STOCK CODE：1524

GORDON AUTO BODY PARTS CO., LTD.

2023 Annual Report

Printed on May 15, 2024

Website: http://mops.twse.com.tw

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(VI)、Company’s website: http://www.gordon.com.tw

Contents

(Translation - In case of any difference between the Chinese and English versions, the Chinese version shall prevail.)

I. 、**A report to the shareholders** 1

II. 、**Company Profile** **5**

III. 、**Corporate Governance Report**

(I) 、Organizational system 8

(II) 、Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units........ 10

(III) 、Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers 18

(IV) 、The state of the company's implementation of corporate governance:........ 23

(V) 、Information on the professional fees of the attesting CPAs (external auditors)........ 47

(VI) 、Information on replacement of certified public accountant........ 48

(VII) 、Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm 48

(VIII) 、Any transfer of equity interests and/or pledge of or change in equity interests by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report........ 48

(IX) 、Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another........ 49

(X) 、**Ownership of Shares in Affiliated Enterprises:** 49

IV 、Capital Overview

(I) 、Source of capital stock........ 50

(II) 、Shareholder structure........ 52

(III) 、Diffusion of ownership 53

(IV) 、List of major shareholders 53

(V) 、Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information. 54

(VI) 、Company's dividend policy and implementation thereof........ 54

(VII) 、Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the most recent shareholders' meeting 55

(VIII) 、Compensation of employees, directors, and supervisors 55

(IX) 、Status of a company repurchasing its own shares........ 56

(X) 、Issuance of corporate bond........ 56

(XI) 、Issuance of preferred shares........ 56

(XII) 、Issuance of global depository receipts........ 56

(XIII) 、Issuance of employee share subscription warrants shall specify the following matters 56

(XIV) 、Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies 56

(XV) 、Implementation of the company's capital allocation plans........ 56

V、The overview of business operations
(I)、A description of the business 57
(II)、An analysis of the market as well as the production and marketing situation 63
(III)、The number of employees employed for the 2 most recent fiscal years 70
(IV)、Disbursements for environmental protection 71
(V)、Laborr relations 72
(VI)、Cyber security management 73
(VII)、Important contracts 75

VI、Financial Information
(I)、Five-Year Financial Summary 76
(II)、Five-Year Financial Analysis 80
(III)、Audit Committee's Report for the Most Recent Year 84
(IV)、Financial Statements for the Years Ended December 31, 2023 85
(V)、A parent company financial statement for the most recent fiscal year, certified by a CPA 153
(VI)、If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report 218

VII.、The company shall review and analyze its financial position and financial performance, and shall assess its risks.
(I)、Financial position 219
(II)、Financial performance 219
(III)、Cash flow 220
(IV)、The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year 220
(V)、The annual report shall describe the company's reinvestment policy for the most recent fiscal year 221
(VI)、The section on risks 221
(VII)、Other important matters 222

VIII、Special items
(I)、Information related to the company's affiliates 223
(II)、Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report 226
(III)、Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report 226
(IV)、Other matters that require additional description 226
(V)、If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, ... 226

Ⅰ、A report to the shareholders

(I)、2023 Business Report

A、Results of the implementation of the business plan

(A).Income

Consolidated net operating income in 2023 was NT$2,697,553 thousand, an increase of NT$258,101 thousand from NT$2,439,452 thousand in 2022, and non-operating income included interest income of NT$18,589 thousand, other income of NT$16,224 thousand, and other interests and losses of NT$ -4,851 thousand.

(B).Expenditure

It mainly including operating costs of NT$1,968,591 thousand, operating expenses of NT$293,312 thousand and financial costs of non-operating expenses of NT$29,878 thousand.

(C).Profit and loss

The net profit before tax in 2023 was NT$4435,734 thousand. After deducting the current income tax expense of NT$84,174 thousand, the net profit after tax was NT$351,560 thousand.

B、Analysis of financial revenue and expenditure and profitability

(A).Consolidated financial results

Unit: NT$ thousands

Item	2023	2022	Percent Change (%)
Net sales	2,697,553	2,439,452	10.58%
Gross profit	728,962	556,438	31.01%
Pre-tax income	435,734	417,927	4.26%

(B).Profitability analysis

Item	2023	2022
Debt to asset ratio (%)	6.98	6.67
Return on Shareholders' Equity (%)	13.46	14.10
Ratio of net profit before tax to paid-in capital (%)	26.36	25.28
Net Profit Rate (%)	13.03	13.79
Basic after-tax EPS (NT$)	2.13	2.04

C、Research and development status

The company has developed nearly 25 sets of molds in 2023 and completed initial mass production, and the machining capacity is fully utilized. In the future, the research and development of molds will move towards the goal of stabilizing mold quality and shortening mold development time.

(II)、Outline of this year's business plan

A、 Business policy

(A).Develop high-margin product line segments to improve sales mix profits.

(B).Give full play to the technology and production capacity of automated production lines to enhance the core competitiveness of process research and development.

(C).In addition to cultivating the largest North American market, actively expand and develop markets in Europe, South America, the Middle East and China. Based on our business philosophy: "Quality, Technology, Innovation and Customer Service", Gordon is committed to providing customers with the best services and products

B、Expected sales volume and its basis

(A).Expected sales volume:

In the past year, the global economy has heated up, the supply of container transportation momentum has increased, and customer orders have gradually recovered. Although we still face uncertainties such as regional conflicts, it is expected that the worst time has passed, and the company's sales volume in 2024 is expected to be higher than 2023 annual sales volume.

(B).Prediction basis

Since the company developed nearly 25 sets of molds in 2023 years and completed the initial mass production, according to past experience, it is estimated that its contribution to 2024 years after mass production is about as stated.

C、Important production and marketing policies

(A).Increase the number of new products to continue to improve to meet customer reliance.

(B).Improve quality control and enhance the certification advantages of CAPA and TUV.

(C).Improve production capacity and fully meet customer needs.

(D).Accelerate the mass production of new products and increase the average unit price of products.

(E).Add new product lines to increase the added value of gross profit of the sales mix.

D、Quality goals

(A).The delivery accuracy rate is over 97%.

(B).The customer satisfaction score is over 90 points.

(III)、Future development strategy of the company

A、Facing the uncertainties of the regional conflicts, the company will continue to uphold the consistent philosophy of "quality, technology, innovation, and customer service" to continue to provide customers with the best services with the product.

B、"Innovation and change, striving to be global" - Gordon promises to be the world's top and outstanding auto parts manufacturer, and continues to invest in research and development and high-quality customer service to maintain a leading position in the market.

C、Increase the efficiency of R&D efficiency, improve the capacity of the R&D center, further reduce costs, and achieve the ultimate goal of "comprehensively meeting customer needs".

D、Accelerate the improvement of reverse engineering development technology to shorten the development time and improve the development quality.

E、Emerging markets generally have lower penetration rates and more imported vehicles, and will continue to set higher targets for operating growth.

(IX)、Influenced by the external competitive environment, regulatory environment and overall business environment

A、Factors affecting the external competitive environment:

At present, there are many domestic manufacturers engaged in the export of automobile sheet metal industry, and they compete with each other, creating pressure on the market price. Facing the external competitive environment, the company continues to develop new product molds, shorten the development time, seize market opportunities, and increase the profit of the product portfolio; strengthen the quality system, and increase the proportion of products that have passed CAPA and TUV certification to increase product market share. .

B、Factors affecting the regulatory environment:

In order to implement the environmental policy, Gordon obtained the ISO14001 certificate in 2006 and the latest version of ISO14001:2015 certification in 2017. We deeply believe that a sustainable enterprise should not only be responsible for themselves, customers, employees and shareholders, but also Accountability for the entire environment is required. We are committed to the improvement of the following environment with the spirit of goodness that an enterprise should have:

(A).Reduce the impact on the environment caused by any link of the process.

(B).Committed to pollution prevention and continuous improvement.

(C).Comply with environmental laws and regulations.

C、Factors affecting the overall economic environment:

(A)、In 2023, the economic environment was affected by the economic warming after the unblocking of the global epidemic, which showed favorable factors for the recovery and growth of the auto industry. However, the momentum of recovery was still affected by unfavorable factors such as interest rate hikes by major global economies and continued regional conflicts.

(B) 、Looking forward to 2024, it is expected to be a cautiously optimistic year compared to 2023. Although the global economy will still face uncertainties such as geopolitical conflicts, however, it is expected that major economies will enter a cycle of interest rate cuts, and terminal demand growth and economic recovery will continue.t And the number of cars in the past few years has remained at a relatively high level. The average age of cars in the car after-sales maintenance market will further increase, coupled with the expansion of the use of AM collision parts by major U.S. auto insurance companies, which will drive the car after-sales maintenance (The demand for AM) parts is rising, and the utilization rate of automotive after-sales maintenance (AM) parts will increase in the future. The company will continue to uphold the consistent concept of "quality, technology, innovation and customer service" to continue to provide customers with the best services and products. It is believed that under the wise leadership of the management team, it can continue the performance of past innovations and continue to drive new developments. growth and expand market share in the after-sales service market.

II. Company Profile

(I) 、Date of establishment:March 13, 1986

(II) 、History

1986：The company was established at No. 1, No. 297, Section 2, Baoan Street, Shulin Township, Taipei County, with a capital of NT$12 million. A new factory was purchased in Luzhu Township, Tao County and is under construction. In order to expand the plant and equipment, a capital increase of NT$24 million was made in cash, and the total capital was NT$36 million.

1987：The construction of the new Tao factory was completed, and the company and factory moved from Shulin Township, Taipei County to the current location in Luzhu Township, Tao County.

1989：Earned CAPA approval to make certified aftermarket crash parts for the US marketplace. EDP equipment is on-site.

1990：Announce cash subscription of common stock NT$22,000,000 to improve capital structure and surplus shift into common stock NT$18,000,000. Capital stock is NT$130,000,000. Purchase CAM/CAD system to upgrade tooling capability.

1991：Capital stock reaches NT$169,000,000 and FCS approbates Gordon as a public limited Co.

1992：Capital stock increases as NT$209,800,000.

1993：Capital stock increases as NT$234,000,000.

1994：Capital stock increases as NT$300,690,000. Awarded CAPA's prestigious CTQM (Total Quality Manufacturer) honor.

1995：Obtain ISO 9002 and examined and approved by Dutch DNV.

1996：Capital stock increases as NT$315,724,500.Certified by DNV to meet the quality management system requirements of the U.S. Big Three automakers.

1997：FCS approved as OTC company. Besides, named by Lockheed as a qualified prime source for impact forming tooling, thus opening the door to the aviation and aeronautics industry. And, capital stock reaches NT$465,000,000.

1998：Capital stock increases as NT$572,967,190 and approved by FCS as a public listed company.Announce cash subscription of common stock NT$150,000,000 for establishing new facility and molds development, and capital stock reaches NT$722,967,190.

1999：Capital stock increases as NT$868,739,380 for purchasing production equipment.

2000：Capital stock increases as NT$1,004,243,850 for purchasing production equipment and employee profit/stock sharing.

2001：Capital stock increases as NT$1,052,670,040 for purchasing production equipment.

2002：Capital stock increases as NT$1,103,517,540 for purchasing production equipment.
Obtain ISO 9001 and examined and approved by Dutch DNV.
Controller：GM OfficeGordon Auto Body Parts Co., Ltd.
Quality & Environmental Protection QSM

2003：Capital stock increases as NT$1,158,693,420 for purchasing production equipment. And, issue the first unsecured Convertible Bond (CB) NT$200,000,000 to pay the debt in November.

2004：Capital stock increases as NT$1,299,288,820 for purchasing production equipment.

2004：First Thatcham accredited Taiwan manufacturer.

2005：Issue the second unsecured CB NT$400,000,000 to improve financial structure in February.

Capital stock increases as NT$ 1,478,710,060 for purchasing production equipment.

Obtain ISO 9001/TS 16949 and examined and approved by DNV in October.

Accredited CAPA201/301 in December.

2006：Capital stock increases as NT$ 1,523,075,490 for purchasing production equipment.

2006：Earned the internationally recognized ISO 14001 certification from UKAS.

2007：AQRP program approval by NSF in June.

Capital stock increases as NT$ 1,568,767,760 for purchasing production equipment.

2008：Capital stock increases as NT$ 1,592,299,280 for purchasing production equipment.

AQRP laboratory approval by NSF in June.

2009：Capital stock increases as NT$ 1,624,145,270 for purchasing production equipment.

2010：APCP P367, P369, P371 system certification was accredited by NSF in April.

The 1st item approved by NSF-APCP was registered in October; other items were being approved continually.

2011：APCP P377, P378, P379 system certification was accredited by NSF in September.

Authorized to issue the third secured CB NT$300,000,000 in November.

2012：Awarded "CAPA 2012 Marketplace Quality Award" for the US marketplace in March.

2013: In order to improve operational efficiency and reduce administrative cost, Gordon proceeded a short form merger with Geng Xin Investment Co., Ltd. on November 15. Gordon Auto Body Parts Co., Ltd. is the surviving company.

2014:Insorporate KINGTRIM Auto Parts Co. Ltd. in July for business development.in April 2016, the company reached a settlement with the antitrust lawsuit of Fond Du Lac Bumper Exchange Inc. in the United States, and reached a settlement with the indirect purchasers represented by National Trucking and Fireman's Fund in the United States in July.

2016:won the LKQ Supplier Appraisal Award.

2017:the first company to obtain NSF certified automotive aftermarket sheet metal parts supported by Ping An Property & Casualty Insurance of China.Gordon Enterprise underwent organizational transformation, and the original management department was divided into the Finance and Accounting Department and the Administrative Management Department. exist In November, it passed the ISO14001:2015 latest version of the global certification assessment authorized by UKAS.

2018:As of May 3, 2007, there are 197 sheet metal parts certification projects in NSF mainland certification, the company has passed 143 certification projects, and CAPA mainland certification has a total of 135 sheet metal parts certification projects, and the company has passed 102 certifications For projects, the company ranks first in the industry in terms of the number of mainland sheet metal certifications by NSF and CAPA.

In September, it passed the IATF16949 automotive industry quality system certification by DNV.GL.

In November, it passed the ISO14001 environmental management system certification by the ETC consortium legal person Taiwan Electronic Inspection Center. Obtained the authorization of PICC, the People's Insurance Company of China to produce certified auto parts manufacturers.

2019:In January 2008, the Occupational Safety Office was established to be responsible for occupational safety management matters.

In November, it passed the ISO45001 occupational safety and health management system and CNS45001 Taiwan occupational safety and health management system certification by the Taiwan Electronic Inspection Center of the ETC consortium.

2020: On June 10, the resolution of the ordinary shareholders meeting passed the capital structure adjustment proposal, and processed the cash capital reduction to refund the shareholders' share monies, and the capital was reduced to cancel 14,374,810 ordinary shares with a par value of 10 per share and a total of NT$143,748,100. This capital reduction case was declared and entered into force by the Financial Supervision and Administration Commission on August 3, 109, Jin Guan Zheng Fa Zi No. 1100350833 Letter.

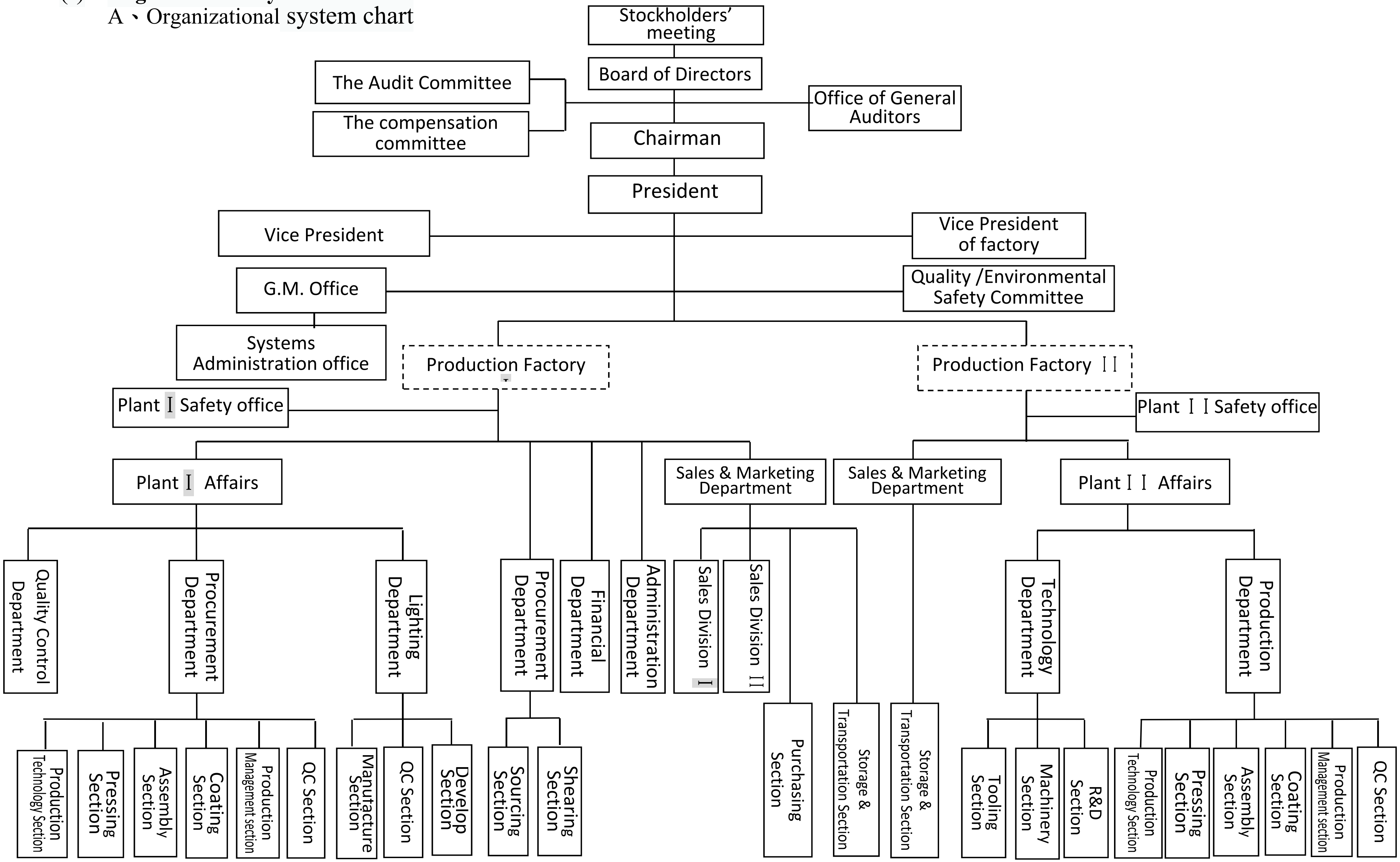
2022: In order to continuously strengthen the internal supervision mechanism of corporate governance and conform to the international development trend, the company established an audit committee in June 2022, and all members are held by independent directors.

2023 KINGTRIM AUTO PARTS CO., LTD, a 100%-owned subsidiary of the company, handles company dissolution and liquidation and other related matters for operational considerations. This dissolution case has been passed by the board of directors of KINGTRIM AUTO PARTS CO., LTD on February 24, 2012. And 112/02/28 was set as the dissolution date. The liquidation was completed by the court on July 12, 2012. This dissolution case had no significant financial and business impact on the company.

III、The corporate governance report

(I)、**Organizational system**

A、Organizational system chart



B、**T**he tasks of its principal divisions

Department Name	Job Title
Audit Office	Effective implementation, evaluation and recommendation of internal control system; evaluation and review of internal control system of subsidiaries
General Manager's Office	The company's business strategy planning, policy promotion, regulation formulation and reinvestment business supervision
Accounting Department	Responsible for the compilation of financial statements and the provision of various financial management information
Administration Department	Responsible for personnel management, education and training and other management information
Materials Department	Responsible for the procurement of raw (material) materials and other related businesses
Marketing Division Product	sales, promotion, market development and analysis
The first and second departments of the factory	Are responsible for the overall business related to product manufacturing, technology, quality assurance, etc.
Production Department	Responsible for product manufacturing and processing, delivery control and manufacturing technology and other related businesses
Lighting Department	Responsible for the research and development, production and mold development of lamps and lanterns
Technical Department	Responsible for product development and improvement, mold development
Quality Assurance Department	Responsible for product quality and implementation of quality plans
Occupational Safety Office	Occupational Safety Office Responsible for occupational safety management matters

(II)、Information on the company's directors, supervisors, general manager, assistant general managers, deputy assistant general managers, and the supervisors of all the company's divisions and branch units:

A.(A)1. Directors and supervisors:

Title	Nationality/ Place of Incorporation	Name	Gender/ age	Date Elected	Term	Shareholding while elected	No. of shares held at time of election		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	Mao Yuan Li	M 71~80 ages	Jun.14, 2022	3 years	Oct.20,1987	12,235,873	7.40	12,235,873	7.40	6,869,398	4.16	—	—	Graduated from high school General Manager Gordon for 38 years	general manager	Director	XIUHUI LI WANG	couple
Director	R.O.C.	JIAN CHUN FANG	M 61~70 ages	Jun.14, 2022	3 years	Jan.20,1986	12,672,643	7.67	12,535,643	7.58	5,463,262	3.31	—	—	elementary school graduation Gordon production department for 38 years	none	—	—	—
Director	R.O.C.	Y.C.C. PARTS MFG. CO., LTD.	—	Jun.14, 2022	3 years	Jun.14, 2022	3,840,000	2.16	5, 257, 000	3. 18	—	—	—	—	—	none	—	—	—
	R.O.C	Rep：YIHUNG LIN	M 61~70 ages	Jun.14, 2022	3 年	Jun.14, 2022	396,023	0.24	396,023	0.24	2,575,337	1.56	—	—	Executive Management and Practice Study, National Taiwan University	none	HEHAN INVESTMENT CO., LTD.ReP.	JUITSE LIN	Father-Son

Title	Nationality/ Place of Incorporation	Name	Gender/ age	Date Elected	Term	Shareholding while elected	No. of shares held at time of election		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Director	R.O.C.	XIUHUI LI WANG	F 61~70ages	Jun.14, 2022	3 years	Apr.27,1990	6,869,398	4.16	6,869,398	4.16	12,235,873	7.40	—	—	Gordon Director	none	Chairman	Mao Yuan Li	couple
Director	R.O.C.	HEHAN INVESTMENT CO., LTD.	—	Jun.14, 2022	3 years	Jun.14, 2022	6,051,760	3.66	6,051,760	3.66	—	—	—	—	—	none	—	—	—
	R.O.C	Rep：JUITSE LIN	M 31~40 ages	Jun.14, 2022	3years	Jun.14, 2022	237, 360	0. 14	237, 360	0. 14	—	—	—	—	Department of Psychology, Fu Jen Catholic University Sales Specialist, Y.C.C. PARTS MFG. CO., LTD. Head of Production Department, Y.C.C. PARTS MFG. CO., LTD. Special Assistant, Y.C.C. PARTS MFG. CO., LTD.	none	Y.C.C. PARTS MFG. CO., LTD. Rep.	Yi-Hung Lin	Father-Son
Independent Director	R.O.C.	DAWEI WANG	M 61~70 Ages	Jun.14, 2022	3 years	Jun. 29.2016	—	—	—	—	—	—	—	—	Independent director of Gordon, etc.	none	—	—	—

Title	Nationality/ Place of Incorporation	Name	Gender/ age	Date Elected	Term	Shareholding while elected	No. of shares held at time of election		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C.	DECAI ZHENG	M 61~70 Ages	Jun.14, 2022	3 years	Jun. 29.2016	—	—	—	—	—	—	—	—	Independent director of Gordon, etc.	none	—	—	—
Independent Director	R.O.C.	QING EN PENG	M 51~60 ages	Jun.14, 2022	3 years	Jun.14, 2022	—	—	—	—	100,400	0.06	—	—	Chief Operating Officer, North Second District, Mega Bank, etc.	none	—	—	—
Independent Director	R.O.C.	HOU DE CHEN	M 71~80 ages	Jun.14, 2022	3 years	Jun.14, 2022	9,200	0.01	—	—	—	—	—	—	First Commercial Bank Beitao Branch Manager, etc.	none	—	—	—

Note:

1. The term of directors of each division expired for full re-election, and an audit committee was established on June 14, 2022,.
2. Where the Chairman of the Board of Directors and the President or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed.: In order to increase operating efficiency, implement decisions more smoothly, and achieve stable growth in company performance, the chairman and general manager are the same person, and the independence of the board of directors is implemented. More than half of the directors are not concurrently employees or managers. The company will increase the number of independent directors in the director reelection in 2022

Major Shareholders of Corporate Shareholders

April 2, 2024

Name of corporate shareholder (Note 1)	Major shareholders of the corporate shareholder (Note 2)
Y.C.C. PARTS MFG. CO., LTD.	Haoqun Investment and Development Ltd. ,Songqun Investment and Development Ltd. Hehan Investment Co., Ltd. 10.234%, Ruhan Investment Co., Ltd. 8.046%, Huangkai Investment Co., Ltd. 7.813% ,JUITSE LIN 1.852% ,YIHUNG LIN 1.763% ,Great Ambition Investment Co., Ltd. 1.702%, ZiqunInternationalCo., Ltd. 1.686% Peirong Chen (1.618%)
HEHAN INVESTMENT CO., LTD.	Shih-Yun Lin(98.08%)、JUITSE LIN(1.92%)

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased.

If any Major Shareholder Listed in Form 1 is a Corporate/Juristic Person, List its Major Shareholders in this Form

April 2, 2024

Name of corporate/juristic person (Note 1)	Major shareholders of the corporate/juristic person (Note 2)
Haoqun Investment and Development Ltd.	YIHUNG LIN(75.26%)、Hao-Chen Lin(24.74%)
Songqun Investment and Development Ltd	Shih-Yun Lin(59.87%)、JUITSE LIN(40.13%)
Hehan Investment Co., Ltd.	Shih-Yun Lin(98.08%)、JUITSE LIN(1.92%)
Ziqun InternationalCo., Ltd.	Hao-Chen Lin(99.97%)、YIHUNG LIN(0.03%)
Ruhan Investment Co., Ltd	Samoa Shangju Technology Co., Ltd. (100%)
Huangkai Investment Co., Ltd.	Samoa Merchant Elite Limited (100%)
Great Ambition Investment Co., Ltd.	Samoa Pacific Concord Limited (100%)

Note 1: If any major shareholder in Form 1 above is a corporate/juristic person, fill in the name of that corporate/juristic person.

Note 2: Fill in the names of the corporate/juristic person's major shareholders (those with a shareholding ratio ranking among the top 10) and their shareholding ratios.

Note 3: If a corporate/juristic person shareholder is not organized as a company, the shareholder names and shareholding ratios required to be disclosed as mentioned above shall be the names of the capital contributors or donors (for further information, please refer to the announcements of the Judicial Yuan) and their capital contribution or donation rates, respectively. If a donor has died, please further note "deceased.

(B).Professional qualifications and independence analysis of directors and supervisors

Directors B

Condition / Na,e	Professional qualifications and experience	Independence analysis	No. of other public companies at which the person concurrently serves as an independent director
Mao Yuan Li	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	-	none
JIAN CHUN FANG	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	-	none
XIUHUI LI WANG	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	-	none
Y.C.C. PARTS MFG. CO., LTD. ： YIHUNG LIN	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company and also serves as the general manager of Y.C.C. PARTS MFG. CO., LTD.	-	none
HEHAN INVESTMENT CO., LTD. Rep：JUITSE LIN	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company and also serves as the general manager of Y.C.C. PARTS MFG. CO., LTD.	-	none
DECAI ZHENG	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	(Note 2)	none
DAWEI WANG	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	(Note 2)	none
QING EN PENG	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	(Note 2)	none
HOU DE CHEN	Have 5yearsof Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	(Note 2)	none

Note: Please tick the corresponding boxes that apply to the directors or supervisors during the two years prior to being elected or during the term of office.

1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.

6. If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: **not** a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: **not** a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company.
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.

(C)、Status of Board Diversity Policy and Independence.

a、When setting the composition of the board of directors, the company will consider from the perspective of diversity policy, and the principle of strengthening the function of the board of directors and the company's directors have different professional backgrounds, which can strengthen the policy of diversity of the board of directors.

b、The company's 15th board member list, there is one female director. Maoyuan Li, Jianchun Fang, Yi-Hung Lin, JUITSE LIN etc. who are good at leadership, operation management, market decision-making, and have industrial experience and internationalization; Wang Xiuhui Li is the one who is passionate about business; as for Dawei Wang, who is good at construction engineering, Decai Zheng, Qingen Peng and Huode Chen, are respectively good at financial affairs, implementing the diversification of the company's board of directors.

c、The proportion of directors with employee status is 22%, the proportion of independent directors is 44%, and the proportion of female directors is 11%. The tenure of two independent directors is 6-9 years, the tenure of the other two independent directors is 1-3 years. 1 director(incl.Rep.) is 31-40 years old, 6 directors(incl.Rep.) are 61-70 years old, and 2 directors are 71-80 years old.

d、The company pays attention to gender equality in the composition of the board of directors, and the long-term goal of the ratio of female directors is 25% or more.

The specific implementation of the diversity policy of the board of directors

Name (Note 1) \ condition		basic component					Industry background				professional ability			
		Nationality	gender	With employee status	age	Independent directors' term	industry	Fiance	project	Management	Operational Judgment	Management ability	Industry knowledge	International Market View
Director	Mao Yuan Li	R.O.C.	M	✓	71~80	-	✓	-	-	✓	✓	✓	✓	✓
Director	JIAN CHUN FANG		M	✓	61~70	-	✓	-	-	✓	✓	✓	✓	✓
Director	XIUHUI LI WANG		F	-	61~70	-	✓	-	-	✓	✓	✓	✓	✓
Director	Y.C.C. PARTS MFG. CO., LTD. Rep. YIHUNG LIN		M	-	61~70	-	✓	-	-	✓	✓	✓	✓	✓
Director	HEHAN INVESTMENT CO., LTD. Rep. JUITSE LIN		M	-	31~40	-	✓	-	-	✓	✓	✓	✓	✓
Independent Director	DECAI ZHENG		M	-	61~70	6-9	✓	✓	-	✓	✓	✓	✓	✓
Independent Director	DAWEI WANG		M	-	61~70	6-9	✓	-	✓	✓	✓	✓	✓	✓
Independent Director	QING EN PENG		M	-	71~80	1-3	✓	✓	-	✓	✓	✓	✓	✓
Independent Director	HOU DE CHEN		M	-	61~70	1-3	✓	✓	-	✓	✓	✓	✓	✓

B、Management Team

April 14, 2024

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience（Education）	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
General manager	R.O.C.	Mao Yuan Li	M	Mar.1986	12,235,873	7.40	6,869,398	4.16	—	—	Graduated from high school General Manager Gordon for 38 years	None	—	None	—
Vice Presidentry	R.O.C.	Qingyi Lin	M	Apr.2013	—	—	—	—	—	—	Graduated from Liming Technical College Gordon production department for 38 years	None	—	None	—
Vice Presidentry	R.O.C.	RuiWang	M	Apr.2023	—	—	—	—	—	—	Graduated from Stirling University, UK Gordon Business Department for 20 years	None	—	None	—
Materials Department Associate	R.O.C.	Ruicai Huang	M	Jun. 2007	—	—	—	—	—	—	Tamsui Commercial College Gordon Materials Department for 33 years	None	—	None	—
Finance Department manager	R.O.C.	Jianrong Chen	M	May 2017	—	—	—	—	—	—	Cheng Kung University Accounting Department About 23 years of accounting experience	None	—	None	—
Corporate Governance manager	R.O.C.	Tingshang Li	M	Mar. 2021	—	—	—	—	—	—	University of New South Wales, Australia Gordon General Manager Office for 13 years	None	—	None	—

Note:

1. Where the President or person of an equivalent post (the highest level manager) and Chairman of the Board of Directors are the same person, spouses, or relatives within the first degree of kinship, the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (such as increasing the number of independent director seats, and more than half of all directors must not concurrently serve as employees or managers) must be disclosed :In order to increase operating efficiency, implement decisions more smoothly, and achieve stable growth in company performance, the chairman and general manager are the same person, and the independence of the board of directors is implemented. More than half of the directors are not concurrently employees or managers. The company increased the number of independent directors by 1 when the term of directors and supervisors expired in 2022.
2. The deputy general manager Rui Wang was newly appointed on April 1, 2023.

(III)、**Remuneration paid during the most recent fiscal year to directors, supervisors, the general manager, and assistant general managers**

A、(A).Remuneration of Directors and Independent Directors

March 31, 2024, Unit: NT$ thousands

2Title	Name	Remuneration								A Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		elevant Remuneration Received by Directors Who are Also Employees								A Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note 1)
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company	All companies in the consolidated financial statements	The company		All companies in the consolidated financial statements		The company	All companies in the consolidated financial statements	
																Cash	Stock					
Director	Mao Yuan Li I	360	360	0	0	3, 058	3, 058	20	20	1. 0	1. 0	5, 497	5, 497	0	0	649	0	649	0	2. 7	2. 7	None
	JIAN CHUN FANG	360	360	0	0	1, 529	1, 529	20	20	0. 5	0. 5	3, 642	3, 642	0	0	340	0	340	0	1. 7	1. 7	None
	XIUHUI LI WANG	360	360	0	0	1, 529	1, 529	0	0	0. 5	0. 5	0	0	0	0	0	0	0	0	0. 5	0. 5	None
	Y.C.C. PARTS MFG. CO., LTD. and Rep YIHUNG LIN	360	360	0	0	1, 529	1, 529	20	20	0. 5	0. 5	0	0	0	0	0	0	0	0	0. 5	0. 5	None
	HEHAN INVESTMENT CO., LTD. And Rep.JUITSE LIN	360	360	0	0	1, 529	1, 529	20	20	0. 5	0. 5	0	0	0	0	0	0	0	0	0. 5	0. 5	None
Independent Director	DECAI ZHENG	360	360	0	0	0	0	60	60	0. 1	0. 1	0	0	0	0	0	0	0	0	0. 1	0. 1	None
	DAWEI WANG	360	360	0	0	0	0	60	60	0. 1	0. 1	0	0	0	0	0	0	0	0	0. 1	0. 1	None
	QING EN PENG	360	360	0	0	0	0	40	40	0. 1	0. 1	0	0	0	0	0	0	0	0	0. 1	0. 1	None
	HOU DE CHEN	360	360	0	0	0	0	60	60	0. 1	0. 1	0	0	0	0	0	0	0	0	0. 1	0. 1	None

Note 1: Please describe the policy, system, standards and structure in place for paying remuneration to directors and describe the relationship of factors such as the duties and risks undertaken and time invested by the directors to the amount of remuneration paid.: According to the company's "Independent Director Salary and Remuneration Measures", when independent directors perform their duties in the company, regardless of the company's operating profit or loss, the company can pay fixed remuneration, which is paid on a monthly basis. , The evaluation results are submitted to the board of directors for discussion and adjustments are made as appropriate.

Note 2: In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises):None.

Note 1: Provide two cars, the purchase cost is NT$ 10,966 thousand, and the driver's compensation is NT$ 812 thousand.

Range of Remuneration

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Less thanNT$ 1,000,000	Yi-Hung Lin, JUITSE LIN, DECAI ZHENG, DAWEI WANG, QING EN PENG, HOU DE CHEN	Yi-Hung Lin,JUITSE LIN, ,, DECAI ZHENG, DAWEI WANG, QING EN PENG, HOU DE CHEN	Yi-Hung Lin, JUITSE LIN, ,, DECAI ZHENG, DAWEI WANG, QING EN PENG, HOU DE CHEN	Yi-Hung Lin, JUITSE LIN, ,, DECAI ZHENG, DAWEI WANG, QING EN PENG, HOU DE CHEN
NT$1,000,000 ~ NT$1,999,999	JIAN CHUN FANG,Y.C.C. PARTS MFG. CO., LTD., XIUHUI LI WANG, HEHAN INVESTMENT CO., LTD.,	JIAN CHUN FANG,Y.C.C. PARTS MFG. CO., LTD., XIUHUI LI WANG, HEHAN INVESTMENT CO., LTD.,	JIAN CHUN FANG,Y.C.C. PARTS MFG. CO., LTD., XIUHUI LI WANG, HEHAN INVESTMENT CO., LTD.,	JIAN CHUN FANG,Y.C.C. PARTS MFG. CO., LTD., XIUHUI LI WANG, HEHAN INVESTMENT CO., LTD.,
NT$2,000,000 ~ NT$3,499,999	MAO YUAN LI,	MAO YUAN LI,	—	—
NT$3,500,000 ~ NT$4,999,999	—	—		
NT$5,000,000 ~ NT$9,999,999	—	—	MAO YUAN LI, JIAN CHUN FANG,	MAO YUAN LI, JIAN CHUN FANG,
NT$10,000,000 ~ NT$14,999,999	—	—	—	—
NT$15,000,000 ~ NT$29,999,999	—	—	—	—
NT$30,000,000 ~ NT$49,999,999	—	—	—	—
NT$50,000,000 ~ NT$99,999,999	—	—	—	—
Greater than or equal to NT$100,000,000	—	—	—	—
Total	MAO YUAN LI, JIAN CHUN FANG,Y.C.C. PARTS MFG. CO., LTD., XIUHUI LI WANG, HEHAN INVESTMENT CO., LTD., DECAI ZHENG, DAWEI WANG, QING EN PENG, HOU DE CHEN, Yi-Hung Lin, JUITSE LIN.	MAO YUAN LI, JIAN CHUN FANG,Y.C.C. PARTS MFG. CO., LTD., XIUHUI LI WANG, HEHAN INVESTMENT CO., LTD., ,, DECAI ZHENG, DAWEI WANG, QING EN PENG, HOU DE CHEN YIHUNG LIN , JUITSE LIN.	MAO YUAN LI, JIAN CHUN FANG,Y.C.C. PARTS MFG. CO., LTD., XIUHUI LI WANG, HEHAN INVESTMENT CO., LTD., ,, DECAI ZHENG, DAWEI WANG, QING EN PENG, HOU DE CHEN YIHUNG LIN , JUITSE LIN.	MAO YUAN LI, JIAN CHUN FANG,Y.C.C. PARTS MFG. CO., LTD., XIUHUI LI WANG, HEHAN INVESTMENT CO., LTD., ,, DECAI ZHENG, DAWEI WANG, QING EN PENG, HOU DE CHEN Yi-Hung Lin, JUITSE LIN.

(B)、Remuneration of Supervisors: In accordance with relevant laws and regulations, the company established audit committee on June 14, 2022 to replace the supervisors.

(C)、Remuneration of the President and Vice Presidents

March 31, 2024 unit：NT Thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
General manager	Mao Yuan Li	4,157	4,157	0	0	1,340	1,340	649	0	649	0	1.7	1.7	None
Vice President	Qingyi Lin	2,134	2,134	108	108	627	627	305	0	305	0	0.9	0.9	None
Vice President	Rui Wang	1,695	1,695	130	130	468	468	229	0	229	0	0.7	0.7	None

Note1：Provide three cars, the purchase cost is NT$8,289,000 and the driver's compensation is NT$812,000 .

Note2 : Retirement pension is actually paid or transferred to a special account..

