

**TYC BROTHER INDUSTRIAL CO., LTD.**  
**PARENT COMPANY ONLY**  
**FINANCIAL STATEMENTS**  
**FOR THE YEARS ENDED 31 DECEMBER 2023 AND 2022**  
**WITH**  
**REPORT OF INDEPENDENT AUDITORS**

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

## **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 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other 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 2023 and 2022, and its financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

#### Loss allowance of accounts receivable

As of 31 December 2023, the Company's accounts receivable and allowance for its doubtful accounts amounted to NT\$3,733,314 thousand and NT\$155,497 thousand, respectively. Net accounts receivable constituted 18% of total assets, which was considered material in the parent company only financial statements. Since the Company's allowance for doubtful accounts was measured at the lifetime expected credit loss, its account receivables should be appropriately grouped during the measurement process and the Company should determine the use of related assumptions in the measurement process, 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 considered 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 and evaluate its recoverability; 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 for more details.

#### Valuation for inventories

As of 31 December 2023, the Company's net inventories amounted to NT\$1,453,233 thousand, constituting 8% of total asset, which was considered material in the parent company only financial statements. Considering the market change, horizontal competition and numerous inventory items, the loss allowance for loss on inventory valuation and obsolescence required significant management judgment. We considered 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 for more details.

#### **Other Matter – Making Reference to the Audits of Other 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 accounted for under the equity method amounted to NT\$1,044,761 thousand and NT\$852,728 thousand, representing 5.36% and 4.33% of total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$207,416 thousand and NT\$108,466 thousand, representing 15.65% and 9.67% of the income before tax for the years ended 31 December 2023 and 2022, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$19,950 thousand and NT\$29,125 thousand, representing (14.10)% and 14.37% of the comprehensive income (loss) for the years ended 31 December 2023 and 2022, 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.

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

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

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

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

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

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

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

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

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan  
14 March 2024

Notice to Readers :

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

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

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2023	31 Dec. 2022
Current assets			
Cash and cash equivalents	IV/VI.1	\$1,138,832	\$1,222,598
Financial assets at fair value through profit or loss, current	IV/VI.2	509	-
Notes receivable, net	IV/VI.4	3,341	6,287
Notes receivable-related parties, net	IV/VI.4/VII	1,949	1,559
Accounts receivable, net	IV/VI.5	835,423	956,875
Accounts receivable-related parties, net	IV/VI.5/VII	2,737,104	2,770,648
Other receivables	IV/VII	282,721	148,681
Inventories	IV/VI.6	1,453,233	1,462,910
Other current assets		208,168	153,575
Total current assets		<u>6,661,280</u>	<u>6,723,133</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	IV/VI.3	106,495	238,628
Investments accounted for under the equity method	IV/VI.7	4,494,273	4,483,785
Property, plant and equipment	IV/VI.8/VII/VIII	6,047,583	6,210,444
Right-of-use asset	IV/VI.18	656,653	669,931
Intangible assets	IV/VI.9	40,804	41,054
Deferred tax assets	IV/VI.22	345,618	277,755
Prepayment for equipments		1,112,850	1,016,557
Refundable deposits	VIII	20,282	18,836
Other non-current assets-others		18,416	18,239
Total non-current assets		<u>12,842,974</u>	<u>12,975,229</u>
Total assets		<u>\$19,504,254</u>	<u>\$19,698,362</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 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2023	31 Dec. 2022
Current liabilities			
Short-term borrowings	IV/VI.10	\$650,000	\$300,000
Short-term notes and bills payable	IV/VI.11	-	499,952
Financial liabilities at fair value through profit or loss, current	IV/VI.12	-	5,046
Notes payable	IV	267,447	267,294
Accounts payable	IV	1,577,639	1,442,131
Accounts payable-related parties	IV/VII	704,804	676,388
Other payables	IV	510,622	497,671
Current tax liabilities	IV/VI.22	309,511	189,207
Provisions, current	IV	19,512	-
Lease liabilities, current	IV/VI.18	33,094	39,953
Current portion of long-term liabilities	IV/VI.13	821,205	620,205
Other current liabilities		429,969	289,098
Total current liabilities		5,323,803	4,826,945
Non-current liabilities			
Long-term borrowings	IV/VI.13	4,353,122	5,348,494
Deferred tax liabilities	IV/VI.22	38,819	41,910
Lease liabilities, non current	IV/VI.18	502,393	535,487
Net defined benefit liabilities, non-current	IV/VI.14	109,788	99,436
Other non-current liabilities-others		482	575
Total non-current liabilities		5,004,604	6,025,902
Total liabilities		10,328,407	10,852,847
Equity			
Capital	IV/VI.15		
Common stock		3,128,979	3,128,979
Preferred stock		300,000	300,000
Capital surplus	IV/VI.15	2,580,384	2,578,522
Retained earnings	IV/VI.15		
Legal reserve		924,137	829,612
Special reserve		153,990	343,972
Unappropriated earnings		2,364,095	1,824,416
Other equity	IV/VI.15		
Exchange differences resulting from translating the financial statements of foreign operations		(262,436)	(241,318)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		(7,306)	87,328
Treasury stock	IV/VI.15	(5,996)	(5,996)
Total equity		9,175,847	8,845,515
Total liabilities and equity		\$19,504,254	\$19,698,362

(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 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	Notes	2023	2022
Operating revenues	IV/VI.16/VII	\$12,664,171	\$11,530,952
Operating costs	IV/VI.6.18.19/VII	(10,060,582)	(9,665,098)
Gross profit		2,603,589	1,865,854
Unrealized profit on sales		(870,259)	(692,898)
Realized profit on sales		690,283	489,294
Net gross profit		2,423,613	1,662,250
Operating expenses	IV/VI.17.18.19/VII		
Sales and marketing expenses		(425,234)	(379,123)
General and administrative expenses		(317,193)	(327,251)
Research and development expenses		(316,918)	(292,280)
Expected credit impairment (losses) gains		(4,684)	8,042
Subtotal		(1,064,029)	(990,612)
Operating income		1,359,584	671,638
Non-operating income and expenses			
Other income	VI.20	45,308	34,568
Other gains and losses	VI.20	(17,762)	343,042
Finance costs	VI.20	(93,206)	(72,530)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	IV/VI.8	31,792	144,758
Subtotal		(33,868)	449,838
Net income before income tax		1,325,716	1,121,476
Income tax expense	IV/VI.22	(232,582)	(188,943)
Net income		1,093,134	932,533
Other comprehensive income (loss)	IV/VI.21		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(22,487)	28,610
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(132,133)	(5,053)
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		29,793	(20,057)
Income tax related to items that will not be reclassified subsequently		4,497	(5,722)
Items that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		15,557	220,788
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		(41,954)	35,367
Income tax related to items that may be reclassified subsequently		5,279	(51,231)
Total other comprehensive income (loss), net of tax		(141,448)	202,702
Total comprehensive income (loss)		\$951,686	\$1,135,235
Earnings per share (NTD)	IV/VI.23		
Earnings per share-basic		\$3.31	\$2.91
Earnings per share-diluted		\$3.30	\$2.90

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company									Total equity
	Capital			Retained Earnings			Other equity		Treasury stock	
	Common stock	Preferred stock	Capital surplus	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 2022	\$3,128,979	\$300,000	\$2,577,877	\$808,620	\$289,982	\$1,134,265	\$(446,242)	\$102,270	\$(5,996)	\$7,889,755
Appropriation and distribution of 2021 retained earnings										
Legal reserve	-	-	-	20,992	-	(20,992)	-	-	-	-
Special reserve	-	-	-	-	53,990	(53,990)	-	-	-	-
Cash dividends	-	-	-	-	-	(156,449)	-	-	-	(156,449)
Preferred share dividends	-	-	-	-	-	(23,671)	-	-	-	(23,671)
Net income for the year ended 31 December 2022	-	-	-	-	-	932,533	-	-	-	932,533
Other comprehensive income (loss) for the year ended 31 December 2022	-	-	-	-	-	23,945	204,924	(26,167)	-	202,702
Total comprehensive income (loss)	-	-	-	-	-	956,478	204,924	(26,167)	-	1,135,235
Adjustments for dividends subsidiaries received from parent company	-	-	469	-	-	-	-	-	-	469
Disposals of financial assets at fair value through other comprehensive income	-	-	-	-	-	(11,225)	-	11,225	-	-
Other	-	-	176	-	-	-	-	-	-	176
Balance as of 31 December 2022	<u>\$3,128,979</u>	<u>\$300,000</u>	<u>\$2,578,522</u>	<u>\$829,612</u>	<u>\$343,972</u>	<u>\$1,824,416</u>	<u>\$(241,318)</u>	<u>\$87,328</u>	<u>\$(5,996)</u>	<u>\$8,845,515</u>
Balance as of 1 January 2023	\$3,128,979	\$300,000	\$2,578,522	\$829,612	\$343,972	\$1,824,416	\$(241,318)	\$87,328	\$(5,996)	\$8,845,515
Appropriation and distribution of 2022 retained earnings										
Legal reserve	-	-	-	94,525	-	(94,525)	-	-	-	-
Special reserve	-	-	-	-	(189,982)	189,982	-	-	-	-
Cash dividends	-	-	-	-	-	(563,216)	-	-	-	(563,216)
Preferred share dividends	-	-	-	-	-	(60,000)	-	-	-	(60,000)
Net income for the year ended 31 December 2023	-	-	-	-	-	1,093,134	-	-	-	1,093,134
Other comprehensive income (loss) for the year ended 31 December 2023	-	-	-	-	-	(25,696)	(21,118)	(94,634)	-	(141,448)
Total comprehensive income (loss)	-	-	-	-	-	1,067,438	(21,118)	(94,634)	-	951,686
Adjustments for dividends subsidiaries received from parent company	-	-	1,691	-	-	-	-	-	-	1,691
Other	-	-	171	-	-	-	-	-	-	171
Balance as of 31 December 2023	<u>\$3,128,979</u>	<u>\$300,000</u>	<u>\$2,580,384</u>	<u>\$924,137</u>	<u>\$153,990</u>	<u>\$2,364,095</u>	<u>\$(262,436)</u>	<u>\$(7,306)</u>	<u>\$(5,996)</u>	<u>\$9,175,847</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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2023	2022	ITEMS	2023	2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$1,325,716	\$1,121,476	Acquisition of financial assets at fair value through other comprehensive income	-	(111,493)
Adjustments for:			Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	990
Income and expense adjustments:			Acquisition of investments accounted for using the equity method	(325,305)	-
Depreciation	1,277,147	1,270,725	Disposal of subsidiary	1,046	-
Amortization	21,271	26,041	Proceeds from disposal of financial assets measured at amortized cost	-	55,540
Expected credit impairment losses (gains)	4,684	(8,042)	Proceeds from capital reduction of investments accounted for using the equity method	80,490	43,772
Finance costs	93,206	72,530	Acquisition of property, plant and equipment	(1,181,906)	(1,166,136)
Interest income	(9,678)	(2,645)	Proceeds from disposal of property, plant and equipment	259	842
Dividend income	(2,942)	(2,865)	Increase in refundable deposits	(2,320)	(1,056)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(31,792)	(144,758)	Decrease in refundable deposits	874	55
(Gains) losses on disposal of property, plant and equipment	(216)	3,716	Acquisition of intangible assets	(21,021)	(26,828)
Impairment loss on non financial assets	10,174	-	Increase in other non-current assets	(20,386)	(17,151)
Unrealized profit on sales	870,259	692,898	Decrease in other non-current assets	20,209	22,796
Realized profit on sales	(690,283)	(489,294)	Net cash used in investing activities	(1,448,060)	(1,198,669)
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Financial assets at fair value through profit or loss	(509)	1,034	Increase in short-term borrowings	1,000,000	1,562,000
Notes receivable	2,965	6,737	Decrease in short-term borrowings	(650,000)	(2,220,000)
Notes receivable-related parties	(392)	9,491	Increase in short-term notes and bills payable	-	950,000
Accounts receivable	116,735	47,679	Decrease in short-term notes and bills payable	(499,952)	(1,089,856)
Accounts receivable-related parties-net	33,560	15,008	Proceeds from long-term borrowings	1,964,596	3,316,570
Other receivables	(134,045)	2,999	Repayment of long-term borrowings	(2,758,968)	(2,317,441)
Inventories	9,677	(221,043)	Increase in guarantee deposits	72,514	2,377
Other current assets	(54,593)	(7,714)	Decrease in guarantee deposits	(72,607)	(2,394)
Financial liabilities at fair value through profit or loss	(5,046)	1,469	Cash payment for the principal portion of the lease liabilities	(39,953)	(39,388)
Notes payable	153	(18,657)	Cash dividends	(623,216)	(180,120)
Accounts payable	135,508	(125,833)	Collection of overdue dividends	171	-
Accounts payable-related parties	28,416	(96,462)	Net cash used in by financing activities	(1,607,415)	(18,252)
Other payables	14,143	109,640			
Provisions, current	19,512	-	Net (decrease) increase in cash and cash equivalents	(83,766)	942,040
Other current liabilities	140,871	(22,522)	Cash and cash equivalents at the beginning of the year	1,222,598	280,558
Net defined benefit liabilities	(12,135)	(47,213)	Cash and cash equivalents at end of the year	\$1,138,832	\$1,222,598
Cash generated from operations	3,162,366	2,194,395			
Interest received	9,678	2,645			
Dividend received	82,997	40,900			
Interest paid	(109,881)	(78,581)			
Income tax paid	(173,451)	(398)			
Net cash provided by operating activities	2,971,709	2,158,961			

(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.  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

TYC BROTHER INDUSTRIAL CO., LTD. (the “Company”) was incorporated under the laws of the Republic of China on Taiwan (the “ROC”) on 9 September 1986. The Company’s registered office and the main business location is at No.72-2, Xinle Rd., Tainan City Taiwan (R.O.C). The Company's main profitable business projects are the manufacture, trading import and export of automobiles, motorcycles and other automobile parts and supplies. The Company became a listed company on the Taiwan Stock Exchange on 6 October 1997.

II. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements of the Company for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with a resolution of the board of directors on 14 March 2024.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

(a) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

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

(b) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

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

(c) Non-current Liabilities with Covenants – Amendments to IAS 1

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

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

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

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2024. The Company determined that the newly published standards and interpretations have no material impact on the Company.

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

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

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

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

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

- (2) IFRS 17 “Insurance Contracts”

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

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

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

### (3) Lack of Exchangeability – Amendments to IAS 21

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

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. The Company determined that the newly published standards and interpretations have no material impact on the Company.

## IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Statement of Compliance

The Company's parent company only financial statements for the years ended 31 December 2023 and 2022 were prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRS, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

### 2. Basis of preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

### 3. Foreign currency transactions

The Company's parent company only financial statements are presented in NT\$, which is also the Company's functional currency.

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

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

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 Financial Instruments are accounted for based on the accounting policy for financial instruments.
- (c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

#### 4. Translation of financial statements in foreign currency

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

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

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

## 5. Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.



## 6. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

## 7. Financial instruments

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

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

### (1) Financial instruments: recognition and measurement

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

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

- A. the Company’s business model for managing the financial assets and
- B. the contractual cash flow characteristics of the financial asset.

#### Financial assets measured at amortized cost

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

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

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

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

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

#### Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
- (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposing of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represent a recovery of part of the cost of investment.

