MACAUTO INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022 AND 2021

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

MACAUTO INDUSTRIAL CO., LTD. AND SUBSIDIARIES

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2022, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the companies that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards 10 “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. As a result, Macauto Industrial Co., Ltd. and subsidiaries are not required to prepare consolidated financial statements of affiliates.

Hereby declare

MACAUTO INDUSTRIAL CO., LTD

Lin Chou, Yu-Shan
Chairman

March 22, 2023

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Stockholders of Macauto Industrial Co., Ltd.:

Opinion

We have audited the accompanying consolidated balance sheets of Macauto Industrial Co., Ltd. and subsidiaries (the "Group") as of December 31, 2022 and 2021, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2022 and 2021, 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group's 2022 parent company only financial statements. These matters have been addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters of the Group's 2022 consolidated financial statements are stated as follows:

Valuation of inventories

Description

Refer to Note 4(9) for accounting policy on inventory valuation, Note 5(2) for uncertainty of accounting estimates and assumptions in relation to inventory valuation,and Note 6(4) for disclosures of inventory and allowance for inventory market price decline. As of December 31, 2022, the inventories and allowance for inventory valuation losses amounted NT$1,134,864 thousand and NT$61,131 thousand, respectively.

The Group's main business is the manufacture and sale of various Automobile Sun Shade and other related products. These inventories will be affected by factors such as market demand and styles of different vehicle types. Therefore, there is a certain risk of inventory impairment. The Group measures its inventories at the lower of cost and net realizable value. The net realizable value of the Group's inventories aged over a certain period is calculated based on the historical extent of inventory clearance and degree of price markdown.

The allowance for valuation loss mainly arises from individually identified obsolete inventories, and the procedures of such identification involves subjective judgment, which might result in high degree of estimation uncertainty. Considering that the Group's inventory and the allowance for inventory valuation losses are material to the financial statements, we considered the allowance for inventory valuation loss as one of the key audit matters.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Assessed the reasonableness of policies and procedures in relation to the provision of allowance for inventory valuation losses based on the accounting principles and our understanding of the nature of the business and the industry.
2. Obtained an understanding of the warehouse management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.

3. We selected samples from inventory items by each sequence number to verify its net realizable value and to evaluate the reasonableness of allowance for inventory valuation loss.
4. Sampled the calculation of net realisable value of individual inventories and compared with the recorded amounts.

Existence of sales revenue from auto sun shades for export

Description

Refer to Note 4(26) for accounting policy on revenue recognition and Note 6(19) for accounting items on revenue.

The Group's main source of revenue is the manufacturing and sales of related products such as auto sun shades, and is primarily focused on exports. Since the customers are numerous and located in different countries, and the number of transactions is voluminous, it takes longer time to verify the existence of sales revenue. Thus, we considered the existence of sales revenue from auto sun shades for export as one of the key audit matters for this year's audit.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Evaluate the internal control system designed and implemented by the management for customer credit checks, review the documents related to transaction partners and credit assessments, and ensure that they have been properly approved
2. Verify the basic information of significant sales partners and analyze the sales amounts and trends of two periods to assess the reasonableness of their sales amounts and nature.
3. Performed a series verification sample test for the sales revenue transactions of the year, including vouching customers' orders, shipping orders, export declaration documents, customer receipt records and sales invoices or subsequent receipts, to confirm whether the sales revenue transactions really occurred

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion with other matter paragraph on the consolidated financial statements of Macauto Industrial Co., Ltd. as at and for the years ended December 31, 2022 and 2021.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the 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 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to

those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 presentation, 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 presentation.
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. We remain solely responsible for our audit opinion.

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

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

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

Lin Yung-Chih

Independent Accountants

Yeh, Fang-Ting

PricewaterhouseCoopers, Taiwan
Republic of China
March 22, 2023

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation..

Macauto Industrial Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2022 and December 31, 2021

Unit: NT$ Thousand

	Assets	Note	December 31 2022 Amount	%	December 31 2021 Amount	%
	Current Assets:					
1100	Cash and cash equivalents	6(1)	$ 1,430,531	25	$ 1,237,691	23
1136	Financial assets measured at amortized cost - current	6(1)(2)	154,280	3	152,040	3
1150	Notes receivable,net	6(3) and 8	76,665	1	73,250	2
1170	Accounts receivable,net	6(3) and 12	1,044,534	19	815,524	15
1200	Other receivables		35,530	1	29,638	1
130X	Inventory	5(2) and 6(4)	1,073,733	19	1,190,198	22
1410	Prepayments	6(5)	120,646	2	122,972	2
11XX	**Total current assets**		3,935,919	70	3,621,313	68
	Non-current assets:					
1535	Financial assets measured at amortized cost - non-current	6(1)(2)	44,080	1	43,440	1
1600	Property, plant and equipment	6(7) and 8	1,342,931	24	1,379,072	26
1755	Right-of-use assets	6(8)	67,386	1	71,359	1
1760	Net investment properties	6(9)	81,482	1	81,482	2
1780	Intangible assets	6(10)	14,208	-	18,832	-
1840	Deferred income tax assets	6(26)	109,410	2	97,922	2
1915	Prepayments for equipment	6(7)	41,695	1	16,967	-
1920	Guarantee deposits paid	6(1) and 8	8,857	-	9,286	-
1990	Other non-current assets - other		15,409	-	13,644	-
15XX	**Total non-current assets**		1,725,458	30	1,732,004	32
1XXX	**Total assets**		$ 5,661,377	100	$ 5,353,317	100

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Macauto Industrial Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
As of December 31, 2022 and December 31, 2021

Unit: NT$ Thousand

	Liabilities and Equity	Note	December 31 2022 Amount	%	December 31 2021 Amount	%
	Current Liabilities					
2100	Short-term borrowings	6(11)	$ 200,000	3	$ 219,376	4
2130	Current contract liabilities	6(19)	45,061	1	27,089	1
2150	Notes payable		19,262	-	54,084	1
2170	Accounts payable		767,777	14	636,355	12
2200	Other payables	6(12)	442,775	8	469,283	9
2230	Current income tax liabilities		120,812	2	121,175	2
2250	Provisions-current	6(13)	155,255	3	129,172	2
2280	Lease liabilities-current	6(8)	16,378	-	16,614	-
2320	Long-term liabilities, current portion	6(14) and 8	87,341	1	85,776	2
2365	Refund liabilities-current		145,149	3	121,402	2
21XX	**Total current liabilities**		1,999,810	35	1,880,326	35
	Non-current Liabilities					
2540	Long-term borrowings	6(14) and 8	114,139	2	195,385	4
2570	Deferred income tax liabilities	6(26)	7,969	-	7,383	-
2580	Lease liabilities-non-current	6(8)	47,999	1	45,068	1
2640	Net defined benefit liabilities-non-current	6(15)	114,250	2	116,446	2
2645	Guarantee deposits received		2,875	-	-	-
25XX	**Total non-current liabilities**		287,232	5	364,282	7
2XXX	**Total liabilities**		2,287,042	40	2,244,608	42
	Equity					
	Share capital					
3110	Common stock	6(16)	749,000	13	749,000	14
3200	Capital surplus	6(17)	3,082	-	3,082	-
	Retained earnings	6(18)				
3310	Legal reserve		607,420	11	566,874	11
3320	Special reserve		184,213	3	139,134	3
3350	Unappropriated retained earnings		1,910,264	34	1,834,832	34
3400	Other equity		(79,644)	(1)	(184,213)	(4)
3XXX	**Total equity**		3,374,335	60	3,108,709	58
	Significant liabilities and commitments not recognized	9				
3X2X	**Total liabilities and equity**		$ 5,661,377	100	$ 5,353,317	100

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

Macauto Industrial Co., Ltd.and Subsidiaries

Consolidated Statement of Comprehensive Income

Unit: NT$ Thousand

(except for earnings per share in New Taiwan Dollars)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
4000	Operating revenue	6(19)	$ 4,850,034	100	$ 4,773,043	100
5000	Operating costs	6(4)(10)	(3,606,645)	(74)	(3,413,223)	(71)
5900	Net operating margin	(15)(24)	1,243,389	26	1,359,820	29
	Operating Expenses	6(10)(15)(24) and 7				
6100	Selling Expenses		(405,021)	(8)	(445,787)	(9)
6200	Administrative Expenses		(247,455)	(5)	(230,379)	(5)
6300	Research and Development Expenses		(178,064)	(4)	(175,179)	(4)
6450	Expected Credit Losses	12(2)	(297)	-	(1,226)	-
6000	Total Operating Expenses		(830,837)	(17)	(852,571)	(18)
6900	Operating Income		412,552	9	507,249	11
	Non-Operating Income and Expenses					
7100	Interest Income	6(2)(20)	12,755	-	8,157	-
7010	Other Income	6(21)	9,259	-	10,939	-
7020	Other Gains and Losses	6(6)(22) and 12	66,456	1	(29,328)	-
7050	Financial Costs	6(8)(23)	(5,926)	-	(3,429)	-
7060	Share of Profit or Loss of Associates and Joint Ventures Accounted for Using the Equity Method	6(6)	-	-	(43)	-
7000	Total Non-Operating Income and Expenses		82,544	1	(13,704)	-
7900	**Profit before income tax**		495,096	10	493,545	11
7950	Income Tax Expense	6(26)	(83,124)	(1)	(94,111)	(2)
8200	**Net Profit for the Period**		$ 411,972	9	$ 399,434	9
	Other comprehensive income (loss)					
8311	Remeasurement of Defined Benefit Plans	6(15)	($ 4,681)	-	$ 7,533	-

(Continued)

Macauto Industrial Co., Ltd.and Subsidiaries

Consolidated Statement of Comprehensive Income

Unit: NT$ Thousand

(except for earnings per share in New Taiwan Dollars)

	Item	Note	2022 Amount	2022 %	2021 Amount	2021 %
8349	Income Tax Related to Items That Will Not Be Re-Classified to Profit or Loss	6(26)	$ 936	-	($ 1,507)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Exchange Differences on Translation of Foreign Operations		104,569	2	(45,079)	(1)
8300	**Other comprehensive income (loss) for the year**		$ 100,824	2	($ 39,053)	(1)
8500	**Total Comprehensive Income for the Period**		$ 512,796	11	$ 360,381	8
	Net Profit Attributable to:					
8610	Owners of the Parent Company		$ 411,972	9	$ 399,434	9
	Total Comprehensive Income Attributable to:					
8710	Owners of the Parent Company		$ 512,796	11	$ 360,381	8
	Earnings per share (in dollars)	6(27)				
9750	Basic		$ 5.50		$ 5.33	
9850	Diluted		$ 5.47		$ 5.31	

