

Stock Code: 1522



TYC Brother Industrial Co., Ltd

2021 Annual Shareholders' Meeting
Meeting Agenda

Date : June 23, 2021

Place : National Tainan Living Art Center

(2nd Floor, No. 34, Section 2, Zhonghua West Road, Tainan City, Taiwan)

TYC Brother Industrial Co., Ltd
2021 Annual Shareholders' Meeting
Meeting Agenda
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1. Meeting Procedures

(1) Call to Order

(2) Chairman's Address

(3) Report Items

(4) Matters for Ratification

(5) Matters for Discussion

(6) Matters for Election

(7) Other Matters

(8) Extemporaneous Motions

(9) Adjournment

2020 Annual Shareholders' Meeting Agenda

Time : 9:00 a.m., Wednesday, June 23, 2021

Place : National Tainan Living Art Center

(2nd Floor, No. 34, Section 2, Zhonghua West Road, Tainan City, Taiwan)

(1) Call to Order

(2) Chairman's Address

(3) Report Items:

Proposal 1: 2020 Business report

Explanatory Notes: For the 2020 Business report, please refer to the Attachment. (p. 7-9 of this manual)

Proposal 2: 2020 Audit Committee's review report

Explanatory Notes: For the 2020 Audit Committee's review report, please refer to the Attachment. (p. 10 of this manual)

Proposal 3: 2020 profit sharing bonus for employees and directors' compensation distribution report

Explanatory Notes:

- a. The company's 2020 profit was NT\$262,395,744, which covers the benefits (i.e. all in NT\$) before tax excluding the profit sharing bonus for employees and directors' compensation distributed in accordance with the company's Articles of Incorporation.
- b. Approved by the 6th Salary and Compensation Committee (4th term), i.e., the distribution of NT\$20,000,000 (not less than 1%) employee remuneration and NT\$7,250,000 (not more than 3%) directors' remuneration in cash, with the same amount of expenses recorded in 2020

(4) Matters for Ratification:

Proposal 1: Acknowledgment of 2020 Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

The 2020 individual financial report and consolidated financial report of the Company have been certified by Huang, Shih-Chieh and Lee, Fang-Wen, CPAs of ERNST & YOUNG, TAIWAN. The reports have also been reviewed by the Audit Committee and are certified true and correct. Please refer to the Attachments (page 7-9 and 10-28) for ratification of the 2020 Financial Statements.

Resolution:

Proposal 2: Adoption of the Proposal for Distribution of 2020 Earnings (Proposed by the Board of Directors)

Explanatory Notes:

- a. The company's 2020 net income after tax was NT\$262,616,044, and the proposal for distribution of the 2020 earnings shall be prepared in accordance with the Articles of Incorporation. Please refer to the Attachment (page 29) for details.
- b. NT\$187,738,729 shall be set aside from earnings for shareholders' dividends. Each common share holder is entitled to receive a cash dividend of NT\$0.6 per share (allocated up to NT\$1, rounded down to less than NT\$1), and the total abnormal cost is included in the company's other income. Upon approval at the Annual Shareholders' Meeting presided over by the Chairman, the resolution regarding the ex-rights date, distribution date, and other relevant issues shall be adopted.
- c. If there is a change in the company's share capital afterwards, which in turn affects the dividend ratio, the Board of Directors shall be authorized to adjust the dividend ratio according to each distributed share.

Resolution:

(5) Matters for Discussion:

Proposal 1: Proposal to amend the Procedures for Election of Directors (Proposed by the Board of Directors)

Explanatory Notes: In order to comply with legal and regulatory requirements as well as actual demands, an amendment to certain clauses of the company's "Procedures for Election of Directors" is hereby proposed. For the comparison list of Procedures for Election of Directors before and after the revision, please refer to the Attachment (page 30-33) for details.

Resolution:

(6) Matters for Election:

Proposal 1: Proposal for the Election of Directors. (Proposed by the Board of Directors)

Explanatory Notes:

- a. The term of the members of the Board of Directors will end on June 20, 2021. Therefore, the election of new Board members is proposed in accordance with the Company Act and Articles of Incorporation.
- b. According to Article 21 of the Articles of Incorporation, a total of nine directors (including three independent directors) shall be elected based on a candidate nomination system. Newly-elected directors shall assume office right after the re-election, and the tenure of office shall be three years from June 23, 2021 to June 22, 2024.
- c. The list of nominated Directors (including independent Directors) determined during the Board meeting on March 25, 2021 is as follows:

TYC Brother Industrial Co., Ltd

List of Nominated Directors and Independent Directors (Proposed by the Board of Directors)

Title	Name	Education	Experience	Job	Shareholding	Reasons for continuing to nominate independent directors for three consecutive terms
Director	Wu, Chun-Chi	National Beimen Senior High School	Chairman, Juoku Technology Co., Ltd	Chairman	824,081	Not applicable
Director	Wu, Chun-Lang	National Beimen Senior High School	Chairman, Yuan-Hong Investment Co., Ltd	Vice Chairman	5,401,383	Not applicable
Director	Wu, Chun-I	National Beimen Senior High School	Chairman, Ta Yih Industrial Co., Ltd	Chairman, Ta Yih Industrial Co., Ltd	4,593,613	Not applicable
Director	Representative, Yuan-Hong Investment Co., Ltd Chen, Chin-Chao	Department of Mechanical Engineering, NCKU	Director, Juoku Technology Co., Ltd	President	5,354,451	Not applicable
Director	Representative, Kuo-Chi-Min Investment Co., Ltd Wu, Kuo-Chen	MD, University of Southern California Business School	Supervisor, VARROC TYC Auto Lamps Co., Ltd	Executive Director	9,931,756	Not applicable
Director	Chuang, Tai-Shie	EMBA, YZU	Executive Director, Ford Motor ChangAn, and Director, Greater China, Ford Motor Company Asia Pacific	Chairman, VARROC TYC Auto Lamps Co., Ltd	0	Not applicable
Independent Director	Huang, Chung-Hui	EMBA, NCKU	CPA	CPA	0	None
Independent Director	Hou, Rong-Hsien	EMBA, NCKU	Part-time lecturer, NCKU	CPA	0	None
Independent Director	Hsu, Chiang	PhD, THE UNIVERSITY OF WYOMING U.S.A.	University Chair Professor, CJCUC	University Chair Professor, CJCUC	0	None

Election result:

(7) Other Matters:

Proposal 1: Proposal to remove the non-competition restriction on Directors (Proposed by the Board of Directors)

Explanatory Notes:

- a. According to Article 209 of the Company Act, “A Director who undertakes a task for his/her own benefit or on behalf of another person within the scope of the company's business, shall provide the details of such undertaking and obtain approval during the shareholders’ meeting.”
- b. If a newly elected director or his/her representative invests in or operates other companies with the same or similar business scope and acts as a director or manager in support of actual business requirements and that such endeavor is not prejudicial to the interests of the company, the “non-competition restriction on Directors and their representatives” is proposed subject for approval by Board of Directors in accordance with regulations.
- c. For information on director candidates concurrently holding positions in other companies, please refer to p. 34.

Resolution:

(8) Extemporary Motions

(9) Adjournment

3. Appendices

A. Business Report

TYC Brother Industrial Co., Ltd

Business Report

Dear Shareholders,

I would like to report the 2020 business performance and 2021 business plan of the Company.

Business results in 2020:

1. Business plan implementation results:

As a result of the efforts of all our colleagues in the past year, TYC Brother's operating revenue reached NT\$14,446,208 thousand, a decrease of 17.64 percent from NT\$17,539,920 thousand in 2019. The Company's gross profit was NT\$2,857,442 thousand and net profit before tax was NT\$407,901 thousand.

Unit: In thousand dollars

Item	2019 Achievements	2020 Achievements	Growth rate%
Operating Revenue	17,539,920	14,446,208	-17.64%
Cost of goods sold	13,377,187	11,588,766	-13.37%
Gross Profit (from goods sold)	4,162,733	2,857,442	-31.36%
Operating Expenses	3,106,929	2,590,956	-16.61%
Operating Profit	1,055,804	266,486	-74.76%
Non-Operating Income and Expenses	-72,299	141,415	-295.60%
Net Income before tax	983,505	407,901	-58.53%
Income tax	271,585	121,214	-55.37%
Net Income after tax	711,920	286,687	-59.73%

2. Budget execution status: undisclosed 2020 financial forecast

3. Analysis of 2020 financial income and expenditure, and profitability:

Annual net profit after tax was NT\$286,687 thousand and diluted earnings per share were NT\$0.84. The percentages of net operating profit and net profit before tax versus paid-in capital were 8.52% and 13.04%, respectively, with a profit ratio of 1.98%.

4. Status of research and development:

a. Research and development expenses in the last 2 years:

(1) Research and development expense in 2019 was NT\$488,073 thousand, accounting for 2.78% of the operating revenue.