Range of Remuneration

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements (E)
Less than NT$ 1,000,000	—	—
NT$1,000,000 ~ NT$1,999,999	—	—
NT$2,000,000 ~ NT$3,499,999	Qingyi Lin、Rui Wang	Qingyi Lin、Rui Wang
NT$3,500,000 ~ NT$4,999,999	—	—
NT$5,000,000 ~ NT$9,999,999	Mao Yuan Li	Mao Yuan Li
NT$10,000,000 ~ NT$14,999,999	—	—
NT$15,000,000 ~ NT$29,999,999	—	—
NT$30,000,000 ~ NT$49,999,999	—	—
NT$50,000,000 ~ NT$99,999,999	—	—
Greater than or equal to NT$100,000,000	—	—
Total	Mao Yuan Li, Qingyi Lin	Mao Yuan Li, Qingyi Lin

(D)、Remuneration to the Five Highest Remunerated Management Personnel

March 31, 2024 unit：NT Thousand

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Remuneration from ventures other than subsidiaries or from the parent company (Note)
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock					
General manager	Mao Yuan Li	4, 157	4, 157	0	0	1, 340	1, 340	649	0	649	0	1. 7	1. 7	None
Vice President	Qingyi Lin	2, 133	2, 133	108	108	627	627	305	0	305	0	0. 9	0. 9	None
Vice President	Rui Wang	1, 695	1, 695	130	130	468	468	229	0	229	0	0. 7	0. 7	None
Materials Department Associate	Ruicai Huang	1, 420	1, 420	87	87	350	350	172	0	172	0	0. 6	0. 6	None
Finance Department manager	Jianrong Chen	1, 130	1, 130	70	70	263	263	130	0	130	0	0. 5	0. 5	None

Note1：Retirement pension is actually paid or transferred to a special account.

(E)、The name of the manager who distributes employee remuneration and the distribution situation

March 31,2024 ,UNIT :NT$ ‘000, %

	Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Executive Officers	General manager	Mao Yuan Li	0	1,612	1,612	0.46
	Vice President	Qingyi Lin				
	Vice President	Rui Wang				
	Materials Department Associate	Ruicai Huang				
	Finance Department manag	Jianrong Chen				
	Corporate Governance manager	Tingshang Lee				

Note:The deputy general manager Rui Wang was newly appointed on April 1, 2023.

B、**(A).**The ratio of total remuneration paid by the Company and by all companies included in the consolidated financial statements for the two most recent fiscal years to directors, president and vice presidents of the Company, to the net income.

	Our company		Consolidate all companies	
	Proportion of total amount to net profit after tax(%)		Proportion of total amount to net profit after tax(%)	
	2022	2023	2022	2023
Dictor	6.41	6.98	6.41	6.98
General Manager and Deputy General Manager				

Note:The deputy general manager Rui Wang was newly appointed on April 1, 2023.

(B).The policies, standards, and portfolios for the payment of remuneration,.the procedures for determining remuneration, and the correlation with risks and business performance.

a、The appointment of managers should be approved by the board of directors. The company has established a remuneration committee on December 28, 2022 to formulate and regularly review and evaluate relevant policies and performance, and make suggestions to the board of directors.

b、Article 32 of the company's articles of association stipulates that if the company makes annual profits, no less than 1% should be allocated as employee remuneration, and no more than 3% should be allocated as director and supervisor remuneration. In addition, according to Article 24 of the company's articles of association, when directors and supervisors perform their duties in the company, the company may pay remuneration regardless of the company's profit or loss. The level is authorized by the Board of Directors. The independent directors of the company receive fixed remuneration. The same as the manager's remuneration, it also includes salaries and bonuses.

c、The company considers the link between the performance and remuneration of directors, supervisors and managers, including financial indicators (such as annual profit, etc.) and non-financial indicators (such as major achievements and deficiencies, etc.), and according to the recommendations of the salary compensation committee, Submit to the board of directors for approval.

(IV)、The state of the company's implementation of corporate governance:

A、Operations of the Board of Directors

A total of 4 (A) meetings of the Board of Directors were held in the 2023. The attendance of director and supervisor were as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
Chairman	Mao Yuan Li	4	0	100%	-
Director	JIAN CHUN FANG	4	0	100%	-
Director	Y.C.C. PARTS MFG. CO., LTD. Rep Yi-Hung Lin	4	0	100%	-
Director	XIUHUI LI WANG	0	4	0%	-
Director	HEHAN INVESTMENT CO., LTD. Rep.JUITSE LIN	4	4	100%	-
Independent director	DECAI ZHENG	4	0	100%	-
Independent director	DAWEI WANG	4	0	100%	-
Independent director	QING EN PENG	3	1	75%	-
Independent director	HOU DE CHEN	4	0	100%	

Other mentionable items:

(I).If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified: **None**.

A.Matters referred to in Article 14-3 of the Securities and Exchange Act.

B.Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors.

(II).If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: **None**

(III). TWSE/TPEx-listed companies are required to disclose the evaluation cycle and period, scope of evaluation, evaluation method, and evaluation items of the self (or peer) evaluations conducted by the Board of Directors, and to fill out "Implementation Status of Board Evaluations."

Evaluation cycle	Evaluation period	Scope of evaluation	Evaluation method	Evaluation items
Once a year	Evaluation of performance from Jan. 01, 2023 to Dec. 31,.2023	Board of Directors	Internal self-assessment of the board of directors	1. The degree of participation in the company's operations. 2. Improve the quality of decision-making of the board of directors. 3. Composition and structure of the board of directors. 4. Selection and continuing education of directors. 5. Internal control.

Once a year	Evaluation of performance from Jan. 01, 2023 to Dec. 31,.2023	The Salary and Compensation Committee as well as the Audit Committee	Internal self-assessment of the Salary and Compensation Committees well as the Audit Committee	1. The degree of participation in the company's operations. 2. Cognition of the responsibilities of functional committees. 3. Improve the decision-making quality of functional committees. 4. The composition and selection of members of the functional committee. 5. Internal control.

(A).Implementation status of board evaluation: 2023 board self (or peer) evaluation was submitted to the board of directors on March 8, 2024.

(B).After careful evaluation based on the actual operation of the board of directors and functional committees (remuneration committee and audit committee) and the self-assessment results of directors (including independent directors), the overall evaluation results of the company's 2023 board of directors and functional committees were all "excellent".

(IV).Measures taken to strengthen the functionality of the board: The Board of Directors has established an Audit Committee and a Remuneration Committee to assist the board in carrying out its various duties.

(A).The goal of strengthening the functions of the board of directors

a Strengthening corporate governance: The operation of the board of directors is in accordance with the "Rules of Procedures of the Board of Directors" and implements this standard to convene the company's board of directors. All of the independent directors aggressively attended the recent annual board of directors and provided good advice to the board of directors with their professional knowledge.

b Refresher training for directors and supervisors: The company will encourage directors and supervisors to participate in advanced training courses, and notify and arrange for directors and supervisors to obtain relevant information to enhance their professional advantages.

(B). Evaluation of implementation status: The company discloses the important resolutions of the board of directors in the annual report to protect shareholders' rights and improve information transparency

B、Audit Committee

Information on the operation of the Audit Committee

(I)、The audit committee of the company was established on June 14, 2022, with 4 members.

(II)、The term of office of the current committee members: from June 14, 2022 to June 13, 2025. As of May 15, 2023.

(III)、The Audit Committee have been held 4 meetings in 2023 (A), and the actual attendance rate of the committee members has reached 94%. The qualifications and attendance of the members are as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%)【B/A】	Remarks
convener (Independent director)	DECAI ZHENG	4	0	100	-
Independent director	DAWEI WANG	4	0	100	-
Independent director	QING EN PENG	3	1	75	-
Independent director	HOU DE CHEN	4	0	100	-

1. If any of the following circumstances occur, the dates of meetings, sessions, contents of motion, resolutions of the Audit Committee and the Company's response to the Audit Committee's opinion should be specified: None.
   (1) Matters referred to in Article 14-5 of the Securities and Exchange Act.
   (2) Other matters which were not approved by the Audit Committee but were approved by two-thirds or more of all directors.
2. If there are independent directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified: None

(III)、Meeting date, period, proposal content, resolution results and the company's handling of the audit committee's opinions in the most recent year。

The Audit Committee	Proposal content and follow-up processing	Resolution result	The company's handling of the audit committee's opinion
The first term, 3rd. March 09,2023.	Proposal 1: Recognition of the company's 2023 annual financial statements	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
	Proposal 2: Discussion on 2023 Annual Surplus Distribution Proposal	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
	Proposal 3: The Company's 2023 year internal control system effectiveness assessment results and the "Internal Control System Statement" case	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
	Proposal 4: Revise part of the text of the company's "Risk Management Policy".	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
	Proposal 5: Revise part of the content of the company's internal control system "Others -	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.

	Internal Management Measures".		
The first term, 4th. May 09,2023.	Proposal 1: The company's consolidated financial statements for the first quarter of 2023.	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
The first term, 5th. Aug. 08, 2023	Proposal 1: The company's consolidated financial statements for the second quarter of 2023.	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
The first term, 6th. Nov. 08, 2023	Proposal 1: The company's consolidated financial statements for the third quarter of 2023.	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
The first term, 7th. March 08,2024.	Proposal 1: The company adjusts the visa accountant case	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
	Proposal 2: Independent assessment of the company's certified accountants.	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
	Proposal 1: Recognition of the company's 2023 annual financial statements	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
	Proposal 2: Discussion on 2023 Annual Surplus Distribution Proposal	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
	Proposal 3: The Company's 2023 year internal control system effectiveness assessment results and the "Internal Control System Statement" case	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
The first term, 8th. May 09,2024.	Proposal 1: The company's individual statements for the first quarter of 2024.	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.

(B).Attendance of Supervisors at Board Meetings: In accordance with relevant laws and regulations, the company established audit committee on June 14, 2022 to replace the supervisors.

C、The state of the company's implementation of corporate governance, any variance from the Corporate Governance The state of the company's implementation of corporate governance, any variance from the Corporate Governance

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	✓		The company has formulated the "Corporate Governance Code" and follows the "Listed OTC Corporate Governance Code" "Code of Practice" to promote corporate governance operations and disclose it on the company website of the Public Information Observatory.	There is no material difference from the Code of Practice for Corporate Governance of Listed OTC Companies.
2. Shareholding structure & shareholders' rights (1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1) The company has established standards and operating procedures for reviewing shareholders' proposals at the regular meeting of shareholders, and has a spokesperson and an acting spokesperson to handle related matters in order to ensure the rights and interests of shareholders.	There is no material difference from the Code of Practice for Corporate Governance of Listed OTC Companies.
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2) At the beginning of each month, major shareholders inform the company of the increase, decrease or pledge of equity in the previous month, and the company summarizes the equity status of all major shareholders and reports it to the public information observation station.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		(3) Clarify the rights and responsibilities of personnel, assets and financial management with related companies, and conduct risk assessment and establish appropriate firewalls; the company has assigned auditors to regularly supervise the operations of subsidiaries.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		(4) The company has established internal major information processing procedures and relevant annual decree announcements, prohibiting company insiders from using unpublished information on the market to buy and sell securities.	

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1.1). When setting the composition of the board of directors, the company will consider from the perspective of diversity policy, and take the principle of strengthening the functions of the board of directors. The company's directors have different professional backgrounds, which can strengthen the diversity policy of the board of directors. (1.2). The company's 15th board member list, there is one female member among the natural person directors, Maoyuan Li, Jianchun Fang, Yi-Hung Lin, and JUITSE LIN who are good at leadership, operation management, market decision-making, and have industrial experience and internationalization; Wang Xiuhui Li is the one who is passionate about business; as for Dawei Wang, who is good at construction engineering, and Decai Zheng, Qingen Peng and Huode Chen, are respectively good at financial affairs, implementing the diversification of the company's board of directors. (1.3). The proportion of directors with employee status is 22%, the proportion of independent directors is 44%, and the proportion of female directors is 11%. The tenure of two independent directors is 6-9 years, the tenure of the other two independent directors is 1-3 years. 1 director(incl.Rep.) is 31-40 years old, 6 directors(incl.Rep.) are 61-70 years old, and 2 directors are 71-80 years old. (1.4) .The company pays attention to gender equality in the composition of the board of directors, and the long-term goal of the ratio of female directors is more than 25%. (1.5). The board of directors formulates a diversified policy on the composition of members and discloses it on the company's website and public information observatory.	There is no material difference from the Code of Practice for Corporate Governance of Listed OTC Companies.
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(2) The company set up a salary and remuneration committee in 2016, an audit committee in 2022 according to laws and regulations, and other various functional committees according to aws and regulations.	
(3) Does the company establish a standard to measure the performance of the Board and implement it annually, and are performance evaluation results submitted to the Board of	✓		(3.1). The company passed the resolution of the board of directors on August 8, 2019 to formulate the "Performance Evaluation Method of the Board of Directors". The evaluation methods	

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
Directors and referenced when determining the remuneration of individual directors and nominations for reelection?			include self-evaluation by the board of directors, self-evaluation by directors, peer evaluation, and appointment of external professional institutions. Performance evaluation and completed in Q1 2024. (3.2). The company considers the link between the performance and remuneration of directors, supervisors and managers, including financial indicators (such as annual profit, etc.) Approved by the board of directors.	
(4) Does the company regularly evaluate the independence of CPAs?	✓		(4) The certified accountants of the company inspect the financial status of the company in accordance with relevant laws and regulations from an independent standpoint. The company expects to evaluate the independence and professionalism of certified accountants at least once a year from 2021, and the certified accountants have also issued a statement of independence for the entrusted audit work, which will be evaluated by the board of directors. The evaluation of 2023 resolution of the board of directors was passed on Nov.09, 2023 and Mar. 08 2024. (Detailed Note 1 of the Visa Accountant Independence Assessment Form)	
4. Does the company appoint a suitable number of competent personnel and a supervisor responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, assisting directors and supervisors with compliance, handling work related to meetings of the board of directors and the shareholders' meetings, and producing minutes of board meetings and shareholders' meetings)?	✓		1. The company's general manager's office is equipped with qualified and appropriate number of corporate governance personnel, and the board of directors has passed a resolution on 2021/03/09 that Tingshang Li, the manager of the general manager's office, is the corporate governance supervisor. His main duties are to be responsible for corporate governance-related affairs (Including, but not limited to, providing directors and supervisors with the necessary information to carry out their business, handling matters related to the meetings of the board of directors and shareholders according to law, making minutes of the board of directors and shareholders meetings, etc.) and the accounting department handles matters such as company registration and change registration. 2.2023 Annual business execution is as follows: 1. Handle matters related to the meetings of the board of directors and shareholders meeting according to law. 2. Prepare the minutes of the board of directors and shareholder meetings.	There is no material difference from the Code of Practice for Corporate Governance of Listed OTC Companies.

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			3. Assist directors and supervisors in their appointment and continuing education. 4. Provide directors and supervisors with the information needed to execute their business. 5. Assist directors and supervisors to comply with laws and regulations. 6. Other matters stipulated in the company's articles of association or contract.	
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		The company's website has set up a special area for stakeholders, and properly responds to important corporate social responsibility issues that stakeholders are concerned about. Stakeholders can contact the company at any time if they need it.	There is no material difference from the Code of Practice for Corporate Governance of Listed OTC Companies.
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company appoints a professional stock affairs agency to handle the affairs of the shareholders meeting.	There is no material difference from the Code of Practice for Corporate Governance of Listed OTC Companies.
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance? (2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)? (3) Does the company announce and report annual financial statements within two months after the end of each fiscal year, and announce and report Q1, Q2, and Q3 financial statements, as well as monthly operation results, before the prescribed time limit?	 ✓ ✓ ✓		(1) The company's website (http://www.gordon.com.tw) has been set up to be maintained by a dedicated person, and the information is updated at any time for the reference of shareholders and interested parties. (2)The company has set up an English company website. Designate a special person to be responsible for regularly and irregularly reporting various financial and business information at the public information observation station, and establish a spokesperson system in accordance with regulations. (3) The company has announced and submitted the annual financial report, the first, second, and third quarter financial reports and the operating conditions of each month in accordance with relevant laws and regulations.	There is no material difference from the Code of Practice for Corporate Governance of Listed OTC Companies.
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk	✓		(1) Employee rights and employee care: The company has always attached great importance to the rights and interests of employees. In addition to establishing an employee welfare committee in accordance with the law and striving to achieve good welfare measures, it has also	There is no material difference from the Code of Practice for Corporate Governance of Listed OTC Companies.

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			strengthened the establishment of interactive communication and provided employees with more complaint channels through mailboxes. The company also attaches great importance to the quality of the factory area and office working environment, and regularly cleans and disinfect. (2) Investor Relations: Disclosing information through the company's website and public information observatory allows investors to fully understand the company's operating conditions, and communicate with investors through spokespersons and shareholder meetings. (3) Supplier relationship: The company establishes long-term partnerships with suppliers based on the principle of equality and mutual benefit, and conducts irregular inspections to confirm the quality of supply. (4) Rights of interested parties: A. Responsibility to customers: The company attaches great importance to product quality and customer feedback, and immediately takes measures to deal with customer complaints to be responsible to customers. B. Responsibilities for shareholders: The goal of the company is to attach importance to the protection of shareholders' rights and interests. (5) Training for directors and supervisors: The company actively encourages directors and supervisors to participate in training. (6) Implementation of risk management policies and risk measurement standards: The company formulates regulations according to law and implements internal audit operations. (7) Implementation of client policies: The company attaches great importance to the rights and interests of customers and maintains a long-term and stable relationship with customers, with the goal of creating a win-win situation. (8) Situations where the company purchases liability insurance for directors and supervisors: Currently purchasing directors' and supervisors' liability insurance (Shin Kong Product Insurance Company: Aug, 2023-Aug.08, 2024).	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
9. Please explain the improvements which have been made in accordance with the results of the Corporate Governance Evaluation System released by the Corporate Governance Center, Taiwan Stock Exchange, and provide the priority enhancement measures.	✓		In order to respond to the rapid development of corporate governance and strengthen the blueprint of corporate governance, the company has listed corporate governance evaluation as a key improvement work item in the near future, and the parts that have not been scored can be improved immediately, and relevant units are required to review and correct immediately, pending legal basis Improvements shall be made in a timely manner according to laws and regulations.	

Note 1 Accountant Independence Assessment Form

evaluation items	**evaluation result**	**Whether it meets independence**
A、Whether the accountant has a direct or significant indirect financial interest relationship with the company.	**No**	**Yes**
B、Whether the accountant has any financing or guarantee activities for the company or the directors of the company.	**No**	**Yes**
C、Whether the accountant has a close business relationship or potential employment relationship with the company.	**No**	**Yes**
D、Whether the accountants and their audit team members currently or in the past two years have served as directors, managers or positions that have a significant impact on the audit work in the company.	**No**	**Yes**
E、Whether the accountant has provided the company with non-audit service items that may directly affect the audit work.	**No**	**Yes**
F、Whether the accountant has brokered the stocks or other securities issued by the company.	**No**	**Yes**
G、Whether the accountant acts as the company's defender or coordinates conflicts with other third parties on behalf of the company.	**No**	**Yes**
H、Whether the accountant has a family relationship with the company's directors, managers, or personnel with positions that have a significant impact on the audit case.	**No**	**Yes**
I、Whether the certified accountant has complied with the regulations on independence in the Bulletin No. 10 of the Code of Professional Ethics for Accountants, and has obtained the "Statement of Independence" issued by the certified accountant.	**Yes**	**Yes**

D、Professional Qualifications and Independence Analysis of Remuneration Committee Members：

a.Information on Remuneration Committee Members

<table>
<tr><th colspan="2">Criteria
Title Name</th><th>Professional qualifications and experience</th><th>Independence Criteria</th><th>Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member</th></tr>
<tr><td>Independent director (convener)</td><td>DECAI ZHENG</td><td rowspan="4">1. Has at Least Five Years’work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company。
2 Please refer to the relevant contents of Information on Directors (II).</td><td rowspan="4">Note: Please tick the corresponding boxes that apply to a member during the two years prior to being elected or during the term(s) of office.
1. Not an employee of the company or any of its affiliates.
2. Not a director or supervisor of the company or any of its affiliates. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent.
6. If a majority of the company's director seats or</td><td>0</td></tr>
<tr><td>Independent director</td><td>DAWEI WANG</td><td>0</td></tr>
<tr><td>Independent director</td><td>QING EN PENG</td><td>0</td></tr>
<tr><td>Independent director</td><td>HOU DE CHEN</td><td>0</td></tr>
</table>

			voting shares and those of any other company are controlled by the same person: not a director, supervisor, or employee of that other company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 7. If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: not a director (or governor), supervisor, or employee of that other company or institution. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent. 8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the company. Not apply to independent directors appointed in accordance with the Act or the laws and regulations of the local country by, and concurrently serving as such at, a public company and its parent or subsidiary or a subsidiary of the same parent, if the specified company or institution holds 20 percent or more and no more than 50 percent of the total number of issued shares of the public company. 9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Act or to the Business Mergers and Acquisitions Act or related laws or regulations.	1

(2) Operation of the Remuneration Committee

There are four members in the Remuneration Committee. A total of two (A) Remuneration Committee meetings were held in 2023. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attendance in Person(B) By Proxy	By Proxy	Attendance Rate (%)【B/A】	Remarks
Convener	DECAI ZHENG	2	0	100%	-
Committee Member	DAWEI WANG	2	0	100%	-
Committee Member	QING EN PENG	1	1	50%	-
Committee Member	HOU DE CHEN	2	0	100%	-

Other mentionable items:

1. If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg., the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): None.
2. Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: None.
3. The meeting date, period, proposal content, resolution results and the company's handling of the salary and remuneration committee's opinions in the most recent year and as of the publication date of the annual report.

Compensation Committee	Proposal content and follow-up processing	Resolution result	The company's handling of the opinions of the remuneration committee
The 5th term 2nd times Mar. 09, 2023	Proposal 1: Discuss the company's 2022 employee remuneration and director and supervisor remuneration proposals.	All members of the committee agree to pass.	Proposal 1 was discussed by the board of directors, approved by all directors present, and reported at the 2023 regular meeting of shareholders.
	Proposal 2: The salary adjustment range of the company's managers in 2012 is proposed to be compared with the proposal of all employees, and submitted for discussion.	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
The 5th term 3rd times Nov. 08, 2023	Proposal 1: Review the policies, systems, standards and structure of directors and managers' performance evaluation and salary compensation.	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.
The 5th term 4th times Mar. 07, 2024	Proposal 1: Discuss the company's 2023-year employee remuneration and director and supervisor remuneration proposals.	All members of the committee agree to pass.	Proposal 1 was discussed by the board of directors, approved by all directors present, and reported at the 2024 regular meeting of shareholders.
	Proposal 2: The salary adjustment range of the company's managers in 2024 is proposed to be compared with the proposal of all employees, and submitted for discussion.	All members of the committee agree to pass.	Submit to the board of directors and handle according to regulations.

E、Fulfillment of CSR and Deviations from the "Corporate Social Responsibility Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
1.Does the company assess ESG risks associated with its operations based on the principle of materiality, and establish related risk management policies or strategies? [3]	✓		1.1. The general manager office of the company has set up a corporate governance part-time unit and personnel to be responsible for corporate governance-related matters, and their duties also include promoting sustainable development and promoting corporate social responsibility-related matters. 1.2.(1) The company is committed to quality, technology, innovation and customer service, and attaches great importance to the risk assessment of environmental, social and corporate governance issues related to the company's operations, and incorporates them into relevant risk management policies and management guidelines. (2) The company regularly organizes employee education and training to enhance the concept of employee, enterprise and social ethics, and submits rewards or punishments based on the assessment results to encourage employees, enterprises and society to grow together. 1.3. The board of directors regularly listens to reports on corporate sustainability issues such as operations, corporate governance, and social responsibility, and assists the company in making sustainable development decisions through the different experiences of board members.	None
2.Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	✓		(2.1) The general manager's office of the company is responsible for related affairs. The company is committed to quality, technology, innovation and customer service, and attaches great importance to the risk assessment of environmental, social and corporate governance issues related to the company's operations, and incorporates them into relevant risk management policies and management guidelines. (2.2) The company regularly organizes employee education and training to enhance the concept of employee, enterprise and social ethics, and submits rewards or punishments based on the assessment results to encourage employees, enterprises and society to grow together.	None

Evaluation Item	Implementation Status[1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation[2]	
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	✓		(1) and (2) In order to implement environmental policies, Gordon obtained the ISO14001 certificate in 2006 and the latest version of ISO14001:2015 in 2017. We deeply agree that a sustainable enterprise must not only treat itself, customers, Employees and shareholders are responsible, and they also need to be responsible for the entire environment.	None
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓			
(3) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		(3) Based on our obligation to environmental protection, the following environmental protection programs have been promoted: 1. Establish pollution-free, automated electro-painting equipment (EDP). 2. Develop a waste recycling system to deal with waste materials generated in the production process. 3. Develop wastewater quality monitoring and treatment systems.	
(4) Does the company take inventory of its greenhouse gas emissions, water consumption, and total weight of waste in the last two years, and implement policies on energy efficiency and carbon dioxide reduction, greenhouse gas reduction, water reduction, or waste management?	✓		(4) 1. The company promotes various energy-saving and carbon-reduction measures, and establishes an environmental safety committee to do a good job in environmental protection in various environments of the company. 2. Carry out environmental impact source assessment every year, set up corresponding improvement or control measures and formulate environmental safety management plans for the identified major environmental safety impact sources, so as to reduce their environmental safety impact, and in order to strengthen energy conservation and use, make energy use The consumption of energy such as water, electricity, natural gas and oil is included in the control scope of monitoring indicators. 3. The company's annual wastewater discharge ratio (first plant) and (second plant) are 0.043 and 0.011 respectively, and the average garbage output (whole plant) is 24.1 kg/person, which is in line with the company's management goals. 4. The company's 2023 carbon emission ratios (factory one) and (factory two) are 2.91 and 2.84 respectively, which are in line with the company's management goals.	
4. Social issues (1) Does the company formulate appropriate management policies	✓		(1) The company formulates employee work rules in accordance with the law, which have been approved by the Labor Bureau; and formulate a code of conduct for employees to follow.	None

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
and procedures according to relevant regulations and the International Bill of Human Rights?				
(2) Does the company have reasonable employee benefit measures (including salaries, leave, and other benefits), and do business performance or results reflect on employee salaries?	✓		(2) The company attaches great importance to the agreement between labor and capital and the protection of various employee rights and interests. All are based on relevant labor standards laws. The communication channel between employees and the company is smooth to create a win-win situation. The company has an employee mailbox to actively understand and reasonably satisfy Colleague needs.	
(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3) 1. The company conducts regular employee health checks, and free consultation with doctors after the checks to maintain the health of employees. 2. Fire drills to maintain the safety of employees at work. 3. Pay attention to the food safety issues of employees, and regularly review the dining environment of the employee restaurant and the employee menu. 4. Support the government's smoke-free workplace policy. 5. Arrange industrial safety lectures in the newcomer education and training 6. Hold quality, environmental safety and factory affairs meetings every month 7. Caring and caring for employees, with a nursing room. 8. In November 2019, it passed the ISO45001 Occupational Safety and Health Management System and CNS45001 Taiwan Occupational Safety and Health Management System certifications by the ETC Taiwan Electronic Inspection Center. 9. In the current year, there were 3 occupational accidents and 3 employees, accounting for 0.7% of the total number of employees. The company has strengthened relevant improvement measures such as industrial safety education. 10. There were 0 fires and 0 casualties in the current year, accounting for 0% of the total number of employees. The company has strengthened fire drills and other improvement measures.	
(4) Does the company provide its employees with career development and training sessions?	✓		(4) The company has established an effective career development training plan for employees, and the company has a mechanism for regular communication with employees, and informs in a reasonable manner of operational changes that may have a significant impact on employees, and actively understands and reasonably meets the needs of colleagues .	
(5)Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and	✓		(5) The marketing and labeling of the company's products and services comply with relevant laws and regulations and international standards. The company has a company website. When consumers have comments on products or services, they can complain through the customer service mailbox or the company's service hotline.	

Evaluation Item	Implementation Status [1]			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation [2]	
marketing and labeling of products and services, and are relevant consumer protection and grievance procedure policies implemented? (6) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		(6) 1. The company adopts an open, reasonable and transparent procurement policy, and will give priority to suppliers with excellent environmental and social records. 2. If the company's suppliers violate its corporate social responsibility policy and have a significant impact on the environment and society, the company will terminate or cancel the terms of the contract at any time.	
5. Does the company reference internationally accepted reporting standards or guidelines, and prepare reports that disclose non-financial information of the company, such as corporate social responsibility reports? Do the reports above obtain assurance from a third party verification unit?	✓		5. In the future, the company will prepare corporate social responsibility reports and other reports that disclose the company's non-financial information in accordance with laws and regulations and the company's development needs. The company discloses important information on the Public Information Observatory in accordance with relevant laws and regulations, and the company's website has a "Corporate Social Responsibility Zone" to disclose relevant information. URL (http://www.gordon.com.tw)	None
6. Describe the difference, if any, between actual practice and the corporate social responsibility principles, if the company has implemented such principles based on the Corporate Social Responsibility Best Practice Principles for TWSE/TPEx Listed Companies:None.				
7. Other useful information for explaining the status of corporate social responsibility practices:None.				

Climate-Related Information of the company

1 . Implementation of Climate-Related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	1. The company is a company with a paid-in capital of less than 5 billion yuan. It should apply greenhouse gas inventory and verification in the third stage (i.e., complete the inventory in 2026 and complete the verification in 2028). Subsequently, it will follow the reference guidelines of the competent authority and relevant Requires the implementation of greenhouse gas inventory and confirmation operations, and reports to the board of directors on a quarterly basis the detailed promotion schedule of each project for greenhouse gas inventory, formulation of complete inventory procedures, and control of phased goals and other plan implementation progress.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of thebusiness (short, medium, and long term).	2. In the short, medium and long term, the impact of the company's industry on climate issues is bound to increase year by year, and green manufacturing is required by the future, and the company must adapt to future development. With regard to the impact of climate issues and the demand for production and energy conservation in existing factories, it is expected that the budget will need to be increased year by year and internal transformation and adjustments will be carried out. The resulting increase in costs is both a risk and an opportunity for the company.
3. Describe the financial impact of extreme weather events and transformative actions.	3. Potential financial impacts of climate risks Response actions: (A). Total greenhouse gas control, carbon tax, and carbon fee may increase operating costs. (B). Typhoons, water shortages, and heavy rains may have a financial impact: production will be affected, production costs will increase, and revenue will decrease. (C). As the temperature rises and electricity consumption increases, operating costs increase, and as electricity consumption increases, costs and carbon emissions rise. Countermeasures: The company should introduce energy-saving and carbon-reducing equipment.
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall riskmanagement system.	4. Greenhouse gas emission management (A) The company conducts greenhouse gas inventories every year to continuously understand emissions and promote the company's energy conservation policy.

	(B). The company should introduce energy-saving and carbon-reducing equipment.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions,analysis factors and major financial impacts used should be described.	5. This company is a company with a paid-in capital of less than 5 billion yuan. It should apply greenhouse gas inventory and verification in the third stage. Subsequent implementation will follow the reference guidelines and relevant regulations of the competent authority.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicatorsand targets used to identify and manage physical risks and transition risks.	6. This company is a company with a paid-in capital of less than 5 billion yuan. It should apply greenhouse gas inventory and verification in the third stage. Subsequent implementation will follow the reference guidelines and relevant regulations of the competent authority.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	7. This company is a company with a paid-in capital of less than 5 billion yuan. It should apply greenhouse gas inventory and verification in the third stage. Subsequent implementation will follow the reference guidelines and relevant regulations of the competent authority.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	8. This company is a company with a paid-in capital of less than 5 billion yuan. It should apply greenhouse gas inventory and verification in the third stage. Subsequent implementation will follow the reference guidelines and relevant regulations of the competent authority.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan (separately fill out in points 1-1 and 1-2 below).	9. This company is a company with a paid-in capital of less than 5 billion yuan. It should apply greenhouse gas inventory and verification in the third stage. Subsequent implementation will follow the reference guidelines and relevant regulations of the competent authority.

F、performance of integrity management and the differences and reasons for the difference from the code of integrity management of listed OTC companies: the company complies with the provisions of various laws and regulations, and implements integrity management through the audit of the internal control system; the management attaches great importance to the character and integrity of employees and prohibits In the event of dishonest behavior, implement it in the three aspects of laws and regulations, internal control and management, and establish the company's honest operation.

Fulfillment of Ethical Corporate Management and Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs (1) Does the company have a Board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the Board of Directors and management towards enforcement of such policy?	✓		(1)The company formulates the "Code of Integrity Management", and clearly states the policies and practices of integrity management in the regulations, as well as the commitment of the board of directors and senior management to actively implement the operation policy, and the general manager's office is responsible for the integrity management policy and prevention plan formulation and supervision of implementation.	There have been no differences.
(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?	✓		(2) 1.The company has an "employee code of conduct" that requires employees not to accept entertainment, gifts, kickbacks, etc., and the management will strengthen employee advocacy and behavior guidelines in monthly meetings. 2. The company held a monthly mobilization meeting in 2023 (including topics such as commendation of the best employees, advocacy of integrity management standards, and advocacy of compliance with laws and regulations) with a total of 448 person-times and a total of 112 person-hours.	
(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(3)In order to ensure the implementation of honest management, the company has established an effective accounting system and internal control system, and internal auditors regularly check the compliance with the preceding system	
2. Fulfill operations integrity policy (1).Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	✓		(1)The company has established an evaluation mechanism for its customers and outsourcers. When signing a contract with it, the rights and obligations of both parties are detailed in it, and a confidentiality clause is signed.	There have been no differences.

Evaluation Item	Implementation Status [1]			Deviations from the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(2).Does the company have a unit responsible for ethical corporate management on a full-time basis under the Board of Directors which reports the ethical corporate management policy and programs against unethical conduct regularly (at least once a year) to the Board of Directors while overseeing such operations? (3).Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (4).Does the company have effective accounting and internal control systems in place to implement ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct, or hire outside accountants to perform the audits? (5).Does the company regularly hold internal and external educational trainings on operational integrity?	✓ ✓ ✓ ✓		(2) The general manager's office is responsible for the publicity and implementation of the company's promotion of corporate integrity management. Relevant members have the obligation to report to the members of the board of directors at any time, as well as the supervision and implementation of the board of directors. It is expected to report to the board of directors in the fourth quarter of 2023. shape. (3)For matters related to conflicts of interest, internal employees of the company can report directly to the relevant members of the general manager's office in addition to reporting to the head of the department directly under them. (4) In order to ensure the implementation of honest management, the company has established an effective accounting system and internal control system, and internal auditors regularly check the compliance with the preceding system. (5)The company regularly organizes staff education and training to enhance the concept of staff, enterprise and social ethics.	
3. Operation of the integrity channel (1) .Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company have in place standard operating procedures for investigating accusation cases, as well as follow-up actions and relevant post-investigation confidentiality measures? (3) .Does the company provide proper whistleblower protection?	 ✓	✓ ✓	(1) (2) The company has employee mailboxes and a dedicated unit to handle related affairs. Currently, the company's reporting system is operating well. (3)The company will take measures to protect whistleblowers from being improperly dealt with due to whistleblowing.	There have been no differences.

<table>
<tr><td rowspan="2">Evaluation Item</td><td colspan="3">Implementation Status [1]</td><td rowspan="2">Deviations from the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” and Reasons</td></tr>
<tr><td>Yes</td><td>No</td><td>Abstract Illustration</td></tr>
<tr><td>4. Strengthening information disclosure
(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company’s website and MOPS?</td><td>✓</td><td></td><td>(1)The company has a website that discloses relevant information such as corporate culture, operating principles, and a corporate social responsibility zone.
(2)The company has a dedicated department responsible for the collection and release of various company information, and has set up a spokesperson and related contact information in accordance with regulations.</td><td>There have been no differences.</td></tr>
<tr><td colspan="4">5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation.: None.</td><td>There have been no differences.</td></tr>
<tr><td colspan="5">6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies).
1.The company abides by the Company Law, Securities Exchange Law, Commercial Accounting Law, relevant regulations on listing and OTC listing, or other business conduct-related laws and regulations as the basis for implementing honest management.
2. The company's "Board of Directors' Rules of Procedure" has established a director's interest avoidance system. Those who have an interest in the proposals listed on the board of directors, have an interest in themselves or the legal person they represent, and cause harm to the company's interests, may state their opinions and answer questions. Participate in discussions and votes, and shall avoid discussions and votes, and shall not exercise their voting rights on behalf of other directors.
3. The company has established "internal material information processing operations" to clearly stipulate that directors, supervisors, managers and employees must not disclose to others the important internal information they know. Material information should not be disclosed to others.</td></tr>
</table>

7. The state of the company’s performance in the area of ethical corporate management,：Market Observation Post System(http://mops.twse.com.tw)、the Company website (http://www.gordon.com.tw)。

8. If the company has adopted corporate governance best-practice principles or related bylaws, disclose how these are to be searched：-0(http://mops.twse.com.tw)、(http://www.gordon.com.tw)。

I、Statement on Internal Control System of a Public Company

(A).Internal Control Statement

Gordon Auto Body Parts Co., Ltd.

Statement on Internal Control System

Date: March 08, 2024

Based on the findings of self-assessment, the Company states the following with regard to its internal control system during the fiscal year 2023:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aiming at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.

2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may be subject to change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes remedial actions as soon as a deficiency is identified.

3. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The criteria adopted by the Regulations identify five key components based on the process of management control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each component also includes several items. Please refer to the Regulations for details.

4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.

5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of Dec. 31, 2023 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.

6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 08, 2024, where 0 of the 9 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Gordon Auto Body Parts Co., Ltd.

Chairman: M.Y.Lee (signature)

President: M.Y.Lee (signature)

(B)Where a CPA has been hired to carry out a special audit of the internal control system, furnish the CPA audit report:None.

J、there has been any legal penalty against the company or its internal personnel, or any disciplinary penalty by the company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder equity or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement

K、Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.

Date	Category	Contents of important resolutions
June 14, 2023	General meeting of shareholders	1. Report the company's 2022 annual business report. 2. The supervisor reviews the 2022 final accounts report. 3. The company's 2022 employee remuneration and directors' and supervisors' remuneration report. 4. The company's 2022 earnings distribution cash dividend report 5. Acknowledgment of the company's 2022 financial statements. 6. Acknowledge the company's 2022's profit distribution plan. Implementation situation: set April 20, 2023 as the ex-dividend base date, and May 12, 2023 as the distribution date. (Cash dividend of 1 per share.)
Mar. 10,2023	Board of Directors	1. The company's business plan for 2023 years. 2. The company's 2022 year employee remuneration and directors' and supervisors' remuneration case 3. Approval of the company's 2022 annual financial statements 4. Discuss the 2022 year surplus distribution plan 5. The company's 2022 year internal control system effectiveness assessment results and the "Internal Control System Statement" case 6. Determine the date, time, venue and other related matters of the 112th annual general meeting of shareholders 7. Accept matters related to proposals made by more than 1% of shareholders 8. The salary adjustment range of the company's managers in 2023 years is to be compared with the case of all employees 9. The promotion case of the manager of the company is submitted for discussion. 10. Proposal to amend the company's "Corporate Governance Code of Practice" 11. Approved the revision of some provisions of the company's "Risk Management Policy" 12. Adopted the proposal to amend part of the company's internal control system "Others - Internal Management Measures". 13. In order to allocate funds and reduce the cost of funds, the company intends to borrow funds from financial institutions
May 10, 2023	Board of Directors	1. Report the company's consolidated financial statements for the second quarter of 2023
Aug.9, 2023	Board of Directors	1. The company's internal audit execution results report for the second quarter of 2023.
Nov. 9, 2023	Board of Directors	1. Approved the company's consolidated financial statements for the third quarter of 2023. 2. Approved the company's 2024 annual audit plan. 3. Pass the independent assessment of the company's certified accountants.

