

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED 31 DECEMBER 2024 AND 2023
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.

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of TYC BROTHER INDUSTRIAL CO., LTD. as of and for the year ended 31 December 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TYC BROTHER INDUSTRIAL CO., LTD. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

TYC BROTHER INDUSTRIAL CO., LTD.

By Wu, Kuo-Chen
Chairman

13 March 2025

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the “Company”) and its subsidiaries as of 31 December 2024 and 2023, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2024 and 2023, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2024 and 2023, and their consolidated financial performance and cash flows for the years ended 31 December 2024 and 2023, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits 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 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Loss allowance of accounts receivable

As of 31 December 2024, the balance of net accounts receivable amounted to NT\$3,964,029 thousand, constituting 15% of the total consolidated assets, which was considered material in the consolidated statements. Since the allowance for doubtful accounts was measured at the lifetime expected credit loss, its account receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore 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 and its subsidiaries were tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables 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 consolidated financial statements for more details.

Valuation for inventories

As of 31 December 2024, the Company and its subsidiaries' net inventories amounted to NT\$5,496,707 thousand, constituting 20% of total consolidated asset, which was considered material in the consolidated 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 therefore 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 valuation, including related sales certificates and recalculating price loss; testing the accuracy of inventory aging time period by sampling related documents and recalculating the accuracy of inventory allowance.

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

Other Matter – Making Reference to the Audits of other Auditors

We did not audit the financial statements of certain consolidated subsidiaries. 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' total assets amounted to NT\$2,161,703 thousand and NT\$1,754,488 thousand, constituting 8% and 7% of consolidated total assets as of 31 December 2024 and 2023, respectively. And their total operating revenues amounted to NT\$3,609,319 thousand and NT\$3,331,718 thousand, constituting 18% and 17% of consolidated operating revenues for the years ended 31 December 2024 and 2023, respectively. We did not audit the financial statements of certain associates and joint ventures accounted for using the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the audit reports of the other auditors. The Group's investments in its associates and joint ventures accounted for using the equity method amounted to NT\$311,514 thousand and NT\$265,926 thousand, both representing 1% of consolidated total assets as of 31 December 2024 and 2023. The related shares of profits from the associates and joint ventures accounted for using the equity method amounted to NT\$64,744 thousand and NT\$52,012 thousand, both representing 3% of the consolidated net income before tax for the years ended 31 December 2024 and 2023, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$3,000 thousand and NT\$(66) thousand, representing 2% and 0% of the consolidated statement of other comprehensive income for the years ended 31 December 2024 and 2023, respectively.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 these consolidated financial statements.

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

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

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

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

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

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

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended 31 December 2024 and 2023.

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan
13 March 2025

Notice to Readers :

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

Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or 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 Consolidated Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2024	31 Dec. 2023
Current assets			
Cash and cash equivalents	IV/VI.1	\$1,540,242	\$1,858,204
Financial assets at fair value through profit or loss, current	IV	-	509
Financial assets measured at amortized cost, current	IV/VI.3	90,514	144,244
Notes receivable, net	IV/VI.4	6,874	10,601
Notes receivable-related parties, net	IV/VI.4/VII	4,107	2,725
Accounts receivable, net	IV/VI.5/VIII	3,885,517	3,395,576
Accounts receivable-related parties, net	IV/VI.5/VII	67,531	62,026
Other receivables	IV/VII	405,367	184,652
Inventories	IV/VI.6/VIII	5,496,707	5,247,874
Other current assets		360,900	282,636
Total current assets		11,857,759	11,189,047
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	IV/VI.2	167,628	225,126
Investments accounted for under the equity method	IV/VI.7	2,163,163	2,006,821
Property, plant and equipment	IV/VI.8/VIII	8,541,802	8,186,160
Right-of-use asset	IV/VI.16	1,892,012	2,186,398
Intangible assets	IV	57,286	56,905
Deferred tax assets	IV/VI.20	582,845	529,102
Prepayment for equipments		1,880,706	1,366,320
Other non-current assets-others	VIII	76,194	84,802
Total non-current assets		15,361,636	14,641,634
Total assets		\$27,219,395	\$25,830,681

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	31 Dec. 2024	31 Dec. 2023
Current liabilities			
Short-term borrowings	IV/VI.9	\$2,033,171	\$2,247,396
Short-term notes and bills payable	IV/VI.10	39,968	159,925
Financial liabilities at fair value through profit or loss, current	IV	7,598	-
Notes payable		339,701	295,714
Accounts payable		2,468,962	2,307,352
Accounts payable-related parties	VII	493,095	490,304
Other payables		1,758,879	1,088,751
Current tax liabilities	IV/VI.20	238,636	362,995
Lease liabilities, current	IV/VI.16	284,589	248,086
Current portion of long-term liabilities	IV/VI.11	645,152	861,409
Other current liabilities		595,884	506,431
Total current liabilities		8,905,635	8,568,363
Non-current liabilities			
Long-term borrowings	IV/VI.11	6,114,817	5,734,759
Deferred tax liabilities	IV/VI.20	104,850	57,278
Lease liabilities, non-current	IV/VI.16	1,450,573	1,763,395
Net defined benefit liabilities, non-current	IV/VI.12	74,565	140,401
Other non-current liabilities-others		81,620	51,865
Total non-current liabilities		7,826,425	7,747,698
Total liabilities		16,732,060	16,316,061
Equity attributable to the parent company			
Capital	IV/VI.13		
Common stock		3,128,979	3,128,979
Preferred stock		300,000	300,000
Capital surplus	IV/VI.13	2,582,447	2,580,384
Retained earnings	IV/VI.13		
Legal reserve		1,030,881	924,137
Special reserve		269,742	153,990
Unappropriated earnings		3,016,955	2,364,095
Other equity	IV/VI.19		
Exchange differences resulting from translating the financial statements of foreign operations		(96,830)	(262,436)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		(62,947)	(7,306)
Treasury stock	IV/VI.13	(5,996)	(5,996)
Total equity attributable to the parent company		10,163,231	9,175,847
Non-controlling interests	IV/VI.13	324,104	338,773
Total equity		10,487,335	9,514,620
Total liabilities and equity		\$27,219,395	\$25,830,681

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2024 and 2023
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	Notes	2024	2023
Operating revenues	IV/VI.14/VII	\$20,121,705	\$19,277,545
Operating costs	IV/VI.6.16.17/VII	(14,235,378)	(14,109,060)
Gross profit		5,886,327	5,168,485
Unrealized profit on sales		(5,208)	-
Realized profit on sales		-	-
Net gross profit		5,881,119	5,168,485
Operating expenses	IV/VI.16.17		
Sales and marketing expenses		(1,987,487)	(1,806,898)
General and administrative expenses		(1,048,458)	(1,215,907)
Research and development expenses		(448,847)	(396,267)
Expected credit impairment losses	IV/VI.15	(45,628)	(2,469)
Subtotal		(3,530,420)	(3,421,541)
Operating income		2,350,699	1,746,944
Non-operating income and expenses			
Other income	VI.18	131,144	103,083
Other gains and losses	VI.18	(309,870)	(28,011)
Finance costs	VI.18	(364,553)	(310,525)
Share of profit of associates and joint ventures accounted for using the equity method	IV/VI.7	138,348	(7,266)
Subtotal		(404,931)	(242,719)
Net income before income tax		1,945,768	1,504,225
Income tax expense	IV/VI.20	(352,413)	(347,856)
Net income		1,593,355	1,156,369
Other comprehensive income (loss)	IV/VI.19		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		27,924	(37,476)
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(59,749)	(94,634)
Income tax related to items that will not be reclassified subsequently		(5,585)	7,495
Item that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		153,684	13,498
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		56,896	(41,954)
Income tax related to items that may be reclassified subsequently		(42,673)	5,279
Total other comprehensive income (loss), net of tax		130,497	(147,792)
Total comprehensive income (loss)		\$1,723,852	\$1,008,577
Net income attributable to:			
Stockholders of the parent		\$1,544,086	\$1,093,134
Non-controlling interests		49,269	63,235
		\$1,593,355	\$1,156,369
Comprehensive income attributable to:			
Stockholders of the parent		\$1,671,117	\$951,686
Non-controlling interests		52,735	56,891
		\$1,723,852	\$1,008,577
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.21	\$4.76	\$3.31
Earnings per share-diluted	IV/VI.21	\$4.74	\$3.30

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company										Non-controlling interests	Total equity
	Capital			Retained Earnings			Other equity		Treasury stock	Total		
	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 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	\$324,190	\$9,169,705
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)	-	(563,216)
Preferred share dividends	-	-	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
Net income for the year ended 31 December 2023	-	-	-	-	-	1,093,134	-	-	-	1,093,134	63,235	1,156,369
Other comprehensive income (loss) for the year ended 31 December 2023	-	-	-	-	-	(25,696)	(21,118)	(94,634)	-	(141,448)	(6,344)	(147,792)
Total comprehensive income (loss)	-	-	-	-	-	1,067,438	(21,118)	(94,634)	-	951,686	56,891	1,008,577
Adjustments for dividends subsidiaries received from parent company	-	-	1,691	-	-	-	-	-	-	1,691	-	1,691
Increase or decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(42,308)	(42,308)
Other	-	-	171	-	-	-	-	-	-	171	-	171
Balance as of 31 December 2023	\$3,128,979	\$300,000	\$2,580,384	\$924,137	\$153,990	\$2,364,095	\$(262,436)	\$(7,306)	\$(5,996)	\$9,175,847	\$338,773	\$9,514,620
Balance as of 1 January 2024	\$3,128,979	\$300,000	\$2,580,384	\$924,137	\$153,990	\$2,364,095	\$(262,436)	\$(7,306)	\$(5,996)	\$9,175,847	\$338,773	\$9,514,620
Appropriation and distribution of 2023 retained earnings												
Legal reserve	-	-	-	106,744	-	(106,744)	-	-	-	-	-	-
Special reserve	-	-	-	-	115,752	(115,752)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(625,796)	-	-	-	(625,796)	-	(625,796)
Preferred share dividends	-	-	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
Net income for the year ended 31 December 2024	-	-	-	-	-	1,544,086	-	-	-	1,544,086	49,269	1,593,355
Other comprehensive income (loss) for the year ended 31 December 2024	-	-	-	-	-	20,282	165,606	(58,857)	-	127,031	3,466	130,497
Total comprehensive income (loss)	-	-	-	-	-	1,564,368	165,606	(58,857)	-	1,671,117	52,735	1,723,852
Adjustments for dividends subsidiaries received from parent company	-	-	1,880	-	-	-	-	-	-	1,880	-	1,880
Increase or decrease in non-controlling interests	-	-	-	-	-	(3,216)	-	3,216	-	-	(67,404)	(67,404)
Other	-	-	183	-	-	-	-	-	-	183	-	183
Balance as of 31 December 2024	\$3,128,979	\$300,000	\$2,582,447	\$1,030,881	\$269,742	\$3,016,955	\$(96,830)	\$(62,947)	\$(5,996)	\$10,163,231	\$324,104	\$10,487,335