(2) Research and development expense in 2020 was NT\$425,047 thousand, accounting for 2.94% of the operating revenue.

b. R&D accomplishments:

(1) Tail light with blind spot detection system

(2) ADB LED headlights for heavy-duty motorcycles

(3) CAN bus with full ADB LED headlights for cars

Summary of 2020 Operation Plans:

1. Operating Strategy

a. Continue to obtain product certification and boost sales performance of related product groups to increase company revenue and profit

b. Proactively invest in the development of smart lighting and electronic control technology to maintain the Company's top position in product technology

c. Maximize the use of internal and external resources to make product cost and quality more competitive

d. Speed up the development of new products, effectively reduce lead time to market, and expand market opportunities

2. Sales Volume Estimation

The Company expects sales growth of AM and OEM in 2021 to be better than in 2020; however, the situation may change depending on the long-term global effects of COVID-19.

3. Significant Production and Marketing Policies

a. Eliminate internal waste, continue to improve and strengthen management structure and market price competitiveness

b. Continue to build a labor-saving and automated production system,

improve production efficiency, and move towards establishing an intelligent factory

- c. Effectively manage fixed asset expenditures, reduce fixed cost allocation, and improve the flexibility of funds
- d. Accurately predict seasonal market demand and provide customers with more timely shipments through evaluation and analysis of production and big data in sales

Future Corporate Development Strategy affected by external competitive environment, legal environment, and managerial environment

The global auto market suffered a recession last year due to the impact of COVID-19, which led to sluggish revenue for OEM parts manufacturers. The after-sales market demand that has recovered since the second half of the year continued to grow until the first half of this year. This year's after-sales market demand is expected to go back to normal. In addition, thanks to the substantial increase of new CAPA products and certifications in North America last year, there was a significant growth in revenue ratio of CAPA products this year. As for European and general regional markets, the Company continues to increase its product groups and improve product price competitiveness to ensure achievement of this year's revenue target.

We sincerely thank everyone for taking the time to attend the shareholders' meeting despite their busy schedule. On behalf of my colleagues, I wish to assure all shareholders that our team will continue to strive for the best and remain committed to good governance in the years to come as we live up to all your expectations. Finally, we wish you good health and all the best in future endeavors.

Chairman: Wu, Chun-Chi CEO: Chen, Chin-Chao Accountant: Weng, Yi-Feng

B. Audit Committee's Review Report

TYC Brother Industrial Co., Ltd

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 financial report (including consolidated financial report), which was certified by Huang, Shih-Chieh and Lee, Fang-Wen, CPAs of ERNST & YOUNG, TAIWAN. The aforementioned reports, together with the business report and the proposal for earnings distribution were reviewed and certified correct and accurate by the Audit Committee members of TYC Brother Industrial Co., Ltd. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted.

Submitted at:

2021 Annual General Meeting of TYC Brother Industrial Co., Ltd.

Chairman of the Audit Committee:



Huang, Chung-Hui

March 25, 2021

C. Independent Auditors' Report and Financial Statements

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the "Company") as of 31 December 2020 and 2019, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2020 and 2019, and its financial performance and cash flows for the years ended 31 December 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2020 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss Allowance Accounts Receivable

As of 31 December 2020, the balance of accounts receivable and allowance for doubtful accounts of the Company amounted to NT\$3,164,266 thousand and NT\$162,258 thousand, respectively. Net accounts receivable constituted a material amount of 17% of total assets, which was considered material in the parent company only financial statements. Since the allowance for doubtful accounts was measured at the lifetime expected credit loss, the account receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net accounts receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the process of internal

control execution management established for receivables; evaluating the appropriateness of management's provisioning policy of allowance for doubtful accounts; analyzing the appropriateness of the grouping of accounts receivable to confirm whether customer groups that have significantly different loss patterns from one another are grouped appropriately; the Company was tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables; evaluating long-term trends of loss allowance and turnover rate of accounts receivable.

We also considered the appropriateness of disclosure of accounts receivable. Please refer to Notes 5 and 6 of the parent company only financial statements.

Valuation for slow-moving inventories

As of 31 December 2020, the Company's net inventories amounted to NT\$1,062,985 thousand, constituting 6% of total asset, which was considered material in the parent company only financial statements. Considering the market economy environment change, horizontal competition and numerous inventory items, the loss allowance for loss on inventory valuation and obsolescence required significant management judgment. We determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the internal control management established for inventory, evaluating the appropriateness of management's provisioning policy of allowance; sampling net realizable value estimated by inventory, including related sales certificates and recalculating price loss; testing the accuracy of inventory aging time period by sampling related documents and recalculating the accuracy of inventory allowance.

We also considered the appropriateness of disclosure of inventories. Please refer to Notes 5 and 6 of the parent company only financial statements.

Other Matter – Making Reference to the Audits of a Component Auditors

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries, associates and joint ventures under equity method amounted to NT\$725,102 thousand and NT\$757,435 thousand, representing 4.08% and 4.23% of total assets as of December 31, 2020 and 2019, respectively. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$16,379 thousand and NT\$19,078 thousand, representing 6.97% and 2.19% of the income before tax for the years ended December 31, 2020 and 2019, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$(8,569) thousand and NT\$(5,458) thousand, representing 17.36% and 8.42% of the comprehensive income (loss) for the years ended December 31, 2020 and 2019, respectively.

Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements

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

In preparing the parent company only financial statements, management is responsible for assessing the ability to continue as a going concern of the Company, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends

to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Parent Company Only Financial Statements

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2020 and 2019.

Huang, Shih-Chieh

Lee, Fang-Wen

Ernst & Young, Taiwan
25 March 2021

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS

31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2020	31 Dec. 2019
Current assets			
Cash and cash equivalents	IV/VI.1	\$233,279	\$277,547
Financial assets at fair value through profit or loss, current	IV/VI.2	-	410
Notes receivable, net	IV/VI.4	16,269	15,417
Notes receivable-related parties, net	IV/VI.4/VII	11,381	13,253
Accounts receivable, net	IV/VI.5	772,326	896,799
Accounts receivable-related parties, net	IV/VI.5/VII	2,202,032	2,408,704
Other receivables	IV/VII	103,402	70,996
Inventories	IV/VI.6	1,062,985	1,110,827
Other current assets		134,957	86,232
Total current assets		<u>4,536,631</u>	<u>4,880,185</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	IV/VI.3	83,775	67,254
Investments accounted for under the equity method	IV/VI.7	4,384,432	4,112,176
Property, plant and equipment	IV/VI.8/VIII	6,381,043	6,178,708
Right-of-use asset	IV/VI.19	696,486	709,764
Intangible assets	IV/VI.9	57,329	76,695
Deferred tax assets	IV/VI.23	354,881	330,327
Prepayment for equipments		1,217,581	1,519,703
Refundable deposits	VIII	17,836	18,692
Other non-current assets-others		26,471	23,485
Total non-current assets		<u>13,219,834</u>	<u>13,036,804</u>
Total assets		<u>\$17,756,465</u>	<u>\$17,916,989</u>

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

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2020	31 Dec. 2019
Current liabilities			
Short-term borrowings	IV/VI.10	\$375,590	\$744,000
Short-term notes and bills payable	IV/VI.11	-	589,354
Financial liabilities at fair value through profit or loss, current	IV/VI.12	17,020	3,412
Notes payable	IV	296,082	228,556
Accounts payable	IV	1,645,360	1,409,309
Accounts payable-related parties	IV/VII	801,377	786,015
Other payables	IV	422,826	485,880
Current tax liabilities	IV/VI.23	-	67,693
Lease liabilities, current	IV/VI.19	38,832	35,818
Current portion of long-term liabilities	IV/VI.13	-	11,333
Other current liabilities		301,712	308,630
Total current liabilities		3,898,799	4,670,000
Non-current liabilities			
Long-term borrowings	IV/VI.13	4,558,613	3,675,099
Other long-term borrowings	IV/VI.14	1,999,439	1,998,616
Deferred tax liabilities	IV/VI.23	38,717	40,068
Lease liabilities, non current	IV/VI.19	614,829	653,660
Net defined benefit liabilities, non-current	IV/VI.15	220,805	229,124
Other non-current liabilities-others		315	1,977
Total non-current liabilities		7,432,718	6,598,544
Total liabilities		11,331,517	11,268,544
Equity			
Capital			
Common stock	IV/VI.16	3,128,979	3,128,979
Capital surplus	IV/VI.16	1,381,263	1,379,947
Retained earnings	IV/VI.16		
Legal reserve		783,394	713,881
Special reserve		250,969	160,750
Unappropriated earnings		1,176,321	1,521,853
Other equity	IV/VI.16		
Exchange differences resulting from translating the financial statements of foreign operations		(395,675)	(306,186)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		105,693	55,217
Treasury stock	IV/VI.16	(5,996)	(5,996)
Total equity		6,424,948	6,648,445
Total liabilities and equity		\$17,756,465	\$17,916,989