Date	Category	Contents of important resolutions
Mar. 10, 2024	Board of Directors	1. Approved the company's consolidated financial statements for the third quarter of 2023. 2. Pass the independence assessment by our company's certified accountants 3. Acknowledge the company's final accounts for 2023 4. Acknowledge the surplus distribution proposal for 2023 5. Approved the company's 2024 annual operating plan 6. Approved the company's employee remuneration and director remuneration case for 2023. 7. Approved the results of the effectiveness assessment of the company's internal control system in 2023 and the "Internal Control System Statement" 8. Approve the date, time, location and other related matters for the 2024 regular shareholders meeting 9. Accept matters related to proposals from more than 1% of shareholders 10. The salary increase range for 2024 for the company's managers is planned to be compared with that of all employees. 11. By allocating funds and reducing capital costs, the company plans to provide financing lines to financial institutions
May 10, 2024	Board of Directors	1. Approved the company's individual financial statements for the first quarter of 2024.

L、 Where, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, a director or supervisor has expressed a dissenting opinion with respect to a material resolution passed by the board of directors, and said dissenting opinion has been recorded or prepared as a written declaration, disclose the principal content thereof.：None。

M、 A summary of resignations and dismissals, during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, of the company's chairperson, general manager, chief accounting officer, chief financial officer, chief internal auditor, chief corporate governance officer, and chief research and development officer: None。

(V) 、 Information on the professional fees of the attesting CPAs (external auditors):：

A. The company shall disclose the amounts of the audit fees and non-audit fees paid to the attesting certified public accountants and to the accounting firm to which they belong and to any affiliated enterprises as well as the details of non-audit services (see Table 2-4), and given any of the following conditions, shall disclose information as follows:

Information on the professional fees of the attesting CPAs：

unit:NT$1000

Accounting Firm	Name of CPA	Period Covered by CPA's Audit	Audit Fee	Non-audit Fee	Total	Remarks
Baker Tilly Clock & Co	Kuofu Tseng	Jan.01, 2023-Sep.30, 2023	1,370	0	1,307	-
	Chiayu Lai	Jan.01, 2023-Dec.31, 2023				
	Lichen Peng	Oct.01,2024--Dec.31, 2023				

Note:

1.If the company changed its CPAs or accounting firm during the fiscal year, list the audit periods before and after the change separately, and specify the reason for the change in the "Remarks" column and disclose sequentially the audit and non-audit fees paid. For non-audit fees,additionally specify the content of the services.None.

2.When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed: No available.

(VI)、Information on replacement of certified public accountant: The original appointment of the company's certified accountants was by two accountants, Guofu Zeng and Chia Yu Lai of Baker Tilly Clock & Co. On December 4, 2023, due to the internal organizational adjustment and work redeployment of the firm, the appointment was changed to accountants Chia Yu Lai and Li Chen Peng of the firm. Two accountants continued to do so.

(VII)、Where the company's chairperson, general manager, or any managerial officer in charge of finance or accounting matters has in the most recent year held a position at the accounting firm of its certified public accountant or at an affiliated enterprise of such accounting firm, the name and position of the person, and the period during which the position was held, shall be disclosed. The term "affiliated enterprise of a certified public accountant's accounting firm" means one in which the certified public accountants at the accounting firm of the attesting certified public accountant hold more than 50 percent of the shares, or of which such accountants hold more than half of the directorships, or a company or institution listed as an affiliated enterprise in the external publications or printed materials of the accounting firm of the certified public accountant.**：None**。

(VIII)、Any transfer of equity interests and/or pledge of or change in equity interests (during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report) by a director, supervisor, managerial officer, or shareholder with a stake of more than 10 percent during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report. Where the counterparty in any such transfer or pledge of equity interests is a related party, disclose the counterparty's name, its relationship between that party and the company as well as the company's directors, supervisors, managerial officers, and ten-percent shareholders, and the number of shares transferred or pledged

A、**Changes in Shareholding of Directors, Supervisors, Managers and Major Shareholders**

Title	Name	2023		As of Apr. 16, 2024	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman	MAO YUAN LI	－	－	－	－
Director	JIAN CHUN FANG	(30, 000)	－	－	－
Director	Y.C.C. PARTS MFG. CO., LTD.	1, 187, 000	－	－	－
	Rep. Yi-Hung Lin	－	－	－	－
Director	XIUHUI LI WANG	－	－	－	－
Director	HEHAN INVESTMENT CO., LTD.	－	－	－	－
	Rep.JUITSE LIN	－	－	－	－
Independent director	DECAI ZHENG	－	－	－	－
Independent director	DAWEI WANG	－	－	－	－
Independent director	QING EN PENG	－	－	－	－
Independent director	HOU DE CHEN	－	－	－	－
manager	Qingyi Lin	－	－	－	－
manager	RuiWang	－	－	－	－
manager	Ruicai Huang	－	－	－	－
manager	Jianrong Chen	－	－	－	－
manager	Tingshang Lee	－	－	－	－

B、**Shares Trading with Related Parties：None**。

C、**Shares Pledge with Related Parties:None**。

(IX)、Relationship information, if among the company's 10 largest shareholders any one is a related party or a relative within the second degree of kinship of another

:

As of April 14, 2024

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relationship	
JIAN CHUN FANG	12, 535, 643	7. 58%	5, 463, 262	3. 31%	—	—	QYUN XIE	Spouse	—
MAO YUAN LI	12, 235, 873	7. 40%	6, 869, 398	4. 16%	—	—	XIUHUI LI WANG Yaxun Li	Spouse	—
XIUHUI LI WANG	6, 869, 398	4. 16%	12, 235, 873	7. 40%	—	—	MAO LI Yaxun Li	Spouse	—
HEHAN INVESTMENT CO., LTD.	6, 051, 760	3. 66%	—	—	—	—	Y.C.C. PARTS MFG. CO.,	Rep.	—
HEHAN INVESTMENT CO., LTD. Rep: Shih-Yun Lin	2, 575, 337	1. 56%	396, 023	0. 24%	—	—	—	—	—
QYUN XIE	5, 463, 262	3. 31%	12, 535, 643	7. 58%	—	—	JIAN CHUN FANG	Spouse	—
Y.C.C. PARTS MFG. CO., LTD.	5, 257, 000	3. 18%	—	—	—	—	—	—	—
Y.C.C. PARTS MFG. CO., LTD. Rep: Hehan Investment Co., Ltd	6, 051, 760	3. 66%	—	—	—	—	Shih-Yun Lin	HEHAN INVESTMENT CO., LTD. Rep:	—
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with custody	3, 996, 812	2. 42%	—	—	—	—	—	—	—
Ruhan Investment Co., Ltd.	3, 156, 520	1. 91%	—	—	—	—	—	—	—
Ruhan Investment Co., Ltd.Rep: Yanji Huang	—	—	—	—	—	—	—	—	—
Citigroup (Taiwan) manages the investment of Berkeley Capital Securities Co., Ltd.	2, 733, 920	1. 65%	—	—	—	—	—	—	—
Shih-Yun Lin	2, 575, 337	1. 56%	396, 023	0. 24%	6, 051, 760	3. 66%	HEHAN INVESTMENT CO., LTD.	Rep.	—

(X)、Ownership of Shares in Affiliated Enterprises:

Feb. 28, 2023 Unit：share；%

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors/Supervisors/Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
KINGTRIM AUTO PARTS CO., LTD.	80,000	100%	0	0%	80,000	100%

Remarks: The board of directors of Jinjun Enterprise (Shares) Co., Ltd. passed a resolution on February 24, 2023 to dissolve and set February 24, 2023 as the dissolution date

IV、Capital Overview

(I)、Source of capital stock

A Source of Capital

Month/ Year	Par Value (NT$)	Authorized Capital		Paid-in Capital		Remark		
		Shares	Amount (NT$ thousands)	Shares	Amount (NT$ thousands)	source of equity	Using property other than cash to offset the share capital	Other
03.1986	10,000	1,200	12,000,000	1,200	12,000,000	Cash	—	—
12.1986	10,000	3,600	36,000,000	3,600	36,000,000	Cash	—	—
02.1988	10,000	9,000	90,000,000	9,000	90,000,000	cash	—	—
02.1990	10	9,000,000	90,000,000	9,000,000	90,000,000		—	—
03.1990	10	13,000,000	130,000,000	13,000,000	130,000,000	cash capital increase22,000,000 Surplus capital increase18,000,000	—	—
05.1991	10	16,900,000	169,000,000	16,900,000	169,000,000	Surplus capital increase39,000,000	—	—
04.1992	10	20,280,000	202,800,000	20,280,000	202,800,000	Surplus capital increase33,800,000	—	—
04.1993	10	23,400,000	234,000,000	23,400,000	234,000,000	Earnings and Employees Convert bonus to capital increase 31,200,000	—	—
04.1994	10	30,069,000	300,690,000	30,069,000	300,690,000	Surplus and Capital capital increase 66,690,000	—	—
09.1996	10	31,572,450	315,724,500	31,572,450	315,724,500	Turn surplus into capital increase 15,034,500	—	—
07.1997	10	60,000,000	600,000,000	46,500,000	465,000,000	cash capital increase 100,000,000 Earnings and Employees Convert bonus to capital increase 49,275,500	—	—
06.1998	10	60,000,000	600,000,000	57,296,719	572,967,190	Earnings and Employees Convert bonus to capital increase 61,467,190 Capital reserve transferred to capital increase 46,500,000	—	—
07.1999	10	97,000,000	970,000,000	86,873,938	868,739,380	Earnings and Employees Convert bonus to capital increase 66,245,800 Capital reserve transferred to capital increase 79,526,390 cash capital increase 150,000,000	—	—
08.2000	10	108,000,000	1,080,000,000	100,424,385	1,004,243,850	Earnings and Employees Convert bonus to capital increase 108,442,280 Capital reserve transferred to capital increase 26,062,190	—	—

08.2001	10	119,790,000	1,197,900,000	108,267,004	1,052,670,040	Capital reserve transferred to capital increase 48,426,190	—	—
08.2002	10	125,606,000	1,256,060,000	108,351,754	1,103,517,540	Turn surplus into capital increase 24,406,800 Capital reserve transferred to capital increase 26,440,700	—	—
08.2003	10	132,422,100	1,324,221,000	115,869,342	1,158,693,420	Turn surplus into capital increase 55,175,880	—	—
06.2004	10	132,422,100	1,324,221,000	117,553,949	1,175,539,490	Conversion of application for listing common stock 16,846,070	—	—
08.2004	10	156,745,200	1,567,452,000	118,892,394	1,188,923,940	Conversion of application for listing common stock 13,384,450	—	—
07.2004	10	156,745,200	1,567,452,000	125,265,208	1,252,652,080	Turn surplus into capital increase 63,728,140	—	—
11.2004	10	156,745,200	1,567,452,000	129,928,882	1,299,288,820	Conversion of application for listing common stock 46,636,740	—	—
03.2005(Note 1)	10	156,745,200	1,567,452,000	130,083,352	1,300,833,520	Conversion of application for listing common stock 1,544,700	—	—
05.2005(Note 2)	10	156,745,200	1,567,452,000	130,855,707	1,308,557,070	Conversion of application for listing common stock 772,355	—	—
09.2005(Note 3)	10	187,335,959	1,873,359,590	139,975,770	1,399,757,700	Turn surplus into capital increase 9,120,063	—	—
11.2005(Note 4)	10	187,335,959	1,873,359,590	140,654,022	1,406,540,220	Conversion of application for listing common stock 678,252	—	—
02.2006(Note 5)	10	187,335,959	1,873,359,590	147,871,406	1,478,714,060	Conversion of application for listing common stock 7,217,384	—	—
09.2006(Note 6)	10	187,335,959	1,873,359,590	152,307,549	1,523,075,490	Conversion of application for listing common stock 4,436,143	—	—
10.2007(Note 7)	10	187,335,959	1,873,359,590	156,876,776	1,568,767,760	Conversion of application for listing common stock 4,569,227	—	—
10.2008(Note 8)	10	187,335,959	1,873,359,590	159,229,928	1,592,299,280	Conversion of application for listing common stock 2,353,152	—	—
10.2009(Note 9)	10	187,335,959	1,873,359,590	162,414,527	1,624,145,270	Conversion of application for listing common stock 3,184,599	—	—
10.2013(Note 10)	10	187,335,959	1,873,359,590	163,321,191	1,633,211,910	Conversion of application for listing common stock 906,664	—	—
12.2013 (Note 11)	10	187,335,959	1,873,359,590	158,071,938	1,580,719,380	Simple Consolidation and Cancellation of Common Stock 5,249,253 shares	—	—

01.2014 (Note 12)	10	187,335,959	1,873,359,590	178,618,546	1,786,185,460	Conversion of application for listing common stock 20,546,608 shares	—	—
04.2014 (Note 13)	10	187,335,959	1,873,359,590	179,458,542	1,794,585,420	Conversion of application for listing common stock 839,996 shares	—	—
07.2014 (Note 14)	10	187,335,959	1,873,359,590	179,685,207	1,796,852,070	Conversion of application for listing common stock 226,665 shares	—	—
06.2020 (Note 15)	10	250,000,000	2,500,000,000	165,310,397	1,653,103,970	Cash capital reduction, capital reduction write-off of common stock 14,374,810shares	—	—

Note 1: Approved on March 7, 2005 Taiwan Securities Shangzi No. 0940005794
Note 2: Approved on May 6, 2005 Taiwan Securities Shangzi No. 0940011859
Note 3: Approved on September 22, 2005 Taiwan Securities Shangzi No. 0940027588
Note 4: Approved on November 10, 2005 Taiwan Securities Shangzi No. 0940031976
Note 5: Approved on February 08, 2006 Taiwan Securities Shangzi No. 0950002593
Note 6: Approved on September 29, 2006 Taiwan Securities Shangzi No. 09500258901
Note 7: Approved on October 4, 2007 Taiwan Securities Shangzi No. 09600294651
Note 8: Approved on October 16, 2008 Taiwan Securities Shangzi No. 0970030545
Note 9: Approved on October 15, 2009 Taiwan Securities Shangzi No. 0980026040
Note 10: Approved on October 17, 2013 Taiwan Securities Shangyizi No. 1020021490
Note 11: Approved on December 19, 2013 Taiwan Securities Shangyizi No. 1020026427
Note 12: Approved on January 16, 2014 Taiwan Securities Shangyizi No. 1030001123
Note 13: Approved on April 15, 2014 Taiwan Securities Shangyizi No. 1030007108
Note 14: Approved on July 21, 2014 Taiwan Securities Shangyizi No. 1030014719
Note 15: Approved on September 22, 2020 with letter No. 1100017387 of Taiwan Securities Regulatory Commission

B、 Type of Stock：

April 14, 2024 unit：share

Share Type	Authorized Capital					Note
	Issued Shares			Un-issued Shares	Total Shares	
	listed	unlisted	Total			
common stock	165,310,397	0	165,310,397	84,689,603	250,000,000	The approved share capital is calculated based on the rated share capital stated in the company's articles of association

(II) 、Shareholder structure

April 14, 2024

	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Domestic Natural Persons	Total
Number of Shareholders	0	1	178	71	36,438	36,688
Shareholding (shares)	0	211,000	17,163,811	13,263,299	134,672,287	165,310,397
Percentage	0.00%	0.00%	9.21%	3.88%	86.91%	100.00%

(III)、Diffusion of ownership

Common Shares

April 14, 2024

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1~ 999	18,837	1,334,9401	0.81%
1,000~ 5,000	14,774	28,936,457	17.50%
5,001~ 10,000	1,694	14,018,733	8.48%
10,001~ 15,000	421	5,499,231	3.33%
15,001~ 20,000	331	6,199,869	3.75%
20,001~ 30,000	226	5,946,247	3.60%
30,001~ 40,000	111	4,004,883	2.42%
40,001~ 50,000	66	3,110,771	1.88%
50,001~ 100,000	128	9,227,353	5.58%
100,001~ 200,000	54	7,003,945	4.24%
200,001~ 400,000	18	5,160,655	3.12%
400,001~ 600,000	9	4,627,188	2.80%
600,001~ 800,000	2	1,324,880	0.80%
800,001~1,000,000	3	2,666,920	1.61%
1,000,001 or over	14	66,248,325	40.08%
Total	36,688	165,310,397	100.00%

(IV)、List of Major Shareholders

April 14, 2024

股份 / Shareholder's Name	Shares	Percentage
JIAN CHUN FANG	12,535,643	7.58%
MAO YUAN LI	12,235,873	7.40%
XIUHUI LI WANG	6,869,398	4.16%
HEHAN INVESTMENT CO., LTD.	6,051,760	3.66%
QYUN XIE	5,463,262	3.31%
Y.C.C. PARTS MFG. CO., LTD.	5,257,000	3.18%
HSBC (Taiwan) Commercial Bank Co., Ltd. is entrusted with custody.	3,996,812	2.42%
Ruhan Investment Co., Ltd.	3,156,520	1.91%
Citigroup (Taiwan) manages the investment of Berkeley Capital Securities Co., Ltd.	2,733,920	1.65%
Shih-Yun Lin	2,575,337	1.56%

(V) 、Provide share prices for the past 2 fiscal years, together with the company's net worth per share, earnings per share, dividends per share, and related information.

Items \ Year			2022	2023	Jan.01, 2024-May 10, 2024
Market Price per Share	Highest Market Price		30.4	39.30	37.85
	Lowest Market Price		9.95	20.20	29.40
	Average Market Price		19.02	25.55	33.63
Net Worth per Share	Before Distribution		15.28	16.32	16.19(1Q)
	After Distribution		15.28	16.32	16.19(1Q)
Earnings per Share	Weighted Average Shares (thousand shares)		165,310	165,310	165,310
	Diluted Earnings Per Share		2.04	2.13	1.02(1Q)
	Adjusted Diluted Earnings Per Share		2.04	2.13	1.02(1Q)
Dividends per Share	Cash Dividends		1.0(Note1)	1.31(Note 1)	Note2
	Stock Dividends	Dividends from Retained Earnings	0	0	Note2
		Dividends from Capital Surplus	0	0	Note2
	Accumulated Undistributed Dividends		None	None	Note2
Return on Investment	Price / Earnings Ratio		9.32	19.65	Note2
	Price / Dividend Ratio		19.02	12.00	Note2
	Cash Dividend Yield Rate		5.25%	5.09%	Note2

Note 1: The cash dividend for 2023 was approved by the board of directors on March 8, 2024, and was distributed on May 10,2023 in accordance with Article 32-1 of the company's articles of association.

Note 2: The information has not been completed for one year.

(VI) 、 Company's dividend policy and implementation thereof:

A. Disclose the dividend policy adopted in the company's articles of incorporation

If there is a surplus in the company's annual final accounts, it should first pay taxes, make up for accumulated losses, and then withdraw 10% of the statutory surplus reserve, and then allocate or reverse the special surplus reserve in accordance with the Securities and Exchange Law and the regulations of the competent authority. If there is any balance, the balance shall be added to the accumulated undistributed earnings of previous years before distributing shareholder dividends. The distribution of shareholder dividends shall be allocated from the accumulated undistributed earnings, and the allocated amount shall not be less than 10% of the distributable earnings of the current year.

The company is in the period of business growth. In order to cope with the continuous expansion of business scale, cash dividends among the types of dividends shall not be less than 10% of the total shareholder dividends.

B. the dividend distributions proposed at the most recent shareholders' meeting

(A). In accordance with the provisions of Article 32-1 of the company's "Articles of Association", "...the company distributes all or part of the dividends and bonuses. If it is done in the form of cash, the board of directors is authorized to vote for more than two-thirds of the directors. Attendance, and after the consent of more than half of the directors present, it shall be reported to the shareholders' meeting. …”

(B). Appropriate cash dividends of NT$214,903,516 from the distributable surplus in 2023, NT$1.3 per share, calculated up to , rounded up below , and the total amount of the abnormal balance is included in the company's other income .

(C). After the surplus distribution proposal was passed by the board of directors on March 8, 2024, the chairman has been authorized to set April 18, 2024 as the ex-dividend base date, and to distribute cash dividends on May 10, 2024.。

C. If a material change in dividend policy is expected, provide an explanation.：Not applicable。

(VII)、Effect upon business performance and earnings per share of any stock dividend distribution: Not applicable。

(VIII)、Compensation of Employees, Directors and Supervisors

A、Information Relating to Compensation of Employees and Directors in the Articles of Incorporation:

If the company makes annual profits, no less than 1% should be appropriated as employee remuneration, and no more than 3% should be allocated as remuneration for directors. However, if the company still has accumulated losses, it shall reserve the compensation amount in advance。

B、The basis for estimating the amount of employee and director compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

a、The basis for the estimated remuneration of employees and directors in this period is based on Article 32 of the Company's Articles of Association.

b、On March 8, 2024, the company's board of directors approved the distribution of employee remuneration in cash, and there was no distribution by stock.

c、If the actual distribution amount differs from the estimated amount, it will be regarded as an estimated change and listed as current profit or loss.

C、Distribution of Compensation of Employees and Directors for approved in the Board of Directors Meeting：

(A)、The amount of employee remuneration distributed in cash or stock and the remuneration of directors. If there is a discrepancy from the estimated amount of the recognized expense in the year, the discrepancy, reason and treatment shall be disclosed:

a、 The company's board of directors passed a resolution on March 8, 2024. According to the company's 2023’s profit status, it allocated 3% of employee remuneration to NT$13,760,034 and 2% of directors' compensation to NT$9,173,356. , totaling NT$22,933,390, all distributed in cash.

b 、There is no difference between the aforementioned distribution amount and the expenses recognized in 2023.

(B) 、The amount of employee remuneration distributed by stock and its proportion to the total after-tax net profit and total employee remuneration in the individual or individual financial report of the current period:

The company has no employee remuneration amount for stock distribution in 2023..

D、Information of 2022 Distribution of Compensation of Employees, Directors and Supervisors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee, director, or supervisor compensation, additionally the discrepancy, cause, and how it is treated.

In 2022, the actual distribution of employee remuneration NT$13,197,705 and director and supervisor's compensation NT$8,798,470 (both paid in cash) was no different from the expenses recognized in 2022.

(IX)、Status of a company repurchasing its own shares：None。

(X)、Issuance of corporate bond: None。

(XI)、Issuance of preferred shares：None。

(XII)、Issuance of global depository receipts：None。

(XIII)、Issuance of employee share subscription warrants shall specify the following matters：None。

(XIV)、Issuance of new shares in connection with mergers or acquisitions or with acquisitions of shares of other companies：None。

(XV)、Implementation of the company's capital allocation plans：

A. **Finance Plans**

a description of the plans: For the period as of the quarter preceding the date of publication of the annual report, with respect to each uncompleted public issue or private placement of securities, and to such issues and placements that were completed in the most recent 3 years but have not yet fully yielded the planned benefits:：Not applicable。

B. **Implementation**

status of implementation: With respect to funds usage under the plans referred to in the preceding subparagraph: Not applicable。

V、The overview of business operations

(I)、A description of the business

A、Business Scope

a、Main areas of business operations

①Manufacture and sales of auto body parts in the after-sales service market.

② Auto parts and mold processing and others.。

b、Revenue distribution

Major Divisions	2022	2023
Auto Parts Revenue	98.6%	98.41%
processing income	1.4%	1.59%
Total	100%	100%

c、Main products：

① Fenders: Protect the side body of the car and prevent the mud and sand rolled up by the tires from flying away.

② Hood: protect the car engine and other parts, and properly absorb the impact energy.

③ Car door: protect various parts in the car body.

④ Car lights: Used for car lighting to improve the safety of drivers when driving at night.。

⑤ Others (such as moulds, water tank frames, bumpers, etc.)

d、New products development

The company's products are mainly metal collision parts of automobiles. As the car manufacturers continue to launch best-selling models every year, coupled with the continuous updating of new technologies and materials, new product demands are formed. These trendy and lightweight products are all planned by the company. For new products, the company has developed a total of nearly 25 sets of molds and completed the initial mass production in 2023. It plans to provide metal collision parts with high added value as the goal to meet the needs of customers. In addition, the company is also starting to develop products other than sheet metal After-sales parts and mold-related technologies to be applied to products of emerging technologies.。

B、Industry Overview

a、 Current Status and Future Development

Taiwan's auto parts industry has the advantages of a small amount of variety and flexible manufacturing. After the industry has continuously invested in research and development and improved production technology, some projects have achieved considerable international competitiveness. In 2023, with the gradual popularization of vaccines and the lifting of the ban on cities, coupled with the revitalization measures of various countries, global output has slightly recovered compared to the level before the epidemic, and the supply of export supply chains has increased, and the momentum of container shipping is gradually recovering.

Domestically, according to the data from the Taiwan Vehicle Industry Association, the annual sales volume of automobiles in 2023 was 285 thousand, with an annual growth rate of 8.7%.。

Statistical Table of Export Amount of Auto Parts in Taiwan

unit:NT100 M

Yesr	2019	2020	2021	2022	2023
Amount	2, 147	1, 927	2, 208	2, 530	2, 254
%	0. 02%	-10. 3%	14. 58%	8. 53%	-10. 91%

Source: Customs import and export statistics; Taiwan Vehicle Industry Association

In 2023, the sales volume of the auto parts industry in 2023 was affected by the high base period of the previous year. Sales volume in 2023 reached 225.4 billion, down 10.91% from 2022.

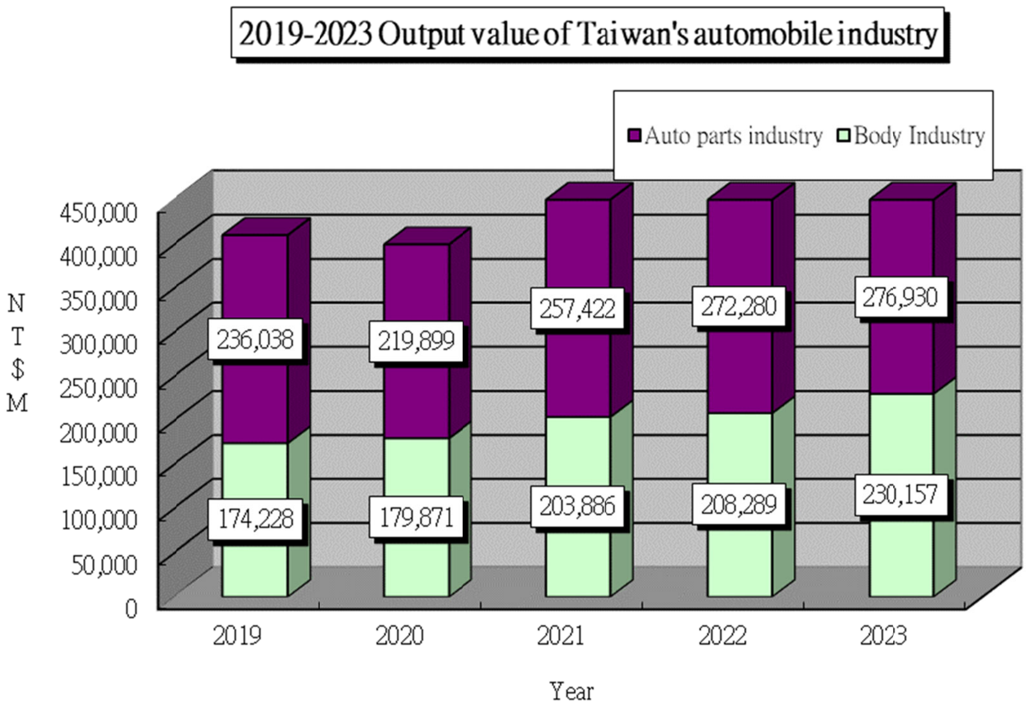
The total output value of Taiwan's automobile industry in 2023 was approximately NT$514.4 billion, of which the output value of the automobile industry was approximately NT$230.1 billion, an increase of 10.50% over the same period in 2022; The output value of the auto parts industry is about 276.9 billion, an increase of 1.71% over the same period in 2022.

Table of production value of Taiwan's automobile-related industries

unit：NT$ million；%

Industry \ Year		2019	2020	2021	2022	2023
automobile industry	Automotive industry	174,228	179,871	203,886	208,289	230,157
	Body Industry	5,544	5,933	5,676	6,941	7,395
	Auto parts industry	236,038	219,899	257,422	272,280	276,930
	Total	415,810	405,703	466,984	487,510	514,482
manufacturing		15,062,281	14,863,778	18,862,854	19,844,140	17,607,185
The proportion of the automobile industry in the manufacturing industry %		2.8%	2.7%	2.5%	2.5%	2.9%

Source: Monthly Industrial Production Statistical Report of the Statistics Office of the Ministry of Economic Affairs



Source: Statistical Annual Report of Industrial Production by the Statistical Office of the Ministry of Economic Affairs

Quarterly output value of my country's auto parts industry in 2023 years

Component Items	Q1	Q2	Q3	Q4	YoY%
Automotive industry	54, 361	57, 356	56, 458	61, 981	10. 50%
Body Industry	1, 557	1, 706	1, 825	2, 307	6. 54%
Auto parts industry	64, 965	68, 294	71, 184	72, 487	1. 71%

My country's auto parts industry is divided into two parts: (1) Original Equipment Manufacturing (hereinafter referred to as OEM) Zhongwei supply system formed by OEMs and supply chains; (2) Aftermarket automotive maintenance services; Hereinafter referred to as AM) is the parts system of the main market, and the source of parts in the after-sales maintenance market is further divided into genuine parts (OEM products) and auxiliary parts (AM products). The former is the manufacturer authorized by the original factory The latter is produced by manufacturers not authorized by the original factory, and the main items of AM parts are plastic parts, sheet metal parts and lamps, etc. At present, my country has become the world's largest exporter of AM collision parts, and the United States is the country with the largest demand.

According to the import and export statistics of the Automobile Association and the Customs, the top three exporters of Taiwan's auto parts in 2023 were still the United States, Japan, and mainland China. The three major markets of the United States, Japan, and China accounted for more than half of the total annual export value. high. Among them, the United States has always been the largest export market for Taiwan's auto parts, with an export value of about NT$114,534,086,000 in 2023, accounting for 50.81% of the total export value.

In Europe, the auto parts after-sales maintenance market in Europe has gradually entered a mature stage, and the scale of after-sales maintenance markets in 10 countries including Germany, Italy, France, the United Kingdom, Spain, the Netherlands, Belgium, Austria, Switzerland and Portugal has gradually expanded , It is estimated that the AM business opportunities derived each year in the future will be second only to the North American market.

In addition, the British certification system Thatcham has officially recognized the certification system with the German TUV, that is, products certified by Thatcham can pass through all countries where TUV has influence under the TUV Trademark. Gordon has TUV sheet metal parts certification. As of April 16, 2024, the number of products that have passed Thatcham and TUV sheet metal parts certification has reached 258 items, which is most beneficial to the development of the future market and proves that we insist on replacing price competition with quality Gordon, the future growth rate in the European market will increase.

b、Relationship with Up-, Middle- and Downstream Companies

The company is currently mainly engaged in the production and sales of automobile body parts and components. The product items include automobile hoods, automobile fenders, and automobile doors. Develop towards specialization to obtain advantages in line with integrity and variability. 。

The relationship between the upstream, midstream and downstream of the industry is listed as follows by industry and product:

	upstream	midstream	downstream
Industry	Plastic (Rubber) Industry steel industry, petrochemical industry Glass industry, electrical industry Electronic industry, fiber industry	auto parts	car assembly plant auto repair shop
Product	ABS, PP and other steel plates Refining oil products, glass raw materials Motor parts, electronic parts artificial fiber	Bumpers, front fences, windshields, side covers, hoods, fenders, brake oil, lubricating oil, windows, lights, batteries, generators, dashboards, seats, seat belts, etc.	car assembly Automobile after-sales maintenance

c. The output value of the auto parts industry has maintained a relatively high level under the trend of increasing export ratio, which shows that the supply chain of Taiwan's auto parts industry has been connected with the international market. In recent years, Taiwan's auto parts factory has accumulated a certain strength and scale, and it is a relatively high-growth type of parts and components in exports; in order to enhance research and development capabilities, the company has participated in Taiwan's leading iron and steel industry, China Steel Corporation, with the support of the Ministry of Economic Affairs. Jointly formed the R&D Alliance of the "Key Technology Development Plan for High-strength Sheet Metal Parts in the Automotive AM Industry", which has achieved fruitful research results and improved the competitive position of R&D technology and the company.

C、**Research and Development**

(A)、The technical level of the business

The technical level of the company's business is mainly to establish a customer-oriented R&D system in the auto parts aftermarket. At present, no effort is spared in the expansion of software or hardware. There are five aspects in the R&D and production equipment of sheet metal and automotive lamp parts. Machining center, CNC engraving machine, high-speed engraving machine, three-dimensional measuring machine, CAD/CAE/CAM/CAV system, IMAGEWARE, CATIA, NX UGS, AutotForm, PowerSolution(Power MILL.Power SHAPE.Copy CAD), GOM Inspect Professional, The introduction of high-tech automation equipment such as ATOS Core optical scanning measurement system, bump extrusion riveting machine, bumper grinding machine, laser cutting machine and welding machine have continuously improved the company's technical level. .

In order to allow R & D personnel to improve their technical level through technical cooperation, the company has participated in the technology research and development project of the Technology Department of the Ministry of Economic Affairs, led by Sinosteel Corporation and jointly formed the "Key Technology Development Plan for High-strength Sheet Metal Parts in the Automotive AM Industry" R&D Alliance. The project has been completed, and after two years of hard work with China Steel Corporation, National Taiwan University, and the Metal Industry Research and Development Center, fruitful research results have been obtained, including CAE analysis of high-strength steel plate and aluminum plate stamping forming and mold design technology development , establish the CAE analysis mode of high-strength steel and aluminum plates, improve the CAE simulation analysis technology of high-strength appearance parts; and triangular mesh segmentation and surface reconstruction technology, fast reconstruction on the surface, greatly improving the efficiency of reverse development of the factory. Participating in the program also achieves the purpose of personnel training, and improves R&D technology and quality, so as to enhance the company's competitive position.

(B)、Research and development: research and development of the manufacturing process of thick plate series products.

(C)、In the most recent year and up to the publication date of the annual report, the research and development expenses invested and the technologies or products successfully developed.

① Research and development expenditure1

unit：NT$thousand；%

Year / Item	2019	2020	2021	2022	2023	1Q 2024
Research and development costs	4,441	3,857	4,159	4,539	4,833	1,368
Operating income	2,393,718	1,908,786	1,963,425	2,439,452	2,697,553	721,510
R&D expense ratio	0.18	0.2	0.21	0.19	0.18	0.19

②Technology for successful development

In order to pursue the trend of "light weight" and "energy saving and carbon reduction" in the automobile industry, the research and development of the aluminum material product process has been completed, and the research and development of the advanced high-strength steel plate material process has been completed to open up the market.

③ Estimated research and development costs

This year, it plans to invest about 0.15%~0.25% of the total turnover in research and development expenses, and actively expand the AM (automotive after-sales service parts) market.

D、Long-term and short-term business development plans

a. Long-term Development

①Increase the number of certified sheet metal parts and sales in North America

At present, in the US CAPA certification system, as of April 16, 2024, there are about 3,442 sheet metal product certification items, and the company has passed certification 1,241 items. On the whole, Gordon has enough sheet metal product certification , coupled with the accumulated number of molds and the fast enough development of new molds, the proportion of large US insurance companies purchasing sub-factory parts will continue to increase. After the epidemic is stabilized and under control, it will benefit from the stable demand in the AM market in North America Gordon will be the beneficiary of the opportunity of market growth.

②Increase the capital budget for the development of molds for European models

Due to the entry into force of BER (Block Exemption Regulation), the EU's new auto industry competition barrier exclusion clause, it is mainly to relax the source of auto parts used by car manufacturers, so that after the warranty period, non-genuine parts (AM parts) can be used to avoid risks, and it also makes auto parts manufacturers In recent years, it has actively developed the European market. In the past, the European insurance sales and service market was relatively closed, and sales and maintenance products could only be used on cars 4-5 years after the new car was launched. Therefore, the European AM parts market has a relatively low market share compared with the OEM market. However, after the BER system came into effect, The entire European after-sales service parts market has been activated, and the AM market still has a lot of room for growth in Europe in the future. In recent years, Gordon has greatly increased the mold capital budget in Europe, and continued to strengthen the non-North American market. In particular, new molds for European models have been mass-produced, which will help Gordon expand the European AM market in the future.

Since Europe's Thatcham certification system has officially recognized the certification system with Germany's TUV, that is, products that have passed Thatcham certification can be used in all countries where TUV has influence with TUV's trademark. As of April 16, 2024, the company's products have passed the British certification system Thatcham and the German Rheinland certification system TUV sheet metal parts certification reached 258 items, which fully shows that the company has made great achievements in actively increasing the number of product certifications. After the epidemic is stabilized and controlled, it will help to increase the market share of the AM market in Europe in the

③ Further expand emerging markets

Dubai International Auto Parts Exhibition is the largest and most effective professional auto parts exhibition in the Middle East. It has become the best way for world-renowned auto parts companies to enter the Middle East market. In addition, the output value of the Dubai auto parts market in the Gulf region alone has relatively attracted many manufacturers to invest. Coupled with the rapid growth of the auto parts market in recent years, it has become the center of the global auto aftermarket repair parts market. Gordon has been to Dubai to participate in auto parts exhibitions for many years, and has made brilliant achievements in expanding the territory of the Middle East

Gordon continues to expand and develop AM emerging markets in mainland China, the Middle East and South America. Among them, the AM market in mainland China has a force that cannot be ignored. The annual sales volume of mainland automobiles has approached 30 million. With the increase of vehicle age, the AM brand certification The future growth potential of demand is quite explosive. Gordon is the first company to obtain NSF certification for automotive aftermarket sheet metal parts supported by Ping An Property Insurance of China. In the future, it will further expand the AM market in mainland China under a good competitive niche and stabilize the control of the epidemic. In the future, we will be able to grasp the strength of demand. As of April 16, 2024, there are 470 sheet metal certification items in the NSF Continental Certification (NKFA). The company has passed 289 sheet metal certification items. It has passed sheet metal parts certification projects. In terms of the number of sheet metal parts certified by NSF (NKFA) and CAPA in mainland China, the company is at the forefront of the industry, laying a solid foundation for the company's long-term growth potential in mainland China.

b、Short-term plan Short-term Development

① Develop high-margin product lines and increase sales mix profits

In recent years, the company has continuously expanded the development of high-margin new product lines, and strengthened customer service to improve the punctuality and accuracy of delivery, thereby enhancing the company's competitive advantage.

② Assist the third party to pass the certification

Gordon integrates the resources of third-party manufacturers and assists third-party factories to pass certification to strengthen the certification ratio of product lines other than sheet metal products, so as to expand more types of products and provide one-time purchase service.

(II)、An analysis of the market as well as the production and marketing situation

A、Market analysis

(A)、.analysis of the geographic areas

a.、where the main products (services) of the company are provided (supplied)

unit：NT$000；%

Area \ Year		2022 amount	2022 %	2023 amount	2023 %
Taiwan		907,003	37.18	1,011,865	37.51%
Export	USA	876,527	35.93	948,593	35.16%
	Europe	278,730	11.43	338,302	12.54%
	Other	377,192	15.46	398,793	14.78%
	Sum	1,532,449	62.82	1,685,688	62.49%
Total		2,439,452	100.00	2,697,553	100.00%

b、the company's market share

The company is a professional manufacturer of sheet metal parts mainly exported to the AM market in China. In 2023 product portfolio is 98.41% of auto parts revenue and 1.59% of processing revenue. The company is one of the major suppliers of sheet metal parts in the global AM market. The company continues to develop molds and complete mass production, and the machining capacity is fully utilized. It is expected that the market share will continue to increase.