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2024 and 2023

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2024	2023	ITEMS	2024	2023
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$1,945,768	\$1,504,225	Acquisition of financial assets at fair value through other comprehensive income	(7,829)	(2,774)
Adjustments for:			Proceeds from disposal of financial assets at fair value through other comprehensive income	5,578	-
Income and expense adjustments:			Acquisition of financial assets measured at amortized cost	(97,607)	(89,411)
Depreciation	1,884,125	1,611,278	Proceeds from disposal of financial assets measured at amortized cost	152,443	26,200
Amortization	27,507	32,252	Acquisition of investments accounted for using the equity method	(54,355)	(7,685)
Expected credit impairment losses	45,628	2,469	Acquisition of property, plant and equipment	(2,392,502)	(1,843,931)
Interest expense	364,553	310,525	Proceeds from disposal of property, plant and equipment	4,625	14,933
Interest income	(37,515)	(23,252)	Increase in refundable deposits	3,950	-
Dividend income	(7,730)	(3,517)	Decrease in refundable deposits	-	(7,832)
Share of profit (loss) of associates and joint ventures accounted for using the equity method	(138,348)	7,266	Acquisition of intangible assets	(27,498)	(29,134)
(Gains) on disposal and scrap of property, plant and equipment	(2,704)	(2,918)	Decrease in other non-current assets	567	7,896
Impairment loss on non financial assets	-	10,174	Net cash used in investing activities	<u>(2,412,628)</u>	<u>(1,931,738)</u>
Unrealized profit on sales	5,208	-			
Others	-	36			
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Financial assets mandatorily measured at fair value through profit or loss	509	(509)	Increase in short-term borrowings	1,257,530	1,034,331
Notes receivable	3,730	2,978	Decrease in short-term borrowings	(1,563,765)	(1,040,012)
Notes receivable-related parties	(1,374)	(1,050)	Increase in short-term notes and bills payable	360,000	90,000
Accounts receivable	(539,149)	(74,171)	Decrease in short-term notes and bills payable	(479,957)	(530,035)
Accounts receivable-related parties	(1,936)	51,181	Proceeds from long-term borrowings	2,608,275	2,513,139
Other receivables	(165,487)	(58,799)	Repayment of long-term borrowings	(2,465,138)	(3,108,915)
Inventories	(248,833)	733,237	Increase in guaranteed deposit	30,071	75
Other current assets	(78,264)	(73,383)	Cash payment for the principal portion of the lease liabilities	(257,094)	(238,166)
Financial liabilities held for sale	7,598	(5,046)	Cash dividends	(683,916)	(621,525)
Notes payable	43,987	(6,304)	Change in non-controlling interests	(67,404)	(42,308)
Accounts payable	161,610	205,186	Collection of overdue dividends	183	171
Accounts payable-related parties	2,791	40,977	Net cash (used in) provided by financing activities	<u>(1,261,215)</u>	<u>(1,943,245)</u>
Other payables	668,382	(4,264)			
Other current liabilities	89,453	149,929			
Net defined benefit pension liabilities	(37,912)	(33,803)	Effect of exchange rate changes on cash and cash equivalents	201,156	25,550
Other non-current liabilities	(2,126)	7,891	Net increase in cash and cash equivalents	<u>(317,962)</u>	<u>2,938</u>
Cash generated from operations	<u>3,989,471</u>	<u>4,382,588</u>	Cash and cash equivalents at the beginning of the year	<u>1,858,204</u>	<u>1,855,266</u>
Interest received	37,515	23,252	Cash and cash equivalents at end of the year	<u>\$1,540,242</u>	<u>\$1,858,204</u>
Dividend received	97,584	45,552			
Interest paid	(383,416)	(327,200)			
Income tax paid	(586,429)	(271,821)			
Net cash provided by operating activities	<u>3,154,725</u>	<u>3,852,371</u>			

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

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
31 December 2024 and 2023
(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 consolidated financial statements of the Company and subsidiaries (hereinafter referred to as the “Group”) for the years ended 31 December 2024 and 2023 were authorized for issue in accordance with a resolution of the board of directors on 13 March 2025.

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 Group applied for the first-time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are recognized by Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2024. The adoption of these new standards and amendments had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

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 2025. The Group determined that the newly published standards and interpretations have no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
1	IFRS 10 “Consolidated Financial Statements” and IAS 28 “Investments in Associates and Joint Ventures” — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
2	IFRS 17 “Insurance Contracts”	1 January 2023
3	IFRS 18 “Presentation and Disclosure in Financial Statements”	1 January 2027
4	Disclosure Initiative – “Subsidiaries without Public Accountability” (IFRS 19)	1 January 2027
5	“Classification and Measurement of Financial Instruments” (Amendments to IFRS 9 and IFRS 7)	1 January 2026
6	Annual Improvements to IFRS Accounting Standards— Volume 11	1 January 2026

(1) IFRS 18 “Presentation and Disclosure in Financial Statements”

The standard will replace IAS 1 “Presentation of Financial Statements.” The primary changes are as follows:

a) Increasing comparability of the income statements

Items in the statement of profit or loss will need to be classified into categories: operating, investing, financing, income taxes and discontinued operations. The first three categories are new, to improve the structure of income statements. The standard also requires entities to provide newly defined subtotals (including operating profit or loss). The standard improves the income statement’s structure

and newly defined subtotals, which makes companies' financial performance easier to compare and provides a consistent starting point for investors' analysis

- b) Enhancing transparency of management performance measurement
Explanations on requiring entities to disclose specific indicators related to income statements (management-defined performance measures (MPM)).
- c) Useful summary of financial information
The standard sets out enhanced guidance on how to organize information and whether to provide it in the primary financial statements or in the notes. The changes are expected to provide more detailed and useful information. The standard also requires entities to provide more transparency about operating expenses, helping investors to find and understand the information they need.

(2) “Classification and Measurement of Financial Instruments” (Amendments to IFRS 9 and IFRS 7)

The amendments include:

- a) Clarify that a financial liability is derecognized on the settlement date and describe the accounting treatment for settlement of financial liabilities using an electronic payment system before the settlement date.
- b) Clarify how to assess the contractual cash flow characteristics of financial assets that include environmental, social and government (ESG)-linked features and other similar contingent features.
- c) Clarify the treatment of non-recourse assets and contractually linked instrument.
- d) Require additional disclosures in IFRS 7 for financial assets and liabilities with contractual terms that reference a contingent event (including those that are ESG-linked), and equity instruments fair value through other comprehensive income.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date. The Group is assessing the potential impacts from new or amended standards or interpretations. The relevant impacts will be disclosed upon completion of the assessment. The other new or amended standards or interpretations have no significant impact on the Group.

IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Statement of Compliance

The Group’s consolidated financial statements for the years ended 31 December 2024 and 2023 were prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC, which are endorsed by FSC (TIFRSs).

2. Basis of preparation

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

3. Basis of consolidation

Preparation principle of consolidated financial statement

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

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

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

- a. the contractual arrangement with the other vote holders of the investee
- b. rights arising from other contractual arrangements
- c. the Group’s voting rights and potential voting rights

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

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

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

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

If the Group loses control of a subsidiary, it:

- a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- b. derecognizes the carrying amount of any non-controlling interest;
- c. recognizes the fair value of the consideration received;
- d. recognizes the fair value of any investment retained;
- e. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- f. recognizes any resulting difference in profit or loss.

The consolidated entities are as follows:

Investor Company	Investee Company	Major business	Percentage of ownership		Note
			December 31, 2024	December 31, 2023	
The Company	TI YUAN INVESTMENT CO., LTD. (TI YUAN)	Marketable securities trading business	100.00%	100.00%	
The Company	TI FU INVESTMENT CO., LTD. (TI FU)	Marketable securities trading business	100.00%	100.00%	
The Company	CONTEK CO., LTD. (CONTEK)	Reinvestment holding activities	100.00%	100.00%	
The Company	SUPRA-ATOMIC CO., LTD. (SUPRA-ATOMIC)	Reinvestment holding activities	100.00%	100.00%	
The Company	BESTE MOTOR CO., LTD. (BESTE)	Reinvestment holding activities	100.00%	100.00%	
The Company	INNOVA HOLDING CORP. (INNOVA)	Reinvestment holding activities	100.00%	100.00%	
The Company	JUOKU TECHNOLOGY CO., LTD. (JUOKU TECHNOLOGY)	Manufacturing and sale of automobile parts	72.10%	72.10%	
The Company	TYC VIETNAM INDUSTRIAL CO., LTD. (TYCVN)	Manufacture and sale of automobile lights	60.00%	60.00%	
TI FU	DBM REFLEX OF TAIWAN CO., LTD. (DBM)	Manufacture tooling mold and international trading business	50.00%	50.00%	
SUPRA-ATOMIC	SPARKING CO., LTD. (SPARKING)	Reinvestment holding activities	100.00%	100.00%	
SUPRA-ATOMIC	UNIMOTOR INDUSTRIAL CO., LTD. (UNIMOTOR)	Reinvestment holding activities	100.00%	100.00%	
SUPRA-ATOMIC	EUROLITE CO., LTD. (EUROLITE)	Reinvestment holding activities	100.00%	100.00%	

Investor Company	Investee Company	Major business	Percentage of ownership		
			December 31, 2024	December 31, 2023	Note
SUPRA-ATOMIC	EUROPILOT CO., LTD. (EUROPILOT)	Reinvestment holding activities	100.00%	100.00%	
SUPRA-ATOMIC	MOTOR-CURIO CO., LTD. (MOTOR-CURIO)	Reinvestment holding activities	100.00%	100.00%	
JUOKU TECHNOLOGY	TSM TECH CO., LTD. (TSM)	Reinvestment holding activities	100.00%	100.00%	
INNOVA	GENERA CORPORATION (GENERA)	Sale of automobile lights and parts	100.00%	100.00%	
INNOVA	W&W REAL PROPERTY, INC. (W&W)	Sale of and rental of real estate	100.00%	100.00%	
INNOVA	TYC AMERICAS AUTO PARTS COMPANY LLC(TYCAAP)	Manufacturing, processing and trading of automobile components.	100.00%	-	(Note 1)
UNIMOTOR	CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD. (TAMAO PRECISION)	Manufacture of precision molds and sale of products.	100.00%	100.00%	
EUROLITE	T.I.T. INTERNATIONAL CO., LTD. (T.I.T.)	Manufacture and sale of lighting fixtures and daily-use products for automobile	99.98%	99.98%	
EUROPILOT	TYC EUROPE B.V. (TYC EUROPE)	Sales of automobile lights	100.00%	100.00%	
SPARKING	KUN SHAN TYC HIGH PERFORMANCE CO., LTD. (KUN SHAN TYC)	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	100.00%	100.00%	

Note 1: The Group invested in TYC AMERICAS AUTO PARTS COMPANY LLC in May 2024, with 100% of percentage of ownership..