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

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	Notes	2020	2019
Operating revenues	IV/VI.17/VII	\$9,391,750	\$11,998,508
Operating costs	IV/VI.6.19.20/VII	(8,463,166)	(9,995,094)
Gross profit		<u>928,584</u>	<u>2,003,414</u>
Unealized profit on sales		(456,378)	(471,126)
Realized profit on sales		471,137	554,746
Net gross profit		<u>943,343</u>	<u>2,087,034</u>
Operating expenses	IV/VI.18.19.20/VII		
Sales and marketing expenses		(357,672)	(462,452)
General and administrative expenses		(289,686)	(328,991)
Research and development expenses		(347,777)	(372,526)
Expected credit impairment losses		(2,085)	(8,665)
Subtotal		<u>(997,220)</u>	<u>(1,172,634)</u>
Operating income		<u>(53,877)</u>	<u>914,400</u>
Non-operating income and expenses			
Other income	VI.21	114,382	34,758
Other gains and losses	VI.21	(67,200)	(86,657)
Finance costs	VI.21	(70,638)	(83,831)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	IV/VI.7	312,479	93,259
Subtotal		<u>289,023</u>	<u>(42,471)</u>
Net income before income tax		235,146	871,929
Income tax benefit (expense)	IV/VI.23	27,470	(176,799)
Net income		<u>262,616</u>	<u>695,130</u>
Other comprehensive income (loss)	IV/VI.22		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(11,420)	27,868
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		50,476	(6,959)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method which will not be reclassified subsequently to profit or loss		(1,223)	3,076
Income tax related to items that will not be reclassified subsequently		2,284	(5,574)
Items that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		(101,035)	(57,518)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method which may be reclassified subsequently to profit or loss		(10,827)	(46,556)
Income tax related to items that may be reclassified subsequently		22,373	20,814
Total other comprehensive income (loss), net of tax		<u>(49,372)</u>	<u>(64,849)</u>
Total comprehensive income (loss)		<u>\$213,244</u>	<u>\$630,281</u>
Earnings per share (NTD)	IV/VI.24		
Earnings per share-basic		<u>\$0.84</u>	<u>\$2.23</u>
Earnings per share-diluted		<u>\$0.84</u>	<u>\$2.22</u>

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

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company							Treasury stock	Total equity
	Common stock	Capital surplus	Retained Earnings			Other equity			
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income		
Balance as of 1 January 2019	\$3,128,979	\$1,378,734	\$651,587	\$151,835	\$1,279,329	\$(222,926)	\$62,176	\$(5,996)	\$6,423,718
Appropriation and distribution of 2018 retained earnings									
Legal reserve	-	-	62,294	-	(62,294)	-	-	-	-
Special reserve	-	-	-	8,915	(8,915)	-	-	-	-
Cash dividends	-	-	-	-	(406,767)	-	-	-	(406,767)
Net income for the year ended 31 December 2019	-	-	-	-	695,130	-	-	-	695,130
Other comprehensive income (loss) for the year ended 31 December 2019	-	-	-	-	25,370	(83,260)	(6,959)	-	(64,849)
Total comprehensive income (loss)	-	-	-	-	720,500	(83,260)	(6,959)	-	630,281
Adjustments for dividends subsidiaries received from parent company	-	1,221	-	-	-	-	-	-	1,221
Others	-	(8)	-	-	-	-	-	-	(8)
Balance as of 31 December 2019	<u>\$3,128,979</u>	<u>\$1,379,947</u>	<u>\$713,881</u>	<u>\$160,750</u>	<u>\$1,521,853</u>	<u>\$(306,186)</u>	<u>\$55,217</u>	<u>\$(5,996)</u>	<u>\$6,648,445</u>
Balance as of 1 January 2020	\$3,128,979	\$1,379,947	\$713,881	\$160,750	\$1,521,853	\$(306,186)	\$55,217	\$(5,996)	\$6,648,445
Appropriation and distribution of 2019 retained earnings									
Legal reserve	-	-	69,513	-	(69,513)	-	-	-	-
Special reserve	-	-	-	90,219	(90,219)	-	-	-	-
Cash dividends	-	-	-	-	(438,057)	-	-	-	(438,057)
Net income for the year ended 31 December 2020	-	-	-	-	262,616	-	-	-	262,616
Other comprehensive income (loss) for the year ended 31 December 2020	-	-	-	-	(10,359)	(89,489)	50,476	-	(49,372)
Total comprehensive income (loss)	-	-	-	-	252,257	(89,489)	50,476	-	213,244
Adjustments for dividends subsidiaries received from parent company	-	1,316	-	-	-	-	-	-	1,316
Balance as of 31 December 2020	<u>\$3,128,979</u>	<u>\$1,381,263</u>	<u>\$783,394</u>	<u>\$250,969</u>	<u>\$1,176,321</u>	<u>\$(395,675)</u>	<u>\$105,693</u>	<u>\$(5,996)</u>	<u>\$6,424,948</u>

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

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the years ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2020	2019	ITEMS	2020	2019
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$235,146	\$871,929	Acquisition of financial assets at fair value through comprehensive income	-	(776)
Adjustments for:			Acquisition of investments accounted for using the equity method	(100,792)	(309,922)
Income and expense adjustments:			Proceeds from disposal of investments accounted for using the equity method	-	10,266
Depreciation	1,298,735	1,231,722	Proceeds from capital reduction of investments accounted for using the equity method	46,792	-
Amortization	36,251	29,946	Acquisition of property, plant and equipment	(1,172,559)	(1,683,702)
Expected credit impairment losses	2,085	8,665	Proceeds from disposal of property, plant and equipment	48	4,658
Finance costs	70,638	83,831	Increase in refundable deposits	(714)	(22)
Interest income	(674)	(1,209)	Decrease in refundable deposits	1,570	-
Dividend income	(979)	(2,161)	Acquisition of intangible assets	(16,885)	(38,637)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(312,479)	(93,259)	Increase in other non-current assets	(35,594)	-
(Gains) on disposal of property, plant and equipment	(515)	(1,947)	Decrease in other non-current assets	32,608	2,328
Losses on disposal of investments	-	2,704	Net cash used in investing activities	<u>(1,245,526)</u>	<u>(2,015,807)</u>
Impairment loss on non-financial assets	-	4,337			
Unrealized profit on sales	456,378	471,126	Cash flows from financing activities:		
Realized profit on sales	(471,137)	(554,746)	Increase in short-term borrowings	1,600,825	220,000
Changes in operating assets and liabilities:			Decrease in short-term borrowings	(1,969,235)	(142,000)
Financial assets at fair value through profit or loss	410	20,506	Increase in short-term notes and bills payable	-	40
Notes receivable	(865)	(728)	Decrease in short-term notes and bills payable	(589,354)	(510,122)
Notes receivable-related parties	1,882	(2,065)	Proceeds from long-term borrowings	3,871,720	1,748,697
Accounts receivable	122,387	75,310	Repayment of long-term borrowings	(2,999,539)	(1,437,273)
Accounts receivable-related parties-net	206,676	235,758	Increase in other long-term borrowings	823	300,247
Other receivables	(32,364)	22,965	Cash payment for the principal portion of the lease liabilities	(35,817)	(33,564)
Inventories	47,842	(24,593)	Increase in other non-current liabilities	1,501	1,229
Other current assets	(48,725)	18,045	Decrease in other non-current liabilities	(3,163)	-
Financial liabilities at fair value through profit or loss	13,608	2,953	Cash dividends	(438,057)	(406,767)
Notes payable	67,526	(68,253)	Net cash used in financing activities	<u>(560,296)</u>	<u>(259,513)</u>
Accounts payable	236,051	(101,545)			
Accounts payable-related parties	15,362	(139,673)	Net (decrease) in cash and cash equivalents	(44,268)	(24,530)
Other payables	(62,605)	65,836	Cash and cash equivalents at beginning of year	<u>277,547</u>	<u>302,077</u>
Other current liabilities	(6,918)	79,826	Cash and cash equivalents at end of year	<u>\$233,279</u>	<u>\$277,547</u>
Net defined benefit liabilities	(19,739)	(50,773)			
Cash generated from operations	<u>1,853,977</u>	<u>2,184,507</u>			
Interest received	674	1,209			
Dividend received	32,630	251,977			
Interest paid	(84,214)	(103,885)			
Income tax paid	(41,513)	(83,018)			
Net cash provided by operating activities	<u>1,761,554</u>	<u>2,250,790</u>			

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

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the "Company") and its subsidiaries (the "Group") as of 31 December 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant accounting policies (together "the consolidated financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2020 and 2019, and their consolidated financial performance and cash flows for the years ended 31 December 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, 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 2020 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss Allowance Accounts Receivable

As of 31 December 2020, the balance of accounts receivable and allowance for doubtful accounts of the Group amounted to NT\$2,795,608 thousand and NT\$246,914 thousand, respectively. Net accounts receivable constituted a material amount of 11 % of the total consolidated assets, which was considered material in the consolidated statements. Since the allowance for doubtful accounts was measured at the lifetime expected credit loss, the account receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore determined this a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the process of internal control execution management established for receivables; evaluating the appropriateness of management's provisioning policy of allowance for doubtful accounts; analyzing the appropriateness of the grouping of accounts receivable to confirm whether customer groups that have significantly different loss patterns from one another are grouped appropriately; the Group were tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables; evaluating long-term trends of loss allowance and turnover rate of accounts receivable.

We also considered the appropriateness of disclosure of accounts receivable. Please refer to Notes 5 and 6 of the consolidated financial statements.

Valuation for inventories

As of 31 December 2020, the Group's net inventories amounted to NT\$4,392,436 thousand, and constitutes 19% of total consolidated asset, which was considered material in the consolidated statements. Considering the market economy environment change, horizontal competition and numerous inventory items, the loss allowance for loss on inventory valuation and obsolescence required significant management judgment, we therefore determined this as a key audit matter.