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

Macauto Industrial Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity

Unit: NT$ Thousand

	Note	Equity attributable to owners of the parent						Total
			Capital surplus	Retained Earnings			Other equity	
		Share capital - common stock	Treasury Stock Transaction	Legal reserve	Special reserve	Unappropriated Retained Earnings	Financial statements translation differences of foreign operations	
2021								
Balance as of January 1, 2021		$ 749,000	$ 3,082	$ 515,632	$ 117,244	$ 1,854,534	($ 139,134)	$ 3,100,358
Net profit for the year 2021		-	-	-	-	399,434	-	399,434
Other comprehensive income (loss) for the year 2021		-	-	-	-	6,026	(45,079)	(39,053)
Total comprehensive income (loss) for the year 2021		-	-	-	-	405,460	(45,079)	360,381
Distribution of 2020 net income:								
Legal reserve		-	-	51,242	-	(51,242)	-	-
Special reserve		-	-	-	21,890	(21,890)	-	-
Cash dividends	6(18)	-	-	-	-	(352,030)	-	(352,030)
Balance as of December 31, 2021		$ 749,000	$ 3,082	$ 566,874	$ 139,134	$ 1,834,832	($ 184,213)	$ 3,108,709

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Macauto Industrial Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity

Unit: NT$ Thousand

		Equity attributable to owners of the parent						
			Capital surplus	Retained Earnings			Other equity	
	Note	Share capital - common stock	Treasury Stock Transaction	Legal reserve	Special reserve	Unappropriated Retained Earnings	Financial statements translation differences of foreign operations	Total
2022								
Balance as of January 1, 2022		$ 749,000	$ 3,082	$ 566,874	$ 139,134	$ 1,834,832	($ 184,213)	$ 3,108,709
Net profit for the year 2022		-	-	-	-	411,972	-	411,972
Other comprehensive income (loss) for the year 2022		-	-	-	-	(3,745)	104,569	100,824
Total comprehensive income for the year 2022		-	-	-	-	408,227	104,569	512,796
Distribution of 2021 net income:								
Legal reserve		-	-	40,546	-	(40,546)	-	-
Special reserve		-	-	-	45,079	(45,079)	-	-
Cash dividends	6(18)	-	-	-	-	(247,170)	-	(247,170)
Balance as of December 31, 2022		$ 749,000	$ 3,082	$ 607,420	$ 184,213	$ 1,910,264	($ 79,644)	$ 3,374,335

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

Macauto Industrial Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows

Unit: NT$ Thousand

	Note	2022	2021
Cash flows from operating activities:			
Profit before tax for the period		$ 495,096	$ 493,545
Adjustments:			
Items of income and expense:			
Expected credit losses	12(2)	297	1,226
Provision (reversal of allowance) for inventory market price decline	6(4)	(112)	13,467
Share of profit or loss of associates and joint ventures accounted for using equity method	6(6)	-	43
Gain on disposal of investment accounted for using equity method	6(6)(22)	-	(1)
Depreciation expenses	6(7)(8)(24)	131,939	137,049
Net gain on disposal of property, plant and equipment	6(22)	(179)	(271)
Gain on lease modifications	6(8)(22)	(32)	(72)
Property, plant and equipment transferred to expenses	6(7)	10	-
Amortization expenses	6(10)(24)	4,267	7,553
Loss on disposal of intangible assets (included in "Research and development expenses")	6(10)	1,697	858
Provision for liabilities	6(13)	47,080	54,167
Interest income	6(20)	(12,755)	(8,157)
Interest expenses	6(23)	5,926	3,429
Changes in assets/liabilities related to operating activities:			
Net changes in assets related to operating activities:			
Notes receivable		(3,415)	(9,924)
Accounts receivable		(229,337)	186,969
Other receivables		(5,358)	8,324
Inventory		114,307	(198,882)
Prepayments		1,544	(5,359)
Net changes in liabilities related to operating activities:			
Current contract liabilities		17,972	8,709
Notes payable		(34,822)	43,660
Accounts payable		131,422	(75,872)
Other payables		(26,541)	52,182
Current provision for liabilities	6(13)	(22,531)	(25,606)
Refundable deposits - current		23,747	39,952
Non-current net defined benefit liabilities		(6,877)	(6,584)
Cash inflows from operating activities:		633,345	720,405
Interest received		12,221	8,169
Interest paid		(4,382)	(3,511)
Income tax paid		(93,453)	(109,179)
Net cash inflow from operating activities:		547,731	615,884

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Macauto Industrial Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows

Unit: NT$ Thousand

	Note	2022	2021
Cash Flows from Investing Activities			
Increase in financial assets measured at amortized cost - current		($ 2,240)	($ 85,173)
Increase in financial assets measured at amortized cost - non-current		(640)	(43,440)
Proceeds from disposal of investments accounted for using the equity method - non-subsidiary	6(6)	-	3,489
Cash paid for the purchase of property, plant and equipment	6(28)	(18,669)	(30,237)
Proceeds from disposal of property, plant and equipment		179	851
Acquisition of intangible assets	6(10)	(129)	(406)
Increase in prepayments for property, plant and equipment		(32,320)	(20,508)
Decrease (increase) in guarantee deposits paid		429	(1,624)
Increase in other non-current assets - other		(1,765)	(62)
Net cash outflows from investing activities		(55,155)	(177,110)
Cash Flows from Financing Activities			
Decrease in short-term borrowings	6(29)	(19,376)	(560)
Principal payments under lease liabilities	6(29)	(20,441)	(17,688)
Proceeds from long-term borrowings	6(29)	-	70,274
Repayment of long-term borrowings	6(29)	(82,703)	(120,076)
Increase in guarantee deposits received	6(29)	2,875	-
Cash dividends paid	6(18)	(247,170)	(352,030)
Net cash outflows from financing activities		(366,815)	(420,080)
Effect of exchange rate changes on cash and cash equivalents		67,079	(23,869)
Net increase (decrease) in cash and cash equivalents for the period		$ 192,840	($ 5,175)
Cash and cash equivalents at the beginning of the period	6(1)	1,237,691	1,242,866
Cash and cash equivalents at the end of the period	6(1)	$ 1,430,531	$ 1,237,691

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

MACAUTO INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

I. HISTORY AND ORGANIZATION

(1) Macauto Industrial Co., Ltd. (“the Company”) was established on July 25, 1983 in accordance with the provisions of the Company Act of the Republic of China. The main business items of the Company and its subsidiaries (“the Group”) are the manufacture and processing of various Automobile Sun Shade, auto parts, lawn mowers, etc., as well as the manufacture of molds and hand tools.

(2) The common shares of the Company have been listed on the Taiwan Stock Exchange since December 2003.

II. THE DATE OF AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIALSTATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 22, 2023.

III. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments endorsed by the FSC and became effective from 2022 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 3,‘Reference to the conceptual framework’	January 1, 2022
Amendments to IAS 16,‘Property, plant and equipment: proceeds before intended use’	January 1, 2022
Amendments to IAS 37,‘Onerous contracts-cost of fulfilling a contract’	January 1, 2022
Annual improvements to IFRS Standards 2018-2020	January 1, 2022

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

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023

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

(3) IFRSs issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9- comparative information’	January 1, 2023
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024

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

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group 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 Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

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

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the noncontrolling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. 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.

(e) When the Group loses control of a subsidiary, the Group measures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investors	Nane of Subsidiaries	Business activities	Percentage owned by the Group December 31, 2022	December 31, 2021	Note
MACAUTO INDUSTRIAL CO., LTD.	CRACK MYTHOLOGY INTERNATIONAL LTD.	Professional investment	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MACAUTO USA, INC.	Automobile Sun Shade	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MACAUTO HOLDINGS LLC	Professional investment	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MACAUTO GROUP GmbH	Automobile Sun Shade	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MACAUTO MEXICO, S.A. DE C.V.	Automobile Sun Shade	100	100	—
MACAUTO INDUSTRIAL CO., LTD.	MARTINGALE TRANS-NATIONAL CO.,LTD.	Automobile Sun Shade	-	100	(Note 1)
CRACK MYTHOLOGY INTERNATIONAL LTD.	KUNSHAN MACAUTO AUTOMOBILE PARTS INDUSTRY CO., LTD.	Automobile Sun Shade	100	100	—
MACAUTO HOLDINGS LLC	HEDGE TRADING LTD.	Automobile Sun Shade	-	100	(Note 2)
KUNSHAN MACAUTO AUTOMOBILE PARTS INDUSTRY CO., LTD..	KUNSHAN MACAUTO AUTOMOBILE PARTS SALES CO., LTD.	Automobile Sun Shade and associated parts sales, etc.	100	100	—

(Note 1) Liquidated in March 2022.

(Note 2) Liquidated in October 2022.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries with non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

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

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognized in other comprehensive income.

(b) Foreign exchange gains and losses resulting from net investments in foreign operations, long-term loans for investments and other monetary instruments designated as investment hedges are recognized in other comprehensive income.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(5) <u>Classification criteria for distinguishing assets and liabilities into current and non-current</u>

A. Assets that meet one of the following conditions are classified as current assets:

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

(b) Assets held mainly for trading purposes;

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

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

The Group classifies all assets that do not meet the above criteria as non-current.

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

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

(b) Liabilities arising mainly from trading activities;

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

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

The Group classifies all liabilities that do not meet the above criteria as non-current.

(6) Cash equivalents

A. Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.

B. Time deposits and short-term financial instruments that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets measured at amortized cost

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

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

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

B. The Group holds time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial. In addition, the Group's cash and cash equivalents pledged to others are consistent with the definition of financial assets at amortized cost, and expressed in "Guarantee deposits paid".

(8) Accounts and notes receivable

A. Accounts and notes receivable entitled the Group a legal right to receive consideration in exchange for transferred goods.

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

(9) Inventories

Cost is determined using the weighted-average method. The cost of finished goods and work in progress include raw materials, direct labor, other direct costs, and production-related overheads (allocated based on normal operating capacity). It excludes borrowing costs. Inventories are stated at the lower of cost and net realizable value. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and the estimated costs necessary to make the sale. When the cost of inventories exceeds the net realizable value, the amount of any write-down of inventories is recognized as cost of sales during the period; and the amount of any reversal of inventory write-down is recognized as a reduction in cost of sales during the period.

(10) Investments accounted for using equity method – associates

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

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

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

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

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

(11) Impairment of financial assets

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

(12) Derecognition of financial assets

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

(13) Property, plant and equipment

A. Aside from those assets which had been revaluated, property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.

B. Subsequent costs are included in the asset’s carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Except for land, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it is depreciated separately.

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

Assets	Useful lives
Buildings	3 – 46 years
Machinery and equipment	2 – 11 years
Utilities equipment	7 – 11 years
Transportation equipment	4 – 6 years
Office equipment	3 – 6 years
Other equipment	2 – 10 years

(14) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

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

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

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

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

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made on or before the commencement date; and

(c) Any initial direct costs incurred.

