bonus	4,016,100		
1999.08.05	10	50,000,000	500,000,000	41,057,115	410,571,150	Capital increase from earnings (note 5)	37,324,650	None.	None.
2003.06.23	10	50,000,000	500,000,000	45,710,000	457,100,000	Capital increase from earnings (note 6)	41,057,110	None.	None.
						Capital increase from employee bonus	5,471,740		
2004.06.29	10	50,281,000	502,810,000	50,281,000	502,810,000	Capital increase from earnings (note 7)	45,710,000	None.	None.
2005.06.15	10	60,000,000	600,000,000	55,309,100	553,091,000	Capital increase from earnings (note 8)	50,281,000	None.	None.
2006.06.20	10	60,000,000	600,000,000	58,074,555	580,745,550	Capital increase from earnings (note 9)	27,654,550	None.	None.
2007.06.26	10	70,000,000	700,000,000	60,978,282	609,782,820	Capital increase from earnings (note 10)	29,037,270	None.	None.
2008.06.25	10	70,000,000	700,000,000	64,027,196	640,271,960	Capital increase from earnings (note 11)	30,489,140	None.	None.
2009.06.26	10	70,000,000	700,000,000	65,948,011	659,480,110	Capital increase from earnings (note 12)	19,208,150	None.	None.
2011.07.06	10	70,000,000	700,000,000	69,245,411	692,454,110	Capital increase from earnings (note 13)	32,974,000	None.	None.
2016.08.04	10	80,000,000	800,000,000	73,400,135	734,001,350	Capital increase from earnings (note 14)	41,547,240	None.	None.

Notes:

1. On September 29, 1993, the Securities Exchange Commission of the Ministry of Finance issued the approval via its letter referenced (82) Tai-Tsai-Cheng (I) No. 30195; the amount of capital increase from earnings was NT$64.75 million, and the paid-in capital after the capital increase was NT$249.75 million.
2. On July 15, 1994, the Securities Exchange Commission of the Ministry of Finance issued the approval via its letter referenced (83) Tai-Tsai-Cheng (I) No. 31695; the amount of capital increase from earnings was NT$29.97 million, and the paid-in capital after the capital increase was NT$279.72 million.
3. On June 27, 1995, the Securities Exchange Commission of the Ministry of Finance issued the approval via its letter referenced (84) Tai-Tsai-Cheng (I) No. 37632; the amount of capital increase from earnings was NT$27.972 million, and the paid-in capital after the capital increase was NT$307.692 million.
4. On June 8, 1998, the Securities Exchange Commission of the Ministry of Finance issued the approval via its letter referenced (87) Tai-Tsai-Cheng (I) No. 49774; the amount of capital increase from earnings was NT$61,538,400, and the amount of capital increase from employee bonus was NT$4,016,100; the paid-in capital after the capital increase was NT$373,246,500.
5. On June 7, 1999, the Securities Exchange Commission of the Ministry of Finance issued the approval via its letter referenced (88) Tai-Tsai-Cheng (I) No. 52614; the amount of capital increase from earnings was NT$37,324,650, and the paid-in capital after the capital increase was NT$410,571,150.
6. On June 23, 2003, the Securities Exchange Commission of the Ministry of Finance issued the approval via its letter referenced (92) Tai-Tsai-Cheng (I) No. 127576; the amount of capital increase from earnings was NT$41,057,110, and the amount of capital increase from employee bonus was NT$5,471,740; the paid-in capital after the capital increase was NT$457,100,000.
7. On June 29, 2004, the Securities Exchange Commission of the Ministry of Finance issued the approval via its letter referenced (93) Tai-Tsai-Cheng (I) No. 127972; the amount of capital increase from earnings was NT$45.71 million, and the paid-in capital after the capital increase was NT$502.81 million.
8. On June 15, 2005, the Financial Supervisory of the Executive Yuan issued the approval via its letter referenced (94) Jin-Guan-Cheng (I) No. 123834; the amount of capital increase from earnings was NT$50.281 million, and the paid-in capital after the capital increase was NT$553.091 million.
9. On June 20, 2006, the Financial Supervisory of the Executive Yuan issued the approval via its letter referenced (95) Jin-Guan-Cheng (I) No. 124924; the amount of capital increase from earnings was NT$27,654,550, and the paid-in capital after the capital increase was NT$580,745,550.
10. On June 26, 2007, the Financial Supervisory of the Executive Yuan issued the approval via its letter referenced (96) Jin-Guan-Cheng (I) No. 0960032039; the amount of capital increase from earnings was NT$29,037,270, and the paid-in capital after the capital increase was NT$609,782,820.
11. On June 25, 2008, the Financial Supervisory of the Executive Yuan issued the approval via its letter referenced (97) Jin-Guan-Cheng (I) No. 0970031491; the amount of capital increase from earnings was NT$30,489,140, and the paid-in capital after the capital increase was NT$640,271,960.
12. On June 26, 2009, the Financial Supervisory of the Executive Yuan issued the approval via its letter referenced Jin-Guan-Cheng-Fa No. 0980031829; the amount of capital increase from earnings was NT$19,208,150, and the paid-in capital after the capital increase was NT$659,480,110.
13. On July 6, 2011, the Financial Supervisory of the Executive Yuan issued the approval via its letter referenced Jin-Guan-Cheng-Fa No. 1000031066; the amount of capital increase from earnings

was NT$32,974,000, and the paid-in capital after the capital increase was NT$692,454,110.

14. On August 4, 2016, the Financial Supervisory of the Executive Yuan issued the approval via its letter referenced Jin-Guan-Cheng-Fa No. 1000031066; the amount of capital increase from earnings was NT$41,547,240, and the paid-in capital after the capital increase was NT$734,001,350.

(III) Blanket declaration related information: None.

(IV) Shareholder structure

March 31, 2024

Shareholder structure / Quantity	Government institutions	Financial institutions	Other juridical persons	Individuals	Foreign institutions and natural persons	Total
Number of people	0	0	30	4,267	13	4,310
Number of shares held	0	0	57,377,131	15,714,796	308,208	73,400,135
Shareholding ratio	0.00%	0.00%	78.17%	21.41%	0.42%	100.00%

(V) Distribution of shareholdings

March 31, 2024

Shareholding range	Number of shareholders	Number of shares held	Shareholding ratio %
1 to 999	1,587	171,263	0.23
1,000 to 5,000	2,324	4,202,779	5.73
5,001 to 10,000	235	1,827,650	2.49
10,001 to 15,000	61	788,268	1.07
15,001 to 20,000	36	662,552	0.90
20,001 to 30,000	30	781,928	1.07
30,001 to 40,000	10	366,377	0.50
40,001 to 50,000	6	271,711	0.37
50,001 to 100,000	9	670,232	0.91
100,001 to 200,000	2	277,040	0.38
200,001 to 400,000	2	572,000	0.78
400,001 to 600,000	1	418,000	0.57
600,001 to 800,000	3	2,113,377	2.88
800,001 to 1,000,000	0	0	0.00
1,000,001 or above	4	60,276,958	82.12
Total	4,310	73,400,135	100.00

Note: The Company does not issue preferred shares.

(VI) List of Major Shareholders

Shares / Name of major shareholder	Number of shares held	Shareholding ratio
China Motor Corporation	32,201,367	43.87%
Kuozui Motors, Ltd.	24,178,711	32.94%

Note: Shareholders with a shareholding ratio of over 5%.

(VII) Market value, net value, earnings and dividend per share and related information for the past two years

Amount unit: NTD; Shareholding unit: share

<table>
<tr><th colspan="3">Year
Item</th><th>2022</th><th>2023</th><th>As of March 31, 2024</th></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>66.30</td><td>129.50</td><td>79.40</td></tr>
<tr><td colspan="2">Lowest</td><td>50.70</td><td>56.20</td><td>70.70</td></tr>
<tr><td colspan="2">Average</td><td>58.99</td><td>79.78</td><td>74.39</td></tr>
<tr><td rowspan="2">Net value per share</td><td colspan="2">Before distribution</td><td>62.94</td><td>65.18</td><td>(Note 2)</td></tr>
<tr><td colspan="2">After distribution</td><td>60.84</td><td>65.18 (Note 1)</td><td>(Note 2)</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average number of shares</td><td>73,400,135</td><td>73,400,135</td><td>73,400,135</td></tr>
<tr><td rowspan="2">Earnings per share</td><td>Before adjustment</td><td>3.68</td><td>5.50</td><td>(Note 2)</td></tr>
<tr><td>After retrospective adjustment</td><td>3.68</td><td>5.50 (Note 1)</td><td>-</td></tr>
<tr><td rowspan="4">Dividend per share</td><td colspan="2">Cash dividends</td><td>NT$2.1 per share</td><td>NT$3.3 per share</td><td>-</td></tr>
<tr><td rowspan="2">Free share allotment</td><td>Share allotment from earnings</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Share allotment from capital surplus</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated unpaid dividend</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Analysis of return on investment</td><td colspan="2">Price earnings ratio</td><td>16.03</td><td>14.51</td><td>-</td></tr>
<tr><td colspan="2">Price dividend ratio</td><td>28.09</td><td>24.18</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield</td><td>3.56%</td><td>4.14%</td><td>-</td></tr>
</table>

Note 1: The 2024 shareholders' meeting is not yet held, and the profit distribution scheme is not yet determined, so the amount after distribution is the same as the amount before distribution.

Note 2: As of the date of printing, the first quarter financial report numbers have not been reviewed by the CPAs, so they are not disclosed.

(VIII) Dividend policy and implementation status

1. Dividend policy

   Considering the volatility of the Company’s industry, the Company being at the maturity phase in its industry life cycle, future working capital needs, and long-term financial planning, the Company distributes no less than 20% of net profit after tax for the year as shareholders’ dividends in forms of shares or cash, provided that cash dividends shall account for no less than 20% of total dividends.

   For the dividend mentioned in the preceding paragraph, it is proposed that the board of directors draft an earnings distribution scheme and submit it to the shareholders' meeting for resolution.

2. Dividend distribution proposed for the year

   The Company plans to distribute a cash dividend of NT$242,220,446 from the undistributed earnings for 2023, at NT$3.3 per share. The 2023 earnings distribution scheme mentioned above was discussed and approved by the board meeting on March 8, 2024. It has not been resolved by the shareholders' meeting as of March 31, 2024.

(IX) Impact of free share allotment on the Company’s business performance and earnings per share: Not applicable.

(X) Remuneration to employees and directors

1. The percentage or range of employees' and directors' remuneration stated in the Company's Articles of Association is that the Company shall allocate no less than 0.1% of the "annual pre tax net profit before deduction of employees' remuneration and directors' remuneration" as employees' remuneration, and no more than 1% as directors' remuneration, respectively.
2. The estimated employees' remuneration and directors' remuneration of the Company for 2023 were recognized at 0.67% and 0.5% of the pre tax net profit before deduction of employees' remuneration and directors' remuneration, respectively. On the shareholders' meeting date, if there is a change in the amount, it will be processed according to the changes in accounting estimates, and adjusted to the account in the year of the shareholders' meeting resolution.
3. Proposed employees' remuneration and directors' remuneration approved by the board meeting

(1) On March 8, 2024, the Board of Directors approved the difference of NT$5,030 between the amount of NT$3,744,220 and the estimate of NT$3,739,190 for 2023, and the profit or loss of 2024 will be adjusted; the amount of remuneration to directors is NT$2,793,000, a difference of NT$134,315 from the estimated amount of NT$2,658,685 for 2023, and an adjustment will be made to the 2024 profit or loss.

(2) The amount of employee remuneration distributed through stocks, and its proportion to the total amount of net profit after tax and employee remuneration in the current individual and respective financial reports: The Company did not distribute employee remuneration through stocks, so it is not applicable.

4. NT$2,344,270 to employees and NT$1,717,000 to directors for 2022 were distributed in 2023, which was approved by the Board of Directors on March 10, 2023 and is the same as the amount actually distributed after the shareholders' meeting.
5. In addition to allocating the abovementioned employees' remuneration, in accordance with the Company's "Business Plan Management Measures", managers or above shall develop a business plan and strategic objectives, track the progress of execution and revise the plan every quarter, and conduct employee assessment every six months to reflect the results of the stage at the right time. Rewards shall be given through the "Promotion Management Measures" and "Incentive Management Measures". In addition, based on business performance and individual work performance of employees, the three-festival bonuses, year-end bonus and group performance bonus shall be distributed to encourage employees to create better results for both the Company and shareholders.

(XI) Shares repurchased by the Company: None

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Shares: None.

IV. Issuance of Global Depository Receipts: None.

V. Issuance of Employees' Share Subscription Warrant: None.

VI. Issuance of New Restricted Employees Shares: None.

VII. Handling of New Share Issuance due to the M&A or Assignment of Shares of Other Companies: None.

VIII. Implementation of Fund Utilization Plan: Not Applicable.

Five. Operation Overview

I. Business Activities

(I) Scope of business

1. Main products: Manufacturing and sales of car body shells, beams and crossbeams, platform decks, chassis suspension parts, sub-assy, stamping molds, jigs and meal parts.
2. The above products are related to import and export trade and the Company acts as the agent for domestic and foreign manufacturers’ sales and purchase business.
3. Business proportion: Manufacturing and sales of automotive related components and molds account for 99% of the business.
4. New products (services) and amounts planned for development:
   The new products that the Company plans to develop in the future include: Capital electric bus frame and hydrogen energy frame, Hotai hydraulic tailgate and aluminum rear body, 40-foot container pallet and design changes to existing products. The above 2024 professional technology-related expenses of the R&D plan are expected to be invested in an amount of NT$20.72 million.

(II) Industry overview

1. Macro economic environment:
   Looking at the recent international economic situation, the Russo-Ukrainian war is still pending, and the Red Sea crisis has affected global sea trade. Taiwan's economy is facing the challenge of strong domestic demand but weak investment and exports. Taiwan's economic growth rate in 2023 was only 1.31%. The Company experienced a revenue increase in 2023 due to the alleviation of the automotive chip supply shortage and the inventory reduction at automakers.
2. Current status and prospect:
   In 2023, the global auto market has experienced sales growth, and the growth in Taiwan is even greater, reaching the highest sales record since 2005. Under the subsidy policy for the electrification of mass transportation, the sales of domestically produced buses have increased. Although the subsidy policy is getting stricter, the subsidy items are increasing year by year, and the number of customers meeting the subsidy conditions will gradually increase in the future. There is a strong market demand for electric vehicles. However, the excise tax reduction policy was extended from the end of 2022 to 2026, without the effect of increasing production ahead of schedule, which affected the sales of large trucks and medium-sized commercial vehicles.
   In prospect of 2024, the Company not only maintains the service for existing customers, promotes electric buses in line with government policies, expands the ratio of self-made, and assists other electric vehicle manufacturers with the localization.
3. Relationship among upstream, midstream and downstream of the industry
   The Company's main products include the shells of vans and passenger cars, the wooden bed rear bodies of small and light commercial vehicles, as well as the metal and chassis parts of small passenger cars and commercial vehicles. Steel plates, the main material for vehicle frames, are mostly purchased from China Steel. Only steel plates with special materials and very few specifications are imported from Japan. Therefore, the prices are mostly subject to the fluctuation of China Steel's list price or the price of imported steel products from the central plant. As for the main raw materials of the rear car body, they are mainly made of wood/artificial/aluminum materials; all timber relies on imports from Indonesia and Malaysia, while artificial materials are provided by Yueki Industrial of Yulong Group, and the delivery is designated by the central factory.

4. Product development trend and competition:

   The domestic automotive market has become more mature and saturated. With multiple brands competing for market share, domestic automobile factories have switched to imported parts or whole vehicles to reduce the development and procurement costs of domestic parts. In response to this situation, effectively integrating the resources and products of the Company's mainland investment business, thereby improving the utilization of production capacity, and strengthening price competitiveness, will be the key direction of the Company's future development. Continuously maintaining close relationships with technical cooperation companies (Japan's Takebe Iron Works, Hirata Industries Co., Ltd. and Miwa Production Institute) is also an important foundation for ensuring the localization of Japanese car parts.

(III) Technology and R&D overview

1. R&D expenses: The Company invested NT$23,550,000 in R&D expenses in 2023, accounting for approximately 1.5% of the net operating income.
2. Achievements of development work already completed in the past years:
   ✻ R&D of parts for CMC’s EJD model.
   ✻ R&D of parts for CMC’s JD model.
   ✻ R&D of parts for CMC’s AS model.
   ✻ R&D of parts for CMC’s wooden bed rear body parts for TD-LIFT model.
   ✻ R&D of vehicle shells for Foxtron Vehicle Technologies’ long range electric bus model.
3. Continuous and future research development plans:
   ✻ R&D of parts for CMC’s wooden bed rear body parts for JS model.
   ✻ R&D of front cross member for CMC’s JS model.
   ✻ R&D of CMC’s ET35 electric car frame/wooden bed/aluminum rear body.
   ✻ R&D of CMC’s wooden-bed rear body of TA/TF models.
   ✻ R&D of Hotai 5.0T hydraulic tailgate and aluminum rear body.
   ✻ R&D of the frame for Jin Long's domestically-built mid-power three-phase electric bus
   ✻ R&D of vehicle shells for Foxtron Vehicle Technologies’ right-hand drive electric bus model.
   ✻ R&D of RAC EV’s electric bus shell.
   ✻ R&D of Capital Bus’s widened and long version electric bus shell.
   ✻ R&D of Capital Bus’s hydrogen energy bus shell.
   ✻ R&D of frame for 40-foot container trailer.

(IV) Long-term and short-term business development plan

1. Short-term business development plan:
   (1) Implement the annual strategy set by the Company to achieve annual sales targets.
   (2) In response to the increasing domestic production of electric buses, integrate the demand and models of the domestic bus industry, actively study the solutions, and introduce new equipment to improve production capacity to meet the needs of customer orders.
2. Long-term business development plan:
   (1) Continuously competing for the business of metal plate parts, suspension parts and modular parts from other domestic car manufacturers.
   (2) Continuously monitor the domestic and international industry trends, and promote opportunities for mold and component output.
   (3) Expand the business of other platform deck products other than the vehicle business.
   (4) Master the future development trend of green energy components of car factories, actively collect and research relevant information on aluminum beds, rolling, hydraulic and high tension steel plates and aluminum alloy processing, in order to keep up with the trend of technological evolution in car factories.
   (5) Develop self-developed parts and components for the aftermarket and after-sales service

markets.

II. Market and Production/Sales Overview

(I) Market analysis

1. Main product sales regions and ratios
The Company's main products are the shells, platform decks, parts, molds and jigs of car bodies. Currently, the main sales area is Taiwan, and the sales ratios of the products are detailed in the "Sales Volume and Value in the Past Two Years".
2. Future market supply and demand
In the domestic auto market, the overall market sales in 2023 were 477,000 units, increasing by 11% from 430,000 units in 2022. Geopolitics, inflation and raw material shortages have affected the global automotive industry. Due to the impact of tariffs and exchange rates, domestic development costs have relatively increased, leading to an increase in the proportion of vehicle imports and component imports, impacting the existing domestic market environment.
In order to improve the overall competitiveness of the Company (on quality, delivery time, price, etc.) and respond to market changes and competition, in addition to expanding external sales business and increasing cross-strait division of labor, it is necessary for the Company to have the ability to quickly respond to customers' short-term development needs for new products, provide high-quality and differentiated products, and reduce production costs, in order to maintain the main first-tier supplier status among domestic car manufacturers, and step into the international market.
3. Business goals
The main products of the Company are the shells of large and medium-sized trucks and passenger cars, the carrier of small and light commercial vehicles, as well as the chassis and suspension metal parts of small trucks. Among them, shells are oligopoly products, and the wooden bed market share also reaches 90%. As for the parts such as vehicle metal plates, chassis and suspension parts, there is a lot of competition. In order to enhance its core competitiveness, the Company needs to use the capabilities of its technology parent factory to actively cultivate talents in system design and verification, in order to establish its own core technical capability.
In view of the limited growth of the domestic auto market, in addition to the existing business of vehicle frames, carriers, sheet metal parts, and suspension parts, the Company is actively expanding the source of customers and products in the after-sales service market export of frames for mid-size buses.
4. Favorable and unfavorable factors for future development
The recovery of the global economy is still slow, and the geopolitical risks and uncertainties are still high. The war has led to chaos in the global supply chain, high inflation and monetary tightening, which have pushed the global economy to the most turbulent situation in recent years. Based on the economic analysis data from the Directorate General of Budget, Accounting and Statistics, the domestic economic growth rate is forecast to be 3.43% in 2024. Private consumption continues to improve along with the job market. In response to the digital and net zero transition trend, each factory continues to invest in R&D and process improvement, which supports Taiwan's investment and consumption momentum. Mainly increase the market for imported cars.
The favorable and unfavorable factors for the future development of the Company are summarized as follows:

<Favorable factors>

(1) In terms of the development and production of existing professional shells and wooden beds, the Company has an oligopoly advantage in technology and equipment, which can ensure a domestic market share of over 90%.
(2) The company's products have long received recognition from the industry and customers, and for the expansion of new markets, it is easy to form alliances to expand new markets/businesses.
(3) The Company has NC punch machines and mold making and laser punching manufacturing technology to reduce development costs. The renovation of the 5,000-ton hydraulic press and large ED coating tank has been completed to improve the ability to produce large parts.
(4) The Company has mainland subsidiaries of high homogeneity, which can effectively reduce development costs and increase price competitiveness through joint research and discovery of molds for parts used by both sides of the Taiwan Strait.
(5) The Company continues paying attention to the demand of and changes in the domestic commercial car shell market, and has an important supply chain advantage for domestic shells.
(6) The Company, in compliance with the government policy to replace existing fuel-powered mass transportation vehicles in 2030, has set up an electric bus shell production line which has started mass production and supply.

<Unfavorable factors>

(1) The scale of the domestic automotive market is limited, and the cost of developing automotive parts and molds is high; the willingness of the central factory to develop new car models in Taiwan is low, leading to a decrease in opportunities for new businesses.
(2) The competition in the domestic car market is getting more intense, the central car factory requires price reduction for profit sharing every year, and the price and profit of the OEM parts market is getting lower and lower.
(3) Increasing awareness of environmental protection and stricter regulations on air and water pollution, the operating costs of factories have increased.
(4) The risks of cyber hacker attacks and data theft are increasing day by day.

<Countermeasures>

(1) Presenting and participating in the design of car factory components, and finding the Company’s technical positioning; expanding the internal and external sales of parts with technical barriers through the recognition of technology or quality, thereby entering the supply chain system of international car factories on both sides of the Taiwan Strait.
(2) Collaborate with the central factory and downstream manufacturers to implement raw material joint procurement or international procurement to reduce procurement costs.
(3) Explore and grasp emerging markets such as mainland China, India and ASEAN countries, actively seek new customers and businesses, and break through the current difficulties of the Taiwan market.
(4) To expand the demand in the Indonesian market in Southeast Asia and cooperate with customers to actively satisfy the export demand for bus parts.

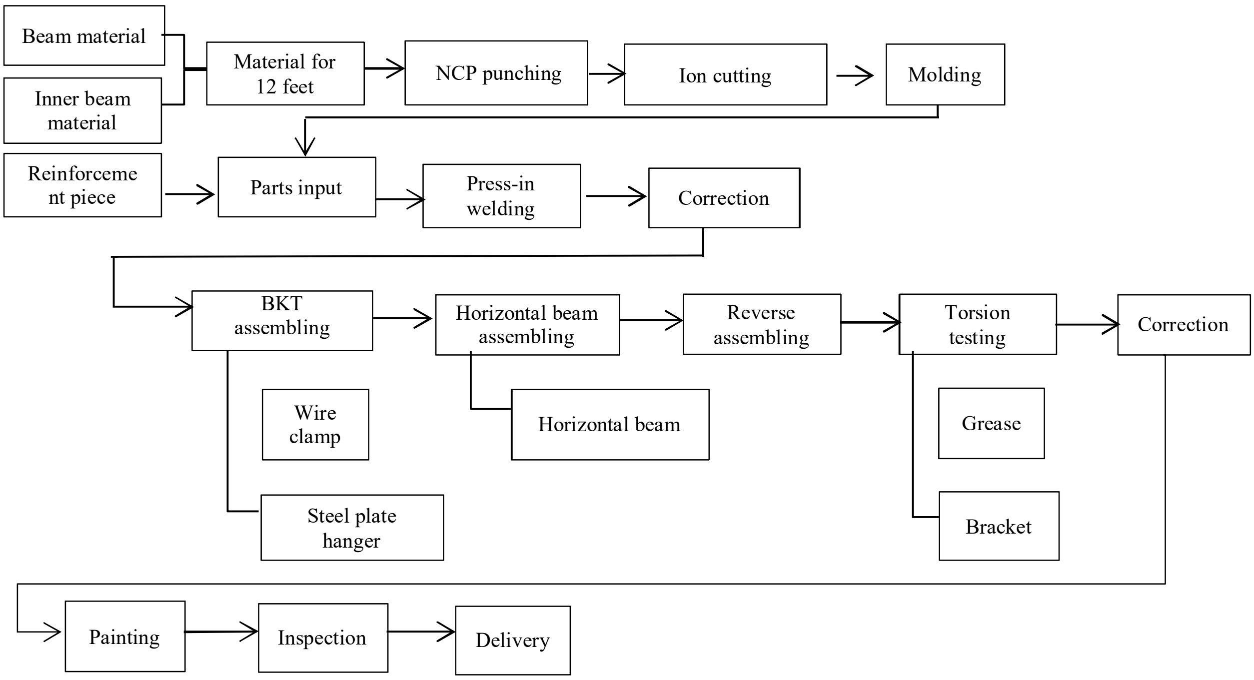
(II) Important applications and production process of main products

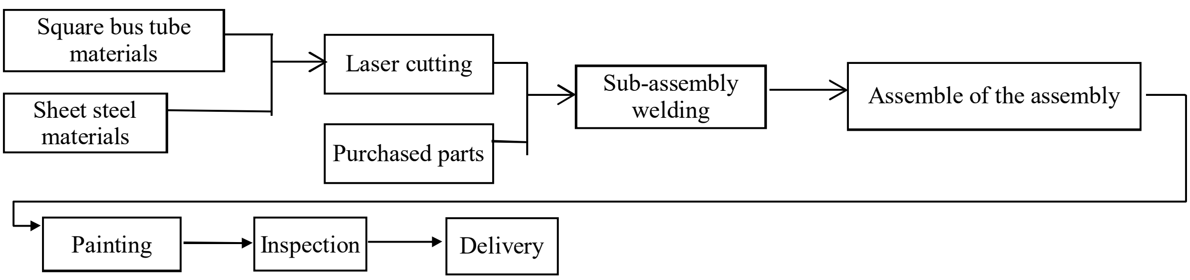
1. Important applications of main products

Product type	Important applications or functions
Vehicle shell	Supply of chassis of large, medium and small trucks with a total weight of 3.5 tons (including) and for medium and large buses.
Rear car body of platform deck	For the rear body of small trucks
Metal plate parts	Supply of chassis, body and suspension parts for chassis.
Molds and jigs	For car parts.