#### Financial asset measured at fair value through profit or loss

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

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

#### (2) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

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

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

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

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

### (3) Derecognition of financial assets

A financial asset is derecognized when:

- A. The rights to receive cash flows from the asset have expired.
- B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
- C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

#### (4) Financial liabilities and equity

##### Classification between liabilities or equity

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

##### Equity instruments

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

##### Financial liabilities

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

##### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss. A financial liability is classified as held for trading if:

- A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term
- B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking
- C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

- A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
- B. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

#### Financial liabilities at amortized cost

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

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

#### Derecognition of financial liabilities

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

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

### (5) Offsetting of financial instruments

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

## 8. Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value through profit or loss.

## 9. Fair value measurement

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

- (1) In the principal market for the asset or liability, or
- (2) In the absence of a principal market, in the most advantageous market for the asset or liability.

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

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

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

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

## 10. Inventories

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

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

Raw materials - Purchase cost using weighted-average method.

Finished goods and work in progress - Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

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

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

## 11. Investments accounted for using the equity method

The Company's investment in subsidiaries is presented based on Article 21 of the Securities Issuer's Financial Report Preparation Standards, expressed as "investments using the equity method" and made necessary evaluation adjustments to enable individual financial reporting of the current period's profit and loss and other comprehensive gains and losses. The current profit and loss and other comprehensive gains and losses in the financial report prepared on a consolidated basis are the same as the share of the owners of the parent company, and the owner's equity of the individual financial report is the same as the equity of the owners of the parent company in the financial report prepared on a consolidated basis. These adjustments are mainly due to the consideration of the treatment of the consolidated financial statements of the investment subsidiary in accordance with IFRS No. 10 "Consolidated Financial Statements" and the differences in the application of IFRS at different levels of reporting entities, and debits or credits to "investment account for under the equity method", "share of profits and losses of subsidiaries, affiliates and joint ventures using the equity method" or "share of other comprehensive profits and losses of subsidiaries, affiliates and joint ventures using the equity method".

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



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

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

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

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

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

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

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

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

## 12. Property, plant and equipment

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

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Land and improvements	3~10 years
Buildings	2~40 years
Machinery and equipment	2~10 years
Molding equipment	3~ 7 years
Electrical installations	2~15 years
Transportation equipment	2~10 years
Miscellaneous equipment	2~10 years

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

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

### 13. Leases

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

- (1) the right to obtain substantially all of the economic benefits from use of the identified asset; and
- (2) the right to direct the use of the identified asset.

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

#### Company as a lessee

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

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

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

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

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

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

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

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 “Impairment of Assets” to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

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

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

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it was a lease modification but accounted it as a variable lease payment and the practical expedient had been applied to such rent concessions.

#### Company as a lessor

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

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

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

#### 14. Intangible assets

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

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

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

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

Gains or losses arising from derecognition of an intangible asset are recognized in profit or loss when the asset is derecognized.

#### Patent, trademark rights and others

The cost of patent, trademark rights and others is amortized on a straight-line basis over the legal period (1~24 years).

#### Computer software

The cost of computer software is amortized on a straight-line basis over the estimated useful life (1~5 years).

### 15. Impairment of non-financial assets

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

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

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

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

#### 16. Treasury shares

The Company's subsidiaries' equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

#### 17. Revenue recognition

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

##### Sale of goods

The Company manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company are automobile lights and parts; the revenue is recognized based on the consideration stated in the contract.

The credit period of the Company's sale of goods is from 30-120 day terms. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as trade receivables. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

#### 18. Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

## 19. Government subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

Where the Company receives non-monetary grants, the asset and the grant are recorded gross at nominal amounts and released to the statement of comprehensive income over the expected useful life and pattern of consumption of the benefit of the underlying asset by equal annual installments. Where loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favorable interest is regarded as additional government grant.

## 20. Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's financial statements.

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

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

Past service costs are recognized in profit or loss on the earlier of:

- (1) the date of the plan amendment or curtailment, and
- (2) the date that the Company recognizes restructuring-related costs.

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



## 21. Income taxes

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

### Current income tax

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

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

### Deferred tax

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

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

- i. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- i. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

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

## V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Company's parent company only financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

## Estimation and assumptions

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

### (1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including income approach (for example the discounted cash flow model) or the market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

### (2) Accounts receivables—estimation of impairment loss

The Company estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

### (3) Inventory

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

### (4) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination rate, expected salary raise, cut or changes. For a detailed explanation of the assumptions used to measure the cost of defined benefits and defined benefits obligations, please refer to Note 6.

(5) Income tax

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

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

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Cash on hand and petty cash	\$1,960	\$1,778
Saving account	852,742	1,098,120
Time deposits	82,820	61,320
Investments in bonds with repurchase agreements - corporate bonds	201,310	61,380
Total	<u>\$1,138,832</u>	<u>\$1,222,598</u>

2. Financial assets at fair value through profit or loss

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward currency contracts	<u>\$509</u>	<u>\$-</u>
Current	<u>\$509</u>	<u>\$-</u>

The Company's financial assets measured at fair value through profit or loss were not pledged as collateral.

### 3. Financial assets at fair value through other comprehensive income

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Equity instrument investments measured at fair value through other comprehensive income – non-current		
Listed companies' stocks	\$49,101	\$32,144
Unlisted companies' stocks	57,394	206,484
Total	<u>\$106,495</u>	<u>\$238,628</u>

The Company's financial assets measured at fair value through other comprehensive income were not pledged as collateral.

For equity instrument investments measured at fair value through other comprehensive income, the Company recognized dividends in the amount of NT\$2,942 thousand and NT\$2,865 thousand for the years ended 31 December 2023 and 2022, which were fully related to investments held at the end of the reporting period.

### 4. Notes receivables and notes receivables-related parties

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Notes receivables	\$3,359	\$6,324
Less: allowance for doubtful accounts	(18)	(37)
Subtotal	<u>3,341</u>	<u>6,287</u>
Notes receivables - related parties	1,958	1,566
Less: allowance for doubtful accounts	(9)	(7)
Subtotal	<u>1,949</u>	<u>1,559</u>
Total	<u>\$5,290</u>	<u>\$7,846</u>

Notes receivables were not pledged as collateral.

The Company adopted IFRS 9 for impairment assessment. Please refer to Note 6. (17) for more details on loss allowance and Note 12 for more details on credit risk.

#### 5. Accounts receivables and accounts receivables-related parties

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Accounts receivables	\$990,596	\$1,107,332
Less: allowance for doubtful accounts	(155,173)	(150,457)
Subtotal	<u>835,423</u>	<u>956,875</u>
Accounts receivables - related parties	2,737,401	2,770,961
Less: allowance for doubtful accounts	(297)	(313)
Subtotal	<u>2,737,104</u>	<u>2,770,648</u>
Total	<u><u>\$3,572,527</u></u>	<u><u>\$3,727,523</u></u>

Accounts receivables were not pledged as collateral.

Accounts receivables are generally on 30-120 day terms. Accounts receivables amounted to NT\$ 3,733,314 thousand and NT\$ 3,886,183 thousand as at 31 December 2023 and 2022, respectively.

Please refer to Note 6. (17) for more details on impairment of trade receivables for the years ended 31 December 2023 and 2022 and Note 12 for credit risk.

#### 6. Inventories

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Raw materials	\$626,825	\$563,947
Work in process	54,071	60,871
Finished goods	745,109	805,942
Merchandise	27,228	32,150
Net	<u><u>\$1,453,233</u></u>	<u><u>\$1,462,910</u></u>

The Company's cost of inventories recognized in expenses amounted to NT\$10,060,582 thousand and NT\$9,665,098 thousand for the years ended 31 December 2023 and 2022, respectively, including the inventory scrapping loss caused by the disposal of some sluggish inventories in the amount of NT\$ 3,033 thousand and gain from price recovery of inventory in the amount of NT\$8,894 thousand for the years ended 31 December 2023 and 2022, respectively. The reversal of write-down was because of circumstances that caused the net realizable value of inventory to be lower than its cost no longer existed.

Inventories were not pledged as collateral.

## 7. Investments accounted for under the equity method

(1) Details are as follows:

Investee Company	31 Dec. 2023		31 Dec. 2022	
	Amount	Percentage of ownership	Amount	Percentage of ownership
<u>Investments in the subsidiaries:</u>				
TI YUAN INVESTMENT CO., LTD. (Note 1)	\$38,236	100.00%	\$53,879	100.00%
TI FU INVESTMENT CO., LTD. (Note 2)	208,157	100.00%	150,966	100.00%
CONTEK CO., LTD. (Note 3)	37,011	100.00%	45,805	100.00%
SUPRA-ATOMIC CO., LTD. (Note 4)	1,345,031	100.00%	1,094,988	100.00%
JUOKU TECHNOLOGY CO., LTD.	389,423	72.10%	329,348	72.10%
TAMAU MANAGEMENT CONSULTANCY CO., LTD. (Note 5)	-	-	2,399	100.00%
BESTE MOTOR CO., LTD. (Note 6)	1,075,213	100.00%	1,307,292	100.00%
INNOVA HOLDING CORP.	1,110,835	100.00%	1,189,107	100.00%
TYC VIETNAM INDUSTRIAL CO., LTD.	77,002	60.00%	86,272	60.00%
Subtotal	<u>4,280,908</u>		<u>4,260,056</u>	
<u>Investments in the associates</u>				
I YUAN PRECISION INDUSTRIAL CO., LTD.	213,365	15.66%	223,729	15.66%
Total	<u>\$4,494,273</u>		<u>\$4,483,785</u>	

Note:

- (1) The Company's subsidiary, TI YUAN INVESTMENT CO., LTD., reduced 1,911 shares for the year ended 31 December 2023. The Company's shareholding ratio remained unchanged.
- (2) The Company's subsidiary, TI FU INVESTMENT CO., LTD., issued an additional 1,000 shares for the year ended 31 December 2023 to increase capital and reduced 2,450 shares for capital reduction for the year ended 31 December 2022. The Company's shareholding ratio remained unchanged.
- (3) The Company's subsidiary, CONTEK CO., LTD., issued an additional 250,000 shares for the year ended 31 December 2023 to increase capital. The Company's shareholding ratio remained unchanged.
- (4) The Company's subsidiary, SUPRA-ATOMIC CO., LTD., reduced 600,000 shares for the year ended 31 December 2022. In addition, it issued an additional 8,000,000 shares to increase capital and reduced 4,133,390 shares for capital reduction for the year ended 31 December 2023. The Company's shareholding ratio remained unchanged.

- (5) The Company’s subsidiary, TAMAU MANAGEMENT CONSULTANCY CO., LTD. was liquidated and deregistered during the year ended 31 December 2023.
- (6) The Company’s subsidiary, BESTE MOTOR CO., LTD., issued additional 2,000,000 shares for the year ended 31 December 2023. The Company’s shareholding ratio remained unchanged.

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. The related shares of profits from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$207,416 thousand and NT\$108,466 thousand, for the years ended 31 December 2023 and 2022, respectively. And the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures under the equity method amounted to NT\$19,950 thousand and NT\$29,125 thousand, for the years ended 31 December 2023 and 2022, respectively. The balance of investment in these subsidiaries, associates and joint ventures under equity method amounted to NT\$1,044,761 thousand and NT\$852,728 thousand as at 31 December 2023 and 2022, respectively.

(1) Investment in subsidiaries

The investment of subsidiaries in individual financial reports is expressed as “investment accounted for using the equity method” and adjusted using necessary evaluation method.

One of the Company’s subsidiaries, TI FU INVESTMENT CO., LTD. held 940 thousand shares of the Company’s stock as at 31 December 2023 and 2022, respectively.

(2) Investment in the associates

The Company’s investments in the associates are not individually material. The aggregate carrying amount of the Company’s interests in I YUAN PRECISION INDUSTRIAL CO., LTD. was NT\$213,365 thousand and NT\$223,729 thousand as at 31 December 2023 and 2022, respectively. The aggregate financial information of the Company’s investments in associates was as follows:

	2023	2022
Profit or loss from continuing operations	\$12,107	\$33,550
Other comprehensive income (post-tax)	-	-
Total comprehensive income	\$12,107	\$33,550

The associates had no contingent liabilities or capital commitments as at 31 December 2023 and 2022.



## 8. Property, plant and equipment

### Owner occupied property, plant and equipment

	Land	Land and improvement	Buildings	Machinery and equipment	Molding equipment	Electrical equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Cost:										
1 Jan. 2023	\$731,049	\$9,716	\$1,787,547	\$1,430,106	\$11,326,972	\$142,621	\$176,267	\$603,105	\$-	\$16,207,383
Addition	-	-	2,955	72,844	987,977	-	14,670	18,249	4,401	1,101,096
Disposal	-	-	(9,669)	(25,275)	(1,152,129)	-	(1,227)	(52,689)	-	(1,240,989)
Other	-	851	2,572	-	-	-	-	978	(4,401)	-
31 Dec. 2023	<u>\$731,049</u>	<u>\$10,567</u>	<u>\$1,783,405</u>	<u>\$1,477,675</u>	<u>\$11,162,820</u>	<u>\$142,621</u>	<u>\$189,710</u>	<u>\$569,643</u>	<u>\$-</u>	<u>\$16,067,490</u>
1 Jan. 2022	\$731,049	\$9,716	\$1,783,078	\$1,420,389	\$10,952,366	\$140,800	\$178,677	\$569,867	\$-	\$15,785,942
Addition	-	-	3,315	36,867	1,266,627	1,821	2,888	36,968	3,335	1,351,821
Disposal	-	-	(2,181)	(27,150)	(892,021)	-	(5,298)	(3,730)	-	(930,380)
Other	-	-	3,335	-	-	-	-	-	(3,335)	-
31 Dec. 2022	<u>\$731,049</u>	<u>\$9,716</u>	<u>\$1,787,547</u>	<u>\$1,430,106</u>	<u>\$11,326,972</u>	<u>\$142,621</u>	<u>\$176,267</u>	<u>\$603,105</u>	<u>\$-</u>	<u>\$16,207,383</u>
Depreciation and impairment										
1 Jan. 2023	\$-	\$5,260	\$862,046	\$1,161,229	\$7,328,693	\$132,452	\$102,844	\$404,415	\$-	\$9,996,939
Depreciation	-	896	45,378	58,467	1,102,497	3,541	16,481	36,609	-	1,263,869
Disposal	-	-	(9,668)	(25,275)	(1,152,129)	-	(1,139)	(52,690)	-	(1,240,901)
31 Dec. 2023	<u>\$-</u>	<u>\$6,156</u>	<u>\$897,756</u>	<u>\$1,194,421</u>	<u>\$7,279,061</u>	<u>\$135,993</u>	<u>\$118,186</u>	<u>\$388,334</u>	<u>\$-</u>	<u>\$10,019,907</u>
1 Jan. 2022	\$-	\$4,521	\$819,211	\$1,127,723	\$7,120,871	\$128,944	\$92,164	\$371,688	\$-	\$9,665,122
Depreciation	-	739	45,016	55,906	1,099,843	3,508	15,978	36,457	-	1,257,447
Disposal	-	-	(2,181)	(22,400)	(892,021)	-	(5,298)	(3,730)	-	(925,630)
31 Dec. 2022	<u>\$-</u>	<u>\$5,260</u>	<u>\$862,046</u>	<u>\$1,161,229</u>	<u>\$7,328,693</u>	<u>\$132,452</u>	<u>\$102,844</u>	<u>\$404,415</u>	<u>\$-</u>	<u>\$9,996,939</u>
Net book value:										
31 Dec. 2023	<u>\$731,049</u>	<u>\$4,411</u>	<u>\$885,649</u>	<u>\$283,254</u>	<u>\$3,883,759</u>	<u>\$6,628</u>	<u>\$71,524</u>	<u>\$181,309</u>	<u>\$-</u>	<u>\$6,047,583</u>
31 Dec. 2022	<u>\$731,049</u>	<u>\$4,456</u>	<u>\$925,501</u>	<u>\$268,877</u>	<u>\$3,998,279</u>	<u>\$10,169</u>	<u>\$73,423</u>	<u>\$198,690</u>	<u>\$-</u>	<u>\$6,210,444</u>

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

Items	2023	2022
Construction in progress and prepayment for equipment	\$15,483	\$10,308
The interest rate interval of borrowing cost capitalization	1.45%~1.73%	0.70%~1.51%

The material components of the Company's building that have different useful lives are the main buildings and factories, which are depreciated based on the useful lives of 60 years and 35 years, respectively.