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

D. For lease modifications that reduce the scope of the lease, the lessee will reduce the carrying amount of the right-of-use asset to reflect partial or full termination of the lease; the difference between this and the remeasured amount of the lease liability is recognized in profit or loss.

(16) Intangible assets

A. Trademarks and patents

Separately acquired corporate identification system trademark rights and product patent rights are stated at historical cost. Trademarks and patents have a finite useful life and are amortized on a straight-line basis over their estimated useful lives of 5 to 23 years.

B. Computer software

Computer software is stated at cost and amortized on a straight-line basis over its estimated useful life of 3 to 5 years.

(17) Impairment of non-financial assets

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

(18) Borrowings

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

(19) Accounts and notes payable

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

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

(20) Derecognition of financial liabilities

Financial liability is derecognized when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(21) Provisions

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

(22) Employee welfare

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid and are recognized as expenses when the employees render service.

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisor's remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employees' compensation is distributed by shares, the Group calculates the number of shares based on the closing market price at the previous day of the board meeting resolution.

(23) Income taxes

A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.

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

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

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

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

(24) Share capital

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

(25) Dividend distribution

Cash Dividend are recorded as liabilities in the Company's financial statements in the period in which they are approved by the Company's board of directors. Stock dividends are recorded as stock dividends to be distributed by shareholder's meeting and are reclassified to ordinary shares on the effective date of new shares issuance.

(26) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells Automobile Sun Shade and other related products. Sales are recognized when control of the products has transferred, being when the products are delivered to the wholesaler, the wholesaler has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the wholesaler's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the wholesaler, and either the wholesaler has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Revenue from these sales is recognized based on the price specified in the contract, net of the estimated sales discounts. The Group estimates sales discounts based on historical experience. Revenue is only recognized to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognized for expected sales discounts payable to customers in relation to sales made until the end of the reporting period.

(c) The Group provides a standard warranty for the products sold with an obligation to repair product defects; provision for liabilities is recognized when goods are sold.

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

B. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognizes the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments.

V. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience, the impact of COVID-19, and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, and the uncertainties in material accounting judgments, estimates and assumptions is addressed below:

(1) Important judgments for adoption of accounting policies

None.

(2) Important accounting estimates and assumptions

Inventory evaluation

A. As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Because of the change in market demand and the sales strategy, the Group evaluates the amounts of price fluctuations of inventories, obsolete inventories or inventories without market selling value on the balance sheet date, and writes down the cost of inventories to the net realizable value. Such an evaluation is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

B. As of December 31, 2022, the carrying amount of inventories was $1,073,733.

VI. Explanation of significant accounts

(1) Cash and cash equivalents

	December 31, 2022	December 31, 2021
Cash:		
Cash on hand	$ 1,918	$ 1,901
Checking deposits and demand deposits	990,753	1,005,470
	992,671	1,007,371
Cash equivalents:		
Time deposits	437,860	230,320
	$ 1,430,531	$ 1,237,691

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

B. For the Group's time deposits with original deposit maturity of more than three months and less than one year and term deposits with maturity over one year are classified as of December 31, 2022 and 2021 (listed under financial assets measured at amortized cost – current) financial assets measured at amortized cost – noncurrent).

C. Details of the Group's cash and cash equivalents pledged to others as collateral (listed as "Guarantee deposits paid") as of December 31, 2022 and 2021 are described in Note 8, 'PLEDGED ASSETS'

(2) Financial assets measured at amortized cost

Item	December 31, 2022	December 31, 2021
Current items:		
Time deposits of over 3 months	$ 154,280	$ 152,040
Non-current items:		
Fixed deposits of over one year	$ 44,080	$ 43,440

A. In 2022 and 2021, the Group's interest income recognized in current profit and loss due to financial assets measured at amortized cost was $3,663 and $2,319 (listed under interest income).

B. Financial assets measured at amortized cost that can best represent the Group, irrespective of the collateral or other credit enhancement held, is the book value of financial assets with the greatest credit risk as of December 31, 2022 and 2021.

C. As of December 31, 2022 and 2021, the Group did not provide financial assets measured at amortized cost as pledge guarantees.

D. For information about the credit risk of financial assets measured at amortized cost, please see Note 12(2), "Description of financial instruments." The trading objects of the Group's investment certificates of deposit are financial institutions with good credit quality, and the possibility of default is expected to be very low.

(3) Notes receivable and accounts receivable

	December 31, 2022		December 31, 2021	
Notes receivable	$	76,665	$	73,250
Accounts receivable	$	1,048,680	$	819,343
Less: Allowance for uncollectible accounts	(	4,146)	(	3,819)
	$	1,044,534	$	815,524

A. Aging analysis of notes receivable and accounts receivable is as follows:

	December 31, 2022				December 31, 2021			
	Notes receivable		Accounts receivable		Notes receivable		Accounts receivable	
Under 30 days	$	14,465	$	480,447	$	2,686	$	415,843
31–90 days		54,160		492,786		18,810		370,572
91–180 days		8,040		42,393		51,754		27,074
181 days or more		-		33,054		-		5,854
	$	76,665	$	1,048,680	$	73,250	$	819,343

The above is an aging analysis based on the accounting date.

B. Notes receivable as of December 31, 2022 and 2021 were all generated by customer contracts. In addition, the receivable balance of customer contracts as of January 1, 2021 was $1,070,654.

C. The Group held no collateral as a guarantee for accounts receivable as of December 31, 2022 and 2021.

D. Financial assets measured at amortized cost that can best represent the Group’s notes receivable accounts receivable, irrespective of the collateral or other credit enhancement held, is the carrying amounts of financial assets with the greatest credit risk as of December 31, 2022 and 2021.

E. For information about the credit risk of notes receivable and accounts receivable, please see Note 12(2), “Description of financial instruments.”

F. For the circumstances in which the Group pledged notes collateral as of December 31, 2022 and 2021, please refer to Note 8 for details and description of pledged assets.

(4) Inventories

	December 31, 2022		
	Cost	Allowance for impairment	Carrying value
Merchandise	$ 112,253	($ 4,323)	$ 107,930
Raw materials	193,066	(12,970)	180,096
Supplies	118,131	(7,648)	110,483
Work in progress	324,281	(20,988)	303,293
Finished goods	387,133	(15,202)	371,931
	$ 1,134,864	($ 61,131)	$ 1,073,733

	December 31, 2021		
	Cost	Allowance for impairment	Carrying value
Merchandise	$ 155,987	($ 3,880)	$ 152,107
Raw materials	242,153	(15,389)	226,764
Supplies	92,647	(4,402)	88,245
Work in progress	339,879	(18,694)	321,185
Finished goods	419,085	(17,188)	401,897
	$ 1,249,751	($ 59,553)	$ 1,190,198

Inventory cost recognized as expense and loss by the Group in the current period:

	2022	2021
Cost of inventory sold	$ 3,591,774	$ 3,378,336
Inventory impairment (profit) loss (Note)	(112)	13,467
Inventory obsolescence loss	15,925	21,926
Inventory loss (profit)	(283)	219
Revenue from the sale scraps	(659)	(725)
Total cost of goods sold	$ 3,606,645	$ 3,413,223

(Note) In 2022, the reversal of net realizable value and the decrease of operating costs were recognized due to disposal of certain inventories which were previously provided with allowance for price decline.

(5) Prepayments

	December 31, 2022	December 31, 2021
Prepaid expenses	$ 52,991	$ 69,639
Prepaid purchases	33,653	24,382
Prepaid patent rights	3,261	4,152
Other prepayments	30,741	24,799
	$ 120,646	$ 122,972

(6) Investments accounted for under the equity method

A. Changes in investments accounted for under the equity method are as follows:

	2021
January 1	$ 3,531
Proceeds from investments accounted for using equity method	(3,488)
Share of investment profit and loss accounted for using the equity method	(43)
December 31	$ -

There was no such thing in the 2022.

B. The share of the Group's operating results from individual non-major affiliated companies (Macauto International Development Co., Ltd.) is as follows:
There was no such thing in the 2022.

	2021
Net loss for the period equals total comprehensive income for the period	($ 43)

There was no such thing in the 2022.

C. After considering the planning of the overall use of funds and focusing on business operation strategies for the Group, on February 5, 2021, the Board of Directors resolved to dispose of the invested company at an approximate net value per share and use the equity method to evaluate the entire shareholding of Macauto International Development Co., Ltd. The disposal price of $3,489 has been fully received and the resulting disposition of investment benefits is calculated as $1 (listed under other gains and losses). The relevant transaction has been completed in February 2021.

(7) <u>Property, plant and equipment</u>

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under inspection	Total
January 1, 2022									
Cost	$ 522,590	$ 863,578	$ 404,859	$ 161,394	$ 33,842	$ 74,495	$ 255,186	$ 10	$ 2,315,954
Accumulated depreciation	-	(258,663)	(256,539)	(120,343)	(32,201)	(68,896)	(200,240)	-	(936,882)
	$ 522,590	$ 604,915	$ 148,320	$ 41,051	$ 1,641	$ 5,599	$ 54,946	$ 10	$ 1,379,072
2022									
January 1	$ 522,590	$ 604,915	$ 148,320	$ 41,051	$ 1,641	$ 5,599	$ 54,946	$ 10	$ 1,379,072
Increase	-	1,256	6,465	609	2,111	1,325	7,547	-	19,313
Transfer (Note)	-	4,228	2,777	60	-	-	1,894	(10)	8,949
Depreciation expense	-	(31,432)	(37,424)	(16,157)	(1,739)	(2,380)	(25,368)	-	(114,500)
Disposal – cost	-	-	(414)	-	(100)	(-)	(1,290)	-	(1,804)
－Accumulated depreciation	-	-	414	-	100	-	1,290	-	1,804
Effects of Foreign Currency Exchange Differences	35,733	6,013	6,515	396	5	153	1,282	-	50,097
December 31	$ 558,323	$ 584,980	$ 126,653	$ 25,959	$ 2,018	$ 4,697	$ 40,301	$ -	$ 1,342,931
December 31, 2022	$ 558,323	$ 877,626	$ 426,592	$ 162,843	$ 36,242	$ 76,327	$ 267,268	$ -	$ 2,405,221
Cost	-	(292,646)	(299,939)	(136,884)	(34,224)	(71,630)	(226,967)	-	(1,062,290)
Accumulated depreciation	$ 558,323	$ 584,980	$ 126,653	$ 25,959	$ 2,018	$ 4,697	$ 40,301	$ -	$ 1,342,931

(Note) Please refer to Note 6(28) for an explanation of supplementary information of cash flows, and the amount of real estate, plant and equipment transfer expenses in the current period is $10