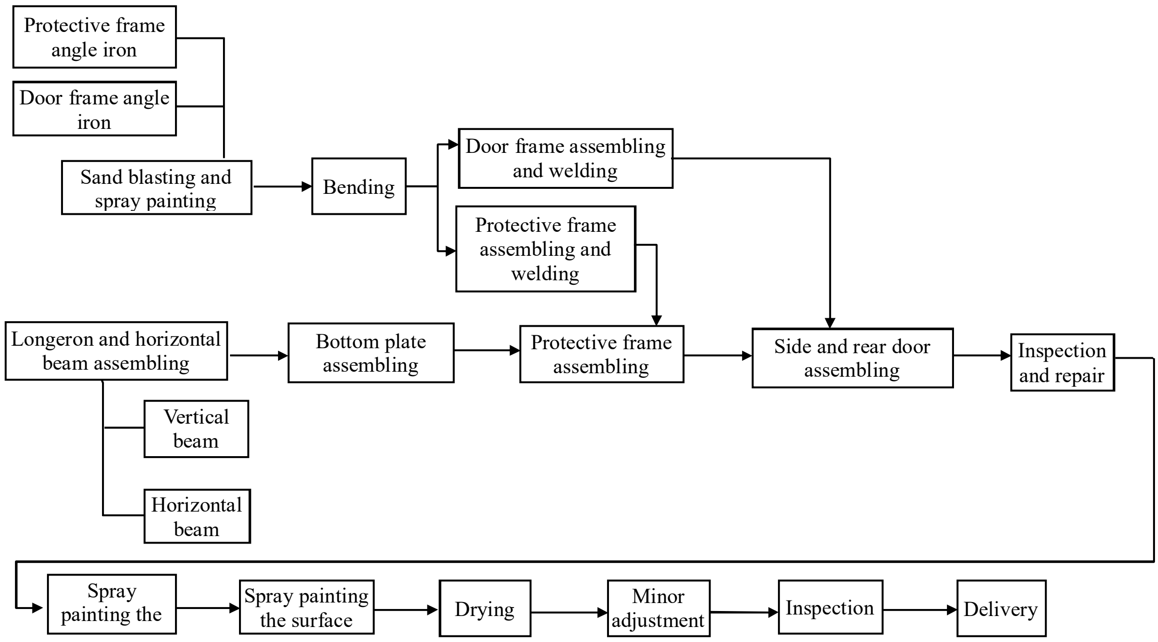
2. Production process

(1) Vehicle shell:

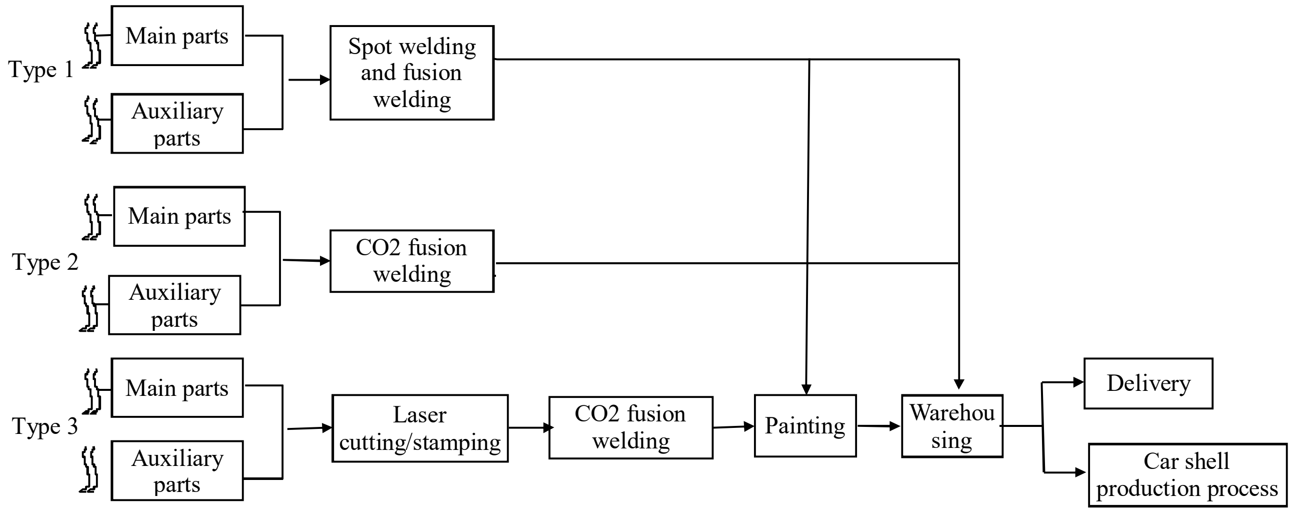




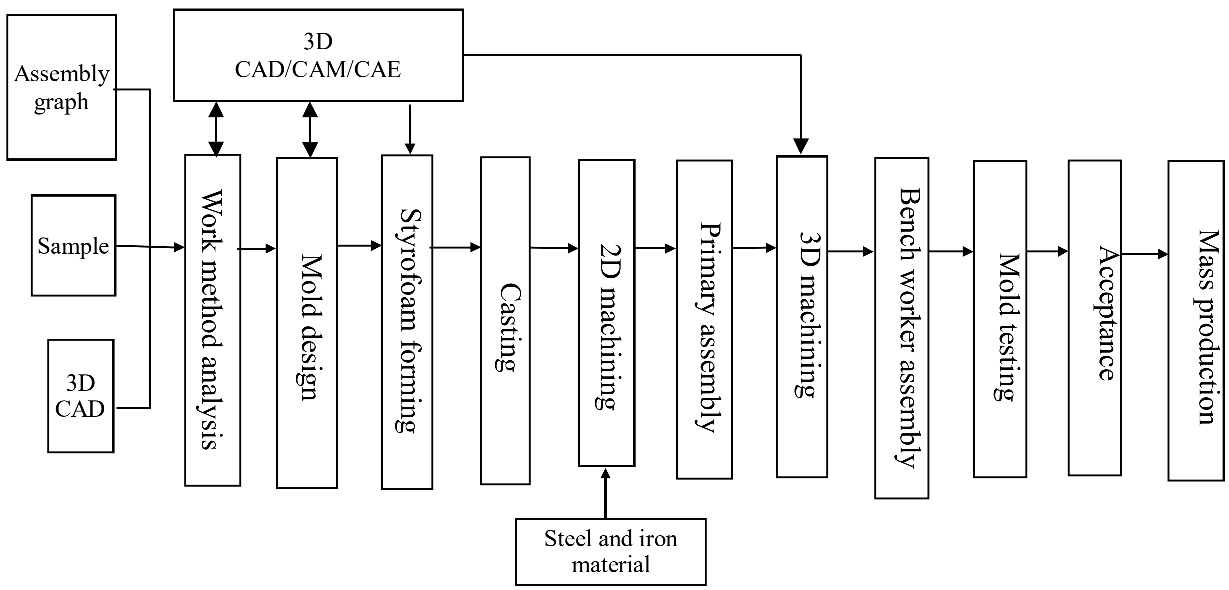
(2) Rear car body of platform deck



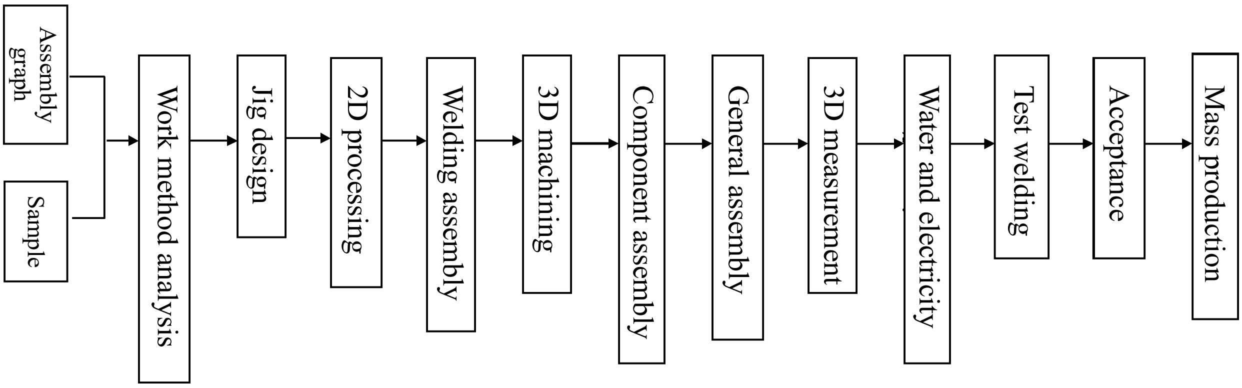
(3) Sheet metal components



(4) Mold production process



(5) Jig production process



(III) Supply of main raw materials

Type	Major supplier	Item	Supply method
Vehicle shell	China Steel Corporation, Chun Yuan, Cheng Tai, Shanghsing	Steel plates and pipes	Contract supply
Rear car body of platform deck	Yueki, Chia Hsin, Young Yo Fang, Chida, YSG	Wood/artificial materials/aluminum shaped materials	Contract supply
Metal plate parts	135 parts suppliers including Kun-Chuan and Cheng Lih Hsin	Car parts made in Taiwan	Contract supply
Paint	Tang Eng, Asia, Chingfeng and Yi-Mei	Spray paint and solvent	Contract supply

(IV) Names of customers representing more than 10% of the total purchase (sale) in the last two years and the purchase (sale) amount and percentage

1. Major suppliers in the last two years

Unit: NT$ thousand

	2022				2023			
Item	Name	Amount	Percentage of net annual purchase	Relationship with the issuer	Name	Amount	Percentage of net annual purchase	Relationship with the issuer
1	Yueki Industrial Co., Ltd.	166,935	13%	Substantive related party	Yueki Industrial Co., Ltd.	135,639	12%	Substantive related party
2	Other	1,145,801	87%		Other	964,890	88%	—
	Net purchase amount	1,312,736	100%		Net purchase amount	1,100,529	100%	—

2. Major customers in the last two years

Unit: NT$ thousand

	2022				2023			
Item	Name	Amount	Percentage of net annual sales	Relationship with the issuer	Name	Amount	Percentage of net annual sales	Relationship with the issuer
1	China Motor Corporation	603,800	40%	Parent of the Company	China Motor Corporation	562,763	35%	Parent of the Company
2	Kuozui Motors, Ltd.	682,241	46%	Company adopting the equity method for the Investment in the Company	Kuozui Motors, Ltd.	723,235	45%	Company adopting the equity method for the Investment in the Company
	Other	214,224	14%		Other	312,498	20%	
	Net sales amount	1,500,265	100%		Net sales amount	1,598,496	100%	

(V) Production volume and value in the most recent two years

Quantity: thousand units; Value: NT$ thousand

Year / Production Quantity / Key product	2022			2023		
	Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
Vehicle shell	25	14	394,592	25	11	453,234
Platform deck	30	29	521,056	30	27	554,336
Parts	3,945	1,118	304,140	3,945	1,511	355,936
Molds and jigs	—	—	35,061	—	—	20,488
Total	4,000	1,161	1,254,849	4,000	1,549	1,383,994

(VI) Sales volume and value in the last two years

Quantity: thousand units; Value: NT$ thousand

Sales / Year / Volume and value	2022				2023			
	Domestic sales		Export sales		Domestic sales		Export sales	
Key product	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Vehicle shell	12	541,930	-	-	12	574,490	-	-
Platform deck	29	595,505	-	-	27	598,437	-	-
Parts	1,107	316,604	-	-	1,511	367,341	-	-
Molds and jigs	-	33,308	-	-	-	48,349	-	-
Other	-	12,918	-	-	-	9,879	-	-
Total	1,148	1,500,265	-	-	1,550	1,598,496	-	-

III. Employees

Year		2022	2023	As of March 31, 2024
Number of employees	Direct employees	231	216	218
	Indirect employees	117	111	111
	Total	348	327	329
Average age		41.07	42.13	42.18
Average years of service		8.60	9.29	9.38
Education Background Distribution	PhD	-	-	-
	Master	15	15	14
	College and university	144	143	142
	Senior high school	123	113	116
	Below senior high school	66	56	57

Indicator	Percentage (%)	Pay equity index	Gap (%)
Female % of total employees	17%	Gap in “average” salary between men and women	1%
Female % of supervisors	10%	Gap in “median” salary between men and women	3.5%
Females % of managerial officers	8%	-	

(I) The Company is committed to providing a work environment that is respectful and safe for all employees. We implement diversity in employment, fairness in compensation and promotion opportunities, and ensure that employees are not discriminated against, harassed or treated unfairly due to race, gender, religion, age, political orientation, and other rights protected by applicable laws and regulations.

(II) In order to provide a working environment for employees and job seekers that is free from sexual harassment, and to prohibit the occurrence of sexual harassment in the workplace, the Company has formulated the "Workplace Sexual Harassment Prevention, Governance, and Appeal Measures".

IV. Information on Environmental Protection Expenses

(I) Losses and fines incurred due to pollution of the environment in the past year up until the publication date of this annual report: None.

(II) Environmental protection expenditures in the past year:
2 items of environmental protection expenditure in 2023: the replacement of paint spray exhaust gas treatment windmill of wooden bed section with stainless steel, and the replacement of the electrophoretic coating plant's furnace exhaust gas treatment reaction tank with stainless steel. 4 energy-saving expenditures: NT$7.8 million was invested in upgrading the sand filtration equipment of the wastewater treatment plant with automatic control devices, adding heat pump sludge dryer to the wastewater treatment plant, replacing old air compressors with new ones to change the frequency of the energy-saving system, and upgrading of boiler burners.

(III) Expected environmental protection expenditures in the next two years:

Item	2024	2025
Planned procurement of pollution control equipment or expenditure content	1. Replaced the oven with double doors and replaced the internal chain in the coating plant of the electro-deposit group. 2. A soundproof wall was added to the 12 feet shearing machine for the stamping section. 3. Add paint slag removal equipment to the circulating water pool in the paint spray booth of Wood Finishing Section. 4. Cleaning of exhaust and smoke exhaust ducts in the Welding Division.	1. Replacement of sludge draining press in the wastewater treatment plant. 2. Newly installed fume hood for welding robot in the Bus Section. 3. Grinding dust cleaning equipment was added to the spot welding and iron materials group. 4. Clean the exhaust gas and smoke exhaust pipes of iron materials.
Expected improvement	1. It can reduce the heat loss when the oven is opened, and reduce the consumption of gas. 2. Reduce the noise pollution of the 12-foot shears in the Stamping Division. 3. Reduce waste treatment costs. 4. It can reduce the fire alarm caused by overheating and smoldering due to excessive dust accumulation.	1. Reduce the cost of waste treatment. 2. Improve the health of ROBOT operators. 3. Reduce grinding dust from polluting the environment and endangering personnel health. 4. It can reduce the fire alarm caused by overheating and smoldering due to excessive dust accumulation.
Amount	NT$16.1 million	NT$7 million

V. Labor-Management Relations

(I) Availability and execution of employee welfare committee, welfare measures, group insurance, further study and training and retirement policies in the past year and as of the date of publication of the annual report:

1. Establishment of the Employee Welfare Committee

   According to the Employee Welfare Regulations, the Company established an Employee Welfare Committee on November 27, 1991 to handle employee welfare matters. Currently there are 9 members; in addition to one ex-officio member (business executor) who is appointed by the Company, other members are selected from employees in different areas. Quarterly meetings are held, and temporary meetings are also held according to actual needs to study employee welfare measures and take care of welfare matters.

2. Employee welfare measures

   (1) The Company provides uniforms, well-equipped employee dormitories, training classrooms and employee restaurants.

   (2) The Company holds activities such as year-end party with lottery draw, and domestic and international travel (with travel subsidy).

   (3) Subsidies for employees' club activities, department meals, and catering.

   (4) Free group regular insurance and injury insurance for employees, as well as regular physical examinations.

   (5) The Company provides inpatient comfort, bereavement comfort and interaction with employees, and employee relatives may enjoy hospitalization subsidies.

   (6) Presents for three major festivals, birthdays, weddings, maternity, retirement and souvenirs for senior colleagues.

   (7) Scholarships to employees and their children.

   (8) Provide employees with irregular quarterly incentive bonuses.

   (9) High-quality stores in Taiwan are contacted to sign them up as “chartered stores” to provide diverse consumption and selection information to employees.

   (10) Cooperate with the car factory's sales promotion activities and provide discounts for employees’ car purchase.

   (11) Female employee support program: breastfeeding room with complete equipment, health education and consultation for postpartum mothers, parking tickets for pregnant women's cars and motorcycles, and gift cash for childbirth.

3. Employee group insurance

   All formal employees of the Company are eligible to participate in group insurance for free, covering occupational disaster insurance, personal life insurance (disability compensation, death compensation, etc.), cancer prevention medical insurance (surgery subsidy and radiation therapy subsidy), hospitalization medical compensation, major injury and disease payment, and accidental injury and death compensation. The personal life insurance coverage is 20 months' salary, and the accidental injury and death compensation guarantee is 36 months' salary. The hospitalization and medical compensation is on a daily basis or the actual cost payment method (including employees' spouses and children). The estimated benefit amount for employees and their families in 2023 was about NT$620,000.

4. Employee’s further study and training

   (1) Education and training are one of the basic benefits of the Company's employees. In order to continuously cultivate talents, assist employees in their growth, and improve the quality of human resources, the Company has established an "Education and Training Measures" According to the Education and Training Measures, the number of hours for the Company’s education and training in 2023 reached 6,300 hours, with an education and

training cost of approximately NT$595,000.

(2) In order to implement the Company's education and training philosophy and fully perform the function, the Company's education and training system is divided into the following:

Item	Explanation	Training hours
1. Levels within the factory	Courses that enhance the skills of employees at all levels, including various management capabilities, lectures on environment, safety, hygiene and health, KM, OJT, quality, information, etc.	4,631 hours
2. Pre-employment training	Guiding new employees to familiarize themselves with the Company, organizational development and evolution, work environment, safety and health training, financial security, welfare introduction, etc.	497 hours
3. Profession categories outside the factory	Departments may periodically send personnel to participate in various training courses organized by external training institutions according to business execution needs. In 2023, a total of 133 people obtained professional certificates, technicians' certificates, training completion certificates and refreshment training completion certifications.	1,172 hours

5. Retirement system

In accordance with the "Labor Pension Act", the Company has established the Supervisory Committee of the Labor Retirement Fund to handle matters such as employee retirement application, pension payment, and employee retirement reserve appropriation. The committee is re-elected once every four years to review the contribution to the employee pension fund, the contribution of the pension fund, and the payment thereof.

Starting from July 1, 2005, if employees choose to apply the pension system of the Labor Pension Act, 6% of their monthly salary will be transferred to the personal pension account of the Bureau of Labor Insurance. The status of employee pension payment is explained in the quarterly meeting to ensure the rights and interests of employees.

The pension system according to the "Labor Standards Act" belongs to the defined welfare retirement plan managed by the government. The payment of employee pension is calculated based on the number of years of service and the average salary of the six months prior to the approved retirement date. The Company allocates a certain proportion of the employee's monthly salary as pension, which is deposited into the special account of Bank of Taiwan under the name of the Labor Pension Reserve Adult Committee. Before the end of the year, if the estimated balance of the special account is insufficient to pay the estimated pension for workers in the following year, the difference will be allocated in one lump sum before the end of March of the following year. Due to the special account settlement of Bank of Taiwan, there was no need to allocate any difference in March 2023, and the monthly total salary allocation rate was 2%.

6. Establishment of Labor-management Committee

In order to coordinate labor relations and promote labor cooperation, it is necessary to increase communication between labor and the management within the enterprise, reduce conflicts, and enable both parties to reach consensus, thereby pooling the wisdom and potential abilities of everyone to work together to implement resolutions. The Labor Management Committee was officially established on March 19, 2007. Currently, there are five representatives from both labor and management side; regular meetings are held quarterly, and temporary meetings are held according to actual needs.The labor union is established by company's employees in 2017, which carries out activities related to labor rights in accordance with legal regulations. As of now, the company and the union have not yet signed a collective bargaining agreement. Further discussions between labor and management will be held regarding the signing of the collective bargaining agreement.

7. Maintenance measures for employee safety and rights and interests

(1) Employee Care Assistance Program

＊ Caring for the physical and psychological health of employee, and providing various consultations and guidance.

(2) Full employee participation and management of multiple communications.
* Advocate the concept of multi-directional communication, encourage participation in management, and cultivate team consensus.
* Publicize the operation and management status, and increase the loyalty and crisis awareness of employees.
* Set up an opinion box to focus on employee related issues and protect their rights and interests.
* Established a communication mechanism for the Employee Welfare Committee and labor management meetings.
* Regular meeting and communication mechanism for foreign employees.

8. Work environment and employee safety protection measures
Enrich safety and health facilities, ensure job security, care about employees' health and promote environmental and safety and health work, implement the labor safety and health management plan and automatic inspection plan, as follows:
* Plan a series of health promotion activities, implement incentive measures to motivate employees to participate, and use accumulated point incentives to assist in maintaining positive health behaviors. In 2023, we continuously obtained the health workplace certification mark approved by the National Health Administration of the Ministry of Health and Welfare.
* On a monthly basis, the "Professional Physician of the Occupational Medicine Department of Chang Gung Hospital" provides on-site services to assist in identifying and evaluating the harmful factors in the work environment, operations and internal organization that affect the physical and mental health of workers, and propose improvements and suggestions and provide and arrange health education, guidance, physical and mental health protection and health promotion for employees to gradually move toward the goal of a friendly and safe workplace.
* Regularly hold joint meetings on occupational safety, health and environment to timely grasp the progress of safety, health and environmental improvement.
* Regularly conduct environmental, safety and hygiene inspections and organize the factory area to establish a safe and comfortable workplace environment.
* Regularly conduct comprehensive inspections of environmental safety regulations, environmental regulations, fire prevention laws, labor insurance and other relevant regulations every year, as well as monthly online inspections of regulatory announcements.
* Regularly conduct environmental considerations, hazard identification and risk assessments every year.
* Complete the annual environmental and health goals/targets and plan management on a regular basis every year, and confirm the progress on a monthly basis.
* Organize an emergency response drill and self-defense fire organization training once in the first and second half of the year respectively.
* Installed a fire alarm system for the entire factory which is connected to the security room to timely monitor the situation in the plant.
* Conduct labor environment testing once in the first and second half of the year respectively to serve as a basis for environmental improvement in the workplaces.
* The factory has established a "Safety and Sensory Training Hall", which aims to present high-risk machinery in a reduced size for safety and health training to new employees, in-service employees and contractors, in order to provide a safe and comfortable workplace.
* The daily (or pre-operation) items for inspection include stackers, cranes (including peripheral parts), safety protection equipment, punching and shearing machines, CO_2

welding machines, high-altitude work vehicle, small boiler, second type of pressure vessels, use of industrial robots, equipment inspection and CO_2 tanks.

- ＊ Monthly report for fire prevention facility inspection, environmental safety publicity, occupational disaster statistics (submitted to the Labor Inspection Department of Taoyuan City Government), monthly safety inspection of high and low voltage electrical instruments and equipment.
- ＊ Continuously promote safety and health competition activities.
- ＊ Handle environmental and safety hygiene award-winning and answering activities.
- ＊ Equipped the factory with monitoring systems for important equipment and safety entrances and exits with network connection to keep track of information at any time.
- ＊ Continuously improve the workplace environment and introduce large ventilation equipment to create a safe and bright workplace.

(3) Introduction and replacement of new equipment

- ＊ Renewal and improvement of the conveyor chain in the oven of the electrophoresis group.
- ＊ Introduced nailing robotic arm in the Wood Bed Section.
- ＊ Introduced inverter air compressor.
- ＊ Renewal of waste gas treatment windmills in the wooden bed section.
- ＊ Renewal of electrophoresis waste gas treatment reaction tank.
- ＊ Introduction of heat pump sludge dryer to the wastewater treatment plant.

(4) Improvement of factory buildings

- ＊ Wooden bed section and motorcycle shelter drainage ditch repair project.
- ＊ Improvement on hollowing out the foundation of the drainage ditch outside the cafeteria.

(II) In the most recent year and up to the date of publication of the annual report, there was no loss due to labor disputes.

VI. Infocomm Security Management

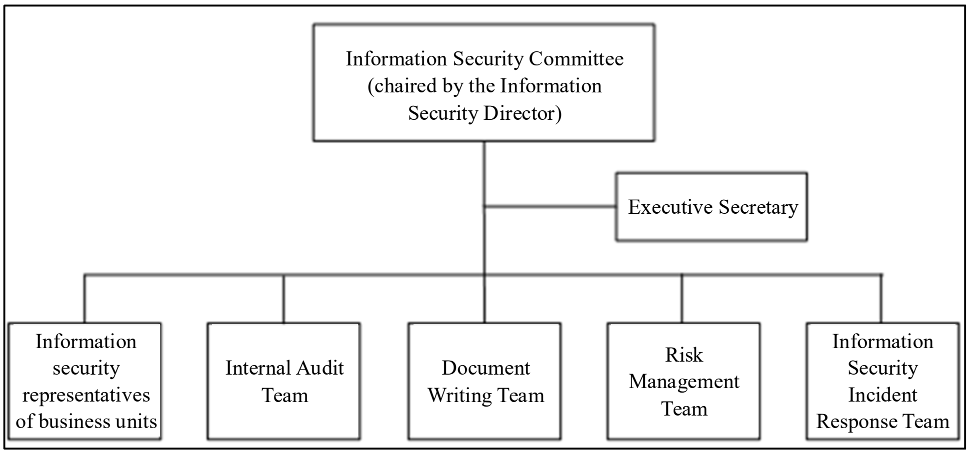
(I) Infocomm security management strategy and framework

The Company follows Article 9 "Processing of Computerized Information Systems" in Chapter 2 "Design and Implementation of Internal Control Systems" of the "Guidelines for Establishing Internal Control Systems for Public Companies" and formulated relevant departmental operating regulations to improve the operation environment, in order to reduce the information security threats and risks caused by emerging information technology applications and environmental changes. On March 16, 2023, the Chief Information Security Officer issued an information security declaration to once again express the importance of information threat risks to all colleagues in the Company.