The financial statements and other related information of the subsidiaries as of 31 December 2024 and 2023 are based solely on the reports of the other independent accountants. Their total assets amounted to NT\$2,161,703 thousand and NT\$1,754,488 thousand as of 31 December 2024 and 2023, respectively. Their net operating revenue amounted to NT\$3,609,319 thousand and NT\$3,331,718 thousand for the years ended 31 December 2024 and 2023, respectively.

4. Foreign currency transactions

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

Transactions in foreign currencies are initially recorded by the Group entities at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currency is 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 are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

5. Translation of financial statements in foreign currency

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

- (a) When the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
- (b) When the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

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

6. Current and non-current distinction

An asset is classified as current when:

- (a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
- (b) The Group holds the asset primarily for the purpose of trading.
- (c) The Group expects to realize the asset within twelve months after the reporting period.
- (d) The Group does not have the right at the balance sheet date to defer settlement of the 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 Group expects to settle the liability in its normal operating cycle.
- (b) The Group holds the liability primarily for the purpose of trading.
- (c) The liability is due to be settled within twelve months after the reporting period.
- (d) The Group does not have the right at the balance sheet date to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

7. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 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.

8. Financial instruments

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

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

(1) Financial instruments: recognition and measurement

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

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

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

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

Financial assets 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, and presented as financial assets at fair value through other comprehensive income and accounts receivables in the balance sheets :

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

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 Group 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 are recognized in profit or loss which includes any dividend or interest received on such financial assets.

(2) Impairment of financial assets

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

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

The loss allowance is 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 Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
- B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
- C. For trade receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.
- D. For lease receivables arising from transactions within the scope of IFRS 16, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(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 Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred
- C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(4) Financial liabilities and equity

Classification between liabilities or equity

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

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; or
- 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.

9. Derivative instrument

The Group 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.

10. 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 Group.

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

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

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

11. 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.

12. Investments accounted for using the equity method

The Group'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 Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

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

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

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

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

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with

IAS 28 *Investments in Associates and Joint Ventures*. If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

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

13. Property, plant and equipment

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

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

Land and improvements	5~10 years
Buildings	2~39 years
Machinery and equipment	1~15 years
Molding equipment	2~10 years
Electrical installations	3~15 years
Transportation equipment	2~10 years
Miscellaneous equipment	2~12 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 if expectations differ from previous estimates, the changes shall be accounted for as a change in an accounting estimate.

14. Leases

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

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

Group as a lessee

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

15. 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.

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 are 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 are accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

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

Patent, trademark rights and others

The cost of patent, trademark rights and others is amortized on a straight-line basis over the legal period (1~25 years).

Computer software

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

16. Impairment of non-financial assets

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

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

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.

17. Treasury shares

The Group's 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.

18. Revenue recognition

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

Sale of goods

The Group 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 products

of the Group are automobile lights and parts; the revenue is recognized based on the consideration stated in the contract.

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

19. 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.

20. Government subsidies

Government grants are recognized where there is reasonable assurance that the grant will be received and all the conditions attached 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 Group receives non-monetary grants, the assets 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.

21. Post-Employment Benefits

All regular employees of the Company and its domestic subsidiaries 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 and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of

the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries 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. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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 Group 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.

22. 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. the initial recognition of goodwill; or the initial recognition of an asset or liability in a transaction which is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax 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. the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit (tax 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 Group expects, at the end of the reporting period, to recover or

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

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

In accordance with the mandatory temporary exception in “International Tax Reform—Pillar Two Model Rules – Amendments to IAS 12,” deferred tax assets and liabilities arising from the Pillar Two model rules shall not be recognized, and the relevant information shall not be disclosed.

23. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest’s proportionate share of the acquiree’s identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer’s previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured by cost less any accumulated impairment losses. Goodwill arising from a business combination is allocated to each cash-generating unit that is expected to benefit from the merger from the date of acquisition, regardless of whether other assets or liabilities of the acquiree are attributed to these cash-generating units. Each unit or group representative of the allocated goodwill is the lowest level of goodwill for internal management purposes, and is not greater than the operating department before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated 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, at the end of the reporting periods. 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) Accounts receivables—estimate of impairment loss

The Group 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.

(2) 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.

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and cash equivalents

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Cash on hand and petty cash	\$4,037	\$3,414
Saving account	1,403,678	1,560,860
Time deposits	79,470	92,620
Investments in bonds with repurchase agreements - corporate bonds	53,057	201,310
Total	<u>\$1,540,242</u>	<u>\$1,858,204</u>

2. Financial assets at fair value through other comprehensive income

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Equity instrument investments measured at fair value through other comprehensive income - non-current		
Listed companies' stocks	\$110,234	\$159,722
Unlisted companies' stocks	57,394	65,404
Total	<u>\$167,628</u>	<u>\$225,126</u>

The Group'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 Group recognized dividends in the amount of NT\$7,730 thousand and NT\$3,517 thousand for the year ended 31 December 2024 and 2023, which were the fully related to investments held at the end of the reporting period.

3. Financial assets measured at amortized cost

	31 Dec. 2024	31 Dec. 2023
Time deposits	\$90,514	\$68,805
Investments in bonds with repurchase agreements - corporate bonds	-	75,439
Total	\$90,514	\$144,244
Current	\$90,514	\$144,244

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6. (15) for more details on loss allowance and Note 12 for more details on credit risk.

4. Notes receivables and notes receivables-related parties

	31 Dec. 2024	31 Dec. 2023
Notes receivable	\$6,889	\$10,618
Less: allowance for doubtful accounts	(15)	(17)
Subtotal	6,874	10,601
Notes receivables - related parties	4,107	2,734
Less: allowance for doubtful accounts	-	(9)
Subtotal	4,107	2,725
Total	\$10,981	\$13,326

Notes receivables were not pledged as collateral.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6. (15) for more details on loss allowance and Note 12 for more details on credit risk.

5. Accounts receivables and accounts receivables-related parties

	31 Dec. 2024	31 Dec. 2023
Accounts receivable - measured at fair value through other comprehensive income (Note)	\$591,767	\$184,891
Accounts receivable - measured at amortized cost	3,583,491	3,447,296
Less: allowance for doubtful accounts	(289,741)	(236,611)
Subtotal	3,293,750	3,210,685
Accounts receivable - related parties	68,181	70,167
Less: allowance for doubtful accounts	(650)	(8,141)
Subtotal	67,531	62,026
Total	<u>\$3,953,048</u>	<u>\$3,457,602</u>

(Note): The Group has assessed the operating model for accounts receivable and determined appropriate classification. Some accounts receivables are habitual and sold to banks without recourse. The operating model involves selling and collecting contractual cash flows; hence they are measured at fair value through other comprehensive income.

Please refer to Note 8 for more details on accounts receivables arising from operating activities under pledge.

Trade receivables are generally on 30–120-day terms. Accounts receivables amounted to NT\$4,243,439 thousand and NT\$3,702,354 thousand as at 31 December 2024 and 2023, respectively.

Please refer to Note 6.(15) for more details on allowance for doubtful accounts for the year ended 31 December 2024 and 2023 and please refer to Note 12 for credit risk.

6. Inventories

	31 Dec. 2024	31 Dec. 2023
Raw materials	\$1,080,658	\$987,479
Work in process	239,687	283,034
Finished goods	3,649,248	3,496,214
Merchandise	527,114	481,147
Total	<u>\$5,496,707</u>	<u>\$5,247,874</u>

For the year ended 31 December 2024 and 2023, the cost of inventories recognized as expenses amounted to NT\$14,235,378 thousand, and NT\$14,109,060 thousand, respectively, including inventory valuation losses of NT\$27,322 thousand and NT\$9,247 thousand, respectively.

Please refer to Note 8 for more details on inventories under pledge.

7. Investments accounted for under the equity method

Details are as follows:

Investee Company	31 Dec. 2024		31 Dec. 2023	
	Amount	Percentage of ownership	Amount	Percentage of ownership
Investments in the associates:				
I YUAN PRECISION INDUSTRIAL CO., LTD	\$254,938	18.17%	\$251,517	18.17%
JNS AUTO PARTS LIMITED	158,595	20.00%	177,255	20.00%
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	-	30.00%	-	30.00%
JNS AUTOTECH (THAI) CO., LTD.	51,297	30.00%	-	-
HANGZHOU SUNNYTECH CO., LTD.	8,851	30.00%	12,707	30.00%
ATECH INTERNATIONAL CO., LTD.	37,562	25.00%	35,274	25.00%
Subtotal	<u>511,243</u>		<u>476,753</u>	
Investment in jointly controlled entities:				
PT ASTRA JUOKU INDONESIA	311,514	50.00%	265,926	50.00%
VARROC TYC CORPORATION	1,340,406	50.00%	1,264,142	50.00%
Subtotal	<u>1,651,920</u>		<u>1,530,068</u>	
Total	<u>\$2,163,163</u>		<u>\$2,006,821</u>	

(1) Investments in the associates

The Group's investments in the associates are not individually material. The aggregate financial information of the Group's investments in associates was as follows:

	2024	2023
Profit or loss from continuing operations	\$41,590	\$23,569
Other comprehensive income (post-tax)	6,383	(4,594)
Total comprehensive income (loss)	<u>\$47,973</u>	<u>\$18,975</u>

The associates had no contingent liabilities or capital commitments as at 31 December 2024 and 2023.

(2) Investments in joint venture

① Information on the material joint venture of the Group:

Company name: VARROC TYC CORPORATION (VARROC)

Nature of relationship with the joint venture: VARROC engages in reinvestment holding activities. Its subsidiary, VARROC TYC AUTO LAMPS CO., LTD. (VTYC) engages in manufacturing and sales of lighting fixtures and daily-use products for automobiles.

Principal place of business (country of incorporation) : CHINA

Fair value of the investment in the joint venture when there is a quoted market price for the investment: VARROC TYC is an unlisted entity.

Reconciliation of the joint venture's aggregate financial information presented to the carrying amount of the Group's interest in the joint venture:

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Current assets	\$3,475,705	\$3,708,696
Non-current assets	2,703,386	2,451,435
Current liabilities	(3,391,222)	(3,431,661)
Non-current liabilities	<u>(107,057)</u>	<u>(200,186)</u>
Equity	2,680,812	2,528,284
Proportion of the Group's ownership	<u>50%</u>	<u>50%</u>
Subtotal	1,340,406	1,264,142
Eliminations from intercompany transactions	-	-
Carrying amount of the investment	<u><u>\$1,340,406</u></u>	<u><u>\$1,264,142</u></u>

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Cash and cash equivalents	\$306,228	\$713,755
Current financial liabilities excluding trade and other payables and provisions	(689,570)	(253,130)
Non-current financial liabilities excluding trade and other payables and provisions	-	(137,599)

	2024	2023
Operating revenues	\$4,255,178	\$4,640,763
Depreciation	243,529	222,112
Amortization	257,971	155,993
Interest income	7,004	3,846
Interest expense	29,390	30,439
Income tax expense or income	(38,881)	(80,794)
Profit or loss from continuing operations	64,029	(256,666)
Other comprehensive income	88,499	(28,903)
Total comprehensive income	152,528	(285,569)

The joint venture had no contingent liabilities or capital commitments as at 31 December 2024 and 2023. VTYC cannot distribute its profits until it obtains consent from the two venture partners.