	Land	Buildings	Machinery and equipment	Utilities equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment under inspection	Total
January 1, 2021									
Cost	$ 599,321	$ 870,975	$ 399,292	$ 161,107	$ 35,355	$ 74,920	$ 236,681	$ 13,640	$ 2,391,291
Accumulated depreciation	-	(229,692)	(221,577)	(104,371)	(30,782)	(65,305)	(176,578)	-	(828,305)
	$ 599,321	$ 641,283	$ 177,715	$ 56,736	$ 4,573	$ 9,615	$ 60,103	$ 13,640	$ 1,562,986
2021									
January 1	$ 599,321	$ 641,283	$ 177,715	$ 56,736	$ 4,573	$ 9,615	$ 60,103	$ 13,640	$ 1,562,986
Increase	-	818	1,734	441	-	752	17,298	215	21,258
Transfer (Note)	(63,751)	1,155	9,566	85	-	-	6,627	(13,835)	(60,153)
Depreciation expense	-	(30,423)	(38,302)	(16,070)	(2,893)	(4,591)	(28,077)	-	(120,356)
Disposal – cost	-	-	(1,528)	-	(1,195)	(529)	(4,150)	-	(7,402)
—Accumulated depreciation	-	-	1,527	-	1,195	529	3,571	-	6,822
Effects of Foreign Currency Exchange Differences	(12,980)	(7,918)	(2,392)	(141)	(39)	(177)	(426)	(10)	(24,083)
December 31	$ 522,590	$ 604,915	$ 148,320	$ 41,051	$ 1,641	$ 5,599	$ 54,946	$ 10	$ 1,379,072
December 31, 2021	$ 522,590	$ 863,578	$ 404,859	$ 161,394	$ 33,842	$ 74,495	$ 255,186	$ 10	$ 2,315,954
Cost	-	(258,663)	(256,539)	(120,343)	(32,201)	(68,896)	(200,240)	-	(936,882)
Accumulated depreciation	$ 522,590	$ 604,915	$ 148,320	$ 41,051	$ 1,641	$ 5,599	$ 54,946	$ 10	$ 1,379,072

(Note) Please refer to Note 6(28) for an explanation of supplementary information of cash flows.

A. Property, plant and equipment of the Group as of December 31, 2022 and 2021 constituted assets for self-use.

B. The Group did not capitalize interest on property, plant and equipment in 2022 and 2021.

C. For more information regarding the Group's property, plant and equipment pledged to others as of December 31, 2022 and 2021, please refer to Note 8, 'PLEDGED ASSETS'.

(8) Leasing Arrangements– Lessee

A. The Group leases various assets including land, buildings and other equipment. Rental contracts are typically made for periods of 1 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be used as security for borrowing purposes.

B. The book values of right-of-use assets and the recognized depreciation expenses are as follows:

	December 31, 2022		December 31, 2021	
	Carrying value		Carrying value	
Land	$	7,182	$	8,734
Buildings		53,710		57,305
Transportation equipment		6,494		5,320
	$	67,386	$	71,359

	2022		2021	
	Depreciation expense		Depreciation expense	
Land	$	1,666	$	1,657
Buildings		12,698		11,673
Transportation equipment		3,075		3,363
	$	17,439	$	16,693

C. The information on income and expense accounts relating to lease contracts is as follows:

	2022		2021	
Items affecting current profit and loss				
Interest expenses on lease liabilities	$	1,505	$	1,749
Expenses for short-term rental contracts		2,003		1,255
Gain from lease modification		32		72

D. Additions to the Group's right-of-use assets in 2022 and 2021 were $4,275 and $4,243, respectively.

E. The Group's total lease cash outflows in 2022 and 2021 were $22,444 and $18,943, respectively.

(9) Net investment properties

	Land
January 1, 2022 and December 31, 2022	
Cost	$ 81,482

	Land
January 1, 2021	
Cost	$ -
2021	
January 1	$ -
Transfer (Note)	81,482
December 31	81,482
December 31, 2021	
Cost	$ 81,482

(Note) Please refer to Note 6(28) for an explanation of supplementary information of cash flows.

A. The fair value of the investment real estate held by the Group on December 31, 2022 and 2021 was $144,710 and $181,384 respectively, which were evaluated based on the transaction price information of real estate agent and the announced market price inquiry information and the real estate The evaluation results of the valuation report belong to the third level of fair value.

B. As of December 31, 2022 and 2021, the Group did not provide mortgages on investment real estate.

(10) Intangible assets

	2022			
	Trademarks	Patent rights	Computer software	Total
January 1, 2022				
Cost	$ 2,085	$ 31,903	$ 107,808	$ 141,796
Accumulated amortization	(1,683)	(16,956)	(104,325)	(122,964)
	$ 402	$ 14,947	$ 3,483	$ 18,832
2022				
January 1	$ 402	$ 14,947	$ 3,483	$ 18,832
Increase	-	83	46	129
Current transfer (Note)	-	782	320	1,102
Amortization expense	(116)	(1,501)	(2,650)	(4,267)
Disposal – cost	-	(2,262)	-	(2,262)
－Accumulated amortization	-	565	-	565
Effects of Foreign Currency Exchange Differences	-	3	106	109
December 31	$ 286	$ 12,617	$ 1,305	$ 14,208
December 31, 2022				
Cost	$ 2,085	$ 30,551	$ 109,117	$ 141,753
Accumulated amortization	(1,799)	(17,934)	(107,812)	(127,545)
	$ 286	$ 12,617	$ 1,305	$ 14,208

	2021			
	Trademarks	Patent rights	Computer software	Total
January 1, 2021				
Cost	$ 2,085	$ 31,853	$ 108,463	$ 142,401
Accumulated amortization	(1,567)	(16,129)	(99,033)	(116,729)
	$ 518	$ 15,724	$ 9,430	$ 25,672
2021				
January 1	$ 518	$ 15,724	$ 9,430	$ 25,672
Increase	-	406	-	406
Current Transfer(Note)	-	1,238	-	1,238
Amortization expense	(116)	(1,562)	(5,875)	(7,553)
Disposal – cost	-	(1,572)	-	(1,572)
－Accumulated amortization	-	714	-	714
Effects of Foreign Currency Exchange Differences	-	(1)	(72)	(73)
December 31	$ 402	$ 14,947	$ 3,483	$ 18,832
December 31, 2021				
Cost	$ 2,085	$ 31,903	$ 107,808	$ 141,796
Accumulated amortization	(1,683)	(16,956)	(104,325)	(122,964)
	$ 402	$ 14,947	$ 3,483	$ 18,832

(Note) Please refer to Note 6(28) for an explanation of supplementary information of cash flows.

A. There was no interest capitalization of the Group's intangible assets in 2022 and 2021.

B. The details of the Group's intangible asset amortization expenses in 2022 and 2021 were as follows:

	2022	2021
Operating costs	$ 800	$ 1,325
Promotional expenses	425	470
Management expenses	1,179	1,723
R&D expenses	1,863	4,035
	$ 4,267	$ 7,553

(11) Short-term borrowings

	December 31, 2022	Interest rate range	Collateral
Unsecured bank borrowings	$ 200,000	1.0642%～1.4071%	None

	December 31, 2021	Interest rate range	Collateral
Unsecured bank borrowings	$ 219,376	0.5151%～0.6%	None

For details of interest expenses recognized in profit or loss for the Group in 2022 and 2021, please refer to Note 6(23) for explanation of financial costs.

(12) Other payables

	December 31, 2022	December 31, 2021
Accrued salaries and bonuses	$ 159,801	$ 163,781
Employees' compensation and remuneration for directors and supervisors payable	30,654	30,338
Processing expense payable	9,993	21,012
Equipment payable	4,603	3,959
Others	237,724	250,193
	$ 442,775	$ 469,283

(13) Provisions – Current

A. Changes in warranty liability provisions for 2022 and 2021 were as follows:

	2022	2021
January 1	$ 129,172	$ 100,994
Provisions for liabilities in the current period	47,080	54,167
Provisions for liabilities used in the current period	(22,531)	(25,606)
Effects of Foreign Currency Exchange Differences	1,534	(383)
December 31	$ 155,255	$ 129,172

B. The Group's warranty liability reserve is mainly related to the sales of Automobile Sun Shade and other products. The provision for warranty liabilities is estimated based on the historical warranty data of the product.

(14) Long term borrowings

Nature of loans	Expiration date range	Interest rate range (Note)	Collateral	December 31, 2022
Long term bank loans				
Secured bank borrowings	November 15, 2024	0.595%	Land, houses, and buildings	$ 137,931
Unsecured bank borrowings	November 26, 2025 –September 22, 2026	5.5239%~ 5.5339%	None	63,549
				201,480
Less: Long-term loans due within one year or one business cycle				(87,341)
				$ 114,139

Nature of loans	Expiration date range	Interest rate range (Note)	Collateral	December 31, 2021
Long term bank loans				
Secured bank borrowings	November 15, 2024	0%	Land, houses, and buildings	$ 206,897
Unsecured bank borrowings	June 1, 2022 – September 22, 2026	1% ~ 6.172%	None	74,264
				281,161
Less: Long-term loans due within one year or one business cycle				(85,776)
				$ 195,385

Note: The Group applied for loan items of medium-term operating working capital from financial institutions based on the Loans for the Project to Strengthen Promotion of Investment in Taiwan by Overseas Taiwanese Businesses (2nd Round) Main Points of the National Development Fund of the Executive Yuan. The loan interest rate is the listed postal deposit interest rate minus 0.739% to 0.875% annual interest rate for postal savings deposits.

For details of interest expenses recognized in profit or loss for the Group in 2022 and 2021, please refer to Note 6(23) for explanation of financial costs.

(15) Pensions

A. The Group has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 15% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31 every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contribution for the deficit by end of March next year. Relevant information about the retirement method of the above defined benefits is disclosed as follows:

(a) Amounts recognized in the balance sheets are as follows:

	December 31, 2022	December 31, 2021
Present value of defined benefit obligations	($ 161,324)	($ 152,343)
Fair value of plan assets	47,074	35,897
Net defined benefit liability	($ 114,250)	($ 116,446)

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

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
2022			
Balance on January 1	($ 152,343)	$ 35,897	($ 116,446)
Current service cost	(2,298)	-	(2,298)
Interest (expense) income	(860)	141	(719)
	($ 155,501)	$ 36,038	(119,463)
Remeasurements:			
Return on plan assets	-	2,692	2,692
Change in demographic assumptions	(23)	-	(23)
Change in financial assumptions	5,651	-	5,651
Experience adjustment	(13,001)	-	(13,001)
	(7.373)	2,692	(4,681)
Pension fund contribution	-	9,894	9,894
Paid pension	1,550	(1,550)	-
Balance on December 31	($ 161,324)	$ 47,074	($ 114,250)

2021	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Balance on January 1	($ 160,873)	$ 30,310	($ 130,563)
Current service cost	(2,788)	-	(2,788)
Interest (expense) income	(381)	48	(333)
	($ 164,042)	$ 30,358	(133,684)
Remeasurements:			
Return on plan assets			
Balance on January 1	-	566	566
Change in demographic assumptions	(241)	-	(241)
Change in financial assumptions	3,987	-	3,987
Experience adjustment	3,221	-	3,221
	6,967	566	7,533
Pension fund contribution	-	9,705	9,705
Paid pension	4,732	(4,732)	-
Balance on December 31	($ 152,343)	$ 35,897	($ 116,446)

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The company has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2022 and 2021 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	2022	2021
Discount rate	1.20%	0.65%
Future salary increases	2.00%	2.00%

The assumptions for future mortality in 2022 and 2021 are estimated according to the 6th and empirical life tables of Taiwan's life insurance industry.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	0.25% increase	0.25% reduction	0.25% increase	0.25% reduction
December 31, 2022				
Effect on the present value of defined benefit obligations	($ 2,442)	$ 2,521	$ 2,494	($ 2,429)
December 31, 2021				
Effect on the present value of defined benefit obligations	($ 2,535)	$ 2,630	$ 2,588	($ 2,508)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the company in 2023 was $9,362.