Our audit procedures included, but not limited to, evaluating and testing the internal control management established for inventory; evaluating the appropriateness of management's provisioning policy of allowance; sampling net realizable value estimated by inventory valuation, including related sales certificates and recalculating price loss; testing the accuracy of inventory aging time period by sampling related documents and recalculating the accuracy of inventory allowance.

We also considered the appropriateness of disclosure of inventories. Please refer to Notes 5 and 6 of the consolidated financial statements.

Other Matter – Making Reference to the Audits of a Component Auditors

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets of NT\$1,308,872 thousand and NT\$1,381,669 thousand, constituting 5.75% and 5.85% of consolidated total assets as of 31 December, 2020 and 2019, respectively, and total operating revenues of NT\$2,140,996 thousand and NT\$2,217,419 thousand, constituting 14.82% and 12.64% of consolidated operating revenues for the years ended 31 December 2020 and 2019, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. Those associates and joint ventures under equity method amounted to NT\$162,522 thousand and NT\$196,742 thousand, representing 0.71% and 0.83% of consolidated total assets as of 31 December 2020 and 2019, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$(21,005) thousand and NT\$1,465 thousand, representing (5.15)% and 0.15% of the consolidated net income before tax for the years ended 31 December 2020 and 2019, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(7,623) thousand and NT\$821 thousand, representing 13.38% and (1.35)% of the consolidated other comprehensive income for the years ended 31 December 2020 and 2019, respectively.

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

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

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

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

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

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's 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.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2020 and 2019.

Huang, Shih-Chieh

Lee, Fang-Wen

Ernst & Young, Taiwan

25 March 2021

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

31 December 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2020	31 Dec. 2019
Current assets			
Cash and cash equivalents	IV/VI.1	\$989,964	\$937,959
Financial assets at fair value through profit or loss, current	IV/VI.2	-	410
Financial assets measured at amortized cost, current	IV/VI.4	78,676	12,780
Notes receivable, net	IV/VI.5	22,416	26,835
Notes receivable-related parties, net	IV/VI.5/VII	13,561	18,987
Accounts receivable, net	IV/VI.6/VIII	2,450,755	2,872,218
Accounts receivable-related parties, net	IV/VI.6/VII	61,962	36,113
Other receivables	IV	115,455	171,610
Inventories	IV/VI.7/VIII	4,392,436	4,668,039
Other current assets		327,870	279,202
Total current assets		<u>8,453,095</u>	<u>9,024,153</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	IV/VI.3	191,736	141,783
Investments accounted for under the equity method	IV/VI.8	1,983,646	1,886,142
Property, plant and equipment	IV/VI.9/VIII	8,330,236	8,331,456
Right-of-use asset	IV/VI.20	1,863,728	2,044,193
Intangible assets	IV/VI.10	90,673	116,418
Deferred tax assets	IV/VI.24	492,841	517,419
Prepayment for equipments		1,243,141	1,451,657
Refundable deposits	VIII	50,887	48,989
Other non-current assets-others		45,152	49,833
Total non-current assets		<u>14,292,040</u>	<u>14,587,890</u>
Total assets		<u>\$22,745,135</u>	<u>\$23,612,043</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	31 Dec. 2020	31 Dec. 2019
Current liabilities			
Short-term borrowings	IV/VI.11	\$1,229,994	\$2,124,718
Short-term notes and bills payable	IV/VI.12	-	589,354
Financial liabilities at fair value through profit or loss, current	IV/VI.13	17,020	3,412
Notes payable	IV	324,990	257,739
Accounts payable	IV	2,325,277	2,099,991
Accounts payable-related parties	IV/VII	610,662	500,199
Other payables	IV	940,817	960,818
Current tax liabilities	IV/VI.24	7,905	80,419
Lease liabilities, current	IV/VI.20	188,161	183,647
Current portion of long-term liabilities	IV/VI.14	233,580	108,758
Other current liabilities		422,406	412,648
Total current liabilities		<u>6,300,812</u>	<u>7,321,703</u>
Non-current liabilities			
Long-term borrowings	IV/VI.14	5,774,719	5,225,636
Other long-term borrowings	IV/VI.15	1,999,439	1,998,616
Deferred tax liabilities	IV/VI.24	56,815	64,845
Lease liabilities, non-current	IV/VI.20	1,587,850	1,797,601
Net defined benefit liabilities, non-current	IV/VI.16	270,708	285,330
Other non-current liabilities-others		49,866	55,538
Total non-current liabilities		<u>9,739,397</u>	<u>9,427,566</u>
Total liabilities		<u>16,040,209</u>	<u>16,749,269</u>
Equity attributable to the parent company			
Capital			
Common stock	IV/VI.17	3,128,979	3,128,979
Capital surplus	IV/VI.17	1,381,263	1,379,947
Retained earnings	IV/VI.17		
Legal reserve		783,394	713,881
Special reserve		250,969	160,750
Unappropriated earnings		1,176,321	1,521,853
Other equity	IV/VI.23		
Exchange differences resulting from translating the financial statements of foreign operations		(395,675)	(306,186)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		105,693	55,217
Treasury stock	IV/VI.17	(5,996)	(5,996)
Total equity attributable to the parent company		<u>6,424,948</u>	<u>6,648,445</u>
Non-controlling interests	IV/VI.17	279,978	214,329
Total equity		<u>6,704,926</u>	<u>6,862,774</u>
Total liabilities and equity		<u>\$22,745,135</u>	<u>\$23,612,043</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	Notes	2020	2019
Operating revenues	IV/VI.18/VII	\$14,446,208	\$17,539,920
Operating costs	IV/VI.7.20.21/VII	<u>(11,588,776)</u>	<u>(13,377,184)</u>
Gross profit		2,857,432	4,162,736
Unrealized profit on sales		(21)	(31)
Realized profit on sales		31	28
Net gross profit		<u>2,857,442</u>	<u>4,162,733</u>
Operating expenses	IV/VI.20.21		
Sales and marketing expenses		(1,361,817)	(1,707,068)
General and administrative expenses		(824,142)	(910,700)
Research and development expenses		(425,047)	(488,073)
Expected credit impairment gains (losses)	IV/VI.19	20,050	(1,088)
Subtotal		<u>(2,590,956)</u>	<u>(3,106,929)</u>
Operating income		266,486	1,055,804
Non-operating income and expenses			
Other income	VI.22	216,429	97,142
Other gains and losses	VI.22	(32,947)	(19,379)
Finance costs	VI.22	(171,117)	(199,550)
Share of profit of associates and joint ventures accounted for using the equity method	IV/VI.8	129,050	49,488
Subtotal		<u>141,415</u>	<u>(72,299)</u>
Net income before income tax		407,901	983,505
Income tax expense	IV/VI.24	<u>(121,214)</u>	<u>(271,585)</u>
Net income		<u>286,687</u>	<u>711,920</u>
Other comprehensive income (loss)	IV/VI.23		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(13,716)	34,450
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		49,953	(6,959)
Income tax related to items that will not be reclassified subsequently		2,743	(6,890)
Item that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		(107,480)	(55,504)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		(10,827)	(46,556)
Income tax related to items that may be reclassified subsequently		22,373	20,814
Total other comprehensive income (loss), net of tax		<u>(56,954)</u>	<u>(60,645)</u>
Total comprehensive income (loss)		<u>229,733</u>	<u>651,275</u>
Net income attributable to:			
Stockholders of the parent		\$262,616	\$695,130
Non-controlling interests		<u>24,071</u>	<u>16,790</u>
		<u>\$286,687</u>	<u>\$711,920</u>
Comprehensive income attributable to:			
Stockholders of the parent		\$213,244	\$630,281
Non-controlling interests		<u>16,489</u>	<u>20,994</u>
		<u>\$229,733</u>	<u>\$651,275</u>
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.25	<u>\$0.84</u>	<u>\$2.23</u>
Earnings per share-diluted	IV/VI.25	<u>\$0.84</u>	<u>\$2.22</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the years ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company										Non-controlling interests	Total equity
	Common stock	Capital surplus	Retained Earnings			Other equity		Treasury stock	Total			
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income					
Balance as of 1 January 2019	\$3,128,979	\$1,378,734	\$651,587	\$151,835	\$1,279,329	\$(222,926)	\$62,176	\$(5,996)	\$6,423,718	\$193,335	\$6,617,053	
Appropriation and distribution of 2018 retained earnings												
Legal reserve	-	-	62,294	-	(62,294)	-	-	-	-	-	-	
Special reserve	-	-	-	8,915	(8,915)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(406,767)	-	-	-	(406,767)	-	(406,767)	
Net income for the year ended 31 December 2019	-	-	-	-	695,130	-	-	-	695,130	16,790	711,920	
Other comprehensive income (loss) for the year ended 31 December 2019	-	-	-	-	25,370	(83,260)	(6,959)	-	(64,849)	4,204	(60,645)	
Total comprehensive income (loss)	-	-	-	-	720,500	(83,260)	(6,959)	-	630,281	20,994	651,275	
Adjustments for dividends subsidiaries received from parent company	-	1,221	-	-	-	-	-	-	1,221	-	1,221	
Others	-	(8)	-	-	-	-	-	-	(8)	-	(8)	
Balance as of 31 December 2019	<u>\$3,128,979</u>	<u>\$1,379,947</u>	<u>\$713,881</u>	<u>\$160,750</u>	<u>\$1,521,853</u>	<u>\$(306,186)</u>	<u>\$55,217</u>	<u>\$(5,996)</u>	<u>\$6,648,445</u>	<u>\$214,329</u>	<u>\$6,862,774</u>	
Balance as of 1 January 2020	\$3,128,979	\$1,379,947	\$713,881	\$160,750	\$1,521,853	\$(306,186)	\$55,217	\$(5,996)	\$6,648,445	\$214,329	\$6,862,774	
Appropriation and distribution of 2019 retained earnings												
Legal reserve	-	-	69,513	-	(69,513)	-	-	-	-	-	-	
Special reserve	-	-	-	90,219	(90,219)	-	-	-	-	-	-	
Cash dividends	-	-	-	-	(438,057)	-	-	-	(438,057)	-	(438,057)	
Net income for the year ended 31 December 2020	-	-	-	-	262,616	-	-	-	262,616	24,071	286,687	
Other comprehensive income (loss) for the year ended 31 December 2020	-	-	-	-	(10,359)	(89,489)	50,476	-	(49,372)	(7,582)	(56,954)	
Total comprehensive income (loss)	-	-	-	-	252,257	(89,489)	50,476	-	213,244	16,489	229,733	
Adjustments for dividends subsidiaries received from parent company	-	1,316	-	-	-	-	-	-	1,316	-	1,316	
Increase in non-controlling interests	-	-	-	-	-	-	-	-	-	49,160	49,160	
Balance as of 31 December 2020	<u>\$3,128,979</u>	<u>\$1,381,263</u>	<u>\$783,394</u>	<u>\$250,969</u>	<u>\$1,176,321</u>	<u>\$(395,675)</u>	<u>\$105,693</u>	<u>\$(5,996)</u>	<u>\$6,424,948</u>	<u>\$279,978</u>	<u>\$6,704,926</u>	