1. Infocomm security risk management framework

(1) Infocomm security management strategy and framework

In order to achieve the mission and goal of information security management and the expectations and requirements of the top management for information security to ensure the confidentiality, integrity and availability of the Company's information assets, the information security policy has been formulated as follows: "Information security, everyone is responsible." The "Information Security Management Committee" is responsible for the management, supervision and audit of information security operations. The audit unit reports the status of information security governance review to the Board of Directors on a regular basis. The Company's information security strategy is to maintain the sustainable operation of the enterprise and ultimately adhere to legal rules and regulations.

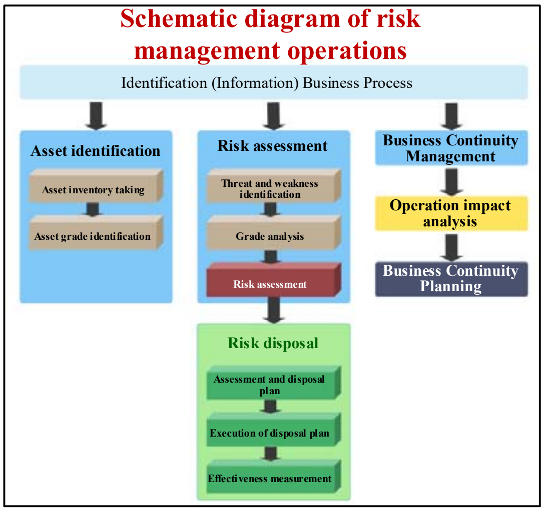


(2) The Company's Information Security organization structure
In 2023, the Company established a dedicated information security supervisor and a dedicated information security personnel, and held an information security management review meeting on August 15 to discuss the current information security-related policies and goals, and report the results of the review to related Documents and records for future reference. Any material policy changes should be immediately reviewed to ensure appropriateness and effectiveness, and relevant units should be informed for common compliance.

2. Infocomm security policy

(1) Enterprise information security management strategy and framework
To ensure the normal operation of the Company, the information systems are continuously accessible to effectively reduce the risk of theft, improper use, leakage, tampering or destruction of information assets caused by human negligence, deliberate acts or natural disasters, in order to establish an effective management mechanism, and realize management commitments and continuous participation of all employees, and establish information security management standards as the basis for compliance.

(2) Enterprise information security risk management and continuous improvement architecture



(3) Specific management plans

①Multiple layers of information security protection

* Network security: In 2023, the Company invested NT$3.5 million to introduce a next-generation firewall, and invested NT$6.5 million to reconstruct the internal network architecture of the Company to establish the Company's internal micro-slicing network framework.
* Installation safety: Implementation of core system server replacement and upgrade.
* Information security: ISO 27001 has been introduced and certified.

②Review and continuous improvement

In addition to the continuous implementation of information security cycle operations every year, future information security efforts are planned according to the Group's "Information Security Development Blueprint".

* System maintenance: Regularly implement system security vulnerability scanning, continuously strengthen the basic information environment, establish an automated remote storage mechanism for backup data, adjust and correct the disaster recovery process and drill in a rollover manner.
* Smart manufacturing: Establish a mechanism for preventing production equipment from virus and hacking, and strengthen production network security management system and monitoring.
* Information security training: Implement social engineering drills and conduct information security related training irregularly.

(4) Resources invested in information security management

Achievements in Promoting the Implementation of Enterprise Information Security Measures in 2023

Q1: Completed the introduction of next-generation firewall, conducted education and training on network attack preliminary investigation, and cultivated ISO 27001 leading auditor talents.

Q2: Improved the ISMS management system and implemented the project of core system server replacement and upgrade.

Q3: The plant's first phase of network re-architecture - backbone network re-architecting was executed. Information system vulnerability scanning was also executed, along with social engineering drills. Information security management review meetings were also held.

Q4: The Company obtained ISO 27001 certification.

(II) Infocomm security risk and countermeasures:

The Company has established an enterprise risk management mechanism and standard procedures for handling security incidents, and specified relevant processes and measures, including reporting procedures for security incidents, assigning personnel to handle major security incidents, assessing losses suffered and further necessary response measures, evaluating the potential impact of security risks on the Company and countermeasures, and complying with the basic security framework developed by the Group's General Management Office, in order to evaluate the impact on the Company's future development and financial operations. The response measures are as follows:

Procedures	Explanation	Responsible unit/role
Start Occurred or suspected information security incident	● Occurrence of information security incident ● When any of the phenomena listed in the suspected threat and vulnerability occurs, or other phenomena that may be harmless to the security of information assets	● All employees
Reporting information security incidents	● The incident finder reports to the sales representative ● Fill out the "Information Security Incident Handling Form" and report to the Information Security Incident Response Team as soon as possible	● finder of the incident ● Sales Manager ● Information Security Incident Response
Determining the type and severity of information security incidents	● Determine the level and type of the incident and whether it needs to be reported. ● Determine the scope of impact of the incident and the responsible person for the information assets within the scope	● Information Security Incident Response Team
Reporting information security incidents	● Based on the type and level of the incident, determine the recipients of the incident report and fill in the handling form.	● Sales Manager
Whether to activate the business continuity plan	● Determine the handling method according to the type and level of the incident. ● The head of the incident unit shall determine whether it is necessary to implement the business continuity plan.	● Incident unit manager ● Information Security Incident Response Team
No Yes Execute the business continuity plan	● The information security incident response team, together with technical experts (when necessary), and the person-in-charge of the relevant assets, shall handle the incident according to these procedures ● If the repair is not completed in time, the damage control and the implementation of the	● Information Security Incident Response Team
	● Conduct emergency response in accordance with the "Business Continuity Management Operating Standards for Information Security"	● Information Security Incident Response Team ● Sales Manager
Case closed	● Proceed to "case closure with report" after information security incidents are handled	● Information Security Incident Response Team
Organize/analyze information security incidents Closed	● The department in charge of security management collects and summarizes information security incidents in accordance with the "Management Procedures for Management Review", makes statistics on the number, type, level, and scope of impact of information security incidents, analyzes abnormal changes, and conducts reviews and improvements for major information security incidents and learning.	● Responsible unit for information security management

(III) Losses, possible impacts from and implementation of countermeasures for major information security incidents in 2023 and up to March 31, 2024; if there is no reasonable estimate available, state the fact that it cannot be reasonably estimated: None.

VII. Important Contracts

Nature of the Contract	Counterparty	Contract start and end dates	Main contents	Restrictive clauses
Technical cooperation contract	Japan's Miwa Production Institute	July 9, 2007 to July 8, 2024	Miwa Production Institute provides guidance on the manufacturing technology for the # shaped beams and related assembly parts commissioned by China Motor to the Company.	None.
	Japan's Hirata Industries Co., Ltd.	July 31, 2007 to July 30, 2024 January 1, 2024 to December 31, 2024	Hirata Industries Co., Ltd. provides guidance on the manufacturing technology related to the front crossbeam, rear suspension metal parts used in the manufacturing of sedans, and assembly parts of the supporting heavy arm, lower arm and connecting rod commissioned by China Motor to the Company, as well as technical advice related to factory operation. In addition, Hirata Industries Co., Ltd. provides guidance on the manufacturing technology related to the GS41 trailing arm commissioned by China Motor to the Company since January 2018.	None.
	Japan's Takebe Iron Works	September 28, 2022 to September 27, 2025	Takebe Iron Works provides technical assistance in the manufacturing technology of the shells, shell metal parts and related assembly parts of trucks and buses commissioned by Kuozui Motors, Ltd. to the Company.	None.

Six. Financial Status Overview

I. Condensed Balance Sheet and Comprehensive Income Statement for the Past Five Years

(I) Condensed balance sheet and statement of comprehensive income - consolidated

1. Condensed balance sheet

Unit: NT$ thousand

Item \ Year		Financial Data for the Past Five Years				
		2019	2020	2021	2022	2023
Current asset		1,041,592	1,242,835	1,303,879	2,093,390	2,470,696
Investments accounted for using equity method		3,430,938	3,513,168	3,479,083	2,950,259	2,692,058
Property, plant and equipment		515,957	513,448	520,733	549,636	553,995
Intangible assets		1,093	1,868	3,448	2,030	6,117
Other assets		50,798	13,413	16,741	14,058	28,920
Total assets		5,040,378	5,284,732	5,323,884	5,609,373	5,751,786
Current liabilities	Before distribution	592,399	573,234	486,118	669,940	575,914
	After distribution	739,199	734,714	640,258	824,080	575,914
Non-current liabilities		339,243	387,522	398,845	319,622	391,556
Total liabilities	Before distribution	931,642	960,756	884,963	989,562	967,470
	After distribution	1,078,442	1,122,236	1,039,103	1,143,702	967,470
Equity attributable to owners of parent		4,108,736	4,323,976	4,438,921	4,619,811	4,784,316
Share capital		734,001	734,001	734,001	734,001	734,001
Capital surplus		1,251	1,251	1,251	1,251	1,251
Retained earnings	Before distribution	3,792,070	3,970,944	4,100,675	4,225,083	4,474,491
	After distribution	3,645,270	3,809,464	3,946,535	4,070,943	4,474,491
Other equity interest		(418,586)	(382,220)	(397,006)	(340,524)	(425,427)
Treasury shares		-	-	-	-	
Non-controlling interests		-	-	-	-	
Total equity	Before distribution	4,108,736	4,323,976	4,438,921	4,619,811	4,784,316
	After distribution	3,961,936	4,162,496	4,284,781	4,465,671	4,784,316

Note: The 2024 shareholders' meeting is not yet held, and the profit distribution scheme is not yet determined, so the amount after 2023 distribution is the same as the amount before distribution.

2. Condensed Comprehensive Income Statement

Unit: earnings per share in NT$, others in NT$ thousand

Item \ Year	Financial Data for the Past Five Years				
	2019	2020	2021	2022	2023
Operating revenue	1,242,120	1,052,991	1,275,608	1,500,265	1,598,496
Gross profit from operations	121,206	92,241	103,894	147,501	180,751
Profit (loss) from operations	29,381	6,304	14,510	44,751	65,393
Non-operating income and expenses	392,075	403,842	361,566	294,379	486,786
Profit before tax	421,456	410,146	376,076	339,130	552,179
Profit from continuing operations	289,942	324,045	306,767	269,818	403,823
Loss from discontinued business	-	-	-	-	-
Profit (loss)	289,942	324,045	306,767	269,818	403,823
Other comprehensive income (loss after tax)	(162,224)	37,995	(30,342)	65,212	(85,178)
Total comprehensive income	127,718	362,040	276,425	335,030	318,645
Profit attributable to owners of parent	289,942	324,045	306,767	269,818	403,823
Profit attributable to non-controlling interest	-	-	-	-	-
Comprehensive profit or loss attributable to owners of parent	127,718	362,040	276,425	335,030	318,645
Comprehensive profit or loss attributable to non-controlling interest	-	-	-	-	-
Earnings per share	3.95	4.41	4.18	3.68	5.50

(II) Condensed balance sheet and statement of comprehensive income - individual

1. Condensed balance sheet

Unit: NT$ thousand

Item \ Year		Financial Data for the Past Five Years				
		2019	2020	2021	2022	2023
Current asset		451,922	544,258	515,945	837,541	555,949
Investments accounted for using equity method		4,054,883	4,212,538	4,266,538	4,205,624	4,606,329
Property, plant and equipment		515,957	513,448	520,733	549,636	553,995
Intangible assets		1,093	1,868	3,448	2,030	6,117
Other assets		18,779	13,413	16,741	14,058	28,920
Total assets		5,042,634	5,285,525	5,323,405	5,608,889	5,751,310
Current liabilities	Before distribution	591,920	572,751	485,639	669,456	575,438
	After distribution	738,720	734,231	639,779	823,596	575,438
Non-current liabilities		341,978	388,798	398,845	319,622	391,556
Total liabilities	Before distribution	933,898	961,549	884,484	989,078	966,994
	After distribution	1,080,698	1,123,029	1,038,624	1,143,218	966,994
Equity attributable to owners of parent		-	-	-	-	-
Share capital		734,001	734,001	734,001	734,001	734,001
Capital surplus		1,251	1,251	1,251	1,251	1,251
Retained earnings	Before distribution	3,792,070	3,970,944	4,100,675	4,225,083	4,474,491
	After distribution	3,645,270	3,809,464	3,946,535	4,070,943	4,474,491
Other equity interest		(418,586)	(382,220)	(397,006)	(340,524)	(425,427)
Treasury shares		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	4,108,736	4,323,976	4,438,921	4,619,811	4,784,316
	After distribution	3,961,936	4,162,496	4,284,781	4,465,671	4,784,316

Note: The 2024 shareholders' meeting is not yet held, and the profit distribution scheme is not yet determined, so the amount after 2022 distribution is the same as the amount before distribution.

2. Condensed Comprehensive Income Statement

Unit: earnings per share in NT$, others in NT$ thousand

Item \ Year	Financial Data for the Past Five Years				
	2019	2020	2021	2022	2023
Operating revenue	1,242,120	1,052,991	1,275,608	1,500,265	1,598,496
Gross profit from operations	121,206	92,241	103,894	147,501	180,751
Profit (loss) from operations	29,640	6,571	14,800	45,048	65,599
Non-operating income and expenses	391,816	403,575	361,276	251,800	486,580
Profit before tax	421,456	410,146	376,076	296,848	552,179
Profit from continuing operations	289,942	324,045	306,767	269,818	403,823
Loss from discontinued business	-	-	-	-	-
Profit (loss)	289,942	324,045	306,767	269,818	403,823
Other comprehensive income (loss after tax)	(162,224)	37,995	(30,342)	65,212	(85,178)
Total comprehensive income	127,718	362,040	276,425	335,030	318,645
Profit attributable to owners of parent	289,942	324,045	306,767	269,818	403,823
Profit attributable to non-controlling interest	-	-	-	-	-
Comprehensive profit or loss attributable to owners of parent	127,718	362,040	276,425	335,030	318,645
Comprehensive profit or loss attributable to non-controlling interest	-	-	-	-	-
Earnings per share	3.95	4.41	4.18	3.68	5.50

(III) Names and audit opinions of the certifying CPAs for the past five years

Year	CPA firm name	CPA's name	Audit Opinion
2023	Ernst & Young	Yu-Ting Huang and Chien-Tse Huang	Unqualified opinion plus other matters
2022	Deloitte Taiwan	Lilac Shue and Aaron Yang	Unqualified opinion
2021	Deloitte Taiwan	Lilac Shue and Aaron Yang	Unqualified opinion
2020	Deloitte Taiwan	Aaron Yang and Lilac Shue	Unqualified opinion plus other matters
2019	Deloitte Taiwan	Ching-Bin Shi and Lilac Shue	Unqualified opinion plus other matters

II. Financial Analysis for the Past Five Years

(I) Consolidated financial ratio analysis

Year (note 1) / Analytical item		Financial Data for the Past Five Years				
		2019	2020	2021	2022	2023
Financial Structure (%)	Debt to asset ratio	18.48	18.18	16.62	17.64	16.82
	Ratio of long-term funds to property, plant and equipment	862.08	917.62	929.03	898.67	934.28
Solvency	Current ratio	175.83	216.81	268.22	312.47	429.00
	Quick ratio	145.21	181.26	222.37	262.29	391.82
	Interest coverage ratio	241	196	355	219	326
Operating capacity	Receivables turnover (times)	6.67	4.95	6.02	6.22	6.08
	Average cash collection days	54.72	73.73	60.63	58.68	60.03
	Inventory turnover (times)	6.58	5.25	5.73	4.99	5.26
	Payables turnover (times)	3.84	3.52	4.42	4.29	4.31
	Average days of sales	55.47	69.52	63.70	73.15	69.39
	Property, plant and equipment turnover (times)	2.50	2.05	2.47	2.80	2.90
	Total assets turnover (times)	0.25	0.20	0.24	0.27	0.28
Profitability (%)	Return on assets	5.82	6.31	5.80	4.96	7.13
	Return on equity	7.05	7.69	7.00	5.96	8.59
	Ratio of profit before tax to paid-in capital	57.42	55.88	51.24	46.20	75.23
	Net profit margin	23.34	30.77	24.05	17.98	25.26
	Earnings per share (NT$)	3.95	4.41	4.18	3.68	5.50
Cash flow (%)	Cash flow ratio	(13.21)	(21.45)	(0.21)	(9.95)	18.46
	Cash flow adequacy ratio	(21.25)	(48.29)	(51.74)	(48.18)	(34.17)
	Cash reinvestment ratio	(4.01)	(4.86)	(2.85)	(3.77)	(0.78)
Leverage	Operating leverage	2.27	7.57	4.31	2.23	1.99
	Financial leverage	1.06	1.50	1.08	1.04	1.03

Please explain the reasons for the changes in various financial ratios in the past two years. (not required if the increase or decrease does not reach 20%)

1. Current ratio and quick ratio: mainly due to an increase in cash.
2. Debt service coverage ratio, return on assets, return on equity, net income before tax to paid-in capital ratio, net profit margin, and earnings per share: mainly due to the increase in operating income and investment income.
3. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: mainly due to an increase in cash inflows from operating activities.

(II) Individual financial ratio analysis

Analytical item		Financial Data for the Past Five Years 2019	2020	2021	2022	2023
Financial Structure %	Debt to asset ratio	18.52	18.19	16.62	17.63	16.81
	Ratio of long-term funds to property, plant and equipment	862.61	917.87	929.03	898.67	934.28
Solvency %	Current ratio	76.35	95.03	106.24	125.11	96.61
	Quick ratio	45.71	59.45	60.35	74.89	59.40
	Interest coverage ratio	241	196	355	192	326
Operating capacity	Receivables turnover (times)	6.67	4.95	6.02	6.22	6.08
	Average cash collection days	54.72	73.73	60.63	58.68	60.03
	Inventory turnover (times)	6.58	5.25	5.73	4.99	5.26
	Payables turnover (times)	3.84	3.52	4.42	4.29	4.31
	Average days of sales	55.47	69.52	63.70	73.15	69.39
	Property, plant and equipment turnover (times)	2.50	2.05	2.47	2.80	2.90
	Total assets turnover (times)	0.25	0.20	0.24	0.27	0.28
Profitability %	Return on assets	5.81	6.31	5.80	4.96	7.13
	Return on equity	7.05	7.69	7.00	5.96	8.59
	Ratio of profit before tax to paid-in capital	57.42	55.88	51.24	40.44	75.23
	Net profit margin	23.34	30.77	24.05	17.98	25.26
	Earnings per share (NT$)	3.95	4.41	4.18	3.68	5.50
Cash flow %	Cash flow ratio	(10.10)	(9.85)	7.92	2.81	31.82
	Cash flow adequacy ratio	4.90	(19.48)	(22.26)	(12.61)	26.10
	Cash reinvestment ratio	(3.64)	(3.66)	(2.16)	(2.31)	0.47
Leverage	Operating leverage	2.26	7.30	4.25	2.22	1.99
	Financial leverage	1.06	1.47	1.08	1.04	1.03

Please explain the reasons for the changes in various financial ratios in the past two years. (not required if the increase or decrease does not reach 20%)

1. Current ratio and quick ratio: mainly due to a decrease in inventory.
2. Debt service coverage ratio, return on assets, return on equity, net income before tax to paid-in capital ratio, net profit margin, and earnings per share: mainly due to the increase in operating income and investment income.
3. Cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio: mainly due to an increase in cash inflows from operating activities.

Note: Calculation formula

1. Financial Structure
   (1) Debt to asset ratio = total liabilities/ total assets.
   (2) Long-term capital to property, plants, and equipment = (total equity + non-current liabilities)/net property, plants, and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments)/current liabilities.
   (3) Interest coverage ratio = net profit before interest and tax/interest expenses for the current period.
3. Operating capacity
   (1) Receivables turnover (including accounts receivable and notes receivable from business activities) = net sales/average receivables balance (including accounts receivable and notes receivable from business activities).
   (2) Average cash collection days = 365/receivables turnover.
   (3) Inventory turnover = cost of sales/average inventory balance.
   (4) Payables turnover (including accounts payable and notes payable for business activities) = cost of sales/average payables balance (including accounts payable and notes payable for business activities).
   (5) Average days of sales = 365/inventory turnover.
   (6) Property, plants, and equipment turnover = net sales/average net property, plants, and equipment balance.
   (7) Total asset turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses x (1- tax rate))/average asset balance.
   (2) Return on equity = net income/average shareholders' equity.
   (3) Net profit margin = net income/net sales.
   (4) Earnings per share = (net income attributable to parent company shareholders - preferred share dividends)/weighted average outstanding shares.
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities/current liabilities.
   (2) Cash flow adequacy ratio = net cash flow from operating activities for the previous 5 years/(capital expenditure + increase in inventory + cash dividends) for the previous 5 years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plants, and equipment + long-term investments + other non-current assets + working capital).
6. Leverage:
   (1) Degree of operating leverage = (net operating revenues - variable operating costs and expenses)/operating profit.
   (2) Financial leverage = operating profit/(operating profit - interest expense).

III. Audit Committee’s Review Report

Kian Shen Corporation
Audit Committee’s Review Report

The 2023 parent company only and consolidated financial statements have been audited by CPAs Yu-Ting Huang and Chien-Tse Huang of Ernst & Young. The reports, together with the business report and proposal for distribution of earnings, have been reviewed and determined to be correct and accurate by the Audit Committee. We hereby submit this report according to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

Please review.

Sincerely,

2024 Shareholders' Meeting

Kian Shen Corporation

Convener of the Auditing Committee:

March 8, 2024

IV. Auditors' Audit Report, Financial Statements and Notes or Tables for the Most Recent Year

Independent Auditors' Report

To Kian Shen Corporation

Opinion

We have audited the accompanying consolidated balance sheets of Kian Shen Corporation (the "Company") and its subsidiaries as of December 31, 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of December 31, 2023, and their consolidated financial performance and cash flows for the years ended December 31, 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Revenue recognition

The Company and its subsidiaries mainly sell the products such as automotive frames and woodworks. For the years ended December 31, 2023, the sales revenue of the Group amounted to NT$1,598,496 thousand. Sales revenue is the main indicator used by investors and management to evaluate a company's financial or business performance. Considering that revenue recognition inherently carries a higher risk of fraud, and management is under pressure to achieve expected financial goals, these factors add a risk to the authenticity of revenue, which is considered material to the consolidated financial statements. Therefore, the revenue recognition was determined to be a key audit matter.

Our audit procedures include (but are not limited to) understanding and testing the effectiveness of internal controls related to revenue recognition in the sales cycle, selecting samples to perform test of details of transactions and reviewing the revenue recognition requirements in orders or contracts to ensure performance obligations are met, verifying significant terms and conditions and checking relevant vouchers to determine the correctness of the timing when commodity rights were transferred, and checking relevant vouchers for revenue from the transactions for the periods before and after the balance sheet date to ensure revenue is recognized at the appropriate time.

We also considered the appropriateness of operating revenues disclosures in Note 6 to the consolidated financial statements.

Other Matter – Audit(s) for Previous Period(s) of Other Auditors

The consolidated financial statements of the Company and its subsidiaries for the year ended December 31, 2022 were audited by other auditors, and an audit report with unqualified opinions was issued on March 30, 2023.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

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

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Others

We and other auditors have audited and expressed an unqualified opinion including an other matter paragraph and an unqualified opinion on the parent company only financial statements of the Company and its subsidiaries as of and for the years ended December 31, 2023 and 2022, respectively.