(f) As of December 31, 2022, the weighted average duration of the retirement plan was 6 years. The analysis of timing of the future pension payment was as follows:

Within 1 year	$ 22,495
2–5 years	83,435
Over 6 years	67,424
	$ 173,354

B. Effective July 1, 2005, the company has established a defined contribution pension plan (the "New Plan") under the Labour Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labour Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The Group's overseas subsidiaries voluntarily withdraw pension reserves and pension insurance systems in accordance with the regulations of the local government of the employee, and allocates pension reserves and pension insurance funds according to 2%–20% of the total salary of local employees every month. The pension of each employee is managed and arranged by the government. In addition to the monthly appropriation and payment of the subsidiary, there are no further obligations. The pension costs recognized by the Group in accordance with the above pension methods in 2022 and 2021 were $28,473 and $28,883 respectively.

(16) Share capital

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

	2022	2021
Balance as at January 1 and December 31	74,900	74,900

B. As of December 31, 2022, the Company's authorized capital was $1,000,000 and paid-up capital amount was $749,000, consisting of 74,900 thousand shares of ordinary stock, with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(17) Capital surplus

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

(18) Retained earnings

A. The legal reserve shall be exclusively used to cover accumulated deficit, to issue new stocks or distribute cash to shareholders in proportion to their share ownership. The use of legal reserve for the issuance of stocks or cash dividends to shareholders in proportion to their share ownership is permitted provided that the balance of such reserve exceeds 25% of the Company's paid-in capital

B. In accordance with provisions of the Company's Articles of Incorporation, the Company's dividends are based on the principle of dividend stability in line with the current year's earnings. The Company is in a period of business growth and there is a need for funds to promote global operations in the next few years. Therefore, in addition to the distribution of surplus in accordance with the provisions of Article 28 of the Company's Articles of Incorporation, the amount of distribution shall in principle not be less than 30% of the distributable surplus of the current year. If necessary, dividends may be paid in conjunction with capital reserve. Cash dividends shall not be less than 30% of the total dividends. If there is a surplus in the Company's annual final accounts, income tax should first be paid to make up for losses of previous years. If there is a surplus, 10% shall be set aside as legal reserve in accordance with the law, and a special reserve shall be allocated or transferred in accordance with the provisions of Article 41 of Securities and Exchange Act of the Republic of China to constitute the distributable surplus for the current year. Furthermore, the accumulated undistributed surplus of the prior year is to be added to the cumulative distributable surplus, and the aforementioned distributable surplus shall be proposed by the Board of Directors to be distributed by resolution. If the Company distributes in cash its dividends and bonuses or all or part of its legal reserve and capital reserve, this shall be authorized by resolution of Board of Directors with at least two-thirds of the directors present and more than half of the attending directors in agreement, and this shall be reported to the shareholders' meeting. The provisions of the preceding paragraph that must be resolved by the shareholders' meeting are not applicable.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings

D. When IFRSs were first adopted, the special reserve of $26,594 was set out in Letter Jinguanzhengfazi No. 1010012865 dated April 6, 2012, and this was reversed by the Company when subsequently disposing of the relevant assets.

E. The cash dividends recognized by the Company for distribution and owners for 2022 and 2021 are $247,170 (NT$3.3 per share) and $352,030 (NT$4.7 per share), respectively. On March 22, 2023, the Board of Directors proposed that the profit distribution for 2022 be a cash dividend of NT$3.3 per share, with dividends totaling $247,170.

(19) Operating revenue

A. The Group's revenue is all revenue from customer contracts for product sales, which are recognized after a certain point in time, and the revenue can be subdivided into the following major product categories:

		2022		2021
Revenue from Automobile Sun Shade	$	4,827,783	$	4,750,103
Revenue from garden tools		22,251		22,940
	$	4,850,034	$	4,773,043

B. The Group recognizes contract liabilities related to customer contract revenue as follows:

		December 31, 2022		December 31, 2021		January 1, 2021
Contract liabilities – Automobile Sun Shade	$	44,992	$	27,078	$	18,377
Contract liabilities – garden tools		69		11		3
	$	45,061	$	27,089	$	18,380

The Group's contractual liabilities as of January 1, 2022 and 2021 were amounts recognized as revenue in 2022 and 2021 of $11,180 and $10,401 respectively.

(20) Interest income

		2022		2021
Interest income from bank deposits	$	9,092	$	5,838
Interest income from financial assets measured at amortized cost		3,663		2,319
	$	12,755	$	8,157

(21) Other income

		2022		2021
Other income	$	9,259	$	10,939

(22) Other gains and losses

		2022		2021
Net gain on disposal of property, plant and equipment	$	179	$	271
Net currency exchange gain(loss)		66,688	(	27,612)
Gain on disposal of investment		-		1
Gain from lease modification		32		72
Other losses	(	443)	(	2,060)
	$	66,456	($	29,328)

(23) Finance costs

		2022		2021
Interest expense	$	4,421		1,680
Lease liabilities		1,505		1,749
	$	5,926		3,429

(24) Expenses by nature

	2022		
	Under operating costs	Under operating expenses	Total
Employee benefit expense	$ 443,197	$ 406,376	$ 849,573
Depreciation expense	106,402	25,537	131,939
Amortization expense	800	3,467	4,267
	$ 550,399	$ 435,380	$ 985,779

	2021		
	Under operating costs	Under operating expenses	Total
Employee benefit expense	$ 451,593	$ 393,736	$ 845,329
Depreciation expense	107,607	29,442	137,049
Amortization expense	1,325	6,228	7,553
	$ 560,525	$ 429,406	$ 989,931

(25) Employee benefit expense

	2022		
	Under operating costs	Under operating expenses	Total
Salary	$ 360,477	347,889	708,366
Health and labor insurance	32,859	27,883	60,742
Pension	18,043	13,447	31,490
Other employment expenses	31,818	17,157	48,975
	$ 443,197	406,376	849,573

	2021		
	Under operating costs	Under operating expenses	Total
Salary	$ 363,488	$ 337,320	$ 700,808
Health and labor insurance	41,812	29,755	71,567
Pension	18,402	13,602	32,004
Other employment expenses	27,891	13,059	40,950
	$ 451,593	$ 393,736	$ 845,329

A. In accordance with the Company's Articles of Incorporation, if the Company makes a profit for the current year, 3% to 8% should be allocated for employee remuneration and no more than 3.5% should be allocated for director and supervisor remuneration. However, when the Company still has accumulated losses, it should reserve the compensation amount in advance. Employee remuneration is made in stock or cash; in addition, the recipients of stock or cash distributions may include employees of affiliated companies who meet certain conditions.

B. The estimated amounts of employee compensation of the Company for 2022 and 2021 were $21,759 and $21,670 respectively. The estimated amounts of directors' and supervisors' remuneration were $8,704 and $8,668 respectively, and the aforementioned amounts were included in the salary expense items. The 2021 employee remuneration $21,670 and director and supervisor remuneration $8,668 approved by the Board of Directors are consistent with the amounts estimated in the 2021 financial statements. On March 22, 2023, the Board of Directors resolved the actual distribution amount to be $21,759 and $8,704. Out of this, the above-mentioned employee remuneration was to be paid in cash.

Information about employee remuneration and director and supervisor remuneration approved by the Company's Board of Directors can be inquired on the Market Observation Post System.

(26) Income taxes

A. Income tax expense:

(a) Components of income tax expense:

	2022	2021
Current income tax:		
Income tax incurred in current year	$ 98,092	$ 105,659
Tax on unappropriated earnings	3,633	4,218
Over provision of prior year's income tax payable	(8,635)	(2,202)
	93,090	107,675
Deferred income tax:		
Origin and reversal of temporary differences	(9,966)	(13,564)
Total deferred income tax	(9,966)	(13,564)
Income tax expense	$ 83,124	$ 94,111

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

	2022	2021
Remeasurement of defined benefit obligations	($ 936)	$ 1,507

B. Reconciliation between income tax expense and accounting profit:

	2022	2021
Tax calculated based on profit before tax and statutory tax rate	$ 109,921	$ 105,813
Effect of items disallowed by tax regulation	(21,795)	(10,663)
Effect from investment tax credits	-	(3,055)
Tax on undistributed earnings	3,633	4,218
Prior year income tax over estimation	(8,635)	(2,202)
Income tax expense	$ 83,124	$ 94,111

C. Amounts of deferred income tax assets or liabilities arising from temporary differences are as follows:

	2022			
	January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31
Deferred tax assets				
Temporary differences:				
Unrealized inventory impairment	$ 9,133	$ 304	$ -	$ 9,437
Unrealized after-sales service expenses	21,366	2,924	-	24,290
Unrealized gains among affiliated companies	12,421	5,119	-	17,540
Employee welfare	4,861	114	-	4,975
Pensions	22,023	(1,375)	936	21,584
Estimation of unrealized sales allowance	24,779	1,448	-	26,227
Unrealized payroll expenses	567	779	-	1,346
Others	2,772	1,239	-	4,011
	$ 97,922	$ 10,552	$ 936	$ 109,410
Deferred tax assets				
Temporary differences:				
Unrealized conversion benefit	($ 1,050)	($ 1,440)	$ -	($ 2,490)
Fixed assets financial and tax differences	(6,333)	854	-	(5,479)
	(7,383)	(586)	-	(7,969)
	$ 90,539	$ 9,966	$ 936	$ 101,441

	2021			
	January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	December 31
Deferred tax assets				
Temporary differences:				
Unrealized inventory impairment	$ 7,352	$ 1,781	$ -	$ 9,133
Unrealized after-sales service expenses	16,510	4,856	-	21,366
Unrealized exchange loss			-	-
Unrealized gains among affiliated companies	13,802	(1,381)	-	12,421
Employee welfare	4,496	365	-	4,861
Pensions	25,230	(1,700)	(1,507)	22,023
Estimation of unrealized sales allowance	14,149	10,630	-	24,779
Unrealized payroll expenses	2,584	(2,017)	-	567
Others	3,488	(716)	-	2,772
	$ 87,611	$ 11,818	($ 1,507)	$ 97,922
Deferred tax assets				
Temporary differences:				
Unrealized conversion benefit	($ 3,043)	$ 1,993	$ -	($ 1,050)
Fixed assets financial and tax differences	(6,086)	(247)	-	(6,333)
	(9,129)	1,746	-	(7,383)
	$ 78,482	$ 13,564	($ 1,507)	$ 90,539

D. The Company’s income tax has been approved by the tax collection authority through 2020. Moreover, as of March 22, 2023, there is no instance of administrative relief.