The material components of the Company's equipment are mainly the processing equipment and are depreciated based on the useful lives of 10 years.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

#### 9. Intangible assets

	Trademark right	Patent	Software	Royalty	Total
Cost:					
1 Jan. 2023	\$12,114	\$12,813	\$84,291	\$9,852	\$119,070
Addition - acquired separately	879	1,342	13,511	5,289	21,021
Decrease	(652)	(236)	(31,234)	(4,688)	(36,810)
31 Dec. 2023	<u>\$12,341</u>	<u>\$13,919</u>	<u>\$66,568</u>	<u>\$10,453</u>	<u>\$103,281</u>
1 Jan. 2022	\$12,264	\$11,356	\$105,555	\$9,497	\$138,672
Addition - acquired separately	810	1,570	19,284	5,164	26,828
Decrease	(960)	(113)	(40,548)	(4,809)	(46,430)
31 Dec. 2022	<u>\$12,114</u>	<u>\$12,813</u>	<u>\$84,291</u>	<u>\$9,852</u>	<u>\$119,070</u>
Amortization and impairment:					
1 Jan. 2023	\$7,228	\$3,788	\$62,312	\$4,688	\$78,016
Amortization	1,505	968	13,634	5,164	21,271
Decrease	(652)	(236)	(31,234)	(4,688)	(36,810)
31 Dec. 2023	<u>\$8,081</u>	<u>\$4,520</u>	<u>\$44,712</u>	<u>\$5,164</u>	<u>\$62,477</u>
1 Jan. 2022	\$6,645	\$2,960	\$83,991	\$4,809	\$98,405
Amortization	1,543	941	18,869	4,688	26,041
Decrease	(960)	(113)	(40,548)	(4,809)	(46,430)
31 Dec. 2022	<u>\$7,228</u>	<u>\$3,788</u>	<u>\$62,312</u>	<u>\$4,688</u>	<u>\$78,016</u>
Net book value:					
31 Dec. 2023	<u>\$4,260</u>	<u>\$9,399</u>	<u>\$21,856</u>	<u>\$5,289</u>	<u>\$40,804</u>
31 Dec. 2022	<u>\$4,886</u>	<u>\$9,025</u>	<u>\$21,979</u>	<u>\$5,164</u>	<u>\$41,054</u>

The recognized expense of intangible assets measured at amortized cost under the statement of comprehensive income is as follows:

	<u>2023</u>	<u>2022</u>
Operating cost	\$9,286	\$10,339
Operating expense	<u>11,985</u>	<u>15,702</u>
Total	<u><u>\$21,271</u></u>	<u><u>\$26,041</u></u>

10. Short-term borrowings

	<u>Interest rate</u>	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Unsecured Loans	1.70%~1.77%	<u>\$650,000</u>	<u>\$300,000</u>

11. Short-term notes and bills payable

As at 31 December 2023: None.

Guarantors	<u>31 Dec. 2022</u>		
	<u>Interest rate</u>	<u>Amount</u>	<u>Pledge or Collateral</u>
Commercial paper payable			
International Bills Finance Corporation	1.81%	\$300,000	none
Dah Chung Bills Finance Corporation	1.71%	<u>200,000</u>	none
Subtotal		500,000	
Less: Discount of commercial paper payable		<u>(48)</u>	
Net		<u><u>\$499,952</u></u>	

12. Financial liabilities at fair value through profit or loss

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Held for trading :		
Derivatives not designated as hedging instruments		
Forward exchange agreement	<u>\$-</u>	<u>\$5,046</u>
Current	<u><u>\$-</u></u>	<u><u>\$5,046</u></u>

### 13. Long-term borrowings

Details are as follows:

Creditors	31 Dec. 2023		Redemption
	Amount	Interest rate	
First Bank Credit Loan	\$550,000	1.20%	From 1 Jul. 2019 to 15 Sep. 2026. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
First Bank Credit Loan	500,000	1.88%	From 31 Jul. 2023 to 31 Jul. 2025. Interests are repaid monthly and bullet repayment on expiry date.
First Bank Secured Loan	100,000	1.88%	From 31 Jul. 2023 to 31 Jul. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank Credit Loan	573,494	1.25%	From 9 Aug. 2019 to 15 Aug. 2029. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
Chang Hwa Bank Secured Loan	600,000	1.75%	From 30 Jun. 2023 to 30 Jun. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan Credit Loan	300,000	1.80%	From 6 Jul. 2023 to 6 Jul. 2025. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan Credit Loan	375,000	1.47%	From 6 Jul. 2021 to 15 Jun. 2026. The grace period is 2 years. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank Credit Loan	120,000	1.50%	From 6 Nov. 2019 to 15 Oct. 2024. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.

31 Dec. 2023			
Creditors	Amount	Interest rate	Redemption
DBS Bank Credit Loan	450,000	1.75%	From 14 Apr. 2023 to 14 Apr. 2025. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days and pay off all principal and interest payable of each drawn down facility on the expiry date of each principal loan.
DBS Bank Credit Loan	80,000	1.70%	From 14 Apr. 2023 to 14 Apr. 2025. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days and pay off all principal and interest payable of each drawn down facility on the expiry date of each principal loan.
Yuanta Bank Credit Loan	550,000	1.72%	From 6 Oct. 2023 to 6 Oct. 2025. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank Credit Loan	395,833	1.21%~1.41%	From 24 Jul. 2020 to 24 Jul. 2025. Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.
Mizuho Bank Credit Loan	130,000	1.80%	From 20 Nov. 2023 to 20 Nov. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank Credit Loan	300,000	1.78%	From 14 Jun. 2023 to 13 Jun. 2025. Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank Credit Loan	150,000	1.88%	From 17 Feb. 2023 to 17 Feb. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Subtotal	<u>5,174,327</u>		
Less: current portion	<u>(821,205)</u>		
Total	<u><u>\$4,353,122</u></u>		

Creditors	31 Dec. 2022		Redemption
	Amount	Interest rate	
First Bank Credit Loan	\$750,000	1.08%	From 1 Jul. 2019 to 15 Sep. 2026. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
First Bank Credit Loan	300,000	1.88%	From 28 Jul. 2022 to 28 Jul. 2024. Interests are repaid monthly and bullet repayment on expiry date.
First Bank Secured Loan	100,000	1.88%	From 28 Jul. 2022 to 28 Jul. 2024. Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank Credit Loan	674,699	1.13%	From 9 Aug. 2019 to 15 Aug. 2029. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
Bank of Taiwan Credit Loan	200,000	1.90%	From 6 Jul. 2022 to 6 Jul. 2024. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan Credit Loan	450,000	1.35%	From 6 Jul. 2021 to 15 Jun. 2026. The grace period is 2 years. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank Credit Loan	264,000	1.35%~1.37%	From 6 Nov. 2019 to 15 Oct. 2024. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
DBS Bank Credit Loan	300,000	1.85%	From 14 Apr. 2022 to 14 Apr. 2024. After applying for each drawdown within the credit line, pay off all principal and interest payable of each drawn down facility on the expiry date of each principal loan.
Yuanta Bank Credit Loan	550,000	1.40%	From 5 Oct. 2022 to 5 Oct. 2024. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.

Creditors	31 Dec. 2022		Redemption
	Amount	Interest rate	
Hua Nan Bank Credit Loan	500,000	1.09%~1.29%	From 24 Jul. 2020 to 24 Jul. 2025. Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.
Taipei Fubon Bank Credit Loan	350,000	1.75%	From 26 Sep. 2022 to 26 Sep. 2024. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
CTBC Bank Credit Loan	350,000	1.70%	From 31 May. 2022 to 31 May. 2024. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Bank Sinopac Credit Loan	80,000	1.68%	From 22 Jun. 2022 to 30 Jun. 2024. Interests are repaid monthly and bullet repayment on expiry date.
Mizuho Bank Credit Loan	900,000	1.85%	From 20 Nov. 2022 to 20 Nov. 2024. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank Credit Loan	200,000	1.96%	From 14 Jun. 2022 to 13 Jun. 2024. Interests are repaid monthly and bullet repayment on expiry date.
Subtotal	5,968,699		
Less: current portion	(620,205)		
Total	<u>\$5,348,494</u>		

Note:

In 2019, the Company financed with designated banks in accordance with the “Project Loan Guidelines to Welcoming Overseas Taiwanese Businesses Return to Invest in Taiwan,” and entered into contract terms and normative matters, and completed them in accordance with the approval letter.

#### 14. Post-Employment Benefits

##### Defined contribution plan

The Company adopted a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. under the Labor Pension Act. The Company will make monthly contributions of no less than 6% of the employees’ monthly wages to the employees’ individual pension accounts. The Company has made monthly contributions of 6% of each individual employee’s salaries or wages to employees’ pension accounts.

The Company's recognized expenses of the defined contribution plan for the years ended 31 December 2023 and 2022 were NT\$41,160 thousand and NT\$41,235 thousand, respectively.

#### Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 3% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company makes estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Company will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Company expects to contribute NT\$42,837 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

As at 31 December 2023 and 2022, the defined benefit obligations were expected to mature in 1 year.

Pension costs recognized in profit or loss are as follows:

	<u>2023</u>	<u>2022</u>
Current service cost	\$1,212	\$1,507
Net interest on the net defined benefit liabilities	1,034	1,122
Total	<u>\$2,246</u>	<u>\$2,629</u>



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

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	\$390,454	\$371,299	\$393,957
Plan assets at fair value	<u>(280,666)</u>	<u>(271,863)</u>	<u>(218,698)</u>
Net defined benefit liabilities	<u>\$109,788</u>	<u>\$99,436</u>	<u>\$175,259</u>

Reconciliations of liabilities (assets) of the defined benefit plan are as follows:

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
1 January 2022	\$393,957	\$(218,698)	\$175,259
Pension costs recognized in profit or loss:			
Current service cost	1,507	-	1,507
Interest expense (income)	<u>2,521</u>	<u>(1,399)</u>	<u>1,122</u>
Subtotal	<u>4,028</u>	<u>(1,399)</u>	<u>2,629</u>
Remeasurements of the defined benefit liabilities/assets:			
Experience adjustments	(11,674)	-	(11,674)
Remeasurements of the defined benefit assets	<u>-</u>	<u>(16,936)</u>	<u>(16,936)</u>
Subtotal	<u>(11,674)</u>	<u>(16,936)</u>	<u>(28,610)</u>
Payment of benefit obligation	(15,012)	15,012	-
Contribution by employer	<u>-</u>	<u>(49,842)</u>	<u>(49,842)</u>
31 December 2022	371,299	(271,863)	99,436
Pension costs recognized in profit or loss:			
Current service cost	1,212	-	1,212
Interest expense (income)	<u>3,862</u>	<u>(2,828)</u>	<u>1,034</u>
Subtotal	<u>5,074</u>	<u>(2,828)</u>	<u>2,246</u>
Remeasurements of the defined benefit liabilities/assets:			
Experience adjustments	24,183	-	24,183
Remeasurements of the defined benefit assets	<u>-</u>	<u>(1,697)</u>	<u>(1,697)</u>
Subtotal	<u>24,183</u>	<u>(1,697)</u>	<u>22,486</u>
Payment of benefit obligation	(10,102)	10,102	-
Contribution by employer	<u>-</u>	<u>(14,380)</u>	<u>(14,380)</u>
31 December 2023	<u>\$390,454</u>	<u>\$(280,666)</u>	<u>\$109,788</u>

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

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Discount rate	1.09%	1.04%
Expected rate of salary increase	1.00%	1.00%

A sensitivity analysis for significant assumption as at 31 December 2023 and 2022 is shown below:

	<u>2023</u>		<u>2022</u>	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount rate increase by 0.5%	\$-	\$-	\$-	\$-
Discount rate decrease by 0.5%	728	-	2,683	-
Rate of future salary increase by 0.5%	664	-	2,585	-
Rate of future salary decrease by 0.5%	-	-	-	-

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

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

## 15. Equity

### (1) Common stock

As at 31 December 2023 and 2022, TYC BROTHER INDUSTRIAL CO., LTD.'s authorized and issued capital was both NT\$4,000,000 thousand with a par value of NT\$10 per share, accounting to 400,000 thousand common shares. Its ordinary share capital amounted to \$3,128,979 thousand with 312,898 thousand common shares. It also issued preferred share capital in the amount of \$300,000 thousand, divided into 30,000 thousand shares.

## Preferred stock

On 25 March 2021, the Company's board of directors resolved to increase capital by issuing preference shares A, which was approved by the FSC under a letter dated 26 May 2021. The record date of capital increase was set as 5 August 2021. The Company was expected to issue 30,000 thousand shares with a par value of NT\$10 per share at the issue price of NT\$50 per share. The right and obligation of this issue are as follows:

- A. Maturity date: No maturity date. The preferred shareholders have no rights to request the Company to buy back preferred share A. The Company has rights to buy back all or part of the preferred share A five years after the issue date. The preferred shares still outstanding will retain the aforementioned rights and obligations. If the Company pays out dividends in the year of buyback, the dividend amount will be prorated based on the outstanding days.
- B. Dividends: The dividend yield of the preferred share A is 4% (annual rate), (5-year interest rate swap (IRS) rate, 0.64275% + fixed rate, 3.35725%) and calculated at the issue price per share. The five-year IRS rate will be reset on the next business day five years after the issue date and every five years thereafter. The record date of the reset is two business days of financial institutions in Taipei prior to the reset date. The five-year IRS rate is the arithmetic mean of the offer prices of Reuter's TAFXIRS and COSMOS3 at 11 a.m. on the record date of the reset (business day of financial institutions in Taipei). If the aforesaid offer prices are unavailable on the record date of the reset, the five-year IRS rate shall be determined by the Company based on the principle of good faith and reasonable market conditions.
- C. Dividend payment: The dividends of preferred share A are fully distributed in cash every year. After the financial statements are adopted in an annual general meeting, the board of directors shall authorize the chairman to set the record date for paying the preferred share dividends of the previous year. The number of dividends issued in the year of issue and in the year of redemption is calculated based on the actual number of days of issue in the current year.
- D. The Company shall apply the current year's earnings, if any, to pay for taxes as stipulated by laws and regulations, offset accumulated losses of previous years, and allocate 10% as legal reserve pursuant to laws and regulations. Special reserve shall be set aside or reversed from net shareholder's equity reduction in current or accumulative in prior years in accordance with related regulations. The remaining earnings along with the accumulated unappropriated earnings in prior years as shareholders' bonus shall be appropriated as preferred share dividends in accordance with the Article 7-1, Articles of Incorporation.