Ernst & Young, Taiwan

Huang, Yu-Ting

Huang, Chien- Che

March 8, 2024

Notice to Readers

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Kian Shen Corporation and Subsidiaries
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets			December 31, 2023		December 31, 2022	
Code	Accounts	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6 (1) and 12	$1,787,196	31	$1,350,072	24
1110	Financial assets at fair value through profit or loss - current	4 and 12	75,072	1	15,004	-
1150	Notes and trade receivables, net	4, 6 (2) and 12	11,299	-	39,131	1
1180	Trade receivables from related parties, net	4, 6 (2), 7 and 12	218,623	4	256,865	4
130x	Inventories	4 and 6 (3)	208,580	4	330,245	6
1410	Prepayments	4	5,585	-	5,970	-
1479	Other current assets	4	164,341	3	96,103	2
11xx	Total current assets		2,470,696	43	2,093,390	37
	Non-current assets					
1550	Investments accounted for using equity method	4 and 6 (4)	2,692,058	47	2,950,259	53
1600	Property, plant and equipment	4 and 6 (5)	553,995	10	549,636	10
1755	Right-of-use assets	4	-	-	203	-
1780	Intangible assets	4	6,117	-	2,030	-
1840	Deferred tax assets	4 and 6 (14)	2,853	-	2,289	-
1900	Other non-current assets	6 (6)	26,067	-	11,566	-
15xx	Total non-current assets		3,281,090	57	3,515,983	63
1xxx	Total assets		$5,751,786	100	$5,609,373	100

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Accounts	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	4, 6 (7) and 12	$60,000	1	$70,000	1
2130	Contract liabilities - current	4 and 6 (10)	65,408	1	64,498	1
2150	Notes payable	12	181,639	3	241,211	4
2170	Trade payables	12	74,982	2	96,232	2
2180	Trade payables to related parties	7 and 12	27,990	-	36,286	1
2219	Other payables	7 and 12	76,217	1	75,281	1
2230	Current tax liabilities	4 and 6 (14)	31,564	1	49,735	1
2280	Leases liabilities - current	4 and 12	-	-	206	-
2320	Long-term borrowings, current portion	4, 6 (8), 8 and 12	51,563	1	17,187	-
2399	Other current liabilities		6,551	-	19,304	1
21xx	Total current liabilities		575,914	10	669,940	12
	Non-current liabilities					
2540	Long-term borrowings	4, 6 (8), 8 and 12	-	-	51,563	1
2570	Deferred tax liabilities	4 and 6 (14)	390,816	7	267,428	5
2645	Deposits received		740	-	631	-
25xx	Total non-current liabilities		391,556	7	319,622	6
2xxx	Total liabilities		967,470	17	989,562	18
31xx	Equity attributable to owners of the parent					
3100	Share capital					
3110	Common stock	4 and 6 (9)	734,001	12	734,001	13
3200	Capital surplus	4 and 6 (9)	1,251	-	1,251	-
3300	Retained earnings	4 and 6 (9)				
3310	Legal reserve		678,128	12	650,273	11
3320	Special reserve		340,524	6	397,006	7
3350	Undistributed earnings		3,455,839	60	3,177,804	57
	Total retained earnings		4,474,491	78	4,225,083	75
3400	Other equity					
3410	Exchange differences on translation of foreign financial statements		(425,427)	(7)	(340,524)	(6)
	Total other equity		(425,427)	(7)	(340,524)	(6)
3xxx	Total equity		4,784,316	83	4,619,811	82
	Total liabilities and equity		$5,751,786	100	$5,609,373	100

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

Kian Shen Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the year ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	4, 6 (10) and 7	$1,598,496	100	$1,500,265	100
5000	Operating costs	6 (11) and 7	(1,417,745)	(89)	(1,352,764)	(90)
5900	Gross profit		180,751	11	147,501	10
6000	Operating expenses	6 (11) and 7				
6100	Selling expenses		(3,195)	-	(3,187)	-
6200	Administrative expenses		(88,609)	(6)	(76,177)	(5)
6300	Research and development expenses		(23,554)	(1)	(23,386)	(2)
	Total operating expenses		(115,358)	(7)	(102,750)	(7)
6900	Operating income		65,393	4	44,751	3
7000	Non-operating income and expenses	6 (12) and 7				
7100	Interest income		31,865	2	16,171	1
7010	Other income		1,034	-	1,489	-
7020	Other gains and losses		645	-	3,734	-
7050	Finance costs		(1,697)	-	(1,561)	-
7060	Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6 (4)	454,939	29	274,546	19
	Total non-operating income and expenses		486,786	31	294,379	20
7900	Profit before tax		552,179	35	339,130	23
7950	Income tax expense	4 and 6 (14)	(148,356)	(10)	(69,312)	(5)
8200	Net income		403,823	25	269,818	18
8300	Other comprehensive income (Net)	6 (13)				
8310	Items that may not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans		(343)	-	10,912	-
8349	Income tax related to the items not to be reclassified to profit or loss		68	-	(2,182)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences resulting from translating the financial statements of a foreign operation		(23,549)	(1)	3,382	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method - Items that may be reclassified subsequently to profit or loss	4 and 6 (4)	(61,354)	(4)	53,100	4
	Total other comprehensive (loss) income, net of tax		(85,178)	(5)	65,212	4
8500	Total comprehensive income		$318,645	20	$335,030	22
8600	Net income attributable to:					
8610	Owners of the parent		$403,823		$269,818	
8700	Total comprehensive income attributable to:					
8710	Owners of the parent		$318,645		$335,030	
	Earnings per share (NT$)	4 and 6 (15)				
9750	Basic earnings per share		$5.50		$3.68	
9850	Diluted earnings per share		$5.50		$3.67	

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

Kian Shen Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

			Equity attributable to owners of the parent							
					Retained earnings			Other equity	
	Items	Note	Share capital	Capital surplus	Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	Total equity
Code			3110	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2022	6 (9)	$734,001	$1,251	$621,152	$382,220	$3,097,303	$(397,006)	$4,438,921
	Appropriation and distribution of earnings for the year ended December 31, 2021								
B1	Legal reserve appropriated				29,121		(29,121)		-
B3	Special reserve appropriated					14,786	(14,786)		-
B5	Cash dividends of common stock						(154,140)		(154,140)
D1	Net income for the year ended December 31, 2022						269,818		269,818
D3	Other comprehensive income for the year ended December 31, 2022	6 (13)					8,730	56,482	65,212
D5	Total comprehensive income		-	-	-	-	278,548	56,482	335,030
Z1	Balance as of December 31, 2022	6 (9)	$734,001	$1,251	$650,273	$397,006	$3,177,804	$(340,524)	$4,619,811
A1	Balance as of January 1, 2023	6 (9)	$734,001	$1,251	$650,273	$397,006	$3,177,804	$(340,524)	$4,619,811
	Appropriation and distribution of earnings for the year ended December 31, 2022								
B1	Legal reserve appropriated				27,855		(27,855)		-
B5	Cash dividends of common stock						(154,140)		(154,140)
B17	Reversal of special reserve					(56,482)	56,482		-
D1	Net income for the year ended December 31, 2023						403,823		403,823
D3	Other comprehensive income for the year ended December 31, 2023	6 (13)					(275)	(84,903)	(85,178)
D5	Total comprehensive income		-	-	-	-	403,548	(84,903)	318,645
Z1	Balance as of December 31, 2023	6 (9)	$734,001	$1,251	$678,128	$340,524	$3,455,839	$(425,427)	$4,784,316

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

Kian Shen Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Code	Items	Note	2023	2022
AAAA	Cash flows from operating activities:			
A10000	Profit before tax		$552,179	$339,130
A20000	Adjustments for:			
A20010	Adjustments to reconcile profit(loss):			
A20100	Depreciation expense (including right-of-use assets)		62,766	52,436
A20200	Amortization expense		2,274	2,411
A20400	Net gain from financial asset measured at fair value through profit or loss		(68)	(2)
A20900	Interest expenses		1,697	1,554
A21200	Interest income		(31,865)	(16,171)
A22300	Share of profit of associates and joint ventures accounted for using the equity method		(454,939)	(274,546)
A22500	Gain on disposals of property, plant and equipment		(39)	(9)
A23100	Gain on disposals of investments		(301)	(152)
A23700	Loss for market price decline and obsolete and slow-moving inventories		2,820	500
A24100	Unrealized foreign exchange losses		-	153
A30000	Changes in operating assets and liabilities:			
A31130	Decrease (Increase) in notes and trade receivables		27,832	(4,106)
A31160	Decrease (Increase) in trade receivables from related parties		38,242	(105,902)
A31200	Decrease (Increase) in inventories		118,845	(118,523)
A31230	Decrease in prepayments		385	4,692
A31240	(Increase) Decrease in other current assets		(1,839)	728
A32125	Increase in contract liabilities		910	15,178
A32130	(Decrease) Increase in notes payable		(59,572)	82,672
A32150	(Decrease) Increase in trade payables		(21,250)	27,219
A32160	(Decrease) Increase in trade payables to related parties		(8,296)	6,836
A32180	Increase in other payables		1,276	12,273
A32230	(Decrease) Increase in other current liabilities		(12,753)	14,949
A32240	(Increase) Decrease in net defined benefit assets		(257)	109
A33000	Cash generated from operations		218,047	41,429
A33300	Interest paid		(1,685)	(1,513)
A33500	Income tax paid		(110,034)	(112,015)
AAAA	Net cash from (used in) operating activities		106,328	(72,099)

Code	Items	Note	2023	2022
BBBB	Cash flows from investing activities:			
B00050	Proceeds from disposal of financial assets measured at amortized cost		-	8,724
B00100	Acquisition of financial assets at fair value through profit or loss		(315,000)	(370,000)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss		255,301	375,152
B02700	Acquisition of property, plant and equipment		(66,360)	(80,247)
B02800	Proceeds from disposal of property, plant and equipment		39	256
B03700	Increase in refundable deposits		(6)	-
B03800	Decrease in refundable deposits		-	321
B04500	Acquisition of intangible assets		(6,361)	(993)
B07100	(Increase) Decrease in prepayments for equipment		(15,494)	515
B07500	Interest received		31,865	15,284
B07600	Dividends received		651,786	856,469
BBBB	Net cash from investing activities		535,770	805,481
CCCC	Cash flows from financing activities:			
C00100	Increase in short-term borrowings		220,000	140,000
C00200	Decrease in short-term borrowings		(230,000)	(150,000)
C01700	Repayments of long-term borrowings		(17,187)	-
C03000	Increase in deposits received		189	531
C03100	Decrease in deposits received		(80)	(200)
C04020	Payment of lease liabilities		(207)	(784)
C04500	Cash dividends paid		(154,140)	(154,140)
CCCC	Net cash used in financing activities		(181,425)	(164,593)
DDDD	Effect of changes in exchange rate on cash and cash equivalents		(23,549)	4,028
EEEE	Increase in current cash and cash equivalents		437,124	572,817
E00100	Cash and cash equivalents at the beginning of the period		1,350,072	777,255
E00200	Cash and cash equivalents at the end of the period	6 (1)	$1,787,196	$1,350,072

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

Kian Shen Corporation and Subsidiaries

Notes to Consolidated Financial Statements

For the Year Ended December 31, 2023 and
For the Year Ended December 31, 2022
(Amounts are Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. History and organization

Kian Shen Corporation (the "Company") was established in Taoyuan City in May 1963. The Company is mainly engaged in the manufacturing and sales of automobile body beams, stamping molds, woodworking products, etc.

Kian Shen Investment Co., Ltd. (KSI) was incorporated in the British Virgin Islands in March 2002, and the Company holds 100% of its ownership. Kian Shen Investment Hong Kong Co., Limited (KSIHK) was incorporated in Hong Kong in January 2008 and is a subsidiary of KSI, which holds 100% of its ownership. All of the above subsidiaries are engaged in investment business.

The Company's shares were listed and traded on the Taiwan Stock Exchange (TWSE) in May 1999.

The parent company of the Company is China Motor Corporation, which held 44% ordinary shares of the Company as of December 31, 2023 and 2022.

2. Date and procedures of authorization of financial statements for issue

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 8, 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first-time certain standards and amendments.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
2	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
3	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
4	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Group.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 “Insurance Contracts”	January 1, 2023
3	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C. Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The above-mentioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Group.

4. Summary of material accounting policies

(1) Statement of compliance

The consolidated financial statements of the Group for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by the FSC ("TIFRS").

(2) Basis of preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Basis of consolidation

Preparation principle of consolidated financial statement

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee, and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Group loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
B. derecognizes the carrying amount of any non-controlling interest;
C. recognizes the fair value of the consideration received;
D. recognizes the fair value of any investment retained;
E. reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
F. recognizes any resulting difference in profit or loss.

The consolidated entities are listed as follows:

			Percentage of ownership (%)	
Investor	Name of subsidiaries	Main businesses	December 31, 2023	December 31, 2022
The Company	Kian Shen Investment Co., Ltd.	General investment	100%	100%
Kian Shen Investment Co., Ltd.	Kian Shen Investment Hong Kong Co., Limited.	General investment	100%	100%

(4) Foreign currency transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation, and when the retained interest after the disposal of an interest in a joint arrangement or a disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of a associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(6) Current and non-current distinction

An asset is classified as current when it meets one of the following conditions; otherwise, it will be classified as non-current:

A. The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Group holds the asset primarily for the purpose of trading.
C. The Group expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it meets one of the following conditions; otherwise, it will be classified as non-current:

A. The Group expects to settle the liability in its normal operating cycle.
B. The Group holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Recognition and Measurement of Financial assets

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Group's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

a. The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial asset measured at amortized cost.

The Group measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measures as follow:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. the rights to receive cash flows from the asset have expired
b. the Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
c. the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

<u>Classification of liabilities or equity</u>

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value by product and item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – The costs are usually priced according to standard costs, and will be adjusted back to the actual costs on the settlement date.

Molds, finished goods and work-in-progress – Cost of direct materials and director labor and manufacturing overheads. Fixed manufacturing overheads are allocated based on normal production capacity. Molds, work-in-progress and finished goods are usually priced according to standard costs, and will be adjusted back to the actual costs on the settlement date.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(11) Investments accounted for using the equity method

The Group's investment in its associate or joint venture is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate or joint venture, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Group estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate or joint venture and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Upon loss of significant influence over the associate or joint venture, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated using the method of average based on the estimated economic lives of the following assets:

Assets	Useful lives
Land improvements	3 to 20 years
Plant and equipment	3 to 60 years
Machinery and equipment	4 to 10 years
Miscellaneous equipment	2 to 12 years

An item of property, plant and equipment and any significant component initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximizing the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as of the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.
The Group applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Group's intangible assets is as follows:

	Cost of computer software
Useful lives	Finite 1 to 5 years
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 Impairment of Assets may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sales of goods

The Group mainly manufactures and sells automotive frames, wooden beds and automotive sheet metal components. Revenue is recognized when the promised goods are delivered to the customer and the significant risks and rewards of commodity ownership are transferred to the buyer (that is, the customer's ability to direct the use of the goods and obtain substantially all remaining benefits of the goods) and the acceptance of the goods are confirmed.

The credit period of the Group's sale of goods is from 30 to 95 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. However, for some contracts, as part of the consideration is collected from customers when signing the contract, the Group is obliged to provide rendering of services in the future, leading the contract to be recognized as a contract liability.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Rendering of services

The income for rendering of services arises from the provision of technical services by the Group, and the customer obtains and consumes performance obligations at the same time. The agreement of income for rendering of services is determined based on production, sales and other measurement methods, and the income is recognized in accordance with the terms of the agreement.

(17) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Group recognizes restructuring-related costs or termination benefits costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(18) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders’ meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences and at the time of the transaction.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Group’s consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more information.

Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Contents of significant accounts

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$220	$120
Bank deposits	624,528	238,829
Time deposits	1,162,448	1,111,123
Total	$1,787,196	$1,350,072

(2) Notes and trade receivables (including related parties)

	December 31, 2023	December 31, 2022
Notes receivables	$-	$3
Less: loss allowance	-	-
Subtotal	-	3
Trade receivables	13,760	41,589
Trade receivables from related parties	218,623	256,865
Less: loss allowance	(2,461)	(2,461)
Subtotal	229,922	295,993
Total	$229,922	$295,996

Notes receivables and trade receivables were arose from operations and were not pledged.

Trade receivables are generally on 30 to 95 day terms. The total carrying amounts of trade receivables as of December 31, 2023 and 2022 were NT$232,383 thousand, and NT$298,457 thousand, respectively. The Group recognizes loss allowance for trade receivables based on lifetime expected credit losses. Lifetime expected credit losses are calculated according to the customer's past default records and current financial position. Historical experience shows that the Group's notes receivable and trade receivables have no significant recovery risk, and there is no significant difference in the credit loss patterns of different customer groups. Therefore, the Group does not further distinguish its customer groups, and the expected credit losses are only assessed based on the number of days overdue for notes receivable and trade receivables. Please refer to Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The age of notes and trade receivables are disclosed as follows:

	December 31, 2023	December 31, 2022
Not yet due	$219,604	$289,328
Overdue 1-60 days	9,398	9,118
Overdue 61-90 days	1,756	3
Overdue >=91 days	1,625	8
Gross carrying amount	232,383	298,457
Loss allowance (lifetime expected credit losses)	(2,461)	(2,461)
Total	$229,922	$295,996

(3) Inventories

	December 31, 2023	December 31, 2022
Raw materials	$62,310	$87,801
Work in progress	63,628	76,744
Finished goods	22,901	79,554
Molds	59,741	86,146
Total	$208,580	$330,245

The cost of inventories recognized in cost of sales amounted to NT$1,417,745 thousand and NT$1,352,764 thousand for the years ended December 31, 2023 and 2022, respectively, including the following net income and losses related to inventories.

	2023	2022
Revenue from sale of scraps	$10,702	$12,064
Losses on inventory obsolescence	(1,431)	-
Losses on physical inventory	(2,453)	(2,965)
Losses for market price decline and obsolete and slow-moving inventories	(2,820)	(500)
Net	$3,998	$8,599

No inventories were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Investments accounted for using equity method

A. The following table lists the investments accounted for using the equity method of the Group:

Investees	December 31, 2023 Amount	December 31, 2023 Shareholding	December 31, 2022 Amount	December 31, 2022 Shareholding
Information on the material joint venture of the Group:				
Guangzhou NTN-Yulon Drivetrain Co., Ltd.	$1,064,072	40%	$1,415,798	40%
Xiangyang NTN-Yulon Drivetrain Co., Ltd.	941,472	40%	979,939	40%
Fuzhou Fuxiang Motor Co., Ltd.	405,209	35%	369,516	35%
Xiamen King-Long Kian-Shen Frame Co., Ltd.	281,305	50%	185,006	50%
Total	$2,692,058		$2,950,259	

B. The details of investment income (losses) and translation adjustments accounted for using the equity method in the audited financial statements provided by the investees for the year ended December 31, 2023 and 2022 are as follows:

Investees	2023 Investment income(losses)	2023 Translation adjustments	2022 Investment income (losses)	2022 Translation adjustments
Information on the material joint venture of the Group:				
Guangzhou NTN-Yulon Drivetrain Co., Ltd.	$150,538	$(28,380)	$160,293	$27,877
Xiangyang NTN-Yulon Drivetrain Co., Ltd.	97,969	(19,545)	118,013	14,877
Fuzhou Fuxiang Motor Co., Ltd.	43,160	(7,467)	6,435	7,481
Xiamen King-Long Kian-Shen Frame Co., Ltd.	163,272	(5,962)	(10,195)	2,865
Total	$454,939	$(61,354)	$274,546	$53,100

Please refer to Note 13 (3) for the nature of business and main businesses and products of the above joint ventures.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Information on the material joint venture of the Group is as follows. The following summary financial information is prepared based on the consolidated financial statements of the joint venture in accordance with IFRSs and is reflected the adjustments when adopting the equity method:

a. Company name: Guangzhou NTN-Yulon Drivetrain Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	$3,135,139	$4,244,144
Non-current assets	533,617	617,560
Current liabilities	(1,008,036)	(1,320,579)
Non-current liabilities	(540)	(1,630)
Equity	2,660,180	3,539,495
Proportion of the Group's ownership	40%	40%
Carrying amount of the investment	$1,064,072	$1,415,798

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$1,641,364	$2,063,818
Current financial liabilities excluding trade and other payables and provisions	$(1,059)	$(2,685)
Non-current financial liabilities excluding trade and other payables and provisions	$(540)	$-

	2023	2022
Operating revenue	$4,063,362	$4,655,839
Depreciation and amortization	$(152,813)	$(142,826)
Interest income	$54,483	$79,431
Income tax expense	$(38,662)	$(41,831)
Profit from continuing operations	$376,344	$400,730
Total comprehensive income	$376,344	$400,730

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

b. Company name: Xiangyang NTN-Yulon Drivetrain Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	$2,149,050	$2,212,320
Non-current assets	752,195	856,829
Current liabilities	(529,551)	(600,745)
Non-current liabilities	(18,014)	(18,558)
Equity	2,353,680	2,449,846
Proportion of the Group's ownership	40%	40%
Carrying amount of the investment	$941,472	$979,939

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$1,135,592	$1,189,852
Current financial liabilities excluding trade and other payables and provisions	$(500)	$(486)
Non-current financial liabilities excluding trade and other payables and provisions	$(129)	$(641)

	2023	2022
Operating revenue	$2,564,698	$2,773,553
Depreciation and amortization	$(117,647)	$(117,011)
Interest income	$19,533	$26,270
Interest expenses	$(43)	$(659)
Income tax expense	$(29,501)	$(35,753)
Profit from continuing operations	$244,923	$295,033
Total comprehensive income	$244,923	$295,033

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

c. Company name: Fuzhou Fuxiang Motor Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	$1,926,831	$2,139,035
Non-current assets	1,032,436	954,336
Current liabilities	(1,801,527)	(2,037,611)
Equity	1,157,740	1,055,760
Proportion of the Group's ownership	35%	35%
Carrying amount of the investment	$405,209	$369,516

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$239,646	$389,993
Current financial liabilities excluding trade and other payables and provisions	$(86,540)	$(220,400)

	2023	2022
Operating revenue	$3,032,578	$2,340,880
Depreciation and amortization	$(172,171)	$(134,251)
Interest income	$2,821	$4
Interest expenses	$(41,236)	$(26,315)
Profit from continuing operations	$123,315	$18,385
Total comprehensive income	$123,315	$18,385

d. Company name: Xiamen King-Long Kian-Shen Frame Co., Ltd.

	December 31, 2023	December 31, 2022
Current assets	$651,750	$624,089
Non-current assets	90,094	111,358
Current liabilities	(179,142)	(333,557)
Non-current liabilities	(92)	(31,877)
Equity	562,610	370,013
Proportion of the Group's ownership	50%	50%
Carrying amount of the investment	$281,305	$185,006

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	December 31, 2023	December 31, 2022
Cash and cash equivalents	$185,710	$60,449
Current financial liabilities excluding trade and other payables and provisions	$-	$(202,768)

	2023	2022
Operating revenue	$438,140	$354,846
Depreciation and amortization	$(7,630)	$(32,446)
Interest income	$7,140	$10,529
Interest expenses	$(2,222)	$(16,255)
Income tax expense	$(2,601)	$(837)
Net income (losses) from continuing operations	$326,544	$(20,392)
Total comprehensive income	$326,544	$(20,392)

The above-mentioned joint ventures had no contingent liabilities or capital commitments as of December 31, 2023 and 2022. The joint ventures were all private companies and have not been listed on any stock exchange. When distributing the company's profits, unanimous consent from the joint venture partners is required.

(5) Property, plant and equipment

	December 31, 2023	December 31, 2022
Owner occupied property, plant and equipment	$553,995	$549,636

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Owner occupied property, plant and equipment

	Land	Land improvements	Plant and equipment	Machinery and equipment	Miscellaneous equipment	Total
Cost:						
January 1, 2023	$263,580	$28,672	$296,669	$687,322	$192,939	$1,469,182
Additions	-	-	5,625	40,954	19,430	66,009
Disposal	-	-	-	(7,050)	(2,922)	(9,972)
Reclassification	-	-	775	137	-	912
December 31, 2023	$263,580	$28,672	$303,069	$721,363	$209,447	$1,526,131
January 1, 2022	$263,580	$27,792	$290,038	$636,722	$181,814	$1,399,946
Additions	-	880	6,487	57,513	15,367	80,247
Disposal	-	-	-	(7,340)	(4,242)	(11,582)
Reclassification	-	-	144	427	-	571
December 31, 2022	$263,580	$28,672	$296,669	$687,322	$192,939	$1,469,182
Depreciation and impairment:						
January 1, 2023	$-	$26,800	$237,214	$521,250	$134,282	$919,546
Depreciation	-	426	9,537	35,440	17,159	62,562
Disposal	-	-	-	(7,050)	(2,922)	(9,972)
December 31, 2023	$-	$27,226	$246,751	$549,640	$148,519	$972,136
January 1, 2022	$-	$26,422	$228,338	$501,199	$123,254	$879,213
Depreciation	-	378	8,876	27,391	15,023	51,668
Disposal	-	-	-	(7,340)	(3,995)	(11,335)
December 31, 2022	$-	$26,800	$237,214	$521,250	$134,282	$919,546
Net carrying amounts as of:						
December 31, 2023	$263,580	$1,446	$56,318	$171,723	$60,928	$553,995
December 31, 2022	$263,580	$1,872	$59,455	$166,072	$58,657	$549,636

B. The property, plant and equipment were not pledged.

C. No interest was capitalized due to the acquisition of property, plant and equipment.

D. Components of building that have different useful lives are main building structure, electromechanical power equipment and engineering systems, which are depreciated over 3 to 60 years, 3 to 30 years and 3 to 20 years, respectively.

(6) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 amounted to NT$6,812 thousand and NT$6,535 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension 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. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute NT$1,000 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the Group's defined benefit plans are expected to expire in 2029 and 2028, respectively.

Amounts for defined benefit plans to be recognized in profit or loss are summarized as follows:

	2023	2022
Current service cost	$707	$1,061
Net interest of net defined benefit (assets) liabilities	(25)	40
Total	$682	$1,101

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Defined benefit obligation	$92,258	$97,419	$109,012
Plan assets at fair value	(93,517)	(98,764)	(99,554)
Net defined benefit (assets) liabilities	$(1,259)	$(1,345)	$9,458

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliations of liabilities (assets) of the defined benefit plan

	Defined benefits obligation	Plan assets Fair value	Net defined benefit liabilities (assets)
January 1, 2022	$109,012	$(99,554)	$9,458
Current service cost	1,061	-	1,061
Interest expenses (income)	545	(505)	40
Subtotal	110,618	(100,059)	10,559
Remeasurements of defined benefit liabilities/assets:			
Experience adjustments	1,663	-	1,663
Actuarial losses (gains) arising from changes in financial assumptions	(4,305)	-	(4,305)
Profit or loss arising from return on plan assets	-	(8,270)	(8,270)
Subtotal	(2,642)	(8,270)	(10,912)
Benefits paid	(10,557)	10,557	-
Contributions by employer	-	(992)	(992)
December 31, 2022	97,419	(98,764)	(1,345)
Current service cost	707	-	707
Interest expenses (income)	1,340	(1,365)	(25)
Subtotal	99,466	(100,129)	(663)
Remeasurements of defined benefit liabilities/assets:			
Experience adjustments	352	-	352
Actuarial losses (gains) arising from changes in financial assumptions	723	-	723
Profit or loss arising from return on plan assets	-	(733)	(733)
Subtotal	1,075	(733)	342
Benefits paid	(8,283)	8,283	-
Contributions by employer	-	(938)	(938)
December 31, 2023	$92,258	$(93,517)	$(1,259)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The principal assumptions used in determining the Group's defined benefit plan are shown below:

	December 31, 2023	December 31, 2022
Discount rate	1.250%	1.375%
Expected rate of salary increases	2.250%	2.250%

Sensitivity analysis for significant assumptions is shown below:

	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increases by 0.25%	$-	$1,438	$-	$1,627
Discount rate decreases by 0.25%	1,473	-	1,669	-
Rate of future salary increases by 0.25%	1,433	-	1,625	-
Rate of future salary decreases by 0.25%	-	1,406	-	1,593

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$60,000	$70,000
Interest Rates (%)	1.88%	1.81%~1.88%

The Group's unused short-term lines of credits amounted to NT$310,000 thousand, and NT$155,000 thousand, as of December 31, 2023 and 2022, respectively.

(8) Long-term borrowings

A. As of December 31, 2023:

Lenders	December 31, 2023	Interest Rate (%)	Maturity date and terms of repayment	Collateral
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	$7,500	1.475%	The loan is effective from July 31, 2019 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	11,250	1.475%	The loan is effective from October 3, 2019 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	13,125	1.475%	The loan is effective from April 24, 2020 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	19,688	1.475%	The loan is effective from May 14, 2020 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Subtotal	51,563			
Less: Long-term borrowings, current portion	(51,563)			
Total	$-			

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. As of December 31, 2022:

Lenders	December 31, 2022	Interest Rate (%)	Maturity date and terms of repayment	Collateral
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	$10,000	1.350%	The loan is effective from July 31, 2019 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	15,000	1.350%	The loan is effective from October 3, 2019 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	17,500	1.350%	The loan is effective from April 24, 2020 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	26,250	1.350%	The loan is effective from May 14, 2020 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Subtotal	68,750			
Less: Long-term borrowings, current portion	(17,187)			
Total	$51,563			

None of the above loans are pledged.