(B)、The future supply and demand situation and growth of the market

a、The impact of regional conflicts. In the past 2023 years, the global economy has been slow to recover due to the resurgence of the new crown pneumonia (Covid-19) epidemic. However, the speed and strength of the rescue of the governments and central banks beyond expectations, as well as the support of the technology industry and government bailouts, the economy is expected to gradually recover. Wen, however, the continuous closure of cities and the strengthening of quarantine measures in various countries have stagnated the recovery and limited the momentum of container shipping due to the impact of the epidemic.

Looking forward to 2024, the global economy will face the uncertainty of regional conflicts. However, it is expected that major economies will enter a cycle of interest rate cuts, and terminal demand growth and economic recovery will continue. And for a long time, there is still a certain demand for parts in the automotive after-sales service (AM) market. In addition, with the further increase of the average vehicle age, the utilization rate of AM parts will increase in the future.

b、Consolidate the market share of the AM market in North America

In June 2023, StateFarm used a full line of aftermarket crash parts in California and Arizona, including products such as sheet metal fenders, hoods, and trunk lids. In October, StateFarm announced that they would launch these parts nationwide. Collision repair shops, the increment left by this expansion will reflect increased aftermarket demand. And The average age of cars in North America has exceeded 10 years. It is expected that the sales of second-hand cars will be relatively active. This also means that the use of AM parts by North American car owners will increase in the future, and it is expected that after car collisions in the future, The probability of using AM parts will be higher and higher. Gordon has enough CAPA-certified products in North America, coupled with the accumulated number of molds and the rapid development of new molds. After the epidemic situation stabilizes in the future, it will benefit AM in North America. The market demand is growing steadily.

c、Actively layout the European certification market and increase the European market share

According to industry estimates, the size of the European collision repair market exceeds US$10 billion, while the market share of the AM component market is relatively low compared to the OEM market. In addition, the relatively large-scale AM suppliers in Europe include Spain and Italy, but their mold development speed is far behind that of Taiwan. In addition to the North American market, Taiwanese manufacturers have given priority to the second overseas market for development in the long run. On April 16, 2024, Gordon passed the British certification system Thatcham and the German Rheinland certification system TUV sheet metal parts certification with 258 items, which is also the main reason for Gordon's successful expansion of the European market. Since the opening of the insurance market in Europe, the demand for high-quality products has been high. Looking forward to the future, Gordon will continue to develop enough molds for the European market every year as the goal. In the future, when the epidemic situation stabilizes and regional conflicts cool down, the European region will benefit The demand in the AM market is growing steadily.

d. Grasp the growth potential of the AM market in mainland China

The annual sales volume of Continental Motors has surpassed 30 million vehicles. As the age of vehicles increases, the demand for AM brand certified parts has explosive growth potential in the future. As of April 16, 2024 the number of NSF Continental sheet metal parts certified (NKFA) of the company has passed 303 sheet metal parts certification items, the number of CAPA mainland sheet metal parts certification The company has passed 289 sheet metal parts certification items, the company is in the forefront of the industry in the number of NSF (NKFA) and CAPA sheet metal parts certifications in mainland China, for The company has laid a solid foundation for the long-term growth potential in the mainland. After the epidemic stabilizes in the future, the terminal demand in the AM market will continue to grow.

e、Estimated sales volume and basis

Unit: thousand pieces

product category	Estimated sales volume in 2024
Total auto part	3,050

Remarks: Mainly include fenders, hoods, doors and others.

The company's main products are automotive parts and components, which are mainly used in the automotive after-sales maintenance market, and the products are mainly exported. Judging by market experience, as far as the automotive after-sales maintenance service market (AM) sheet metal parts are concerned, the global The main source of supply is Taiwan. Gordon is a professional manufacturer of sheet metal parts mainly exported to the AM market in China. The main target markets are America, Europe and emerging Asian markets. According to the 2023 product portfolio, the revenue of auto parts is 98.41%, and the processing revenue is 1.59.%. , its export ratio is 35.16% in the United States, 12.54% in Europe and 12.78% in other countries (although Taiwan accounts for 37.51%, most of them are re-exported), and Gordon is the most important after-sales service for automobiles in North America (AM) is one of the sheet metal parts suppliers. Consumers will increase the trend of purchasing certified AM products under the consideration of price and quality, so that OEM orders will flow to the AM market and benefit, and the market share will continue to increase. China is AM It is one of the largest suppliers of products. In the long run, the development of AM parts has great potential, so the future growth is worth observing.

(C)、the company's competitive niche

a.、Ability to open molds by yourself

The continuous growth of the after-sales maintenance market comes from the ever-increasing capital investment. Due to the large number of new car models every year, only by increasing the development of new molds can it be possible to replace the market share of more car models that were originally monopolized by OEM parts. Under this condition, if there is sufficient capital reinvestment every year, the revenue growth will be expected to grow steadily. In addition, Gordon actively develops the market in non-North American regions, which reduces the dependence on the North American region and has a positive impact on the future development of the overall market. help.

b、Good product quality

The company is committed to developing parts for the after-sales maintenance market and continuously improving product quality. In the CAPA certification system for major certified products, as of April 16, 2024, there were a total of 3,443 sheet metal parts certification items, and the company has passed 1,241 sheet metal parts. Parts certification project, the proportion is as high as %, which shows that the products provided by the company are of high quality, which is helpful to compete with foreign OEM manufacturers; in addition, until April 16, 2024, the company passed the British The certification system Thatcham and the German Rheinland certification system TUV sheet metal parts have certified 258 items, and the number of NSF mainland certification (NKFA) the company has passed 289 sheet metal parts certification items, and the same CAPA mainland certification number The company has passed sheet metal parts For certification items, our company is at the forefront of the industry in terms of the number of NSF and CAPA certifications for sheet metal parts in mainland China.

c、Perfect quality control system

The company is committed to continuously improving product quality, and has passed ISO9001, IATF 16949 quality system certification and CAPA product certification, which not only improves the company's product image, but also helps to obtain customers' recognition of product quality and increase market share .

d. The price of AM collision parts is lower than that of OEM products

The price of AM parts is lower than that of general OEM products, and in recent years, the quality of AM products has not been much different from that of OEM products. In addition, State Farm has finally won the lawsuit. In order to reduce the cost of claims and consider quality, major insurance companies in the United States have gradually tended to mass production. Use certified AM parts. The company has a long-term cooperative relationship with upstream suppliers, which helps the company fully grasp the competitive advantages of low cost and high quality.

(D) 、positive and negative factors for future development, and the company's response to such factors.

Item	positive	negative	response
A.Operating characteristicsv	(1) The car ownership is high and the terminal demand is stable. StateFarm North America uses a full line of aftermarket crash parts nationwide	Terminal demand will still face uncertain factors of the capacity of container shipping.	After the epidemic stabilizes and regional conflicts cool down, it will benefit from the steady growth of demand in the AM market.The shipping capacity of container shipping has resumed, and there is a situation of replenishing inventory.
	(2) Actively explore the development of new molds Due to the large number of new car models every year, only by increasing the development of new molds can it be possible to replace more car models that were originally monopolized by OEM parts. Gordon has developed nearly 25 sets of molds in 2023 years. It is expected that mold development tools will be developed in the next few years The growth trend, in addition to the European and American markets, will be developed in response to the growth needs of emerging markets and customer needs	The cost of mold development is high and the construction period is long.	The company implements quality, technology, and innovation capabilities, and is committed to providing customers with the best services and products.
	(3) Exploring emerging markets and continuing to expand and develop emerging markets in South America, the Middle East and .mainland China have laid a solid foundation for the company's growth potential	Terminal demand will still face uncertain factors of capacity of container shipping.	It will benefit from the steady growth of demand in the AM market. The shipping capacity of container shipping has resumed, and there is a situation of replenishing inventory.

Item	positive	negative	response
B.competitive	(1) The continuous growth trend of the AM market .Consumers will increase the trend of subscribing for certified AM products under the consideration of price and quality, so that OEM orders will flow to the AM market and benefit, and the market share will continue to increase.	(1) There are many competing manufacturers At present, there are many domestic manufacturers engaged in exporting automobile sheet metal industry, and they compete with each other, creating pressure on market prices.	(1) Continue to develop new product molds, shorten development time, seize market opportunities, and increase product portfolio profits. (2) Increase the proportion of products passing CAPA and TUV to increase the market share of products.
	(2) Increase in average vehicle age In the past few years, the number of new car sales has risen, which has led to an increase in car ownership. This will increase the demand for parts in the after-sales service market. With the further increase in the average car age, the utilization rate of AM parts will increase in the future.	None	None
C. Supply status of main raw materials	(1) The supply relationship is stable. As the company maintains a long-term good purchasing relationship with steel plate suppliers, the source of raw materials is abundant, and there is no fear of shortage.	Rising global raw material prices	Reflect cost changes to downstream customers.
	(2) A high degree of cooperation with the cooperative factory. The cooperation between the third-party manufacturers and our company is good, and the supply of materials is stable.	None	None

Item	positive	negative	response
D. Sales status of main products	(1) Revenue growth in non-North American regions. In order to reduce the dependence on the North American market, the company has greatly increased the capital budget of molds in non-North American regions, and continued to strengthen the market development in non-North American regions. The results have been fruitful in recent years.	Terminal demand will still face uncertainties of regional conflicts. Reliance on container shipping capacity .	It will benefit from the steady growth of demand in the AM market. The shipping capacity of container shipping has resumed, and there is a situation of replenishing inventory.

B、Important uses and production processes of main products

(A)、Automobile body parts (fenders, hoods, doors, water tank racks, etc.)

a、Application: for automobile assembly and maintenance.

Product name	Important purpose or function
Car fenders	Prevent the sand rolled up by the tires from scattering around and maintain driving safety
The hood of the car	protects the items in the engine room of the car and properly absorbs the impact energy
Car door Protect	various parts in the car body from damage
Other	Other sheet metal parts

b、Production process:

The steps of "stamping" are roughly as follows:

Cutting Drawing Trimming, punching Hemming Shaping

Feeding → Stamping → Assembly and sheet meta → Painting → Warehousing

The steps of "stamping" are roughly as follows:

Cutting → Drawing → Trimming, punching → Hemming → Shaping

(B)、Mold

a、Purpose: Production (stamping) of auto parts.

b、Production process:

OEM sample → Resin mold → Styrofoam mold → Casting → Surface machining

↓

Completion ← Die trial ← Fitter、assembly (Shishang)← Carving

(C)、Lamps

a、Application: for automotive lighting.

b、Production process:

Plastic feeding→ Injection machine system setting→ Production according to work order→ Assembly→ Laser lettering→ Delivery→ Packaging

C、Supply status of main raw materials

The company's main raw material is steel sheet. Since the second quarter of 1990, it has signed a contract with China Iron and Steel Corporation to obtain a direct supply quota. At present, the quota of China Steel Corporation accounts for most of the company's demand, while the rest The parts are mainly supplied by other domestic manufacturers and companies. The cooperation relationship between the supplier and the company is good, and it can still meet the needs of the company. So far, there has been no shutdown or other disputes.

D、Information on Major Suppliers and customers for the Most Recent 2 Years

(A). Information on Major Suppliers for the Most Recent 2 Years

Unit:NT$000

	2022				2023				2024 (As of March 31)			
Item	Company Name	Amount	Percent%	Relation with Issuer	Company Name	Amount	Percent%	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A	559,759	39	None	A	325, 215	24. 26	None	A	145,995	33.75%	None
2	B	164,310	11.45	-	-	-	-	-	-	-	-	-
	Other	711,027	49.55	-	Other	1,015,586	75.74	-	Other	286,590	66.25%	-
	Net Purchase	1,435,096	100	-	Net Purchase	1,340,801	100	-	Net Purchase	432,585	100%	-

Note

1: Major suppliers refer to those commanding 10%-plus share of annual order volume.

2: For the listed company, the most recent quarterly financial information which has been audited or reviewed by the accountant, prior to the publication date of the annual report, should be disclosed.

3.The reason for the change in purchase ratio: Due to the difference in sales product mix, the purchase materials are different from those of the manufacturer.

(B). Information on Major Customers for the Most Recent 2 Fiscal Years

Unit: NT$ thousands

	2022				2023				2024 (As of March 31)			
Item	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer	Company Name	Amount	Percent	Relation with Issuer
1	A	607,375	24.90	None	A	665,237	24.66	None	A	146,697	20.33%	None
2	B	295,562	12.08	None	-	-	-	-	B	85,252	11.82%	None
3	-	-	-	-	-	-	-	-	-	-	-	-
	Other	1,832,077	75.10	-	Other	2,032,316	75.34	-	Other	489,561	67.85%	-
	Net sales	2,439,452	100	-	Net sales	2,697,553	100	-	Net sales	721,510	100%	-

Note 1: Major clients refer to those commanding 10%-plus share of annual order volume.

2: For the listed company, the most recent quarterly financial information which has been audited or reviewed by the accountant, prior to the publication date of the annual report, should be disclosed.

3:The reason for the change in sales ratio: in response to customer demand.

E. **Production in the Last Two Years**

Unit Quantity: piece / value: NT$ thousand

year / output / Major product	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
car parts	2,460,000	1,888,694	1,582,524	2, 460, 000	2, 017, 122	1, 577, 965
-	-	-	-	-	-	-
Total	2,460,000	1,888,694	1,582,524	2, 460, 000	2, 017, 122	1, 577, 965

Note 1: Production capacity refers to the quantity that the company can produce under normal operation with existing production equipment after weighing necessary shutdowns, holidays and other factors.

Note 2: If the production of each product is substitutable, the production capacity may be calculated together, and an explanation shall be attached.

F. **Shipments and Sales in the Last Two Years**

Unit Quantity: piece / value: NT$ thousand

Year / Shipments & Sales / Major Products	2022				2023			
	Local		Export		Local		Export	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
car parts	803,718	872,275	1,967,836	1,532,449	833, 823	968, 840	2, 081, 982	1, 685, 689
other	-	34,728	-	-		43, 024		
Total	803,718	907,003	1,967,836	1,532,449	833, 823	1, 011, 864	2, 081, 982	1, 685, 689

(III)、The number of employees employed for the 2 most recent fiscal years

Year		2022	2023	Data as of ending data in the March 31,2024
Number of Employees	direct personnel	209	218	220
	indirect personnel	231	232	237
	Total	440	450	457
Average Age		38.22	39.07	38.98
Average Years of Service		7.11	6.98	6.84
Education	Ph.D.	-	-	-
	Masters	1.8	1.6	1.5
	Bachelor’s Degree	30.9	31.1	31.7
	Senior High School	38.4	38.9	37.6
	Below Senior High School	28.9	28.4	29.1

(IV)、Disbursements for environmental protection

Disbursements for environmental protection: any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.

tribunal day	Jurisdiction over cities	Tribunal book	Violation of laws	Violate the facts	penalty
2023/08/01	Taoyuan City	30-112-080001	Water Pollution Prevention and Control Act Article 7, item 1	According to the case report, Environmental Protection Bureau sent personnel to the discharge port D01 of your company's second factory on April 26, 2023 to take samples and submit the test results. The chemical oxygen demand: 126mg/L and suspended solids: 35.5mg/L, both of which did not meet the discharge requirements. Water standards (chemical oxygen demand: 100mg/L), (suspended solids 30mg/L)	The fine is NT$63,000. The environment lecture lasts for 2 hours.
2023/10/05	Taoyuan City	30-112-100010	Water Pollution Prevention and Control Act Article 7, item 1	According to the case report, the Environmental Protection Bureau of this province sent personnel to take samples at the discharge outlet D01 on April 26, 2023. The results showed that the chemical oxygen demand and suspended solids (chemical oxygen demand: 126mg/L and suspended solids: 35.5mg/L) were not found. It complies with the water discharge standards, and the improvement was completed and documented by July 29, 2012. Your company submitted an improvement report on July 17, 2023, so our Environmental Protection Bureau sent personnel to review on July 19, 2023 and took samples at the discharge outlet D01 to test the results. Suspended solids: 53mg/L, still no trace. It complies with the standards for discharged water (suspended solids 30 mg/L). It has been verified that it has violated the provisions of Article 7, Paragraph 1 of the Water Pollution Prevention and Control Act. During the improvement period, your company's discharged water pollutants (suspended solids) exceeded the original discharge concentration for which the penalty was based. , and if the situation worsens, they will be punished on a case-by-case basis in accordance with Article 57-1 of the Water Pollution Prevention and Control Act.	The fine is NT$99,000. The environment lecture lasts for 2 hours.

a、**Total Losses**: As shown in the table above.

b、**Countermeasures**

①Proposed improvement measures:

1.Improvement plan: The company usually lists environmental protection as a key matter, and immediately improves problems when they are found. The above-mentioned deficiencies have been improved.

2.Estimated environmental protection capital expenditure in the next three years: The company has paid NT$1.88 million to improve the above-mentioned deficiencies, and the estimated cost of follow-up treatment including equipment updates, maintenance and waste disposal is more than NT$5 million.

3.Impact after improvement: The company has stricter requirements to comply with emission standards and legal regulations, and pays more attention to environmental protection of pollution and waste generated during the production process.

② Part of countermeasures not taken: not applicable

c、In order to implement environmental policies, Gordon obtained the ISO14001 certificate in 2006 and the latest version of ISO14001:2015 in 2017. We deeply agree that a sustainable enterprise should not only treat itself, customers, employees and shareholders Responsible, also need to be responsible for the entire environment. We uphold the benevolent spirit of an enterprise and are committed to the improvement of the environment:

1.Reduce waste water discharge.

2.Reduce the use of organic solvents to minimize the impact on the environment.

3.Promote waste classification and resource recovery.

(V)、Labor Relations

A、List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interestsT

a、Employee welfare measures and implementation: There is an employee welfare committee, and 0.05% of self-operating income and 20% of waste income are allocated as employee welfare funds.

b、Further study, training and implementation:

In order to improve the professional knowledge and skills of employees, work efficiency, each department draws up annual education and training plans according to the work needs, and dispatches personnel to participate in training courses organized by external organizations as needed to strengthen the professional capabilities of employees of various functions.

The implementation situation in 2023 is as follows:

(a)、Education and training for new recruits There is education and training for new recruits.

(b)、Internal education and training courses for each job level and function are held irregularly every year.

(c)、**E**ducation and training are estimated to be 4,091 hours, and 10,263 hours were actually completed, with a completion rate of 250.8% in 2023.

c、Retirement system and implementation situation: The company formulated the employee retirement method in 1986, established a labor reserve supervision committee according to law, and allocated labor retirement reserves to the Bank of Taiwan on a monthly basis. The Labor Pension Act came into effect on July 1, 2005, and adopted a definite appropriation system. After the implementation, employees can choose to apply the pension provisions related to the "Labor Standards Act" (old system), or apply the pension system of the Act (new system) and retain the working experience before the application of the regulations (retain the old system seniority). For employees who are eligible for the new retirement system, the company's monthly employee pension allocation rate shall not be lower than 6% of the employee's monthly salary.

d、Labor-management agreements and various employee rights protection measures: The company attaches great importance to labor-management agreements and the protection of various employee rights and interests. All are based on relevant labor standards laws, and the communication channels between employees and the company are smooth to create a win-win situation. .

B. List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to labor disputes (including any violations of the Labor Standards Act found in labor inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, the substance of the legal violations, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided

(VI)、Cyber security management:

A、A description of the IT security risk management framework, IT security policies, specific management plans, and resources invested in IT security management, etc.

(A) Information Architecture View

(a) Review of network architecture configuration, suitability of information equipment security management methods, etc.

(b) When inspecting a single point of failure, assess whether there is an impact risk, and implement an improvement plan.

(c) Regarding the adequacy of business continuity, take relevant measures in case of problems.

(B)、Network activity view

(a) For network equipment, server access records and account permissions, check abnormal records.

(b) For the monitoring records of information security equipment (such as: firewall, spam filter, web page protection, etc.), check the records of abnormal conditions.

(c) When there is a problem with the network packet, abnormal connection or abnormal domain name resolution server query, whether it is a known malicious IP, relay station, or has the characteristics of malicious network behavior.

(C)、Detection of network equipment, servers, terminal equipment and other equipment

(a) Correction of problems in network equipment, servers, terminal equipment and other equipment.

(b) For the complexity of system account login passwords, the storage protection mechanism and access control of external connection passwords (such as file transfer connections, database connections, etc.), check when abnormalities occur.

(c) Check abnormalities when malicious programs occur on terminals and servers, including suspicious programs with malicious behavior and suspicious backdoor programs with unknown connections.

(D)、Network security and equipment testing

(a) When a problem occurs on the website, the methods are data collection, information analysis, etc. to check.

(b) For the server's directory and web page access rights, check when there is a problem.

(c) For the opening of external links, and for the discovered weaknesses of the network, make corrections and enhancements.

(E)、Security settings view

(a) Regarding whether the firewall opens communication ports with security risks or unnecessary communication ports, whether the connection settings have any weaknesses in security, and make reinforcements when problems occur.

(b) For system access restrictions (such as access control lists) and privileged account management, check when abnormalities occur.

(c) For servers (such as domain services), the settings of "Password Setting Principles" and "Account Locking Principles".

(F)、E-mail social engineering drill

For those who use computer systems, send publicity and strengthen information security and fraud education, through information security education, in order to prevent malicious programs from invading through social methods, and improve colleagues' awareness of the danger of preventing Dujiao engineering attacks, so as to protect customer information and important operational information and services.

(G)、Implementation of information security publicity in 2022: This year, an echelon of information security education and training for newcomers will be held and implement an information security emergency response drill.

(H)、Information security operation

(a) The computer room of the company is responsible for reviewing the development and direction of information security to ensure the continuous and stable operation of the information security management system.

(b) Regularly report information security operations to the board of directors every year. The most recent annual report to the board of directors was submitted on November 9, 2023.

B、List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided:None.

VII、Important Contracts: The contracting parties, major content, restrictive clauses, and the commencement dates and expiration dates of supply/distribution contracts, technical cooperation contracts, engineering/construction contracts, long-term loan contracts, and other contracts that would affect shareholders' equity, where said contracts were either still effective as of the date of publication of the annual report, or expired in the most recent fiscal year

Agreement	Counterparty	Period	Major Contents	Restrictions
sales contract	China Steel Corporation	Change about once a season	The company purchases cold-rolled steel sheets and galvanized steel sheets from Sinosteel Corporation on a quarterly basis.	None
Long term loan	Hua Nan Bank	7years Nov.05, 2018until Nov. 05,.2025	The land and buildings are guaranteed, the loan amount is NT$400,000 thousand , the interest is paid monthly, and the principal is repaid in installments.	None
	Hua Nan Bank	5years Sep.1, until Sep.1, 2026	The land and buildings are guaranteed, the loan amount is NT$33,000 thousand , the interest is paid monthly, and the principal is repaid in installments.	None
	Taiwan Business Bank	5years March 24, 2020 until March 24, 2025	The land and buildings are guaranteed, the loan amount is NT$600,000 thousand, the interest is paid monthly, and the principal is repaid in installments.	None
	Taiwan Business Bank	20 years.April 10,.2018until April 10,2038	Land and building guarantee, the loan amount is NT$200,000 thousand, the grace period is 2 years, and the principal is amortized on an average monthly basis since the grace period expires.	None
	Hua Nan Bank	7years Dec.03, 2021until Dec.03, 2028	The land and buildings are guaranteed, the loan amount is NT$ 1,000,000 thousand , the interest is paid monthly, and the principal is repaid in installments.	None

VI、Financial Information

(I)、Five-Year Financial Summary

A、Condensed Balance Sheet

Consolidated Condensed Balance Sheet

unit：NT$ Thousand

Item \ Year		Five-Year Financial Summary（Note 1）				
		2019	2020	2021	2022	2023
Current assets		1,542,715	1,416,373	1,850,449	2,020,737	1,951,550
Property, Plant and Equipment		3,285,356	3,318,850	3,280,430	314,9208	3,026,076
Intangible assets		0	0	0	0	0
Other assets		287,178	298,096	272,378	261,958	354,476
Total assets		5,115,249	5,033,319	5,403,257	5,431,903	5,332,102
Current liabilities	Before distribution	1,592,308	1,421,965	1,144,682	1,213,400	1,083,039
	After distribution	1,664,182	1,456,680	1,194,275	1,378,710	1,297,943
Non-current liabilities		1,178,183	1,407,427	2,011,161	1,692,462	1,551,099
Total liabilities	Before distribution	2,770,491	2,829,392	3,155,843	2,905,862	2,634,138
	After distribution	2,842,365	2,864,107	3,205,436	3,071,172	2,849,042
Equity attributable to shareholders of the parent		2,344,758	2,203,927	2,247,414	2,526,041	2,697,964
Capital stock		1,796,852	1,653,104	1,653,104	1,653,104	1,653,104
Capital surplus		0	0	850	850	935
Retained earnings	Before distribution	541,319	503,501	532,558	819,254	1,004,805
	After distribution	469,445	468,786	482,965	653,944	789,901
Other equity interest		6,587	47,322	60,902	52,833	39,120
Treasury stock		-	-	-	-	-
Non-controlling interest		-	-	-	-	-
Total equity	Before distribution	2,344,758	2,203,927	2,247,414	2526,041	2,697,964
	After distribution	2,272,884	2,169,212	2,197,821	236,0731	2,483,060

Note 1:In July 2013, the company established a 100% owned subsidiary, so consolidated statements were prepared. In February 2012, the subsidiary was dissolved, so there was no need to prepare consolidated statements from 2023 onwards; The annual financial data of IFRS 2019-2023 have been auditedby Baker Tilly Clock & Co.

Note 2: The 2023 cash dividend was approved by the board of directors on March 10, 2024, and was distributed on May 8, 2024 in accordance with Article 32-1 of the company's articles of association.

Parent (Individual) Condensed Balance Sheet

unit：NT$ Thousand

Item \ Year		Five-Year Parent Financial Summary（Note 1）					As of the current year March 31, 2024 Individual financial information (Note 2)
		2019	2020	2021	2022	2023	
Current assets		1,542,226	1,415,991	185,0173	2,020,568	1,951,550	1,932,314
Property, Plant and Equipment		3,285,356	3,318,850	3,280,430	3,149,208	3,026,076	3,032,364
Intangible assets		0	0	0	0	0	0
Other assets		287,607	298,418	272,594	262,077	354,476	394,253
Total assets		5,115,189	5,033,259	5,403,197	5,431,853	5,332,102	5,358,931
Current liabilities	Before distribution	1,592,248	1,421,905	1,144,622	1,213,350	1,083,039	1,463,601
	After distribution	1,664,122	1,456,620	1,194,215	1,378,660	1,297,943	Note 3
Non-current liabilities		1,178,183	1,407,427	2,011,161	1,692,462	1,551,099	1,218,724
Total liabilities	Before distribution	2,770,431	2,829,332	3,155,783	2,905,812	2,634,138	2,682,325
	After distribution	2,842,305	2,864,047	3,205,376	3,071,122	2,849,042	Note 3
Equity attributable to shareholders of the parent		-	-	-	-	-	-
Capital stock		1,796,852	1,653,104	1,653,104	1,653,104	1,653,104	1,653,104
Capital surplus		0	0	850	850	935	1,007
Retained earnings	Before distribution	541,319	503,501	532,558	819,254	1,004,805	959,179
	After distribution	469,445	468,786	482,965	653,944	789,901	Note 3
Other equity interest		6,587	47,322	60,902	52,833	39,120	63,316
Treasury stock		-	-	-	-	-	-
Non-controlling interest		-	-	-	-	-	-
Total equity	Before distribution	2,344,758	2,203,927	2,247,414	2,526,041	2,697,964	2,676,606
	After distribution	2,272,884	2,169,212	2,197,821	2,360,731	2,483,060	Note 3

Note 1: The financial data from 2019 to 2023 have been auditedby Baker Tilly Clock & Co.

Note 2: The individual financial data of the first quarter of 2024 have been reviewed by Baker Tilly Clock & Co.

Note 3: The information is less than one year old, and the board of directors has not yet held a resolution on distribution.

Note 4: The 2023 cash dividend was approved by the board of directors on March 10, 2024, and was distributed on May 8, 2024 in accordance with Article 32-1 of the company's articles of association.

Consolidated Condensed Statement of Comprehensive Income

unit：NT$ Thousand

Item \ Year	Five-Year Financial Summary（Note 1）				
	2019	2020	2021	2022	2023
Operating revenue	2,393,718	1,908,786	1,963,425	2,439,452	2,697,553
Gross profit	490,245	291,424	321,518	556,438	728,962
Income from operations	215,733	55,432	83,737	283,075	435,650
Non-operating income expenses	(27,127)	(18,006)	(7,138)	134,852	84
Income before tax	188,606	37,426	76,599	417,927	435,734
Income from operations of continued segments - after tax	151,322	36,537	62,083	336,445	351,560
Income from discontinued operations	-	-	-	–	-
Net income (Loss)	151,322	36,537	62,083	336,445	351,560
Other comprehensive income (income after tax)	14,835	38,254	15,269	(8,224)	(14,412)
Total comprehensive income	166,157	74,791	77,352	328,221	337,148
Net income attributable to shareholders of the parent	151,322	36,537	62,083	336,445	351,560
Net income attributable to non-controlling interest	-	-	-	–	-
Comprehensive income attributable to Shareholders of the parent	166,157	74,791	77,352	328,221	337,148
Comprehensive income attributable to non-controlling interest	-	-	-	–	-
Earnings per share	0.84	0.21	0.38	2.04	2.13

Note 1: In July 2013, the company established a 100% owned subsidiary, so consolidated statements were prepared. In February 2012, the subsidiary was dissolved, so there was no need to prepare consolidated statements from 2023 onwards; The annual financial data of IFRS 2019-2023 have been auditedby Baker Tilly Clock & Co,.

Parent (Individual) Condensed Statement of Comprehensive Income

unit：NT$ Thousand

Item \ Year	Five-Year Parent Financial Summary（Note 1）					As of the current year March 31, 2024 Individual financial information (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	2,393,718	1,908,786	196,3425	2,439,452	2,697,553	721,510
Gross profit	490,245	291,424	321,518	556,438	728,962	220,085
Income from operations	215,840	55,539	83,843	283,075	435,710	139,352
Non-operating income	(27,234)	(18,113)	(7,244)	134,852	24	72,455
Income before tax	188,606	37,426	76,599	417,927	435,734	211,807
Income from operations of continued segments - after tax	151,322	36,537	62,083	336,445	351,560	169,278
Income from discontinued operations	-	-	-			
Net income (Loss)	151,322	36,537	62,083	336,445	351,560	169,278
Other comprehensive income (income after tax)	14,835	38,254	15,269	(8,224)	(14,412)	24,196
Total comprehensive income	166,157	74,791	77,352	328,221	337,148	193,474
Net income attributable to shareholders of the parent	-	-	-	-	-	-
Net income attributable to non-controlling interest	-	-	-	-	-	-
Comprehensive income attributable to Shareholders of the parent	-	-	-	-	-	-
Comprehensive income attributable to non-controlling interest	-	-	-	-	-	-
Earnings per share	0.84	0.21	0.38	2.04	2.13	1.02

Note 1: The financial data from 2019 to 2023 have been auditedby Baker Tilly Clock & Co and the financial data of the first quarter of 2024 have been reviewed by Baker Tilly Clock & Co..

Note 2: The individual financial data of the first quarter of 2024 have been reviewed by Baker Tilly Clock & Co.

Note 3: The cash dividend for 2023 was approved by the board of directors on March 8, 2023, and was distributed on May 10, 2024 in accordance with Article 32-1 of the company's articles of association.

B、Names of certified accountants and their audit opinions for the past five years

1. The name of the CPA and the verification opinion

Year	Accounting Firm	CPA	Audit Opinion
2019	Baker Tilly Clock & Co	Yongji Lai Xianxiu Zheng	unqualified opinion
2020	Baker Tilly Clock & Co	Xianxiu Zheng Kuofu Tseng	unqualified opinion
2021	Baker Tilly Clock & Co	Xianxiu Zheng Kuofu Tseng	unqualified opinion
2022	Baker Tilly Clock & Co	Kuofu Tseng Chiayu Lai	unqualified opinion
2023	Baker Tilly Clock & Co	Chiayu Lai Lichen Peng	unqualified opinion

(II)、Five-Year Financial Analysis

A、Financial Ratio

Consolidated Financial Condensed Analysis

Item		Last five years of financial analysis（Note 1）				
	Year	2019	2020	2021	2022	2023
Financial structure (%)	Debt Ratio	54.16	56.21	58.4	53.49	49.40
	Ratio of long-term capital to property, plant and equipment	107.23	108.81	129.81	133.95	140.41
Solvency (%)	Current ratio	96.89	99.61	161.66	166.54	180.19
	Quick ratio	60.99	54.04	88.16	94.62	113.10
	Interest earned ratio (times)	8.13	2.41	401.94	1366.12	1410.56
Operating performance	Accounts receivable turnover (times)	6.28	5.46	5.57	5.90	5.69
	Average collection period	58.12	66.84	65.52	61.86	64.14
	Inventory turnover (times)	3.68	3.13	2.52	2.46	2.77
	Accounts payable turnover (times)	5.60	6.14	5.75	6.80	5.62
	Average days in sales	99.18	116.61	144.84	148.37	131.76
	Property, plant and equipment turnover (times)	0.73	0.58	0.60	0.77	0.89
	Total assets turnover (times)	0.47	0.38	0.36	0.45	0.51
Profitability	Return on total assets (%)	3.33	1.07	1.54	6.67	6.98
	Return on stockholders' equity (%)	6.56	1.61	2.79	14.10	13.46
	Pre-tax income to paid-in capital (%)	10.50	2.26	4.63	25.28	26.36
	Profit ratio (%)	6.32	1.91	3.16	13.79	13.03
	Earnings per share (NT$)	0.84	0.21	0.38	2.04	2.13
Cash flow	Cash flow ratio (%)	23.56	26.54	10.13	56.21	83.93
	Cash flow adequacy ratio (%)	114.62	93.27	65.13	79.52	104.73
	Cash reinvestment ratio (%)	2.62	2.84	0.72	5.72	6.58
Leverage	Operating leverage	4.22	12.82	8.80	3.5	2.61
	Financial leverage	1.11	1.67	1.38	1.12	1.07

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Cash flow ratio: mainly due to the increase of NT$226,910 thousand in net cash flow from operating activities compared with last year.
2. Cash flow adequacy ratio: Mainly due to Mainly due to the increase ofNT $ 444,787 thousand yuan in net cash flow from operating activities in the past five years compared with last year.
3. Operating leverage: mainly due to the increase of operating profit by NT$152,575 thousand compared with last year

Note 1: In July 2013, the company established a 100% owned subsidiary, so consolidated statements were prepared. In February 2012, the subsidiary was dissolved, so there was no need to prepare consolidated statements from 2023 onwards; The annual financial data of IFRS 2019-2023 have been reviewed by Baker Tilly Clock & Co.

Note 2: At the end of this table of the annual report, the following calculation formula should be listed:

1. Financial structure
   (1) Ratio of liabilities to assets = total liabilities / total assets.
   (2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expenses / interest expenses for the current period.

3. Operating ability
   (1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from business operations) = net sales/average accounts receivable of each period (including accounts receivable and notes receivable arising from operations) Notes receivable) balance.
   (2) Average cash collection days = 365/receivable turnover rate.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Turnover rate of accounts payable (including accounts payable and notes payable arising from business operations) = cost of goods sold/balance of average payables (including accounts payable and notes payable arising from operations) in each period.
   (5) Average days of sales = 365/inventory turnover.
   (6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.
   (7) Total asset turnover = net sales/average total assets.
4. Profitability
   (1) Return on assets = [after-tax profit and loss + interest expense x (1 - tax rate)] / total average assets.
   (2) Return on equity = after-tax profit/loss/average total equity.
   (3) Profit rate = profit and loss after tax / net sales.
   (4) Earnings per share = (Profit or loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
   (2) Allowable ratio of net cash flow = net cash flow from operating activities in the last five years / (capital expenditure + increase in inventory + cash dividends) in the last five years.
   (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit (Note 6).
   (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 3: For the formula for calculating earnings per share above, special attention should be paid to the following items when measuring:
1. Based on the weighted average number of common shares, not the number of shares outstanding at the end of the year.
2. Anyone who has cash capital increase or treasury stock trading should consider its circulation period and calculate the weighted average number of shares.
3. For those who convert surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preference shares are non-convertible accumulated preference shares, the dividends for the current year (whether paid or not) shall be deducted from the after-tax net profit, or the after-tax net loss shall be added. If the special stock is non-cumulative, if there is a net profit after tax, the special stock dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment is required.

Note 4: Cash flow analysis should pay special attention to the following items when measuring:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends of ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 5: The issuer should classify various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, they should pay attention to their rationality and maintain consistency.

Note 6: If the company's stock has no par value or the par value of each share is not NT$10, the calculation of the ratio of paid-up capital mentioned above shall be calculated based on the ratio of equity attributable to the owner of the parent company on the balance sheet.

Parent (Individual) Financial Condensed Analysis

Item (Note 2)		Year(Note 1) Last five years of Parent financial analysis 2019	2020	2021	2022	2023	As of the current year March 31, 2024 Individual financial information (Note 2)
Financial structure (%)	Debt Ratio	54.16	56.21	58.40	53.49	49.40	50.05
	Ratio of long-term capital to property, plant and equipment	107.23	108.81	129.81	133.95	140.41	128.46
Solvency (%)	Current ratio	96.86	99.58	161.64	166.53	180.19	132.02
	Quick ratio	60.96	54.01	88.14	94.61	113.10	79.13
	Interest earned ratio (times)	8.13	2.41	401.94	1366.12	1410.56	2,936.31
Operating performance	Accounts receivable turnover (times)	6.27	5.46	5.57	5.90	5.69	5.51
	Average collection period	58.21	66.84	65.52	61.86	64.14	66.24
	Inventory turnover (times)	3.68	3.13	2.52	2.46	2.77	3.06
	Accounts payable turnover (times)	5.60	6.14	5.75	6.80	5.62	4.70
	Average days in sales	99.18	116.61	144.84	148.37	131.76	119.28
	Property, plant and equipment turnover (times)	0.73	0.58	0.60	0.77	0.89	0.95
	Total assets turnover (times)	0.47	0.38	0.36	0.45	0.51	0.54
Profitability	Return on total assets (%)	3.33	1.07	1.54	6.67	6.98	13.04
	Return on stockholders' equity (%)	6.56	1.61	2.79	14.10	13.46	25.20
	Pre-tax income to paid-in capital (%)	10.50	2.26	4.63	25.28	26.36	51.25
	Profit ratio (%)	6.32	1.91	3.16	13.79	13.03	23.46
	Earnings per share (NT$)	0.84	0.21	0.38	2.04	2.13	1.02
Cash flow	Cash flow ratio (%)	23.6	26.55	10.14	56.22	83.94	11.64
	Cash flow adequacy ratio (%)	114.64	93.29	65.15	79.57	104.77	115.02
	Cash reinvestment ratio (%)	2.63	2.84	0.72	5.72	6.58	1.62
Leverage	Operating leverage	4.22	12.8	8.79	3.49	2.61	2.32
	Financial leverage	1.11	1.67	1.38	1.12	1.07	1.05

Analysis of financial ratio differences for the last two years. (Not required if the difference does not exceed 20%)

1. Cash flow ratio: mainly due to the increase of NT$226,912 thousand in net cash flow from operating activities compared with last year.
2. Cash flow adequacy ratio: Mainly due to Mainly due to the increase ofNT $ 444,525 thousand yuan in net cash flow from operating activities in the past five years compared with last year.
3. Operating leverage: mainly due to the increase of operating profit by NT$152,538 thousand compared with last year

Note 1: The financial data from 2019 to 2023 have been auditedby Baker Tilly Clock & Co., and the individual financial data of the first quarter of 2024 have been reviewed by Baker Tilly Clock & Co.