- ② The Group's investments in PT ASTRA JUOKU INDONESIA are not individually material. The aggregate financial information of the Group's investments in PT ASTRA JUOKU INDONESIA was as follows:

	2024	2023
Profit or loss from continuing operations	\$64,744	\$52,012
Other comprehensive income (post-tax)	3,000	(66)
Total comprehensive income	<u>\$67,744</u>	<u>\$51,946</u>

The joint venture had no contingent liabilities or capital commitments as at 31 December 2024 and 2023. PT ASTRA JUOKU INDONESIA cannot distribute its profits until it obtains the consent from the two venture partners.

- (3) We did not audit the financial statements of certain associates and joint ventures accounted for using the equity method. Those associates and joint ventures under equity method amounted to NT\$311,514 thousand and NT\$265,926 thousand, as at 31 December 2024 and 2023, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$64,744 thousand and NT\$52,012 thousand, for the years ended 31 December 2024 and 2023, respectively, and the related shares of other comprehensive income from the associates and joint ventures accounted for using the equity method amounted to NT\$3,000 thousand and NT\$(66) thousand, for the years ended 31 December 2024 and 2023, respectively.

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. 2024	\$1,100,141	\$14,105	\$3,911,770	\$2,542,571	\$9,884,280	\$306,502	\$234,157	\$1,173,468	\$175,120	\$19,342,114
Addition	227,138	-	79,226	127,996	1,310,693	8,279	18,565	130,407	56,124	1,958,428
Disposal	-	-	(2,628)	(84,284)	(1,260,510)	-	(11,934)	(48,595)	-	(1,407,951)
Other	-	-	226,408	43	-	-	-	1,244	(227,695)	-
Exchange differences	13,266	238	61,282	28,679	14,738	1,263	1,482	15,340	6,113	142,401
31 Dec. 2024	<u>\$1,340,545</u>	<u>\$14,343</u>	<u>\$4,276,058</u>	<u>\$2,615,005</u>	<u>\$9,949,201</u>	<u>\$316,044</u>	<u>\$242,270</u>	<u>\$1,271,864</u>	<u>\$9,662</u>	<u>\$20,034,992</u>
1 Jan. 2023	\$1,005,864	\$13,186	\$3,687,871	\$2,489,476	\$10,143,092	\$304,790	\$218,516	\$1,198,641	\$3,410	\$19,064,846
Addition	93,379	-	251,896	109,954	921,894	1,452	18,089	38,183	176,204	1,611,051
Disposal	-	-	(11,273)	(55,710)	(1,183,137)	-	(2,028)	(66,461)	-	(1,318,609)
Other	-	850	2,572	-	-	-	-	979	(4,401)	-
Exchange differences	898	69	(19,296)	(1,149)	2,431	260	(420)	2,126	(93)	(15,174)
31 Dec. 2023	<u>\$1,100,141</u>	<u>\$14,105</u>	<u>\$3,911,770</u>	<u>\$2,542,571</u>	<u>\$9,884,280</u>	<u>\$306,502</u>	<u>\$234,157</u>	<u>\$1,173,468</u>	<u>\$175,120</u>	<u>\$19,342,114</u>
Depreciation and impairment:										
1 Jan. 2024	\$-	\$9,694	\$1,657,325	\$2,009,090	\$6,224,519	\$223,675	\$152,665	\$878,986	\$-	\$11,155,954
Depreciation	-	814	137,823	143,371	1,269,030	12,834	18,131	85,307	-	1,667,310
Disposal	-	-	(2,628)	(83,556)	(1,260,510)	-	(11,074)	(48,141)	-	(1,405,909)
Exchange differences	-	238	24,139	22,603	14,283	1,138	1,418	12,016	-	75,835
31 Dec. 2024	<u>\$-</u>	<u>\$10,746</u>	<u>\$1,816,659</u>	<u>\$2,091,508</u>	<u>\$6,247,322</u>	<u>\$237,647</u>	<u>\$161,140</u>	<u>\$928,168</u>	<u>\$-</u>	<u>\$11,493,190</u>
1 Jan. 2022	\$-	\$8,730	\$1,546,944	\$1,919,049	\$6,376,463	\$210,140	\$136,778	\$850,031	\$-	\$11,048,135
Depreciation	-	896	127,560	140,460	1,028,406	13,245	18,117	86,894	-	1,415,578
Disposal	-	-	(10,853)	(50,439)	(1,183,137)	-	(1,872)	(60,293)	-	(1,306,594)
Exchange differences	-	68	(6,326)	20	2,787	290	(358)	2,354	-	(1,165)
31 Dec. 2023	<u>\$-</u>	<u>\$9,694</u>	<u>\$1,657,325</u>	<u>\$2,009,090</u>	<u>\$6,224,519</u>	<u>\$223,675</u>	<u>\$152,665</u>	<u>\$878,986</u>	<u>\$-</u>	<u>\$11,155,954</u>
Net carrying amount:										
31 Dec. 2024	<u>\$1,340,545</u>	<u>\$3,597</u>	<u>\$2,459,399</u>	<u>\$523,497</u>	<u>\$3,701,879</u>	<u>\$78,397</u>	<u>\$81,130</u>	<u>\$343,696</u>	<u>\$9,662</u>	<u>\$8,541,802</u>
31 Dec. 2023	<u>\$1,100,141</u>	<u>\$4,411</u>	<u>\$2,254,445</u>	<u>\$533,481</u>	<u>\$3,659,761</u>	<u>\$82,827</u>	<u>\$81,492</u>	<u>\$294,482</u>	<u>\$175,120</u>	<u>\$8,186,160</u>

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

Items	2024	2023
Construction in progress and prepayment for equipment	\$20,609	\$15,483
The interest rate interval of borrowing cost capitalization	1.61%~2.01%	1.45%~1.73%

The material components of the Group'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 equipment are mainly 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. Short-term borrowings

	31 Dec. 2024	31 Dec. 2023
Unsecured bank loans	\$885,521	\$1,295,386
Secured bank loans	1,147,650	952,010
Total	<u>\$2,033,171</u>	<u>\$2,247,396</u>
Interest rate interval	<u>1.83%~6.48%</u>	<u>1.70%~7.39%</u>

Land, buildings and structures, part of the accounts receivables and inventories are pledged as collaterals for the secured bank loans. Please refer to Note 8 for details about guarantees.

10. Short-term notes and bills payables

	31 Dec. 2024	31 Dec. 2023
Commercial paper payables	\$40,000	\$160,000
Less: discounts on commercial paper payables	(32)	(75)
Total	<u>\$39,968</u>	<u>\$159,925</u>
Interest rate interval	<u>1.99%</u>	<u>1.88%</u>

11. Long-term borrowings

(1) Details of long-term borrowings are as follows:

	31 Dec. 2024	31 Dec. 2023
Secured loans	\$1,746,846	\$871,841
Credit loans	5,013,123	5,724,327

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Subtotal	6,759,969	6,596,168
Less: current portion	<u>(645,152)</u>	<u>(861,409)</u>
Total	<u>\$6,114,817</u>	<u>\$5,734,759</u>
Loan period	<u>2016.12.27~</u> <u>2031.12.27</u>	<u>2016.12.27~</u> <u>2031.12.27</u>
Interest rate interval	<u>1.34% ~7.00%</u>	<u>1.20% ~7.00%</u>

- (2) W&W REAL PROPERTY, INC.'s financial ratios shall be calculated based on the information recorded in the borrower's latest certified financial report or audit report and shall comply with the financial ratios as follows: Debt service coverage ratio shall be no less than 1.35, from the execution date of and for the duration of the contract signed with California Bank & Trust (CBT).
- (3) W&W REAL PROPERTY, INC.'s financial ratios shall be calculated based on the information recorded in the borrower's latest certified financial report or audit report and shall comply with the financial ratios as follows: Debt service coverage ratio shall be no less than 1.1, from the execution date of and for the duration of the contract signed with First Commercial Bank., LTD. (FCB).
- (4) In 2019, the Group 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.
- (5) Please refer to Note 8 for information on collaterals pledged for the aforementioned long-term borrowings.

12. Post-Employment Benefits

Defined contribution plan

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

Subsidiaries located in the mainland China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2024 and 2023 were NT\$82,492 thousand and NT\$76,238 thousand, respectively.

Defined benefits plan

The Group 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 Group contributes an amount equivalent to 2% ~ 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 Group 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 Group 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 Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Group expects to contribute NT\$3,268 thousand to its defined benefit plan during the 12 months beginning after 31 December 2024.

As at 31 December 2024 and 2023, the defined benefit obligations were expected to mature in a period of 1 to 15 years, respectively.

Pension costs recognized in profit or loss are as follows:

	2024	2023
Current service cost	\$1,895	\$1,870
Net interest on the net defined benefit liabilities (assets)	1,557	1,464
Total	<u>\$3,452</u>	<u>\$3,334</u>

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

	31 Dec. 2024	31 Dec. 2023	1 Jan. 2023
Defined benefit obligation	\$467,588	\$476,680	\$443,233
Fair value of plan assets	(393,023)	(336,279)	(306,505)
Net defined benefit liabilities	<u>\$74,565</u>	<u>\$140,401</u>	<u>\$136,728</u>

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

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
1 Jan. 2023	\$443,233	\$(306,505)	\$136,728
Pension costs recognized in profit or loss:			
Current service cost	1,870	-	1,870
Interest expenses (income)	4,747	(3,283)	1,464
Subtotal	<u>6,617</u>	<u>(3,283)</u>	<u>3,334</u>
Remeasurements of the net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	30	-	30
Actuarial gains and losses arising from changes in financial assumptions	6,588	-	6,588
Experience adjustments	32,732	-	32,732
Remeasurements of the defined benefit assets	-	(1,874)	(1,874)
Subtotal	<u>39,350</u>	<u>(1,874)</u>	<u>37,476</u>
Payment of benefit obligation	(12,520)	12,520	-
Contribution by employer	-	(37,137)	(37,137)
31 Dec. 2023	476,680	(336,279)	140,401
Pension costs recognized in profit or loss:			
Current service cost	1,895	-	1,895
Interest expenses (income)	5,292	(3,735)	1,557
Subtotal	<u>7,187</u>	<u>(3,735)</u>	<u>3,452</u>

	Defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	233	-	233
Actuarial gains and losses arising from changes in financial assumptions	(5,762)	-	(5,762)
Experience adjustments	7,082	-	7,082
Remeasurements of the defined benefit assets	-	(29,477)	(29,477)
Subtotal	<u>1,553</u>	<u>(29,477)</u>	<u>(27,924)</u>
Payment of benefit obligation	(17,832)	17,832	-
Contribution by employer	-	(41,364)	(41,364)
31 Dec. 2024	<u>\$467,588</u>	<u>\$(393,023)</u>	<u>\$74,565</u>

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

	31 Dec. 2024	31 Dec. 2023
Discount rate	1.39%~1.71%	1.09%~1.35%
Expected rate of salary increase	0.50%~4.00%	0.50%~5.00%

A sensitivity analysis for significant assumption as at 31 December 2024 and 2023 was, as shown below:

	2024		2023	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount rate increased by 0.5%	\$-	\$(2,989)	\$-	\$(3,350)
Discount rate decreased by 0.5%	3,301	-	4,425	-
Rate of future salary increase by 0.5%	3,268	-	4,285	-
Rate of future salary decrease by 0.5%	-	(2,683)	-	(3,010)

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.