(9) Equity

A. Share capital

As of December 31, 2023 and 2022, the Company's authorized capital was both NT$800,000 thousand at par value of NT$10 each share, divided into 80,000 thousand shares, and the paid-in capital was NT$734,001 thousand at par value of NT$10 each share. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	December 31, 2023	December 31, 2022
Donated assets received	$1,251	$1,251

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company’s Articles of Incorporation, current year’s earnings, if any, shall be distributed in the following order:

a. Payment of all taxes;
b. Offset prior years’ operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders’ meeting.

The Company's dividend policies are based on the Company's profit for the current year and the accumulated profit of previous fiscal years. After considering the Company's profit, capital structure and future operating needs, the Company determines the dividends to be distributed, which is drafted and proposed by the Board of Directors and resolved in the shareholders’ meeting every year in accordance with the laws and regulations. The dividend payment policies will be determined based on factors such as capital needs and the degree of diluted earnings per share, and the dividends will be appropriately paid by stock or cash. For the distribution of the above dividends, the proportion of cash dividends shall be no less than the 20% of the dividend distributed for the current year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distributes distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved at the board meeting and shareholders’ meeting held on March 8, 2024 and June 15, 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$40,355	$27,855		
Set aside (reverse) of special reserves	84,903	(56,482)		
Cash dividend of common stock	242,220	154,140	$3.3	$2.1

Please refer to Note 6 (11) for details on employees’ compensation and remuneration to directors.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Operating revenue

	2023	2022
Revenue from contracts with customers		
Sale of goods	$1,588,617	$1,487,347
Other operating revenues	9,879	12,918
Total	$1,598,496	$1,500,265

A. Disaggregation of revenue

	2023	2022
Sales of goods	$1,588,617	$1,487,347
Rendering of services	9,879	12,918
Total	$1,598,496	$1,500,265

	2023	2022
Timing of revenue recognition:		
At a point in time	$1,588,617	$1,487,347
Over time	9,879	12,918
Total	$1,598,496	$1,500,265

B. Contract balances

Contract liabilities - current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	$65,408	$64,498	$49,320

The significant changes in the Group's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
The opening balance transferred to revenue	$(64,498)	$(49,320)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	65,408	64,498
Changes during the period	$910	$15,178

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Summary statement of employee benefits, depreciation and amortization expenses by function

Function / Nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries and wages	$150,936	$57,698	$208,624	$151,454	$50,939	$202,393
Labor and health insurance	17,070	5,751	22,821	16,241	5,351	21,592
Pension	5,368	2,126	7,494	5,533	2,103	7,636
Other employee benefits expense	9,005	1,787	10,792	8,386	1,713	10,099
Depreciation	57,474	5,292	62,766	47,252	5,184	52,436
Amortization	238	2,036	2,274	160	2,251	2,411

According to the Articles of Incorporation, no lower than 0.1% of profit of the current year is distributable as employees' compensation and no higher than 1% of profit of the current year is distributable as remuneration to directors. However, the company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors can be obtained from the "Market Observation Post System" on the website of the TWSE.

The Company accrues employees' compensation and remuneration to directors based on the profit for the current year. The amounts will be recognized as payroll expenses. If the Board of Directors resolved to distribute employees' compensation in the form of stocks, then the number of stocks distributed as employees' compensation was calculated based on the closing price one day earlier than the date of resolution. Differences between the estimated amount and the actual distribution of the employees' compensation and remuneration to directors and supervisors are recognized in profit or loss of the subsequent year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company's estimated employees' compensation and remuneration to directors for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Employee compensation	$3,601	$2,344
Remuneration to directors	2,659	1,717

A resolution was passed at a Board of Directors meeting held on March 10, 2023 to distribute NT$2,344 and NT$1,717 thousand in cash as employees' compensation and remuneration to directors for the year ended December 31, 2022, respectively. No material differences exist between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2021.

(12) Non-operating income and expenses

A. Interest income

	2023	2022
Interest on bank deposits	$31,865	$16,171

B. Other income

	2023	2022
Rental income	$667	$667
Other revenue	367	822
Total	$1,034	$1,489

C. Other gains and losses

	2023	2022
Gain on disposal of investments	$301	$152
Foreign exchange gain, net	243	3,671
Net gain on financial asset measured at fair value through profit or loss	68	2
Gain on disposal of property, plant and equipment	39	9
Others	(6)	(100)
Total	$645	$3,734

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Finance costs

	2023	2022
Interest on borrowings from bank	$1,696	$1,546
Interest on lease liabilities	1	8
Fee expense	-	7
Total	$1,697	$1,561

(13) Components of other comprehensive income

A. Other comprehensive income for the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(343)	$-	$(343)	$68	$(275)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(23,549)	-	(23,549)	-	(23,549)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(61,354)	-	(61,354)	-	(61,354)
Total other comprehensive income	$(85,246)	$-	$(85,246)	$68	$(85,178)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Other comprehensive income for the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax expenses	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$10,912	$-	$10,912	$(2,182)	$8,730
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	3,382	-	3,382	-	3,382
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	53,100	-	53,100	-	53,100
Total other comprehensive income	$67,394	$-	$67,394	$(2,182)	$65,212

(14) Income tax

The major components of income tax expense (income) for the years ended December 31, 2023 and 2022 are as follows:

A. Income tax expense (income) recognized in profit or loss

	2023	2022
Current income tax expense:		
Current income tax payable	$19,836	$125,085
Adjustments in respect of current income tax of prior periods	2,302	(6,806)
Tax refund for offshore fund	(4,326)	(593)
Income tax on undistributed earnings	7,652	4,658
Deferred tax income:		
Deferred tax expense (income) relating to origination and reversal of temporary differences	122,892	(53,032)
Income tax expense	$148,356	$69,312

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Income tax relating to components of other comprehensive income

	2023	2022
Deferred tax (income)expense:		
Actuarial gains and losses on defined benefits	$(68)	$2,182
Income tax relating to components of other comprehensive income	$(68)	$2,182

C. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	2023	2022
Profit before tax from continuing operations	$552,179	$339,130
Tax at the domestic rates applicable to profits in the country concerned	$110,436	$67,826
Tax effect of deferred tax assets/liabilities	26,295	4,258
Income tax on undistributed earnings	7,652	4,658
Adjustments in respect of current income tax of prior periods	2,302	(6,806)
Tax effect of revenues exempt from taxation	(98)	(31)
Other income tax effects adjusted in accordance with the tax laws and regulations	6,095	-
Tax refund for offshore fund	(4,326)	(593)
Total income tax expense recognized in profit or loss	$148,356	$69,312

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Allowance for inventory valuation losses	$2,200	$564	$-	$2,764
Expected credit losses	89	-	-	89
Unrealized exchange gains or losses	(75)	(39)	-	(114)
Reserve for land value increment tax	(69,799)	-	-	(69,799)
Investments accounted for using equity method	(197,285)	(123,417)	-	(320,702)
Net defined benefit assets	(269)	-	68	(201)
Deferred tax (expense) income		$(122,892)	$68	
Net deferred tax (liabilities) assets	$(265,139)			$(387,963)
Reflected in balance sheet as follows:				
Deferred tax assets	$2,289			$2,853
Deferred tax liabilities	$(267,428)			$(390,816)

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Allowance for inventory valuation losses	$2,100	$100	$-	$2,200
Expected credit losses	89	-	-	89
Unrealized exchange gains or losses	62	(137)	-	(75)
Reserve for land value increment tax	(69,799)	-	-	(69,799)
Investments accounted for using equity method	(250,332)	53,047	-	(197,285)
Net defined benefit assets	1,891	22	(2,182)	(269)
Deferred tax income (expense)		$53,032	$(2,182)	
Net deferred tax (liabilities) assets	$(315,989)			$(265,139)
Reflected in balance sheet as follows:				
Deferred tax assets	$4,142			$2,289
Deferred tax liabilities	$(320,131)			$(267,428)

E. The assessment of income tax returns

As of December 31, 2023, the Company was subject to the regulations of the Taiwan tax jurisdiction, and the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
KIAN SHEN CORPORATION	Assessed and approved up to 2021

As of December 31, 2023, the Company's foreign subsidiaries and sub-subsidiaries were subject to the regulations of foreign tax jurisdictions, and the assessment of the income tax returns of those companies were assessed and approved up to 2022.

(15) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2023	2022
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company	$403,823	$269,818
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	73,400	73,400
Basic earnings per share (NT$)	$5.50	$3.68

	2023	2022
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company	$403,823	$269,818
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	73,400	73,400
Add: Effect of employee stock-based compensation	53	51
Weighted average number of ordinary shares outstanding after dilution (in thousands)	73,453	73,451
Diluted earnings per share (NT$)	$5.50	$3.67

7. Related party transactions

Nature of relationship of the related parties is as follows:

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
China Motor Corporation	Parent company of the Company
Kuozui Motors, Ltd.	Investors that have significant influence over the Group
Yulon Motor Co.,Ltd.	Investors that have significant influence over the Group
ROC-Spicer Ltd.	Associate of the parent company
Coc Tooling & Stamping Co., Ltd.	Associate of the parent company
Hua-Chung Automobile Information Technical Center Co., Ltd.	Associate of the parent company
Sino Diamond Motors Corporation	Associate of the parent company
Yue Ki Industrial Co., Ltd.	Associate of the parent company
Yulon Management Company Ltd.	Associate of the parent company
Luxgen Motor Co., Ltd.	Associate of the parent company
Yulon Nissan Motor Co., Ltd.	Associate of the parent company
Fuzhou Fuxiang Motor Co., Ltd.	Joint venture of the Company
Guangzhou NTN-Yulon Drivetrain Co., Ltd.	Joint venture of the Company
Xiangyang NTN-Yulon Drivetrain Co., Ltd.	Joint venture of the Company
Xiamen King-Long Kian-Shen Frame Co., Ltd.	Joint venture of the Company
King-Long Kian-Shen (Hangzhou) Co., Ltd.	Joint venture of the Company

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Significant transactions with the related parties

A. Operating revenue

	2023	2022
Sales revenue		
Parent company	$562,763	$603,800
Investors that have significant influence over the Group		
Kuozui Motors, Ltd.	723,235	682,241
Yulon Motor Co.,Ltd.	22,198	26,237
Associate of the parent company	25,795	22,785
Other operating revenues		
Joint venture	9,559	12,599
Total	$1,343,550	$1,347,662

The transaction prices between the Group and related parties are determined based on the agreed terms and conditions; except for the transaction of molds, which are collected according to the agreed period in the contract. The collection period with related parties and non-related parties is from 30 days to 95 days end of the month.

B. Purchases

	2023	2022
Parent company	$35	$82
Investors that have significant influence over the Group		
Kuozui Motors, Ltd.	62,078	72,962
Yulon Motor Co.,Ltd.	4,849	5,283
Associate of the parent company		
Yue Ki Industrial Co., Ltd.	135,639	166,935
Others	239	-
Total	$202,840	$245,262

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Trade receivables from related parties

	December 31, 2023	December 31, 2022
Parent company	$98,774	$109,327
Investors that have significant influence over the Group		
Kuozui Motors, Ltd.	109,424	134,324
Yulon Motor Co.,Ltd.	1,777	7,489
Associate of the parent company	8,648	5,725
Total	$218,623	$256,865

D. Trade payables to related parties (including notes payable, trade payables and other payables)

	December 31, 2023	December 31, 2022
Parent company	$298	$270
Investors that have significant influence over the Group		
Kuozui Motors, Ltd.	16,173	16,969
Yulon Motor Co.,Ltd.	489	1,358
Associate of the parent company		
Yue Ki Industrial Co., Ltd.	42,626	72,830
Others	430	830
Total	$60,016	$92,257

E. Contract liabilities

	December 31, 2023	December 31, 2022
Parent company	$15,657	$12,912
Investors that have significant influence over the Group		
Kuozui Motors, Ltd.	34,689	36,431
Yulon Motor Co.,Ltd.	8,050	8,050
Associate of the parent company	17	17
Total	$58,413	$57,410

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

F. Other related party transactions

Kuozui Motors, Ltd., Yulon Motor Co.,Ltd., Yulon Management Company Ltd. and China Motor Corporation provide management services for the merged entity. For the years ended December 31, 2023 and 2022, the total administrative expenses amounted to NT$5,462 thousand and NT$5,621 thousand, respectively.

G. Key management personnel compensation

	2023	2022
Short-term employee benefits	$38,603	$36,243
Post-employment benefits	1,045	1,005
Total	$39,648	$37,248

The remuneration to directors and other key management personnel compensation are determined by the remuneration committee based on individual performance and market trends.

8. Assets pledged as security

None.

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2023, the Group's guaranteed bills, including guaranteed bills for financial instruments, issued for the opening of credit lines and which have not yet been collected or canceled amounted to NT$30,000 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

12. Others

(1) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial asset measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$75,072	$15,004
Financial assets measured at amortized cost		
Cash and cash equivalents	1,787,196	1,350,072
Notes and trade receivables (including related parties)	229,922	295,996
Total	$2,092,190	$1,661,072

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$60,000	$70,000
Notes and trade payable (including related parties)	284,611	373,729
Other payables (including related parties)	76,217	75,281
Long-term borrowings(including current portion with maturity less than 1 year)	51,563	68,750
Leases liabilities	-	206
Total	$472,391	$587,966

(2) Financial risk management objectives and policies

The Group’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Group identifies measures and manages the aforementioned risks based on the Group’s policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Group’s exposure to the risk of changes in foreign exchange rates relates primarily to the Group’s operating activities (when revenue or expense are denominated in a different currency from the Group’s functional currency) and the Group’s net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group’s profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Group’s foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analysis is as follows:

A. When NTD strengthens/weakens against CNY by 1%, the profit before tax for the years ended December 31, 2023 and 2022 would decrease/increase by NT$67 thousand and NT$1,657 thousand, respectively.

B. When CNY strengthens/weakens against USD by 1%, the profit before tax for the years ended December 31, 2023 and 2022 would decrease/increase by NT$2 thousand and NT$4 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group’s exposure to the risk of changes in market interest rates primarily relates to the loans at variable interest rates, with part of the risk offset by bank deposits held at variable interest rates.

The Group manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including long-term and short-term loan contracts at variable interest rates and part of the risk is offset by bank deposits held at variable interest rates. At the reporting date, an increase/decrease of 1 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to increase/decrease by NT$1,212 thousand and NT196 thousand, respectively.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for trade receivables and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Group's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Except for Client A and Client B, the Group does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. Except for Client A and Client B, the concentration of credit risk on other clients at any time during the period did not exceed 10% of the total trade receivable. Since Client A and Client B are both reputable manufacturers, the credit risk is limited.

(5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
December 31, 2023			
Bank loans (short-term and long-term)	$112,008	$-	$112,008
Notes and trade payable (including related parties)	284,611	-	284,611
Other payables (including related parties)	76,217	-	76,217
December 31, 2022			
Bank loans (short-term and long-term)	$88,371	$51,795	$140,166
Notes and trade payable (including related parties)	373,729	-	373,729
Other payables (including related parties)	75,281	-	75,281
Leases liabilities	208	-	208

Derivative financial liabilities

None.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Long-term borrowings (including current portion with maturity in 1 year)	Leases liabilities	Total liabilities from financing activities
January 1, 2023	$70,000	$68,750	$206	$138,956
Cash flows	(10,000)	(17,187)	(207)	(27,394)
Non-cash changes	-	-	1	1
December 31, 2023	$60,000	$51,563	$-	$111,563

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings (including current portion with maturity in 1 year)	Leases liabilities	Total liabilities from financing activities
January 1, 2022	$80,000	$68,750	$982	$149,732
Cash flows	(10,000)	-	(784)	(10,784)
Non-cash changes	-	-	8	8
December 31, 2022	$70,000	$68,750	$206	$138,956

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including beneficiary certificates, etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (for example, listed private placement stocks, and listed stocks and unlisted stocks without market quotations) are estimated by self-evaluation methods. The evaluation methods used to estimate the fair value include value method based on the company's closing net asset value or the latest transaction price in an inactive market.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Group's financial assets and financial liabilities measured at amortized cost approximate their fair value.

C. Fair value recognized on balance sheet

Please refer to Note 12 (9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group does not have any derivative financial instruments that do not qualify for hedging accounting and have not yet matured.

9. Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$75,072	$-	$-	$75,072

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$15,004	$-	$-	$15,004

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Amount Unit: in thousands

	December 31, 2023		
	Foreign currencies	Exchange rate of foreign currency against functional currency	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$7	7.083 (Note 1)	$215
CNY	1,546	4.327 (Note 2)	6,690
Non-monetary items			
Joint venture accounted for using the equity method			
CNY	622,153	4.327 (Note 2)	2,692,058

Amount Unit: in thousands

	December 31, 2022		
	Foreign currencies	Exchange rate of foreign currency against functional currency	Carrying Amount
Foreign currency assets			
Monetary items			
USD	$12	6.965 (Note 1)	$376
CNY	37,590	4.408 (Note 2)	165,695
Non-monetary items			
Joint venture accounted for using the equity method			
CNY	669,297	4.408 (Note 2)	2,950,259

Note 1: Exchanged from USD to CNY.
Note 2: Exchanged from CNY to NTD.

Due to the wide variety of individual functional currencies of the Group, it is not possible to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. For the years ended December 31, 2023 and 2022, the Group’s foreign exchange gains amounted to NT$243 thousand and NT$3,671 thousand, respectively.

(11) Capital management

The Group's goal in managing capital is to provide shareholders with adequate returns by optimizing the balances of debt and equity while continuing to operate and grow its business.

The Group's capital structure management strategy is formulated based on the industrial scale of the operating businesses, the future growth of the industry and the product development blueprint to set the Group's appropriate market share and plan the required production capacity and prepare the plant and equipment and corresponding capital expenditures to achieve the production capacity. The Group then calculates the required operating capital and cash according to the characteristics of the industry to make an overall plan for the scale of various assets required for the long-term development of the Group. Finally, the Group determines the most appropriate capital structure by estimating possible contribution margin for products, operating income and cash flows based on its product competitiveness, and considering risk factors such as the volatility of business cycles and its product life cycles. The Group's management regularly reviews its capital structure and takes into account the costs and risks that may be involved in different capital structures. Generally speaking, the Group adopts judicious risk management strategies.

The Group is not subject to other external capital requirements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

13. Other disclosure

(1) Information at significant transactions

A. Financing provided to others:

None.

B. Endorsement/Guarantee provided to others:

None.

C. Marketable securities held at the end of the period:

Name of the Company Held	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance				Note
				Number of Units	Carrying Amount	Shareholding Ratio	Market Price	
Kian Shen Corporation	FSITC Money Market	-	Financial asset measured at fair value through profit or loss	136,538.16	$25,009	-%	$25,009	
Kian Shen Corporation	Yuanta De-Li Money Market Fund	-	Financial asset measured at fair value through profit or loss	2,986,062.90	$50,063	-%	$50,063	

D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital:

None.

E. Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more:

None.

F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital:

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

G. Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more:

Purchaser/ Seller	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes and trade receivables or payables		Note
			Purchases/Sales	Amount	Percentage of Total Purchases/ Sales	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Total Notes/Trade Receivables (Payables)	
Kian Shen Corporation	China Motor Corporation	Parent company	Sales	$(562,763)	(35.21%)	45 days from the next month of delivery	Normal	Normal	$98,774	42.50%	
Kian Shen Corporation	Kuozui Motors, Ltd.	Investors that have significant influence over the Group	Sales	$(723,235)	(45.24%)	32 days from the next month of delivery	Normal	Normal	$109,424	47.09%	
Kian Shen Corporation	Yue Ki Industrial Co., Ltd.	Associate of the parent company	Purchases	$135,639	12.50%	95 days end of the month	Normal	Normal	(42,626)	(14.98%)	

H. Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more:

Company Name with Trade Receivables	Counterparty	Nature of Relationships	Ending Balance of Trade Receivables from Related Party	Turnover Ratio	Overdue Trade Receivables from Related Parties		Amount Received in Subsequent Period	Loss Allowance
					Amount	Action Taken		
Kian Shen Corporation	Kuozui Motors, Ltd.	Investors that have significant influence over the Group	$109,424	5.93	$-	-	$109,424	None.

I. Financial instruments and derivative transactions:

None.

J. Intercompany relationship and significant intercompany transactions between consolidated entities:

None.

(2) Information on investees:

Names, locations, main business, initial investment amount, shareholding status at the end of the period, current profits and losses, recognized investment profits and losses, and related information of investees (excluding investees in Mainland China):

Investor	Investees	Location	Main Businesses and Products	Initial Investment Amount		Held for the Period			Net Income of the Investee	Investment Income Recognized for the Period	Note
				December 31, 2023	December 31, 2022	Shares (in Thousands)	Percentage of Ownerships	Carrying Amount			
Kian Shen Corporation	Kian Shen Investment Co., Ltd.	British Virgin Islands	General investment	US$10,296 thousand	US$10,296 thousand	10,296	100%	$4,606,329	$485,608	$485,608	Notes 1, 2
Kian Shen Investment Co., Ltd.	Kian Shen Investment Hong Kong Co., Limited.	Hong Kong	General investment	US$25,907 thousand	US$25,907 thousand	25,907	100%	RMB 1,064,627 thousand	RMB 110,483 thousand	RMB 110,483 thousand	Notes 1, 2

Note 1: It is incorporated into consolidated financial statements.

Note 2: The investment gains and losses of investees for the current period include the investment gains and losses recognized by investees and then transferred to the invested companies.

(3) Information on investments in mainland China

A. Information on investees in Mainland China is as follows:

Unit of foreign currencies: expressed in thousands.

Investee Company	Main Businesses and Products and Effect on Operations	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan at the End of the Period (Note 2)	Net (Losses) Income of the Investee	Percentage of Ownership	Share of Profits/Losses of Investee (Note 3)	Carrying Amount at the End of the Period	Accumulated Inward Remittance of Earnings at the End of the Period (Note 3)
					Outflow	Inflow						
Guangzhou NTN-Yulon Drivetrain Co., Ltd.	Design, manufacturing, sales and after-sales services for automotive-specific constant velocity steering knuckles	$383,813 (US$12,500 thousand)	Note 1	$153,525 (US$5,000 thousand)	$-	$-	$153,525 (US$5,000 thousand)	$376,344	40%	$150,538	$1,064,072	$1,226,849 (RMB 279,083 thousand)
Fuzhou Fuxiang Automotive Industry Co.,Ltd.	Manufacturing and sales of motor vehicle bodies and other components and production tools and equipment	$545,935 (US$17,780 thousand) (Note 5)	Note 1	$87,049 (US$2,835 thousand)	$-	$-	$87,049 (US$2,835 thousand)	$123,315	35%	$43,160	$405,209	$240,685 (RMB 54,751 thousand)
Xiamen King-Long Kian-Shen Frame Co., Ltd.	Manufacturing and sales of motor vehicle bodies and other components and production tools and equipment	$415,392 (RMB 96,000 thousand) (Note 6)	Note 1	$46,887 (US$1,527 thousand)	$-	$-	$46,887 (US$1,527 thousand)	$326,544	50%	$163,272	$281,305	$-
Xiangyang NTN-Yulon Drivetrain Co., Ltd.	Design, manufacturing, sales and after-sales services for automotive-specific constant velocity steering knuckles	$1,043,970 (US$34,000 thousand) (Note 7)	Note 1	$-	$-	$-	$-	$244,923	40%	$97,969	$941,472	$37,806 (RMB 8,600 thousand)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China at the End of the Period (Note 2)	Investment amounts authorized by Investment Commission, MOEA (Note 2)	Upper limit on investment (Note 8)
$287,461 (USD9,362)	$966,164 (USD31,466)	$2,870,589

Note 1: Indirect investment in Mainland China through companies registered in a third region.

Note 2: Calculated based on the period-end exchange rate as of December 31, 2023: USD1=NTD30.705; RMB1=NTD4.327.

Note 3: Calculated based on the average exchange rate for the year ended December 31, 2023: RMB1=NTD4.396.

Note 4: The transaction was eliminated upon the preparation of consolidated financial statements.

Note 5: In addition to remittance of cash investment, it also includes the transfer of surplus to capital increase in the amount of US$3,388 thousand.

Note 6: In addition to the Company's remittance of cash investment, it also includes the transfer of KSIHK's surplus to capital increase in the amount of US$5,052 thousand.

Note 7: KSIHK invested US$13,600 thousand with its earnings.

Note 8: 60% of the net value is the Company's upper limit on investment in Mainland China according to the regulations stipulated by the Department of Investment Review, MOEA.

(4) Information on major shareholders

As of December 31, 2023

Shares / Name of major shareholders	Number of shares held (shares)	Shareholding
China Motor Corporation	32,201,367	43.87%
Kuozui Motors, Ltd.	24,178,711	32.94%

14. Segment information

For management purposes, the Group is organized into operating units based on their strategic business unit and has two reportable operating segments as follows:

(1) Manufacturing department: This department is mainly responsible for the manufacturing and trading of automotive body beams and woodworking products.

(2) Investment department: This department focuses on financial investment.

No operating segments have been aggregated to form the above reportable operating segments.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured based on significant accounting policies information consistent with those in the consolidated financial statements. However, income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) The information on profit or loss, assets and liabilities of reportable segments is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2023

	Manufacturing department	Investment department	Adjustment and elimination	Total
Revenue				
External customer	$1,598,496	$-	$-	$1,598,496
Interest income	996	30,869	-	31,865
Total revenue	$1,599,492	$30,869	$-	$1,630,361
Interest expenses	$1,697	$-	$-	$1,697
Depreciation and amortization	65,040	-	-	65,040
Gains and losses on investment	485,608	454,939	(485,608)	454,939
Segment profit	$552,179	$485,608	$(485,608)	$552,179
Investments accounted for using equity method	$4,606,329	$2,692,058	$(4,606,329)	$2,692,058
Capital expenditure of assets	66,360	-	-	66,360
Segment assets	$5,751,310	$4,606,806	$(4,606,330)	$5,751,786
Segment liabilities	$966,994	$476	$-	$967,470

For the year ended December 31, 2022

	Manufacturing department	Investment department	Adjustment and elimination	Total
Revenue				
External customer	$1,500,265	$-	$-	$1,500,265
Interest income	2,487	13,684	-	16,171
Total revenue	$1,502,752	$13,684	$-	$1,516,436
Interest expenses	$1,554	$-	$-	$1,554
Depreciation and amortization	54,847	-	-	54,847
Gains and losses on investment	245,687	274,546	(245,687)	274,546
Segment profit	$296,848	$287,969	$(287,969)	$296,848
Investments accounted for using equity method	$4,205,624	$2,950,259	$(4,205,624)	$2,950,259
Capital expenditure of assets	80,247	-	-	80,247
Segment assets	$5,608,889	$4,201,542	$(4,201,058)	$5,609,373
Segment liabilities	$989,078	$119,473	$(118,989)	$989,562

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Reconciliations of income, profit or loss, assets, liabilities and other major items in reportable segment

There were no adjustments to segment income, profit or loss, assets, liabilities and other major items of the Group for the years ended December 31, 2023 and 2022.