Note 2: The individual financial data of the first quarter of 2024 have been reviewed by Baker Tilly Clock & Co.

Note 3: At the end of this table of the annual report, the following calculation formula should be listed:

1. Financial structure
   (1) Ratio of liabilities to assets = total liabilities / total assets.
   (2) The ratio of long-term funds to real estate, plant and equipment = (total equity + non-current liabilities) / net real estate, plant and equipment.
2. Solvency
   (1) Current ratio = current assets/current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net profit before income tax and interest expenses / interest expenses for the current period.
3. Operating ability
   (1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from business operations) = net sales/average accounts receivable of each period (including accounts receivable and notes receivable arising from operations) Notes receivable) balance.

(2) Average cash collection days = 365/receivable turnover rate.
(3) Inventory turnover = cost of goods sold / average inventory.
(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from business operations) = cost of goods sold/balance of average payables (including accounts payable and notes payable arising from operations) in each period.
(5) Average days of sales = 365/inventory turnover.
(6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.
(7) Total asset turnover = net sales/average total assets.

4. Profitability
(1) Return on assets = [after-tax profit and loss + interest expense x (1 - tax rate)] / total average assets.
(2) Return on equity = after-tax profit/loss/average total equity.
(3) Profit rate = profit and loss after tax / net sales.
(4) Earnings per share = (Profit or loss attributable to owners of the parent company - special stock dividends) / weighted average number of issued shares. (Note 4)

5. Cash flow
(1) Cash flow ratio = net cash flow from operating activities / current liabilities.
(2) Allowable ratio of net cash flow = net cash flow from operating activities in the last five years / (capital expenditure + increase in inventory + cash dividends) in the last five years.
(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross real estate, plant and equipment + long-term investment + other non-current assets + working capital). (Note 5)

6. Leverage:
(1) Operating leverage = (net operating income - variable operating costs and expenses) / operating profit (Note 6).
(2) Financial leverage = operating profit / (operating profit - interest expense).

Note 4: The formula for calculating earnings per share above should pay special attention to the following items when measuring:
1. Based on the weighted average number of common shares, not the number of shares outstanding at the end of the year.
2. Anyone who has cash capital increase or treasury stock trading should consider its circulation period and calculate the weighted average number of shares.
3. For those who convert surplus into capital increase or capital reserve into capital increase, when calculating earnings per share for previous years and semi-annual years, retrospective adjustments should be made according to the capital increase ratio, regardless of the issuance period of the capital increase.
4. If the preference shares are non-convertible accumulated preference shares, the dividends for the current year (whether paid or not) shall be deducted from the after-tax net profit, or the after-tax net loss shall be added. If the special stock is non-cumulative, if there is a net profit after tax, the special stock dividend shall be deducted from the net profit after tax; if it is a loss, no adjustment is required.

Note 5: Cash flow analysis should pay special attention to the following items when measuring:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditure refers to the annual cash outflow of capital investment.
3. The increase in inventory will only be included when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory decreases at the end of the year, it will be calculated as zero.
4. Cash dividends include cash dividends of ordinary shares and preferred shares.
5. Gross property, plant and equipment refers to the total amount of real property, plant and equipment before deduction of accumulated depreciation.

Note 6: Issuers should classify various operating costs and operating expenses into fixed and variable according to their nature. If estimates or subjective judgments are involved, attention should be paid to their rationality and consistency.

Note 7: If the company's stock has no par value or the par value of each share is not NT$10, the ratio of paid-up capital stated above shall be calculated based on the equity ratio attributable to the owners of the parent company on the balance sheet.

(III)、Audit Committee’s Report for the Most Recent Year

Gordon Auto Body Parts Co., LTD.
Audit committee’s review report

The board of directors submitted the company's 2023 annual individual financial statements and consolidated financial statements, which have been audited by Chia-Yu, Lai and Li-Chen, Peng of Baker Tilly Clock & Co, and plan to issue an audit report, together with the business report and the profit distribution proposal, approved by the audit committee After the inspection is completed, it is considered that there is no discrepancy. In accordance with the provisions of Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, a report is hereby made.

To
Gordon Auto Body Parts Co., LTD. 2024 Annual General Meeting of Shareholders

Gordon Auto Body Parts Co., LTD.
Audit Committee
Convener: Independent Director DECAI ZHENG

March 8, 2024

(IV)、Financial Statements for the Years Ended December 31, 2023

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Gordon Auto Body Parts Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 "Consolidated Financial Statements". In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Gordon Auto Body Parts Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: GORDON AUTO BODY PARTS CO., LTD.

Chairman: Mao Yuan Li

Date: March 8, 2024

INDEPENDENT AUDITORS' REPORT

NO.14681120ECA

To GORDON AUTO BODY PARTS CO., LTD.

Opinion

We have audited the accompanying consolidated financial statements of Gordon Auto Body Parts Co., Ltd. (the "Company") and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 Group in accordance with the Certified Public Accountant code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 were those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and informing our opinion thereon, and we do not provide a separate opinion on these matters.

The descriptions of the key audit matters of the Group consolidated financial statements for the year ended December 31, 2023 are stated as follows:

1. Measurement of impairment losses on inventory

Refer to Note 4(6) to the consolidated financial statements for the accounting policies for inventories; refer to Note 5(1) to the consolidated financial statements for the accounting estimates and uncertainties in assumptions regarding the valuation of inventories; refer to Note 6(6) to the consolidated financial statements for a description of inventories.

Description of key audit matters

The Group's main business is manufacturing and selling auto parts, doors, fenders and molds for collision repair. The products are mainly sold to the repair market for vehicles in the existing market. In the collision repair market, product market life and sales cycle are based on the vehicle models sold. Therefore, the Group adjusts the production quantity of each product in each year based on the market circulation status of each vehicle model.

The Group's production process involves cutting, pressing, sheet metal and baking paint (baking rust-proof paint). Under normal circumstances, such components are less susceptible to deterioration and damage. In the financial statements, inventories are measured at a lower cost or net realizable value. Although the sales prices are adjusted based on the cost of raw materials, the quoted price in U.S. dollars is susceptible to exchange rate fluctuations and competition, which may result in the risk that the carrying value of inventories may exceed the net realizable value, since the amount of inventories is significant and there are many items. Therefore, the Group's measurement of impairment losses on inventory is one of the most significant matters to be audited.

Audit procedures in response

We perform the audit procedures regard to the above key audit matters included:

- Obtain an analysis of the year ending inventory's lost and the lower of net realizable value, and check the total number of each inventory item in the general ledger and the sub-ledger.
- Compare the policies on the allowance to reduce inventory to market value in the current financial reporting period with those in the previous, and assess whether the policies are reasonable.
- Sampling the estimated sale prices of finished goods and products are based on the last sale price before and after the reporting date of the financial statements, and evaluate the basis for calculating the selling expense ratio to confirm the reasonableness of the net realizable value.
- Evaluate whether the analysis of the year ending inventory and net realizable value provided by management has been compared on an item-by-item basis and calculated.
- Evaluate whether management has adequately disclosed the allowance to reduce inventory to market value.

2. The assessment of financial assets at fair value through other comprehensive income.

For the accounting policies of financial assets at fair value through other comprehensive income, refer to Note 4(9) of the consolidated financial statements; for a description of financial assets at fair value through other comprehensive income, refer to Note 6(3) of the consolidated financial statements.

Description of key audit matters

Financial assets at fair value through other comprehensive income are measured at fair value. The financial assets at fair value through other comprehensive income held by the Group are unlisted companies, whose fair value is not available in an active market, therefore, are valued with the market-based approach. The market-based approach requires a more subjective valuation technique, which significantly affects the fair value measurement results and affects the fair value recognition of financial assets at fair value through other comprehensive income. Therefore, the Group's fair value assessment of financial assets at fair value through other comprehensive income is one of the most significant key audit matters.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

- Obtain the opinion from external experts and inquire about their professional qualifications, experience and reputation to ensure the credibility of their skills and capabilities.
- Check the objectivity of the external experts to confirm whether their opinions can be reasonably adopted.
- Evaluate whether the values of the amount and ratio of the comparable subject matter used in the external expert opinion are unreasonable in relation to the information about the comparable company obtained from the Market Observation Post System.
- Check the parameters of the evaluation model and the settings of the calculation formula for inconsistencies or errors.

3. Measurement of impairment of property, plant and equipment

Refer to Note 4(7) of the consolidated financial statements for the accounting policy for impairment of tangible and intangible assets (exclude goodwill); refer to Note 5(2) of the consolidated financial statements for the accounting estimates and uncertainties of the assumptions used in assessing the impairment of tangible assets; refer to Note 6(7) of the consolidated financial statements for the description of property, plant and equipment.

Description of key audit matters

The Group needs to continuously develop tooling in order to produce products for various vehicles in the market. Depreciation has been provided over the useful life of tooling in line with the average age of vehicles. However, due to competition and market conditions, the Group conducts an annual assessment of property, plant and equipment for impairment. The Company is a single cash-generating unit. Therefore, the Company discounts the estimated future cash flows using an appropriate discount rate to measure the cash-generating unit's recoverable amount as a basis for assessing whether the property, plant and equipment is impaired.

The Group uses estimated future cash flows as a measure of recoverable amounts of property, plant and equipment. The assumptions used in forecasting are prone to subjective judgments and are highly uncertain, resulting in a significant effect on the recoverable amount, which in turn affects whether the property, plant and equipment are impaired. Therefore, the measurement of the impairment of property, plant and equipment of the Group is one of the most significant audit matters.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

- Obtain documents related to the Group's self-assessment of asset impairment and review whether there is any indication of impairment.
- Examine the expected future cash flows and estimate whether the average net cash inflows for the current year are materially different from the estimated annual net cash inflows adopted by the Group based on its actual net earnings before interest, taxes, depreciation, and amortization (EBITDA) for the last five years.
- Review the projected growth rates whether there are unreasonable when compared to historical results, economic and industry forecasts.
- Review the discount rate used whether there is unreasonable when compared to the cash-generating unit’s cost of capital assumptions.
- Check the parameters of the evaluation model and the settings of the calculation formula whether there are existing inconsistencies or errors.

Other Matters

The Company has additionally prepared its parent company only financial statements as of and for the years ended December 31, 2023 and 2022, on which we have audited and issued an unmodified opinion, respectively.

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

Management has the responsibility for the preparation and represents fairly of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines necessary to enable the preparation of the 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 Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations or has no realistic alternative but to do so.

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

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 auditing standards generally accepted in 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, and 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 auditing standards generally accepted in the Republic of China, we performed professional judgment and maintain 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 Group's internal control.
3. Evaluate the appropriateness of the 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 Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall representation, structure and content of the consolidated financial statements, including the disclosures and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair expressed.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit, and provide an 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 the most significant audit matters of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless the 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.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Yu, Lai and Li-Chen, Peng.

Baker Tilly Clock & Co
March 8, 2024

<u>Notice to Readers</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flow 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 (or review) such consolidated financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

GORDON AUTO BODY PARTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
11xx	**Current assets**					
1100	Cash and cash equivalents	4.6(1)	$ 699,199	13	$ 699,763	13
1110	Financial assets at fair value through profit or loss	4.6(2)	4,320	—	4,871	—
1150	Notes receivables	4.6(5)	25,552	1	25,616	1
1170	Accounts receivables	4.6(5)	485,060	9	407,089	7
1200	Other receivables		10,862	—	10,856	—
130x	Inventories, net	4.5.6(6)	634,214	12	784,551	14
1410	Prepayments	6(9)	92,343	2	87,991	2
11xx	**Total current assets**		1,951,550	37	2,020,737	37
15xx	**Non-current assets**					
1517	Financial assets at fair value through other comprehensive income	4.6(3)	105,112	2	118,825	2
1535	Financial assets at amortized cost	4.6(4).8	2,300	—	2,300	—
1600	Property, plant and equipment	4.5.6 (7).8	3,026,076	57	3,149,208	58
1755	Right-of-use assets	4.5.6(8)	19,815	—	5,083	—
1840	Deferred tax assets	4.6(23)	10,514	—	7,396	—
1915	Prepayment for equipment	4.6(9)	216,189	4	127,828	3
1920	Guarantee deposits paid		546	—	526	—
15xx	**Total non-current assets**		3,380,552	63	3,411,166	63
	Total assets		$ 5,332,102	100	$ 5,431,903	100

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

(Continued)

GORDON AUTO BODY PARTS CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Liabilities And Equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
21xx	**Current Liabilities**					
2100	Current borrowings	6(10)	$ 210,000	4	$ 497,000	9
2110	Short-term notes and bills payables	6(11)	—	—	39,982	1
2150	Notes payables	6(12)	36,965	1	1,578	—
2170	Accounts payables	6(12)	397,052	7	263,995	5
2200	Other payables		82,321	2	80,001	1
2213	Payables on equipment		95,589	2	79,655	1
2230	Current tax liabilities	4.6(23)	88,477	2	75,782	1
2280	Lease liabilities - current	4.6(8)	5,315	—	3,318	—
2300	Other current liabilities		21,463	—	26,232	1
2322	Current portion of long-term borrowings	6(13)	145,857	3	145,857	3
21xx	**Total current liabilities**		1,083,039	21	1,213,400	22
25xx	**Non-Current liabilities**					
2540	Long-term borrowings	6(13)	1,449,098	27	1,594,956	29
2571	Deferred tax liabilities - land value increment tax	4	74,336	1	74,336	1
2572	Deferred tax liabilities - income tax	4.6(23)	466	—	3,786	—
2580	Lease liabilities - non-current	4.6(8)	14,601	—	1,845	—
2640	Net defined benefit liabilities - non-current	4.6 (14)	12,598	—	17,539	1
25xx	**Total non-current liabilities**		1,551,099	28	1,692,462	31
2xxx	**Total liabilities**		2,634,138	49	2,905,862	53
31xx	**Equity attributable to shareholders of the parent**	6(15)				
3100	**Capital**					
3110	Common stock		1,653,104	31	1,653,104	31
3200	**Capital surplus**		935	—	850	—
3300	**Retained earnings**					
3310	Legal reserve		113,766	2	80,137	1
3320	Special reserve		98,923	2	98,923	2
3350	Unappropriated earnings		792,116	15	640,194	12
3400	**Other equity**	6(15)	39,120	1	52,833	1
31xx	Total equity attributable to shareholders of the parent		2,697,964	51	2,526,041	47
36xx	Non-controlling interests		—	—	—	—
3xxx	**Total equity**		2,697,964	51	2,526,041	47
	Total liabilities and equity		$ 5,332,102	100	$ 5,431,903	100

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

GORDON AUTO BODY PARTS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars, except for earnings per share)

Code	Item	Note	2023 Amount	2023 %	2022 Amount	2022 %
4000	**Operating revenues**	4.6(17)	$ 2,697,553	100	$ 2,439,452	100
5000	**Operating costs**		(1,968,591)	(73)	(1,883,014)	(77)
5900	**Gross profit**		728,962	27	556,438	23
6000	**Operating expenses**					
6100	Selling and marketing expenses		(186,130)	(7)	(174,262)	(7)
6200	General and administrative expenses		(100,515)	(4)	(93,941)	(4)
6300	Research and development expenses		(4,833)	—	(4,539)	—
6450	Expected credit losses	6(5). 6(22)	(1,834)	—	(621)	—
6000	**Total operating expenses**		(293,312)	(11)	(273,363)	(11)
6900	**Net operating income**		435,650	16	283,075	12
7000	**Non-operating income and expenses**					
7100	Interest income	6(18)	18,589	1	12,810	—
7010	Other income	4.6 (19)	16,224	—	14,672	1
7020	Other gains and losses	6(20)	(4,851)	—	138,624	6
7050	Finance costs	6(21)	(29,878)	(1)	(31,254)	(2)
7000	**Total non-operating income and expenses**		84	—	134,852	5
7900	**Profit from continuing operations before income tax**		435,734	16	417,927	17
7950	**Income tax expenses**	4.6(23)	(84,174)	(3)	(81,482)	(3)
8200	**Net income**		351,560	13	336,445	14
8300	**Other comprehensive (loss)income**					
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans	6(14)	(874)	—	(194)	—
8316	Unrealized (loss)gain on investments in equity instruments at fair value through other comprehensive income	6(15)	(13,713)	—	(8,069)	—
8349	Income tax relating to items that will not be reclassified subsequently	6(23)	175	—	39	—
8300	**Other comprehensive (loss) income**		(14,412)	—	(8,224)	—
8500	**Total comprehensive income**		$ 337,148	13	$ 328,221	14
8600	**Net profit attributable to:**					
8610	Shareholders of the parent		$ 351,560		$ 336,445	
8620	Non-controlling interests		—		—	
			$ 351,560		$ 336,445	
8700	**Total comprehensive income attributable to:**					
8710	Shareholders of the parent		$ 337,148		$ 328,221	
8720	Non-controlling interests		—		—	
			$ 337,148		$ 328,221	
	Earnings per share	6(16)				
9750	Basic		$ 2.13		$ 2.04	
9850	Diluted		$ 2.12		$ 2.03	

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

GORDON AUTO BODY PARTS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

		Equity attributable to shareholders of the parent company							
		Share capital		Retained earnings			Other equity		
	Item	Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	Total	Total equity
A1	Balance at January 1, 2022	$ 1,653,104	$ 850	$ 73,760	$ 98,923	$ 359,875	$ 60,902	$ 2,247,414	$ 2,247,414
B1	Legal reserve	–	–	6,377	–	(6,377)	–	–	–
B5	Cash dividends distributed by the Company	–	–	–	–	(49,594)	–	(49,594)	(49,594)
D1	Net income in 2022	–	–	–	–	336,445	–	336,445	336,445
D3	Other comprehensive income in 2022	–	–	–	–	(155)	(8,069)	(8,224)	(8,224)
D5	Comprehensive income in 2022	–	–	–	–	336,290	(8,069)	328,221	328,221
Z1	Balance at December 31, 2022	1,653,104	850	80,137	98,923	640,194	52,833	2,526,041	2,526,041
B1	Legal reserve	–	–	33,629	–	(33,629)	–	–	–
B5	Cash dividends distributed by the Company	–	–	–	–	(165,310)	–	(165,310)	(165,310)
C17	Other changes in capital surplus	–	85	–	–	–	–	85	85
D1	Net income in 2023	–	–	–	–	351,560	–	351,560	351,560
D3	Other comprehensive income in 2023	–	–	–	–	(699)	(13,713)	(14,412)	(14,412)
D5	Comprehensive income in 2023	–	–	–	–	350,861	(13,713)	337,148	337,148
Z1	Balance at December 31, 2023	$ 1,653,104	$ 935	$ 113,766	$ 98,923	$ 792,116	$ 39,120	$ 2,697,964	$ 2,697,964

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

GORDON AUTO BODY PARTS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Item	2023	2022
AAAA	**Cash flows from (used in) operating activities:**		
A10000	**Profit from continuing operations before income tax**	$ 435,734	$ 417,927
A20010	**Adjustments:**		
A20100	Depreciation expense	340,276	362,562
A20300	Expected credit losses (gains)	1,834	621
A20400	Net loss(profit) on financial assets at fair value through profit or loss	(477)	511
A20900	Interest expense	29,878	31,254
A21200	Interest income	(18,589)	(12,810)
A21300	Dividend income	(12,570)	(9,311)
A22500	Gain on disposal of property, plant and equipment	(5,713)	(17,303)
A23100	Loss (gain) on disposal of investment	(8)	1
A30000	**Changes in operating assets and liabilities**		
A31115	Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	1,036	(987)
A31130	Notes receivables	64	7,487
A31150	Accounts receivables	(79,805)	(48,078)
A31180	Other receivables	(1,242)	3,220
A31200	Inventories	150,337	(41,034)
A31230	Prepayments	(4,352)	9,701
A32130	Notes payables	35,387	(4,653)
A32150	Accounts payables	133,057	(17,940)
A32180	Other payables	2,432	26,991
A32230	Other current liabilities	(4,769)	16,670
A32240	Net defined benefit liabilities	(5,815)	(2,517)
A33000	Cash inflow generated from operations	996,695	722,312
A33100	Interest received	19,825	10,540
A33300	Interest paid	(29,806)	(30,740)
A33500	Income taxes paid	(77,742)	(20,050)
AAAA	**Net cash flows from operating activities**	908,972	682,062
BBBB	**Cash flows from (used in) investing activities:**		
B02700	Acquisition of property, plant and equipment	(213,931)	(233,987)
B02800	Proceeds from disposal of property, plant and equipment	7,499	24,001
B03700	Increase in refundable deposits	(20)	—
B07100	Increase in prepayment of equipments	(72,427)	—
B07200	Decrease in prepayment of equipments	—	20,118
B07600	Dividends received	12,570	9,311
BBBB	**Net cash flows used in investing activities**	(266,309)	(180,557)
CCCC	**Cash flows from (used in) financing activities:**		
C00100	Increase in short-term borrowings	—	134,892
C00200	Decrease in short-term borrowings	(287,000)	—
C00600	Decrease in short-term bills payables	(39,982)	(129,935)
C01700	Decrease in long-term borrowings	(145,858)	(353,249)
C04020	Payment of lease liabilities	(5,162)	(4,159)
C04500	Cash dividends	(165,310)	(49,594)
C09900	The statute barred dividends for the shareholders	85	—
CCCC	**Net cash flows used in financing activities**	(643,227)	(402,045)
EEEE	Net increase (decrease) in cash and cash equivalents	(564)	99,460
E00100	Cash and cash equivalents at beginning of year	699,763	600,303
E00200	Cash and cash equivalents at end of year	$ 699,199	$ 699,763

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

GORDON AUTO BODY PARTS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. HISTORY AND ORGANIZATION

GORDON AUTO BODY PARTS CO., LTD. ("the Company") was incorporated on March 13, 1986. The Company is principally engaged in the sales of car parts, car doors, fenders, and mold building.

The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) on January, 1997.

The consolidated financial statements are presented by using New Taiwan Dollars as the functional currency.

2. AUTHORIZATION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) The initial adoption of new issuances of or amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") were endorsed and issued into effect by the Financial Supervisory Commission (FSC). These adoptions did not cause a significant impact on the Company's accounting policies.

(2) The IFRSs were endorsed by the FSC with effective date starting 2024

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

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

Note 3: The first time this amendment is applied and some disclosure requirements are exempted.

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

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in retained earnings at the date of initial application. When the entity uses a presentation currency other than its functional currency, the impact is adjusted to the foreign exchange difference under equity as of the date of initial application.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial condition and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these consolidated financial statements are set out below.

(1) Statement of compliance

The consolidated financial statements have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretation as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

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

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

The levels of inputs are described as follows:

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

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as price) or indirectly (i.e. derived from price); and

3) Level 3 inputs are unobservable inputs for the assets or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within twelve months after the reporting date; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within twelve months after the reporting date, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(4) The basis for the consolidated financial statements

1) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries). Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of comprehensive income from the effective date of acquisition up to the effective date of disposal, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

2) Subsidiaries included in the consolidated financial statements

The detail information of the subsidiaries at the end of reporting period was as follow:

Investor	Investee	Main business	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
GORDON AUTO BODY PARTS CO., LTD.	KINGTRIM AUTO PARTS CO.,LTD.	Motor Vehicles and Parts Manufacturing	-	100%	(Note 1) (Note 2)

Note 1: The investee's equity was accounted based on the audited financial reports for the year ended 31 December 2022.

Note 2: The Company's board of directors resolved to set February 28, 2023 as the date of dissolution on February 24, 2023. And the relevant liquidation procedures were completed on July 12, 2023.

(5) Foreign currencies

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the prevailing rates at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

(6) Inventories

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

(7) Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for use.

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

Assets held under financial leases are accounted for on the same basis as owned property, plant and equipment and are depreciated on a straight-line basis over their expected useful lives. If the lease term is shorter than the useful life, depreciation is provided over the lease term.

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

(8) Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating the impairment of that cash-generating unit.

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

(9) Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 6(26).

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivables) as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

(10) Revenue recognition

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

Revenue from the sale of goods

The Group shall recognize revenue when control of the products has transferred to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(11) Lease

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Group allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Group as a lessor

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

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Group's net investment outstanding in respect of leases.

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

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Group as a lessee

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

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

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

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

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

Variable lease payments that do not depend on an index or a rate are recognized as expense in the periods in which they are incurred.

(12) Provisions

Provisions (including provisions for warranties, decommissioning liabilities, restructuring, onerous contracts and contingent liabilities arising from mergers and acquisitions) are recognized where there is a present legal or constructive obligation as a result of past events. It is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at best estimated present value of the expenditures required to settle the obligation at the balance sheet date. The discount rate is the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities. Amortization of the discount is recognized as interest expense. Future operating losses should not be recognized as provisions.

(13) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(14) Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

3) Current and deferred taxes

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

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

In the application of the Group's accounting policies on Note 4, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group has taken into consideration the change of climate and related governmental regulations in critical accounting estimates of cash flows projections, such as growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions. If a revision to an accounting estimate affects only the current period, it is recognized in the period in which the estimate is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which the estimate is revised and in the future periods.

For the assumptions and estimation uncertainties, there were significant risk resulting in a material adjustment within the next financial year is as below:

(1) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Group uses estimate to determine the net realizable value of inventory at the end of each reporting period.

With the rapid changes in Motor Vehicles and Parts Manufacturing industry, The Group estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon.

The book value of Inventories is described in Note 6(6).

(2) Impairment of Tangible Assets

In the process of evaluating the potential impairment of tangible assets, the Group determines the independent cash flows, useful lives, expected future revenues and expenses related to the specific asset groups with the consideration of the nature of Motor Vehicles and Parts Manufacturing industry by its' subjective judgment. Any change in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

The Group didn't recognize impairment loss of assets for the years ended December 31, 2023 and 2022.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 494	$ 678
Cash in banks	169,766	200,937
Cash equivalents		
Time deposits	—	61,420
Repurchase agreements collateralized by bonds	528,939	436,728
Total	$ 699,199	$ 699,763

The market rate intervals of cash equivalents for the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Time deposits	4.30%～5.45%	0.33%～4.30%
Repurchase agreements collateralized by bonds	1.20%～5.65%	0.12%～4.50%

(2) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss (FVTPL) - current		
Non-derivative financial assets		
Mutual funds beneficiary certificates	$ 4,320	$ 4,871

(3) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Non-current		
Investments in equity instruments at FVTOCI		
Unlisted shares		
ENSURE-TECH ENTERPRISE CO., LTD.	$ 105,112	$ 118,825

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

For the years ended December 31, 2023 and 2022, the Group recognized movement of Unrealized loss for the Company's fair value through other comprehensive income were $13,713 thousand and $8,069 thousand, respectively.

(4) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Non-current		
Time deposits for guaranteed	$ 2,300	$ 2,300

1. The interest rates for time deposits for guaranteed were 1.440%~1.565% and 0.815%~1.440% for the years ended December 31, 2023 and 2022, respectively.
2. Please refer to Note 8 for the pledge information on financial assets measured at amortized cost.

(5) Notes receivables and Accounts receivables

	December 31, 2023	December 31, 2022
Notes receivables		
Notes receivables - from operating	$ 25,552	$ 25,616
Less: Loss allowance	—	—
	$ 25,552	$ 25,616
Accounts receivables		
At amortized cost		
Accounts receivables	$ 487,863	$ 408,058
Less: Loss allowance	(2,803)	(969)
	$ 485,060	$ 407,089

The Group's average credit period for product sales ranges from 60 to 120 days, and receivables are non-interest-bearing. The Group's policy is to transact only with counterparties rated at or above the investment grade, and to obtain adequate guarantees where necessary to mitigate the risk of financial loss arising from default. Credit rating information is provided by independent rating agencies. If such information is not available, the Group uses other publicly available financial information and historical transaction records to rate its major customers. The Group consistently monitors credit exposures and counterparty credit ratings and spreads the total transaction amount among different customers with qualified credit ratings. The Group also manages credit exposure by reviewing and approving counterparty credit limits annually.

To mitigate credit risks, the Group's management has assigned a dedicated team responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. Accordingly, the Group's management believes that the Group's credit risk has been significantly reduced.

The Group uses the simplified IFRS 9 method to recognize an allowance for losses on receivables based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers the customer's past default history and current financial condition, as well as the industry's economic conditions. Since the Group's credit loss history shows no significant difference in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer groups and sets the expected credit loss rate based on the number of days past due on receivables.

If there is evidence that the counterparty is in serious financial difficulty and the Group cannot reasonably estimate the recoverable amount, the Group will directly writes off the related accounts receivable but continues the recovery activities and recognizes the amount recovered as income.

The loss allowance of trade receivables based on the Group’s allowance matrix was as follow:

December 31, 2023

	Non-pass due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	－	0.1%	0.2%	1%～5%	30%~100%	
Gross carrying amount	$ 498,000	$ 12,624	$ 1	$ －	$ 2,790	$ 513,415
Loss allowance	－	(13)	－	－	(2,790)	(2,803)
Amortized cost	$ 498,000	$ 12,611	$ 1	$ －	$ －	$ 510,612

December 31, 2022

	Non-pass due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	－	0.1%	0.2%	1%～5%	30%~100%	
Gross carrying amount	$ 410,425	$ 19,860	$ 227	$ －	$ 3,162	$ 433,674
Loss allowance	－	(20)	－	－	(949)	(969)
Amortized cost	$ 410,425	$ 19,840	$ 227	$ －	$ 2,213	$ 432,705

The movements in the allowance for accounts receivables were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Balance at January 1	$ 969	$ 348
Add: Allowance for impairment loss	1,834	621
Balance at December 31	$ 2,803	$ 969

(6) Inventories

	December 31, 2023	December 31, 2022
Merchandise	$ 8,617	$ 4,762
Finished goods	455,546	508,549
Work in process	56,899	31,390
Raw materials	112,649	239,850
Inventory in transit	503	—
Total	$ 634,214	$ 784,551
Allowance for inventory valuation losses	$ 26,166	$ 30,535

The details of the cost of goods sold were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Cost of inventories sold	$ 1,973,118	$ 1,880,864
Write-down of inventories (reversal of write-down)	(4,369)	(15,422)
Loss on asset retirement	1,784	19,439
Others	(1,942)	(1,867)
Total	$ 1,968,591	$ 1,883,014

The inventory recovery gains for the years ended December 31, 2023 and 2022 were caused by the increasing of the selling price and the disposing of the inventory.

(7) Property, plant and equipment

	Year ended December 31, 2023				
	Balance at January 1, 2023	Additions	Disposals	Reclassification	Balance at December 31, 2023
Cost and Revaluation increments					
Cost					
Land	$ 482,714	$ —	$ —	$ —	$ 482,714
Buildings	1,372,084	2,224	—	13,233	1,387,541
Machinery and equipment	837,350	4,796	(72,054)	14,361	784,453
Molding equipment	6,785,668	110	(44,298)	165,085	6,906,565
Transportation equipment	28,065	519	—	—	28,584
Office equipment	45,861	—	(1,035)	487	45,313
Other equipment	227,972	1,440	(345)	2,551	231,618
Property under Construction	5,411	—	—	9,125	14,536
Subtotal	9,785,125	9,089	(117,732)	204,842	9,881,324
Revaluation increments					
Land	201,991	—	—	—	201,991
Total	9,987,116	9,089	(117,732)	204,842	10,083,315
Accumulated depreciation					
Buildings	613,220	43,946	—	—	657,166
Machinery and equipment	735,976	16,629	(71,372)	—	681,233
Molding equipment	5,228,611	265,318	(43,209)	—	5,450,720
Transportation equipment	15,570	2,534	—	—	18,104
Office equipment	39,877	1,676	(1,021)	—	40,532
Other equipment	204,654	5,174	(344)	—	209,484
Total	6,837,908	335,277	(115,946)	—	7,057,239
Net value	$ 3,149,208	$ (326,188)	$ (1,786)	$ 204,842	$ 3,026,076

	Year ended December 31, 2022				
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Balance at December 31, 2022
Cost and Revaluation increments					
Cost					
Land	$ 482,714	$ —	$ —	$ —	$ 482,714
Buildings	1,360,397	1,223	—	10,464	1,372,084
Machinery and equipment	832,922	3,325	(15,165)	16,268	837,350
Molding equipment	7,171,633	—	(567,224)	181,259	6,785,668
Transportation equipment	26,526	89	(9,372)	10,822	28,065
Office equipment	43,656	—	(743)	2,948	45,861
Other equipment	224,515	1,303	(19)	2,173	227,972
Property under Construction	1,298	—	—	4,113	5,411
Subtotal	10,143,661	5,940	(592,523)	228,047	9,785,125
Revaluation increments					
Land	201,991	—	—	—	201,991
Total	10,345,652	5,940	(592,523)	228,047	9,987,116
Accumulated depreciation					
Buildings	569,322	43,898	—	—	613,220
Machinery and equipment	733,959	17,138	(15,121)	—	735,976
Molding equipment	5,500,712	289,267	(561,368)	—	5,228,611
Transportation equipment	22,778	1,380	(8,588)	—	15,570
Office equipment	39,091	1,515	(729)	—	39,877
Other equipment	199,360	5,313	(19)	—	204,654
Total	7,065,222	358,511	(585,825)	—	6,837,908
Net value	$ 3,280,430	$ (352,571)	$ (6,698)	$ 228,047	$ 3,149,208

1. The amount of capitalized interests and interest rates are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Amount of capitalized interests	$ 3,131	$ 1,626
The interest rate interval of borrowing cost capitalization	1.57%～1.76%	1.01%～1.53%

2. The significant part of the Group's buildings includes main plants and its devices, and the related depreciation is calculated using the estimated useful lives of 5~60 years and 5~10 years, respectively.
3. As of December 31, 2023 and 2022, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(8) Lease arrangements

1. Right-of-use assets

	Land	Other equipment	Total
Cost			
Jan.1, 2023	$ 10,351	$ 7,009	$ 17,360
Addition	12,143	7,588	19,731
Decrease	(10,351)	(610)	(10,961)
Dec.31, 2023	12,143	13,987	26,130
Accumulated depreciation			
Jan.1, 2023	8,872	3,405	12,277
Depreciation expense	2,288	2,711	4,999
Decrease	(10,351)	(610)	(10,961)
Dec.31, 2023	809	5,506	6,315
Dec.31, 2023 Net value	$ 11,334	$ 8,481	$ 19,815

	Land	Other equipment	Total
Cost			
Jan.1, 2022	$ 10,351	$ 6,632	$ 16,983
Addition	—	1,280	1,280
Decrease	—	(903)	(903)
Dec.31, 2022	10,351	7,009	17,360
Accumulated depreciation			
Jan.1, 2022	6,654	2,475	9,129
Depreciation expense	2,218	1,833	4,051
Decrease	—	(903)	(903)
Dec.31, 2022	8,872	3,405	12,277
Dec.31, 2022 Net value	$ 1,479	$ 3,604	$ 5,083

2. Lease liabilities

	Lease term	Discount Rate	December 31, 2023	December 31, 2022
Land	2018.Sep. to 2028.Aug.	1.40%~ 1.76%	$ 11,367	$ 1,520
Other equipment	2020.Jun. to 2028.May.	1.089%~ 1.761%	8,549	3,643
Total			19,916	5,163
Less: Current			(5,315)	(3,318)
Non-current			$ 14,601	$ 1,845

3. Material leasing activities and terms

The Group leases land for a warehouse for the periods from September 2023 to August 2028 and from September 2018 to August 2023, respectively. The Group has no preferential right to acquire the leased land upon termination of the lease, and covenants that it shall not lend, sublease, assign or otherwise use all or part of the subject of the lease to other parties.

4. Other lease information

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term lease expense	$ 7	$ 42
Leases of low-value assets expense	$ 25	$ —
Total cash outflow for leases	$ 5,194	$ 4,201

The Group has elected to apply the exemption from recognition to buildings leases that qualify as short-term leases and other equipment leases which qualify as leases of low-value assets, and does not recognize the related right-of-use assets and lease liabilities for such leases.

(9) Prepayments

	December 31, 2023	December 31, 2022
Current		
Prepayments	$ 11,059	$ 8,540
Office supplies	81,284	79,451
	$ 92,343	$ 87,991
Non-current		
Prepayments for equipment	$ 216,189	$ 127,828

(10) Current borrowings

	December 31, 2023	December 31, 2022
Secured borrowings		
Bank borrowings	$ —	$ 157,000
Unsecured borrowings		
Line of credit borrowings	210,000	340,000
Purchase borrowings	—	—
Subtotal	210,000	340,000
Total	$ 210,000	$ 497,000
Range of interest rates	1.33%～2.16%	0.59%～1.88%

For the collateral of the short-term borrowings, please refer to Note 8.

(11) Short-term bills payables

	December 31, 2023	December 31, 2022
Commercial paper	$ —	$ 40,000
Less: Unamortized discounts on commercial paper	—	(18)
Net value	$ —	$ 39,982
Range of interest rates	1.32%～1.61%	0.44%～1.36%

(12) Notes Payables and Account Payables

	December 31, 2023	December 31, 2022
Notes Payables	$ 36,965	$ 1,578
Account payables	397,052	263,995
Total	$ 434,017	$ 265,573
Current	$ 434,017	$ 265,573

1. The terms of the Group's transactions with suppliers are 90 to 120 days. The Group has a financial risk management policy to ensure that all payables are paid within the agreed credit terms.
2. Refer to Note 6 (26) for disclosures related to the Group's payables and other payables that are exposed to exchange rate and liquidity risks.

(13) Long-term borrowings

Creditors	Period	Redemption	December 31, 2023	December 31, 2022
TBB	2018.04.10 ～ 2038.04.10	The principal is to be repaid in equal monthly installments starting from May 10, 2020.	$ 15,925	$ 17,037
HNCB	2018.11.05 ～ 2025.11.05	The principal was to be repaid in 14 installments in six-month intervals starting November 5, 2018. NT$15 million was to be repaid in each of the 1st to 13th installments, and NT$205 million was repaid in the 14th installment. Since repayment of NT$130 million was made in advance in October 2022, no repayment was required for the 9th to 13th installments, and NT$150 million was repaid in the 14th installment.	150,000	150,000
TBB	2020.03.24 ～ 2025.03.24	Starting from March 24, 2020, the principal is to be repaid in 10 installments of 6 months. The 1st to 9th installments are NT$22.5 million each and the 10th installment is NT$247.5 million.	292,500	337,500
TBB	2020.04.17 ～ 2025.03.24	Starting from April 17, 2020, the principal is to be repaid in 10 installments of 6 months. The 1st to 9th installments are NT$7.5 million each and the 10th installment is NT$82.5 million.	97,500	112,500
TBB	2021.07.23 ～ 2038.04.10	The principal is to be repaid in equal monthly installments starting from August 23, 2021.	154,030	164,776
HNCB	2021.09.01 ～ 2026.09.01	Starting September 1, 2021, the principal is to be repaid in 10 installments of 6 months. The 1st to 9th installments are NT$2 million each and the 10th installment is NT$15 million.	25,000	29,000
HNCB	2021.12.03 ～ 2028.12.03	Starting from December 3, 2021, the principal is to be repaid in 14 installments of 6-month intervals, with the first 13 installments are NT$35 million and the final installment is NT$545 million.	350,000	420,000
HNCB	2021.12.09 ～ 2028.12.03		510,000	510,000
Total			$ 1,594,955	$ 1,740,813
Current			$ 145,857	$ 145,857
Non-current			$ 1,449,098	$ 1,594,956

1. The Group's long-term credit facilities as of December 31, 2023 and 2022 were based on actual borrowings.

2. The concrete borrowing rates for the years ended December 31, 2023 and 2022 were 1.53％～1.85％ and 1.00％～1.73％, respectively.