13. Equity

(1) Common stock

As of 31 December, 2024 and 2023, TYC BROTHER INDUSTRIAL CO., LTD.'s authorized and issued capital was both NT\$4,000,000 thousand with a par value at NT\$10 per share, accounting to 400,000 thousand common shares. Its ordinary share capital amounted to \$3,128,979 with 312,898 thousand common shares. It also issued preferred shares capital in the amount of \$300,000, 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 rights and obligations 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 the right to buy back all or part of the preferred share A as of 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 means of the offer prices of Reuter's TAIFXIRS 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 shareholders' 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 share 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 share 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. 2024</u>	<u>31 Dec. 2023</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	16,623	14,743
Other	<u>4,547</u>	<u>4,364</u>
Total	<u><u>\$2,582,447</u></u>	<u><u>\$2,580,384</u></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 reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(3) Treasury stock

As of 31 December, 2024 and 2023, 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 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 reserve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributing 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 2024 were proposed at the board of directors' meeting on March 13, 2025. The appropriations of earning for 2023 were resolved at the general shareholders' meeting on June 18, 2024. The proposals were as follows:

	Appropriation of earnings		Dividend per share (NT\$)	
	2024	2023	2024	2023
Legal reserve	\$156,115	\$106,744		
Special reserve	(109,965)	115,752		
Common stock -cash dividend	938,694	625,796	NT\$3.0 per share	NT\$2.0 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.(17) for relevant information on estimation basis and recognized amount of employees' compensations and remunerations to directors.

(5) Non-controlling interests

	<u>2024</u>	<u>2023</u>
Beginning balance	\$338,773	\$324,190
Profit (loss) attributable to non-controlling interests	49,269	63,235
Other comprehensive income attributable to non-controlling interests, net of tax:		
Remeasurements of the defined benefit plan	2,057	(4,285)
Exchange differences resulting from translating the financial statements of foreign operations	2,301	(2,059)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	(892)	-
Distribute dividends to subsidiaries	(37,404)	(42,308)
Refund of payments for shares for capital reduction by subsidiaries	(30,000)	-
Ending balance	<u>\$324,104</u>	<u>\$338,773</u>

14. Operating revenue

	<u>2024</u>	<u>2023</u>
Revenue from contracts with customers		
Sale of goods	<u>\$20,121,705</u>	<u>\$19,277,545</u>
Time point of revenue recognition:		
At a point of time	<u>\$20,121,705</u>	<u>\$19,277,545</u>

Please refer to Note 14 for information on details of revenue.

15. Expected credit losses / (gains)

	<u>2024</u>	<u>2023</u>
Operating expense - expected credit losses(gains)		
Notes receivables	\$(11)	\$(18)
Accounts receivables	45,639	2,487
Total	<u>\$45,628</u>	<u>\$2,469</u>

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

The credit risk of financial assets at amortized cost is assessed as low as of December 31, 2024 and 2023 (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 Group transacts with are financial institutions with good credit, no allowance for losses has been provided for the years ended December 31, 2024 and 2023.

The Group 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 Group's loss allowance as at 31 December 2024 and 2023 is as follows:

The Group 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 are measured by using provision matrix, details are as follows:

As at 31 December 2024

	Not yet due (Note)	Overdue				Carrying amount
		<=90 days	91-180 days	181-270 days	>=271 days	
Gross carrying amount	\$3,550,205	\$461,908	\$15,236	\$4,010	\$223,076	\$4,254,435
Loss ratio	0%~1%	1%~10%	40%~50%	100%	100%	
Lifetime expected credit losses	(31,039)	(26,037)	(6,244)	(4,010)	(223,076)	(290,406)
Carrying amount	<u>\$3,519,166</u>	<u>\$435,871</u>	<u>\$8,992</u>	<u>\$-</u>	<u>\$-</u>	<u>\$3,964,029</u>

As at 31 December 2023

	Not yet due (Note)	Overdue				Total
		<=90 days	91-180 days	181-270 days	>=271 days	
Gross carrying amount	\$3,299,003	\$184,189	\$5,895	\$4,191	\$222,428	\$3,715,706
Loss ratio	0%~1%	1%~5%	40%~50%	100%	100%	
Lifetime expected credit losses	(7,029)	(8,465)	(2,665)	(4,191)	(222,428)	(244,778)
Carrying amount	<u>\$3,291,974</u>	<u>\$175,724</u>	<u>\$3,230</u>	<u>\$-</u>	<u>\$-</u>	<u>\$3,470,928</u>

Note: The Group'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 2024 and 2023 is as follows:

	Notes receivables	Accounts receivables
1 Jan. 2024	\$26	\$244,752
Addition/(reversal) for the current period	(11)	45,639
31 Dec. 2024	<u>\$15</u>	<u>\$290,391</u>
1 Jan. 2023	\$44	\$242,265
Addition/(reversal) for the current period	(18)	2,487
31 Dec. 2023	<u>\$26</u>	<u>\$244,752</u>

16. Leases

(1) Group as a lessee

The Group leases various properties, including real estate such as land, buildings machinery and equipment, transportation equipment and other equipment. The lease terms range from 3 to 50 years.

The Group'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

	31 Dec. 2024	31 Dec. 2023
Land	\$990,194	\$1,202,995
Buildings	901,613	982,948
Transportation equipment	94	299
Office equipment	111	156
Total	<u>\$1,892,012</u>	<u>\$2,186,398</u>

For the year ended 31 December 2024 and 2023, the Group's additions to right-of-use assets amounting to NT\$85,262 thousand and NT\$188,719 thousand, respectively.

(b) Lease liabilities

	31 Dec. 2024	31 Dec. 2023
Current	\$284,589	\$248,086
Non-current	1,450,573	1,763,395
Total	<u>\$1,735,162</u>	<u>\$2,011,481</u>

Please refer to Note 6.18(3) for the interest on lease liabilities recognized for the year ended 31 December 2024 and 2023 and refer to Note 12. (5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2024 and 2023.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2024	2023
Land	\$2,778	\$2,750
Buildings	213,770	192,423
Transportation equipment	215	476
Office equipment	52	51
Total	<u>\$216,815</u>	<u>\$195,700</u>

C. Income and costs relating to leasing activities

	2024	2023
The expenses relating to short-term leases	\$15,384	\$6,781
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	1,455	2,086

D. Cash outflow relating to leasing activities

For the year ended 31 December 2024 and 2023, the Group's total cash outflows for leases amounting to NT\$340,282 thousand and NT\$319,445 thousand, respectively.

17. For the years ended 31 December 2024 and 2023, the Group's aggregate information on personnel, depreciation and amortization expenses is as follows:

Function Character	2024			2023		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense						
Salaries	\$956,837	\$1,120,944	\$2,077,781	\$920,862	\$1,049,450	\$1,970,312
Insurances	107,503	128,235	235,738	100,089	103,363	203,452
Pensions	39,230	46,714	85,944	36,693	42,879	79,572
Other personnel expenses	61,444	28,505	89,949	53,529	24,464	77,993
Depreciations	1,516,840	367,285	1,884,125	1,274,840	336,438	1,611,278
Amortization	14,675	12,832	27,507	14,641	17,611	32,252

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 the 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, there to 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 for the year ended December 31, 2024, the Company accrued NT\$46,000 thousand employees' compensation and NT\$24,000 thousand remunerations to directors as salaries expenses. A resolution was approved at a Board of Directors meeting held on 13 March 2025 to distribute NT\$46,000 thousand and NT\$24,000 thousand in cash as employee's compensation and remuneration to directors, respectively.

There is no significant difference between the actual employee bonuses and remuneration to directors and supervisors distributed from the 2023 earnings and the estimated amount in the financial statements for the year ended 31 December 2023.

18. Non-operating income and expenses

(1) Other income

	<u>2024</u>	<u>2023</u>
Rent income	\$8,369	\$6,455
Interest income	37,515	23,252
Dividend income	7,730	3,517
Other income - other	77,530	69,859
Total	<u>\$131,144</u>	<u>\$103,083</u>

(2) Other gains and losses

	<u>2024</u>	<u>2023</u>
Gains on disposal of property, plant and equipment	\$2,704	\$2,918
Foreign exchange gains, net	283,800	22,398
(Losses) on financial assets or liabilities at fair value through profit or loss	(20,171)	(26,248)
Impairment Loss - Goodwill	-	(10,174)
Compensation losses (Note)	(565,721)	-
Other losses	(10,482)	(16,905)
Total	<u>\$(309,870)</u>	<u>\$(28,011)</u>

Note: Please refer to Note 11 for the details about compensation losses.

(3) Finance costs

	<u>2024</u>	<u>2023</u>
Interest on borrowings from bank	\$(298,204)	\$(238,104)
Interest on lease liabilities	(66,349)	(72,421)
Total	<u>\$(364,553)</u>	<u>\$(310,525)</u>

19. Components of other comprehensive income (loss)

For the year ended 31 December 2024

	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of the defined benefit plan	\$27,924	\$(5,585)	\$22,339
Unrealized gains (loss) from equity instruments investments measured at fair value through other comprehensive income	(59,749)	-	(59,749)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	153,684	(30,561)	123,123
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	56,896	(12,112)	44,784
Total	<u>\$178,755</u>	<u>\$(48,258)</u>	<u>\$130,497</u>

For the year ended 31 December 2023

	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of the defined benefit plan	\$(37,476)	\$7,495	\$(29,981)
Unrealized gains (loss) from equity instruments investments measured at fair value through other comprehensive income	(94,634)	-	(94,634)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	13,498	(3,111)	10,387
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(41,954)	8,390	(33,564)
Total	<u>\$(160,566)</u>	<u>\$12,774</u>	<u>\$(147,792)</u>

20. Income tax

The major components of income tax expense for the years ended 31 December 2024 and 2023 are as follows:

Income tax expense recognized in profit or loss

	<u>2024</u>	<u>2023</u>
Current income tax expense (benefit):		
Current income tax charge	\$413,687	\$413,183
Current land value increment tax	-	14
Adjustments in respect of current income tax of prior periods	(17,965)	(14,679)
Deferred tax expense (income):		
Deferred tax expense (income) related to origination and reversal of temporary differences	(56,085)	(55,097)
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	34,450	4,382
Tax losses, income tax credits, or temporary differences not recognized in the prior years recognized in the current period	(24,439)	-
Other components of deferred tax expense (income)	2,765	53
Total income tax expense (income)	<u>\$352,413</u>	<u>\$347,856</u>