(27) Earnings per share

	2022		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 411,972	74,900	5.50
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 411,972	74,900	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation		400	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 411,972	75,300	5.47

	2021		
	Amount after tax	Weighted average number of shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 399,434	74,900	$ 5.33
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 399,434	74,900	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	354	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 399,434	75,254	$ 5.31

(28) Supplemental cash flow information

A. Investment activities with partial cash payments:

	2022	2021
Purchase of property, plant and equipment	$ 19,313	$ 21,258
Add: Equipment payable at the beginning of the period (listed under other payables)	3,959	12,938
Less: Equipment payments payable at the end of the period (listed under other payables)	(4,603)	(3,959)
Cash payments for purchasing property, plant and equipment	$ 18,669	$ 30,237

B. Operating and investing activities with no cash flow effect:

	2022	2021
(a) Accounts receivable allowance for loss write-offs	$	$ 1,016
(b) Inventory transfers to property, plant and equipment	$ 2,001	$ 6,075
(c) Property, plant and equipment reclassified as investment real estate	$ -	$ 77,205
(d) Transfer of prepayments to intangible assets	$ 782	$ 1,238
(e) Prepaid equipment payments transferred to intangible assets.	320	-
(f) Property, plant and equipment transfer to inventory	$ 829	$ 177-
(g) Prepaid equipment transfer to inventory	$ 593	$ 2,398
(h) Prepaid equipment transfer to property, plant and equipment	$ 7,787	$ 11,154
(i) Prepaid equipment transfer to investment real estate	$ -	$ 4,277-

(29) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Long-term borrowings (including portions due in less than one year)	Deposit of guarantee	Total liabilities from financing activities
January 1, 2022	$ 219,376	$ 61,682	$ 281,161	$ -	$ 562,219
Changes in cash flow from financing activities	(19,376)	(20,441)	(82,703)	2,875	(119,645)
Changes in other non-cash items	-	23,136	(3,022)	-	26,158
December 31, 2022	$ 200,000	$ 64,377	$ 201,480	$ 2875	$ 468,732

	Short-term borrowings	Lease liabilities	Long-term borrowings (including portions due in less than one year)	Total liabilities from financing activities
January 1, 2021	$ 219,936	$ 77,681	$ 332,347	$ 629,964
Changes in cash flow from financing activities	(560)	(17,688)	(49,802)	(68,050)
Changes in other non-cash items	-	1,689	(1,384)	305
December 31, 2021	$ 219,376	$ 61,682	$ 281,161	$ 562,219

VII. Related party transactions

Key management compensation

	2022	2021
Salary and other short-term employee benefits	$ 50,771	$ 45,942
Retirement benefits	1,156	986
	$ 51,927	$ 46,928

VIII. Pledged assets

Details of guarantees provided for the Group’s assets are as follows:

Asset item	Carrying amounts: December 31, 2022	Carrying amounts: December 31, 2021	Guarantee purpose
Notes receivable	$ 59,080	$ 67,958	Purchase material guarantees
Land (Note 1)	303,335	303,335	Long-term borrowings guarantees
Buildings – net (Note 1)	391,493	406,468	Long-term loan guarantees
Pledged time deposits (Note 2)	2,500	2,500	Purchase material guarantees
	$ 756,408	$ 780,261	

(Note 1) Recognized as property, plant and equipment.

(Note 2) Guarantee deposits paid.

IX. Significant contingent liabilities and unrecognized contract commitments

(1) The details of endorsement and guarantees provided to others are described in Note 13(1)-B.”

(2) As of December 31, 2022 and 2021, the remaining balance due for Property, plant, and equipment was $5,206 and $6,627 respectively.

X. Significant Disaster Loss

None.

XI. Significant Events After The Balance Sheet Date

None.

XII. Others

(1) Capital management

The Group’s objectives when managing capital are to safeguard the Group’s ability to continue as a going concern in order to provide returns for shareholders, maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

Details of financial instruments by category of the Group are described in Notes 6, ‘Financial assets’.

B. Financial risk management policy

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is therefore subject to the exchange rate risk arising from transactions that are different from the functional currency of the Company and its subsidiaries; these are mainly USD and CNY. The associated exchange rate risk arises from future commercial transactions and recognized assets and liabilities.

ii. The Group’s management has established a policy that requires each company within the Group to manage exchange rate risk relative to its functional currency. Each company should hedge its overall exchange rate risk through the Group’s Finance Department. Currency risk is measured through highly probable USD and CNY revenue forecast transactions, using forward foreign exchange contracts to reduce the impact of exchange rate fluctuations on the expected collection of receivables.

iii. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD, EUR, CNY and MXN. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2022		
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange Rate	Book value (NT$)
Financial assets			
Monetary items			
CNY:NTD	$ 77,364	4.408	341,021
USD:NTD	10,441	30.710	320,643
EUR:NTD	3,395	32.720	111,084
JPY:NTD	63,269	0.232	14,678
USD:MXN	6,244	19.415	191,757
EUR:MXN	548	20.685	11,336
USD:CNY	1,436	6.967	44,100
EUR:CNY	352	7.423	11,518
(Foreign currency: functional currency)			
Financial liabilities			
Monetary items			
USD:NTD	1,366	30.710	41,950
EUR:NTD	502	32.720	16,425
CNY:NTD	3,502	4.408	15,437
USD:MXN	2,831	19.415	86,942

	December 31, 2021		
(Foreign currency: functional currency)	Foreign currency amount (in thousands)	Exchange Rate	Book value (NT$)
Financial assets			
Monetary items			
CNY:NTD	$ 82,248	4.344	$ 357,285
USD:NTD	6,369	27.68	176,294
EUR:NTD	1,964	31.32	61,512
JPY:NTD	88,147	0.241	21,243
USD:CNY	1,482	6.372	41,022
USD:MXN	3,277	20.58	90,708
Financial liabilities			
Monetary items			
USD:NTD	2,263	27.68	62,640
EUR:NTD	1,733	31.32	54,278
EUR:CNY	341	7.210	10,680
USD:MXN	3,075	20.58	85,116

v. Total exchange (loss) gain, including realized and unrealized arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2022 and 2021 amounted to $66,688 and ($27,612), respectively.

vi. For the Group in 2022 and 2021, if the NTD appreciated or depreciated by 1% against each currency while all other factors remained unchanged, the net profit after tax for the Group for 2022 and 2021 would decrease or increase by $7,084 and $4,283 respectively.

Price risk

The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity securities, the Group has set stop loss points. Therefore, no significant price risk is expected to arise.

Cash flow and fair value interest rate risks

i. Funds borrowed by the Group are in the form of financial instruments with floating interest rates. Therefore, changes in market interest rates will cause the effective interest rates of debt financial products to change accordingly, resulting in volatility of future cash flows. However, this risk is partially offset by holding cash and cash equivalents at floating rates.

ii. In conducting a sensitivity analysis on interest rate risk, if borrowing rates increased or decreased by 1% and with all other factors held constant, the Group's net profit after tax in 2022 and 2021 would decrease or increase by $3,457 and $4,003 respectively mainly due to the increase or decrease in interest expenses due to floating rate borrowings.

(b) Credit risk

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

ii. The Group establishes credit risk management from a group perspective. According to the Group's credit policy, each local entity in the Group is responsible for managing and analyzing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. The utilization of credit limits is regularly monitored.

iii. The Group adopts IFRS 9 to provide prerequisite assumptions. When a contract payment is overdue for more than 30 days according to the agreed payment terms, the credit risk of deemed financial assets has increased significantly since the original recognition.

iv. The Group adopts IFRS 9 to provide prerequisite assumptions, and impairment assessment begins when the contract payment is overdue for more than a certain number of days according to the agreed payment terms.

v. The Group classifies customer's accounts receivable in accordance with credit rating of customer. The Group applies the simplified approach using the provision matrix based on the loss rate methodology to estimate expected credit loss. The Group uses the forecast ability of conditions to adjust historical and timely information to assess the default possibility of accounts receivable. Movements in relation to the group applying the simplified approach to provide loss allowance for accounts receivable is as follows:

	2022	2021
January 1	$ 3,819	$ 3,619
Expected credit impairment loss (gain)	297	1,226
Amount written off due to irrecoverability	-	(1,016)
Effect of exchange rate fluctuations	30	(10)
December 31	$ 4,146	$ 3,819

(c) Liquidity risk

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

ii. When surplus cash held by each operating entity exceeds the management needs of working capital, the Group's Finance Department will plan to invest the remaining funds in interest-bearing demand deposits and time deposits. The instrument it chooses has an appropriate maturity date or sufficient liquidity to respond to the above forecasts and provide sufficient dispatch levels.

iii. The details of the Group's unused loan amounts are as follows:

	December 31, 2022	December 31, 2021
Floating rate		
Due within one year	$ 1,345,680	1,107,424
Due in one year or longer	300,000	477,680
	$ 1,645,680	$ 1,585,104

Note: The quota due within one year is an annual quota. It will be discussed separately in 2023. The balance is required for the Group to prepare for operating and capital expenditures.

iv. The following table is the Group's non-derivative financial liabilities and derivative financial liabilities settled in gross amount, grouped by the relevant due date. Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contractual maturity date. Derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the expected maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

December 31, 2022	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non derivative financial liabilities:				
Short-term loans	$ 200,782	$ -	$ -	$ -
Notes payable	19,262	-	-	-
Accounts payable	767,777	-	-	-
Other payables	442,775	-	-	-
Lease liabilities (including current and non-current)	18,028	16,151	31,828	-
Long-term loans (including portions due in less than one year)	91,112	89,691	28,142	-
Refund liabilities	145,149	-	-	-
Deposit of guarantee	-	2,875	-	-

December 31, 2021	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years
Non derivative financial liabilities:				
Short-term loans	$ 219,975	$ -	$ -	$ -
Notes payable	54,084	-	-	-
Accounts payable	636,355	-	-	-
Other payables	469,283	-	-	-
Lease liabilities (including current and non-current)	16,703	14,497	38,857	1,080
Long-term loans (including portions due in less than one year)	85,900	85,674	109,923	-
Refund liabilities	121,402	-	-	-

. The Group does not expect that the cash flows included in the maturity analysis could occur significantly earlier or in significantly different amounts.