- E. The Company has discretion over the distribution of preferred stock dividends. If the Company does not generate any or sufficient profits during the year for the distribution of preferred stock dividends, it may resolve not to pay out the dividends and preferred stockholders have no rights to object. The Board of Directors shall propose a surplus earnings distribution in accordance with Article 32-1, Articles of Incorporation to be adopted by the annual general meeting. After the surplus earnings distribution is adopted, the distributable amount of preferred share and common shares shall be distributed to preferred shares first.
- F. The preferred shares A issued are non-cumulative. That is, the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.
- G. Participating privilege: The shareholders of preferred share A are not entitled to cash-settled or share dividends derived from earnings or capital reserve.
- H. Distribution of residual property: Shareholders of preferred stock A have a higher claim to the Company's residual properties than common stockholders. Different types of preferred shares issued by the Company grant holders the same rights to claims, and the shareholders of preferred share A stay subordinate to general creditors. The amount that the shareholders of preferred share A are entitled to is capped at the product of number of outstanding preferred shares at the time of distribution and issuance price.
- I. Voting rights: Shareholders of preferred stock A have neither voting nor election rights. However, they may be elected as directors. They have voting rights in preferred shareholders' meetings or with respect to agendas associated with the rights and obligations of preferred shareholders in shareholders' meetings.
- J. Conversion to ordinary shares: Preferred share A is non-convertible.
- K. Capital reserve issued at preferred share A premium shall not be used as capital during the issuance of the preferred share.
- L. For cash offering of new shares, the shareholders of preferred share A have the same preemptive rights as the common shareholders.

## (2) Capital surplus

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Issuance of shares		
Common stock	\$1,023,509	\$1,023,509
Preferred stock	1,195,878	1,195,878
Subtotal	<u>2,219,387</u>	<u>2,219,387</u>
Treasury stock transactions	28,891	28,891
Bond conversion	239,469	239,469
Share of changes in net assets of associate and joint ventures accounted for using the equity method	73,530	73,530
Adjustments for dividends paid to subsidiaries from parent company	14,743	13,052
Other	4,364	4,193
Total	<u>\$2,580,384</u>	<u>\$2,578,522</u>

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

## (3) Treasury stock

As at 31 December 2023 and 2022, the Company's shares held by the subsidiary, TI FU INVESTMENT CO., LTD., was both NT\$5,996 thousand, accounting to 940 thousand shares. These shares held by TI FU INVESTMENT CO., LTD. were acquired for the operation before the amendment of the Company Act on 12 November 2001.

## (4) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, the current year's net income, after deducting payment of taxes and making up losses for preceding years, shall appropriate 10% as legal reserve, except for when accumulated legal reserve has reached the Company's paid-in capital, the rest shall be appropriated or reserved as special reserve as legally required. If there is still a remaining balance, together with the accumulated undistributed earnings, the Company shall distribute it according to the distribution plan of special dividends (not less than 50% of the available surplus for the current year, of which the cash dividend shall not be less than 10%). The board of directors shall draft a distribution proposal and submit it to the shareholders meeting for a resolution of distribution.

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

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the Company has already set aside special reserve according to the requirements for the adoption of IFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders’ equity that the Company elects to transfer to retained earnings by application of the exemption under IFRS 1, the Company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The appropriations of earnings for 2023 were resolved at the board of directors’ meeting on 14 March 2024. The appropriations of earning for 2022 were resolved at the general shareholders’ meeting on 14 June 2023. The plans were as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$106,744	\$94,525		
Special reserve	115,752	(189,982)		
Common stock -cash dividend	625,796	563,216	NT\$2.0/ per share	NT\$1.8/ per share
Preferred stock -cash dividend	60,000	60,000	NT\$2.0/ per share	NT\$2.0/ per share

Please refer to Note 6. (19) for relevant information on estimation basis and recognized amount of employees compensations and remunerations to directors and supervisors.

16. Operating revenue

	<u>2023</u>	<u>2022</u>
Revenue from contracts with customers		
Sale of goods	<u>\$12,664,171</u>	<u>\$11,530,952</u>

Analysis of revenue from contracts with customers for the years ended 31 December 2023 and 2022 was as follows:

- A. The Company is a single operating department; please refer to the previous paragraph for the income information that should be disclosed by the reporting department.
- B. The types of revenue from contracts signed with customers in 2023 and 2022 were both recognized at a certain point in time.

17. Expected credit losses / (gains)

	<u>2023</u>	<u>2022</u>
Operating expense- expected credit losses / (gains)		
Notes receivables	\$(17)	\$(92)
Accounts receivables	<u>4,701</u>	<u>(7,950)</u>
Total	<u>\$4,684</u>	<u>\$(8,042)</u>

Please refer to Note 12 for more details on credit risk.

The credit risk measured at amortized cost is assessed as low (the same as the assessment result in the beginning of the period) Therefore, the loss allowance is measured at an amount equal to 12-month expected credit losses. As the Company transacts with financial institutions with good credit, no allowance for losses has been provided in this period.

The Company measures the loss allowance of its trade receivables (including note receivables and trade receivables) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2023 and 2022 was as follows:

The Company considers trade receivables that the credit loss is actually included in the impairment loss except for individual customers by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using provision matrix, details are as follow:

As at 31 December 2023

	Not yet due (Note)	Overdue				Total
		<=90 days	91-180 days	181-360 days	>=361 days	
Gross carrying amount	\$3,510,712	\$75,045	\$22	\$-	\$147,535	\$3,733,314
Loss ratio	0%~1%	1%~5%	30%	-	100%	
Lifetime expected credit losses	(4,080)	(3,875)	(7)	-	(147,535)	(155,497)
Carrying amount	\$3,506,632	\$71,170	\$15	\$-	\$-	\$3,577,817

As at 31 December 2022

	Not yet due (Note)	Overdue				Total
		<=90 days	91-180 days	181-360 days	>=361 days	
Gross carrying amount	\$3,640,383	\$95,320	\$2,945	\$-	\$147,535	\$3,886,183
Loss ratio	0%~1%	1%~5%	35%~40%	-	100%	
Lifetime expected credit losses	(592)	(1,585)	(1,102)	-	(147,535)	(150,814)
Carrying amount	\$3,639,791	\$93,735	\$1,843	\$-	\$-	\$3,735,369

Note : The Company's note receivables are not overdue.

The movement in the provision for impairment of note receivables and accounts receivables for the years ended 31 December 2023 and 2022 was as follows:

	Notes receivables	Accounts receivables
1 Jan. 2023	\$44	\$150,770
Addition/(reversal) for the current period	(17)	4,700
31 Dec. 2023	\$27	\$155,470
	Notes receivables	Accounts receivables
1 Jan. 2022	\$136	\$158,720
(Reversal) for the current period	(92)	(7,950)
31 Dec. 2022	\$44	\$150,770



## 18. Leases

### (1) The Company as a lessee

The Company leases various properties, including real estate such as land, and buildings. The lease terms range from 5 to 20 years.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

#### A. Amounts recognized in the balance sheet

##### (a) Right-of-use assets

The carrying amount of right-of-use assets

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Land	\$624,564	\$625,126
Buildings	32,089	44,805
Total	<u>\$656,653</u>	<u>\$669,931</u>

##### (b) Lease liabilities

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Current	\$33,094	\$39,953
Non-current	502,393	535,487
Total	<u>\$535,487</u>	<u>\$575,440</u>

Please refer to Note 6.20(3) for the interest on lease liabilities recognized for the years ended 31 December 2023 and 2022 and refer to Note 12.(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2023 and 2022.

#### B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	<u>2023</u>	<u>2022</u>
Land	\$562	\$562
Buildings	12,716	12,716
Total	<u>\$13,278</u>	<u>\$13,278</u>

C. Income and costs relating to leasing activities

	2023	2022
The expenses relating to short-term leases	\$5,308	\$464
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	831	858

D. Cash outflow relating to leasing activities

For the years ended 31 December 2023 and 2022, the Company's total cash outflows for leases amounted to NT\$53,486 thousand and NT\$49,209 thousand, respectively.

19. For the years ended 31 December 2023 and 2022, the Company's aggregate information on personnel, depreciation and amortization expenses were as follows:

Character \ Function	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense						
Salaries	\$612,908	\$366,378	\$979,286	\$611,614	\$356,977	\$968,591
Insurances	71,190	39,902	111,092	69,488	37,002	106,490
Pensions	25,609	17,797	43,406	26,787	17,077	43,864
Director's remuneration	-	18,000	18,000	-	18,500	18,500
Other personnel expenses	38,692	18,660	57,352	34,549	18,701	53,250
Depreciations	1,205,991	71,156	1,277,147	1,204,076	66,649	1,270,725
Amortization	9,286	11,985	21,271	10,339	15,702	26,041

(1) The number of the Company's employees as at 31 December 2023 and 2022 was 1,639 and 1,607, respectively, including 8 and 7 directors who were not concurrently employees.

(2) Companies which have been listed on Taiwan Stock Exchange or Taiwan Over-the Counter Securities Exchange should disclose the following information:

- A. Average employee benefits of 2023 and 2022 were NT\$730 thousand and NT\$733 thousand, respectively.
- B. Average salaries of 2023 and 2022 were NT\$600 thousand and NT\$605 thousand, respectively.
- C. The Company's average salary expense adjustment for the year ended 31 December 2023 decreased by (0.82) %.
- D. The salary and remuneration policy of the Company:

Director's remuneration established pursuant to Articles 32 of the Company's Articles of Incorporation is as follows:

The Company shall allocate no more than 3% of annual profit as director's remuneration; however, the Company's accumulated losses shall have been covered first.

The managers' remuneration and employee's compensation are determined based on the salary level of the position in the industry, the position's responsibilities and contribution to the Company's operation goals. In addition to the Company's overall operating performance, factors such as personal performance achievement and contribution to the corporate performance are also considered when determining remuneration to provide reasonable compensation to employees.

According to the Articles of Incorporation, 1% of profit of the current year is distributable as employees' compensation and no higher than 3% of profit of the current year is distributable as remuneration to directors and supervisors. However, the Company's accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or in cash; and in addition, thereto a report of such distribution is submitted to the shareholders' meeting. Information on the Board of Directors' resolution regarding the employees' compensation and remuneration to directors and supervisors can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on the profit level, the Company estimated NT\$36,000 thousand employees' compensation and NT\$18,000 thousand remuneration to directors and supervisors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 14 March 2024 to distribute NT\$36,000 thousand and NT\$18,000 thousand in cash as employee's compensation and remuneration to directors and supervisors, respectively.

There is no significant difference between the actual employee bonuses and remuneration to directors and supervisors distributed from the 2022 earnings and the estimated amount in the financial statements for the year ended 31 December 2022.

20. Non-operating income and expenses

(1) Other income

	<u>2023</u>	<u>2022</u>
Rent income	\$7,228	\$2,252
Interest income	9,678	2,645
Dividend income	2,942	2,865
Other income-other	25,460	26,806
Total	<u>\$45,308</u>	<u>\$34,568</u>

(2) Other gains and losses

	<u>2023</u>	<u>2022</u>
Gains (Losses) on disposal of property, plant and equipment	\$216	\$(3,716)
Foreign exchange gains, net	21,610	384,230
(Losses) on financial assets or liabilities at fair value through profit or loss	(26,247)	(33,128)
Other losses	(13,341)	(4,344)
Total	<u>\$(17,762)</u>	<u>\$343,042</u>

(3) Finance costs

	<u>2023</u>	<u>2022</u>
Interest on borrowings from bank	\$(85,812)	\$(64,031)
Interest on lease liabilities	(7,394)	(8,499)
Total	<u>\$(93,206)</u>	<u>\$(72,530)</u>

21. Components of other comprehensive income (loss)

	Arising during the period	Income tax profit (expense)	Net of tax
For the year ended 31 Dec. 2023			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	\$(22,487)	\$4,497	\$(17,990)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(132,133)	-	(132,133)
Share of other comprehensive income (losses) of associates and joint ventures accounted for using the equity method	29,793	-	29,793
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	15,557	(3,112)	12,445
Share of other comprehensive income (losses) of associates and joint ventures accounted for using the equity method	(41,954)	8,391	(33,563)
Total other comprehensive income	<u>\$(151,224)</u>	<u>\$9,776</u>	<u>\$(141,448)</u>
For the year ended 31 Dec. 2022			
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit pension plans	\$28,610	\$(5,722)	\$22,888
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income	(5,053)	-	(5,053)
Share of other comprehensive (losses) of associates and joint ventures accounted for using the equity method	(20,057)	-	(20,057)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	220,788	(44,158)	176,630
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	35,367	(7,073)	28,294
Total other comprehensive income	<u>\$259,655</u>	<u>\$(56,953)</u>	<u>\$202,702</u>

## 22. Income Tax

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

### Income tax expense recognized in profit or loss

	<u>2023</u>	<u>2022</u>
Current income tax expense (benefit):		
Current income tax charge	\$308,553	\$165,055
Adjustments in respect of current income tax of prior periods	(14,793)	-
Deferred tax (income) expense:		
Deferred income tax expense (income) related to origination and reversal of temporary differences	(61,178)	(19,526)
Deferred income tax related to origination and reversal of tax losses and unused tax credits	-	43,414
Total Income tax expense	<u>\$232,582</u>	<u>\$188,943</u>

### Income tax relating to components of other comprehensive income

	<u>2023</u>	<u>2022</u>
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	\$3,112	\$44,158
Remeasurements of the defined benefit plan	(4,497)	5,722
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(8,391)	7,073
Income tax relating to components of other comprehensive income	<u>\$(9,776)</u>	<u>\$56,953</u>

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

	2023	2022
Net profit before tax from continuing operations	<u>\$1,325,716</u>	<u>\$1,121,476</u>
Tax at the domestic rates applicable to profits in the country concerned	\$265,143	\$224,295
Tax effect of revenues exempt from taxation	(30,075)	(34,751)
Tax effect of expenses not deductible for tax purposes	32	13
Tax effect of deferred tax assets/liabilities	29,075	(4,500)
Corporate income surtax on undistributed retained earnings	2,043	-
Adjustments in respect of current income tax of prior periods	(14,793)	3,886
Others	(18,843)	-
Total income tax expenses recorded in profit or loss	<u>\$232,582</u>	<u>\$188,943</u>

Deferred tax assets (liabilities) related to the following:

For the year ended 31 December 2023

	1 Jan. 2023	Recognized in income	Recognized in other comprehensive income	31 Dec. 2023
Temporary differences				
Unrealized exchange losses (gains)	\$(3,193)	\$28,990	\$-	\$25,797
Allowance for doubtful debts	29,361	604	-	29,965
Allowance for inventory valuation losses	13,773	(606)	-	13,167
Exchange differences on translation of foreign operations	58,979	-	5,279	64,258
Financial assets measured at fair value through profit or loss	1,010	(1,112)	-	(102)
Unrealized profits or losses on transactions with associates	138,581	35,986	-	174,567
Reserve for land value increment tax	(38,717)	-	-	(38,717)
Compensated absences provisions	7,145	460	-	7,605
Net defined benefit liabilities, non-current	19,887	(2,425)	4,497	21,959
Depreciation difference for tax purpose	3,005	(718)	-	2,287
Impairment on property, plant and equipment	6,014	(1)	-	6,013
Deferred income tax (expenses) benefit		<u>\$61,178</u>	<u>\$9,776</u>	
Net deferred tax assets and liabilities	<u>\$235,845</u>			<u>\$306,799</u>
As presented on the financial statement:				
Deferred tax assets	<u>\$277,755</u>			<u>\$345,618</u>
Deferred tax liabilities	<u>\$(41,910)</u>			<u>\$(38,819)</u>