3. For the collateral of the long-term borrowings, please refer to Note 8.

(14) Retirement benefit plans

1. Defined contribution plans

The Group adopted a pension plan under the Labor Pension Act (the LPA), which is a stated-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee's individual pension accounts at 6% of monthly salaries and wages. The Group recognized retirement costs were $8,432 thousand and $8,096 thousand for the years ended December 31, 2023 and 2022, respectively.

2. Defined benefit plans

The defined benefit plans adopted by the Company are in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of totally monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor, the Company has no right to influence the investment policy and strategy.

(1) The expenses recognized in profit or loss for the Group in 2023 and 2022 were as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Service cost	$	—	$	—
Net interest expense		256		141
Recognized in profit or loss		256		141
Remeasurement:				
Return on plan assets		(4)		(218)
Actuarial loss - Experience adjustments		580		456
Actuarial loss - Changes in demographic and financial assumptions		298		(44)
Recognized in other comprehensive income		874		194
Total	$	1,130	$	335

(2) The amounts included in the balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31, 2023		December 31, 2022	
Present value of funded defined benefit obligation	$	(18,684)	$	(20,574)
Fair value of plan assets		6,086		3,035
Net defined benefit liabilities	$	(12,598)	$	(17,539)

(3) Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation		Fair Value of the Plan Assets		Net Defined Benefit Liabilities	
Year ended December 31, 2023						
Balance at January 1	$	(20,574)	$	3,035	$	(17,539)
Service cost		—		—		—
Net interest (expense) income		(309)		53		(256)
		(20,883)		3,088		(17,795)
Remeasurement:						
Return on plan assets		—		4		4
Changes in financial assumptions		(298)		—		(298)
Experience adjustments		(580)		—		(580)
		(878)		4		(874)
Contributions from the employer		—		6,071		6,071
Benefits paid		3,077		(3,077)		—
		3,077		2,994		6,071
Balance at December 31	$	(18,684)	$	6,086	$	(12,598)

	Present Value of the Defined Benefit Obligation		Fair Value of the Plan Assets		Net Defined Benefit Liabilities	
Year ended December 31, 2022						
Balance at January 1	$	(23,793)	$	3,931	$	(19,862)
Service cost		—		—		—
Net interest (expense) income		(179)		38		(141)
		(23,972)		3,969		(20,003)
Remeasurement:						
Return on plan assets		—		218		218
Changes in financial assumptions		44		—		44
Experience adjustments		(456)		—		(456)
		(412)		218		(194)
Contributions from the employer		—		2,658		2,658
Benefits paid		3,810		(3,810)		—
		3,810		(1,152)		2,658
Balance at December 31	$	(20,574)	$	3,035	$	(17,539)

(4) The Company's defined benefit pension plan fund is deposited in an account under the Trust Department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The Labor Pension Fund Supervisory Committee, Council of Labor Affairs of the Executive Yuan regularly monitors and reviews the investment portfolio, prudently constructs the investment portfolio, diversifies the form of outsourcing, strengthens risk control, and adjusts the investment strategy in accordance with market changes in order to enhance the stable income of the fund. In conjunction with the Finance Department, the competent authority shall engage financial institutions to conduct the receipt, custody and use of plan assets. The minimum return shall not be less than the interest rate of a two-year time deposit in a local bank. Any loss shall be covered by the national treasury. The competent authority shall stipulate the rules for the receipt, custody and use of plan assets, and the Company has no right to participate in the operation and management of

the fund. The fair value of the total assets of the fund as of December 31, 2023 and 2022 was shown in the annual reports on the use of the labor pension fund as announced by the government.

(5) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	2023	2022
Discount rate	1.375%	1.500%
Expected rate of salary increase	2.000%	2.000%

(6) The impact of the changes in the major assumptions on the present value of the defined benefit obligation was as follows:

	Discount rate		Future salary change	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
The impact on the present value of the defined benefit obligation	$ (591)	$ 615	$ 600	$ (579)
December 31, 2022				
The impact on the present value of the defined benefit obligation	$ (675)	$ 705	$ 688	$ (663)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method used to carry out the sensitivity analysis is the same as in the prior year.

(7) The Company expects to make a contribution of $4,194 thousand and $882 thousand to the defined benefit plans for the years ended December 31, 2024 and 2023, respectively.

(8) As of December 31, 2023 and 2022, the weighted-average duration of the defined benefit plan range were 13.5 years and 13.4 years, respectively. The maturity analysis of pension benefits was as follow:

	December 31, 2023	December 31, 2022
Not later than 1 year	$ 1,006	$ 446
1～2 years	751	1,049
3～5 years	1,911	2,260
Later than 5 years	2,274	2,609
	$ 5,942	$ 6,364

(15) Equity

1. Common stock

	December 31, 2023	December 31, 2022
Stocks authorized	$ 2,500,000	$ 2,500,000
Stocks issued	$ 1,653,104	$ 1,653,104

The movement of the issued capital:

	Number of shares (Thousand shares)	Share capital
Balance on January 1, 2023	165,310	$ 1,653,104
Balance on December 31, 2023	165,310	$ 1,653,104
Balance on January 1, 2022	165,310	$ 1,653,104
Balance on December 31, 2022	165,310	$ 1,653,104

2. Capital surplus

The capital surplus balance of the Company was as follow:

	December 31, 2023	December 31, 2022
The statute barred dividends for the shareholders	$ 935	$ 850

In accordance with the laws, capital surplus from the issuance of stock in excess of par value (including the issuance of common stock in excess of par value, capital premiums from the issuance of stock in connection with mergers, and premiums from the conversion of corporate bonds, etc.) and donated surplus may be used to offset losses or, when the Company is not in deficit, to pay cash dividends or for capitalization. However, the capitalization shall be limited to a certain percentage of the paid-in capital each year. In addition, changes in ownership interests in subsidiaries and changes in net equity in affiliates recognized using the equity method may offset losses, except for those arising from the issuance of restricted stock awards, which cannot be of any use.

3. Retained earnings and dividends policy

	Legal reserve	Special reserve	Unappropriated earnings	Total
Balance on January 1, 2023	$ 80,137	$ 98,923	$ 640,194	$ 819,254
Appropriation of legal reserve	33,629	—	(33,629)	_
Cash dividends	—	—	(165,310)	(165,310)
Net income in 2023	—	—	351,560	351,560
Other comprehensive income in 2023 (Net income after tax)	—	—	(699)	(699)
Balance on December 31, 2023	$ 113,766	$ 98,923	$ 792,116	$ 1,004,805
Balance on January 1, 2022	$ 73,760	$ 98,923	$ 359,875	$ 532,558
Appropriation of legal reserve	6,377	—	(6,377)	_
Cash dividends	—	—	(49,594)	(49,594)
Net income in 2022	—	—	336,445	336,445
Other comprehensive income in 2022 (Net income after tax)	—	—	(155)	(155)
Balance on December 31, 2022	$ 80,137	$ 98,923	$ 640,194	$ 819,254

(1) The Company's Articles of Incorporation stipulate that if there is any surplus in the Company's annual final accounts, it shall first pay taxes and make up for accumulated deficits, then set aside 10% as legal reserve, and then set aside or reverse special reserve in accordance with the Securities and Exchange Act and regulations by competent authorities. The remaining balance, if any, shall be added to the accumulated undistributed earnings of the previous years before distributing dividends to shareholders. The amount of dividends to shareholders shall be appropriated from the accumulated undistributed earnings and shall not be less than 10% of the distributable earnings of the year. The Board of Directors shall prepare a proposal for the distribution of the aforementioned earnings. If the distribution is to be made by issuing new shares, a proposal shall be made to the shareholders' meeting for a resolution to distribute. To distribute dividends and bonuses, in whole or in part, in the form of cash payments, the Company shall authorize the Board of Directors to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and report to the shareholders' meeting. If there is a reversal of reduction in the aforementioned shareholders' equity, earnings distribution may be made based on the reversed portion. The Company is in a period of business growth. In order to cope with the continuous expansion of business, cash dividends shall not be less than 10% of the total dividends to shareholders.

    The Company shall distribute all or part of the legal reserve and capital surplus to shareholders in proportion to their original shares in new shares or cash. In the case of cash distribution, the board of directors is authorized to approve the distribution with the presence of at least two-thirds of the directors and a majority of the directors present, and report to the shareholders' meeting.

(2) In accordance with the Company Act amended in January 2012, legal reserve appropriation shall continue until its total amount reaches the total paid-in capital. Legal reserve may be used to offset losses. If the Company has no deficit, the portion of legal reserve in excess of 25% of the paid-in capital may be distributed in the form of new shares or cash in proportion to the shareholders' original shares.

(3) In accordance with FSC letter Cheng-Fa No. 1090150022, upon the first-time adoption of IFRSs, the Group shall provide a special reserve of the same amount for unrealized revaluation increment and cumulative translation adjustment (gain) under stockholders' equity, which is transferred to retained earnings as a result of the election to apply IFRS 1 exemptions. Subsequently, when the Company uses, disposes of, or reclassifies related assets, it may reverse earnings distribution based on the proportion of the original special reserve.

For the years ended December 31, 2023 and 2022, the amount of special reserve recognized for the first time using IFRSs was $98,923 thousand respectively. The Company did not reverse special reserve to unappropriated earnings due to using, disposing of, or reclassifying related assets for the years ended December 31, 2023 and 2022.

(4) The appropriation of earnings for the years 2022 and 2021, items to be acknowledged by the shareholders' meeting were approved at the shareholders' meetings held on June 14, 2023 and June 14, 2022, except for the amount of cash dividends, which as handled in accordance with Paragraph 5, Article 240 of the Company Act. The appropriation of earnings for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Appropriation of net income	Cash dividends per share (NT$)	Appropriation of net income	Cash dividends per share (NT$)
Legal reserve	$ 33,629	$ —	$ 6,377	$ —
Cash dividends	165,310	1.00	49,594	0.30
Total	$ 198,939		$ 55,971	

(5) The above information regarding the Company's employee and director compensation is available to be seen on the Market Observation Post System, please refer to Note 6(24).

4. Other equity

Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income

	Year ended December 31, 2023	Year ended December 31, 2022
At January 1	$ 52,833	$ 60,902
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(13,713)	(8,069)
At December 31	$ 39,120	$ 52,833

(16) Earnings per share

	Year ended December 31, 2023	Year ended December 31, 2022
Basic earnings per share	$ 2.13	$ 2.04
Diluted earnings per share	$ 2.12	$ 2.03

1. Basic earnings per share

The calculation of basic earnings per share and the weighted average number of common stocks were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Profit of the parent for the year (in thousands)	$ 351,560	$ 336,445
Weighted-average number of common stocks (thousand shares)	165,310	165,310
Basic earnings per share (dollars)	$ 2.13	$ 2.04

2. Diluted earnings per share

The calculation of diluted earnings per share and the weighted average number of common stocks (in thousands of shares) were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Profit of the parent for the year (in thousands)	$ 351,560	$ 336,445
The weighted average number of common stocks (thousand shares)	165,310	165,310
Effect of all dilutive potential common stocks (thousand shares)		
Employee share options (thousand shares)	411	531
The weighted average number of common stocks in computation of diluted earnings per share (thousand shares)	165,721	165,841
Diluted earnings per share (dollars)	$ 2.12	$ 2.03

(17) Operating revenue

Details of revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Auto parts	$ 2,659,523	$ 2,410,336
Processing revenue	43,024	34,728
Operating revenue	2,702,547	2,445,064
Sales returns and allowances	(4,994)	(5,612)
Total	$ 2,697,553	$ 2,439,452

(18) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Bank Deposits	$ 5,127	$ 5,800
Other	13,462	7,010
Total	$ 18,589	$ 12,810

(19) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Dividends	$ 12,570	$ 9,311
Other	3,654	5,361
Total	$ 16,224	$ 14,672

(20) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gain on disposal of property, plant and equipment	$ 5,713	$ 17,303
Gain (loss) on disposal of investments	8	(1)
Foreign exchange gain (loss)	(9,210)	123,951
Gain (loss) on financial assets measured at fair value through profit or loss	477	(511)
Service expense	(1,576)	(2,116)
Other	(263)	(2)
Total	$ (4,851)	$ 138,624

(21) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest		
Interest on bank borrowing	$ 29,694	$ 31,176
Interest on lease liabilities	184	78
Total	$ 29,878	$ 31,254

(22) Expected credit losses

	Year ended December 31, 2023	Year ended December 31, 2022
Accounts receivable	$ 1,834	$ 621

(23) Income taxes

1. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Current tax				
In respect of the current year	$	90,437	$	73,013
Adjustments for prior year		—		2
		90,437		73,015
Deferred tax				
In respect of the current year		(6,263)		8,467
Income tax expenses recognized in profit or loss	$	84,174	$	81,482

A reconciliation of accounting profit and income tax expense is as follow:

	Year ended December 31, 2023		Year ended December 31, 2022	
Income tax expenses calculated at the statutory rate (20%)	$	87,147	$	83,566
Nondeductible expenses in determining taxable income		(2,499)		(1,683)
Unrecognized deductible temporary differences		5,789		(8,889)
Loss carryforwards		—		19
Income tax expenses recognized in profit or loss	$	90,437	$	73,013

2. Income tax recognized in other comprehensive income

	Year ended December 31, 2023		Year ended December 31, 2022	
Remeasurements of defined benefit plan	$	(175)	$	(39)

3. Income tax assets and liabilities

	December 31, 2023		December 31, 2022	
Income tax liabilities	$	88,477	$	75,782
Current	$	88,477	$	75,782

4. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	Year ended December 31, 2023				
	Balance at January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Balance at December 31, 2023
Deferred tax assets					
Temporary differences					
Unrealized exchange losses	$ —	$ 4,086	$ —	$ —	$ 4,086
Inventory loss from the falling price	6,107	(874)	—	—	5,233
Actuarial losses on defined benefit plans	325	(325)	—	—	—
Short-term employee benefits	925	95	—	—	1,020
Remeasurement of defined benefit plans	39	(39)	175	—	175
Deferred tax assets	$ 7,396	$ 2,943	$ 175	$ —	$ 10,514
Deferred tax liabilities					
Temporary differences					
Unrealized exchange benefits	$ 3,113	$ (3,113)	$ —	$ —	$ —
Loss on uncollectible accounts	673	(207)	—	—	466
Deferred tax liabilities	$ 3,786	$ (3,320)	$ —	$ —	$ 466

	Year ended December 31, 2022				
	Balance at January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Balance at December 31, 2022
Deferred tax assets					
Unrealized exchange losses	$ 2,575	$ (2,575)	$ —	$ —	$ —
Inventory loss from the falling price	9,191	(3,084)	—	—	6,107
Actuarial losses on defined benefit plans	502	(177)	—	—	325
Short-term employee benefits	909	16	—	—	925
Remeasurement of defined benefit plans	—	—	39	—	39
Deferred tax assets	$ 13,177	$ (5,820)	$ 39	$ —	$ 7,396
Deferred tax liabilities					
Temporary differences					
Unrealized exchange benefits	$ —	$ 3,113	$ —	$ —	$ 3,113
Loss on uncollectible accounts	717	(44)	—	—	673
Remeasurement of defined benefit plans	422	(422)	—	—	—
Deferred tax liabilities	$ 1,139	$ 2,647	$ —	$ —	$ 3,786

5. Unrecognized deferred tax assets:

	December 31, 2023	December 31, 2022
Loss carryforwards	$ —	$ 132

6. Assessment of tax

The Company tax returns for the years through 2021 were assessed by Taipei National Tax Administration.

(24) Additional information of expense by nature

The Group of employee benefit expenses, depreciation and amortization for the years ended December 31, 2023 and 2022 were as follows:

	2023			2022		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefit expenses	$ 221,248	$ 139,132	$ 360,380	$ 214,400	$ 129,514	$ 343,914
Salary and bonus	183,599	107,515	291,114	177,252	100,383	277,635
Labor and Health Insurance	17,536	8,950	26,486	16,646	8,292	24,938
Pension	5,113	3,575	8,688	4,827	3,410	8,237
Board compensation	—	12,713	12,713	—	10,705	10,705
Other employees benefit expenses	15,000	6,379	21,379	15,675	6,724	22,399
Depreciation expense	314,992	25,284	340,276	339,230	23,332	362,562

1. As of December 31, 2023 and 2022, the Group had 457 and 447 employees, respectively.
2. The Company's Articles of Incorporation provide that not less than one percent of the Company's annual profit shall be appropriated as employee compensation, and not more than three percent of the Company's annual profit shall be appropriated as compensation to directors. However, if the Company still has accumulated losses, it shall first retain the indemnification amount. Subjects of the Company’s employee compensation include employees of controlling or subordinate companies who meet certain criteria. The criteria shall be established by the Board of Directors.

3. The Company’s compensation to employees is estimated on a pro-rata basis based on the net income before tax deducting compensation to employees and directors for the year. Employee compensation is estimated to be $13,760 thousand and $13,198 thousand for the years ended December 31, 2023 and 2022, respectively; the compensation to directors is estimated to be $9,173 thousand and $8,798 thousand for 2023 and 2022, respectively. After the end of each year, if there is a significant change in the amount of disbursements resolved by the board of directors before the date of adoption of the annual financial statements, the change shall be adjusted to the annual expense. If there is still a change in the amount after the date of adoption of the annual financial statements, the change is treated as a change in accounting estimate and recorded in the following year.
4. On March 10, 2023, the Board of Directors resolved to approve employee compensation of $13,198 thousand and director and supervisor compensation of $8,798 thousand for the fiscal year 2022, which are consistent with the amounts presented in the Company's 2022 financial statements.
5. The above information regarding the Company's employee and director compensation is available on the Market Observation Post System.

(25) Capital management

Based on the characteristics of the industry and the future development of the Group, and taking into account factors such as changes in the external environment, the Group plans its operating capital requirements for the future in order to ensure sustainable operations, to reward its shareholders while taking into account the interests of other stakeholders, and to maintain an optimal capital structure to enhance shareholder value. The Group generally adopts prudent risk management strategies.

(26) Financial instruments

1. The fair value of financial instruments that are not measured at fair value

   The Group’s management believes that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values or that their fair values cannot be reliably measured.

2. The fair value of financial instruments that are measured at fair value

(1) Fair value hierarchy

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Trust beneficiary certificates	$ 4,320	$ －	$ －	$ 4,320
Financial assets at FVTOCI				
Equity instrument				
Unlisted shares	－	－	105,112	105,112
Total	$ 4,320	$ －	$ 105,112	$ 109,432

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Trust beneficiary certificates	$ 4,871	$ －	$ －	$ 4,871
Financial assets at FVTOCI				
Equity instrument				
Unlisted shares	－	－	118,825	118,825
Total	$ 4,871	$ －	$ 118,825	$ 123,696

There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022, respectively.

(2) Reconciliation of Level 3 fair value measurements of financial instruments.

Financial assets at fair value through other comprehensive income

	Year ended December 31, 2023	Year ended December 31, 2022
Balance at January 1	$ 118,825	$ 126,894
Unrealized valuation loss on financial assets at FVTOCI	(13,713)	(8,069)
Balance at December 31	$ 105,112	$ 118,825

The net loss related to the assets held at level 3 fair value were $13,713 thousand and $8,069 thousand for the years ended December 31, 2023 and 2022, respectively, and is included in "Other comprehensive income" in the individual consolidated statements of comprehensive income.

(3) Valuation techniques and inputs applied for Level 2 fair value measurement: none.

(4) Valuation techniques and inputs applied for Level 3 fair value measurement:

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follow:

(A) Significant unobservable inputs to valuation of recurring fair value measurements:

As of December 31, 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income-Stock	Market approach	The ratio of enterprise value to EBIT, the ratio of enterprise value to EBITDA, and the ratio of total enterprise market capitalization to net profit after tax for similar companies.	Ratio of enterprise value to EBIT: (20.93)-18.16 Ratio of enterprise value to EBITDA: 7.28-406.39 Ratio of total corporate market capitalization to net income after tax: (25.76)-17.94	The higher the enterprise value to EBIT ratio, the higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate.	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's profit or loss by $11,764 thousand

As of December 31, 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income-Stock	Market approach	The ratio of enterprise value to EBITDA and the ratio of total enterprise market capitalization to net profit after tax for similar companies.	Ratio of enterprise value to EBITDA: (32.76)-10.02 Ratio of total corporate market capitalization to net income after tax: (6.8)-13.44	The higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate.	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's profit or loss by $14,799 thousand

(B) Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy:

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices.

The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

3. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Cash and cash equivalents	$ 699,199	$ 699,763
Note receivable	25,552	25,616
Accounts receivable	485,060	407,089
Other receivables	10,862	10,856
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	4,320	4,871
Financial assets at FVTOCI		
Equity instrument	105,112	118,825
Financial assets at amortized cost	2,300	2,300
Guarantee deposits paid	546	526
Total	$ 1,332,951	$ 1,269,846
Financial liabilities		
Short-term borrowings	$ 210,000	$ 497,000
Short-term notes and bills payable	—	39,982
Notes payables	36,965	1,578
Accounts payables	397,052	263,995
Other payables	82,321	80,001
Payables on equipment	95,589	79,655
Long-term debt payable (including current portion of long-term borrowings payables)	1,594,955	1,740,813
Total	$ 2,416,882	$ 2,703,024

4. Financial risk management objectives

The Group's financial risk management objective is to manage foreign exchange rate risk, interest rate risk, credit risk and liquidity risk associated with operating activities. To reduce financial risks, the Group is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Group's financial performance.

The significant financial activities of the Group are reviewed by the Board of Directors in accordance with relevant regulations and the internal control system. While executing its financial plans, the Group must comply with relevant financial operating procedures regarding overall financial risk management and segregation of duties and responsibilities.

5. Market risk

The Group is primarily exposed to market risks such as changes in foreign currency exchange rates and changes in interest rates. It uses certain derivative financial instruments to manage related risks.

(1) Foreign exchange rate risks

The Group's operating activities are primarily conducted in foreign currencies and therefore, foreign currency exchange rate risk arises. To avoid the decrease in the value of foreign-currency assets and fluctuations in future cash flows due to changes in exchange rates, the Group uses time deposits, purchases of bonds with repurchase rights and short-term borrowings to hedge the exchange rate risk. Although this may help the Group to reduce the impact of changes in foreign currency exchange rates, it cannot be completely excluded.

Information on the Group's foreign currency assets and liabilities that are subject to significant exchange rate fluctuations are as follows:

Amount Unit: (in thousands)

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
USD	$ 34,136	30.705	$1,048,159	$ 32,044	30.71	$ 984,057
JPY	12,946	0.2172	2,812	1,186	0.2324	276
Financial liabilities						
USD	626	30.705	19,232	916	30.71	28,133

The sensitivity analysis of foreign currency exchange rate risk is calculated for monetary items denominated in foreign currencies at the end of the financial reporting period. If the New Taiwan dollar strengthens/weakens 10% against the U.S. dollar and the Japanese yen, the Group's profit or loss and equity would increase/decrease by \$103,174 thousand and \$95,620 thousand as of December 31, 2023 and 2022, respectively.

(2) Interest rate risk

Interest rate risk represents the risk of fluctuations in future cash flows due to changes in market interest rates. The Group's interest rate risk arises mainly from floating-rate bank deposits, fixed-rate bond investments and floating-rate bank loans.

The sensitivity analysis of interest rate risk was calculated based on the change in floating interest rates on floating rate borrowings as of the end of the financial reporting period and was assumed to be held for one quarter. If interest rates increase/decrease by 1%, the Group's profit or loss will increase/decrease by approximately \$2,766 thousand and \$3,949 thousand as of December 31, 2023 and 2022, respectively.

6. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. The Group’s concentration of credit risk, arises principally from its accounts receivables of operating activities. Operational credit risk and financial credit risk are separately managed.

(1) Operational credit risk

The Group requires collateral or other guarantee rights for significant counterparties, thus effectively reducing the Group's credit risk. The Group's management has assigned a dedicated team to be responsible for credit line determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Group reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables. Accordingly, the Group's management believes that the Group's credit risk has been significantly reduced.

(2) Financial credit risk

The credit risk of bank deposits, fixed-income investments and other financial instruments is measured and monitored by the Group's finance department. The Group's counterparties and performance counterparties are creditworthy banks and financial institutions with investment grade or above, companies and government agencies, with no significant doubt about their performance. Therefore, there is no significant credit risk.

7. Liquidity risk

The Group's objectives in managing liquidity risk are to maintain cash and cash equivalents for operations and to have sufficient banking facilities to ensure that the Group has sufficient financial flexibility.

The following table summarizes the analysis of the Group's financial liabilities by maturity date and undiscounted maturity amount over the contractual repayment period:

	December 31, 2023				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 210,000	$ －	$ －	$ －	$ 210,000
Notes payables	36,965	－	－	－	36,965
Accounts payables	397,052	－	－	－	397,052
Other payables	82,321	－	－	－	82,321
Payables on equipment	95,589	－	－	－	95,589
Long-term borrowings	145,857	664,714	163,715	620,669	1,594,955
	$ 967,784	$ 664,714	$ 163,715	$ 620,669	$ 2,416,882

The due date analysis of lease liabilities is as follow:

	Within 1 year	Over 1 year to 5 years
Lease liabilities	$ 5,315	$ 14,601

	December 31, 2022				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 497,000	$ —	$ —	$ —	$ 497,000
Short-term notes and bills payables	39,982	—	—	—	39,982
Notes payables	1,578	—	—	—	1,578
Accounts payables	263,995	—	—	—	263,995
Other payables	80,001	—	—	—	80,001
Payables on equipment	79,655	—	—	—	79,655
Long-term borrowings	145,857	711,715	180,715	702,526	1,740,813
	$ 1,108,068	$ 711,715	$ 180,715	$ 702,526	$ 2,703,024

The due date analysis of lease liabilities is as follow:

	Within 1 year	Over 1 year to 5 years
Lease liabilities	$ 3,318	$ 1,845

7. TRANSACTIONS WITH RELATED PARTIES

Compensation of board and key management personnel:

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term benefits	$ 30,508	$ 30,891
Post-employment benefits	462	443
Total	$ 30,970	$ 31,334

8. PLEDGED ASSETS

The carrying values of pledge assets were as follows:

		Book value	
Pledge assets	Object	December 31, 2023	December 31, 2022
Property, plant and equipment	Short-term and long-term borrowings	$ 1,280,680	$ 1,304,978
Financial assets measured at amortized costs	Guarantee	2,300	2,300
Total		$ 1,282,980	$ 1,307,278

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of 31 December 2023 and 2022, the Group's unused letters of credit is as follow:

	December 31, 2023	December 31, 2022
JPY (in thousands)	$ 93,026	$ 64,477
NTD (in thousands)	$ 35,410	$ 43,068

(2) The amount of capital expenditures not yet incurred for the significant property, plant and equipment purchase and construction contracts entered into by the Group as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Future performance payment amount	$ 3,543	$ 4,200

10. SIGNIFICANT DISASTER LOSS: None;

11. SIGNIFICANT SUBSEQUENT EVENTS: None;

12. OTHERS: None;

13. ADDITIONAL DISCLOSURES

(1) Following are the additional disclosures required by the Securities and Futures Bureau for Gordon:

(2) Information on investees

1) Financings provided to other parties: None;

2) Endorsement and guarantee provided to other parties: None;

3) Marketable securities held at the reporting date: Please refer to table 1 attached;

4) Marketable securities for which accumulated purchase or sale amount exceed NT$300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate exceeds $300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate exceeds $300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties which exceed $100 million or 20% of the paid-in capital: None;

8) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: None;

9) Transactions about derivative instruments: Please refer to note 6 (26);

10) Others: The business relationships and significant inter-company transactions: None;

11) Information of investee companies: Please refer to table 2 attached;

(3) Information on investments in mainland China: None;

(4) Information of main shareholders: Please refer to table 3 attached;

14. THE GROUP'S OPERATING SEGMENT INFORMATION

(1) Operating segments

The Group's operating segment profit or loss is mainly measured by operating profit or loss and is used as the basis for evaluating performance. Besides, the accounting policies used by the operating segments are not materially inconsistent with the summary of significant accounting policies described in Note 4.

(2) Segment revenue and operating results

The Group's segment revenue and operating results are as follows:

Productive Department	Year ended December 31, 2023	Year ended December 31, 2022
Operating revenues	$ 2,697,553	$ 2,439,452
Interest income	18,589	12,810
Depreciation expense	(340,276)	(362,562)
Interest expense	(29,878)	(31,254)
Income tax expenses	(84,174)	(81,482)
Net operating income	$ 435,650	$ 283,075
Assets:		
Increase in non-current assets	$ 302,292	$ 240,188
The segments' assets	$ 5,332,102	$ 5,431,903
The segments' liabilities	$ 2,634,138	$ 2,905,862

(3)Major products' revenue

The revenues of the Group's main products analysis are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Auto parts	$ 2,659,523	$ 2,410,336
Processing revenue	43,024	34,728
Total	2,702,547	2,445,064
Less: sales returns and allowances	(4,994)	(5,612)
Net revenue	$ 2,697,553	$ 2,439,452

(4) Geographic information

Information on the Group's revenue from external customers by location of operations and non-current assets by location of assets is presented below. When revenue is attributed to a region, it is calculated based on the region in which the enterprise receives cash. Non-current assets include investments accounted for using the equity method, property, plant and equipment, intangible assets and other assets, excluding financial instruments and deferred income tax assets.

	Year ended December 31, 2023	Year ended December 31, 2022
The revenues of external customers		
Taiwan	$ 1,011,865	$ 907,003
United States	948,593	876,527
Europe	338,302	278,730
Others	398,793	377,192
Total	$ 2,697,553	$ 2,439,452
Non-current assets		
Taiwan	$ 3,262,080	$ 3,282,119

(5) Major customers' information

Major customer representing at least 10% of net revenue is as follow:

	Year ended December 31, 2023	Year ended December 31, 2022
Client A	$ 665,237	$ 607,375

GORDON AUTO BODY PARTS CO., LTD.

HOLDING OF MARKETABLE SECURITIES

DECEMBER 31, 2023

Table 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2023				Note
				Number of shares (In Thousands)	Book value	Ownership (%)	Fair value	
GORDON AUTO BODY PARTS CO., LTD.	Stock－ENSURE-TECH ENTERPRISE CO., LTD	—	Financial assets at fair value through other comprehensive income－non-current	4,655	$ 105,112	23%	22.58	
〃	Fund－TBB-Yuanta New ASEAN Balanced Fund TWD	—	Financial assets at fair value through profit or loss－current	200	1,594	—	7.97	
〃	Fund－FSITC-Global Utilities and Infrastructure Fund TWD Acc	—	Financial assets at fair value through profit or loss－current	50	718	—	14.37	
〃	Fund－TBB- Neuberger Berman Global High Yield Bond Fund T Acc TWD	—	Financial assets at fair value through profit or loss－current	50	525	—	10.49	
〃	Fund－FSITC- Glbl Artificl Intlignc Fd TWD	—	Financial assets at fair value through profit or loss－current	50	908	—	18.16	
〃	Fund－FSITC - PineBridge ESG Quantitative Global Equity Fund A (TWD)	—	Financial assets at fair value through profit or loss－current	50	575	—	11.50	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.

Note 2: The column is left blank if the issuer of marketable securities is a non-related party.

GORDON AUTO BODY PARTS CO., LTD.

INFORMATION OF INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 2

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net loss of the investee for the year ended December 31, 2023	Investment loss recognized by the Company for the year ended December 31, 2023	Note
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares (In Thousands)	Owner ship (%)	Book value			
GORDON AUTO BODY PARTS CO., LTD.	KINGTRIM AUTO PARTS CO., LTD.	Taoyuan	Motor Vehicles and Parts Manufacturing	$ —	$ 800	—	—	$ —	$ (60)	$ (60)	(Note)

Note: On February 24, 2023, the company's board of directors resolved to set February 28, 2023 as the date of dissolution, and the relevant liquidation procedures were completed on July 12, 2023.

GORDON AUTO BODY PARTS CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 3

Name of Major Shareholder	Shares	
	Number of Shares (In Thousands)	Ownership Percentage (%)
Jian Chun Fang	12,536	7.58%
Mao Yuan Li	12,236	7.40%

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

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

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was settlor's separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.

For the information of reported share equity of insider, please refer to Market Observation Post System.

(V)、A parent company financial statement for the most recent fiscal year, certified by a CPA

INDEPENDENT AUDITORS' REPORT

NO.14681120EA

To GORDON AUTO BODY PARTS CO., LTD.

Opinion

We have audited the accompanying parent company only financial statements of Gordon Auto Body Parts Co., Ltd. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2023 and 2022, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company, as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountant code of Professional Ethics in the Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2023. 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.

The descriptions of the key audit matters of the parent company only financial statements for the year ended December 31, 2023 are as follows:

1. Measurement of impairment losses on inventory

Refer to Note 4(5) to the alone financial statements for the accounting policies for inventories; refer to Note 5(1) to the alone financial statements for the accounting estimates and uncertainties in assumptions regarding the valuation of inventories; refer to Note 6(6) to the alone financial statements for a description of inventories.

Description of key audit matters

The Company's main business is manufacturing and selling auto parts, doors, fenders and molds for collision repair. The products are mainly sold to the repair market for vehicles in the existing market. In the collision repair market, product market life and sales cycle are based on the vehicle models sold. Therefore, the Company adjusts the production quantity of each product each year based on the market circulation status of each vehicle model.

The Company's production process involves cutting, pressing, sheet metal and baking paint (baking rust-proof paint). Under normal circumstances, such components are less susceptible to deterioration and damage. In the financial statements, inventories are measured at a lower cost or net realizable value. Although the sales prices are adjusted based on the cost of raw materials, the quoted price in U.S. dollars is susceptible to exchange rate fluctuations and competition, which may result in the risk that the carrying value of inventories may exceed the net realizable value, since the amount of inventories is significant and there are many items. Therefore, the Company's measurement of impairment losses on inventory is one of the most important matters to be audited.

Audit procedures in response

We perform the audit procedures regard to the above key audit matters included:

- Obtain an analysis of the year ending inventory's lost and the lower of net realizable value, and check the total number of each inventory item in the general ledger and the sub-ledger.
- Compare the policies on the allowance to reduce inventory to market value in the current financial reporting period with those in the previous, and assess whether the policies are reasonable.

- Sampling the estimated sale prices of finished goods and products are based on the last sale price before and after the reporting date of the financial statements, and evaluate the basis for calculating the selling expense ratio to confirm the reasonableness of the net realizable value.
- Evaluate whether the analysis of the year ending inventory and net realizable value provided by management has been compared on an item-by-item basis and calculated.
- Evaluate whether management has adequately disclosed the allowance to reduce inventory to market value.

2. The assessment of financial assets at fair value through other comprehensive income.

For the accounting policies of financial assets at fair value through other comprehensive income, refer to Note 4(9) of the parent company only financial statements; for a description of financial assets at fair value through other comprehensive income, refer to Note 6(3) of the parent company only financial statements.

Description of key audit matters

Financial assets at fair value through other comprehensive income are measured at fair value. The financial assets at fair value through other comprehensive income held by the Company are unlisted companies, whose fair value is not available in an active market, so they are valued with the market-based approach. The market-based approach requires a more subjective valuation technique, which significantly affects the fair value measurement results and affects the fair value recognition of financial assets at fair value through other comprehensive income. Therefore, the Company fair value assessment of financial assets at fair value through other comprehensive income is one of the most significant key audit matters.

Audit procedures in response

Our audit procedures regarding to the above key audit matters include:

- Obtain the opinion from external experts and inquire about their professional qualifications, experience and reputation to ensure the credibility of their skills and capabilities.

- Check the objectivity of the external experts to confirm whether their opinions can be reasonably adopted.
- Evaluate whether the values of the amount and ratio of the comparable subject matter used in the external expert opinion are unreasonable in relation to the information about the comparable company obtained from the Market Observation Post System.
- Check the parameters of the evaluation model and the settings of the calculation formula for inconsistencies or errors.

3. Measurement of impairment of property, plant and equipment

Refer to Note 4(8) of the parent company only financial statements for the accounting policy for impairment of tangible and intangible assets (exclude goodwill); refer to Note 5(2) of the parent company only financial statements for the accounting estimates and uncertainties of the assumptions used in assessing the impairment of tangible assets; refer to Note 6(8) of the parent company only financial statements for the description of property, plant and equipment.

Description of the key audit matters

The Company needs to continuously develop tooling in order to produce products for various vehicles in the market. Depreciation has been provided over the useful life of tooling in line with the average age of vehicles. However, due to competition and market conditions, the Company conducts an annual assessment of property, plant and equipment for impairment. The Company is a single cash-generating unit. Therefore, the company discounts the estimated future cash flows using an appropriate discount rate to measure the cash-generating unit's recoverable amount as a basis for assessing whether the property, plant and equipment is impaired.

The Company uses estimated future cash flows as a measure of recoverable amounts of property, plant and equipment. The assumptions used in forecasting are prone to subjective judgments and are highly uncertain, resulting in a significant effect on the recoverable amount, which in turn affects whether the property, plant and equipment are impaired. Therefore, the measurement of the impairment of property, plant and equipment of the Company is one of the most significant audit matters.

Audit procedures in response

Our audit procedures regarding to the above key audit matters included:

- Obtain documents related to the Company's self-assessment of asset impairment and review whether there is any indication of impairment.
- Examine the expected future cash flows and estimate whether the average net cash inflows for the current year are materially different from the estimated annual net cash inflows adopted by the Company, based on its actual net earnings before interest, taxes, depreciation, and amortization (EBITDA) for the last five years.
- Review the projected growth rates to see if they are unreasonable compared to historical results, economic and industry forecasts.
- Review the discount rate used whether there is unreasonable when compared to the cash-generating unit’s cost of capital assumptions.
- Check the parameters of the evaluation model and the settings of the calculation formula for inconsistencies or errors.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

Management has the responsibility for the preparation and represents fairly of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines necessary to enable the preparation of the 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 also responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease its operations or has no realistic alternative but to do so.

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

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 auditing standards generally accepted in 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, and 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 auditing standards generally accepted in the Republic of China, we performed professional judgment and maintained professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of the accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall representation, structure and content of the parent company only financial statements, including the disclosures and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair expressed.
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 Company audit, and provide an 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 the most significant audit matters of the parent company only financial statements for the year ended December 31, 2023. We describe these matters in our auditors' report unless the 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.

The engagement partners on the audit resulting in this independent auditors' report are Chia-Yu, Lai and Li-Chen, Peng.