(3) Fair value information

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

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

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. All derivative instruments invested by the Group are included in Level 2.

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value

Financial assets and financial liabilities not measured at fair value including the carrying amounts of cash and cash equivalents, financial assets at amortized cost (including current and non-current portion), notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

C. The Group has no financial assets and liabilities measured at fair value as of December 31, 2022 and 2021.

(4) Other information

A. Affected by the COVID-19 pandemic and the government's promotion of various pandemic prevention measures, the Group has adopted countermeasures related to workplace hygiene management in line with the Guidelines for Enterprise Planning of Business Continuity in Response to the Coronavirus Disease 2019 (COVID-19), and it continues to manage related matters. All companies in the group are operating normally except for the mainland subsidiary which is affected by the epidemic prevention requirements and some production capacity and operations are affected. As the main production is still concentrated in Taiwan, there is no major impact on all aspects of the assessment. The Group will continue to pay close attention to the epidemic situation and market changes to respond in a timely manner.

B. The Group is a multinational business enterprise. Due to the impact of the COVID-19 outbreak, governments in some regions such as Europe and the Americas have implemented various epidemic prevention measures. These in turn have affected export sales affected to a certain extent. The Group maintains close contact with customers and manufacturers to maintain order continuity. However, the actual potential impact still depends on the follow-up developments of the pandemic in each country.

XIII. Supplementary disclosures

(According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2022.)

(1) Significant transactions information

A. Loans to other: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

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

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

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. The amount of purchases or sales with related parties exceeds NT$100 million or 20% of the paid-in capital: Please refer to table 3.

H. Accounts receivable from related parties amount to NT$100 million or 20% of the paid-in capital: Please refer to table 4.

I. Trading in derivative instruments: None.

J. Business relationship and significant transaction details and amounts between the parent company, subsidiary companies, and each subsidiary company: Please refer to table 5.

(2) Information on investees

Name of the invested company, location, and other related information (excluding Mainland China invested companies): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 5.

(4) Major shareholders information

Major shareholders information: Please refer to table 8.

XIV. Segment information

(1) General information

The Group's management has identified reportable segments based on reported information used by operational decision makers in making decisions. The corporate composition of the Group, the basis for dividing into segments, and the basis for measuring segment information have not changed significantly during the current period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of the operating segments based on operating profit. This measure excludes the impact of non-recurring income and expenses in the operating segments. The accounting policies of the operating segments are the same as the summary of the significant accounting policies described in Note 4 to the consolidated financial statements.

(3) Segment information

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

	2022				
	Macauto Industrial	Kunshan Macauto	Mexico Macauto	Others	Total
Segment revenue:	$ 3,093,637	1,468,626	927,067	$494,492	$5,983,822
Internal segment revenue:	648,158	222,724	121,667	141,239	1,133,788
Net external revenue	2,445,479	1,245,902	805,400	353,253	4,850,034
Interest income	3,822	8,839	53	41	12,755
Depreciation and amortization	66,814	37,534	26,414	5,444	136,206
Interest expense	2,007	-	3,616	303	5,926
Reportable segment profit or loss	404,017	59,724	9,149	22,206	495,096
Segment information	3,163,058	1,671,418	1,018,987	419,506	6,272,969
Non-current asset capital expenditures	3,854	23,709	23,018	1,181	51,762
Segment liabilities	1,693,338	461,438	532,274	141,244	2,828,294

	2021				
	Macauto Industrial	Kunshan Macauto	Mexico Macauto	Others	Total
Segment revenue:	$ 3,404,633	$ 1,435,050	$ 601,696	$ 433,080	$ 5,874,459
Internal segment revenue:	644,748	291,170	43,692	121,806	1,101,416
Net external revenue	2,759,885	1,143,880	558,004	311,274	4,773,043
Interest income	1,215	4,739	-	2,203	8,157
Depreciation and amortization	78,821	36,969	22,765	6,047	144,602
Interest expense	1,165	-	2,088	176	3,429
Reportable segment profit or loss	429,332	53,667	4,947	5,599	493,545
Segment information	3,064,575	1,613,558	742,839	376,817	5,797,789
Non-current asset capital expenditures	3,270	15,978	21,686	1,238	42,172
Segment liabilities	1,693,540	478,086	337,228	121,046	2,629,900

(4) Reconciliation for segment income(loss) and segment assets

A. Sales between segments are carried out on the basis of the principle of arm's length transactions. External revenue reported to key operating decision makers is measured in a consistent manner as revenue in the consolidated statements of comprehensive income, and segment gains and losses provided to key operating decision makers are measured in a consistent manner with the Group's consolidated financial statements and therefore do not need to be adjusted.

B. The amount of total assets provided to the chief operating decision-maker adopts the same measurement for assets in the Group's financial statements. The reconciliations between reportable segments' assets and total assets is provided as follows:

	December 31, 2022	December 31, 2021
Assets of reportable segments	$ 5,853,463	5,420,972
Assets of other operating segments	419,506	376,817
Less: Inter-segment transactions	(611,592)	(444,472)
Total assets	$ 5,661,377	$ 5,353,317

C. The amount of total liabilities provided to the chief operating decision-maker adopts the same measurement for liabilities in the Group's financial statements. The reconciliations between reportable segments' liabilities and total liabilities is provided as follows:

	December 31, 2022	December 31, 2021
Liabilities of reportable segments	$ 2,687,050	2,508,854
Liabilities of other operating segments	141,244	121,046
Less: Inter-segment transactions	(541,252)	(385,292)
Total liabilities	$ 2,287,042	$ 2,244,608

(5) Information on product and service

Product information for the years ended December 31, 2022 and 2021 is as follows

	2022	2021
Automobile Sun Shade	$ 4,827,783	4,750,103
Garden tools	22,251	22,940
	$ 4,850,034	$ 4,773,043

(6) Geographical information

Geographical information for the years ended December 31, 2022 and 2021 is as follows

	2022		2021	
	Revenue (Note)	Non-current assets	Revenue (Note)	Non-current assets
China	$ 1,953,056	210,323	$ 2,194,990	$ 222,399
United States	1,105,473	29,499	915,738	27,437
Mexico	472,524	363,238	365,629	310,828
Germany	341,777	61,630	380,651	62,625
Taiwan	321,650	898,421	291,603	958,067
Other countries	655,554	-	624,432	-
	$ 4,850,034	1,563,111	$ 4,773,043	$ 1,581,356

(Note) Revenue is classified on a customer country basis.

(7) Major customer information

The Group’s major customer information for 2022 and 2021 is as follows:

	2022		2021	
	Revenue	Segment	Revenue	Segment
Company A	$ 207,899	Macauto Industrial	$ 351,942	Macauto Industrial
Company B	302,755	〃	330,061	〃
Company C	303,954	〃	339,177	〃
Company F	206,321	〃	281,322	〃

Macauto Industrial Co., Ltd. and subsidiaries

Loan to others

January 1, 2022, to December 31, 2022

Table 1

Unit: NT$ Thousand

Code	Lending Company	Borrower	Transaction Items	Related party	Highest amount in the current period	Closing balance at the end of the period	Actual disbursement amount	Interest rate range	Nature of funds lending (Note1)	Business transaction amount	Reasons for the need for short-term funding include	Provision for bad debts amount	Collateral		Limit on loans granted to each individual entity (Note 2)	Total lending limit (Note 2)	Note
													Item	Value			
0	Macauto Industrial Co., Ltd.	MACAUTO MEXICO, S.A. DE C.V.	Other receivables - related parties	Y	$ 52,390	$ 51,964	$ 51,964	4.5573%	1	$ 222,884	-	$ -	-	$ -	$ 222,884	$ 1,349,734	-
0	Macauto Industrial Co., Ltd.	MACAUTO MEXICO, S.A. DE C.V.	Other receivables - related parties	Y	61,420	61,420	-	-	2	-	Operating turnover expenses	-	-	-	674,867	1,349,734	-

(Note 1) Explanation of the nature codes for fund lending:

1. Those with business transactions.
2. Those with a necessary need for short-term financing.

(Note 2) Fund lending limits for individual parties:

1. Total fund lending limit: Shall not exceed 40% of the net worth based on the most recent audited financial statements of the Company.
2. Individual enterprise limit: For enterprises in which the Company holds a controlling interest of 20% or more, and for subsidiary companies in which the Company holds 100% equity, the fund lending to each individual enterprise shall not exceed 20% of the Company's net worth.

(Note 3) In accordance with the operating procedures for fund lending to others, it shall be implemented upon approval by the Board of Directors and reported to the shareholders' meeting for reference.

(Note 4) For amounts denominated in foreign currencies in this table, they are converted to New Taiwan Dollars at the exchange rate on the financial reporting date (USD:TWD 1:30.71).

Macauto Industrial Co., Ltd and subsidiaries

Provision of endorsements and guarantees to others

January 1, 2022, to December 31, 2022

Table 2

Unit: NT$ Thousand

Code (Note1)	Endorser's Company Name	Guaranteed Party Company Name	Relationship (Note 1)	Limit for Endorsement Guarantee to a Single Company (Note 1)	Maximum Endorsement Guarantee Amount for the Period	Endorsement Guarantee Balance at the End of the Period	Actual Disbursement Amount	Endorsement Guarantee Amount Secured by Assets	Accumulated Endorsement Guarantee Amount as a Percentage of the Most Recent Financial Statements' Net Worth	Maximum Endorsement Guarantee Limit (Note 2)	Provision of endorsements /guarantees by Parent Company to Subsidiaries	Provision of endorsements /guarantees by Subsidiaries to Parent Company	Provision of endorsements /guarantees to Mainland China	Notes
0	Macauto Industrial Co., Ltd.	MACAUTO MEXICO, S.A. DE C.V.	2	$ 1,012,301	$ 522,070	$ 522,070	$ 63,723	$ -	15.47%	$ 1,349,734	Y	N	N	—
		Macauto International Development Co., Ltd.	1	1,012,301	81,910	81,910	-	81,910	2.43%	1,349,734	N	N	N	—

Note 1: Explanation of Relationship Codes with the Company:

1. Companies with business transactions.
2. Companies in which the Company directly or indirectly holds voting rights exceeding 50%.

Note 2: The total endorsement guarantee amount by the Company to external parties is limited to 30% of the most recent audited or certified financial statements' net worth. The endorsement guarantee amount to a single enterprise shall not exceed 30% of the Company's net worth. The overall endorsement guarantee amount by the Company and its subsidiaries shall not exceed 40% of the Company's net worth, and the endorsement guarantee amount to a single enterprise shall not exceed 40% of the Company's net worth. However, if approved by the Board of Directors, for subsidiaries in which the Company holds 100% of the voting rights directly or indirectly, the endorsement guarantee limit may exceed the aforementioned limits related to net worth for a single enterprise and the endorsed company.