For the year ended 31 December 2022

	1 Jan. 2022	Recognized in income	Recognized in other comprehensive income	31 Dec. 2022
Temporary differences				
Unrealized exchange losses (gains)	\$5,741	\$(8,934)	\$-	\$(3,193)
Allowance for doubtful debts	30,805	(1,444)	-	29,361
Allowance for inventory valuation losses	15,552	(1,779)	-	13,773
Exchange differences on translation of foreign operations	110,210	-	(51,231)	58,979
Financial assets measured at fair value through profit or loss	509	501	-	1,010
Unrealized profits or losses on transactions with associates	97,898	40,683	-	138,581
Reserve for land value increment tax	(38,717)	-	-	(38,717)
Compensated absences provisions	6,862	283	-	7,145
Net defined benefit liabilities, non-current	35,052	(9,443)	(5,722)	19,887
Depreciation difference for tax purpose	3,160	(155)	-	3,005
Impairment on property, plant and equipment	6,200	(186)	-	6,014
Unused tax losses	43,414	(43,414)	-	-
Deferred income tax (expenses) benefit		<u>\$(23,888)</u>	<u>\$(56,953)</u>	
Net deferred tax assets and liabilities	<u>\$316,686</u>			<u>\$235,845</u>
As presented on the financial statement:				
Deferred tax assets	<u>\$355,403</u>			<u>\$277,755</u>
Deferred tax liabilities	<u>\$(38,717)</u>			<u>\$(41,910)</u>

The assessment of income tax returns

As at 31 December 2023, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	2021



## 23. Earnings per share

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

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

	<u>2023</u>	<u>2022</u>
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,093,134	\$932,533
Dividends on preference shares (in thousand NT\$)	<u>(60,000)</u>	<u>(23,671)</u>
Profit used in computation of earnings per share (in thousand NT\$)	<u>1,033,134</u>	<u>908,862</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands of shares)	<u>311,958</u>	<u>311,958</u>
Basic earnings per share (NT\$)	<u>\$3.31</u>	<u>\$2.91</u>
	<u>2023</u>	<u>2022</u>
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,093,134	\$932,533
Dividends on preference shares (in thousand NT\$)	<u>(60,000)</u>	<u>(23,671)</u>
Profit used in computation of earnings per share (in thousand NT\$)	<u>1,033,134</u>	<u>908,862</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands of shares)	311,958	311,958
Effect of dilution:		
Employee bonus — stock (in thousands)	<u>1,055</u>	<u>1,114</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>313,013</u>	<u>313,072</u>
Diluted earnings per share (NT\$)	<u>\$3.30</u>	<u>\$2.90</u>

No other transactions that would significantly affect the outstanding common shares or potential ordinary shares incurred during the period after reporting date and up to the approval date the financial statements.

## VII. RELATED PARTIES TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

### Name and nature of relationship of the related parties

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
FORTOP INDUSTRIAL CO., LTD.	Substantive related party
GENERA CORPORATION	Subsidiary
JUOKU TECHNOLOGY CO., LTD.	Subsidiary
T.I.T. INTERNATIONAL CO., LTD.	Subsidiary
DBM REFLEX OF TAIWAN CO., LTD.	Subsidiary
TYC EUROPE B.V.	Subsidiary
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	Director of the company
I YUAN PRECISION INDUSTRIAL CO., LTD.	Associate
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	Subsidiary
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD	Subsidiary
KUN SHAN TYC HIGH PERFORMANCE TECH CO., LTD.	Subsidiary
JNS AUTO PARTS LIMITED	Associate
VARROC TYC AUTO LAMPS CO., LTD.	Joint Ventures
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party
TYC VIETNAM INDUSTRIAL CO., LTD.	Subsidiary
BESTE MOTOR CO., LTD.	Subsidiary

## Significant transactions with related parties

### (1) Sales

	2023	2022
Subsidiaries		
GENERA CORPORATION	\$5,389,365	\$4,472,620
TYC EUROPE B.V.	2,198,063	1,634,598
Other	207,967	213,433
Subtotal	<u>7,795,395</u>	<u>6,320,651</u>
Joint Ventures	-	114
Other related parties	71,751	72,281
Total	<u><u>\$7,867,146</u></u>	<u><u>\$6,393,046</u></u>

The Company sold products to some related parties mainly based on the US OEM price  $\times$  0.24 as the reference price. The payment term was T/T 135 days; some related parties who were single manufacturers, therefore the price could not be compared. The payment term was T/T 150 days; the sales price of some related parties was equivalent to that of non-related parties, and the terms of collection were every other month, payable between 1 to 3 months, which was equivalent to ordinary transactions.

### (2) Purchases

	2023	2022
Subsidiaries		
JUOKU TECHNOLOGY CO., LTD.	\$392,143	\$368,607
T.I.T. INTERNATIONAL CO., LTD.	284,735	290,393
Other	40,272	55,743
Subtotal	<u>717,150</u>	<u>714,743</u>
Associate		
I YUAN PRECISION INDUSTRIAL CO., LTD.	349,237	459,890
Other	2,178	1,672
Subtotal	<u>351,415</u>	<u>461,562</u>
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	867,014	811,164
BUILDUP INTERNATIONAL TRADING CO., LTD.	204,763	214,411
Other	8,769	23,243
Subtotal	<u>1,080,546</u>	<u>1,048,818</u>
Total	<u><u>\$2,149,111</u></u>	<u><u>\$2,225,123</u></u>

The Company purchases goods from related parties. Its bargaining method for purchase is the same as that of non-related parties. The payment terms are the next month of the purchase, and are payable between 1 to 3 months, which is equivalent to ordinary transactions.

(3) Notes receivables - related parties

	31 Dec. 2023	31 Dec. 2022
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	\$1,958	\$1,566
Less: allowance for doubtful accounts	(9)	(7)
Net	<u>\$1,949</u>	<u>\$1,559</u>

(4) Accounts receivables - related parties

	31 Dec. 2023	31 Dec. 2022
Subsidiaries		
GENERA CORPORATION	\$2,304,985	\$2,074,978
TYC EUROPE B.V.	248,044	501,095
Other	164,796	173,728
Subtotal	<u>2,717,825</u>	<u>2,749,801</u>
Other related parties	19,576	21,160
Total	2,737,401	2,770,961
Less: allowance for doubtful accounts	(297)	(313)
Net	<u>\$2,737,104</u>	<u>\$2,770,648</u>

(5) Other receivables(non-financing)

	31 Dec. 2023	31 Dec. 2022
Subsidiaries	\$4,570	\$6,761
Joint Ventures	342	4,390
Other related parties	12	802
Total	4,924	11,953
Less: allowance for doubtful accounts	(151)	(972)
Net	<u>\$4,773</u>	<u>\$10,981</u>

(6) Accounts payables - related parties

	31 Dec. 2023	31 Dec. 2022
Subsidiaries		
JUOKU TECHNOLOGY CO., LTD.	\$147,351	\$141,240
Other	104,629	119,304
Subtotal	<u>251,980</u>	<u>260,544</u>
Associate		
I YUAN PRECISION INDUSTRIAL CO., LTD.	130,231	118,149
Other	201	294
Subtotal	<u>130,432</u>	<u>118,443</u>
Other related parties		
FORTOP INDUSTRIAL CO., LTD.	299,162	270,025
Other	23,230	27,376
Subtotal	<u>322,392</u>	<u>297,401</u>
Total	<u>\$704,804</u>	<u>\$676,388</u>

(7) Significant asset transactions

Acquisition of property, plant and equipment

Subsidiaries	Purchase price	
	2023	2022
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD	\$233,636	\$214,846
JUOKU TECHNOLOGY CO., LTD.	16,384	39,308
DBM REFLEX OF TAIWAN CO., LTD.	36,333	47,412
Subtotal	286,353	301,566
Other related parties	15,894	18,519
Total	<u>\$302,247</u>	<u>\$320,085</u>

(8) Financing

The Company's financing to other related parties is as follows:(other accounts receivables)

Subsidiaries	31 Dec. 2023	31 Dec. 2022
BESTE MOTOR CO., LTD.	<u>\$199,257</u>	<u>\$61,320</u>

(9) Key management personnel compensation

	2023	2022
Short-term employee benefits	\$42,985	\$43,732
Post-employment benefits	615	594
Total	<u>\$43,600</u>	<u>\$44,326</u>

VIII. ASSETS PLEDGED AS SECURITY

The following table lists assets of the Company pledged as collateral:

Item	Amount		Purpose of pledge
	2023	2022	
Property, plant and equipment- Land	\$161,590	\$161,590	Bank borrowings
Property, plant and equipment- Buildings	229,098	238,841	Bank borrowings
Refundable Deposits	16,450	16,450	Collateral for land lease
Total	<u>\$407,138</u>	<u>\$416,881</u>	

## IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

As at 31 December 2023, the Company is involved in the following activities that are not shown in the financial statements:

1. In order to assist the subsidiary T.I.T. INTERNATIONAL CO., LTD. in obtaining loan credit line, the Company issued a Stand-by L/C USD 1,000 thousand as a guarantee.
2. According to “the Regulations Governing the Establishment and Management of Bonded Warehouses,” the Company paid guarantee payable of bonded warehouse registration in the amount of NT\$ 8,000 thousand.
3. On 8 July 2020, the Court of California in the United States of America dismissed all claims brought in the United States by Pilot Inc. (Pilot) in relation to commercial disputes including distribution contracts between Pilot and the Company and its subsidiary GENERA and its employees. Pilot again submitted the same dispute to the Singapore International Arbitration Centre for arbitration. The Company's appointed counsel, based on the available information, assessed that Pilot's claim for damages was not supported by relevant evidence and was not legally justified. As at the financial report adoption date of 14 March 2024, it is not possible to assess the impact of the lawsuit on the Company's financials and business based on the information currently available.
4. In June 2021, the Company was informed that HYUNDAI MOTOR COMPANY and KIA CORPORATION filed a patent infringement lawsuit in the Court of California in the United States, claiming that the Company and its subsidiary GENERA infringed its lamp patents nos. 478 and 931. Having been made aware of the content of the action, the Company, together with its subsidiary GENERA, has appointed lawyers to carry out the proceedings in the interests of the Company. As at the financial report adoption date of 14 March 2024, it is not possible to assess the impact of the lawsuit on the Company's financials and business based on the information currently available.
5. In 2022, the Company filed an arbitration claim against VarrocCorp Holding BV and Varroc Engineering Limited for violating the transition management agreement and confidentiality agreement, and at the same time applied for interim relief, requesting certain actions and related damages. The Company has appointed lawyers to respond to the follow-up arbitration procedure, continued to follow up and understand the progress of the case, and protected the rights and interests of the Company's shareholders. As at the financial report adoption date of 14 March 2024, it is not possible to assess the impact of the lawsuit on the Company's financials and business based on the information currently available.

## X. SIGNIFICANT DISASTER LOSS

None.

## XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

## XII. OTHER

### 1. Categories of financial instruments

#### Financial assets

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Financial assets measured at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$509	\$-
Financial assets at fair value through other comprehensive income	106,495	238,628
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	1,136,872	1,220,820
Notes receivables (related parties included)	5,290	7,846
Accounts receivables (related parties included)	3,572,527	3,727,523
Other receivables	282,721	148,681
Refundable deposits	20,282	18,836
Subtotal	5,017,692	5,123,706
Total	<u>\$5,124,696</u>	<u>\$5,362,334</u>

#### Financial Liabilities

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Financial liabilities measured at amortized cost:		
Short-term borrowings and short-term notes and bills payable	\$650,000	\$799,952
Payables	3,060,512	2,883,484
Long-term borrowings (current portion included)	5,174,327	5,968,699
Lease liabilities	535,487	575,440
Guarantee deposit (under the account of other non-current liabilities-others)	482	575
Subtotal	9,420,808	10,228,150
Financial liabilities at fair value through profit or loss:		
Held for trading	-	5,046
Total	<u>\$9,420,808</u>	<u>\$10,233,196</u>

## 2. Financial risk management objectives and policies

The Company's risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant financial activities, due approval process by the board of directors and audit committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

## 3. Market risk

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

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

### Foreign currency risk

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

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

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as of the end of the reporting period. The Company's foreign currency risk is mainly affected by USD and EUR. The information of the sensitivity analysis is as follows:



- (a) When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2023 and 2022 decreases/increases by NT\$36,149 thousand and NT\$34,617 thousand, respectively.
- (b) When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2023 and 2022 decreases/increases by NT\$4,044 thousand and NT\$8,038 thousand, respectively.

### Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investment at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 to decrease/increase by NT\$4,888 thousand and NT\$5,609 thousand, respectively.

### Equity price risk

The fair value of the Company's listed and unlisted equity securities is susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified as measured at fair value through other comprehensive income. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's board of directors reviews and approves all equity investment decisions.

At the reporting date, a change of 10% in the price of the listed companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$49 thousand and NT\$32 thousand on the equity attributable to the Company for years ended 31 December 2023 and 2022, respectively.

Please refer to Note 12. (9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

#### 4. Credit risk management

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

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

As at 31 December 2023 and 2022, accounts receivables from top ten customers represented 83.46% and 75.10% of the total accounts receivables of the Company, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counterparties.