Income tax relating to components of other comprehensive income

	<u>2024</u>	<u>2023</u>
Deferred tax expense (income):		
Remeasurements of the defined benefit plan	\$5,585	\$ (7,495)
Exchange differences on translation of foreign operations	30,561	3,111
Share of other comprehensive income of associates and joint ventures accounted for using equity method	12,112	(8,390)
Income tax relating to components of other comprehensive income	<u>\$48,258</u>	<u>\$(12,774)</u>

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

	<u>2024</u>	<u>2023</u>
Net profit before tax from continuing operations	<u>\$1,945,768</u>	<u>\$1,504,226</u>
Tax at the domestic rates applicable to profits in the country concerned	\$560,244	\$405,246
Tax effect of revenues exempt from taxation	(99,562)	(38,756)
Tax effect of expenses not deductible for tax purposes	4,550	398
Tax effect of deferred tax assets/liabilities	(74,141)	(6,409)
Undistributed earnings surtax	186	2,042
Adjustments in respect of current income tax of prior periods	(17,965)	(14,679)
Current land value increment tax	-	14
Effects of other adjustments in accordance with tax laws	(20,899)	-
Total income tax expenses recorded in profit or loss	<u>\$352,413</u>	<u>\$347,856</u>

Deferred tax assets (liabilities) related to the following:

For the year ended 31 December 2024

	1 Jan. 2024	Recognized in income	Recognized in other comprehensive income	Exchange differences	31 Dec. 2024
Temporary differences					
Unrealized exchange losses (gains)	\$27,655	\$(36,679)	\$-	\$-	\$(9,024)
Allowance for doubtful debts over limit	43,525	(15,052)	-	221	28,694
Unrealized allowance for inventory valuation losses	47,295	2,438	-	1,598	51,331
Exchange differences on translation of foreign operations	64,584	-	(41,401)	-	23,183
Subsidiaries - exchange differences on translation of foreign operations	804	(804)	(1,272)	-	(1,272)
Valuation of financial assets at fair value through profit or loss	(102)	1,622	-	-	1,520
Unrealized transactions with entities within the Group	174,567	(3,977)	-	-	170,590
Subsidiaries - unrealized transactions with entities within the Group	-	(15,377)	-	-	(15,377)
Reserve for land value increment tax	(38,717)	-	-	-	(38,717)
Compensated absences provisions	12,920	1,051	-	225	14,196
Net defined benefit liabilities, non-current	28,080	(8,376)	(4,586)	-	15,118
Net defined benefit assets, non-current	-	794	(999)	-	(205)
Depreciation difference for tax purpose	2,287	(354)	-	-	1,933
Subsidiaries - depreciation difference for tax purpose	(18,458)	(20,546)	-	(1,251)	(40,255)
Amortization difference for tax purpose	27,226	(1,177)	-	1,845	27,894
Impairment on property, plant and equipment	6,013	-	-	-	6,013
Inventories difference for tax purpose	60,118	(2,901)	-	4,072	61,289
Deferred tax assets - others	23,951	14,868	-	1,644	40,463
Unrealized provisions	-	140,555	-	-	140,555
Unused tax losses	10,077	(10,011)	-	-	66
Deferred income tax benefit (expenses)		\$46,074	\$(48,258)	\$8,354	
Net deferred tax assets and liabilities	\$471,825				\$477,995
As presented on the balance sheets:					
Deferred tax assets	\$529,102				\$582,845
Deferred tax liabilities	\$(57,277)				\$(104,850)

For the year ended 31 December 2023

	1 Jan. 2023	Recognized in			31 Dec. 2023
		Recognized in income	other comprehensive income	Exchange differences	
Temporary differences					
Unrealized exchange gains	\$(3,417)	\$3,417	\$-	\$-	\$-
Unrealized exchange losses	135	27,520	-	-	27,655
Allowance for doubtful debts over limit	42,907	615	-	3	43,525
Unrealized allowance for inventory valuation losses	47,236	40	-	19	47,295
Exchange differences on translation of foreign operations	60,109	-	5,279	-	65,388
Valuation of financial assets at fair value through profit or loss	1,009	(1,111)	-	-	(102)
Unrealized transactions with entities within the Group	138,581	35,986	-	-	174,567
Reserve for land value increment tax	(38,717)	-	-	-	(38,717)
Compensated absences provisions	12,048	870	-	2	12,920
Net defined benefit liabilities, non-current	27,505	(6,920)	7,495	-	28,080
Net defined benefit assets, non-current	(159)	159	-	-	-
Depreciation difference for tax purpose	3,004	(717)	-	-	2,287
Subsidiaries-Depreciation difference for tax purpose	(8,819)	(9,632)	-	(7)	(18,458)
Amortization difference for tax purpose	13,854	13,372	-	-	27,226
Impairment on property, plant and equipment	6,014	(1)	-	-	6,013
Inventories difference for tax purpose	71,939	(11,881)	-	60	60,118
Deferred tax assets-others	22,185	1,737	-	29	23,951
Deferred tax liabilities-others	(1,643)	1,643	-	-	-
Unused tax losses	14,459	(4,382)	-	-	10,077
Deferred income tax benefit (expenses)		\$50,715	\$12,774	\$106	
Net deferred tax assets and liabilities	\$408,230				\$471,825
As presented on the balance sheets:					
Deferred tax assets	\$460,985				\$529,102
Deferred tax liabilities	\$(52,755)				\$(57,277)

The following table contains information of the unused tax losses of the Group:

Entity	Year	Tax losses for the period	Unused tax losses as at		Expiration year
			31 Dec. 2024	31 Dec. 2023	
JUOKU	2017	169,608	\$-	\$87,655	2027
TECHNOLOGY	2018	68,571	-	68,571	2028
	2019	13,876	-	13,876	2029
	2020	2,151	-	2,151	2030
			\$-	\$172,253	

Unrecognized deferred tax assets

As at 31 December 2024 and 2023, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to NT\$0 thousand and NT\$24,439 thousand, respectively, as the future taxable profit may not be available.

The assessment of income tax returns

As at 31 December 2024, the assessment of the income tax returns of the Company and its subsidiaries is as follows:

	The assessment of income tax returns
The Company	2022
Subsidiary – JUOKU TECHNOLOGY	2022
Subsidiary – DBM	2022
Subsidiary – TI YUAN	2022
Subsidiary – TI FU	2022

21. 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 amounts 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>2024</u>	<u>2023</u>
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,544,086	\$1,093,134
Dividends on preference shares (in thousand NT\$)	<u>(60,000)</u>	<u>(60,000)</u>
Profit used in computation of earnings per share (in thousand NT\$)	<u>\$1,484,086</u>	<u>\$1,033,134</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>311,958</u>	<u>311,958</u>
Basic earnings per share (NT\$)	<u>\$4.76</u>	<u>\$3.31</u>
(2) Diluted earnings per share	<u>2024</u>	<u>2023</u>
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,544,086	\$1,093,134
Dividends on preference shares (in thousand NT\$)	<u>(60,000)</u>	<u>(60,000)</u>
Profit used in computation of earnings per share (in thousand NT\$)	<u>\$1,484,086</u>	<u>\$1,033,134</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	311,958	311,958
Effect of dilution:		
Employee bonus — stock (in thousands)	<u>858</u>	<u>1,055</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>312,816</u>	<u>313,013</u>
Diluted earnings per share (NT\$)	<u>\$4.74</u>	<u>\$3.30</u>

During the reporting date and the date the financial statement was prepared, no other transactions affected the common shares and dilutive potential ordinary shares.

VII. RELATED PARTIES TRANSACTIONS

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

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationships of the related parties
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The Group is director of the Company
I YUAN PRECISION INDUSTRIAL CO., LTD	Associate
JNS AUTO PARTS LIMITED	Associate
KUNSHAN DIBIAO AUTO PARTS CO., LTD.	Associate
VARROC TYC AUTO LAMPS CO., LTD.	Joint Venture
PT ASTRA JUOKU INDONESIA	Joint Venture
FORTOP INDUSTRIAL CO., LTD.	
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party
DBM REFLEX ENTERPRISES INC.	Substantive related party

Significant related party transactions

(1) Sales

	2024	2023
Joint Venture		
VARROC TYC AUTO LAMPS CO., LTD.	\$73,364	\$36,747
PT ASTRA JUOKU INDONESIA	96,820	95,786
Subtotal	170,184	132,533
Associate	1,443	290
Other related party		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	53,746	52,708
Other	19,201	24,197
Subtotal	72,947	76,905
Total	\$244,574	\$209,728

The Group sold products to 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 is equivalent to that of non-related parties, and the terms of collection are every other month, payable between 1 to 3 months, which is equivalent to ordinary transactions.

(2) Purchases

	<u>2024</u>	<u>2023</u>
Joint Venture	\$20,358	\$1,862
Associate		
I YUAN PRECISION INDUSTRIAL CO., LTD	331,248	349,237
Other	8,402	10,243
Subtotal	<u>339,650</u>	<u>359,480</u>
Other related party		
FORTOP INDUSTRIAL CO., LTD.	915,262	914,573
BUILDUP INTERNATIONAL TRADING CO., LTD.	258,190	261,216
Other	22,604	33,402
Subtotal	<u>1,196,056</u>	<u>1,209,191</u>
Total	<u>\$1,556,064</u>	<u>\$1,570,533</u>

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

(3) Notes receivables - related parties

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Joint venture		
VARROC TYC AUTO LAMPS CO., LTD.	\$3,410	\$-
Other related party		
FORTOP INDUSTRIAL CO., LTD.	697	2,482
Others	-	252
Total	<u>697</u>	<u>2,734</u>
Less: allowance for doubtful accounts	-	(9)
Net	<u>\$4,107</u>	<u>\$2,725</u>

(4) Accounts receivables - related parties

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Joint Venture		
PT ASTRA JUOKU INDONESIA	\$24,064	\$29,524
VARROC TYC AUTO LAMPS CO., LTD.	22,851	15,773
Subtotal	<u>46,915</u>	<u>45,297</u>
Associate	<u>728</u>	<u>-</u>
Other related party		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	18,988	18,563
Other	1,550	2,385
Subtotal	<u>20,538</u>	<u>20,948</u>
Total	68,181	66,245
Less: allowance for doubtful accounts	<u>(650)</u>	<u>(4,219)</u>
Net	<u>\$67,531</u>	<u>\$62,026</u>

(5) Other receivables

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Joint Venture		
PT ASTRA JUOKU INDONESIA	\$13,368	\$566
Others	1,580	8,654
Subtotal	<u>14,948</u>	<u>9,220</u>
Associate		
KUNSHAN DIBIAO AUTO PARTS CO., LTD.	<u>9,468</u>	<u>12</u>
Total	<u>\$24,416</u>	<u>\$9,232</u>