The following table presents segment assets and liabilities of the Group's operating segments as of December 31, 2023 and 2022:

C. Geographical financial information

a. Revenues from external customers:

Country	2023	2022
Taiwan	$1,588,937	$1,487,666
China (including Hong Kong)	9,559	12,599
Total	$1,598,496	$1,500,265

Net sales are classified by the countries where the customers are located at.

b. Non-current assets:

Country	December 31, 2023	December 31, 2022
Taiwan	$589,032	$565,724
China (including Hong Kong)	2,692,058	2,950,259
Total	$3,281,090	$3,515,983

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Major customers

The sales revenue to the clients that accounted for more than 10% of the revenue on the income statement of the Group for the years ended December 31, 2023 and 2022:

	2023		2022		
Client	Sales amount	Percentage	Sales amount	Percentage	Sales department
Client A	$562,763	35.21%	$603,800	40.25%	Manufacturing department
Client B	723,235	45.24%	682,241	45.47%	Manufacturing department

V. Parent Company Only Financial Statements of the Company for the Most Recent Year Audited by CPAs

Independent Auditors' Report

To Kian Shen Corporation:

Opinion

We have audited the accompanying parent company only balance sheets of Kian Shen Corporation (the "Company") as of December 31, 2023, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits, the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of December 31, 2023, and the financial performance and cash flows for the years ended December 31, 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 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, and we do not provide a separate opinion on these matters.

Revenue Recognition

The Company mainly sells the products such as automotive frames and woodworks. For the years ended December 31, 2023, the sales revenue of the Company amounted to NT$1,598,496 thousand. Sales revenue is the main indicator used by investors and management to evaluate a company's financial or business performance. Considering that revenue recognition inherently carries a higher risk of fraud, and management is under pressure to achieve expected financial goals, these factors add a risk to the authenticity of revenue, which is considered material to the parent company only financial statements. Therefore, the revenue recognition was determined to be a key audit matter.

Our audit procedures include (but are not limited to) understanding and testing the effectiveness of internal controls related to revenue recognition in the sales cycle, selecting samples to perform test of details of transactions and reviewing the revenue recognition requirements in orders or contracts to ensure performance obligations are met, verifying significant terms and conditions and checking relevant vouchers to determine the correctness of the timing when commodity rights were transferred, and checking relevant vouchers for revenue from the transactions for the periods before and after the balance sheet date to ensure revenue is recognized at the appropriate time.

We also considered the appropriateness of operating revenue disclosures in Note 6 to the parent company only financial statements.

Other Matter – Audit(s) for Previous Period(s) of Other Auditors

The parent company only financial statements of the Company for the year ended December 31, 2022 were audited by other auditors, and an audit report with unqualified opinions was issued on March 30, 2023.

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

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

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

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

misrepresentations, or the override of internal control.

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

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Huang, Yu-Ting

Huang, Chien-Che

Ernst & Young, Taiwan
March 8, 2024

Notice to Readers

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

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Kian Shen Corporation
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets			December 31, 2023		December 31, 2022	
Code	Accounts	Note	Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4, 6 (1) and 12	$34,916	1	$99,926	2
1110	Financial assets at fair value through profit or loss - current	4 and 12	75,072	1	15,004	-
1150	Notes and trade receivables, net	4, 6 (2) and 12	11,299	-	39,131	1
1180	Trade receivables from related parties, net	4, 6 (2), 7 and 12	218,623	4	256,865	4
130x	Inventories	4 and 6 (3)	208,580	4	330,245	6
1410	Prepayments	4	5,585	-	5,970	-
1479	Other current assets	4	1,874	-	90,400	2
11xx	Total current assets		555,949	10	837,541	15
	Non-current assets					
1550	Investments accounted for using equity method	4 and 6 (4)	4,606,329	80	4,205,624	75
1600	Property, plant and equipment	4 and 6 (5)	553,995	10	549,636	10
1755	Right-of-use assets	4	-	-	203	-
1780	Intangible assets	4	6,117	-	2,030	-
1840	Deferred tax assets	4 and 6 (14)	2,853	-	2,289	-
1900	Other non-current assets		26,067	-	11,566	-
15xx	Total non-current assets		5,195,361	90	4,771,348	85
1xxx	Total assets		$5,751,310	100	$5,608,889	100

Liabilities and equity			December 31, 2023		December 31, 2022	
Code	Accounts	Note	Amount	%	Amount	%
	Current liabilities					
2100	Short-term borrowings	4, 6 (7) and 12	$60,000	1	$70,000	1
2130	Contract liabilities - current	4 and 6 (10)	65,408	1	64,498	1
2150	Notes payable	12	181,639	3	241,211	4
2170	Trade payables	12	74,982	2	96,232	2
2180	Trade payables to related parties	7 and 12	27,990	-	36,286	1
2219	Other payables	7 and 12	76,217	1	75,281	2
2230	Current tax liabilities	4 and 6 (14)	31,564	1	49,735	1
2280	Leases liabilities - current	4 and 12	-	-	206	-
2320	Long-term borrowings, current portion	4, 6 (8), 8 and 12	51,563	1	17,187	-
2399	Other current liabilities		6,075	-	18,820	-
21xx	Total current liabilities		575,438	10	669,456	12
	Non-current liabilities					
2540	Long-term borrowings	4, 6 (8), 8 and 12	-	-	51,563	1
2570	Deferred tax liabilities	4 and 6 (14)	390,816	7	267,428	5
2645	Deposits received		740	-	631	-
25xx	Total non-current liabilities		391,556	7	319,622	6
2xxx	Total liabilities		966,994	17	989,078	18
	Equity					
3100	Share capital					
3110	Common stock	4 and 6 (9)	734,001	12	734,001	13
3200	Capital surplus	4 and 6 (9)	1,251	-	1,251	-
3300	Retained earnings	4 and 6 (9)				
3310	Legal reserve		678,128	12	650,273	11
3320	Special reserve		340,524	6	397,006	7
3350	Undistributed earnings		3,455,839	60	3,177,804	57
	Total retained earnings		4,474,491	78	4,225,083	75
3400	Other equity					
3410	Exchange differences on translation of foreign financial statements		(425,427)	(7)	(340,524)	(6)
	Total other equity		(425,427)	(7)	(340,524)	(6)
3xxx	Total equity		4,784,316	83	4,619,811	82
	Total liabilities and equity		$5,751,310	100	$5,608,889	100

(The accompanying notes are an integral part of the parent company only financial statements.)

Kian Shen Corporation

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Code	Items	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating income	4, 6 (10) and 7	$1,598,496	100	$1,500,265	100
5000	Operating costs	6 (11) and 7	(1,417,745)	(89)	(1,352,764)	(90)
5900	Gross profit		180,751	11	147,501	10
6000	Operating expenses	6 (11) and 7				
6100	Selling expenses		(3,195)	-	(3,187)	-
6200	Administrative expenses		(88,403)	(6)	(75,880)	(5)
6300	Research and development expenses		(23,554)	(1)	(23,386)	(2)
	Total operating expenses		(115,152)	(7)	(102,453)	(7)
6900	Operating income		65,599	4	45,048	3
7000	Non-operating income and expenses	6 (12) and 7				
7100	Interest income		996	-	2,487	-
7010	Other income		1,034	-	1,489	-
7020	Other gains and losses		639	-	3,698	-
7050	Finance costs		(1,697)	-	(1,561)	-
7060	Share of profit or loss of associates and joint ventures accounted for using the equity method	4 and 6 (4)	485,608	30	245,687	17
	Total non-operating income and expenses		486,580	30	251,800	17
7900	Profit before tax		552,179	34	296,848	20
7950	Income tax expense	4 and 6 (14)	(148,356)	(9)	(27,030)	(2)
8200	Net income		403,823	25	269,818	18
8300	Other comprehensive income (Net)	6 (13)				
8310	Items that may not be reclassified subsequently to profit or loss					
8311	Remeasurements of defined benefit plans		(343)	-	10,912	-
8349	Income tax related to the items not to be reclassified to profit or loss		68	-	(2,182)	-
8360	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences resulting from translating the financial statements of a foreign operation		(23,549)	(1)	3,382	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using the equity method					
	Items that may be reclassified subsequently to profit or loss	4 and 6 (4)	(61,354)	(4)	53,100	4
	Total other comprehensive (loss) income, net of tax		(85,178)	(5)	65,212	4
8500	Total comprehensive income		$318,645	20	$335,030	22
	Earnings per share (NT$)	4 and 6 (15)				
9750	Basic earnings per share		$5.50		$3.68	
9850	Diluted earnings per share		$5.50		$3.67	

(The accompanying notes are an integral part of the parent company only financial statements.)

Kian Shen Corporation

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Code	Items	Note	Share capital	Capital surplus	Retained earnings			Other equity	Total equity
					Legal reserve	Special reserve	Undistributed earnings	Exchange differences on translation of foreign financial statements	
			3110	3200	3310	3320	3350	3410	3XXX
A1	Balance as of January 1, 2022	6 (9)	$734,001	$1,251	$621,152	$382,220	$3,097,303	$(397,006)	$4,438,921
	Appropriation and distribution of 2021 earnings								
B1	Legal reserve appropriated				29,121		(29,121)		-
B3	Special reserve appropriated					14,786	(14,786)		-
B5	Cash dividends of common stock						(154,140)		(154,140)
D1	Net income for the year ended December 31, 2022						269,818		269,818
D3	Other comprehensive income for the year ended December 31, 2022	6 (13)					8,730	56,482	65,212
D5	Total comprehensive income		-	-	-	-	278,548	56,482	335,030
Z1	Balance as of December 31, 2022	6 (9)	$734,001	$1,251	$650,273	$397,006	$3,177,804	$(340,524)	$4,619,811
A1	Balance as of January 1, 2023	6 (9)	$734,001	$1,251	$650,273	$397,006	$3,177,804	$(340,524)	$4,619,811
	Appropriation and distribution of 2022 earnings								
B1	Legal reserve appropriated				27,855		(27,855)		-
B5	Cash dividends of common stock						(154,140)		(154,140)
B17	Reversal of special reserve					(56,482)	56,482		-
D1	Net income for the year ended December 31, 2023						403,823		403,823
D3	Other comprehensive income for the year ended December 31, 2023	6 (13)					(275)	(84,903)	(85,178)
D5	Total comprehensive income		-	-	-	-	403,548	(84,903)	318,645
Z1	Balance as of December 31, 2023	6 (9)	$734,001	$1,251	$678,128	$340,524	$3,455,839	$(425,427)	$4,784,316

(The accompanying notes are an integral part of the parent company only financial statements.)

Kian Shen Corporation
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars)

Code	Items	Note	2023	2022
AAAA	Cash flows from operating activities:			
A10000	Profit before tax		$552,179	$296,848
A20000	Adjustments for:			
A20010	Adjustments to reconcile profit(loss):			
A20100	Depreciation expense (including right-of-use assets)		62,766	52,436
A20200	Amortization expense		2,274	2,411
A20400	Net gain from financial asset measured at fair value through profit or loss		(68)	(2)
A20900	Interest expenses		1,697	1,554
A21200	Interest income		(996)	(2,487)
A22300	Share of profit of associates and joint ventures accounted for using the equity method		(485,608)	(245,687)
A22500	Gain on disposals of property, plant and equipment		(39)	(9)
A23100	Gain on disposals of investments		(301)	(152)
A23700	Loss for market price decline and obsolete and slow-moving inventories		2,820	500
A24100	Unrealized foreign exchange losses		-	153
A30000	Changes in operating assets and liabilities:			
A31130	Decrease (Increase) in notes and trade receivables		27,832	(4,106)
A31160	Decrease (Increase) in trade receivables from related parties		38,242	(105,903)
A31200	Decrease (Increase) in inventories		118,845	(118,523)
A31230	Decrease in prepayments		385	4,692
A31240	Decrease (Increase) in other current assets		8,326	(53)
A32125	Increase in contract liabilities		910	15,178
A32130	(Decrease) Increase in notes payable		(59,572)	82,672
A32150	(Decrease) Increase in trade payables		(21,250)	27,219
A32160	(Decrease) Increase in trade payables to related parties		(8,296)	6,836
A32180	Increase in other payables		1,276	12,259
A32230	(Decrease) Increase in other current liabilities		(12,745)	15,588
A32240	(Increase) Decrease in net defined benefit assets		(257)	109
A33000	Cash generated from operations		228,420	41,533
A33300	Interest paid		(1,685)	(1,497)
A33500	Income tax paid		(43,635)	(26,368)
AAAA	Net cash from operating activities		183,100	13,668

Code	Items	Note	2023	2022
BBBB	Cash flows from investing activities:			
B00050	Proceeds from disposal of financial assets measured at amortized cost		-	8,724
B00100	Acquisition of financial assets at fair value through profit or loss		(315,000)	(370,000)
B00200	Proceeds from disposal of financial assets at fair value through profit or loss		255,301	375,152
B02700	Acquisition of property, plant and equipment		(66,360)	(80,247)
B02800	Proceeds from disposals of property, plant and equipment		39	256
B03700	Increase in refundable deposits		(6)	-
B03800	Decrease in refundable deposits		-	321
B04500	Acquisition of intangible assets		(6,361)	(993)
B07100	(Increase) Decrease in prepayments for equipment		(15,494)	515
B07500	Interest received		996	2,487
B07600	Dividends received		80,200	238,755
BBBB	Net cash (used in) from investing activities		(66,685)	174,970
CCCC	Cash flows from financing activities:			
C00100	Increase in short-term borrowings		220,000	140,000
C00200	Decrease in short-term borrowings		(230,000)	(150,000)
C01700	Repayments of long-term borrowings		(17,187)	-
C03000	Increase in deposits received		189	531
C03100	Decrease in deposits received		(80)	(200)
C04020	Payment of lease liabilities		(207)	(784)
C04500	Cash dividends paid		(154,140)	(154,140)
CCCC	Net cash used in financing activities		(181,425)	(164,593)
EEEE	(Decrease) Increase in current cash and cash equivalents		(65,010)	24,045
E00100	Cash and cash equivalents at the beginning of the period		99,926	75,881
E00200	Cash and cash equivalents at the end of the period	6 (1)	$34,916	$99,926

(The accompanying notes are an integral part of the parent company only financial statements.)

Kian Shen Corporation

Notes to Parent Company Only Financial Statements

For the Year Ended December 31, 2023 and
For the Year Ended December 31, 2022
(Amounts are Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. History and organization

Kian Shen Corporation (the "Company") was established in Taoyuan City in May 1963. The Company is mainly engaged in the manufacturing and sales of automobile body beams, stamping molds, woodworking products, etc.

The Company's shares were listed and traded on the Taiwan Stock Exchange (TWSE) in May 1999.

The parent company of the Company is China Motor Corporation, which held 44% ordinary shares of the Company as of December 31, 2023 and 2022.

2. Date and procedures of authorization of financial statements for issue

The parent company only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue in accordance with a resolution of the Board of Directors' meeting on March 8, 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	January 1, 2024
2	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	January 1, 2024
3	Non-current Liabilities with Covenants – Amendments to IAS 1	January 1, 2024
4	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	January 1, 2024

A. Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.

C. Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The above-mentioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after January 1, 2024. The new or amended standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 “Insurance Contracts”	January 1, 2023
3	Lack of Exchangeability – Amendments to IAS 21	January 1, 2025

A. IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B.IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after January 1, 2023 (from the original effective date of January 1, 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after January 1, 2023.

C.Lack of Exchangeability – Amendments to IAS 21

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The above-mentioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. The new or amended standards and interpretations have no material impact on the Company.

4. Summary of material accounting policies

(1) Statement of compliance

The parent company only financial statements of the Company for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”).

(2) Basis of preparation

The parent company only financial statements of the Company have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”). According to Article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to shareholders of the parent presented in the financial reports prepared on a consolidated basis, and the shareholders’ equity presented in the parent company only financial reports will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under “investments accounted for using the equity method” in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars (“NT$”) unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in its functional currency, New Taiwan Dollars(NTD).

Transactions in foreign currencies are initially recorded by the Company's functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as of the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

Each foreign operation of the Company determines its function currency upon its primary economic environment and items included in the financial statements of each operation are measured using that functional currency. The assets and liabilities of foreign operations are translated into New Taiwan Dollars at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. On the partial disposal of foreign operations that result in a loss of control, loss of significant influence or joint control but retain partial equity is considered disposal.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is adjusted in “investments accounted for using the equity method”. In partial disposal of an associate or jointly controlled entity that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when it meets one of the following conditions; otherwise, it will be classified as non-current:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Company holds the asset primarily for the purpose of trading.
C. The Company expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

A liability is classified as current when it meets one of the following conditions; otherwise, it will be classified as non-current:

A. The Company expects to settle the liability in its normal operating cycle.
B. The Company holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 12 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 Financial Instruments are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Recognition and Measurement of Financial assets

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, trade receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as of the reporting date:

a. The financial asset is held within a business model whose objective is to hold financial assets to collect contractual cash flows.
b. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial assets measured at fair value through profit or loss

Financial assets were measured at amortized cost or measured at fair value through other comprehensive income only if they met particular conditions. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss and trade receivables.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at financial assets measured at amortized cost.

The Company measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

a. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance for a financial asset at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that condition is no longer met.
b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has been increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. the rights to receive cash flows from the asset have expired
b. the Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred
c. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 Financial Instruments are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques which are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(9) Inventories

Inventories are valued at lower of cost and net realizable value by product and item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials – The costs are usually priced according to standard costs, and will be adjusted back to the actual costs on the settlement date.

Molds, finished goods and work-in-progress – Cost of direct materials and director labor and manufacturing overheads. Fixed manufacturing overheads are allocated based on normal production capacity. Molds, work-in-progress and finished goods are usually priced according to standard costs, and will be adjusted back to the actual costs on the settlement date.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

(10) Investments accounted for using the equity method

According to Article 21 of the Regulations, the investments in subsidiaries will be disclosed under "investments accounted for using the equity method" and change in value will be adjusted to comply. The profit or loss and other comprehensive income presented in parent company only financial reports will be the same as the allocations of profit or loss and 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 will be the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. The difference of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under "investments accounted for using the equity method," "share of profit of subsidiaries and associates accounted for using the equity method" and "share of other comprehensive income of subsidiaries and associates accounted for using the equity method."

The Company's investment in its associates is accounted for using the equity method. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affect the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing of the associate or joint venture on a pro-rata basis.

When the associate or joint venture issues new shares, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in capital surplus and investments accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro-rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 Investments in Associates and Joint Ventures. If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 Impairment of Assets. In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(11) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognizes such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 Property, plant and equipment. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated using the method of average based on the estimated economic lives of the following assets:

Assets	Useful lives
Land improvements	3 to 20 years
Plant and equipment	3 to 60 years
Machinery and equipment	4 to 10 years
Miscellaneous equipment	2 to 12 years

An item of property, plant and equipment and any significant component initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(12) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether the contract, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximizing the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which is increasing the carrying amount to reflect interest on the lease liability by using an effective interest method; and reducing the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use asset applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and presents interest expense separately from the depreciation charge associated with those leases in the statement of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(13) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as of the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The Company’s intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies information applied to the Company's intangible assets is as follows:

	Cost of computer software
Useful lives	Finite 1 to 5 years
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

(14) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 "Impairment of Assets" may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(15) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

Sales of goods

The Company mainly manufactures and sells automotive frames, wooden beds and automotive sheet metal components. Revenue is recognized when the promised goods are delivered to the customer and the significant risks and rewards of commodity ownership are transferred to the buyer (that is, the customer's ability to direct the use of the goods and obtain substantially all remaining benefits of the goods) and the acceptance of the goods are confirmed.

The credit period of the Company's sale of goods is from 30 to 95 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. However, for some contracts, as part of the consideration is collected from customers when signing the contract, the Company is obliged to provide rendering of services in the future, leading the contract to be recognized as a contract liability.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arisen.

Rendering of services

The income for rendering of services arises from the provision of technical services by the Company, and the customer obtains and consumes performance obligations at the same time. The agreement of income for rendering of services is determined based on production, sales and other measurement methods, and the income is recognized in accordance with the terms of the agreement.

(16) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs or termination benefits costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(18) Income tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences and at the time of the transaction.

B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination, affects neither the accounting profit nor taxable profit or loss at the time of the transaction, and does not give rise to equal taxable and deductible temporary differences at the time of the transaction.

B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company's parent company only financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more information.

Inventory valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. Contents of significant accounts

(1)Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$220	$120
Bank deposits	34,696	29,939
Time deposits	-	69,867
Total	$34,916	$99,926

(2)Notes and trade receivables (including related parties)

	December 31, 2023	December 31, 2022
Notes receivables	$-	$3
Less: loss allowance	-	-
Subtotal	-	3
Trade receivables	13,760	41,589
Trade receivables from related parties	218,623	256,865
Less: loss allowance	(2,461)	(2,461)
Subtotal	229,922	295,993
Total	$229,922	$295,996

Notes receivables and trade receivables arose from operations and were not pledged.

Trade receivables are generally on 30 to 95 day terms. The total carrying amounts of trade receivables as of December 31, 2023 and 2022 were NT$232,383 thousand, and NT$298,457 thousand, respectively. The Company recognizes loss allowance for trade receivables based on lifetime expected credit losses. Lifetime expected credit losses are calculated according to the customer's past default records and current financial position. Historical experience shows that the Company's notes receivable and trade receivables have no significant recovery risk, and there is no significant difference in the credit loss patterns of different customer groups. Therefore, the Company does not further distinguish its customer groups, and the expected credit losses are only assessed based on the number of days overdue for notes receivable and trade receivables. Please refer to Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The age of notes and trade receivables are disclosed as follows:

	December 31, 2023	December 31, 2022
Not yet due	$219,604	$289,328
Overdue 1-60 days	9,398	9,118
Overdue 61-90 days	1,756	3
Overdue >=91 days	1,625	8
Gross carrying amount	232,383	298,457
Loss allowance (lifetime expected credit losses)	(2,461)	(2,461)
Total	$229,922	$295,996

(3)Inventories

	December 31, 2023	December 31, 2022
Raw materials	$62,310	$87,801
Work in progress	63,628	76,744
Finished goods	22,901	79,554
Molds	59,741	86,146
Total	$208,580	$330,245

The cost of inventories recognized in cost of sales amounted to NT$1,417,745 thousand and NT$1,352,764 thousand for the years ended December 31, 2023 and 2022, respectively, including the following net income and losses related to inventories.

	2023	2022
Revenue from sale of scraps	$10,702	$12,064
Losses on inventory obsolescence	(1,431)	-
Losses on physical inventory	(2,453)	(2,965)
Losses for market price decline and obsolete and slow-moving inventories	(2,820)	(500)
Net	$3,998	$8,599

No inventories were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4)Investments accounted for using equity method

A.The following table lists the investments accounted for using the equity method of the Company:

	December 31, 2023		December 31, 2022	
Investees	Amount	Shareholding	Amount	Shareholding
Investment in subsidiaries:				
Kian Shen Investment Co.,Ltd.	$4,606,329	100%	$4,205,624	100%

Investments in subsidiaries are reported as "investments accounted for using the equity method" in parent company only financial statements with necessary adjustments for valuation.

B.The details of investment income (losses) and translation adjustments accounted for using the equity method in the audited financial statements provided by the investees for the years ended December 31, 2023 and 2022 are as follows:

	2023		2022	
Investees	Investment income (losses)	Translation adjustments	Investment income (losses)	Translation adjustments
Investment in subsidiaries:				
Kian Shen Investment Co.,Ltd.	$485,608	$84,903	$245,687	$56,482

C.The aforementioned investments in associates were not pledged.

(5)Property, plant and equipment

	December 31, 2023	December 31, 2022
Owner occupied property, plant and equipment	$553,995	$549,636

A.Owner occupied property, plant and equipment

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Land improvements	Plant and equipment	Machinery and equipment	Miscellaneous equipment	Total
Cost:						
January 1, 2023	$263,580	$28,672	$296,669	$687,322	$192,939	$1,469,182
Additions	-	-	5,625	40,954	19,430	66,009
Disposal	-	-	-	(7,050)	(2,922)	(9,972)
Reclassification	-	-	775	137	-	912
December 31, 2023	$263,580	$28,672	$303,069	$721,363	$209,447	$1,526,131
January 1, 2022	$263,580	$27,792	$290,038	$636,722	$181,814	$1,399,946
Additions	-	880	6,487	57,513	15,367	80,247
Disposal	-	-	-	(7,340)	(4,242)	(11,582)
Reclassification	-	-	144	427	-	571
December 31, 2022	$263,580	$28,672	$296,669	$687,322	$192,939	$1,469,182
Depreciation and impairment:						
January 1, 2023	$-	$26,800	$237,214	$521,250	$134,282	$919,546
Depreciation	-	426	9,537	35,440	17,159	62,562
Disposal	-	-	-	(7,050)	(2,922)	(9,972)
December 31, 2023	$-	$27,226	$246,751	$549,640	$148,519	$972,136
January 1, 2022	$-	$26,422	$228,338	$501,199	$123,254	$879,213
Depreciation	-	378	8,876	27,391	15,023	51,668
Disposal	-	-	-	(7,340)	(3,995)	(11,335)
December 31, 2022	$-	$26,800	$237,214	$521,250	$134,282	$919,546
Net carrying amounts as of:						
December 31, 2023	$263,580	$1,446	$56,318	$171,723	$60,928	$553,995
December 31, 2022	$263,580	$1,872	$59,455	$166,072	$58,657	$549,636

B. The property, plant and equipment were not pledged.

C. No interest was capitalized due to the acquisition of property, plant and equipment.

D. Components of building that have different useful lives are main building structure, electromechanical power equipment and engineering systems, which are depreciated over 3 to 60 years, 3 to 30 years and 3 to 20 years, respectively.

(6) Post-employment benefits

Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company and its domestic subsidiaries would make monthly contributions to the employees' individual pension accounts at the amounts not less than 6% of the employees' monthly wages. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 amounted to NT$6,812 thousand and NT$6,535 thousand, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contribute an amount equivalent to 2% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension 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. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$1,000 thousand to its defined benefit plan during the 12 months beginning after December 31, 2023.

As of December 31, 2023 and 2022, the Company's defined benefit plans are expected to expire in 2029 and 2028, respectively.