Baker Tilly Clock & Co

March 8, 2024

<u>Notice to Readers</u>

The accompanying parent company only financial statements are intended only to present the parent company only financial position, financial performance and cash flow 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 (or review) such parent company only financial statements are those generally applied in the Republic of China. For the convenience of readers, the independent auditors ' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

GORDON AUTO BODY PARTS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Assets	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
11xx	**Current assets**					
1100	Cash and cash equivalents	4.6(1)	$ 699,199	13	$ 699,595	13
1110	Financial assets at fair value through profit or loss - current	4.6(2)	4,320	—	4,871	—
1150	Notes receivables	4.6(5)	25,552	1	25,616	1
1170	Accounts receivables	4.6(5)	485,060	9	407,089	7
1200	Other receivables		10,862	—	10,856	—
130x	Inventories, net	4.5.6(6)	634,214	12	784,551	14
1410	Prepayments	6(10)	92,343	2	87,990	2
11xx	**Total current assets**		1,951,550	37	2,020,568	37
15xx	**Non-current assets**					
1517	Financial assets at fair value through other comprehensive income – non-current	4.6(3)	105,112	2	118,825	2
1535	Financial assets at amortized cost - non-current	4.6(4).8	2,300	—	2,300	—
1550	Investments accounted for using the equity method	4.6(7)	—	—	119	—
1600	Property, plant and equipment	4.5.6(8).8	3,026,076	57	3,149,208	58
1755	Right-of-use assets	4.5.6(9)	19,815	—	5,083	—
1840	Deferred tax assets	4.5.6.(24)	10,514	—	7,396	—
1915	Prepayment for equipment	4.6(10)	216,189	4	127,828	3
1920	Guarantee deposits paid		546	—	526	—
15xx	**Total non-current assets**		3,380,552	63	3,411,285	63
	Total assets		$ 5,332,102	100	$ 5,431,853	100

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

(Continued)

GORDON AUTO BODY PARTS CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Liabilities And Equity	Note	December 31, 2023		December 31, 2022	
			Amount	%	Amount	%
21xx	**Current Liabilities**					
2100	Current borrowings	6(11)	$ 210,000	4	$ 497,000	9
2110	Short-term notes and bills payables	6(12)	—	—	39,982	1
2150	Notes payables	6(13)	36,965	1	1,578	—
2170	Accounts payables	6(13)	397,052	7	263,995	5
2200	Other payables		82,321	2	79,951	1
2213	Payables on equipment		95,589	2	79,655	1
2230	Current tax liabilities	4.6(24)	88,477	2	75,782	1
2280	Lease liabilities - current	4.6(9)	5,315	—	3,318	—
2300	Other current liabilities		21,463	—	26,232	1
2322	Current portion of long-term borrowings	6(14)	145,857	3	145,857	3
21xx	**Total current liabilities**		1,083,039	21	1,213,350	22
25xx	**Non-Current liabilities**					
2540	Long-term borrowings	6(14)	1,449,098	27	1,594,956	29
2571	Deferred tax liabilities－land value increment tax	4	74,336	1	74,336	1
2572	Deferred tax liabilities－income tax	4.6(24)	466	—	3,786	—
2580	Lease liabilities - non-current	4.6(9)	14,601	—	1,845	—
2640	Net defined benefit liabilities - non current	4.6(15)	12,598	—	17,539	1
25xx	**Total non-current liabilities**		1,551,099	28	1,692,462	31
2xxx	**Total liabilities**		2,634,138	49	2,905,812	53
31xx	**Equity attributable to owners of the parent**	6(16)				
3100	**Capital**					
3110	Common stock		1,653,104	31	1,653,104	31
3200	**Capital surplus**		935	—	850	—
3300	**Retained earnings**					
3310	Legal reserve		113,766	2	80,137	1
3320	Special reserve		98,923	2	98,923	2
3350	Unappropriated earnings		792,116	15	640,194	12
3400	**Other equity**	6(16)	39,120	1	52,833	1
3xxx	**Total equity**		2,697,964	51	2,526,041	47
	Total liabilities and equity		$ 5,332,102	100	$ 5,431,853	100

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

GORDON AUTO BODY PARTS CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars, except for earnings per share)

Code	Item	Note	2023		2022	
			Amount	%	Amount	%
4000	**Operating revenues**	4.6(18)	$ 2,697,553	100	$ 2,439,452	100
5000	**Operating costs**		(1,968,591)	(73)	(1,883,014)	(77)
5900	**Gross profit**		728,962	27	556,438	23
6000	**Operating expenses**					
6100	Selling and marketing expenses		(186,130)	(7)	(174,262)	(7)
6200	General and administrative expenses		(100,455)	(4)	(93,844)	(4)
6300	Research and development expenses		(4,833)	—	(4,539)	—
6450	Expected credit losses	6(5).6(23)	(1,834)	—	(621)	—
6000	**Total operating expenses**		(293,252)	(11)	(273,266)	(11)
6900	**Net operating income**		435,710	16	283,172	12
7000	**Non-operating income and expenses**					
7100	Interest income	6(19)	18,589	1	12,810	—
7010	Other income	4.6(20)	16,224	—	14,672	1
7020	Other gains and losses	6(21)	(4,851)	—	138,624	6
7050	Finance costs	6(22)	(29,878)	(1)	(31,254)	(2)
7070	Share of loss of subsidiaries	6(7)	(60)	—	(97)	—
7000	**Total non-operating income and expenses**		24	—	134,755	5
7900	**Profit from continuing operations before income tax**		435,734	16	417,927	17
7950	**Income tax expenses**	4.6(24)	(84,174)	(3)	(81,482)	(3)
8200	**Net income**		351,560	13	336,445	14
8300	**Other comprehensive income (loss)**					
8310	**Items that will not be reclassified subsequently to profit or loss**					
8311	Remeasurements of defined benefit plans	6(15)	(874)	—	(194)	—
8316	Unrealized gain(loss) on investments in equity instruments at fair value through other comprehensive income	6(16)	(13,713)	—	(8,069)	—
8349	Income tax relating to items that will not be reclassified subsequently to profit or (loss)	6(24)	175	—	39	—
8300	**Other comprehensive income**		(14,412)	—	(8,224)	—
8500	**Total comprehensive income**		$ 337,148	13	$ 328,221	14
	Earnings per share	6(17)				
9750	Basic		$ 2.13		$ 2.04	
9850	Diluted		$ 2.12		$ 2.03	

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

GORDON AUTO BODY PARTS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

	Item	Share capital		Retained earnings			Other equity	
		Common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	Total equity
A1	Balance at January 1, 2022	$ 1,653,104	$ 850	$ 73,760	$ 98,923	$ 359,875	$ 60,902	$ 2,247,414
B1	Legal reserve	—	—	6,377	—	(6,377)	—	—
B5	Cash dividends distributed by the Company	—	—	—	—	(49,594)	—	(49,594)
D1	Net income in 2022	—	—	—	—	336,445	—	336,445
D3	Other comprehensive income in 2022	—	—	—	—	(155)	(8,069)	(8,224)
D5	Comprehensive income in 2022	—	—	—	—	336,290	(8,069)	328,221
Z1	Balance at December 31, 2022	1,653,104	850	80,137	98,923	640,194	52,833	2,526,041
B1	Legal reserve	—	—	33,629	—	(33,629)	—	—
B5	Cash dividends distributed by the Company	—	—	—	—	(165,310)	—	(165,310)
C17	Other changes in capital surplus	—	85	—	—	—	—	85
D1	Net income in 2023	—	—	—	—	351,560	—	351,560
D3	Other comprehensive income in 2023	—	—	—	—	(699)	(13,713)	(14,412)
D5	Comprehensive income in 2023	—	—	—	—	350,861	(13,713)	337,148
Z1	Balance at December 31, 2023	$ 1,653,104	$ 935	$ 113,766	$ 98,923	$ 792,116	$ 39,120	$ 2,697,964

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

GORDON AUTO BODY PARTS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(In Thousands of New Taiwan Dollars)

Code	Item	2023	2022
AAAA	**Cash flows from (used in) operating activities**		
A10000	**Profit from continuing operations before income tax**	$ 435,734	$ 417,927
A20010	**Adjustments:**		
A20100	Depreciation expense	340,276	362,562
A20300	Expected credit loss (gain)	1,834	621
A20400	Net loss (profit) on financial assets at fair value through profit or loss	(477)	511
A20900	Interest expense	29,878	31,254
A21200	Interest income	(18,589)	(12,810)
A21300	Dividend income	(12,570)	(9,311)
A22400	Share of loss of subsidiaries, associates, and joint ventures	60	97
A22500	Gain on disposal of property, plant and equipment	(5,713)	(17,303)
A23100	Loss (gain) on disposal of investment	(8)	1
A30000	**Changes in operating assets and liabilities**		
A31115	Decrease (increase) in financial assets mandatorily classified as at fair value through profit or loss	1,036	(987)
A31130	Notes receivables	64	7,487
A31150	Accounts receivables	(79,805)	(48,078)
A31180	Other receivables	(1,242)	3,220
A31200	Inventories	150,337	(41,034)
A31230	Prepayments	(4,353)	9,701
A32130	Notes payables	35,387	(4,653)
A32150	Accounts payables	133,057	(17,940)
A32180	Other payables	2,482	27,001
A32230	Other current liabilities	(4,769)	16,670
A32240	Net defined benefit liabilities	(5,815)	(2,517)
A33000	Cash inflow generated from operations	996,804	722,419
A33100	Interest received	19,825	10,540
A33300	Interest paid	(29,806)	(30,740)
A33500	Income taxes paid	(77,742)	(20,050)
AAAA	**Net cash flows from operating activities**	909,081	682,169
BBBB	**Cash flows from (used in) investing activities:**		
B02300	Disposal of subsidiaries	59	—
B02700	Acquisition of property, plant and equipment	(213,931)	(233,987)
B02800	Proceeds from disposal of property, plant and equipment	7,499	24,001
B03700	Increase in refundable deposits	(20)	—
B07100	Increase in prepayment of equipments	(72,427)	—
B07200	Decrease in prepayment of equipments	—	20,118
B07600	Dividends received	12,570	9,311
BBBB	**Net cash flows used in investing activities**	(266,250)	(180,557)
CCCC	**Cash flows from (used in) financing activities:**		
C00100	Increase in short-term borrowings	—	134,892
C00200	Decrease in short-term borrowings	(287,000)	—
C00600	Decrease in short-term bills payables	(39,982)	(129,935)
C01700	Decrease in long-term borrowings	(145,858)	(353,249)
C04020	Payment of lease liabilities	(5,162)	(4,159)
C04500	Cash dividends	(165,310)	(49,594)
C09900	The statute barred dividends for the shareholders	85	—
CCCC	**Net cash flows used in financing activities**	(643,227)	(402,045)
EEEE	Net increase (decrease) in cash and cash equivalents	(396)	99,567
E00100	Cash and cash equivalents at beginning of year	699,595	600,028
E00200	Cash and cash equivalents at end of year	$ 699,199	$ 699,595

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

GORDON AUTO BODY PARTS CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. HISTORY AND ORGANIZATION

GORDON AUTO BODY PARTS CO., LTD. ("the Company") was incorporated on March 13, 1986. The Company is principally engaged in the sales of car parts, car doors, fenders, and mold building.

The Company's common shares were listed on the Taiwan Stock Exchange (TWSE) on January, 1997.

The parent company only financial statements are presented by using New Taiwan Dollars as the functional currency.

2. AUTHORIZATION OF THE PARENT COMPMANY ONLY FINANCIAL STATEMENTS

The parent company only financial statements were approved and authorized for issue by the Board of Directors on March 8, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) The initial adoption of new issuances of or amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") were endorsed and issued into effect by the Financial Supervisory Commission (FSC). These adoptions did not cause a significant impact on the Company's accounting policies.

(2) The IFRSs were endorsed by the FSC with effective date starting 2024

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

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

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

Note 3: The first time this amendment is applied and some disclosure requirements are exempted.

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

(3) New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New Standards, Interpretations and Amendments	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 9 and IFRS 17—Comparative Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity is required to apply the amendments for annual reporting periods beginning on or after January 1, 2025. When the amendment is applied for the first time, the effect is recognized in retained earnings at the date of initial application. When the entity uses a presentation currency other than its functional currency, the impact is adjusted to the foreign exchange differences under equity as of the date of initial application.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on its financial condition and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in the preparation of these parent company only financial statements are set out below.

(1) Statement of compliance

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

(2) Basis of preparation

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

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

The levels of inputs are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as price) or indirectly (i.e. derived from price); and
3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

1) Assets held primarily for the purpose of trading;
2) Assets expected to be realized within twelve months after the reporting date; and
3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;
2) Liabilities due to be settled within twelve months after the reporting date, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting date and before the financial statements are authorized for issue; and
3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date. Terms of a liability that could, at the opinion of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

(4) Foreign currencies

Monetary items denominated in foreign currencies are translated at the closing rate at each balance sheet date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the prevailing rates at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items denominated in foreign currency and measured at historical cost are stated at the reporting currency as originally translated from the foreign currency.

(5) Inventories

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

(6) Investments accounted for using the equity method

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, the investment was recognized at initially cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of loss of a subsidiary exceeds its equity in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term equity that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further loss, if any.

Any exceeding of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any exceeding of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

(7) Property, plant and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those and the cost of those are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

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

Assets held under financial leases are accounted for on the same basis as owned property, plant and equipment and are depreciated on a straight-line basis over their expected useful lives. If the lease term is shorter than the useful life, depreciation is provided over the lease term.

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

(8) Impairment of property, plant and equipment, right-of-use asset, intangible assets other than goodwill and assets related to contract costs

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

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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

Before the Company recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets related to the contract applicable under IFRS 15 shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Company expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating the impairment of that cash-generating unit.

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

(9) Financial instruments

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

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

Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends, interest earned and remeasurement gains or losses on such financial assets are recognized in profit or loss. Fair value is determined in the manner described in Note 6(27).

ii. Financial assets at amortized cost

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

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

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

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

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

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

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

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

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b) Impairment of financial assets

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

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs. Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

(10) Provisions

Provisions (including provisions for warranties, decommissioning liabilities, restructuring, onerous contracts and contingent liabilities arising from mergers and acquisitions) are recognized where there is a present legal or constructive obligation as a result of past events. It is probable that an outflow of economic resources will be required to settle the obligation, and the amount of the obligation can be reliably estimated. Provisions are measured at best estimated present value of the expenditures required to settle the obligation at the balance sheet date. The discount rate is the pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the liabilities. Amortization of the discount is recognized as interest expense. Future operating losses should not be recognized as provisions.

(11) Revenue recognition

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

Revenue from the sale of goods

The Company shall recognize revenue when control of the products has transferred to the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customers, and either the customers have accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

(12) Lease

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

1) The Company as a lessor

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

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the lessee is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives payable. The net investment in a lease is measured at (a) the present value of the sum of the lease payments receivable by a lessor and any unguaranteed residual value accrued to the lessor plus (b) initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated to the relevant accounting periods so as to reflect a constant, periodic rate of return on the Company's net investment outstanding in respect of leases.

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

Variable lease payments that do not depend on an index or a rate are recognized as income in the periods in which they are incurred.

2) The Company as lessee

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

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

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

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the lessee’s incremental borrowing rate will be used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the parent company only balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expense in the periods in which they are incurred.

(13) Retirement benefits

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

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

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

(14) Taxation

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

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year’s tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and such temporary differences are expected to reverse in the foreseeable future.

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liabilities are settled or the assets are realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets 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.

3) Current and deferred taxes

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

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies on Note 4, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company has taken into consideration the change of climate and related governmental regulations in critical accounting estimates of cash flows projections, such as growth rates, discount rates, and profitability. Management will continue to review the estimates and underlying assumptions. If a revision to an accounting estimate affects only the current period, it is recognized in the period in which the estimate is revised. If a revision of an accounting estimate affects both the current and future periods, it is recognized in the period in which the estimate is revised and in the future periods.

For the assumptions and estimation uncertainties, there were significant risk resulting in a material adjustment within the next financial year is as below:

(1) Valuation of Inventory

Inventories are stated at the lower of cost or net realizable value, and the Company uses estimate to determine the net realizable value of inventory at the end of each reporting period.

With the rapid changes in Motor Vehicles and Parts Manufacturing industry, The Company estimates the net realizable value of inventory for normal waste, obsolescence and unmarketable items at the end of reporting period and then writes down the cost of inventories to net realizable value. The net realizable value of the inventory is determined mainly based on assumptions of future demand within a specific time horizon.

The book value of Inventories is described in Note 6(6).

(2) Impairment of Tangible Assets

In the process of evaluating the potential impairment of tangible assets, the Company determines the independent cash flows, useful lives, expected future revenues and expenses related to the specific asset groups with the consideration of the nature of Motor Vehicles and Parts Manufacturing industry by its' subjective judgment. Any change in these estimates based on changed economic conditions or business strategies could result in significant impairment charges or reversal in future years.

The Company didn't recognize impairment loss of assets for the years ended December 31, 2023 and 2022.

6. EXPLANATION OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 494	$ 650
Cash in banks	169,766	200,797
Cash equivalents		
Time deposits	—	61,420
Repurchase agreements collateralized by bonds	528,939	436,728
Total	$ 699,199	$ 699,595

The market rate intervals of cash equivalents for the years ended December 31, 2023 and 2022 were as follows:

	December 31, 2023	December 31, 2022
Time deposits	4.30%～5.45%	0.33%～0.43%
Repurchase agreements collateralized by bonds	1.20%～5.65%	0.12%～4.50%

(2) Financial assets at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets at fair value through profit or loss (FVTPL) - current		
Non-derivative financial assets		
Mutual funds beneficiary certificates	$ 4,320	$ 4,871

(3) Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Non-current		
Investments in equity instruments at FVTOCI		
Unlisted shares		
ENSURE-TECH ENTERPRISE CO., LTD.	$ 105,112	$ 118,825

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

For the years ended December 31, 2023 and 2022, the Company recognized movement of Unrealized loss for the Company's fair value through other comprehensive income were $13,713 thousand and $8,069 thousand, respectively.

(4) Financial assets at amortized cost

	December 31, 2023	December 31, 2022
Non-current		
Time deposits for guaranteed	$ 2,300	$ 2,300

1. The interest rates for time deposits for guaranteed were 1.440%~1.565% and 0.815%~1.440% for the years ended December 31, 2023 and 2022, respectively.
2. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge.

(5) Notes receivables and Accounts receivables

	December 31, 2023	December 31, 2022
Notes receivables		
Notes receivables - from operating	$ 25,552	$ 25,616
Less: Loss allowance	—	—
	$ 25,552	$ 25,616
Accounts receivables		
At amortized cost		
Accounts receivables	$ 487,863	$ 408,058
Less: Loss allowance	(2,803)	(969)
	$ 485,060	$ 407,089

The Company's average credit period for product sales ranges from 60 to 120 days, and receivables are non-interest-bearing. The Company's policy is to transact only with counterparties rated at or above the investment grade, and to obtain adequate guarantees where necessary to mitigate the risk of financial loss arising from default. Credit rating information is provided by independent rating agencies. If such information is not available, the Company uses other publicly available financial information and historical transaction records to rate its major customers. The Company consistently monitors credit exposures and counterparty credit ratings and spreads the total transaction amount among different customers with qualified credit ratings. The Company also manages credit exposure by reviewing and approving counterparty credit limits annually.

To mitigate credit risks, the Company's management has assigned a dedicated team responsible for credit limit determination, credit approval and other monitoring procedures to ensure that appropriate actions have been taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses have been recognized for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

The Company uses the simplified IFRS 9 method to recognize an allowance for losses on receivables based on lifetime expected credit losses. Lifetime expected credit losses are calculated using a provision matrix, which considers the customer's past default history and current financial condition, as well as the industry's economic conditions. Since the Company's credit loss history shows no significant difference in the loss patterns of different customer groups, the provision matrix does not further differentiate between customer groups and sets the expected credit loss rate based on the number of days past due on receivables.

If there is evidence that the counterparty is in serious financial difficulty and the Company cannot reasonably estimate the recoverable amount, the Company directly writes off the related accounts receivable but continues the recovery activities and recognizes the amount recovered as income.

The loss allowance of trade receivables based on the Company's allowance matrix was as follow:

December 31, 2023

	Non-pass due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	－	0.1%	0.2%	1%～5%	30%~100%	
Gross carrying amount	$ 498,000	$ 12,624	$ 1	$ －	$ 2,790	$ 513,415
Loss allowance	－	(13)	－	－	(2,790)	(2,803)
Amortized cost	$ 498,000	$ 12,611	$ 1	$ －	$ －	$ 510,612

December 31, 2022

	Non-pass due	1 to 90 Days Past Due	91 to 180 Days Past Due	181 to 365 Days Past Due	Over 365 Days Past Due	Total
Expected credit loss rate	－	0.1%	0.2%	1%～5%	30%~100%	
Gross carrying amount	$ 410,425	$ 19,860	$ 227	$ －	$ 3,162	$ 433,674
Loss allowance	－	(20)	－	－	(949)	(969)
Amortized cost	$ 410,425	$ 19,840	$ 227	$ －	$ 2,213	$ 432,705

The movements in the allowance for accounts receivables were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Balance at January 1	$ 969	$ 348
Add: Allowance for impairment loss	1,834	621
Balance at December 31	$ 2,803	$ 969

(6) Inventories

	December 31, 2023		December 31, 2022	
Merchandise	$	8,617	$	4,762
Finished goods		455,546		508,549
Work in process		56,899		31,390
Raw materials		112,649		239,850
Inventory in transit		503		—
Total	$	634,214	$	784,551
Allowance for inventory valuation losses	$	26,166	$	30,535

The details of the cost of goods sold were as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
Cost of inventories sold	$	1,973,118	$	1,880,864
Write-down of inventories (reversal of write-down)		(4,369)		(15,422)
Loss on asset retirement		1,784		19,439
Others		(1,942)		(1,867)
Total	$	1,968,591	$	1,883,014

The inventory recovery gains for the years ended December 31, 2023 and 2022 were caused by the increasing of the selling price and the disposing of the inventory.

(7) Investments Accounted For Using the Equity Method

Investments in subsidiaries:

	December 31, 2023		December 31, 2022	
Unlisted company				
KINGTRIM AUTO PARTS CO., LTD.	$	—	$	119

1. The Company's ownership interest in subsidiaries and the percentage of voting rights as of the balance sheet date were as follows:

	December 31, 2023	December 31, 2022
Unlisted company		
KINGTRIM AUTO PARTS CO., LTD.	—	100%

2. The Company's share of subsidiary losses recognized using the equity method for the years ended December 31, 2023 and 2022 were based on the audited financial statements of the subsidiaries for the same periods.

	2023		2022	
Share of loss of subsidiaries	$	60	$	97

3. The Company's board of directors resolved to set February 28, 2023 as the date of dissolution on February 24, 2023. And the relevant dissolution and liquidation procedures of the subsidiary, KINGTRIM AUTO PARTS CO., LTD. were completed on July 12, 2023.

(8) Property, plant and equipment

	Year ended December 31, 2023				
	Balance at January 1, 2023	Additions	Disposals	Reclassification	Balance at December 31, 2023
Cost and Revaluation increments					
Cost					
Land	$ 482,714	$ —	$ —	$ —	$ 482,714
Buildings	1,372,084	2,224	—	13,233	1,387,541
Machinery and equipment	837,350	4,796	(72,054)	14,361	784,453
Molding equipment	6,785,668	110	(44,298)	165,085	6,906,565
Transportation equipment	28,065	519	—	—	28,584
Office equipment	45,861	—	(1,035)	487	45,313
Other equipment	227,972	1,440	(345)	2,551	231,618
Property under Construction	5,411	—	—	9,125	14,536
Subtotal	9,785,125	9,089	(117,732)	204,842	9,881,324
Revaluation increments					
Land	201,991	—	—	—	201,991
Total	9,987,116	9,089	(117,732)	204,842	10,083,315
Accumulated depreciation					
Buildings	613,220	43,946	—	—	657,166
Machinery and equipment	735,976	16,629	(71,372)	—	681,233
Molding equipment	5,228,611	265,318	(43,209)	—	5,450,720
Transportation equipment	15,570	2,534	—	—	18,104
Office equipment	39,877	1,676	(1,021)	—	40,532
Other equipment	204,654	5,174	(344)	—	209,484
Total	6,837,908	335,277	(115,946)	—	7,057,239
Net value	$ 3,149,208	$ (326,188)	$ (1,786)	$ 204,842	$ 3,026,076

	Year ended December 31, 2022				
	Balance at January 1, 2022	Additions	Disposals	Reclassification	Balance at December 31, 2022
Cost and Revaluation increments					
Cost					
Land	$ 482,714	$ —	$ —	$ —	$ 482,714
Buildings	1,360,397	1,223	—	10,464	1,372,084
Machinery and equipment	832,922	3,325	(15,165)	16,268	837,350
Molding equipment	7,171,633	—	(567,224)	181,259	6,785,668
Transportation equipment	26,526	89	(9,372)	10,822	28,065
Office equipment	43,656	—	(743)	2,948	45,861
Other equipment	224,515	1,303	(19)	2,173	227,972
Property under Construction	1,298	—	—	4,113	5,411
Subtotal	10,143,661	5,940	(592,523)	228,047	9,785,125
Revaluation increments					
Land	201,991	—	—	—	201,991
Total	10,345,652	5,940	(592,523)	228,047	9,987,116
Accumulated depreciation					
Buildings	569,322	43,898	—	—	613,220
Machinery and equipment	733,959	17,138	(15,121)	—	735,976
Molding equipment	5,500,712	289,267	(561,368)	—	5,228,611
Transportation equipment	22,778	1,380	(8,588)	—	15,570
Office equipment	39,091	1,515	(729)	—	39,877
Other equipment	199,360	5,313	(19)	—	204,654
Total	7,065,222	358,511	(585,825)	—	6,837,908
Net value	$ 3,280,430	$ (352,571)	$ (6,698)	$ 228,047	$ 3,149,208

1. The amount of capitalized interests and interest rates are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Amount of capitalized interests	$ 3,131	$ 1,626
The interest rate interval of borrowing cost capitalization	1.57%～1.76%	1.01%～1.53%

2. The significant part of the Company's buildings includes main plants and its devices, and the related depreciation is calculated using the estimated useful lives of 5~60 years and 5~10 years, respectively.

3. As of December 31, 2023 and 2022, the property, plant and equipment were pledged as collateral, please refer to Note 8.

(9) Lease arrangements

1. Right-of-use assets

	Land	Other equipment	Total
Cost			
Jan.1, 2023	$ 10,351	$ 7,009	$ 17,360
Addition	12,143	7,588	19,731
Decrease	(10,351)	(610)	(10,961)
Dec.31, 2023	12,143	13,987	26,130
Accumulated depreciation			
Jan.1, 2023	8,872	3,405	12,277
Depreciation expense	2,288	2,711	4,999
Decrease	(10,351)	(610)	(10,961)
Dec.31, 2023	809	5,506	6,315
Dec.31, 2023 Net value	$ 11,334	$ 8,481	$ 19,815

	Land	Other equipment	Total
Cost			
Jan.1, 2022	$ 10,351	$ 6,632	$ 16,983
Addition	—	1,280	1,280
Decrease	—	(903)	(903)
Dec.31, 2022	10,351	7,009	17,360
Accumulated depreciation			
Jan.1, 2022	6,654	2,475	9,129
Depreciation expense	2,218	1,833	4,051
Decrease	—	(903)	(903)
Dec.31, 2022	8,872	3,405	12,277
Dec.31, 2022 Net value	$ 1,479	$ 3,604	$ 5,083

2. Lease liabilities

	Lease term	Discount Rate	December 31, 2023	December 31, 2022
Land	2018.Sep. to 2028.Aug.	1.40%~ 1.76%	$ 11,367	$ 1,520
Other equipment	2020 Jun. to 2028.May.	1.089%~ 1.761%	8,549	3,643
Total			19,916	5,163
Less: Current			(5,315)	(3,318)
Non-current			$ 14,601	$ 1,845

3. Material leasing activities and terms

The Company leases land for a warehouse for the periods from September 2023 to August 2028 and from September 2018 to August 2023, respectively. The Company has no preferential right to acquire the leased land upon termination of the lease, and covenants that it shall not lend, sublease, assign or otherwise use all or part of the subject of the lease to other parties.

4. Other lease information

	Year ended December 31, 2023	Year ended December 31, 2022
Leases of low-value assets expense	$ 25	$ —
Total cash outflow for leases	$ 5,187	$ 4,159

The Company has elected to apply the exemption from recognition to other equipment leases which qualify as leases of low-value assets, and does not recognize the related right-of-use assets and lease liabilities for such leases.

(10) Prepayments

	December 31, 2023	December 31, 2022
Current		
Prepayments	$ 11,059	$ 8,539
Office supplies	81,284	79,451
	$ 92,343	$ 87,990
Non-current		
Prepayments for equipment	$ 216,189	$ 127,828

(11) Current borrowings

	December 31, 2023	December 31, 2022
Secured borrowings		
Bank borrowings	$ —	$ 157,000
Unsecured borrowings		
Line of credit borrowings	210,000	340,000
Purchase borrowings	—	—
Subtotal	210,000	340,000
Total	$ 210,000	$ 497,000
Range of interest rates	1.33%～2.16%	0.59%～1.88%

For the collateral of the short-term borrowings, please refer to Note 8.

(12) Short-term bills payables

	December 31, 2023	December 31, 2022
Commercial paper	$ —	$ 40,000
Less: Unamortized discounts on commercial paper	—	(18)
Net value	$ —	$ 39,982
Range of interest rates	1.32%～1.61%	0.44%～1.36%

(13) Notes Payables and Account Payables

	December 31, 2023	December 31, 2022
Notes Payables	$ 36,965	$ 1,578
Account payables	397,052	263,995
Total	$ 434,017	$ 265,573
Current	$ 434,017	$ 265,573

1. The terms of the Company's transactions with suppliers are 90 to 120 days. The Company has a financial risk management policy to ensure that all payables are paid within the agreed credit terms.
2. Refer to Note 6(27) for disclosures related to the Company's payables and other payables that are exposed to exchange rate and liquidity risks.

(14) Long-term borrowings

Creditors	Period	Redemption	December 31, 2023	December 31, 2022
TBB	2018.04.10 ～ 2038.04.10	The principal is to be repaid in equal monthly installments starting from May 10, 2020.	$ 15,925	$ 17,037
HNCB	2018.11.05 ～ 2025.11.05	The principal was to be repaid in 14 installments in six-month intervals starting November 5, 2018. NT$15 million was to be repaid in each of the 1st to 13th installments, and NT$205 million was repaid in the 14th installment. Since repayment of NT$130 million was made in advance in October 2022, no repayment was required for the 9th to 13th installments, and NT$150 million was repaid in the 14th installment.	150,000	150,000
TBB	2020.03.24 ～ 2025.03.24	Starting from March 24, 2020, the principal is to be repaid in 10 installments of 6 months. The 1st to 9th installments are NT$22.5 million each and the 10th installment is NT$247.5 million.	292,500	337,500
TBB	2020.04.17 ～ 2025.03.24	Starting from April 17, 2020, the principal is to be repaid in 10 installments of 6 months. The 1st to 9th installments are NT$7.5 million each and the 10th installment is NT$82.5 million.	97,500	112,500
TBB	2021.07.23 ～ 2038.04.10	The principal is to be repaid in equal monthly installments starting from August 23, 2021.	154,030	164,776
HNCB	2021.09.01 ～ 2026.09.01	Starting September 1, 2021, the principal is to be repaid in 10 installments of 6 months. The 1st to 9th installments are NT$2 million each and the 10th installment is NT$15 million.	25,000	29,000
HNCB	2021.12.03 ～ 2028.12.03	Starting from December 3, 2021, the principal is to be repaid in 14 installments of 6-month intervals, with the first 13 installments are NT$35 million and the final installment is NT$545 million.	350,000	420,000
HNCB	2021.12.09 ～ 2028.12.03		510,000	510,000
Total			$ 1,594,955	$ 1,740,813
Current			$ 145,857	$ 145,857
Non-current			$ 1,449,098	$ 1,594,956

1. The Company's long-term credit facilities as of December 31, 2023 and 2022 are based on actual borrowings.

2.The concrete borrowing rates for the years ended December 31, 2023 and 2022 were 1.53％～1.85％ and 1.00％～1.73％, respectively.

3. For the collateral of the long-term borrowings, please refer to Note 8.

(15) Retirement benefit plans

1. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (the LPA), which is a stated-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employee’s individual pension accounts at 6% of monthly salaries and wages. The Company recognized retirement costs were $8,432 thousand and $8,096 thousand for the years ended December 31, 2023 and 2022, respectively.

2. Defined benefit plans

The defined benefit plans adopted by the Company are in accordance with the Labor Standards Act. Pension benefits are calculated on the basis of length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 2% of totally monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor, the Company has no right to influence the investment policy and strategy.

(1) The expenses recognized in profit or loss for the Company in 2023 and 2022 were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Service cost	$ —	$ —
Net interest expense	256	141
Recognized in profit or loss	256	141
Remeasurement:		
Return on plan assets	(4)	(218)
Actuarial loss - Experience adjustments	580	456
Actuarial loss - Changes in demographic and financial assumptions	298	(44)
Recognized in other comprehensive income	874	194
Total	$ 1,130	$ 335

(2) The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31, 2023	December 31, 2022
Present value of funded defined benefit obligation	$ (18,684)	$ (20,574)
Fair value of plan assets	6,086	3,035
Net defined benefit liabilities	$ (12,598)	$ (17,539)

(3) Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Year ended December 31, 2023			
Balance at January 1	$ (20,574)	$ 3,035	$ (17,539)
Service cost	—	—	—
Net interest (expense) income	(309)	53	(256)
	(20,883)	3,088	(17,795)
Remeasurement:			
Return on plan assets	—	4	4
Changes in financial assumptions	(298)	—	(298)
Experience adjustments	(580)	—	(580)
	(878)	4	(874)
Contributions from the employer	—	6,071	6,071
Benefits paid	3,077	(3,077)	—
	3,077	2,994	6,071
Balance at December 31	$ (18,684)	$ 6,086	$ (12,598)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Year ended December 31, 2022			
Balance at January 1	$ (23,793)	$ 3,931	$ (19,862)
Service cost	—	—	—
Net interest (expense) income	(179)	38	(141)
	(23,972)	3,969	(20,003)
Remeasurement:			
Return on plan assets	—	218	218
Changes in financial assumptions	44	—	44
Experience adjustments	(456)	—	(456)
	(412)	218	(194)
Contributions from the employer	—	2,658	2,658
Benefits paid	3,810	(3,810)	—
	3,810	(1,152)	2,658
Balance at December 31	$ (20,574)	$ 3,035	$ (17,539)

(4) The Company's defined benefit pension plan fund is deposited in an account under the Trust Department of the Bank of Taiwan in the name of the Labor Pension Fund Supervisory Committee. The Labor Pension Fund Supervisory Committee, Council of Labor Affairs of the Executive Yuan regularly monitors and reviews the investment portfolio, prudently constructs the investment portfolio, diversifies the form of outsourcing, strengthens risk control, and adjusts the investment strategy in accordance with market changes in order to enhance the stable income of the fund. In conjunction with the Finance Department, the competent authority shall engage financial institutions to conduct the receipt, custody and use of plan assets. The minimum return shall not be less than the interest rate of a two-year time deposit in a local bank. Any loss shall be covered by the national treasury. The competent authority shall stipulate the rules for the receipt, custody and use of plan assets, and the Company has no right to participate in the operation and management of the fund. The fair value of the total assets of the fund as of December 31, 2023 and 2022 was shown in the annual reports on the use of the labor pension fund as announced by the government.

(5) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	2023	2022
Discount rate	1.375%	1.500%
Expected rate of salary increase	2.000%	2.000%

(6) The impact of the changes in the assumptions on the present value of the defined benefit obligation was as follows:

	Discount rate		Future salary change	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
The impact on the present value of the defined benefit obligation	$ (591)	$ 615	$ 600	$ (579)
December 31, 2022				
The impact on the present value of the defined benefit obligation	$ (675)	$ 705	$ 688	$ (663)

Each sensitivity analysis considers the change in one assumption at a time, leaving the other assumptions unchanged. This approach shows the isolated effect of changing one individual assumption but does not take into account that some assumptions are related. The method used to carry out the sensitivity analysis is the same as the calculation of the net defined benefit liabilities recognized in the balance sheets.

The method used to carry out the sensitivity analysis is the same as in the prior year.

(7) The Company expects to make a contribution of $4,194 thousand and $882 thousand to the defined benefit plans for the years ended December 31, 2024 and 2023, respectively.

(8) As of December 31, 2023 and 2022, the weighted-average duration of the defined benefit plan range were 13.5 years and 13.4 years, respectively. The maturity analysis of pension benefits was as follow:

	December 31, 2023	December 31, 2022
Not later than 1 year	$ 1,006	$ 446
1～2 years	751	1,049
3～5 years	1,911	2,260
Later than 5 years	2,274	2,609
	$ 5,942	$ 6,364

(16) Equity

1. Common stock

	December 31, 2023	December 31, 2022
Stocks authorized	$ 2,500,000	$ 2,500,000
Stocks issued	$ 1,653,104	$ 1,653,104

The movement of the issued capital:

	Number of shares (Thousand shares)	Share capital
Balance on January 1, 2023	165,310	$ 1,653,104
Balance on December 31, 2023	165,310	$ 1,653,104
Balance on January 1, 2022	165,310	$ 1,653,104
Balance on December 31, 2022	165,310	$ 1,653,104

2. Capital surplus

The capital surplus balance of the Company was as follow:

	December 31, 2023	December 31, 2022
The statute barred dividends for the shareholders	$ 935	$ 850

In accordance with the laws, capital surplus from the issuance of stock in excess of par value (including the issuance of common stock in excess of par value, capital premiums from the issuance of stock in connection with mergers, and premiums from the conversion of corporate bonds, etc.) and donated surplus may be used to offset losses or, when the Company is not in deficit, to pay cash dividends or for capitalization. However, the capitalization shall be limited to a certain percentage of the paid-in capital each year. In addition, changes in ownership interests in subsidiaries and changes in net equity in affiliates recognized using the equity method may offset losses, except for those arising from the issuance of restricted stock awards, which cannot be of any use.

3. Retained earnings and dividends policy

	Legal reserve	Special reserve	Unappropriated earnings	Total
Balance on January 1, 2023	$ 80,137	$ 98,923	$ 640,194	$ 819,254
Appropriation of legal reserve	33,629	—	(33,629)	_
Cash dividends	—	—	(165,310)	(165,310)
Net income in 2023	—	—	351,560	351,560
Other comprehensive income in 2023 (Net income after tax)	—	—	(699)	(699)
Balance on December 31, 2023	$ 113,766	$ 98,923	$ 792,116	$ 1,004,805
Balance on January 1, 2022	$ 73,760	$ 98,923	$ 359,875	$ 532,558
Appropriation of legal reserve	6,377	—	(6,377)	_
Cash dividends	—	—	(49,594)	(49,594)
Net income in 2022	—	—	336,445	336,445
Other comprehensive income in 2022 (Net income after tax)	—	—	(155)	(155)
Balance on December 31, 2022	$ 80,137	$ 98,923	$ 640,194	$ 819,254

(1) The Company's Articles of Incorporation stipulate that if there is any surplus in the Company's annual final accounts, it shall first pay taxes and make up for accumulated deficits, then set aside 10% as legal reserve, and then set aside or reverse special reserve in accordance with the Securities and Exchange Act and regulations by competent authorities. The remaining balance, if any, shall be added to the accumulated undistributed earnings of the previous years before distributing dividends to shareholders. The amount of dividends to shareholders shall be appropriated from the accumulated undistributed earnings and shall not be less than 10% of the distributable earnings of the year. The Board of Directors shall prepare a proposal for the distribution of the aforementioned earnings. If the distribution is to be made by issuing new shares, a proposal shall be made to the shareholders' meeting for a resolution to distribute. To distribute dividends and bonuses, in whole or in part, in the form of cash payments, the Company shall authorize the Board of Directors to do so with the presence of at least two-thirds of the directors and the approval of a majority of the directors present, and report to the shareholders' meeting. If there is a reversal of reduction in the aforementioned shareholders' equity, earnings distribution may be made based on the reversed portion. The Company is in a period of business growth. In order to cope with the continuous expansion of business, cash dividends shall not be less than 10% of the total dividends to shareholders.