(6) Accounts payables - related parties

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Joint Venture	<u>\$4,974</u>	<u>\$496</u>
Associate		
I YUAN PRECISION INDUSTRIAL CO., LTD	139,798	130,231
Other	1,209	1,157
Subtotal	<u>141,007</u>	<u>131,388</u>
Other related party		
FORTOP INDUSTRIAL CO., LTD.	302,107	312,208
Other	45,007	46,212
Subtotal	<u>347,114</u>	<u>358,420</u>
Total	<u>\$493,095</u>	<u>\$490,304</u>

(7) Fund financing

Funds financed to related parties are as follows: (recognized as other receivables)

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Joint Venture		
VARROC TYC AUTO LAMPS CO., LTD.	<u>\$195,932</u>	<u>\$64,530</u>

(8) Key management personnel compensation

	2024	2023
Short-term employee benefits	\$49,616	\$45,185
Post-employment benefits	642	615
Total	<u>\$50,258</u>	<u>\$45,800</u>

VIII. ASSETS PLEDGED AS SECURITY

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

Item	Amount		Purpose of pledge
	31 Dec. 2024	31 Dec. 2023	
Property, plant and equipment - Land	\$476,102	\$465,774	Bank borrowings
Property, plant and equipment - Buildings	1,058,470	1,025,566	Bank borrowings
Refundable deposits	23,511	29,472	Collateral for land lease
Inventories	573,825	537,425	Bank borrowings
Accounts receivables	1,315,587	1,138,204	Bank borrowings
Total	<u>\$3,447,495</u>	<u>\$3,196,441</u>	

IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

As at 31 December 2024, the Group 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 as of December 31, 2024.
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 as of December 31, 2024.
3. 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 of the financial report adoption date of 13 March 2025, 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

1. In 2022, the Company filed an arbitration claim against Varroc Corp 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 received the partial final arbitration judgement in from International Chamber of Commerce (ICC) on December 11, 2024, which deemed VarrocCorp Holding BV and Varroc Engineering Limited breached the shareholders agreement and the Articles of Incorporation of the joint venture. The subsidiary of the Company, Beste Motor Co., Ltd., is eligible to buy out the shares of the joint venture held by VarrocCorp Holding BV in accordance with the shareholders' agreement.

Subsidiary of the Company, Beste Motor Co., Ltd. has approved by the board of directors on January 3, 2025 to plan to acquire the 50% of the shares of the joint venture held by VarrocCorp Holding BV.

2. 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 the subsidiary, Genera Corporation and its employees. Pilot again submitted the same dispute to the Singapore International Arbitration Centre for arbitration. The Company and the subsidiary, Genera Corporation have received the final arbitration judgement from SIAC on March 4, 2025. Based on the result of the arbitration, Genera Corporation shall compensate Pilot Inc. USD17,718,220 (including interests) for damage. Meanwhile, Pilot Inc. shall compensate Genera Corporation USD100,000 for damage.

The aforementioned net amount of compensation for damage has been accrued in 2024 based on the result of the arbitration.

XII. OTHER

1. Categories of financial instruments

Financial Assets

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Financial assets 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	<u>167,628</u>	<u>225,126</u>
Financial assets measured at amortized cost:		
Cash and cash equivalents (excluding cash on hand)	1,536,205	1,854,790
Financial assets measured at amortized cost	90,514	144,244
Notes receivables (related parties included)	10,981	13,326
Accounts receivables (related parties included)	3,953,048	3,457,602
Other receivables	405,367	184,652
Refundable deposits (recognized as other non-current assets)	58,136	66,177
Subtotal	<u>6,054,251</u>	<u>5,720,791</u>
Total	<u><u>\$6,221,879</u></u>	<u><u>\$5,946,426</u></u>

Financial liabilities

	<u>31 Dec. 2024</u>	<u>31 Dec. 2023</u>
Financial liabilities measured at fair value through profit or loss:		
Held for trading	<u>\$7,598</u>	<u>\$-</u>
Financial liabilities measured at amortized cost:		
Short-term borrowings and short-term notes and bills payable	2,073,139	2,407,321
Payables	5,060,637	4,182,121
Long-term borrowings (current portion included)	6,759,969	6,596,168
Lease liabilities	1,735,162	2,011,481
Guarantee deposit (under the account of other non-current liabilities-others)	75,855	43,974
Subtotal	<u>15,704,762</u>	<u>15,241,065</u>
Total	<u><u>\$15,712,360</u></u>	<u><u>\$15,241,065</u></u>

2. Financial risk management objectives and policies

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

The Group 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 Group 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 interdependence between risk variables.

Foreign currency risk

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

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group 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 Group.

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

- a. When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2024 and 2023 decreases/increases by NT\$3,488 thousand and NT\$2,578 thousand, respectively.
- b. When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2024 and 2023 decreases/increases by NT\$9,642 thousand and NT\$6,490 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 Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Group 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 2024 and 2023 to decrease/ increase by NT\$7,219 thousand and NT\$7,120 thousand, respectively.

Equity price risk

The Group's listed and unlisted equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed and unlisted equity securities are classified under financial assets measured at fair value through other comprehensive income. The Group 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 Group's senior management on a regular basis. The Group's board of directors reviews and approves all equity investment decisions.

At the reporting date, a change of 1 % 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\$110 thousand and NT\$160 thousand on the equity attributable to the Group for years ended 31 December 2024 and 2023, 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 Group 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 Group'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 Group'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 2024 and 2023, accounts receivables from top ten customers represented 42.59% and 35.23% of the total trade receivables of the Group, 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 Group's treasury in accordance with the Group's policy. The Group 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 Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, bank borrowings and finance leases. The table below summarizes the maturity profile of the Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 Dec. 2024					
Borrowings	\$2,779,374	\$5,751,663	\$561,258	\$19,902	\$9,112,197
Short-term notes and bills payable	40,000	-	-	-	40,000
Payables	5,060,637	-	-	-	5,060,637
Lease liabilities (Note)	330,012	505,563	233,750	709,124	1,778,449
31 Dec. 2023					
Borrowings	\$3,161,153	\$5,112,175	\$371,780	\$417,328	\$9,063,436
Short-term notes and bills payable	160,000	-	-	-	160,000
Payables	4,182,121	-	-	-	4,182,121
Lease liabilities (Note)	313,534	613,220	339,754	912,289	2,178,797

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

	<u>Maturities</u>			
	Less than 5 years	5 to 10 years	10 to 15 years	Total
31 Dec. 2024	\$1,069,325	\$709,124	\$-	\$1,778,449
31 Dec. 2023	1,266,508	469,718	442,571	2,178,797

6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2024 and 2023:

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (current portion included)	Guarantee deposit	Lease liabilities	Total liabilities from financing activities
1 Jan. 2024	\$2,247,396	\$159,925	\$6,596,168	\$43,974	\$2,011,481	\$11,058,944
Cash flows	(306,235)	(119,957)	143,137	30,071	(257,094)	(510,078)
Non-cash change	-	-	-	-	(76,980)	(76,980)
Foreign exchange movement	-	-	20,664	1,810	57,755	-
	92,010	-	-	-	-	172,239
31 Dec. 2024	\$2,033,171	\$39,968	\$6,759,969	\$75,855	\$1,735,162	\$10,644,125

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (current portion included)	Guarantee deposit	Lease liabilities	Total liabilities from financing activities
1 Jan. 2023	\$2,257,221	\$599,924	\$7,191,857	\$45,096	\$2,059,471	\$12,153,569
Cash flows	(5,681)	(439,999)	(595,776)	75	(238,166)	(1,279,547)
Non-cash change	-	-	-	-	188,682	188,682
Foreign exchange movement	(4,144)	-	87	(1,197)	1,494	(3,760)
31 Dec. 2023	<u>\$2,247,396</u>	<u>\$159,925</u>	<u>\$6,596,168</u>	<u>\$43,974</u>	<u>\$2,011,481</u>	<u>\$11,058,944</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 Group to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, trade receivables, accounts payable, and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including 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 carrying amount of financial assets and liabilities at fair value through profit or loss approaches 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 Group.

8. Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments is not qualified for hedge accounting and is not yet settled as at 31 December 2024 and 2023 is as follows:

Forward currency contracts

The Group 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>Item (by contract)</u>	<u>Notional Amount</u>	<u>Contract Period</u>
As at 31 Dec. 2024		
Forward currency contracts	Sell foreign currency USD 13,000 thousand	From 17 Oct. 2024 to 11 Mar. 2025
As at 31 Dec. 2023		
Forward currency contracts	Sell foreign currency USD 1,000 thousand	From 1 Dec. 2023 to 25 Jan. 2024

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 Group has sufficient operating funds, the cash flow risk is insignificant.

The aforementioned derivatives transaction counterparties are well-known domestic and foreign banks with good credit, so the credit risk is not high.

9. Fair value measurement hierarchy

(a) Fair value measurement hierarchy

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

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

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

Level 3 - Unobservable inputs for the asset or liability

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

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

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

31 Dec. 2024

	<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	\$110,234	\$-	\$57,394	\$167,628
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Forward currency contract	-	7,598	-	7,598

31 Dec. 2023

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets at fair value:				
Financial asset measured at fair value through profit or loss				
Forward currency contracts	\$-	\$509	\$-	\$509
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	159,722	-	65,404	225,126

Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2024 and 2023, there were no transfers between Level 1 and Level 2 fair value measurements.

Details of changes in Level 3 recurring fair value measurements

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

	<u>Assets</u>
	<u>Measured at fair value through other comprehensive income</u>
	<u>Stocks</u>
January 1, 2024	\$65,404
Total gains (losses) recognized:	
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(3,198)
Disposals	(5,578)
Others	766
December 31, 2024	<u>\$57,394</u>

	<u>Assets</u>
	Measured at fair value through other comprehensive income
	<u>Stocks</u>
January 1, 2023	\$214,494
Total gains (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)
December 31, 2023	<u>\$65,404</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 2024

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
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 Group’s profit or loss by NT\$7,277 thousand

As at 31 December 2023

	<u>Valuation techniques</u>	<u>Significant unobservable inputs</u>	<u>Quantitative information</u>	<u>Relationship between inputs and fair value</u>	<u>Sensitivity of the input to fair value</u>
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 Group’s profit or loss by NT\$6,468 thousand

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

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

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. 2024		
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$110,748	32.790	\$3,631,427
EUR	31,570	34.140	1,077,800
CNY	51,368	4.478	230,026
<u>Financial liabilities</u>			
Monetary items:			
USD	100,110	32.790	3,282,607
EUR	3,327	34.140	113,584
CNY	39,243	4.478	175,730
	31 Dec. 2023		
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$115,785	30.710	\$3,555,757
EUR	23,232	33.980	789,423
CNY	37,463	4.327	162,102
<u>Financial liabilities</u>			
Monetary items:			
USD	107,391	30.710	3,297,978
EUR	4,134	33.980	140,473

	31 Dec. 2023		
	Foreign Currency	Exchange	NTD
CNY	26,330	4,327	113,930

The Group 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 2024 and 2023, the foreign exchange gains on monetary financial assets and financial liabilities were NT\$283,800 thousand, NT\$22,398 thousand, respectively.