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2020	2019	ITEMS	2020	2019
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$407,901	\$983,505	Acquisition of financial assets at fair value through other comprehensive income	-	(12,199)
Adjustments for:			Acquisition of financial assets measured at amortized cost	(152,289)	(12,780)
Income and expense adjustments:			Proceeds from redemption of financial assets measured at amortized cost	86,393	30,883
Depreciation	1,640,458	1,609,654	Acquisition of investments accounted for using the equity method	(16,602)	(110,996)
Amortization	48,240	41,687	Proceeds from disposal of subsidiary	-	(1,010)
Expected credit impairment (gains) losses	(20,050)	1,088	Acquisition of property, plant and equipment	(1,235,706)	(1,829,305)
Finance costs	171,117	199,550	Proceeds from disposal of property, plant and equipment	3,761	262,655
Interest income	(4,460)	(7,287)	Increase in refundable deposits	(4,610)	(1,082)
Dividend income	(1,047)	(2,161)	Decrease in refundable deposits	1,859	1,408
Share of profit of associates and joint ventures accounted for using the equity method	(129,050)	(49,488)	Acquisition of intangible assets	(22,508)	(43,492)
Losses (Gains) on disposal of property, plant and equipment	1,504	(108,877)	Acquisition of right-of-use assets	-	(4,769)
Losses on disposal of investments	-	6,863	Increase in other non-current assets	(51,843)	-
Impairment loss on non-financial assets	-	32,200	Decrease in other non-current assets	56,490	44,380
Reversal of impairment loss on non-financial assets	(49,399)	-	Net cash used in investing activities	<u>(1,335,055)</u>	<u>(1,676,307)</u>
Unrealized profit on sales	21	31			
Realized profit on sales	(31)	(28)	Cash flows from financing activities:		
Others	(68)	-	Increase in short-term borrowings	1,889,575	1,138,765
Changes in operating assets and liabilities:			Decrease in short-term borrowings	(2,724,900)	(646,425)
Financial assets at fair value through profit or loss	410	20,506	Increase in short-term notes and bills payable	70,000	60,000
Notes receivable	4,406	(3,138)	Decrease in short-term notes and bills payable	(659,354)	(709,943)
Notes receivable-related parties	5,436	(1,130)	Proceeds from long-term borrowings	4,040,684	1,993,141
Accounts receivable	431,935	(204,305)	Repayment of long-term borrowings	(3,362,065)	(1,787,938)
Accounts receivable-related parties	(16,268)	82,423	Increase in other long-term borrowings	823	300,247
Other receivables	72,311	4,085	Cash payment for the principal portion of the lease liabilities	(184,387)	(169,018)
Inventories	275,603	(119,357)	Increase in other non-current liabilities	6,166	52,883
Other current assets	(48,668)	49,741	Decrease in other non-current liabilities	(9,512)	(6,816)
Financial liabilities at fair value through profit or loss	13,608	2,953	Cash dividends	(436,741)	(405,546)
Notes payable	67,251	(67,915)	Change in non-controlling interests	49,160	-
Accounts payable	228,520	(276,802)	Net cash used in financing activities	<u>(1,320,551)</u>	<u>(180,650)</u>
Accounts payable-related parties	110,463	(51,240)			
Other payables	(19,552)	(65,055)	Effect of exchange rate changes on cash and cash equivalents	(150,342)	(58,698)
Other current liabilities	9,758	60,407	Net increase (decrease) in cash and cash equivalents	<u>52,005</u>	<u>(50,515)</u>
Net defined benefit pension liabilities	(28,338)	(58,898)	Cash and cash equivalents at beginning of year	<u>937,959</u>	<u>988,474</u>
Cash generated from operations	3,172,011	2,079,012	Cash and cash equivalents at end of year	<u><u>\$989,964</u></u>	<u><u>\$937,959</u></u>
Interest received	4,460	7,287			
Dividend received	34,692	129,752			
Interest paid	(184,693)	(219,604)			
Income tax paid	(168,517)	(131,307)			
Net cash provided by operating activities	<u>2,857,953</u>	<u>1,865,140</u>			

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

D. Earnings Distribution Proposal

TYC Brother Industrial Co., Ltd

Earnings Distribution Proposal

December 31, 2020

Unit: NT\$

Item	Amount	
	Sub-total	Total
Balance of January 1, 2020		<u>924,063,537</u>
Plus: Actuarial profit (loss) recognized in retained earnings	(10,358,764)	
Unappropriated surplus after adjustment		<u>913,704,773</u>
Net Income of 2020	262,616,044	
Less: Legal surplus reserve	(25,225,728)	
Less: Special surplus reserve	(39,013,322)	
Distributable earnings of December 31, 2020		<u>198,376,994</u>
Accumulated distributable earnings		<u>1,112,081,767</u>
Allocated items		
Cash dividends	187,738,729	<u>187,738,729</u>
Unappropriated earnings of December 31, 2020		<u>924,343,038</u>

Chairman: Wu, Chun-Chi CEO: Chen, Chin-Chao Accountant: Weng, Yi-Feng

E. Guidelines Governing the Election of Directors

TYC Brother Industrial Co., Ltd Guidelines Governing the Election of Directors

Article 1

The Company directors shall be elected in accordance with the rules specified herein.

Article 2

The election of Company directors shall be held at the shareholders' meeting.

Article 3

In the election of Company directors, the cumulative voting method shall be adopted. The names of voters may be represented by shareholder numbers. Each share shall have voting rights equivalent to the number of seats to be elected and such voting rights can be combined to vote for one person or divided to vote for several persons.

Article 4

The Company directors are selected among competent candidates to be approved during the shareholders' meeting. The election of independent directors shall be based on a candidate nomination system and number of Directors required, specified in the Articles. The candidates represent a prevailing number of votes to be elected based on the election results for Independent Directors or non-Independent Directors. Candidates with the most votes shall win the seats. If two or more persons obtain the same number of votes and they exceed the number of seats available, this shall be addressed by drawing lots to determine the winner, and the Chairman shall cast the lot on behalf of a candidate who is not present.

Article 5

The Board of Directors shall prepare equal numbers of ballots and Directors to be elected and shall fill in the number of votes to be distributed to attending Members of the general meeting.

Article 6

Prior to the commencement of election, the Chairman shall appoint several ballot examiners and ballot counters with their corresponding duties.

Article 7

The tasks of the scrutineers are as follows:

1. Inspect the ballot box in public prior to casting of ballots and have it sealed after voting ends.
2. Maintain order and monitor the election for any negligence or violation of the law.
3. After the election, the ballot box shall be opened and the number of ballots is checked.
4. The validity of ballots is checked.

5. Track the number of total voting rights of each candidate.

Article 8

Where a candidate is also a Member, the person casting the vote shall specify the account name and Member number on the ballot in the column labeled as "Candidate". If the candidate is not a Member, the person casting the vote shall specify the name and identification number of the candidate in the said column. However, if the candidate is a Member and a government entity or a juristic person, the person casting the vote shall specify the name of the government entity or legal person and may also specify the name of the representative of the government entity or juristic person. Where there are multiple representatives, the name of each representative shall be indicated.

Article 9

The ballot shall be considered null and void should one of the following occurs:

1. Ballots found to be in non-compliance with these Guidelines
2. Blank ballots cast and placed in the ballot box
3. Scribbled and indecipherable handwriting or writing that has been altered
4. A candidate who is also a Member whose account name and Member number are inconsistent with the information recorded in the Register of Members; where a candidate who is not a Member, the name and identification number provided are inconsistent upon further verification.
5. Ballots with other written characters in addition to the candidate's name and shareholder's number or ID number
6. The name of the candidate indicated on the ballot is the same as another shareholder, but the shareholder account number or identity card number is not specified in the ballot to identify such individual.
7. Two or more candidates are included in a single ballot.