The Company shall distribute all or part of the legal reserve and capital surplus to shareholders in proportion to their original shares in new shares or cash. In the case of cash distribution, the board of directors is authorized to approve the distribution with the presence of at least two-thirds of the directors and a majority of the directors present, and report to the shareholders' meeting.

(2) In accordance with the Company Act amended in January 2012, legal reserve appropriation shall continue until its total amount reaches the total paid-in capital. Legal reserve may be used to offset losses. If the Company has no deficit, the portion of legal reserve in excess of 25% of the paid-in capital may be distributed in the form of new shares or cash in proportion to the shareholders' original shares.

(3) In accordance with FSC letter Cheng-Fa No. 1090150022, upon the first-time adoption of IFRSs, the Company shall provide a special reserve of the same amount for unrealized revaluation increment and cumulative translation adjustment (gain) under stockholders' equity, which is transferred to retained earnings as a result of the election to apply IFRS 1 exemptions. Subsequently, when the Company uses, disposes of, or reclassifies related assets, it may reverse earnings distribution based on the proportion of the original special reserve. For the years ended December 31, 2023 and 2022, the amount of special reserve recognized for the first time using IFRSs was $98,923 thousand respectively. The Company did not reverse special reserve to unappropriated earnings due to using, disposing of, or reclassifying related assets for the years ended December 31, 2023 and 2022.

(4) The appropriation of earnings for the years 2022 and 2021, items to be acknowledged by the shareholders' meeting were approved at the shareholders' meetings held on June 14, 2023 and June 14, 2022, except for the amount of cash dividends, which as handled in accordance with Paragraph 5, Article 240 of the Company Act. The appropriation of earnings for the years ended December 31, 2022 and 2021 were as follows:

	Year ended December 31, 2022		Year ended December 31, 2021	
	Appropriation of net income	Cash dividends per share (NT$)	Appropriation of net income	Cash dividends per share (NT$)
Legal reserve	$ 33,629	$ —	$ 6,377	$ —
Cash dividends	165,310	1.00	49,594	0.30
Total	$ 198,939		$ 55,971	

(5) The above information regarding the Company's employee and director compensation is available to be seen on the Market Observation Post System, please refer to Note 6(24).

4. Other equity

Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income

	Year ended December 31, 2023	Year ended December 31, 2022
At January 1	$ 52,833	$ 60,902
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	(13,713)	(8,069)
At December 31	$ 39,120	$ 52,833

(17) Earnings per share

	Year ended December 31, 2023	Year ended December 31, 2022
Basic earnings per share	$ 2.13	$ 2.04
Diluted earnings per share	$ 2.12	$ 2.03

1. Basic earnings per share

The calculation of basic earnings per share and the weighted average number of common stocks were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Profit of the Company for the year (in thousands)	$ 351,560	$ 336,445
Weighted-average number of common stocks (thousand shares)	165,310	165,310
Basic earnings per share (dollars)	$ 2.13	$ 2.04

2. Diluted earnings per share

The calculation of diluted earnings per share and the weighted average number of common stocks (in thousands of shares) were as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Profit of the Company for the year (in thousands)	$ 351,560	$ 336,445
The weighted average number of common stocks (thousand shares)	165,310	165,310
Effect of all dilutive potential common stocks (thousand shares)		
Employee share options (thousand shares)	411	531
The weighted average number of common stocks in computation of diluted earnings per share (thousand shares)	165,721	165,841
Diluted earnings per share (dollars)	$ 2.12	$ 2.03

(18) Operating revenue

Details of revenue:

	Year ended December 31, 2023	Year ended December 31, 2022
Auto parts	$ 2,659,523	$ 2,410,336
Processing revenue	43,024	34,728
Operating revenue	2,702,547	2,445,064
Sales returns and allowances	(4,994)	(5,612)
Total	$ 2,697,553	$ 2,439,452

(19) Interest income

	Year ended December 31, 2023	Year ended December 31, 2022
Bank Deposits	$ 5,127	$ 5,800
Other	13,462	7,010
Total	$ 18,589	$ 12,810

(20) Other income

	Year ended December 31, 2023	Year ended December 31, 2022
Dividends	$ 12,570	$ 9,311
Other	3,654	5,361
Total	$ 16,224	$ 14,672

(21) Other gains and losses

	Year ended December 31, 2023	Year ended December 31, 2022
Gain on disposal of property, plant and equipment	$ 5,713	$ 17,303
Gain (loss) on disposal of investments	8	(1)
Foreign exchange gain (loss)	(9,210)	123,951
Gain (loss) on financial assets measured at fair value through profit or loss	477	(511)
Service expense	(1,576)	(2,116)
Other	(263)	(2)
Total	$ (4,851)	$ 138,624

(22) Finance costs

	Year ended December 31, 2023	Year ended December 31, 2022
Interest		
Interest on bank borrowing	$ 29,694	$ 31,176
Interest on lease liabilities	184	78
Total	$ 29,878	$ 31,254

(23) Expected credit losses

	Year ended December 31, 2023	Year ended December 31, 2022
Accounts receivable	$ 1,834	$ 621

(24) Income taxes

1. Income tax recognized in profit or loss

Major components of income tax expense (benefit) are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Current tax		
In respect of the current year	$ 90,437	$ 73,013
Adjustments for prior year	—	2
	90,437	73,015
Deferred tax		
In respect of the current year	(6,263)	8,467
Income tax expenses recognized in profit or loss	$ 84,174	$ 81,482

A reconciliation of accounting profit and income tax expense is as follow:

	Year ended December 31, 2023	Year ended December 31, 2022
Income tax expenses calculated at the statutory rate (20%)	$ 87,147	$ 83,585
Nondeductible expenses in determining taxable income	(2,499)	(1,683)
Unrecognized deductible temporary differences	5,789	(8,889)
Income tax expenses recognized in profit or loss	$ 90,437	$ 73,013

2. Income tax recognized in other comprehensive income

	Year ended December 31, 2023	Year ended December 31, 2022
Remeasurements of defined benefit plan	$ (175)	$ (39)

3. Income tax assets and liabilities

	December 31, 2023	December 31, 2022
Income tax liabilities	$ 88,477	$ 75,782
Current	$ 88,477	$ 75,782

4. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

	Year ended December 31, 2023				
	Balance at January 1, 2023	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Balance at December 31, 2023
Deferred tax assets					
Temporary differences					
Unrealized exchange losses	$ —	$ 4,086	$ —	$ —	$ 4,086
Inventory loss from the falling price	6,107	(874)	—	—	5,233
Actuarial losses on defined benefit plans	325	(325)	—	—	—
Short-term employee benefits	925	95	—	—	1,020
Remeasurement of defined benefit plans	39	(39)	175	—	175
Deferred tax assets	$ 7,396	$ 2,943	$ 175	$ —	$ 10,514
Deferred tax liabilities					
Temporary differences					
Unrealized exchange benefits	$ 3,113	$ (3,113)	$ —	$ —	$ —
Loss on uncollectible accounts	673	(207)	—	—	466
Deferred tax liabilities	$ 3,786	$ (3,320)	$ —	$ —	$ 466

	Year ended December 31, 2022				
	Balance at January 1, 2022	Recognized in profit or loss	Recognized in other comprehensive income	Exchange Differences	Balance at December 31, 2022
Deferred tax assets					
Temporary differences					
Unrealized exchange losses	$ 2,575	$ (2,575)	$ —	$ —	$ —
Inventory loss from the falling price	9,191	(3,084)	—	—	6,107
Actuarial losses on defined benefit plans	502	(177)	—	—	325
Short-term employee benefits	909	16	—	—	925
Remeasurement of defined benefit plans	—	—	39	—	39
Deferred tax assets	$ 13,177	$ (5,820)	$ 39	$ —	$ 7,396
Deferred tax liabilities					
Temporary differences					
Unrealized exchange benefits	$ —	$ 3,113	$ —	$ —	$ 3,113
Loss on uncollectible accounts	717	(44)	—	—	673
Remeasurement of defined benefit plans	422	(422)	—	—	—
Deferred tax liabilities	$ 1,139	$ 2,647	$ —	$ —	$ 3,786

5. Assessment of tax

The Company tax returns for the years through 2021 were assessed by Taipei National Tax Administration.

(25) Additional information of expense by nature

The Company of employee benefit expenses, depreciation and amortization as of December 31, 2023 and 2022 were as follows:

	2023			2022		
	Recognized in cost of revenue	Recognized in operating expenses	Total	Recognized in cost of revenue	Recognized in operating expenses	Total
Employee benefit expenses	$ 221,248	$ 139,132	$ 360,380	$ 214,400	$ 129,514	$ 343,914
Salary and bonus	183,599	107,515	291,114	177,252	100,383	277,635
Labor and Health Insurance	17,536	8,950	26,486	16,646	8,292	24,938
Pension	5,113	3,575	8,688	4,827	3,410	8,237
Board compensation	—	12,713	12,713	—	10,705	10,705
Other employees benefit expenses	15,000	6,379	21,379	15,675	6,724	22,399
Depreciation expense	314,992	25,284	340,276	339,230	23,332	362,562

1. As of the years ended December 31, 2023 and 2022, the Company had 457 and 447 employees, respectively. Furthermore, non-employees directors are both 7 persons.
2. Companies whose stocks are listed on the Taiwan Stock Exchange or listed on the Taipei Exchange should disclose the following information:
   A. The average employee benefit expenses for the years ended December 31, 2023 and 2022 were $773 thousand and $757 thousand, respectively.
   B. The average employee salary expenses for the years ended December 31, 2023 and 2022 were $647 thousand and $631 thousand, respectively.
   C. The change in adjustments of average employee salary expense for the years ended December 31, 2023 and 2022 were 2.54% and 15.57%, respectively.
   D. In accordance with the regulations, the Company established an audit committee to replace the supervisors during June 2022, and the supervisors' remuneration were $0 and $1,853 thousand for the years ended December 31, 2023 and 2022, respectively.
   E. The remuneration policy for directors and managerial officers of the Company is submitted to the Remuneration Committee for review in accordance with the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange". In accordance with the organizational rules of the Company's Remuneration Committee, the performance evaluation and compensation of directors and managers shall be based on usual industry standards, taking into account the time devoted, the responsibilities, the achievement of personal goals, the performance of the individual in other positions, and the compensation offered by the Company to the same position in recent years, as well as the reasonableness of the relationship between individual performance and the Company's operating performance and future risks, as assessed by the achievement of the Company's short-term and long-term business objectives, the Company's financial position, etc. The remuneration policy for employees and directors shall be in accordance with the Company's Articles of Incorporation in the year in

which the Company has a surplus. Remuneration to employees includes salary, various subsidies, special allowances, overtime, bonuses, etc. Salary is based on education and work experience, professional skills and the value of the position held, as well as the salary level of the industry. Bonus payments are subject to the company's annual operating surplus and the achievement of goals set by the department or individual.

3. The Company's Articles of Incorporation provide that not less than one percent of the Company's annual profit shall be appropriated as employee compensation, and not more than three percent of the Company's annual profit shall be appropriated as compensation to directors. However, if the Company still has accumulated losses, it shall first retain the indemnification amount. Subjects of the Company’s employee compensation include employees of controlling or subordinate companies who meet certain criteria. The criteria shall be established by the Board of Directors.
4. The Company’s compensation to employees is estimated on a pro-rata basis based on the net income before tax deducting compensation to employees and directors for the year. Employee compensation is estimated to be \$13,760 thousand and \$13,198 thousand for the years ended December 31, 2023 and 2022, respectively; the compensation to directors is estimated to be \$9,173 thousand and \$8,798 thousand for years 2023 and 2022, respectively. After the end of each year, if there is a significant change in the amount of disbursements resolved by the board of directors before the date of adoption of the annual financial statements, the change shall be adjusted to the annual expense. If there is still a change in the amount after the date of adoption of the annual financial statements, the change is treated as a change in accounting estimate and recorded in the following year.
5. On March 10, 2023, the Board of Directors resolved to approve employee compensation of \$13,198 thousand and director and supervisor compensation of \$8,798 thousand for the fiscal year 2022, which are consistent with the amounts presented in the Company's 2022 financial statements.
6. The above information regarding the Company's employee and director compensation is available on the Market Observation Post System.

(26) Capital management

Based on the characteristics of the industry and the future development of the Company, and taking into account factors such as changes in the external environment, the Company plans its operating capital requirements for the future in order to ensure sustainable operations, to reward its shareholders while taking into account the interests of other stakeholders, and to maintain an optimal capital structure to enhance shareholder value. The Company generally adopts prudent risk management strategies.

(27) Financial instruments

1. The fair value of financial instruments that are not measured at fair value

   The Company's management believes that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values or that their fair values cannot be reliably measured.

2. The fair value of financial instruments that are measured at fair value

   (1) Fair value hierarchy

	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Trust beneficiary certificates	$ 4,320	$ –	$ –	$ 4,320
Financial assets at FVTOCI				
Equity instrument				
Unlisted shares	–	–	105,112	105,112
Total	$ 4,320	$ –	$ 105,112	$ 109,432

	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Non-derivative financial assets				
Trust beneficiary certificates	$ 4,871	$ –	$ –	$ 4,871
Financial assets at FVTOCI				
Equity instrument				
Unlisted shares	–	–	118,825	118,825
Total	$ 4,871	$ –	$ 118,825	$ 123,696

There were no transfers between Level 1 and 2 for the years ended December 31, 2023 and 2022.

(2) Reconciliation of Level 3 fair value measurements of financial instruments.

Financial assets at fair value through other comprehensive income

	Year ended December 31, 2023		Year ended December 31, 2022	
Balance at January 1	$	118,825	$	126,894
Unrealized valuation loss on financial assets at FVTOCI		(13,713)		(8,069)
Balance at December 31	$	105,112	$	118,825

The net loss related to the assets held at level 3 fair value were $13,713 thousand and $8,069 thousand for the years ended December 31, 2023 and 2022, respectively, and is included in "Other comprehensive income" in the individual statements of comprehensive income.

(3) Valuation techniques and inputs applied for Level 2 fair value measurement: none.

(4) Valuation techniques and inputs applied for Level 3 fair value measurement:

Description of significant unobservable inputs to valuation of recurring fair value measurements categorized within Level 3 of the fair value hierarchy is as follow:

(A) Significant unobservable inputs to valuation of recurring fair value measurements:

As of December 31 2023:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income-Stock	Market approach	The ratio of enterprise value to EBIT, the ratio of enterprise value to EBITDA, and the ratio of total enterprise market capitalizatio n to net profit after tax for similar companies.	Ratio of enterprise value to EBIT: (20.93)-18.16 Ratio of enterprise value to EBITDA: 7.28-406.39 Ratio of total corporate market capitalization to net income after tax: (25.76)-17.94	The higher the enterprise value to EBIT ratio, the higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate.	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group’s profit or loss by $11,764 thousand

As of December 31 2022:

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Measured at fair value through other comprehensive income-Stock	Market approach	The ratio of enterprise value to EBITDA and the ratio of total enterprise market capitalization to net profit after tax for similar companies.	Ratio of enterprise value to EBITDA: (32.76)-10.02 Ratio of total corporate market capitalization to net income after tax: (6.8)-13.44	The higher the enterprise value to EBITDA ratio and the higher the total enterprise market capitalization to post-tax net income ratio of similar companies, the higher the fair value estimate.	10% increase (decrease) in the P/E ratio of similar entities would result in increase (decrease) in the Group's profit or loss by $14,799 thousand

(B) Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy:

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices.

The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

3. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial Assets		
Cash and cash equivalents	$ 699,199	$ 699,595
Note receivable	25,552	25,616
Accounts receivable	485,060	407,089
Other receivables	10,862	10,856
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	4,320	4,871
Financial assets at FVTOCI		
Equity instrument	105,112	118,825
Financial assets at amortized cost	2,300	2,300
Guarantee deposits paid	546	526
Total	$ 1,332,951	$ 1,269,678

	December 31, 2023	December 31, 2022
Financial liabilities		
Short-term borrowings	$ 210,000	$ 497,000
Short-term notes and bills payable	—	39,982
Notes payables	36,965	1,578
Accounts payables	397,052	263,995
Other payables	82,321	79,951
Payables on equipment	95,589	79,655
Long-term debt payable (including current portion of long-term borrowings payables)	1,594,955	1,740,813
Total	$ 2,416,882	$ 2,702,974

4. Financial risk management objectives

The Company's financial risk management objective is to manage foreign exchange rate risk, interest rate risk, credit risk and liquidity risk associated with operating activities. To reduce financial risks, the Company is committed to identifying, evaluating and hedging market uncertainties in order to reduce the potential adverse effects of market changes on the Company's financial performance.

The significant financial activities of the Company are reviewed by the Board of Directors in accordance with relevant regulations and the internal control system. While executing its financial plans, the Company must comply with relevant financial operating procedures regarding overall financial risk management and segregation of duties and responsibilities.

5. Market risk

The Company is primarily exposed to market risks such as changes in foreign currency exchange rates and changes in interest rates. It uses certain derivative financial instruments to manage related risks.

(1) Foreign exchange rate risks

The Company's operating activities are primarily conducted in foreign currencies and therefore, foreign currency exchange rate risk arises. To avoid the decrease in the value of foreign-currency assets and fluctuations in future cash flows due to changes in exchange rates, the Company uses time deposits, purchases of bonds with repurchase rights and short-term borrowings to hedge the exchange rate risk. Although this may help the Company to reduce the impact of changes in foreign currency exchange rates, it cannot be completely excluded.

Information on the Company's foreign currency assets and liabilities that are subject to significant exchange rate fluctuations are as follows:

Amount Unit: (in thousands)

	December 31, 2023			December 31, 2022		
	Foreign currency	Exchange rate	NTD	Foreign currency	Exchange rate	NTD
Financial assets						
USD	$ 34,136	30.705	$1,048,159	$ 32,044	30.71	$ 984,057
JPY	12,946	0.2172	2,812	1,186	0.2324	276
Financial liabilities						
USD	626	30.705	19,232	916	30.71	28,133

The sensitivity analysis of foreign currency exchange rate risk is calculated for monetary items denominated in foreign currencies at the end of the financial reporting period. If the New Taiwan dollar strengthens/weakens 10% against the U.S. dollar and the Japanese yen, the Company's profit or loss and equity would increase/decrease by $103,174 thousand and $95,620 thousand as of December 31, 2023 and 2022, respectively.

(2) Interest rate risk

Interest rate risk represents the risk of fluctuations in future cash flows due to changes in market interest rates. The Company's interest rate risk arises mainly from floating-rate bank deposits, fixed-rate bond investments and floating-rate bank loans.

The sensitivity analysis of interest rate risk was calculated based on the change in floating interest rates on floating rate borrowings as of the end of the financial reporting period and was assumed to be held for one quarter. If interest rates increase/decrease by 1%, the Company's profit or loss will increase/decrease by approximately $2,766 thousand and $3,949 thousand as of December 31, 2023 and 2022,, respectively.

6. Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. The Company's concentration of credit risk, arises principally from its accounts receivables of operating activities. Operational credit risk and financial credit risk are separately managed.

(1) Operational credit risk

To maintain the quality of accounts receivable, the Company has established procedures to manage credit risk associated with operations.

The Company requires collateral or other guarantee rights for significant counterparties, thus effectively reducing the Company's credit risk. The Company's management has assigned a dedicated team to be responsible for credit line determination, credit approval and other monitoring procedures to ensure that appropriate actions are taken to collect overdue receivables. In addition, the Company reviews the recoverable amounts of receivables on a case-by-case basis at the balance sheet date to ensure that appropriate impairment losses are recorded for uncollectible receivables. Accordingly, the Company's management believes that the Company's credit risk has been significantly reduced.

(2) Financial credit risk

The credit risk of bank deposits, fixed-income investments and other financial instruments is measured and monitored by the Company's finance department. The Company's counterparties and performance counterparties are creditworthy banks and financial institutions with investment grade or above, companies and government agencies, with no significant doubt about their performance. Therefore, there is no significant credit risk.

7. Liquidity risk

The Company's objectives in managing liquidity risk are to maintain cash and cash equivalents for operations and to have sufficient banking facilities to ensure that the Company has sufficient financial flexibility.

The following table summarizes the analysis of the Company's financial liabilities by maturity date and undiscounted maturity amount over the contractual repayment period:

	December 31, 2023				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 210,000	$ —	$ —	$ —	$ 210,000
Notes payables	36,965	—	—	—	36,965
Accounts payables	397,052	—	—	—	397,052
Other payables	82,321	—	—	—	82,321
Payables on equipment	95,589	—	—	—	95,589
Long-term borrowings	145,857	664,714	163,715	620,669	1,594,955
	$ 967,784	$ 664,714	$ 163,715	$ 620,669	$ 2,416,882

The due date analysis of lease liabilities is as follow:

	Within 1 year	Over 1 year to 5 years
Lease liabilities	$ 5,315	$ 14,601

	December 31, 2022				
	Within 1 year	Over 2 years to 3 years	Over 4 years to 5 years	More than 5 years	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 497,000	$ —	$ —	$ —	$ 497,000
Short-term notes and bills payables	39,982	—	—	—	39,982
Notes payables	1,578	—	—	—	1,578
Accounts payables	263,995	—	—	—	263,995
Other payables	79,951	—	—	—	79,951
Payables on equipment	79,655	—	—	—	79,655
Long-term borrowings	145,857	711,715	180,715	702,526	1,740,813
	$ 1,108,018	$ 711,715	$ 180,715	$ 702,526	$ 2,702,974

The due date analysis of lease liabilities is as follow:

	Within 1 year	Over 1 year to 5 years
Lease liabilities	$ 3,318	$ 1,845

7. TRANSACTIONS WITH RELATED PARTIES

Compensation of board and key management personnel:

	Year ended December 31, 2023	Year ended December 31, 2022
Short-term benefits	$ 30,508	$ 30,891
Post-employment benefits	462	443
Total	$ 30,970	$ 31,334

8. PLEDGED ASSETS

The carrying values of pledge assets were as follows:

Pledge assets	Object	Book value December 31, 2023	Book value December 31, 2022
Property, plant and equipment	Short-term and long-term borrowings	$ 1,280,680	$ 1,304,978
Financial assets measured at amortized costs	Guarantee	2,300	2,300
Total		$ 1,282,980	$ 1,307,278

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

(1) As of 31 December 2023 and 2022, the Company's unused letters of credit is as follow:

	December 31, 2023	December 31, 2022
JPY (in thousands)	$ 93,026	$ 64,477
NTD (in thousands)	$ 35,410	$ 43,068

(2) The amount of capital expenditures not yet incurred for the significant property, plant and equipment purchase and construction contracts entered into by the Company as of December 31, 2023 and 2022 are as follows:

	December 31, 2023	December 31, 2022
Future performance payment amount	$ 3,543	$ 4,200

10. SIGNIFICANT DISASTER LOSS: None;

11. SIGNIFICANT SUBSEQUENT EVENTS: None;

12. OTHERS: None;

13. ADDITIONAL DISCLOSURES

(1) Following are the additional disclosures required by the Securities and Futures Bureau for Gordon:

(2) Information on investees

1) Financings provided to other parties: None;

2) Endorsement and guarantee provided to other parties: None;

3) Marketable securities held at the reporting date: Please refer to table 1 attached;

4) Marketable securities for which accumulated purchase or sale amount exceed $300 million or 20% of the paid-in capital: None;

5) Acquisition of individual real estate exceeds $300 million or 20% of the paid-in capital: None;

6) Disposal of individual real estate exceeds $300 million or 20% of the paid-in capital: None;

7) Total purchases from or sales to related parties which exceed $100 million or 20% of the paid-in capital: None;

8) Receivables from related parties which exceed $100 million or 20% of the paid-in capital: None;

9) Transactions about derivative instruments: Please refer to note 6 (27);

10) Information of investee companies: Please refer to table 2 attached;

(3) Information on investments in mainland China: None;

(4) Information of main shareholders: Please refer to table 3 attached;

14. OPERATING SEGMENT INFORMATION

The Company's operating segment profit or loss is mainly measured by operating profit or loss and is used as the basis for evaluating performance. Besides, the accounting policies used by the operating segments are not materially inconsistent with the summary of significant accounting policies described in Note 4.

GORDON AUTO BODY PARTS CO., LTD.

HOLDING OF MARKETABLE SECURITIES

DECEMBER 31, 2023

Table 1

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor	Marketable securities (Note 1)	Relationship with the securities issuer (Note 2)	General ledger account	December 31, 2023				Note
				Number of shares (In Thousands)	Book value	Ownership (%)	Fair value	
GORDON AUTO BODY PARTS CO., LTD.	Stock－ENSURE-TECH ENTERPRISE CO., LTD	—	Financial assets at fair value through other comprehensive income－non-current	4,655	$ 105,112	23%	22.58	
〃	Fund－TBB-Yuanta New ASEAN Balanced Fund TWD	—	Financial assets at fair value through profit or loss － current	200	1,594	—	7.97	
〃	Fund－FSITC-Global Utilities and Infrastructure Fund TWD Acc	—	Financial assets at fair value through profit or loss － current	50	718	—	14.37	
〃	Fund－TBB- Neuberger Berman Global High Yield Bond Fund T Acc TWD	—	Financial assets at fair value through profit or loss － current	50	525	—	10.49	
〃	Fund－FSITC- Glbl Artificl Intlignc Fd TWD	—	Financial assets at fair value through profit or loss － current	50	908	—	18.16	
〃	Fund－FSITC - PineBridge ESG Quantitative Global Equity Fund A (TWD)	—	Financial assets at fair value through profit or loss － current	50	575	—	11.50	

Note 1: Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 ‘Financial instruments’.

Note 2: The column is left blank if the issuer of marketable securities is a non-related party.

GORDON AUTO BODY PARTS CO., LTD.

INFORMATION OF INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2023

Table 2

(In Thousands of New Taiwan Dollars)

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net loss of the investee for the year ended December 31, 2023	Investment loss recognized by the Company for the year ended December 31, 2023	Note
				Balance as of December 31, 2023	Balance as of December 31, 2022	Number of shares (In Thousands)	Owner ship (%)	Book value			
GORDON AUTO BODY PARTS CO., LTD.	KINGTRIM AUTO PARTS CO., LTD.	Taoyuan	Motor Vehicles and Parts Manufacturing	$ –	$ 800	–	–	$ –	$ (60)	$ (60)	(Note)

Note: On February 24, 2023, the company's board of directors resolved to set February 28, 2023 as the date of dissolution, and the relevant liquidation procedures were completed on July 12, 2023.

GORDON AUTO BODY PARTS CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2023

Table 3

Name of Major Shareholder	Shares	
	Number of Shares (In Thousands)	Ownership Percentage (%)
Jian Chun Fang	12,536	7.58%
Mao Yuan Li	12,236	7.40%

Note 1: The major shareholders information was from the data of the Company issued common shares (including treasury shares) and preference shares in dematerialized form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.
The share capital which was recorded in the financial statements may differ from the actual number of shares issued in dematerialized form because of a different calculation basis.

Note 2: If the aforementioned data contains shares which were kept at the trust by the shareholders, the data disclosed was settlor’s separate account for the fund set by the trustee. As for the shareholder who reports share equity as an insider whose shareholding ratio is greater than 10% in accordance with Securities and Exchange Act, the shareholding ratio including the self-owned shares and trusted shares, at the same time, persons who have power to decide how to allocate the trust assets.
For the information of reported share equity of insider, please refer to Market Observation Post System.

(VI)、If the company or its affiliates have experienced financial difficulties in the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report：None 。

VII、The company shall review and analyze its financial position and financial performance, and shall assess its risks

(I)、Financial position

Financial Situation Comparative Analysis Form

Unit: NT$Thousand

Item \ Year	2023	2022	Difference Amount	Difference %
Current Assets	1,951,550	2,020,737	-69,187	-3.42%
Fixed Assets	3,380,552	3,411,166	-30,614	-0.90%
Other Assets	5,332,102	5,431,903	-99,801	-1.84%
Total Assets	1,083,039	1,213,400	-130,361	-10.74%
Current Liabilities	1,551,099	1,692,462	-141,363	-8.35%
Long-term Liabilities	2,634,138	2,905,862	-271,724	-9.35%
Total Liabilities	1,653,104	1,653,104	0	0.00%
Capital stock	935	850	85	10.00%
Capital surplus	1,004,805	819,254	185,551	22.65%
Retained Earnings	39,120	52,833	-13,713	-25.96%
Other Adjustments	-	-	-	-
Total Stockholders' Equity	2,697,964	2,526,041	171,923	6.81%

Note: Analysis of changes in financial ratios: beyond 20% :
1.Retained earnings: Mainly due to an increase of NT$151,922 thousand undistributed earnings compared with last year.
2.Other Adjustments: Mainly due to the decrease in unrealized benefits of equity instruments measured at fair value through other comprehensive gains and losses of NT$13,713 thousand compared with last year.

(II)、Financial performance

Unit: NT$Thousand

Item	2023	2023	Difference	%
Net Sales	2,697,553	2,439,452	258,101	10.58%
Cost of Sales	1,968,591	1,883,014	85,577	4.54%
Gross Profit	728,962	556,438	172,524	31.01%
Operating Expenses	293,312	273,363	19,949	7.30%
Operating Income	435,650	283,075	152,575	53.90%
Non-operating Income and Gains and Losses	84	134,852	-134,768	-99.94%
Income Before Tax	435,734	417,927	17,807	4.26%
Tax Benefit (Expense)	-84,174	-81,482	-2,692	3.30%
Cumulative Effect of Change in Accounting Principles	351,560	336,445	15,115	4.49%

Note：Analysis of changes in financial ratios beyond 20% :
1. Gross Profit: Operating gross profit: Mainly due to an increase of NT$258,101 thousand in operating income compared with last year.
2. Net operating profit (loss): Mainly due to an increase of NT$258,101 thousand yuan in operating income compared with last year.
3. Non-operating income and expenses: Mainly due to a decrease of NT$133,161 thousand yuan in foreign currency exchange income compared with last year.
.

(III)、Cash Flow

A、Liquidity analysis for the last two years

Year	Dec. 31, 2023	Dec. 31, 2022	%
cash flow ratio	83.93%	56.21%	49.31%
Cash Flow Allowance Ratio	104.73%	79.52%	31.70%
cash reinvestment ratio	6.58%	5.72%	15.03%
Note： Analysis of changes in financial ratios beyond 20% : 1. 1. Cash flow ratio: mainly due to the increase of NT$226,910 thousand in net cash flow from operating activities compared with last year. 2. Cash flow adequacy ratio: Mainly due to Mainly due to the increase ofNT $ 444,787 thousand yuan in net cash flow from operating activities in the past five years compared with last year.			

B、**Cash Flow Analysis for the Current Year**

Cash and Cash Equivalents, Beginning of Year (1)	Net Cash Flow from Operating Activities (2)	Cash Outflow (3)	Cash Surplus (Deficit) (1)+(2)-(3)	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
699, 199	491, 796	313, 172	877, 823	-	-
(A). Analysis of cash flow changes in this year: no significant difference. (B). Remedial measures and liquidity analysis of estimated cash shortage: no shortage.					

(IV)、The annual report shall describe the effect upon financial operations of any major capital expenditures during the most recent fiscal year

Unit: NT$Thousand

Project	Actual or Planned Source of Capital	Actual or Planned Date of Completion	Total Capital	Actual or Expected Capital Expenditure	
				2023	2024
Mold Equipment	Operating Income Increased	Purchases Every Year	228, 730	228, 730	–
Mold Equipment	Operating Income Increased	Purchases Every Year	260, 000	–	260, 000
Machinery and equipment	operating income	before the end of 2024	90, 000	–	90, 000

1. Expected increase in production and sales, value and gross profit

Unit: NT$Thousand

Year	Item	Quantity of Production	Quantity of Sales	Amount of Sales	Gross Profit
2024	Auto sheet metal parts	180	180	324,000	81,000
2025	Auto sheet metal parts	180	180	324,000	81,000
2026	Auto sheet metal parts	180	180	324,000	81,000
2027	Auto sheet metal parts	180	180	324,000	81,000
2028	Auto sheet metal parts	180	180	324,000	81,000

2. Other benefits (such as product quality, pollution prevention, cost reduction, etc.): None.

(V)、The annual report shall describe the company's reinvestment policy for the most recent fiscal year: Due to business operation needs, the company reinvested and established KINGTRIM AUTO (Shares) Company, which is 100% funded by the company. The capital of KINGTRIM AUTO s (Shares) is NT$800,000, and the profit and loss (after tax) in 2023 years is NT$ -60 thousand . On February 24, 2023, the board of directors of KINGTRIM AUTO decided to set February 28, 2023 as the dissolution date, and it was liquidated by the court on July 12, 2023.

(VI)、The section on risks

A. The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future

(A)、Interest rate: Interest rate risk refers to the risk of future cash flow fluctuations due to changes in market interest rates. The interest rate risk of the consolidated company mainly comes from floating rate bank deposits, fixed rate bond investments and floating rate bank loans.

(B)、Foreign exchange rates: The operating activities of the merged company are mainly conducted in foreign currencies, so foreign currency exchange rate risks arise. In order to avoid the decrease in the value of foreign currency assets and the fluctuation of future cash flow due to exchange rate changes, the merged company uses foreign currency time deposits, purchases of repo bonds and short-term loans to avoid exchange rate risks. Although it can help the merged company to reduce, but still can not completely eliminate the impact of foreign currency exchange rate changes.

(C)、Inflation: The company continues to carry out management improvement actions, and regularly analyzes the impact of inflation on the company, and responds appropriately in the quotation in a timely manner.

B、The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future：The company have not engaged in high-risk investments, and all investments have been carefully evaluated and executed. There is no loan of funds to others or endorsement guarantees. The operation of derivatives is mainly for hedging, and all operations have been carefully executed considering the risk situation.

C、 Research and development work to be carried out in the future, and further expenditures expected for research and development work。

The company has the most advanced production equipment, and has a strong R & D team that can quickly develop products according to market demand. It has established a good quality image in the industry and is favored by European and American customers. About 0.15%~0.25% of the total turnover of research and development expenses, and actively expand the AM (automotive after-sales service) parts market.

D、Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response：The company pays attention to important policy and legal changes at home and abroad. From the most recent year to the publication date of the annual report, the important domestic and foreign policy and legal changes have no significant impact on the company's financial business.

E、Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response：The company continues to invest in capital equipment to ensure long-term growth potential and competitive advantages, pays more attention to information security management, and expects to grasp industry changes to ensure market competitive advantages and financial business development continuity.

F、The Impact of Changes in Corporate Image on Corporate Risk Management, and the Company’s Response Measures：None。

G、Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans：None。

H、Expected Benefits from, Risks Relating to and Response to Factory Expansion Plans：

(A)、Expected benefits: Expand production scale and product line, increase operating scale, improve customer service and expand market share. For details, see the impact of major capital expenditures on financial business in the most recent year.

(B)、Possible risks: changes in the global economy.

(C)、Response measures: Closely observe customer terminal needs.

I、Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration：None。

J、Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors, Supervisors, or Shareholders with Shareholdings of over 10%：None。

K、Effects of, Risks Relating to and Response to the Changes in Management Rights：None。

L. Litigation or Non-litigation Matters: List major litigious, non-litigious or administrative disputes that: (1) involve the company and/or any company director, any company supervisor, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappealable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report：None

M. Other important risks, and mitigation measures being or to be taken.：In the face of the uncertainty of regional conflict etc., the company will continue to uphold the consistent concept of "quality, technology, innovation and customer service" to continue to provide customers with the best service and For products, if the epidemic slows down and the container transportation capacity recovers, customers' delayed orders will gradually return to normal levels.

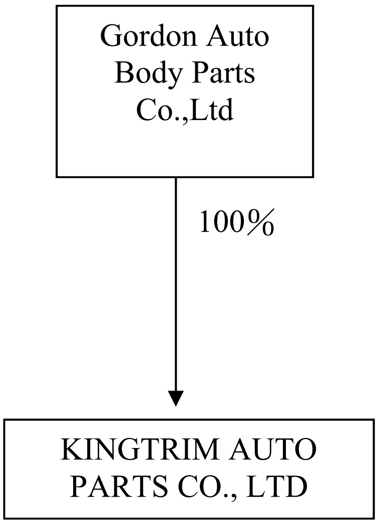
(VII)、Other important matters.：**None**。

VIII、Special items

(I)、information related to the company's affiliates:

A、 Summary of Affiliated Companies

(A). Relationship Enterprise Organization Chart



(B)、Basic information of each affiliated enterprise

Unit: NT$Thousand

Item	Issue Date:	Address	Paid-in capital	Main business items
KINGTRIM AUTO PARTS CO., LTD.	July 29,2014	10F., No. 37, Ln. 7, Changchun Rd., Luzhu Dist., Tao City , Taiwan (R.O.C.)	800	General trading business

(C)、Information on the same shareholders who are presumed to have control and subordination: None.

(D)、The business relationship among affiliated companies and the overall coverage of related companies: The main industries covered by the company are the manufacture and sale of auto parts and their molds and fixtures, and the related companies are engaged in general trading.

(E)、Names of the directors, supervisors and general manager of the affiliated company and their shareholding in the company:

Company name	Job title	Name	Shares held Shares	%
KINGTRIM AUTO PARTS CO., LTD	chairman	Representative of Gordon Auto Body Parts Co., Ltd.： Mao Yuan Li	80,000 shares	100%
	director	Representative of Gordon Auto Body Parts Co., Ltd.：RuiWang	80,000 shares	100%
	director	Representative of Gordon Auto Body Parts Co., Ltd.：Zhonglian Lin	80,000 shares	100%
	Supervisor	Representative of Gordon Auto Body Parts Co., Ltd.：Jianrong Chen	80,000 shares	100%

(F)、KINGTRIM AUTO Co., Ltd., a subsidiary of the company's reinvestment, handles company dissolution and liquidation and other related matters: for business considerations, it handles company dissolution and liquidation and other related matters. The resolution was passed on February 24, 2023 and February 28, 2023 was set as the date of dissolution. And it was liquidated by the court on July 12, 2023.KINGTRIM AUTO Co., Ltd. is a company organized by one "legal person shareholder". The functions and powers are exercised by the board of directors, and this dissolution has no significant impact on the company's finances and business.

B. Affiliated Enterprise Operation Overview

Unit: NT$Thousand EPS：NT$

Name	Capital	Total assets	Total liabilities	Net Value	Sales	Operating income	Net income (after tax)	Earing per share (after tax)
KINGTRIM AUTO PARTS CO., LTD	NA	NA	NA	NA	0	-60	-60	NA

Note: The resolution was passed on February 24, 2023 and February 28, 2023 was set as the date of dissolution. And it was liquidated by the court on July 12, 2023.

C. the report of the company's affiliates

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Gordon Auto Body Parts Co., Ltd. as of and for the year ended December 31, 2023, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Gordon Auto Body Parts Co., Ltd. and Subsidiaries do not prepare a separate set of combined financial statements.

Company name: GORDON AUTO BODY PARTS CO., LTD.

Chairman: Mao Yuan Li

Date: March 8, 2024

(II)、Where the company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual repor：None。

(III)、Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report：None。

(IV)、Other matters that require additional description：None。

(V)、If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report：None。

GORDON AUTO BODY PARTS CO., LTD.

Chairman: Mao Yuan Li