#### 5. Liquidity risk management

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

Non-derivative financial instruments

	Less than 1				Total
	year	2 to 3 years	4 to 5 years	> 5 years	
31 Dec. 2023					
Borrowings	\$1,493,173	\$4,181,730	\$214,625	\$72,885	\$5,962,413
Payables	3,060,512	-	-	-	3,060,512
Lease liabilities (Note)	40,502	80,035	80,035	387,207	587,779
31 Dec. 2022					
Borrowings	\$932,736	\$4,866,491	\$448,891	\$182,169	\$6,430,287
Short-term notes and bills payable	500,000	-	-	-	500,000
Payables	2,883,484	-	-	-	2,883,484
Lease liabilities (Note)	47,887	80,519	80,035	427,224	635,665

Note: Information about the maturities of lease liabilities is provided in the table below:

	Maturities			
	Less than 5 years	5 to 10 years	10 to 15 years	Total
31 Dec. 2023	\$200,572	\$145,317	\$241,890	\$587,779
31 Dec. 2022	208,441	164,228	262,996	635,665

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2023 and 2022:

	Long-term					Total liabilities from financing activities
	Short-term borrowings	Short-term notes and bills payable	Borrowings (Current portion included)	Guarantee deposit	Lease liabilities	
1 Jan. 2023	\$300,000	\$499,952	\$5,968,699	\$575	\$575,440	\$7,344,666
Cash flows	350,000	(499,592)	(794,372)	(93)	(39,953)	(984,010)
31 Dec. 2023	<u>\$650,000</u>	<u>\$-</u>	<u>\$5,174,327</u>	<u>\$482</u>	<u>\$535,487</u>	<u>\$6,360,296</u>
1 Jan. 2022	\$958,000	\$639,808	\$4,969,570	\$592	\$575,440	\$7,182,798
Cash flows	(658,000)	(139,856)	999,129	(17)	(39,953)	161,868
31 Dec. 2022	<u>\$300,000</u>	<u>\$499,952</u>	<u>\$5,968,699</u>	<u>\$575</u>	<u>\$535,487</u>	<u>\$7,344,666</u>

## 7. Fair value of financial instruments

- (1) The methods and assumptions applied in determining the fair value of financial instruments:

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

- A. The carrying amount of cash and cash equivalents, trade receivables, refundable deposits, accounts payable, guarantee deposit and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities)
- D. Fair value of debt instruments without market quotations, bank loans, short-term notes and bills payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

- (2) Fair value of financial instruments measured at amortized cost

The book value of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

- (3) Fair value measurement hierarchy for financial instruments

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

## 8. Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2023 and 2022 is as follows:

### Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

<u>Items (by contract)</u>	<u>Notional Amount</u>	<u>Expiry Date</u>
31 Dec. 2023		
Forward currency contract	Sell foreign currency USD 1,000 thousand	From 1 Dec. 2023 to 25 Jan. 2024
31 Dec. 2022		
Forward currency contract	Sell foreign currency EUR 5,000 thousand	From 10 Nov. 2022 to 14 Mar. 2023

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

## 9. Fair value measurement hierarchy

### (a) Fair value measurement hierarchy

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

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

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

Level 3 - Unobservable inputs for the asset or liability

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

(b) Fair value measurement hierarchy of the Company's assets and liabilities

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

31 Dec. 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value:				
Financial assets at fair value through profit or loss				
Forward currency contract	\$509	\$-	\$-	\$509
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	49,101	-	57,394	106,495

31 Dec. 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$32,144	\$-	\$206,484	\$238,628
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	5,046	-	5,046

Transfers between Level 1 and Level 2 during the period

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

The detail movement of recurring fair value measurements in Level 3

Reconciliation for fair value measurements in Level 3 of the fair value hierarchy for movements during the period is as follows:

	At fair value through other comprehensive income - stocks	
	2023	2022
Beginning balances	\$206,484	\$107,478
Total gains and losses recognized:		
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(149,090)	(4)
Acquired in the period	-	100,000
Disposal in the period	-	(990)
Ending balances	<u>\$57,394</u>	<u>\$206,484</u>

Information on significant unobservable inputs to valuation

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

As at 31 December 2023

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income-non current					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company’s profit or loss by NT\$5,602 thousand

As at 31 December 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial assets:					
Financial assets at fair value through other comprehensive income-non current					
Stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Company's profit or loss by NT\$10,808 thousand

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Company's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Company's accounting policies at each reporting date.

10. Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below (Amounts in thousands of Foreign Currencies):

	31 Dec. 2023		
	Foreign currency	Exchange	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$126,495	30.655	\$3,877,704
EUR	11,971	33.78	404,380
CNY	39,836	4.302	171,374
Non- monetary items:			
USD	116,187	30.71	3,568,103
VND	61,601,600	0.00125	77,002



	31 Dec. 2023		
	Foreign currency	Exchange	NTD
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$8,544	30.76	\$262,813
	31 Dec. 2022		
	Foreign currency	Exchange	NTD
<u>Financial assets</u>			
Monetary items:			
USD	\$121,916	30.684500	\$3,740,932
EUR	24,718	32.827812	811,438
CNY	34,395	4.447480	152,971
Non- monetary items:			
USD	118,535	30.684500	3,637,192
VND	66,465,331	0.001298	86,272
<u>Financial Liabilities</u>			
Monetary items:			
USD	\$8,981	30.684500	\$275,577
CNY	61	4.447480	271

The Company has various functional currencies. No information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2023 and 2022, the foreign exchange gains on monetary financial assets and financial liabilities were NT\$21,610 thousand and NT\$384,230 thousand respectively.

The above information is disclosed based on the carrying amounts of the foreign currencies (after conversion to the functional currency).

## 11. Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

### XIII.ADDITIONAL DISCLOSURES

- (1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:
  - (a) Financing provided to others for the year ended 31 December 2023: Please refer to Attachment 1.
  - (b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: Please refer to Attachment 2.
  - (c) Securities held as at 31 December 2023 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 3.
  - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.
  - (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.
  - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.
  - (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2023: Please refer to Attachment 4.
  - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as at 31 December 2023: Please refer to Attachment 5.
  - (i) Names, locations and related information of investees as at 31 December 2023(excluding investment in Mainland China): Please refer to Attachment 6.
  - (j) Financial instruments and derivative transactions: Please refer to Note6(2) 、Note6(13) and Note12(8).
  
- (2) Investment in Mainland China:
  - (a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 7.
  - (b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 1, Attachment 2 and Attachment 7.

(3) Information on major shareholders:

Name of major shareholders, number of shares held and proportion of shares held: Please refer to Attachment 8.

#### XIV. OPERATING SEGMENT INFORMATION

In accordance with Article 22 of the Regulations, the Company is not required to prepare operating segment information for the parent company only financial statements. Please refer to the consolidated financial statements of TYC BROTHER INDUSTRIAL CO., LTD. and subsidiaries for operating segment information.

Attachment 1: Financing provided to others

No. (Note 1)	Lender	Counter-party	Financial statement account	Related Party	Maximum balance for the period (Note 9)	Ending balance	Actual amount provided	Interest rate	Nature of financing (Note 6)	Amount of sales to (purchases from) counter-party (Note 7)	Reason for short-term financing (Note 8)	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount	Note
													Item	Value			
0	The Company	BESTE MOTOR CO., LTD.	Other receivables	Y	\$398,515 (USD 13,000 thousand)	\$337,205 (USD 11,000 thousand)	\$199,258 (USD 6,500 thousand)	5.00%~6.50%	2	\$-	Need for operating	\$-	-	\$-	\$1,835,169 (Note 2)	\$3,670,339 (Note 3)	-
0	The Company	VARROC TYC AUTO LAMPS COMPANY.LTD	Other receivables	Y	153,275 (USD 5,000 thousand)	153,275 (USD 5,000 thousand)	-	5.00%	2	-	Need for operating	-	-	-	\$1,835,169 (Note 2)	\$3,670,339 (Note 3)	-
1	SUPRA-ATOMIC Co., LTD.	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Other receivables	Y	27,590 (USD 900 thousand)	27,590 (USD 900 thousand)	27,590 (USD 900 thousand)	5.00%	2	-	Need for operating	-	-	-	1,636,430 (Note 4)	1,636,430 (Note 5)	-
2	CHANG ZHOU TAMOU PRECISION INDUSTRIAL CO.,LTD.	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Other receivables	Y	12,906 (CNY 3,000 thousand)	12,906 (CNY 3,000 thousand)	12,906 (CNY 3,000 thousand)	6.50%	2	-	Need for operating	-	-	-	319,243 (CNY 74,208 thousand) (Note 4)	319,243 (CNY 74,208 thousand) (Note 4)	-
2	CHANG ZHOU TAMOU PRECISION INDUSTRIAL CO.,LTD.	VARROC TYC AUTO LAMPS COMPANY.LTD	Other receivables	Y	64,530 (CNY 15,000 thousand)	64,530 (CNY 15,000 thousand)	64,530 (CNY 15,000 thousand)	6.50%	2	-	Need for operating	-	-	-	63,849 (CNY 14,842 thousand) (Note 4)	127,697 (CNY 29,683 thousand) (Note 4)	-
3	GENERA CORPORATION	W & W REAL PROPERTY, INC.	Other receivables	Y	306,550 (USD 10,000 thousand)	61,310 (USD 2,000 thousand)	61,310 (USD 2,000 thousand)	7.50%	2	-	Need for operating	-	-	-	1,904,595 (USD 62,130 thousand) (Note 4)	1,904,595 (USD 62,130 thousand) (Note 4)	-

(Note 1) The financial information of the parent company and its subsidiaries are coded as follows:

- (1) The Company is coded "0".
- (2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) Limit of financing amount for the parent company:

- (1) Business contacts: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value and the amount needed for operation. The amount of operation is the amount of business transaction in recent year between the lender and the counterparty.
- (2) Necessary of need for operating : Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

(Note 3) Limit of total financing amount shall not exceed 40% of the parent company's net asset value.

(Note 4) Limit of financing amount for individual counterparty:

- (1) Business contacts: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value and the amount needed for operation. The amount of operation is the amount of business transaction in recent year between the lender and the counterparty.
- (2) Necessary of need for operating : Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.
- (3) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 20% of the lender's net assets value as of the period, but is limited to 100% of the company's net value of equity.

(Note 5) Limit of total financing amount shall not exceed 40% of the subsidiary's net asset value.

- (1) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 40% of the lender's net asset of the period, but is limited to 100% the company's net value of equity.

(Note 6) The financing provided to others are coded as follows:

- (1) Business contacts is coded "1".
- (2) Short-term financing is coded "2".

(Note 7) If financing provided to others is coded "1", the amount of business transactions should be filled in. The amount of operation is the amount of business transaction in recent year between lender and the counterparty.

(Note 8) If financing provided to others is coded "2". The reasons for the necessary loans and funds and the use of the loans and counterparty shall be specified, such as repayment, purchasing equipments, necessary for operating, etc.

(Note 9) The balance of which is the maximum balance of financing provided to others in the current year.

(Note 10) The exchange rate of the USD to the NTD is 1:30.655.

The exchange rate of the RMB to the NTD is 1:4.302.

Attachment 2: Endorsement/Guarantee provided to others

No. (Note1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/ endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 5)	Ending balance (Note 6)	Actual amount provided (Note7)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China
		Company name	Relationship (Note 2)										
0	The Company	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	(2)	\$1,835,170	\$582,445 (USD 19,000 thousand)	\$582,445 (USD 19,000 thousand)	\$490,480 (USD 16,000 thousand)		6.35%	\$3,670,339	Y	N	Y
0	The Company	T.I.T. INTERNATIONAL CO., LTD.	(2)	1,835,170	153,275 (USD 5,000 thousand)	153,275 (USD 5,000 thousand)	153,275 (USD 5,000 thousand)		1.67%	3,670,339	Y	N	N
0	The Company	W & W REAL PROPERTY, INC.	(2)	1,835,170	236,044 (USD 7,700 thousand)	236,044 (USD 7,700 thousand)	236,044 (USD 7,700 thousand)		2.57%	3,670,339	Y	N	N

(Note 1) The Company and its subsidiaries are coded as follows:

(1)The Company is coded "0".

(2)The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, the receiving parties shall be disclosed as one of the following:

(1) A company with which it does business.

(2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.

(3) A company that directly and indirectly holds more than 50 % of the voting shares in the public company.

(4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.

(5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.

(6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

(7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Note 3) Limit of guarantee/endorsement amount for receiving party is 20% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2023.

(Note 4) Limit of total guarantee/ endorsement amount is 40% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2023.

(Note 5) The balance of which is the maximum balance of endorsement/guarantee provided to others in the current year.

(Note 6) The amount the Company and its subsidiaries approved through the board of directors for the endorsements for others.

(Note 7) The actual amount drawn within endorsement balance by the endorsed company.

(Note 8) The exchange rate of USD to NTD is 1:30.655.

Attachment 3: Securities held as of 31 December 2023. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 31 December 2023				Note
				Shares(per)	Book value	Percentage of ownership (%)	Fair value	
The Company	Unlisted stock-FORTOP INDUSTRIAL CO.,LTD	Substantive related parties of the company	Financial assets measured at fair value through other comprehensive gains and losses, non-current	391,722	\$43,157	19.59%	\$43,157	No guarantee or pledge
	Unlisted stock-BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The parent company is its corporate director	Financial assets measured at fair value through other comprehensive gains and losses, non-current	360,000	13,327	18.00%	13,327	No guarantee or pledge
	Unlisted stock-LSC Ecosystem Corporation	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	9,999,999	910	7.90%	910	No guarantee or pledge
	Listed stock-LASTER TECHCO., LTD	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	931,704	49,101	0.82%	49,101	No guarantee or pledge
TSM TECH CO., LTD.	Fuzhou Ching Ho Automobile Accessory Co., Ltd.	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses, non-current	-	8,010	-	8,010	No guarantee or pledge
TI YUAN INVESTMENT CO.,	Listed stock-I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Investment accounting for using equity method	900,914	38,152	2.51%	-	No guarantee or pledge (Note 2)
TI FU INVESTMENT CO., LTD.	Listed stock-T.Y.C. BROTHER INDUSTRIAL CO., LTD.	Holding company's parent company	Financial assets measured at fair value through other comprehensive gains and losses, non-current	939,707	38,058	-	38,058	No guarantee or pledge
	Listed stock-LASTER TECH CO., LTD.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	2,099,070	110,621	1.85%	110,621	No guarantee or pledge

(Note 1)Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

(Note 2)The investment was accounted for using the equity method in the consolidated financial statement.

Attachment 4: Related party transactions for purchases and sales exceeding the lower of NTD\$100 million or 20 percent of the capital stock as of 31 December 2023

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	GENERA CORPORATION	Subsidiary of the Company	Sales	\$5,389,365	42.56%	T/T 135 days	The price is determined according to the US OEM price:0.24 as the reference price	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivable \$2,304,985	61.74%	-
	TYC EUROPE BV.	Subsidiary of the Company	Sales	2,198,063	17.36%	T/T 120 days	A single manufacturer and no other manufacturers to compare	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivable 248,044	6.64%	-
	T.I.T. INTERNATIONAL CO., LTD.	Subsidiary of the Company	Sales	125,987	0.99%	T/T 150 days	comparable to general customers		Accounts receivable 17,665	0.47%	-
	JUOKU TECHNOLOGY CO., LTD.	Subsidiary of the Company	Purchases	392,143	5.12%	credit on 90 days	comparable to general customers		Accounts payable 147,352	5.78%	-
	T.I.T. INTERNATIONAL CO., LTD.	Subsidiary of the Company	Purchases	284,735	3.72%	credit on 60 days	comparable to general customers		Accounts payable 36,006	1.41%	-
	FORTOP INDUSTRIAL CO., LTD	Substantive related parties of the Company	Purchases	867,014	11.33%	credit on 90 days	comparable to general customers		Accounts payable 299,162	11.73%	-
	I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Purchases	349,237	4.56%	credit on 90 days	comparable to general customers		Accounts payable 130,231	5.11%	-
	BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related parties of the Company	Purchases	204,763	2.68%	credit on 20 days	comparable to general customers		Accounts payable 16,859	0.66%	-
JUOKU TECHNOLOGY CO., LTD	The Company	Holding company's parent company	Sales	425,063	20.90%	T/T 90 days	N/A		Accounts receivable \$147,452	27.53%	-
JUOKU TECHNOLOGY CO., LTD	PT ASTRA JUOKU INDONESIA	Joint ventures of the Company	Sales	95,786	9.06%	credit on 90 days	N/A		Accounts receivable 30,377	12.66%	-
T.I.T. INTERNATIONAL CO., LTD.	The Company	Holding company's parent company	Sales	269,543 (THB 305,708 thousand)	45.70%	T/T 90 days	N/A		Accounts receivable 43,112 (THB 48,896 thousand)	33.80%	-
CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	The Company	Holding company's parent company	Sales	253,272 (USD 8,262 thousand)	91.87%	T/T 90 days	N/A		Accounts receivable 168,848 (USD 5,508 thousand)	90.39%	-
GENERA CORPORATION	The Company	Holding company's parent company	Purchases	5,211,227 (USD 169,996 thousand)	85.71%	T/T 135 days	N/A		Accounts payable 2,242,352 (USD 73,148 thousand)	88.38%	-
TYC EUROPE BV.	The Company	Holding company's parent company	Purchases	2,220,427 (EUR 65,732 thousand)	100.00%	T/T 120 days	N/A		Accounts payable 241,324 (EUR 7,144 thousand)	100.00%	-
T.I.T. INTERNATIONAL CO., LTD.	The Company	Holding company's parent company	Purchases	126,599 (THB 143,585 thousand)	39.48%	T/T 90 days	N/A		Accounts payable 9,023 (THB 10,234 thousand)	11.17%	-

(Note 1)The exchange rate of USD to NTD is 1:30.655.