Article 10

The ballot box is prepared for the election of directors, and the ballots should be counted during the meeting immediately after voting ends, and the results of the election should be announced by the Chairman at the meeting.

Article 11

The Company shall issue notifications to the directors elected.

Article 12

Unless otherwise provided in the guidelines governing election of directors, the Company Act and Articles of Incorporation shall be followed accordingly.

Article 13

These Guidelines and any revision thereof shall become effective after approval at the shareholders' meeting.

F. Comparison table of articles before and after the amendment of Guidelines Governing Election of Directors

Article	Before amendment	After amendment	Reason
Article 4	<p>The company’s directors are elected among competent candidates and approved at the shareholders’ meeting. The election of independent directors adopts a candidate nomination system, pursuant to the number of Directors required under the Articles; the candidates representing a prevailing number of votes shall be elected based on the election result for Independent Directors or non-Independent Directors, arranged in descending order. Candidates who acquire more votes should win the seats of directors. If two or more persons acquire the same number of votes and the number of such persons exceeds the specified seats available, such persons acquiring the same votes shall draw lots to decide who should win the seats available, and the Chairman shall draw lots on behalf of the candidate who is not present.</p>	<p>The Company directors are selected among competent candidates to be approved during the shareholders’ meeting. The election of directors shall be based on a candidate nomination system and number of Directors required, specified in the Articles. The candidates represent a prevailing number of votes to be elected based on the election results for Independent Directors or non-Independent Directors. Candidates with the most votes shall win the seats. If two or more persons obtain the same number of votes and they exceed the number of seats available, this shall be addressed by drawing lots to determine the winner, and the Chairman shall cast the lot on behalf of a candidate who is not present.</p>	Alignment to actual need of the Company
Article 8	<p>Where a candidate is also a Member, the person casting the vote shall specify the account name and Member number on the ballot in the column entitled “Candidate”. If the candidate is not a Member, the person casting the vote shall specify the name and identification number of the candidate in the said column.</p> <p>Provided, however, if the candidate is a Member and a government entity or a juristic person, the person casting the vote shall specify the name of the government entity or</p>	<p>The person casting the vote shall specify the name of candidate or account name on the ballot in the column labeled as “Candidate”. However, if the candidate is a Member and a government entity or a juristic person, the person casting the vote shall specify the name of the government entity or legal person and may also specify the name of the representative of the government entity or juristic person. Where there are multiple representatives, the name of each representative shall be indicated.</p>	Alignment to actual need of the Company

Article	Before amendment	After amendment	Reason
	<p>juristic person and may in addition specify the name of the representative of the government entity or juristic person. Where there are multiple representatives, the name of each representative shall be indicated.</p>		
Article 9	<p>The ballot shall be null and invalid upon occurrence of one of the following:</p> <ol style="list-style-type: none"> 1. Ballots which are not in compliance with these Guidelines. 2. Blank ballots which are cast into the ballot box; 3. Scribbled and unidentifiable writing or writing which has been altered; 4. A candidate who is also a Member whose account name and Member number are inconsistent with the information recorded in the Register of Members; where a candidate who is not a Member, the name and identification number provided are inconsistent upon further verification. 5. Ballots with other written characters in addition to the candidate's name and shareholder's number or ID number. 6. The name of a candidate indicated on the ballots is the same as another shareholder, but no shareholder account number or identity card number is provided in the ballot to identify such individual; 7. Two or more candidates are included in a single ballot. 	<p>The ballot shall be considered null and void should one of the following occurs:</p> <ol style="list-style-type: none"> 1. Ballots are not prepared by a convener. 2. Blank ballots are cast and placed in the ballot box. 3. Scribbled and indecipherable handwriting or writing which has been altered 4. A vote is cast for a candidate that is inconsistent with the list of director-candidates upon further verification. 5. Ballots with other written characters in addition to the candidate's name and account name 6. Two or more candidates are included in a single ballot. 	<p>Alignment to actual need of the Company</p>

G. Information sheet on director-candidates concurrently holding positions in other companies

Title	Name	Company name	Position
Director	Wu, Chun-Chi	DBM REFLEX OF TAIWAN CO., LTD. TYC-EUROPE BV. (Holland) T.I.T INTERNATIONAL CO., LTD. (Thailand) Changzhou Tamao Precision Industry Co., Ltd. TYC High Performance CO., LTD. Juoku Technology Co., Ltd INNOVA HOLDING CORP. U.S.A. I Yuan Precision Industrial Co., Ltd. Laster Tech Co., Ltd.	Chairman Chairman Director Chairman Chairman Chairman Director Director Director
Director	Wu, Chun-I	Fuzhou Koito Tayih Automotive Lamp Co., Ltd. Ta Yih Industrial Co., Ltd. Tayih Kenmos Auto Parts Co., Ltd.	Vice Chairman Chairman Chairman
Director	Representative, Yuan-Hong Investment Co., Ltd. Chen, Chin-Chao	VARROC TYC Auto Lamps Co., Ltd. T.I.T INTERNATIONAL CO., LTD. (Thailand) Changzhou Tamao Precision Industry Co., Ltd. TYC High Performance CO., LTD. Juoku Technology Co., Ltd. INNOVA HOLDING CORP. U.S.A. TYC VIENTNAM INDUSTRIAL CO., LTD.	Director Director Director Director Director Director Chairman
Director	Representative, Guo, Qi Min Investment Co., Ltd. Wu, Kuo-Chen	T.I.T INTERNATIONAL CO., LTD. (Thailand) Juoku Technology Co., Ltd. INNOVA HOLDING CORP. U.S.A. TYC VIENTNAM INDUSTRIAL CO., LTD.	Chairman Director Chairman Director
Director	Chuang, Tai-Shie	VARROC TYC Auto Lamps Co., Ltd.	Chairman

H. Shareholders' Meeting Rules and Procedures

TYC Brother Industrial Co., Ltd

Rules and Procedures of Shareholders' Meeting

- Article 1 The Company Shareholders' Meeting (the "Meeting") shall be conducted in accordance with these Rules and Procedures.
- Article 2 The Company shall provide an attendance book to be signed by shareholders present at the Meeting or shareholders may submit a sign-in/attendance card if they are attending the Meeting. The number of shares in terms of attendance shall be computed based on the shares indicated on the attendance book and sign-in cards plus the number of shares with voting rights exercised electronically or via correspondence.
- Article 3 The attendance and voting of shareholders shall be calculated based on the numbers of shares.
- Article 4 The Meeting shall be held at the same city/county where the head office is located or at any other appropriate place that is convenient to shareholders. The Meeting shall begin not earlier than 9:00 a.m. or later than 3:00 p.m.
- Article 5 The Chairman of the Board of Directors shall preside over the Meeting. In case the Chairman is on leave or unable to exercise his/her powers for any reason, the Vice Chairman of the Board shall take his/her place as Chairman. If the Vice Chairman of the Board of Directors is also on leave or unable to perform his/her duties, the Chairman shall appoint one of the directors as substitute. If there is no appointee, the directors shall select from among themselves one person to act on the behalf of the Chairman.
- Article 6 The Company may choose to have a designated counsel, CPA or other related persons to attend the Meeting. The appointee should wear an identification card or badge at the Meeting.
- Article 7 There will be audio and video recording of the Meeting, which shall be preserved for at least one year.
- Article 8 The Chairman shall call the Meeting to order once the shareholders in attendance represent more than half of the total outstanding shares. If the number of shares represented by the shareholders in attendance fails to achieve a quorum at the scheduled Meeting time, the Chairman may postpone the time of the Meeting. The postponements shall be limited to two times at the most and the Meeting should not be postponed for more than one hour. If after two postponements, no

quorum can yet be constituted but the shareholders present at the Meeting represent more than one-third of the total outstanding shares, tentative resolutions may be made by those present at the Meeting with more than half of the voting rights. If after coming up with the tentative resolutions mentioned above, the shareholders who are in attendance, representing the number of outstanding shares, are able to reach a quorum, the chairman may submit the tentative resolutions for approval in accordance with Article 174 of the Company Act.

Article 9 The agenda of the Meeting shall be set by the Board of Directors, and unless otherwise resolved at the Meeting, the Meeting shall proceed in accordance with the agenda.

The above provision applies *mutatis mutandis* to cases wherein the Meeting is convened by any person other than the Board of Directors, who is entitled to convene such Meeting.

Unless otherwise resolved, the Chairman may not adjourn the meeting before all items in the agenda (including extemporary motions) have been discussed. In the event that the Chairman adjourns the meeting in violation of the Rules, one person shall be designated as chairman by a majority of votes represented by the members in attendance, in order to proceed with the meeting.

The shareholders cannot designate any other person as chairman in order to continue the Meeting at the same place or another after adjournment of the Meeting is announced.

Article 10 (Deleted)

Article 11 When a shareholder present at the Meeting wishes to speak, a Speech Note containing a summary of the speech, the shareholder's number (or Attendance Card number) and the name of the shareholder, should be filled out. The sequence of shareholder speeches shall be decided by the Chairman.