Note 3: The amounts in this table involving foreign currencies are converted into New Taiwan Dollars at the exchange rate on the financial reporting date (USD:TWD 1:30.71).

Macauto Industrial Co., Ltd and subsidiaries

The amount of purchases or sales with related parties exceeds NT$100 million or 20% of the paid-in capital.

January 1, 2022, to December 31, 2022

Table 3

Unit: NT$ Thousand

			Description of transaction				Description and reasons for difference in transaction terms compared to non-related party		Notes or accounts receivable/(payable)		
Company for purchases (sales)	Name of the counterparty	Relationship	Purchases (sales)	Amount	Ratio	Credit Period	Unit Price	Credit Period	Amount	Percentage of notes or accounts receivable/(payable)	Note
Macauto Industrial Co., Ltd	Kunshan Macauto Automobile Parts Industry Co., Ltd.	Subsidiary	(Sales)	($ 175,821)	(6%)	O/A 90days	—	(Note 2)	$ 54,366	6%	—
	〃	Subsidiary	Purchases	157,935	10%	O/A 90days	—	(Note 3)	(25,193)	4%	—
	MACAUTO MEXICO, S.A. DE C.V.	Subsidiary	(Sales)	(327,073)	(11%)	O/A 90days	—	(Note 2)	231,598	27%	—
	MACAUTO USA,INC.	Subsidiary	(Sales)	(104,459)	(3%)	O/A 90days	—	(Note 2)	28,392	3%	—

(Note 1) The transactional relationships with related parties are not separately disclosed as they only differ in the direction of the transactions.
(Note 2) Payment terms for regular customers are net 1 to 3 months, based on the company's credit management policy.
(Note 3) Payment terms for regular suppliers are net 1 to 3 months.
(Note 4) The amounts in this table involving foreign currencies are converted to New Taiwan Dollars using the exchange rates (USD:TWD 1:30.71, MXN:TWD 1:1.5818, CNY:TWD 1:4.408) as of the financial reporting date.

Macauto Industrial Co., Ltd and subsidiaries

Accounts receivable from related parties amount to NT$100 million or 20% of the paid-in capital.

December 31, 2022

Table 4

Unit: NT$ Thousand

Company Name	Name of the counterparty	Relationship	Accounts receivable from related parties amount	Turnover rate	Overdue receivable		Subsequent collections	Allowance for doubtful accounts
					Amount	Action taken for overdue accounts		
Macauto Industrial Co., Ltd	MACAUTO MEXICO, S.A. DE C.V.	Subsidiary	$ 283,925	1.63	$ 51,964	（Note）	$ 37,618	$ -

(Note) Transfer to other receivables and regular follow-up to strengthen collection.

Macauto Industrial Co., Ltd and subsidiaries

Business relationship and significant transaction details and amounts between the parent company, subsidiary companies, and each subsidiary company

January 1, 2022, to December 31, 2022

Table 5

Unit: NT$ Thousand

Code (Note 2)	Name of the counterparty	Counterparty in the transaction:	Relationship with the counterparty (Note 3)	Transaction details			
				Item	Amount	Terms of the transaction	Ratio to total revenue or total assets (Note 4)
0	Macauto Industrial Co., Ltd	Kunshan Macauto Automobile Parts Industry Co., Ltd.	1	Sales	$ 175,821	O/A 90days	4%
		〃	1	Purchases	157,935	O/A 90days	3%
		〃	1	Accounts receivable	54,366	—	1%
		〃	1	Accounts payable	25,193	—	—
		MACAUTO USA,INC.	1	Sales	104,459	O/A 90days	2%
		〃	1	Accounts receivable	28,392	—	—
		〃	1	Other payable	13,629	—	—
		〃	1	Export fees	51,863	—	1%
		MACAUTO GROUP GmbH	1	Service fees	34,104	—	1%
		MACAUTO MEXICO, S.A. DE C.V.	1	Endorsement guarantee	522,070	—	9%
		〃	1	Sales	327,073	O/A 90days	7%
		〃	1	Accounts receivable	231,598	—	4%
		〃	1	Other receivables	52,327	—	1%
		Kunshan Macauto Automobile Parts Sales Co.,Ltd	1	Sales	40,805	O/A 90days	1%
		〃	1	Purchases	5,193	O/A 90days	—
		〃	1	Accounts receivable	10,292	—	—
1	Kunshan Macauto Automobile Parts Industry Co., Ltd.	Kunshan Macauto Automobile Parts Sales Co.,Ltd	3	Sales	39,274	O/A 90days	1%
		〃	3	Accounts receivable	17,712	—	—
		MACAUTO USA,INC.	3	Sales	25,515	O/A 90days	1%
		〃	3	Accounts receivable	7,091	—	—
2	Kunshan Macauto Automobile Parts Sales Co.,Ltd	MACAUTO MEXICO, S.A. DE C.V.	3	Sales	81,983	O/A 90days	2%
		〃	3	Accounts receivable	34,739	—	1%
3	MACAUTO MEXICO, S.A. DE C.V.	MACAUTO USA, INC.	3	Sales	121,667	O/A 90days	2%
		〃	3	Accounts receivable	45,950	—	1%

(Note 1) Business relationships and significant transactional details between the parent company and its subsidiaries, as well as among the subsidiaries, are not separately disclosed as they involve transactions in opposite directions. Significant disclosure is applicable for amounts exceeding $5,000.

(Note 2) Business transactions between the parent company and its subsidiaries should be annotated with the following numbering method:

1. Parent company should be indicated as "0."
2. Subsidiaries should be numbered sequentially using Arabic numerals starting from 1, according to their company codes.

(Note 3) The relationship with the counterparty can be indicated by the following types:

1. Parent company to subsidiary.
2. Subsidiary to parent company.
3. Subsidiary to subsidiary.

(Note 4) Calculation of the ratio of transaction amounts to total consolidated revenue or total assets is as follows: If the item belongs to the balance sheet, it is calculated as the ending balance as a percentage of total consolidated assets. If the item belongs to the income statement, it is calculated as the accumulated amount at the end of the period as a percentage of total consolidated revenue.

(Note 5) Amounts in this table involving foreign currencies are converted to New Taiwan Dollars at the exchange rates on the financial reporting date (USD:TWD 1:30.71 and CNY:TWD 1:4.408).

Macauto Industrial Co., Ltd and subsidiaries

Name of the invested company, location, and other related information (excluding Mainland China invested companies)

January 1, 2022, to December 31, 2022

Table 6

Unit: NT$ Thousand

Investor	Investee	Location	Main Business	Original investment amount: Balance as at December 31,2022	Original investment amount: Balance as at December 31,2021	Holding status as of December 31,2022: Shares	Holding status as of December 31,2022: Percentage of ownership	Holding status as of December 31,2022: Book Value	Net income (loss) of the investee	Investment Income (loss) recognized by the Company	Note
Macauto Industrial Co., Ltd	CRACK MYTHOLOGY INTERNATIONAL LTD.	Mauritius	General investment	$ 98,272	$ 98,272	3,200,000	100	$ 1,262,250	$ 67,920	$ 67,920	Subsidiary
	MACAUTO USA, INC.	USA	Automobile Sun Shade	36,852	36,852	4,000,000	100	120,026	7,395	7,395	Subsidiary
	MACAUTO HOLDINGS LLC	USA	General investment	7,078	7,078	230,477	100	-	-	-	Subsidiary
	MACAUTO GROUP GmbH	Germany	Automobile Sun Shade	76,892	76,892	-	100	77,666	1,027	1,027	Subsidiary
	MACAUTO MEXICO, S.A. DE C.V.	Mexico	Automobile Sun Shade	615,736	615,736	-	100	444,673	9,149	9,149	Subsidiary
	MARTINGALE TRANSNATIONAL CO., LTD.	Mauritius	Automobile Sun Shade	-	12,533	-	-	-	-	-	Subsidiary (Note 1)
MACAUTO HOLDINGS LLC	HEDGE TRADING LTD.	Samoa	Automobile Sun Shade	-	55	-	-	-	-	-	Subsidiary (Note 2)

(Note 1) Liquidated in March 2022.

(Note 2) Liquidated in October 2022.

(Note 3) The amounts in this table involving foreign currencies are converted to New Taiwan Dollars based on the exchange rates on the financial reporting date (USD:TWD 1:30.71 and EUR:TWD 1:32.72).

Macauto Industrial Co., Ltd and subsidiaries

Mainland China Investment Information - Basic Information

January 1, 2022, to December 31, 2022

Table 7 Unit: NT$ Thousand

Investee in Mainland China	Main Business	Paid-in capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1,2022	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31,2022 — Exported	Repatriated	Accumulated amount of remittance from Taiwan as of December 31,2022	Net income (loss) of the investee	Percentage of the ownership held by the Company (direct or indirect)	Investment income (loss) recognized by the Company (Note 2)	Book value of investments as of December 31,2022	Accumulated amount of investment income remitted back to Taiwan as of December 31,2022	Note
Kunshan Macauto Automobile Parts Industry Co., Ltd.	Automobile Sun Shade	$ 119,769	Note 1	$ 98,272	$ -	$ -	$ 98,272	$ 67,920	100	$ 67,920	$ 1,285,315	$ 304,807	Note 4
Kunshan Macauto Automobile Parts Sales Co.,Ltd	Sales of Automobile Sun Shade and the components, etc.	44,080	Note 2 Note 3	-	-	-	-	9,960	100	9,960	75,335	-	Note 4

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31,2022	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs(MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 5).
Macauto Industrial Co., Ltd	$ 98,272	$119,769	$2,024,601

(Note 1) Establishment of a company in a third territory (CRACK MYTHOLOGY INTERNATIONAL LTD.) for the purpose of investing in mainland China.
(Note 2) Among which $21,497 (USD 0.7 million) is invested indirectly in the mainland company through the increase in capital from the earnings of CRACK MYTHOLOGY INTERNATIONAL LTD. in the third territory.
(Note 3) Investment in mainland China through the mainland company (Kunshan Macauto Automobile Parts Industry Co., Ltd.).
(Note 4) The valuation and recognition of the investment amount is based on the financial statements of the invested company audited by the certified public accountant for the same period.
(Note 5) The investment limit is calculated based on 60% of the net worth or consolidated net worth, whichever is higher.
(Note 6) The amounts in this table involving foreign currencies are converted into New Taiwan Dollars based on the exchange rates (USD: TWD 1:30.71 and RMB: TWD 1:4.408) on the financial reporting date.

Macauto Industrial Co., Ltd and subsidiaries

Major Shareholder Information
December 31, 2022

Table8

Unit: Share

Name of major shareholders	Number of shares held	Ownership Percentage	Note
	Common Shares		
TAYIH KENMOS AUTO PARTS CO., LTD.	9,450,000	12.61%	—
Lin, Yung-Ching	4,635,350	6.18%	—

Note: : The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised 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 is different from the actual number of shares issued in dematerialised form because of the different calculation basis.