Amounts for defined benefit plans to be recognized in profit or loss are summarized as follows:

	2023	2022
Current service cost	$707	$1,061
Net interest of net defined benefit (assets) liabilities	(25)	40
Total	$682	$1,101

Reconciliations of liabilities (assets) of the defined benefit obligation and plan assets at fair value are as follows:

	December 31, 2023	December 31, 2022	January 1, 2022
Defined benefit obligation	$92,258	$97,419	$109,012
Plan assets at fair value	(93,517)	(98,764)	(99,554)
Net defined benefit (assets) liabilities	$(1,259)	$(1,345)	$9,458

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Reconciliations of the net defined benefit liabilities (assets):

	Defined benefits obligation	Plan assets Fair value	Benefit liabilities (assets)
January 1, 2022	$109,012	$(99,554)	$9,458
Current service cost	1,061	-	1,061
Interest expenses (income)	545	(505)	40
Subtotal	110,618	(100,059)	10,559
Remeasurements of defined benefit liabilities/assets:			
Experience adjustments	1,663	-	1,663
Actuarial losses (gains) arising from changes in financial assumptions	(4,305)	-	(4,305)
Profit or loss arising from return on plan assets	-	(8,270)	(8,270)
Subtotal	(2,642)	(8,270)	(10,912)
Benefits paid	(10,557)	10,557	-
Contributions by employer	-	(992)	(992)
December 31, 2022	97,419	(98,764)	(1,345)
Current service cost	707	-	707
Interest expenses (income)	1,340	(1,365)	(25)
Subtotal	99,466	(100,129)	(663)
Remeasurements of defined benefit liabilities/assets:			
Experience adjustments	352	-	352
Actuarial losses (gains) arising from changes in financial assumptions	723	-	723
Profit or loss arising from return on plan assets	-	(733)	(733)
Subtotal	1,075	(733)	342
Benefits paid	(8,283)	8,283	-
Contributions by employer	-	(938)	(938)
December 31, 2023	$92,258	$(93,517)	$(1,259)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The principal assumptions used in determining the Company's defined benefit plan are shown below:

	December 31, 2023	December 31, 2022
Discount rate	1.250%	1.375%
Expected rate of salary increases	2.250%	2.250%

Sensitivity analysis for significant assumptions is shown below:

	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.25%	$-	$1,438	$-	$1,627
Discount rate decrease by 0.25%	1,473	-	1,669	-
Rate of future salary increases by 0.25%	1,433	-	1,625	-
Rate of future salary increases by 0.25%	-	1,406	-	1,593

The sensitivity analysis above is based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$60,000	$70,000
Interest Rates (%)	1.88%	1.81%~1.88%

The Company's unused short-term lines of credits amounted to NT$310,000 thousand, and NT$155,000 thousand, as of December 31, 2023 and 2022, respectively.

(8) Long-term borrowings

A. As of December 31, 2023:

Lenders	December 31, 2023	Interest Rate (%)	Maturity date and terms of repayment	Collateral
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	$7,500	1.475%	The loan is effective from July 31, 2019 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	11,250	1.475%	The loan is effective from October 3, 2019 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	13,125	1.475%	The loan is effective from April 24, 2020 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	19,688	1.475%	The loan is effective from May 14, 2020 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Subtotal	51,563			
Less: Long-term borrowings, current portion	(51,563)			
Total	$-			

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. As of December 31, 2022:

Lenders	December 31, 2022	Interest Rate (%)	Maturity date and terms of repayment	Collateral
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	$10,000	1.350%	The loan is effective from July 31, 2019 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	15,000	1.350%	The loan is effective from October 3, 2019 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	17,500	1.350%	The loan is effective from April 24, 2020 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Unsecured loan from Shanghai Commercial & Savings Bank, Ltd.	26,250	1.350%	The loan is effective from May 14, 2020 to July 31, 2024 with payment settled in installments and interest paid monthly.	None
Subtotal	68,750			
Less: Long-term borrowings, current portion	(17,187)			
Total	$51,563			

None of the above loans are pledged.

(9) Equities

A. Share capital

As of December 31, 2023 and 2022, the Company's authorized capital was both NT$800,000 thousand at par value of NT$10 each share, divided into 80,000 thousand shares, and the paid-in capital was NT$734,001 thousand at par value of NT$10 each share. Each share has one voting right and a right to receive dividends.

B. Capital surplus

	December 31, 2023	December 31, 2022
Donated assets received	$1,251	$1,251

According to the Company Act, the capital reserve shall not be used except for offsetting deficit of the company. When a company does not have deficit, it may distribute the capital reserve derived from the issuance of new shares at premiums in excess of par or income from endowments received by the Company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes;
b. Offset prior years' operation losses;
c. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve;
d. Set aside or reverse special reserve in accordance with law and regulations; and
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The Company's dividend policies are based on the Company's profit for the current year and the accumulated profit of previous fiscal years. After considering the Company's profit, capital structure and future operating needs, the Company determines the dividends to be distributed, which is drafted and proposed by the Board of Directors and resolved in the shareholders' meeting every year in accordance with the laws and regulations. The dividend payment policies will be determined based on factors such as capital needs and the degree of diluted earnings per share, and the dividends will be appropriately paid by stock or cash. For the distribution of the above dividends, the proportion of cash dividends shall be no less than the 20% of the dividend distributed for the current year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

According to existing regulations, when the Company distribute distributable earnings, it shall set aside to special reserve, from the profit/loss of the current period and the undistributed earnings from the previous period, an amount equal to “other net deductions from shareholders’ equity for the current fiscal year, provided that if the company has already set aside special reserve in the first-time adoption of the IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved at the board meeting and shareholders’ meeting held on March 8, 2024 and June 15, 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$40,355	$27,855		
Set aside (reverse) of special reserves	84,903	(56,482)		
Cash dividend of common stock	242,220	154,140	$3.3	$2.1

Please refer to Note 6 (11) for details on employees’ compensation and remuneration to directors.

(10) Operating revenue

	2023	2022
Revenue from contracts with customers		
Sale of goods	$1,588,617	$1,487,347
Other operating revenues	9,879	12,918
Total	$1,598,496	$1,500,265

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. Disaggregation of revenue

	2023	2022
Sales of goods	$1,588,617	$1,487,347
Rendering of services	9,879	12,918
Total	$1,598,496	$1,500,265

	2023	2022
Timing of revenue recognition:		
At a point in time	$1,588,617	$1,487,347
Over time	9,879	12,918
Total	$1,598,496	$1,500,265

B. Contract balances

Contract liabilities - current

	December 31, 2023	December 31, 2022	January 1, 2022
Sales of goods	$65,408	$64,498	$49,320

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
The opening balance transferred to revenue	$(64,498)	$(49,320)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	65,408	64,498
Changes during the period	$910	$15,178

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Summary statement of employee benefits, depreciation and amortization expenses by function

Function / Nature	2023			2022		
	Operating Cost	Operating Expense	Total	Operating Cost	Operating Expense	Total
Employee benefits expense						
Salaries and wages	$150,936	$57,698	$208,634	$151,454	$50,939	$202,393
Labor and health insurance	17,070	5,751	22,821	16,241	5,351	21,592
Pension	5,368	2,126	7,494	5,533	2,103	7,636
Director's remuneration	-	3,331	3,331	-	3,737	3,737
Other employee benefits expense	9,005	1,787	10,792	8,386	1,713	10,099
Depreciation	57,474	5,292	62,766	47,252	5,184	52,436
Amortization	238	2,036	2,274	160	2,251	2,411

As at December 31, 2023 and 2022, the numbers of employees were 340 and 331 respectively, both including 9 non-employee directors.

Expenses of average employee benefits for years ended December 31, 2023 and 2022 were NT$754 thousand and NT$751 thousand, respectively.

Expenses of average salaries and wages for the years ended December 31, 2023 and 2022 were NT$630 thousand and NT$629 thousand, respectively. There is no significant adjustment to the average employee salaries and wages.

The Company established an audit committee on July 1, 2022, to replace the supervisors. Therefore, there was no remuneration to supervisors for the year ended December 31, 2023, and the remuneration to supervisors for the year ended December 31, 2022 was NT$96 thousand.

The Company's remuneration policies are illustrated as follows:

The employees' compensation includes monthly salary, holiday bonus, year-end bonus, growth performance bonus for management team and other incentive bonuses. The amount distributed depends on the position, contribution and performance of employees.

The performance evaluation and salary of the Company's directors and managers are reviewed by the remuneration committee based on their positions, contributions, the Company's operating performance for the year and consideration of the Company's future risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The remuneration to directors is determined reasonably based on their participation in the operations, the value of their contributions, and with reference to the Company's overall operating performance. The reasonableness of the relevant remuneration are reviewed and approved by the remuneration committee and the Board of Directors to ensure the Company's sustainable operations and the balance of risk control.

The Company’s estimated employees’ compensation and remuneration to directors for the years ended December 31, 2023 and 2022 are as follows:

	2023	2022
Employee compensation	$3,601	$2,344
Remuneration to directors	2,659	1,717

A resolution was passed at a Board of Directors’s meeting held on March 10, 2023 to distribute NT$2,344 and NT$1,717 thousand in cash as employees’ compensation and remuneration to directors for the year ended December 31, 2022, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2022.

No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended December 31, 2021.

(12) Non-operating income and expenses

A. Interest income

	2023	2022
Interest on bank deposits	$996	$2,487

B. Other income

	2023	2022
Rental income	$667	$667
Other revenue	367	822
Total	$1,034	$1,489

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Other gains and losses

	2023	2022
Gain on disposal of investments	$301	$152
Foreign exchange gain, net	237	3,635
Net gain on financial asset measured at fair value through profit or loss	68	2
Gain on disposal of property, plant and equipment	39	9
Others	(6)	(100)
Total	$639	$3,698

D. Finance costs

	2023	2022
Interest on borrowings from bank	$1,696	$1,546
Interest on lease liabilities	1	8
Fee expense	-	7
Total	$1,697	$1,561

(13) Components of other comprehensive income

A. Other comprehensive income for the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax benefit	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(343)	$-	$(343)	$68	$(275)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(23,549)	-	(23,549)	-	(23,549)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(61,354)	-	(61,354)	-	(61,354)
Total other comprehensive income	$(85,246)	$-	$(85,246)	$68	$(85,178)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B.Other comprehensive income for the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income	Income tax expenses	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$10,912	$-	$10,912	$(2,182)	$8,730
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	3,382	-	3,382	-	3,382
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	53,100	-	53,100	-	53,100
Total other comprehensive income	$67,394	$-	$67,394	$(2,182)	$65,212

(14) Income tax

The major components of income tax expense (income) are as follows:

A.Income tax recognized in profit or loss

	2023	2022
Current income tax expense:		
Current income tax payable	$19,836	$82,803
Adjustments in respect of current income tax of prior periods	2,302	(6,806)
Tax refund for offshore fund	(4,326)	(593)
Income tax on undistributed earnings	7,652	4,658
Deferred tax income:		
Deferred tax expense (income) relating to origination and reversal of temporary differences	122,892	(53,032)
Income tax expense	$148,356	$27,030

B.Income tax relating to components of other comprehensive income

	2023	2022
Deferred tax (income) expense:		
Actuarial gains and losses on defined benefits	$(68)	$2,182
Income tax relating to components of other comprehensive income	$(68)	$2,182

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. A reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	2023	2022
Profit before tax from continuing operations	$552,179	$296,848
Tax at the domestic rates applicable to profits in the country concerned	$110,436	$59,370
Tax effect of deferred tax assets/liabilities	26,295	(29,568)
Income tax on undistributed earnings	7,652	4,658
Adjustments in respect of current income tax of prior periods	2,302	(6,806)
Tax effect of revenues exempt from taxation	(98)	(31)
Other income tax effects adjusted in accordance with the tax laws and regulations	6,095	-
Tax refund for offshore fund	(4,326)	(593)
Total income tax expense recognized in profit or loss	$148,356	$27,030

D. Deferred tax assets (liabilities) relate to the following:

For the year ended December 31, 2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Allowance for inventory valuation losses	$2,200	$564	$-	$2,764
Expected credit losses	89	-	-	89
Unrealized exchange gains or losses	(75)	(39)	-	(114)
Reserve for land value increment tax	(69,799)	-	-	(69,799)
Investments accounted for using equity method	(197,285)	(123,417)	-	(320,702)
Net defined benefit assets	(269)	-	68	(201)
Deferred tax (expense) income		$(122,892)	$68	
Net deferred tax (liabilities) assets	$(265,139)			$(387,963)
Reflected in balance sheet as follows:				
Deferred tax assets	$2,289			$2,853
Deferred tax liabilities	$(267,428)			$(390,816)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending Balance
Temporary differences				
Allowance for inventory valuation losses	$2,100	100	$-	$2,200
Expected credit losses	89	-	-	89
Unrealized exchange gains or losses	62	(137)	-	(75)
Reserve for land value increment tax	(69,799)	-	-	(69,799)
Investments accounted for using equity method	(250,332)	53,047	-	(197,285)
Net defined benefit assets	1,891	22	(2,182)	(269)
Deferred tax income (expense)		$53,032	$(2,182)	
Net deferred tax (liabilities) assets	$(315,989)			$(265,139)
Reflected in balance sheet as follows:				
Deferred tax assets	$4,142			$2,289
Deferred tax liabilities	$(320,131)			$(267,428)

E. The assessment of income tax returns

As of December 31, 2023, the Company was subject to the regulations of the Taiwan tax jurisdiction, and the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
Kian Shen Corporation	Assessed and approved up to 2021

(15) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	2023	2022
A. Basic earnings per share		
Profit attributable to ordinary equity holders of the Company	$403,823	$269,818
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands):	73,400	73,400
Basic earnings per share (NT$)	$5.50	$3.68

	2023	2022
B. Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company	$403,823	$269,818
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	73,400	73,400
Add: Effect of employee stock-based compensation	53	51
Weighted average number of ordinary shares outstanding after dilution (in thousands)	73,453	73,451
Diluted earnings per share (NT$)	$5.50	$3.67

7. Related party transactions

Nature of relationships of the related parties is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(1) Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
China Motor Corporation	Parent company of the Company
Kian Shen Investment Co., Ltd.	Subsidiary of the Company
Kian Shen Investment Hong Kong Co.,Limited.	Sub-subsidiary of the Company
Kuozui Motors, Ltd.	Investors that have significant influence over the Company
Yulon Motor Co., Ltd.	Investors that have significant influence over the Company
ROC-Spicer Ltd.	Associate of the parent company
Coc Tooling & Stamping Co., Ltd.	Associate of the parent company
Hua-Chung Automobile Information Technical Center Co., Ltd.	Associate of the parent company
Sino Diamond Motors Corporation	Associate of the parent company
Yue Ki Industrial Co., Ltd.	Associate of the parent company
Yulon Management Company Ltd.	Associate of the parent company
Luxgen Motor Co., Ltd.	Associate of the parent company
Yulon Nissan Motor Co., Ltd.	Associate of the parent company
Fuzhou Fuxiang Motor Co., Ltd.	Joint venture of the Company
Guangzhou NTN-Yulon Drivetrain Co., Ltd.	Joint venture of the Company
Xiangyang NTN-Yulon Drivetrain Co., Ltd.	Joint venture of the Company
Xiamen King-Long Kian-Shen Frame Co., Ltd.	Joint venture of the Company
King-Long Kian-Shen (Hangzhou) Co., Ltd.	Joint venture of the Company

(2) Significant transactions with the related parties

A.Operating revenue

	2023	2022
Sales revenue		
Parent company	$562,763	$603,800
Investors that have significant influence over the Company		
Kuozui Motors, Ltd.	723,235	682,241
Yulon Motor Co., Ltd.	22,198	26,237
Associate of the parent company	25,795	22,785
Other operating revenues		
Joint venture	9,559	12,599
Total	$1,343,550	$1,347,662

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The transaction prices between the Company and related parties are determined based on the agreed terms and conditions; except for the transaction of molds, which are collected according to the agreed period in the contract. The collection period with related parties and non-related parties is from 30 days to 95 days end of the month.

B.Purchases

	2023	2022
Parent company	$35	$82
Investors that have significant influence over the Company		
Kuozui Motors, Ltd.	62,078	72,962
Yulon Motor Co., Ltd.	4,849	5,283
Associate of the parent company		
Yue Ki Industrial Co., Ltd.	135,639	166,935
Others	239	-
Total	$202,840	$245,262

C.Trade receivables from related parties

	December 31, 2023	December 31, 2022
Parent company	$98,774	$109,327
Investors that have significant influence over the Company		
Kuozui Motors, Ltd.	109,424	134,324
Yulon Motor Co., Ltd.	1,777	7,489
Associate of the parent company	8,648	5,725
Total	$218,623	$256,865

D.Trade payables to related parties (including notes payable, trade payables and other payables)

	December 31, 2023	December 31, 2022
Parent company	$298	$270
Investors that have significant influence over the Company		
Kuozui Motors, Ltd.	16,173	16,969
Yulon Motor Co., Ltd.	489	1,358
Associate of the parent company		
Yue Ki Industrial Co., Ltd.	42,626	72,830
Others	430	830
Total	$60,016	$92,257

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

E.Contract liabilities

	December 31, 2023	December 31, 2022
Parent company	$15,657	$12,912
Investors that have significant influence over the Company		
Kuozui Motors, Ltd.	34,689	36,431
Yulon Motor Co., Ltd.	8,050	8,050
Associate of the parent company	17	17
Total	$58,413	$57,410

F.Other related party transactions

Kuozui Motors, Ltd., Yulon Motor Co.,Ltd., Yulon Management Company Ltd. and China Motor Corporation provide management services fore the merged entity. For the years ended December 31, 2023 and 2022, the total administrative expenses amounted to NT$5,462 thousand and NT$5,621 thousand, respectively.

G.Key management personnel compensation

	2023	2022
Short-term employee benefits	$38,603	$36,243
Post-employment benefits	1,045	1,005
Total	$39,648	$37,248

The remuneration to directors and other key management personnel compensation are determined by the remuneration committee based on individual performance and market trends.

8. Assets pledged as security

None.

9. Significant contingencies and unrecognized contractual commitments

As of December 31, 2023, the Company's guaranteed bills, including guaranteed bills for financial instruments, issued for the opening of credit lines and which have not yet been collected or canceled amounted to NT$30,000 thousand.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1)Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets measured at fair value through profit or loss		
Financial assets mandatorily measured at fair value through profit or loss	$75,072	$15,004
Financial assets measured at amortized cost		
Cash and cash equivalents	34,916	99,926
Notes and trade receivables (including related parties)	229,922	295,996
Total	$339,910	$410,926

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$60,000	$70,000
Notes and trade payable (including related parties)	284,611	373,729
Other payables (including related parties)	76,217	75,281
Long-term borrowings(including current portion with maturity less than 1 year)	51,563	68,750
Leases liabilities	-	206
Total	$472,391	$587,966

(2)Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3)Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market risks comprise foreign currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variables; there are usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for CNY. The information of the sensitivity analysis is as follows:

When NTD strengthens/weakens against CNY by 1%, the profit before tax for the years ended December 31, 2023 and 2022 would decrease/increase by NT$67 thousand and NT$1,657 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates primarily relates to the loans at variable interest rates, with part of the risk offset by bank deposits held at variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans and borrowings. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including long-term and short-term loan contracts at variable interest rates and part of the risk is offset by bank deposits held at variable interest rates. At the reporting date, an increase/decrease of 1 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to decrease/increase by NT$262 thousand and NT$326 thousand, respectively.

(4)Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for trade receivable and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counterparties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

Except for Client A and Client B, the Company does not have significant credit risk exposure to any single counterparty or any group of counterparties with similar characteristics. Except for Client A and Client B, the concentration of credit risk on other clients at any time during the period did not exceed 10% of the total trade receivable. Since Client A and Client B are both reputable manufacturers, the credit risk is limited.

(5)Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amounts include the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial liabilities

	Less than 1 year	1 to 5 years	Total
December 31, 2023			
Bank loans (short-term and long-term)	$112,008	$-	$112,008
Notes and trade payable (including related parties)	284,611	-	284,611
Other payables (including related parties)	76,217	-	76,217

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Less than 1 year	1 to 5 years	Total
December 31, 2022			
Bank loans (short-term and long-term)	$88,371	$51,795	$140,166
Notes and trade payable (including related parties)	373,729	-	373,729
Other payables (including related parties)	75,281	-	75,281
Leases liabilities	208	-	208

Derivative financial liabilities

None.

(6)Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term borrowings	Long-term borrowings (including current portion)	Leases liabilities	Total liabilities from financing activities
January 1, 2023	$70,000	$68,750	$206	$138,956
Cash flows	(10,000)	(17,187)	(207)	(27,394)
Non-cash changes	-	-	1	1
As of December 31, 2023	$60,000	$51,563	$-	$111,563

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term borrowings	Long-term borrowings (including current portion)	Leases liabilities	Total liabilities from financing activities
January 1, 2022	$80,000	$68,750	$982	$149,732
Cash flows	(10,000)	-	(784)	(10,784)
Non-cash changes	-	-	8	8
December 31, 2022	$70,000	$68,750	$206	$138,956

(7)Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, trade receivables, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including beneficiary certificates, etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (for example, listed private placement stocks, and listed stocks and unlisted stocks without market quotations) are estimated by self-evaluation methods. The evaluation methods used to estimate the fair value include value method based on the company's closing net asset value or the latest transaction price in an inactive market.

B. Fair value of financial instruments measured at amortized cost

The carrying amount of the Company’s financial assets and financial liabilities measured at amortized cost approximate their fair value.

C. Fair value recognized on balance sheet

Please refer to Note 12 (9) for fair value measurement hierarchy for financial instruments of the Company.

(8)Derivative financial instruments

The Company does not have any derivative financial instruments that do not qualify for hedging accounting and have not yet matured.

(9)Fair value measurement hierarchy

A.Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) prices in active markets for identical assets or liabilities that the entity can access at the measurement date

Level 2: Inputs other than quoted market 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 liabilities

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B.Fair value measurement hierarchy of the Company's assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company's assets and liabilities measured at fair value on a recurring basis is as follows:

As of December 31, 2023:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$75,072	$-	$-	$75,072

As of December 31, 2022:

	Level 1	Level 2	Level 3	Total
Assets measured at fair value:				
Measured at fair value through profit or loss				
Financial assets mandatorily measured at fair value through profit or loss	$15,004	$-	$-	$15,004

Transfers between Level 1 and Level 2 during the period

For the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

(10)Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Amount Unit: in thousands

	December 31, 2023		
	Foreign currencies	Exchange rate of foreign currency against functional currency	Carrying Amount
Foreign currency assets			
Monetary items			
CNY	$1,546	4.327 (Note 1)	$6,690
Non-monetary items			
Joint venture accounted for using the equity method			
CNY	1,064,555	4.327 (Note 1)	4,606,329

Amount Unit: in thousands

	December 31, 2022		
	Foreign currencies	Exchange rate of foreign currency against functional currency	Carrying Amount
Foreign currency assets			
Monetary items			
CNY	$37,590	4.408 (Note 1)	$165,695
Non-monetary items			
Joint venture accounted for using the equity method			
CNY	954,089	4.408 (Note 1)	4,205,624

Note 1: Exchanged from CNY to NTD.

Due to the wide variety of individual functional currencies of the Company, it is not possible to disclose the exchange gains and losses of monetary financial assets and liabilities by each significant asset and liability denominated in foreign currencies. The foreign exchange gains amounted to NT$237 thousand and NT$3,635 thousand for the years ended December 31, 2023 and 2022, respectively.

(11)Capital management

The Company's goal in managing capital is to provide shareholders with adequate returns by optimizing the balances of debt and equity while continuing to operate and grow its business.

The Company's capital structure management strategy is formulated based on the industrial scale of the operating businesses, the future growth of the industry and the product development blueprint to set the Company's appropriate market share and plan the required production capacity and prepare the plant and equipment and corresponding capital expenditures to achieve the production capacity. The Company then calculates the required operating capital and cash according to the characteristics of the industry to make an overall plan for the scale of various assets required for the long-term development of the Company. Finally, the Company determines the most appropriate capital structure by estimating possible contribution margin for products, operating income and cash flows based on its product competitiveness, and considering risk factors such as the volatility of business cycles and its product life cycles. The Company's management regularly reviews its capital structure and takes into account the costs and risks that may be involved in different capital structures. In general, the Company adopts judicious risk management strategies.

The Company is not subject to other external capital requirements.

13. Other disclosure

(1)Information at significant transactions

A.Financing provided to others:

None.

B.Endorsement/Guarantee provided to others:

None.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C.Marketable securities held at the end of the period:

Name of the Company Held	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	Ending Balance				Note
				Number of Units	Carrying Amount	Shareholding Ratio	Market Price	
Kian Shen Corporation	FSITC Money Market	-	Financial assets measured at fair value through profit or loss	136,538.16	$25,009	-%	$25,009	
Kian Shen Corporation	Yuanta De-Li Money Market Fund	-	Financial assets measured at fair value through profit or loss	2,986,062.90	$50,063	-%	$50,063	

D.Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital:

None.

E.Acquisition of real estate reaching NT$300 million or 20 percent of paid-in capital or more:

None.

F.Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the paid-in capital:

None.

G.Purchases or sales of goods from or to related parties reaching NT$100 million or 20 percent of paid-in capital or more:

Purchaser/ Seller	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes and trade receivables or payables		Note
			Purchases /Sales	Amount	Percentage of Total Purchases/ Sales	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Total Notes/Trade Receivables (Payables)	
Kian Shen Corporation	China Motor Corporation	Parent company	Sales	$(562,763)	(35.21%)	45 days from the next month of delivery	Normal	Normal	$98,774	42.50%	
Kian Shen Corporation	Kuozui Motors, Ltd.	Investors that have significant influence over the Company	Sales	$(723,235)	(45.24%)	32 days from the next month of delivery	Normal	Normal	$109,424	47.09%	

Purchaser/ Seller	Counterparty	Nature of Relationships	Transaction Details				Abnormal Transaction		Notes and trade receivables or payables		Note
			Purchases /Sales	Amount	Percentage of Total Purchases/ Sales	Payment Terms	Unit Price	Payment Terms	Balance	Percentage of Total Notes/Trade Receivables (Payables)	
Kian Shen Corporation	Yue Ki Industrial Co., Ltd.	Associate of the parent company	Purchases	$135,639	12.50%	95 days end of the month	Normal	Normal	(42,626)	(14.98%)	

H.Trade receivables from related parties reaching NT$100 million or 20 percent of paid-in capital or more:

Company Name with Trade Receivables	Counterparty	Nature of Relationships	Ending Balance of Trade Receivables from Related Party	Turnover Ratio	Overdue Trade Receivables from Related Parties		Amount Received in Subsequent Period	Loss Allowance
					Amount	Action Taken		
Kian Shen Corporation	Kuozui Motors, Ltd.	Investors that have significant influence over the Group	$109,424	5.93	$-	-	$109,424	None.