The exchange rate of EUR to NTD is 1:33.78.

The exchange rate of THB to NTD is 1:0.8817.

Attachment 5: Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2023

Related party	Counterparty	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Amount received in subsequent period	Allowance for doubtful debts
					Amount	Processing method		
The Company	GENERA CORPORATION	Subsidiary of the Company	\$2,304,985	2.46	\$223,694	Collection has been strengthened	\$933,480	\$-
	TYC EUROPE BV.	Subsidiary of the Company	248,044	5.87	-	-	-	-
	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Subsidiary of the Company	138,574	0.34	113,350	Collection has been strengthened	4,760	-



Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
The Company	JUOKU TECHNOLOGY CO., LTD.	No. 25, Gongye 3rd Rd., Annan Dist., Tainan City	Manufacturing and sale of automobile parts	\$313,730	\$313,730	27,923,401	72.10%	\$389,423	\$107,987	\$77,859	Subsidiary of the Company
	TI YUAN INVESTMENT CO., LTD.	12F., No. 212, Yuping Rd., Anping Dist., Tainan City	Marketable securities trading business	10,943 (Note 5)	30,053	3,820 (Note 5)	100.00%	38,236	3,467	3,467	Subsidiary of the Company
	TI FU INVESTMENT CO., LTD.	12F., No. 212, Yuping Rd., Anping Dist., Tainan City	Marketable securities trading business	40,076	30,076	10,550	100.00%	208,157	39,269	37,578	Subsidiary of the Company (Note 3)
	TAMAU MANAGEMENT CONSULTANCY CO., LTD.	18F., No. 573, Qingping Rd., Anping Dist., Tainan City	Management consult	-	1,000	-	100.00%	-	(1,353)	(1,353)	Subsidiary of the Company (Note 4)
	SUPRA-ATOMIC CO., LTD.	British Virgin Islands	Reinvestment holding activities	2,985,549 (Note 6)	2,800,469	69,199,060 (Note 6)	100.00%	1,345,031	97,895	97,895	Subsidiary of the Company
	BESTE MOTOR CO., LTD.	British Virgin Islands	Reinvestment holding activities	384,099	322,939	14,072,000	100.00%	1,075,213	(257,109)	(257,109)	Subsidiary of the Company
	CONTEK CO., LTD.	British Virgin Islands	Reinvestment holding activities	74,197	66,512	2,436,000	100.00%	37,011	(15,859)	(15,859)	Subsidiary of the Company
	I YUAN PRECISION INDUSTRIAL CO., LTD	No. 25, Zhongxing S. St., Sanchong Dist., New Taipei City	Manufacturing, processing and sale of automobile parts	126,907	126,907	5,617,854	15.66%	213,365	66,624	12,106	The Company measured at fair value for using equity method.
	INNOVA HOLDING CORP.	Delaware, U.S.A	Reinvestment holding activities	745,370	745,370	5,549	100.00%	1,110,835	78,400	78,400	Subsidiary of the Company
	TYC VIETNAM INDUSTRIAL CO., LTD.	Vietnam	Manufacture and sale automobile lights	88,740	88,740	-	60.00%	77,002	(11,019)	(6,612)	Subsidiary of the Company

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
JUOKU TECHNOLOGY CO., LTD.	TSM TECH CO., LTD.	British Virgin Islands	Reinvestment holding activities	\$10,122	\$10,122	300,000	100.00%	\$9,286	\$-	\$-	Sub Subsidiary of the Company
	PT ASTRA JUOKU INDONESIA	Indonesia	Manufacture and sale automobile lights	276,640	276,640	1,126,500	50.00%	265,926	104,023	52,012	Joint ventures of the Company
TI FU INVESTMENT CO., LTD.	DBM REFLEX OF TAIWAN CO., LTD.	No. 54, Xinkle Rd., Tainan City	Manufacture tooling mold and international trading business	25,500	25,500	6,000,000	50.00%	125,313	75,030	37,515	Sub Subsidiary of the Company
SUPRA-ATOMIC CO., LTD.	EUROPILOT CO., LTD.	British Virgin Islands	Reinvestment holding activities	440,206 (USD 14,360 thousand)	440,206 (USD 14,360 thousand)	14,359,821	100.00%	755,547	172,367	172,367	Sub Subsidiary of the Company
	MOTOR-CURIO CO., LTD.	British Virgin Islands	Reinvestment holding activities	58,030 (USD 1,893 thousand)	58,030 (USD 1,893 thousand)	1,893,400	100.00%	177,348	25,312	25,312	Sub Subsidiary of the Company
	SPARKING CO., LTD.	British Virgin Islands	Reinvestment holding activities	1,346,245 (USD 43,916 thousand)	1,101,005 (USD 35,916 thousand)	38,915,717	100.00%	151,310	(135,832)	(135,832)	Sub Subsidiary of the Company
	EUROLITE CO., LTD.	British Virgin Islands	Reinvestment holding activities	636,336 (USD 20,758 thousand)	636,336 (USD 20,758 thousand)	14,697,972	100.00%	190,371	(5,576)	(5,576)	Sub Subsidiary of the Company
	UNIMOTOR CO., LTD.	British Virgin Islands	Reinvestment holding activities	211,121 (USD 6,887 thousand)	211,121 (USD 6,887 thousand)	6,887,000	100.00%	322,085	40,605	40,605	Sub Subsidiary of the Company
EUROPILOT CO., LTD.	TYC EUROPE BV.	Henery Moorest roat 25 1328 LS Almere HOLLAND	Sale automobile lights	440,206 (USD 14,360 thousand)	440,206 (USD 14,360 thousand)	120,000	100.00%	755,512	172,367	172,367	Third-tier Subsidiary of the Company
EUROLITE CO., LTD.	T.I.T. INTERNATIONAL CO., LTD.	350/132 Srikrung House Rama 3 Road Chongnonsi Yannawa Bangkok, Thailand	Manufacture and sale of lighting fixtures and daily-use product for automobile	636,440 (USD 20,758 thousand)	636,440 (USD 20,758 thousand)	4,994,900	99.98%	190,307	(5,578)	(5,577)	Third-tier Subsidiary of the Company
BESTE MOTOR CO., LTD.	VARROC TYC CORPORATION	British Virgin Islands	Reinvestment holding activities	431,448 (USD 14,072 thousand)	431,448 (USD 14,072 thousand)	14,072,000	50.00%	1,264,142	(165,691)	(82,456)	Joint ventures of the Company
CONTEK CO., LTD.	ATECH INTERNATIONAL CO., LTD.	Cayman Islands	Reinvestment holding activities	76,638 (USD 2,500 thousand)	68,985 (USD 2,250 thousand)	2,500,000	25.00%	35,274	(62,932)	(15,733)	The Company measured at fair value for using equity method.
INNOVA HOLDING CORP.	GENERA CORPORATION	State of California, U.S.A.	Sale of automobile lights and parts	379,847 (USD 12,389 thousand)	379,847 (USD 12,389 thousand)	12,388,505	100.00%	1,792,674 (USD 58,479 thousand)	63,946 (USD 2,086 thousand)	63,946 (USD 2,086 thousand)	Sub Subsidiary of the Company
	W&W REAL PROPERTY, INC.	State of California, U.S.A.	Sale of and rental of real estate	30,660 (USD 1,000 thousand)	30,660 (USD 1,000 thousand)	1,000,000	100.00%	115,753 (USD 3,776 thousand)	13,274 (USD 433 thousand)	13,274 (USD 433 thousand)	Sub Subsidiary of the Company

(Note 1)The book value of the investment using the equity method is the net amount after deducting the unrealized gains and losses of downstream transactions.

(Note 2)The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees, and recognized I YUAN PRECISION INDUSTRIAL CO., LTD at 18.17% investment gains and losses.

(Note 3)The company treats shares of the Company that the subsidiaries hold as treasury stocks.

The book value of the investment using the equity method is the net amount after deducting the treasury stocks.

(Note 4)TAMAU MANAGEMENT CONSULTANCY CO., LTD. was liquidated and deregistered during the year ended 31 December 2023.

(Note 5)TI YUAN INVESTMENT CO., LTD. applied for a capital reduction and returned the share capital in the amount of NT\$19,110 thousand.

(Note 6)SUPRA-ATOMIC CO., LTD. applied for a capital reduction and returned the share capital in the amount of NT\$61,380 thousand.

(Note 7)The exchange rate of USD to NTD is 1:30.655.

Attachment 7: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow						
VARROC TYC AUTO LAMPS CO.,LTD.	Manufacture automobile lights	\$827,685 (USD 27,000 thousand)	(1)VARROC TYC CORPORATION	\$390,238 (USD 12,730 thousand)	\$-	\$-	\$390,238 (USD 12,730 thousand)	\$(177,962)	50%	\$(88,981)	\$2,528,172	\$523,243
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.	Manufacture and sale of precision molds	198,246 (USD 6,467 thousand)	(1)UNIMOTOR INDUSTRIAL CO., LTD.	198,246 (USD 6,467 thousand)	-	-	198,246 (USD 6,467 thousand)	40,646	100%	40,646	321,096	-
HANGZHOU SUNNYTECH CO., LTD.	Industrial styling and product design	8,045 (CNY 1,870 thousand)	(1)SPARKING CO., LTD.	5,089 (USD 166 thousand)	-	-	5,089 (USD 166 thousand)	6,673	30%	2,002	12,707	-
JNS AUTO PARTS LIMITED	Manufacture automobile parts	499,677 (USD 16,300 thousand)	(1)MOTOR-CURIO CO., LTD.	61,310 (USD 2,000 thousand)	-	-	61,310 (USD 2,000 thousand)	134,517	20%	26,903	175,405	-
KUN SHAN TYC HIGH PERFORMANCE	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	919,650 (USD 30,000 thousand)	(1)SPARKING CO., LTD.	1,072,925 (USD 35,000 thousand)	245,240 (USD 8,000 thousand)	-	1,318,165 (USD 43,000 thousand)	(137,833)	100%	(137,833)	138,573	-
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	Design amd manufacture high-efficiency energy-saving lamps	13,795 (USD 450 thousand)	(2)CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.	-	-	-	-	-	30%	-	-	-
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD.	Manufacture automobile parts	214,585 (USD 7,000 thousand)	(1)ATECH INTERNATIONAL CO., LTD.	53,646 (USD 1,750 thousand)	-	-	53,646 (USD 1,750 thousand)	(52,543) (USD(1,714) thousand)	25%	(13,151) (USD (429) thousand)	(11,066) (USD (361) thousand)	-
ATECH(JIANGSU) INDUSTRIAL TECHNOLOGY CO., LTD.	Manufacture automobile parts	61,310 (USD 2,000 thousand)	(1)ATECH INTERNATIONAL CO., LTD.	15,328 (USD 500 thousand)	7,664 (USD 250 thousand)	-	22,991 (USD 750 thousand)	(9,380) (USD(306) thousand)	25%	(2,360) (USD (77) thousand)	79,672 (USD 2,599 thousand)	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$2,413,162 (USD 78,720 thousand)	\$2,342,992 (USD 76,431 thousand)	(Note 3)

(Note 1) Methods of investment are divided into three:

- (1)Indirectly investment in Mainland China through companies registered in a third region
- (2)Reinvest with Mainland China company's own funds
- (3)Other

(Note 2) The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees.

(Note 3) According to 97.8.22 "Regulations Governing Permission for Investment or Technical Cooperation in Mainland China" and the amendment to "Review Principles of Investment or Technical Cooperation in Mainland china", the cumulative amount of investors' investment in Mainland China according to the upper limit set for other enterprises: 60% of its net value or the consolidated net value, whichever is higher. However, enterprises for which the Industrial Development Bureau of the Ministry of Economic Affairs issued the certificate of compliance or the Taiwan subsidiaries of international enterprises shall not be subject to the restriction. The Company qualifies as business headquarters therefore the upper limit does not apply.

(Note 4) The exchange rate of the USD to the NTD is 1:30.655.  
The exchange rate of the RMB to the NTD is 1:4.302.

Attachment 8:Information on major shareholders

Name of ordinary shares Name of major shareholders	Number of shares held	Percentage of ownership
KUO CHI MIN INVESTMENT CO., LTD.	74,649,044	21.77%
YIH HENG INVESTMENT CO., LTD.	57,420,654	16.74%

(Note 1) The main shareholder information in this table is calculated based on the information available from the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders which have completed the dematerialized delivery and registration of the shares of the Company (including treasury shares) is more than 5%.

The share capital recorded in the Company's financial report and the number of shares actually delivered by the Company with dematerialized registration may differ because the calculation bases were different.

(Note 2) If the above information included the shareholders' shares transferred to a trust, it is disclosed by the individual settlor account opened by the trustee. Where the shareholders declared insider equity holding for more than 10% shareholding according to the Securities and Exchange Act, such holdings shall include the shares held by shareholders and the trusted assets with right to use. For information regarding insider shareholding declaration, please refer to the Market Observation Post System of the Taiwan Stock Exchange Corporation.

TYC BROTHER INDUSTRIAL CO., LTD.  
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31 December 2023

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TYC BROTHER INDUSTRIAL CO., LTD.

1.STATEMENT OF CASH AND CASH EQUIVALENTS

31 December 2023

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Item	Description	Amount	Note
Cash and Petty cash		\$1,960	The exchange rate of the USD to the NTD is 1:30.655.
Bank Deposits			
Saving account		190,176	The exchange rate of the EUR to the NTD is 1:33.78.
Foreign currency cash	USD 18,421,573	564,713	
	EUR 2,190,282	73,988	The exchange rate of the JPY to the NTD is 1:0.2152.
	JPY 3,012,240	648	
	GBP 161,629	6,296	The exchange rate of the GBP to the NTD is 1:38.95.
	SGD 305,060	7,077	
	RMB 2,288,255	9,844	The exchange rate of the RMB to the NTD is 1:4.302.
Subtotal		852,742	
Time deposits		82,820	
Investments in bonds with resale agreements - corporate bonds	USD 2,000,000	61,310	The exchange rate of the SGD to the NTD is 1:23.2.
		140,000	
Subtotal		201,310	
Total		\$1,138,832	

TYC BROTHER INDUSTRIAL CO., LTD.