If any shareholder present at the Meeting submits a Speech Note but does not speak, no speech should be deemed to have been made by such shareholder. In case the contents of a shareholder's speech are inconsistent with the contents of the Speech Note, the contents of the actual speech shall prevail.

Unless otherwise permitted by the chairman and the shareholder, no shareholder shall interrupt the speech of other shareholders; otherwise the Chairman shall put an end to such disruption.

Article 12 Unless otherwise permitted by the chairman, each shareholder shall not speak more than two times (each time not exceeding 5 minutes) for each discussion item.

In case the speech of any shareholder violates the above provision or exceeds the

scope of the discussion item, the Chairman may stop the shareholder from speaking.

Article 13 Any legal entity designated as proxy by a shareholder to attend a Meeting on his/her behalf, may appoint only one representative.

If a corporate shareholder designates two or more representatives to attend the Meeting, only one representative is allowed to speak.

Article 14 After the speech of a shareholder, the Chairman may personally respond or appoint an appropriate person to respond.

Article 15 The Chairman may announce to end the discussion of any resolution and proceed with the voting if he/she deems it appropriate.

Article 16 The persons to check and record the ballots during the voting process shall be appointed by the Chairman. The person(s) checking the ballots should be a shareholder(s). The voting result shall be announced at the Meeting and placed on record.

Article 17 During the Meeting, the Chairman may, at his discretion, set time for intermission.

Article 18 Except otherwise specified in the Company Act or the Articles of Incorporation, a resolution shall be adopted by a majority of the votes represented by the shareholders present at the Meeting.

When voting on each proposal, the chairperson or any designated person shall announce the number of votes represented by members (present at the Meeting) who shall then vote on each proposal. On the same day after the shareholders' meeting, such resolutions (i.e., consent, opposition and waiver) shall be uploaded onto the MOPS.

Article 19 If there is any amendment or modification to be made on a discussion item, the Chairman shall decide the sequence of voting for such item, amendment or modification. If any of them has been adopted, the rest shall be deemed vetoed and no further voting is necessary.

Article 20 The Chairman may assign disciplinary officers or security personnel to assist in maintaining order at the Meeting venue. The disciplinary officers or security personnel shall wear badges with "Disciplinary Officers" indicated for identification.

Article 21 Any matter not provided in the Rules and Procedures shall be handled in accordance with the Company Act and Articles of Incorporation.

Article 22 These Rules and Procedures shall take effect from the date of approval during the Shareholders' Meeting. The same applies to revisions.

I. Articles of Incorporation

TYC Brother Industrial Co., Ltd. Articles of Incorporation

Chapter 1: General Provisions

Article 1

The Corporation is a company limited by shares under the Company Act with the Chinese name 堤維西交通工業股份有限公司 and English name - TYC Brother Industrial Co., Ltd.

Article 2

The Company's nature of business is as follows:

1. Automobile and motorcycle parts (Manufacturing, processing and sales of lighting equipment, engines, car body parts, car lights, horns, electrical products, radio tape recorders, cigarette lighters, car mirrors, trims, rim covers, door handles, door locks, starter switch locks, dashboards , rear-view mirrors, vehicle detection instruments)
2. Manufacturing, processing and sales of aviation/aircraft parts and nautical/ship spare parts
3. Manufacturing, processing and sales of transportation machinery and parts
4. Manufacturing and assembly of AC/DC air compressors, vacuum cleaners, waxing machines, oil pumping units and maintenance equipment.
5. Manufacturing, processing and sales of plastic injection molding products (plastic parts for vacuum cleaners, waxing machines, air compressors and so on, as well as auto parts).
6. Import and export business of abovementioned items
7. Handling quotation, bidding and distribution of abovementioned products for domestic and foreign manufacturers (as agent)
8. All businesses not prohibited or restricted by law, except those that are subject to special approval

Article 3

The Company is entitled to reinvest, and the total amount of reinvestment shall not be limited to no more than 40% of the Corporation's paid-up capital as provided in Article 13 of the Company Act.

Article 4

The Company may provide endorsement and guarantee, and act as a guarantor.

Article 5

The Company shall establish its head office in Tainan City, Taiwan, Republic of China, and shall set up domestic and overseas branches or representative offices, subject to approval of the Board of Directors and as deemed necessary by the Company.

Article 6

The Company's public announcements shall be handled in accordance with Article 28 of the Company Act.

Chapter 2: Shares

Article 7

The total capital stock of the Company is NT\$4 Billion, divided into 400,000,000 shares at NT\$10 each, and may be paid in installments. Unappropriated shares shall be set aside subject to the resolution of the Board of Directors based on actual requirements; these are partially recognized as preferred shares.

Article 7-1

The rights and obligations as well as other significant conditions related to the distribution of Preferred Shares may be subject to the following terms:

1. Preferred dividends are capped at an annual rate of 8% and the calculation is based on the issue price per share. The dividends can be distributed in cash once a year. After the financial report is presented at the annual Shareholders' Meeting, the Board of Directors or the chairman authorized by the Board of Directors can set the base date for payment of dividends specified in the previous year. The publication year and distribution of annual dividend reversal are based on the actual number of distribution days in a year. The publication date is defined as the capital increase base date for distribution of preferred shares.
2. The company has discretionary powers in the distribution of preferred dividends. If there is no or insufficient surplus of preferred dividends for distribution, the Company may choose not to issue preferred dividends, without the objection of preferred shareholders. The Board of Directors shall draft a surplus distribution proposal in accordance with Article 32 of

the Articles of Incorporation and submit this to the shareholders for approval. The surplus distribution proposal after approval pertains to the amount of appropriated surplus that can be distributed as preferred shares and common shares. Preferred shares are prioritized while the rest shall be handled in accordance with relevant provisions of the Company's Articles.

3. If the issued preferred shares are non-cumulative, the undistributed or under-distributed dividends shall not be accumulated and payment shall be deferred with surplus in subsequent years.
4. In addition to receiving dividends specified in the first paragraph of this Article, preferred shareholders shall not participate in the distribution of common shares connected to surplus and capital reserve as cash and appropriate capital.
5. When the company distributes new shares in cash, shareholders of preferred and common shares have equal preemptive rights.
6. In terms of the order of distribution of the Company's remaining assets preferred shareholders have the priority over common shareholders. The order of compensation is the same as that of shareholders of other preferred shares issued by the company, which are inferior to general creditors, but with a limit of no more than the distribution of preferred and outstanding shares based on the issuing price at that time.
7. Preferred shareholders are not authorized to pass resolutions and vote in elections of directors. They are entitled to attend shareholders' meetings or have the right and obligations relevant to preferred shares.
8. Preferred shares cannot be converted into common shares.
9. There is no expiry date for preferred shares. Preferred shareholders should not request for reversal of preferred shares. The Company may reverse all or part of the preferred shares at any time based on the original issue price after the five-year issuance period expires. The rights and obligations of unrecovered preferred shares shall remain based on the aforesaid conditions of issuance. If the company decides to issue dividends in the current year, these shall be calculated based on the actual number of issuance days in that year.
10. The capital reserve created through share premium shall not be recorded during the issuance period of preferred shares.

The Board of Directors is authorized to determine the name, issuance date

and specific conditions of issuance of preferred shares based on capital market conditions and investors' willingness in accordance with the company's Articles of Incorporation and relevant laws and regulations during the time of actual issuance.

Article 8

The Company's share certificates shall bear names along with affixed signatures and seals of directors who are the Company's representatives, and shall be issued after legal certification. There is no obligation to print share certificates for the Company. However, registration shall be made with a securities custodian.

Article 8-1

The stocks issued by the Company can be combined and exchanged for large-denomination stocks in response to TDCC requirements.

Article 9

Shareholders should report their real names and addresses to the company, and fill in the seal card and send it to the company for storage and verification. In case of lost seal, shareholders of the Company should refer to the "Guidelines for Stock Operations for Public Companies".

Article 10

When shareholders receive dividends from the company or exercise power, the seal stored by the Company needs to be recognized as proof.

Article 11

Stock transfers require endorsement to a registered shareholder of the company, as well as the real name or title of the transferee. The transferee's real name or title and address shall be recorded in the list of Company shareholders.

Article 12

Matters such as transfer and pledge of stock rights as well as impairment loss of shares shall be conducted in accordance with the Company Act and other general laws and regulations.

Article 13

When stocks are reissued or renewed due to loss or other reasons, handling fees and stamp duties shall be levied.

Article 14

Registration for transfer of shares shall be suspended sixty (60) days before the regular shareholders' meeting, and thirty (30) days before the date of any special shareholders'

meeting, or within five (5) days before the Company's scheduled payment date of dividend, bonus, or any other benefit.

Chapter 3: Shareholders' Meeting

Article 15

There are two types of Company shareholders' meetings: (1) Regular meetings and (2) Special meetings

- (1) Regular meetings: convened by the Board of Directors, within six (6) months after the close of each fiscal year and shareholders are notified at least thirty (30) days in advance
- (2) Special meetings: convened when necessary in accordance with relevant laws, rules and regulations

Shareholders' Meeting for preferred stockholders shall be convened when necessary in accordance with relevant laws, rules and regulations.