I.Financial instruments and derivative transactions:

None.

(2)Information on investees:

Names, locations, main business, initial investment amount, hareholding status at the end of the period, current profits and losses, recognized investment profits and losses, and related information of investees (excluding investees in Mainland China):

Investor	Investees	Location	Main Businesses and Products	Initial Investment Amount		Held for the Period			Net Income of the Investee	Investment Income Recognized for the Period	Note
				December 31, 2023	December 31, 2022	Shares (in Thousands)	Percentage of Ownerships	Carrying Amount			
Kian Shen Corporation	Kian Shen Investment Co., Ltd.	British Virgin Islands	General investment	US$10,296 thousand	US$10,296 thousand	10,296	100%	$4,606,329	$485,608	$485,608	Note 1
Kian Shen Investment Co., Ltd.	Kian Shen Investment Hong Kong Co., Limited.	Hong Kong	General investment	US$25,907 thousand	US$25,907 thousand	25,907	100%	RMB 1,064,627 thousand	RMB 110,483 thousand	RMB 110,483 thousand	Note 1

Note 1: It is incorporated into consolidated financial statements.

Notes to Parent Company Only Financial Statements (Continued)
(Amounts are Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

(3)Information on investments in Mainland China

A. The relevant information on the Company's reinvestment in Mainland China is as follows:

Unit of foreign currencies: Thousands

Investees	Main Businesses and Products and the Impact on the Operations	Total Amount of Paid-in Capital (Note 2)	Method of Investment	Accumulated Outflow of Investment from Taiwan at the Beginning of the Period (Note 2)	Investment Flows		Accumulated Outflow of Investment from Taiwan at the End of the Period (Note 2)	Net Income (Losses) of the Investee	Percentage of Ownership	Share of Profits/Losses of Investee (Note 3)	Carrying Amount of the Investment	Accumulated Inward Remittance of Earnings at the End of the Period (Note 3)
					Outflow	Inflow						
Guangzhou NTN-Yulon Drivetrain Co., Ltd.	Design, manufacturing, sales and after-sales services for automotive-specific constant velocity steering knuckles	$383,813 (US$12,500 thousand)	Note 1	$153,525 (US$5,000 thousand)	$-	$-	$153,525 (US$5,000 thousand)	$376,344	40%	$150,538	$1,064,072	$1,226,849 (RMB 279,083 thousand)
Fuzhou Fuxiang Automotive Industry Co.,Ltd.	Manufacturing and sales of motor vehicle bodies and other components and production tools and equipment	$545,935 (US$17,780 thousand) (Note 4)	Note 1	$87,049 (US$2,835 thousand)	$-	$-	$87,049 (US$2,835 thousand)	$123,315	35%	$43,160	$405,209	$240,685 (RMB 54,751 thousand)
Xiamen King-Long Kian-Shen Frame Co., Ltd.	Manufacturing and sales of motor vehicle bodies and other components and production tools and equipment	$415,392 (RMB 96,000 thousand) (Note 5)	Note 1	$46,887 (US$1,527 thousand)	$-	$-	$46,887 (US$1,527 thousand)	$326,544	50%	$163,272	$281,305	$-
Xiangyang NTN-Yulon Drivetrain Co., Ltd.	Design, manufacturing, sales and after-sales services for automotive-specific constant velocity steering knuckles	$1,043,970 (US$34,000 thousand) (Note 6)	Note 1	$-	$-	$-	$-	$244,923	40%	$97,969	$941,472	$37,806 (RMB 8,600 thousand)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accumulated investment in Mainland China at the End of the Period (Note 2)	Investment amounts authorized by Investment Commission, MOEA (Note 2)	Upper limit on investment (Note 7)
$287,461 (USD9,362)	$966,164 (USD31,466)	$2,870,589

Note 1: Indirect investment in Mainland China through companies registered in a third region.

Note 2: Calculated based on the period-end exchange rate as of December 31, 2023: USD1=NTD30.705; RMB1=NTD4.327.

Note 3: Calculated based on the average exchange rate for the year ended December 31, 2023: RMB1=NTD4.396.

Note 4: In addition to remittance of cash investment, it also includes the transfer of surplus to capital increase in the amount of US$3,388 thousand.

Note 5: In addition to the Company's remittance of cash investment, it also includes the transfer of KSIHK's surplus to capital increase in the amount of US$5,052 thousand.

Note 6: KSIHK invested US$13,600 thousand with its earnings.

Note 7: 60% of the net value is the Company's upper limit on investment in Mainland China according to the regulations stipulated by the Department of Investment Review, MOEA.

(4)Information on major shareholders

As of December 31, 2023

Shares / Name of major shareholders	Number of shares held (shares)	Shareholding ratio
China Motor Corporation	32,201,367	43.87%
Kuozui Motors, Ltd.	24,178,711	32.94%

Kian Shen Corporation

Statements Of Major Accounting Items

For the year ended December 31, 2023

Kian Shen Corporation

1. Statement of Cash and Cash Equivalents

As of December 31, 2023

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

Item	Description	Amount	Note
Cash on hand		$220	
Cash in bank	Checking deposits - NTD	28,049	
	Demand deposits - foreign currencies	6,566	USD 1 thousand (Note 1) CNY 1,509 thousand (Note 2) JPY 7 thousand (Note 3)
	Demand deposits - NTD	81	
Total		$34,916	

Note 1: Calculated based on the period-end exchange rate as of December 31, 2023: USD 1=NTD 30.705.

Note 2: Calculated based on the period-end exchange rate as of December 31, 2023: CNY 1=NTD 4.327.

Note 3: Calculated based on the period-end exchange rate as of December 31, 2023: JPY 1=NTD 0.217.

Kian Shen Corporation
2. Statement of Accounts Receivable
As of December 31, 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Client Name	Description	Amount	Note
Trade receivables		$13,760	Note
Less: loss allowance		(2,461)	
Subtotal		11,299	
Trade receivables from related parties			
China Motor Corporation		98,774	
Kuozui Motors, Ltd.		109,424	
Others		10,425	Note
Subtotal		218,623	
Total		$229,922	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Kian Shen Corporation
3. Statement of Inventories
As of December 31, 2023
(Expressed in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Item	Description	Cost	Market price	Note
Raw materials		$66,438	$67,131	Please refer to Note 4 (9) to the financial statements for the net realizable value.
Work in progress		67,845	69,814	
Finished goods		24,418	22,843	
Molds		63,699	130,005	
Total		222,400	$289,793	
Less: Allowance for inventory valuation losses		(13,820)		
Net		$208,580		

Kian Shen Corporation

4. Statement of Changes in Investments Accounted for Using the Equity Method

For the year ended December 31, 2023

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

Name	Beginning balance		Additions		Disposals		Gains on investments accounted for using the equity method	Accumulated translation adjustments	Ending Balance			Collateral pledged
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Shareholding	Amount	
Kian Shen Investment Co.,Ltd.	10,296,105	$4,205,624	-	$-	-	$-	$485,608	$(84,903)	10,296,105	100%	$4,606,329	None
Total		$4,205,624		$-		$-	$485,608	$(84,903)			$4,606,329	

Kian Shen Corporation

5. Statement of Notes Payable

As of December 31, 2023

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

Item	Description	Amount	Note
Notes payable			
Kun-Quan Co., Ltd.		$23,358	
Jia Fong Technology Co., Ltd.		20,548	
Guang Yih Steel Industrials Co., Ltd.		11,549	
Others		94,626	Note
Subtotal		150,081	
Notes payable to related parties			
Yue Ki Industrial Co., Ltd.		31,360	
Others		198	Note
Subtotal		31,558	
Total		$181,639	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Kian Shen Corporation

6. Statement of Accounts Payable

As of December 31, 2023

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

Item	Description	Amount	Note
Trade payables			
Jia Fong Technology Co., Ltd.		$14,384	
Kun-Quan Co., Ltd.		9,811	
Chun Yuan Steel Industry Co., Ltd.		6,286	
Toyota Tsusho (Taiwan) Co., Ltd.		4,554	
Other		39,947	Note
Subtotal		74,982	
Trade payables to related parties			
Kuozui Motors, Ltd.		16,110	
Yue Ki Industrial Co., Ltd.		11,266	
Other		614	Note
Subtotal		27,990	
Total		$102,972	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Kian Shen Corporation

7. Statement of Net Operating Income

For the year ended December 31, 2023

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

Item	Units	Amount	Note
Frames	11,633	$574,490	
Towers	27,110	598,437	
Components	1,510,825	367,341	
Molds	2 sets	48,349	
Sales revenue, net		1,588,617	
Service revenue		9,559	
Others		320	Note
Net operating revenues		$1,598,496	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Kian Shen Corporation

8. Statement of Operating Costs

For the year ended December 31, 2023

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

Items	Amount
Cost of goods sold	
Cost of sales for self-manufactured products	
Inventory of raw materials at the beginning of the period	$87,801
Add: Purchase of raw materials	304,884
Less: Inventory of raw materials at the end of the period	(66,438)
Transferred to other accounts (including inventory losses and scraps)	(122,097)
Raw material consumption	204,150
Direct labor	94,814
Manufacturing overheads (Statement 9)	252,088
Manufacturing cost	551,052
Add: Inventory of work in progress at the beginning of the period	76,744
Beginning work in progress - inventory of molds	32,896
Purchase of work in progress	719,820
Less: Inventory of work in progress at the end of the period	(67,845)
Ending work in progress - inventory of molds	(17,539)
Transferred to other accounts (including inventory losses and scraps)	(11,652)
Cost of finished goods	1,283,476
Add: Inventory of finished goods at the beginning of the period	79,554
Beginning finished goods - inventory of molds	53,250
Purchase of finished goods	50,942
Purchase of finished goods - molds	11,932
Less: Inventory of finished goods at the end of the period	(24,418)
Ending finished goods - inventory of molds	(46,160)
Transferred to other accounts (including inventory losses and scraps)	5,805
Cost of sales for self-manufactured products	1,414,381
Other operating costs	
Losses from price decline in inventories	2,820
Inventory losses	2,453
Scraps	1,431
Sales of scraps	(10,702)
Other	7,362
Subtotal of other operating costs	3,364
Total cost of sales	$1,417,745

Kian Shen Corporation

9. Statement of Manufacturing Overheads

For the year ended December 31, 2023

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

Item	Amount	Note
Indirect labor	$70,891	
Depreciations	57,474	
Utilities expense	18,454	
Freight	18,352	
Other expenses	86,917	Note
Total	$252,088	

Note: The amounts that did not reach 5% of the account balance are listed in others.

Kian Shen Corporation

10. Statement of Operating Expenses

For the year ended December 31, 2023

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

Item	Selling expenses	Administrative expenses	Research and development expenses	Total	Note
Salary and wages	$2,247	$40,264	$17,846	$60,357	
Repairs and maintenance expense	-	9,370	-	9,370	
Insurance expense	272	4,030	1,509	5,811	
Other expenses	676	34,739	4,199	39,614	Note
Total	$3,195	$88,403	$23,554	$115,152	

Note: The amounts that did not reach 5% of the account balance are listed in others.

VI. Any financial distress experienced by the Company or its affiliated enterprises, and its impact on the Company's financial status in the most recent year and up to March 31, 2024: None.

Seven. Review and Analysis of Financial Position and Financial Performance, and Risk Items

I. Comparison and Analysis of Financial Position

Unit: NT$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current asset	2,470,696	2,109,390	361,306	17
Fixed asset	553,995	549,636	4,359	1
Long-term investment	2,692,058	2,950,259	(258,201)	(9)
Other assets	35,037	16,088	18,949	118
Total assets	5,751,786	5,609,373	142,413	3
Current liabilities	575,914	669,940	(94,026)	(14)
Non-current liabilities	391,556	319,622	71,934	23
Total liabilities	967,470	989,562	(22,092)	(2)
Share capital	734,001	734,001	-	-
Capital surplus	1,251	1,251	-	-
Retained earnings	4,474,491	4,225,083	249,408	6
Other equity interest	(425,427)	(340,524)	84,903	25
Total equity	4,784,316	4,619,811	164,505	4

Explanation of the reasons why the changes in assets, liabilities and shareholders' equity have exceeded 20% in the past two years:

1. The increase in other assets is due to the increase in prepayment for equipment.
2. The increase in non-current liabilities is a result of the increase in deferred income tax liabilities.
3. The decrease in other equity is mainly due to the exchange differences on the translation of the financial statements of foreign operations.

II. Financial Performance Analysis

(I) Comparative analysis of financial performance

Unit: NT$ thousand

Item \ Year	2023	2022	Increase or decrease	
			Amount	%
Operating revenue, net	1,598,496	1,500,265	98,231	7
Operating costs	1,417,745	1,352,764	64,981	5
Gross profit from operations	180,751	147,501	33,250	23
Operating expenses	115,358	102,750	12,608	12
Net operating income (loss)	65,393	44,751	20,642	46
Non-operating income and expenses	486,786	294,379	192,407	65
Profit before tax	552,179	399,130	153,049	38
Income tax benefits (expenses)	(148,356)	(69,312)	(79,044)	(114)
Profit	403,823	269,818	134,005	50
Other comprehensive income	(85,178)	65,212	(150,390)	(231)
Total comprehensive income	318,645	335,030	(16,385)	(5)

Analysis and explanation of the increase or decrease of over 20% in the past two years:

1. The increase in gross profit from operations and net operating profit is mainly due to the growth of operating revenue, the improvement of product sales profit structure, and the increase in profit.
2. The increase in non-operating revenue, net profit before tax and net profit for the year was mainly due to the increase in investment income recognition.
3. The increase in income tax expense was mainly due to the increase in investment income that resulted in the increase in the provision for deferred income tax expense.
4. The decrease in other comprehensive income is mainly due to fluctuations in exchange rates that affect the share of other comprehensive income of joint ventures under the equity method and the exchange differences on the translation of financial statements of foreign operations.

III. Cash Flow Analysis

(I) Changes in cash flow for the year

Unit: NT$ thousand

Beginning cash balance	Net cash flow from operating activities for the year	Net cash flow from investing and financing activities for the year	Cash surplus (shortfall)	Remedy for cash shortfall	
				Investment plan	Wealth management plan
1,350,072	106,328	330,796	1,787,196	-	-

1. Operating activities: Net cash inflow from operating activities due to decreased accounts receivable and inventory.
2. Investing and financing activities: Net cash inflow from investing and financing activities is due to the distribution of earnings from reinvestments in mainland China.

(II) Liquidity analysis for the coming year

Unit: NT$ thousand

Beginning cash balance	Expected net cash flow from operating activities for the whole year	Expected net cash flow from investing and financing activities for the whole year	Expected cash surplus (shortfall)	Remedy for cash shortfall	
				Investment plan	Wealth management plan
1,787,196	109,682	(153,090)	1,743,788	-	-

1. Analysis of cash flow changes in the coming year:
   (1) Operating activities: Net cash inflow of NT$109,682 thousand from operating revenue.
   (2) Investment and financing activities: The expected net cash flow from investment and financing activities is NT$153,090 thousand, mainly from cash dividends, capital expenditures and refunds.
2. Remedy for cash shortfall and liquidity analysis: None.

IV. Impact of Significant Capital Expenditures in the Most Recent Year on Finance and Business

The significant capital expenditure in 2023 was NT$88.22 million, and the expected benefits are as follows:

(I) Introduction of new products: Increase the Company's product market share, and increase revenue and sales volume.
(II) Introduction of components: improve the self-production rate of parts and reduce production costs.
(III) Strengthen sales: Increase the Company's and products' name recognition, improve after-sales service quality, and promote sales.
(IV) Improve productivity: Update and automate production line equipment, rationalize layout, improve production capacity and enhance technology.
(V) Improving quality: Enhance the comprehensive quality assurance capabilities of third-party manufacturers, implement the comprehensive quality assurance system, and enhance customer satisfaction with product quality.
(VI) Improving the working environment: Upgrade computer equipment, replace office equipment and official vehicles, plan and construct the entire factory office, improve air quality, and add pollution prevention and control equipment.
(VII) Reducing infocomm security risks: Strengthen system security and data protection, and continuously monitor and maintain information security.

V. Investment Policy for the Most Recent Year, Main Causes of Profit or Loss, Improvement Plan and Investment Plan for the Coming Year

Reinvested company	Investment amount	Policy	Main reasons for profit or loss	Improvement plan	Other future investment plans
Fuzhou Fuxiang Automobile Industry Co., Ltd.	US$2,835 thousand	Investment according to the limit set by the board meeting	The new business has entered mass production, production capacity has increased, and fixed costs are effectively shared; the profit was RMB 28,052 thousand.	—	Promote new business and meet existing production capacity, and continuously promote cost reduction activities.
Guangzhou Enten Yulong Transmission System Co., Ltd.	US$5,000 thousand	Investment according to the limit set by the board meeting	Despite the growth in export business, the Company generated a profit of RMB 85,611 thousand due to sluggish domestic demand.	—	Promoting new businesses and meeting existing capacities
Xiamen Jinlong Kian Shen Vehicle Shell Co., Ltd.	US$1,527 thousand	Investment according to the limit set by the board meeting	The profit structure from product sales was improved, the operation was turned into profits, and the Hangzhou subsidiary was disposed of, resulting in a profit of RMB 74,282 thousand.	—	Improve the company's health through a sound financial structure.
Xiangyang Enten Yulong Transmission System Co., Ltd.	USD13,600 thousand	Investment according to the limit set by the board meeting	Affected by the competition in the market, the demand for orders was weak, and the profit of the Japanese car manufacturer was RMB 55,715 thousand.	—	Commit to improving production capacity and continuously promote activities to reduce controllable costs.

VI. Risk Analysis

(I) Impact of interest rate and exchange rate changes and inflation on the Company’s profit and loss, and countermeasures in the most recent fiscal year and as of March 31, 2024: The location of the Company's reinvested company is in mainland China, and changes in the RMB exchange rate have a significant impact on investment returns. If RMB appreciated by 5% against NTD, the net profit before tax would increase by $24.28 million. If RMB weakened by 5% against NTD, the net profit before tax would decrease by $24.28 million.

(II) Policies on high-risk and highly leveraged investments, loans to others, endorsements/guarantees, and trading of derivatives in the past year and as of March 31, 2024, the main reasons for profit or loss incurred and future countermeasures:

1. The Company has not been engaged in high-risk or highly leveraged investments.
2. The Company has not extended loans to others, provided endorsements/guarantees or been engaged in derivative trading.

(III) Future R&D plans and expected R&D expenses:

1. In addition to continuously participating in the development of new vehicles by various car manufacturers, in order to comply with the trend of energy conservation and carbon reduction, the Company actively collaborates with car manufacturers to develop electric bus shells. To improve product technology and respond to the future market demand for lightweight products, we plan to invest in the research and development of lightweight shells and rear body.
2. The estimated R&D investment cost of the Company this year is NT$20.72 million.

(IV) Impact of changes in important domestic and international policies and laws on the Company's finance and business in the past year and up to March 31, 2024, and countermeasures: The Company has been paying a high degree of attention to, and keeping an appropriate coping ability on the development of domestic and foreign political and economic situations. In recent years, important domestic and foreign policies and law changes have not had a significant impact on the Company's finance and business.

(V) During the most recent year and up to March 31, 2024, the impact of changes in technology (including information security risks) and industry changes on the Company's finance and business, and the response measures: The Company has established a Chief Information Security Officer, information security supervisors, and dedicated personnel, and has obtained ISO 27001:2013 certification.

(VI) Impact of corporate image change on corporate crisis management in the past year and up to March 31, 2024, and countermeasures: The Company has a good corporate image, and there have been no significant changes in corporate crisis management in the past year.

(VII) Expected benefits, risks and countermeasures in relation to mergers and acquisitions in the past year and up to March 31, 2024: Not applicable.

(VIII) Expected benefits, risks and countermeasures in relation factory expansion in the past year and up to March 31, 2024: Not applicable.

(IX) Risks and countermeasures in relation to concentrated sales or purchases in the past year and up to March 31, 2024: The Company is committed to diversifying procurement sources and vigorously striving for various vehicle shell businesses for low-floor buses, electric buses, electric locomotives, medium-sized bus and shuttle buses, in order to expand new businesses and markets, and reduce the risk of excessive concentration of suppliers and customers.

(X) Impact, risk and countermeasures in relation to major transfer of shareholding by directors, independent directors, or shareholders with more than 10% shareholding in the past year and up to March 31, 2024: Not applicable.

(XI) Impact, risk and countermeasures in relation to the change of management right in the past year and up to March 31, 2024: Not applicable.

(XII) Litigation and non-contentious cases in the past year and up to March 31, 2024: None.

(XIII) Other material risks in the past year and up to March 31, 2024 and countermeasures:

VII. Other Important Matters: None.

Eight. Special Disclosures

I. Related Information of Affiliated Enterprises

(I) Consolidated Business Report of Affiliated Enterprises

1. Organization Chart of Affiliated Enterprises

Kiang Shen Corporation $\xrightarrow{100\%}$ Kian Shen Investment Co., Ltd. $\xrightarrow{100\%}$ Kian Shen Investment Hong Kong Co., Limited

2. Information on affiliates

Unit: NT$ thousand, unless otherwise specified

Company name	Date of establishment	Address	Paid-up capital	Key business or product
Kian Shen Investment Co., Ltd.	2002.03.13	TrustNet Chambers, P.O.Box3444, Road Town, Tortola, British Virgin Islands	USD10,296 thousand	General investment
Kian Shen Investment Hong Kong Co., Limited	2007.11.15	Suite 2303,23rd Floor, Great Eagle Center, 23 Harbour Road, Wanchai, Hong Kong.	USD25,907 thousand	General investment

3. For those presumed to have controlling or subordinate relationship, information on the same shareholders: None.

4. Information on directors, supervisors and presidents of various affiliated enterprises

Company name	Title	Name or representative	Shareholding	
			Number of shares	Shareholding ratio
Kian Shen Investment Co., Ltd.	Director	Kiang Shen Corporation Representative: Chao-Wen Chen	10,296 thousand shares	100%
Kian Shen Investment Hong Kong Co., Limited	Director	Kian Shen Investment Co., Ltd. Representative: Chao-Wen Chen	25,907 thousand shares	100%

5. Overview of the operation of each affiliate

Unit: NT$ thousands, except for earnings per share

December 31, 2023

Company name	capital	Total assets	Total liabilities	Net value	Operating revenue	Net operating income	Profit or loss (after tax)	Earnings per share (NT$)
Kian Shen Investment Co., Ltd	USD10,296 thousand	4,606,805	476	4,606,329	—	(75)	485,608	47.16
Kian Shen Investment Hong Kong Co., Limited	USD25,907 thousand	4,606,641	-	4,606,641	—	(131)	485,683	18.75

(II) Consolidated financial statements of affiliated enterprises: The same as the consolidated statements of parent and subsidiary companies.

(III) Affiliation report

1. Declaration on Consolidated Financial Statements of Affiliated Enterprises:

Declaration on Consolidated Financial Reports of Affiliated Enterprises:

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises” for the year of 2023 (from January 1, 2023 to December 31, 2023) are the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in the International Financial Reporting Standard 10 “Consolidated Financial Statements”, and relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of the parent and subsidiary companies. Hence, we do not prepare a separate set of consolidated financial statements of affiliated enterprises. We hereby declare the above.

Company name: Kian Shen Corporation

Representative: Chao-Wen Chen

March 8, 2024

2. Affiliation report for the past year

Kian Shen Corporation
Declaration on Affiliation Report

The Company's Affiliation Report for the year of 2023 (from January 1, 2023 to December 31, 2023) was prepared in accordance with the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises", and there is no significant discrepancy between the disclosed information and the relevant information disclosed in the notes to the financial report in the period above.

We hereby declare the above.

Company name: Kian Shen Corporation

Representative: Chao-Wen Chen

March 8, 2024

3. Overview of the relationship with affiliated enterprises and controlled companies

Unit: share; %

Name of controlled company	Reason for controlling	Shareholding and pledge of controlled company			Personnel appointed by the controlling company as directors, supervisors, or managers	
		Number of shares held	Shareholding ratio	Number of shares pledged	Title	Name
China Motor Corporation	The President is dispatched by China Motor Corporation	32,201,367	43.87	—	Chairman Director and President	Chao-Wen Chen Chiung-Chih Tseng

4. Purchase and sales transactions

Unit: NT$ thousand; %

Status of trading with controlled companies				Conditions of trading with controlled companies		General trading conditions		Reasons for difference	Accounts and notes receivable (payable)		Overdue accounts receivable			Remarks
Purchase (sales)	Amount	Ratio to total purchase (sales)	Gross profit from sales	Unit price (NT$)	Credit period	Unit price (NT$)	Credit period		Balance	Ratio to total accounts and notes receivable (payable)	Amount	Method of disposal	Amount of loss allowance	
Sales	562,763	35.21	36,725	—	45 days from the following month after delivery	—	30~95 days from the following month after delivery	—	98,774	42.50	—	—	—	

5. Trading of assets: None.
6. Loaning of Funds to Others: None.
7. Asset leasing: None.
8. Endorsements and guarantees: None.
9. Information on derivative trade: None.

II. Information on Private Placement of Securities for 2023 and Up to March 31, 2024: None.

III. Subsidiaries' Holding or Disposal of the Company's Shares in 2023 and Up to March 31, 2024: None.

IV. Events Having Material Impact on Shareholders' Equity or Securities Price for 2023 and Up to March 31, 2024: None.

V. Additional Information Required to be Disclosed: None.

Kian Shen Corporation

Chairman:

Environmental Safety and Health Policies

Comply with environmental safety and health regulations and obligations
Continuously improve the management system to enhance performance
Implement environmental protection to reduce hazards and risks
Aware of own responsibilities and obligations
Zero tolerance for workplace bullying and violence
Create an equal, healthy and friendly work environment
Regularly review the effectiveness of the environmental safety system
Communicate to all personnel working for the organization

Environmental Safety Concept

Safety first, and prevention as the priority

Highest Goals of Environment, Safety and Health

Safety: zero disaster Health: zero injury
Transportation: zero accident   Environment: zero pollution

Business Philosophy

Loyalty: being loyal to duty, honest and harmonious
Responsibility: customer first, quality first
Progress: down-to-earth, thorough, innovative and developmental

Quality Police

Group planning and effort: Work together for improvement, respect work, enjoy company and participate together
Quality first: Improve quality awareness and comply with work regulations
Customer satisfaction: Meet customer requirements and improve customer satisfaction