2.STATEMENT OF ACCONUTS RECEIVABLE

31 December 2023

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
Client A	EUR 2,345,273	\$79,223	1. The exchange rate of the USD to the NTD is 1:30.655. The exchange rate of the EUR to the NTD is 1:33.78.
Client B	USD 2,445,738	74,974	
Client C	USD 1,590,959	48,771	
Client D	USD 1,377,696	42,233	
Others		745,395	
Subtotal		990,596	
Less: Allowance for doubtful debts		(155,173)	2. The amount of individual client in others does not exceed 5% of the account balance.
Net amount		\$835,423	

TYC BROTHER INDUSTRIAL CO., LTD.

3.STATEMENT OF ACCOUNTS RECEIVABLES-RELATED PARTIES

31 December 2023

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
GENERA CORPORATION	USD 75,191,155	\$2,304,985	1.The exchange rate of the USD to the NTD is 1:30.655. The exchange rate of the EUR to the NTD is 1:33.78. The exchange rate of the RMB to the NTD is 1:4.302.
TYC EUROPE B.V.	EUR 6,717,574	226,920	
	USD 689,089	21,124	
KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	RMB 32,211,472	138,574	
Others		45,798	
Subtotal		2,737,401	
Less: Allowance for doubtful debts		(297)	2.The amount of individual client
Net		\$2,737,104	in others does not exceed 5%.



TYC BROTHER INDUSTRIAL CO., LTD.

4.STATEMENT OF INVENTORIES

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$654,566	\$654,566	1. Inventories were not pledged.
Work in process		54,072	54,072	
Finished goods		782,993	996,947	2. Inventories are valued at lower of cost and net realizable value item by item.
Merchandise		27,435	31,097	
Subtotal		1,519,066	\$1,736,682	
Less: Allowance for inventory valuation losses		(65,833)		
Total		\$1,453,233		

TYC BROTHER INDUSTRIAL CO., LTD.

5.STATEMENT OF OTHER CURRENT ASSETS

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Prepayment of purchases		\$113,585	The amount of individual title in others does not exceed 5% of the account balance.
Payment on behalf	Payment on behalf for mold repair and vender complaint.	57,948	
Prepaid expense	Prepaid expense for repair, maintenance and insurance.	25,392	
Other		11,243	
Total		<u>\$208,168</u>	

TYC BROTHER INDUSTRIAL CO., LTD.  
6.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD  
31 December 2023

In Thousands of New Taiwan Dollars

Investee Company	Beginning Balance		Additions		Decrease		Ending Balance			Fair value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit price (NTD)	Total Amount		
JUOKU TECHNOLOGY CO., LTD.	27,923,401	\$329,348		\$93,426 (Note1) 235 (Note6)		\$(83) (Note2) (27,923) (Note3) (5,580) (Note5)	27,923,401	72.10%	\$389,423	14.79	\$413,134	None	
TI YUAN INVESTMENT CO., LTD.	5,731	53,879		3,467 (Note1)	(1,911) (Note8)	(19,110) (Note8)	3,820	100.00%	38,236	10,009.38	38,236	None	
TI FU INVESTMENT CO., LTD.	9,550	150,966		39,787 (Note1) 37,499 (Note4) 1,691 (Note7) 1,000 (Note9)		(29,660) (Note3) (2,126) (Note5)	10,550	100.00%	208,157	27,215.35	287,122	None	
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	260,000	2,399			(260,000) (Note8)	(1,353) (Note1) (1,047) (Note8)	-	-	-	-	-	None	
I YUAN PRECISION INDUSTRIAL CO., LTD.	5,617,854	223,729		12,107 (Note1)		(22,471) (Note3)	5,617,854	15.66%	213,365	45.40	255,051	None	
CONTEK CO., LTD.	2,186,000	45,805	250,000 (Note9)	7,685 (Note9)		(15,859) (Note1) (620) (Note2)	2,436,000	100.00%	37,011	15.19	37,011	None	
INNOVA HOLDING CORP.	5,549	1,189,107		74,031 (Note1) 418 (Note2)		(142,547) (Note6) (10,174) (Note11)	5,549	100.00%	1,110,835	USD 10,885.53	USD 60,404	None	
SUPRA-ATOMIC CO., LTD.	65,332,450	1,094,988		89,908 (Note1) 13,058 (Note2) 8,000,000 (Note9)		(38,003) (Note6) (61,380) (Note8)	69,199,060	100.00%	1,345,031	23.65	1,636,430	None	
BESTE MOTOR CO., LTD.	12,072,000	1,307,292	2,000,000 (Note9)	61,160 (Note9)		(257,109) (Note1) (36,130) (Note2)	14,072,000	100.00%	1,075,213	76.41	1,075,213	None	
TYC VIETNAM INDUSTRIAL CO., LTD.	-	86,272		383 (Note6)		(6,612) (Note1) (3,041) (Note2)	-	60.00%	77,002	-	-	None	
Total		\$4,483,785		\$691,315		\$(680,828)			\$4,494,273				

Note1 : Net investment income or loss accounted for using equity method. (Included unrealized gain or loss on the transaction between the Company and its investees.)

Note2 : Exchange differences resulting from translating the financial statement of foreign poerations.

Note3 : Cash dividends paid.

Note4 : Unrealized gains or losses on financial assets at fair value through other comprehensive income.

Note5 : Profits or losses of the defined benefit plan.

Note6 : Downstream transactions are written off.

Note7 : Adjustments for dividends subsidiaries received from parent company.

Note8 : Refund of capital reduction.

Note9 : Issue of shares

Note10 : Disposal of profit (loss) of investment.

Note11 : Impairment of goodwill.

Note12 : Capital reduction to offset accumulated deficits.

TYC BROTHER INDUSTRIAL CO., LTD.

7.STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPERCIATION

FOR THE YEAR ENDED 31 December 2023

In Thousands of New Taiwan Dollars

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Cost					
Land	\$627,374	\$-	\$-	\$627,374	
Buildings	95,668	-	-	95,668	
Total	\$723,042	\$-	\$-	\$723,042	
Accumulated depreciation					
Land	\$2,248	\$562	\$-	\$2,810	
Buildings	50,863	12,716	-	63,579	
Total	\$53,111	\$13,278	\$-	\$66,389	

TYC BROTHER INDUSTRIAL CO., LTD.

8.STATEMENT OF SHORT-TERM BORROWINGS

31 December 2023

In Thousands of New Taiwan Dollars

Type	Description	Balance, End of Year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Note
Unsecured borrowings	Taishin International Bank	\$200,000	2023/12/13~2024/01/12	1.75%	None	
Unsecured borrowings	Cathay United Bank	150,000	2023/11/27~2024/02/27	1.77%	None	
Unsecured borrowings	Chang Hwa Commercial Bank	100,000	2023/11/20~2024/04/19	1.70%	None	
Unsecured borrowings	Taipei Fubon Commercial Bank	100,000	2023/11/16~2024/02/16	1.77%	None	
Unsecured borrowings	SCSB Bank	100,000	2023/11/27~2024/01/05	1.76%	None	
Total		<u>\$650,000</u>				

TYC BROTHER INDUSTRIAL CO., LTD.

9.STATEMENT OF NOTES PAYABLE

31 December 2023

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		\$87,623	The amount of individual client in others does not exceed 5% of the account balance.
Client B		71,490	
Client C		34,405	
Client D		25,391	
Client E		24,849	
Client F		17,542	
Other		6,147	
Total		<u>\$267,447</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

10.STATEMENT OF ACCOUNTS PAYABLE

31 December 2023

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		\$139,440	The amount of individual client in others does not exceed 5% of the account balance.
Client B		114,456	
Others		1,323,743	
Total		\$1,577,639	

TYC BROTHER INDUSTRIAL CO., LTD.

11.STATEMENT OF ACCOUNTS PAYABLE-RELATED PPARTIES

31 December 2023

In Thousands of New Taiwan Dollars  
(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
FORTOP INDUSTRIAL CO., LTD.		\$299,162	1. The exchange rate of the USD to the NTD is 1:30.655
I YUAN PRECISION INDUSTRIAL CO., LTD.	USD 4,186,209	128,747	
		1,484	
JUOKU TECHNOLOGY CO., LTD.		147,352	2. The amount of individual client in others does not exceed 5% of the account balance.
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD	USD 1,518,055	46,688	
T.I.T. INTERNATIONAL CO., LTD.	USD 1,170,729	36,006	
Other		45,365	
Total		<u>\$704,804</u>	



TYC BROTHER INDUSTRIAL CO., LTD.

12.STATEMENT OF OTHER PAYABLES

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Other payables			
Salaries payable and bonuses		\$200,770	The amount of individual account title in others does not exceed 5% of the account balance.
Employee's compensation		109,416	
Accrued expenses	Engineering payment	80,346	
Others	Deposit for mold	105,744	
Other payables-related parties	Deposit for mold	14,346	
Total		\$510,622	

TYC BROTHER INDUSTRIAL CO., LTD.

13.STATEMENT OF OTHER CURRENT LIABILITIES

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Contract liabilities	Advance sales receipts	\$171,574	The amount of individual account title in others does not exceed 5% of the account balance.
Other unearned revenue	Advance mold receipts	245,035	
Other	Receipts under custody for mold	13,360	
Total		<u>\$429,969</u>	

TYC BROTHER INDUSTRIAL CO., LTD.  
14.STATEMENT OF LONG-TERM BORROWINGS  
31 December 2023

In Thousands of New Taiwan Dollars

Creditors	Description	Amount due within one year	Amount due in one year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Redemption
First Bank	Unsecured Borrowing	\$200,000	\$350,000	2019/07/01-2026/09/15	1.20%	None	Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
First Bank	Unsecured Borrowing	-	500,000	2023/07/31-2025/07/31	1.88%	None	Interests are repaid monthly and bullet repayment on expiry date.
First Bank	Secured Borrowing	-	100,000	2023/07/31-2025/07/31	1.88%	Yes	Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	Unsecured Borrowing	101,205	472,289	2019/08/09-2029/08/15	1.25%	None	Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
Chang Hwa Bank	Secured Borrowing	-	600,000	2023/06/30-2025/06/30	1.75%	Yes	Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan	Unsecured Borrowing	-	300,000	2023/07/06-2025/07/06	1.80%	None	After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan	Unsecured Borrowing	150,000	225,000	2021/07/06-2026/06/15	1.47%	None	The grace period is 2 years. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	120,000	-	2019/11/06-2024/10/15	1.50%	None	Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	-	450,000	2023/04/14-2025/04/14	1.75%	None	From 14 April 2023 to 14 April 2025, the loan principal will be drawn down on a transaction-by-transaction basis within the authorized credit limit, and each borrowed amount shall be repaid in full on the expiry date of the loan term, along with any accrued interest.
DBS Bank	Unsecured Borrowing	-	80,000	2023/04/14-2025/04/14	1.70%	None	From 14 April 2023 to 14 April 2025, the loan principal will be drawn down on a transaction-by-transaction basis within the authorized credit limit, and each borrowed amount shall be repaid in full on the expiry date of the loan term, along with any accrued interest.
Yuanta Bank	Unsecured Borrowing	-	550,000	2023/10/06-2025/10/06	1.72%	None	Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	Unsecured Borrowing	250,000	145,833	2020/07/24-2025/07/24	1.21%-1.41%	None	Repayments commence from 15 August 2023, with equal monthly installments, and interest is payable monthly.
Mizuho Bank	Unsecured Borrowing	-	130,000	2023/11/20-2025/11/20	1.80%	None	Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank	Unsecured Borrowing	-	300,000	2023/06/14-2025/06/13	1.78%	None	Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank	Unsecured Borrowing	-	150,000	2023/02/17-2025/02/17	1.88%	None	Interests are repaid monthly and bullet repayment on expiry date.
Total		<u>\$821,205</u>	<u>\$4,353,122</u>				

TYC BROTHER INDUSTRIAL CO., LTD.

15.STATEMENT OF LEASE LIABILITIES

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Contract Periods	Discount rates applies	Amount	Note
Land		5~20 years	1.42%	\$502,258	
Buildings		5~10 years	1.42%	33,229	
Subtotal				535,487	
(Less):Current portion				(33,094)	
Lease liabilities, non current				\$502,393	

TYC BROTHER INDUSTRIAL CO., LTD.

16.STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED 31 December 2023

In Thousands of New Taiwan Dollars

Item	Amount	Note
Automobile lights	\$9,985,873	The amount of individual account title in others does not exceed 5% of the account balance.
Automobile light parts	382,565	
Others	2,295,733	
Total	\$12,664,171	Sells for water pump, fan and equipment.

TYC BROTHER INDUSTRIAL CO., LTD.  
17.STATEMENT OF OPERATING COSTS  
FOR THE YEAR ENDED 31 December 2023

In Thousands of New Taiwan Dollars

Item	Amount	Note
Cost of Goods Sold of Self-made Product		
Direct material		
Beginning of year	\$586,240	
Add: Raw material purchased	4,049,153	
Gains on physical inventories	201	
Transfer from other account title	274	
Less: Raw material, end of year	(654,566)	
Scrapped	(18,165)	
Sell	(358,599)	
Transfer to other account title	(108,623)	
Supplies and parts used	3,495,915	
Direct labor	470,848	
Factory overheads	2,031,395	
Manufacturing cost	5,998,158	
Add: Work in process, beginning of year	60,871	
Less: Work in process, end of year	(54,072)	
Transfer to other account title	(25,230)	
Cost of finished goods	5,979,727	
Add: Finished goods, beginning of year	852,282	
Finished goods purchased	2,143,425	
Transfer from other account title	109	
Less: Finished goods, end of year	(782,993)	
Losses on physical inventories	(151)	
Scrapped	(1,231)	
Transfer to other account title	(1,390)	
Cost of Goods Sold of Self-made Product	8,189,778	
Cost of Goods sold of Merchandise		
Merchandise: Beginning of year	32,384	
Add: Merchandise purchased	1,459,190	
Transfer from other account title	4	
Less: Merchandise, end of year	(27,435)	
Losses on physical inventories	(7)	
Scrapped	(5)	
Transfer to other account title	(12)	
Cost of Goods sold of Merchandise	1,464,119	
Other operating costs		
Sell raw materials	358,599	
Losses on scrap of inventories	19,401	
Net gains (losses) on physical inventories	(43)	
Reversal of allowance for inventory market price decline	(3,033)	
Other	31,761	
Total Operating Costs	\$10,060,582	

TYC BROTHER INDUSTRIAL CO., LTD.

18.STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED 31 December 2023

In Thousands of New Taiwan Dollars

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected credit impairment losses	Total
Payroll expenses	\$97,166	\$145,102	\$142,111	\$-	\$384,379
Freight	42,233	31	1,523	-	43,787
Expected credit impairment losses	-	-	-	4,684	4,684
Depreciation	22,403	43,344	5,409	-	71,156
Amortization expense	1,621	2,625	17,395	-	21,641
Research expense	-	-	69,172	-	69,172
Commission expense	42,897	-	-	-	42,897
Export and import expense	74,579	-	-	-	74,579
Professional service fee	32,142	14,004	743	-	46,889
Certification fee	28,776	-	427	-	29,203
Insurance expense	14,747	15,642	15,722	-	46,111
Software usage fee	77	9,507	18,631	-	28,215
Other expense	68,593	86,938	45,785	-	201,316
Total	\$425,234	\$317,193	\$316,918	\$4,684	\$1,064,029

Note : The amount of individual account title in others does not exceed 5% of the of the account balance.