Article 16

Any shareholder who cannot attend a shareholders' meeting for any reason may assign a proxy, specifying the scope of authorization. He/she must affix his/her signature and seal on the proxy form, allowing the designated representative to attend the meeting on his/her behalf in accordance with Article 177 of the Company Act.

Article 17

The shareholders' meeting shall be presided over by the Chairman of the Company's Board of Directors. In his absence, the Vice Chairman of the Board of Directors shall act on his/her behalf. If the Vice Chairman is also absent, one of the Directors appointed by the Chairman shall preside over the Meeting. If there is no appointee, the directors shall elect among themselves one person to act as chairman.

Article 18

Unless otherwise regulated, each shareholder of the Company is entitled to one voting right.

Article 19

Unless otherwise provided in the Company Act, resolutions shall be approved by shareholders (representing the majority of voting rights) who are present at the meeting attended by shareholders representing majority of all outstanding shares.

Shareholders of the company can also exercise their voting rights electronically. Shareholders who exercise their voting rights electronically are deemed to be present in person, and related

matters shall be handled in accordance with the law and regulations.

Article 20

The resolutions passed at the shareholders' meeting shall be recorded in the minutes of the meeting, which in turn shall be signed by or sealed with the chop of the Chairman. The minutes shall be distributed to all shareholders within 20 days after the meeting.

The Company may distribute the meeting minutes by means of a public announcement. The meeting minutes should accurately record the year, month, day, and place of the meeting, as well as the chairman's full name, methods by which the resolutions were adopted, and a summary of the deliberations and their results. The attendance book signed by the shareholders present at the Meeting and the proxy attendance letter shall be stored for at least 1 year. If, however, a shareholder files a lawsuit pursuant to Article 189 of the Company Act, these records shall be retained until the conclusion of the litigation.

Chapter 4: Directors

Article 21

The Company has 7 to 9 directors to be elected from a list of candidates by the shareholders based on a candidate nomination system. Directors serve a 3-year term and may be re-elected after their term ends.

According to the previous Article, there shall be no less than 2 independent directors and no less than one fifth of independent directors out of the total number of directors.

The professional qualifications, shareholding, restrictions on holding other positions, nomination and election processes, and other compliance issues related to independent directors shall be addressed in accordance with applicable regulations implemented by a competent securities authority.

The Company has established an Audit Committee in accordance with Article 14-4 of the Securities Transaction Act, composed of all independent directors responsible for performing their duties as supervisors in accordance with the Company Act, the Securities Transaction Act and other legislations.

Article 22

In case of vacancies on the Board of Directors (i.e., one third of the total number of Directors), the Board of Directors shall convene a shareholders' meeting to elect new Directors in accordance with relevant laws, rules and regulations; in addition, the new Directors shall serve the remaining term of their predecessors.

Article 23

When the term of office of a director expires before the re-election period, the executive duties of the director shall be extended until the new director takes office.

Article 24

The board of directors is composed of a chairman and vice chairman selected by directors from among themselves to act as the Company's representatives with the approval of the majority of directors present at the meeting attended by two-thirds of all directors. Directors shall conduct all business affairs of the Company in accordance with the law, regulations, and resolutions passed by the Board of Directors.

Article 24-1

Company directors who perform their duties may receive remuneration regardless of the company's operating profit or loss. The Board of Directors shall determine the directors' remuneration based on the value of involvement and contribution to company operations, not exceeding the maximum salary level according to the company's salary assessment standards. If there is a surplus, remuneration shall be disbursed in accordance with Article 32.

Article 25

The operating policies and other significant matters concerning the Company are resolved by the Board of Directors. The first meeting of every session shall be organized in accordance with Article 203 of the Company Act. The Chairman shall convene and preside over the Meeting. If the Chairman is unable perform his/her duties, the Vice-chairman shall act on his/her behalf, and if the Vice-chairman is also unable to perform his/her duties, the Chairman shall appoint one of the directors to act on his/her behalf. If there is no appointee, the directors shall select among themselves one person to preside over the Meeting as chair.

Article 25-1

To convene a board meeting, a notice shall be given to each director 7 days in advance, with the agenda specified. However, in case of emergencies, board meetings may be held at any time.

The abovementioned notice may be sent in writing, by fax or by email.

Article 26

Unless otherwise stipulated in the Company Act, the board meeting must be attended by more than half of the directors, with the consent of more than half of the directors present. Any director who cannot attend a board meeting for any reason may assign a proxy, specifying the scope of authorization and designating another director to attend the meeting

on his/her behalf. A proxy may only represent one person.

Board meetings may be held through video conferencing. Any director participating in a meeting through video conference shall be deemed to have attended the meeting in person.

Article 27

The resolutions of the shareholders' meeting shall be recorded in the minutes of the meeting, which in turn shall be signed by or sealed with the chop of the chairman. The minutes shall be distributed to all shareholders within 20 days after the meeting. The meeting minutes shall include a summary of the deliberations and their results. There is also an attendance book to be signed by shareholders present at the Meeting as well as a proxy attendance letter to be kept by the company.

Article 28 Deleted

Article 28-1 Deleted

Chapter 5: Manager and Employee

Article 29

The appointment, dismissal, and remuneration of Company managers shall be handled according to Article 29 of the Company Act.

Article 30 Deleted

Chapter 6: Accounting

Article 31

The company's fiscal year is set from January 1 to December 31. The Board of Directors shall compile the following statements upon completion of each accounting year and submit these to the Audit Committee for verification 30 days before the general meeting of shareholders or the Audit Committee shall entrust the verification to an accountant and submit a report to the shareholders for approval.

1. Business reports
2. Financial statements
3. Surplus distribution or loss-offset proposals

Article 32

If the Company generates profit in a year, no less than 1% shall be set aside for employee compensation and no more than 3% for directors' compensation. However, if the Company incurs losses, the amount of compensation shall first be provided.

Article 32-1

The industrial environment where the company belongs to is changing rapidly and the company is in its growth stage due to capital expenditure requirements and comprehensive financial planning, in order to achieve sustainable operations. If the Company after annual closing needs to use its net profit to compensate for losses in previous years besides paying the income tax in accordance with the law, then 10% of the amount shall be allocated as legal reserve, while the special reserve shall be provided and reversed based on an impairment loss of shareholders' equity for the year and accumulated in the previous year in accordance with regulations. The special reserve in addition to the aggregated undistributed profit in the beginning of the period is allocated as shareholders' dividends, while the rest shall be used for preferred and common stock dividends in accordance with Article 7-1 of the Company's Article of Incorporation. A proposal for the distribution of common stock dividends to shareholders (not less than 50% of distributable surplus for the year, and cash dividends not less than 10% of the total dividends) is prepared by the Board of Directors and submitted to the shareholders for resolution.

Chapter 7: Supplementary Provisions

Article 33

The internal organization of the Company and detailed procedures of business operations shall be determined by the Board of Directors.

Article 34

With regard to matters not provided in the Articles of Incorporation, the Company Act and relevant laws and regulations shall apply.

Article 35

The Articles of Incorporation were set up on July 16, 1986.

The 1st amendment was made on August 25, 1986.

The 2nd amendment was made on November 8, 1986.

The 3rd amendment was made on October 22, 1987.

The 4th amendment was made on June 20, 1988.

The 5th amendment was made on November 14, 1988.

The 6th amendment was made on February 22, 1989.

The 7th amendment was made on October 16, 1989.

The 8th amendment was made on November 11, 1989.

The 9th amendment was made on January 10, 1990.

The 10st amendment was made on June 23, 1993.

The 11th amendment was made on June 9, 1994.

The 12th amendment was made on May 30, 1995.

The 13rd amendment was made on May 30, 1996.

The 14th amendment was made on April 26, 1997.

The 15th amendment was made on April 21, 1998.

The 16th amendment was made on May 20, 1999.

The 17th amendment was made on May 24, 2000.

The 18th amendment was made on May 28, 2002.

The 19th amendment was made on June 16, 2005.

The 20th amendment was made on June 21, 2006.

The 21st amendment was made on June 19, 2009.

The 22nd amendment was made on June 21, 2012.

The 23rd amendment was made on June 17, 2014.

The 24th amendment was made on June 17, 2015.

The 25th amendment was made on June 17, 2016.

The 26th amendment was made on June 22, 2017.

The 26th amendment was made on June 21, 2018.

The 25th amendment was made on June 19, 2020.

J. Status of Shares Held by Directors

1. Minimum number of shares to be held by all directors, and number of shares recorded in the roster of shareholders

Title	Number of outstanding shares	Number of shares currently held
All directors	12,515,915	26,105,284

2. List of Number of Shares Held by Each Director

Title	Name	Number of shares currently held	
		Account no.	Shares
Chairman	Wu, Chun-Chi	1	824,081
Vice Chairman	Wu, Chun-Lang	2	5,401,383
Director	Wu, Chun-I	3	4,593,613
Director	Ting, Cheng-Tai	-	-
Director	Representative, Yuan-Hong Investment Co., Ltd Chen, Chin-Chao	36341	5,354,451
Director	Representative, Kuo-Chi-Min Investment Co., Ltd Wu, Kuo-Chen	36340	9,931,756
Independent Director	Huang, Chung-Hui	-	-
Independent Director	Hou, Rong-Hsien	-	-
Independent Director	Hsu, Chiang	-	-

Note: Termination of transfer: April 25, 2021