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

11. Financial assets transfer information – Derecognition of transferred financial asset in its entirety

Part of the Group's trade receivables has signed non-recourse transfer contracts with financial institutions. In addition to the transfer of the rights of these trade receivables to the cash flow contracts, the Group is also not required to bear the credit risk of the inability to recover these trade receivables according to the contract (except for commercial disputes), which met the conditions for derecognizing financial assets.

The relevant transaction information is as follows:

Counterparty for the sale	31 Dec. 2024		
	Transferred amount	Advance amount	Interest rate range
Bank of America	\$407,834 (USD 12,438 thousand)	\$407,834 (USD 12,438 thousand)	4.405%~6.705%

Counterparty for the sale	31 Dec. 2023		
	Transferred amount	Advance amount	Interest rate range
Bank of America	\$197,457 (USD 6,429 thousand)	\$197,457 (USD 6,429 thousand)	5.45%~5.85%

12. Capital management

The primary objective of the Group'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 shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the 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 2.
 - (b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: Please refer to Attachment 3.
 - (c) Securities held as of 31 December 2023 (excluding subsidiaries, associates and joint ventures): Please refer to Attachment 4.
 - (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 2022: Please refer to Attachment 5.
 - (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2022: Please refer to Attachment 6.
 - (i) Names, locations and related information of investees as of 31 December 2022(excluding investment in Mainland China): Please refer to Attachment 7.
 - (j) Financial instruments and derivative transactions: Please refer to Note 12(8).
 - (k) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 1.

(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 8.
- (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 2, Attachment 3 and Attachment 8.

(3) Information on major shareholders: Please refer to Attachment 9.

XIV. SEGMENT INFORMATION

For management purposes, the Group is organized into business units based on its products and services and has four reportable segments as follows:

Taiwan Market: Responsible for all orders and production of lamps and molds in Taiwan.

Asian Market: Responsible for all orders and sales of lamps and molds in Asia.

U.S. Market: Responsible for the order and sales of all lighting products in the Americas.

European Market: Responsible for the order and sales of all lighting products in Europe.

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

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

1. Segment information about profit and loss.

2024

	Taiwan Market	Asian Market	U.S. Market	European Market	Adjustments and eliminations	Total
Revenue						
External customers	\$7,162,664	\$635,765	\$9,106,760	\$3,216,516	\$-	\$20,121,705
Inter-segment (Note)	8,607,219	719,495	-	-	(9,326,714)	-
Total revenue	<u>\$15,769,883</u>	<u>\$1,355,260</u>	<u>\$9,106,760</u>	<u>\$3,216,516</u>	<u>\$(9,326,714)</u>	<u>\$20,121,705</u>
Segment profit	<u>\$2,052,297</u>	<u>\$(80,241)</u>	<u>\$(329,670)</u>	<u>\$251,818</u>	<u>\$51,564</u>	<u>\$1,945,768</u>

2023

	Taiwan Market	Asian Market	U.S. Market	European Market	Adjustments and eliminations	Total
Revenue						
External customers	\$6,681,076	\$462,331	\$9,125,241	\$3,008,897	\$-	\$19,277,545
Inter-segment (Note)	8,262,274	571,873	-	-	(8,834,147)	-
Total revenue	<u>\$14,943,350</u>	<u>\$1,034,204</u>	<u>\$9,125,241</u>	<u>\$3,008,897</u>	<u>\$(8,834,147)</u>	<u>\$19,277,545</u>
Segment profit	<u>\$1,571,474</u>	<u>\$(358,461)</u>	<u>\$105,870</u>	<u>\$232,338</u>	<u>\$(46,996)</u>	<u>\$1,504,225</u>

Note: Inter-segment revenue is eliminated on consolidation and recorded under the “adjustment and elimination” column.

2. Geographic information:

A. From external client revenue: based on the country of the customer

Country	2024	2023
Taiwan	\$1,393,075	\$1,297,500
China	255,765	170,486
Netherlands	3,216,557	2,354,868
America	9,422,893	9,383,384
Other	5,833,415	6,071,307
Total	<u>\$20,121,705</u>	<u>\$19,277,545</u>

B. Non-current assets:

Country	2024	2023
Taiwan	\$9,608,382	\$9,250,967
China	818,914	805,640
Other	1,962,586	1,724,479
Total	<u>\$12,389,864</u>	<u>\$11,781,086</u>

C. Product information:

Product	2024	2023
Automobile lights	\$ 17,691,441	\$16,310,129
General Merchandise	1,104,530	1,750,869
Models	374,045	280,597

Others	<u>951,689</u>	<u>935,950</u>
Total	<u><u>\$ 20,121,705</u></u>	<u><u>\$19,277,545</u></u>

D. Important client information:

	<u>2024</u>	<u>2023</u>
Client A	<u><u>\$2,860,649</u></u>	<u><u>\$2,863,386</u></u>

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 1

Significant intercompany transactions between consolidated entities

No. (Note 1)	Related party	Counterparty	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Collection periods	Percentage accounting for total operating revenue or total assets (Note 3)
0	The Company	JUOKU TECHNOLOGY	1	Purchases	\$429,159	Credit on 90 days	2.13%
0	The Company	JUOKU TECHNOLOGY	1	Accounts payables	161,374	Credit on 90 days	0.59%
0	The Company	JUOKU TECHNOLOGY	1	Sales revenue	21,464	Credit on 90 days	0.11%
0	The Company	JUOKU TECHNOLOGY	1	Molding equipment	47,485	Credit on 90 days	0.17%
0	The Company	DBM	1	Molding equipment	66,386	60% advance prepaid, and the balance 40% will be paid after acceptance	0.24%
0	The Company	T.I.T.	1	Purchases	321,393	Credit on 60 days	1.60%
0	The Company	T.I.T.	1	Accounts payables	30,398	Credit on 60 days	0.11%
0	The Company	T.I.T.	1	Sales revenue	174,891	T/T150 days	0.87%
0	The Company	T.I.T.	1	Accounts receivables	29,704	T/T150 days	0.11%
0	The Company	EUROPE	1	Sales revenue	2,579,378	T/T120 days	12.82%
0	The Company	EUROPE	1	Accounts receivables	467,742	T/T120 days	1.72%
0	The Company	TAMAO PRECISION	1	Accounts payables	49,142	Credit on 90 days	0.18%
0	The Company	TAMAO PRECISION	1	Molding equipment	219,492	60% advance prepaid, and the balance 40% will be paid after acceptance	0.81%
0	The Company	GENERA	1	Sales revenue	5,220,183	T/T135 days	25.94%
0	The Company	GENERA	1	Accounts receivables	1,908,165	T/T135 days	7.01%
0	The Company	KUN SHAN TYC	1	Purchases	73,976	Credit on 60 days	0.37%
0	The Company	KUN SHAN TYC	1	Sales revenue	101,192	T/T120 days	0.50%
0	The Company	KUN SHAN TYC	1	Accounts receivables	210,687	T/T120 days	0.77%

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 1 (Cont.)

Significant intercompany transactions between consolidated entities

No. (Note 1)	Related party	Counterparty	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Collection periods	Percentage accounting for total operating revenue or total assets (Note 3)
1	SUPRA-ATOMIC	KUN SHAN TYC	3	Other receivables	\$29,462 (USD 900 thousand)	Fund financing	0.11%
2	GENERA	W&W	3	Other receivables	65,470 (USD 2,000 thousand)	Fund financing	0.24%

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

1. The parent company is coded "0".
2. The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

(Note 2) Transactions are categorized as follows:

1. The parent company to the subsidiary.
2. The subsidiary to the parent company.
3. The subsidiary to the subsidiary.

(Note 3) In calculation of percentage of transaction amounts accounting for total operating revenue or total assets, for the accounts of assets or liabilities, it is calculated by the ending balance divided by consolidated total assets; for the accounts of gains or losses, it is calculated by the ending accumulated amount divided by consolidated total operating revenue.

(Note 4) The exchange rate of the USD to the NTD is 1: 32.735.

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 2

Financing provided to others

No. (Note 1)	Lender	Counterparty	Account	Related Party	Max. balance for the period (Note 9)	Ending balance	Actual usage amount	Interest rate interval	Nature of financing (Note 6)	Transaction amount (Note 7)	Reason for short-term financing (Note 8)	Loss allowance	Collateral		Limit of financing amount for individual counterparty	Limit of total financing amount	Note
													Item	Value			
0	The Company	BESTE	Other receivables	Y	\$360,085 (USD 11,000 thousand)	\$98,205 (USD 3,000 thousand)	\$3,274 (USD 100 thousand)	5.00%	2	\$-	Operating turnover	\$-	-	\$-	\$2,032,646 (Note 2)	\$4,065,292 (Note 3)	(Note 10)
0	The Company	VARROC TYC AUTO LAMPS CO., LTD.	Other receivables	Y	267,180 (CNY 60,000 thousand)	267,180 (CNY 60,000 thousand)	133,590 (CNY 30,000 thousand)	4.00%	2	-	Operating turnover	-	-	-	2,032,646 (Note 2)	4,065,292 (Note 3)	-
1	SUPRA-ATOMIC	KUN SHAN TYC	Other receivables	Y	29,462 (USD 900 thousand)	29,462 (USD 900 thousand)	29,462 (USD 900 thousand)	5.00%	2	-	Operating turnover	-	-	-	1,902,357 (Note 4)	1,902,357 (Note 5)	(Note 10)
2	TAMAO PRECISION	KUN SHAN TYC	Other receivables	Y	13,359 (CNY 3,000 thousand)	13,359 (CNY 3,000 thousand)	13,359 (CNY 3,000 thousand)	3.50%	2	-	Operating turnover	-	-	-	372,921 (CNY83,746 thousand) (Note 4)	372,921 (CNY83,746 thousand) (Note 5)	(Note 10)
2	TAMAO PRECISION	VARROC TYC AUTO LAMPS CO., LTD.	Other receivables	Y	66,795 (CNY 15,000 thousand)	62,342 (CNY 14,000 thousand)	62,342 (CNY 14,000 thousand)	4.00%	2	-	Operating turnover	-	-	-	74,584 (CNY 16,749 thousand) (Note 4)	149,168 (CNY 33,498 thousand) (Note 5)	-
3	GENERA	W & W	Other receivables	Y	65,470 (USD 2,000 thousand)	65,470 (USD 2,000 thousand)	65,470 (USD 2,000 thousand)	6.50%	2	-	Operating turnover	-	-	-	2,183,981 (USD 66,717 thousand) (Note 4)	2,183,981 (USD 66,717 thousand) (Note 5)	(Note 10)

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(Note 1) The financial information on the parent company and its subsidiaries coded is 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) For those having business relationship with the Company: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net worth of equity and the amount of business transaction amount. The business transaction amount is the amount of business transaction in recent year between the lender and the counterparty.
- (2) For those in need of short-term financing: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net worth of equity.

(Note 3) Limit of total financing amount shall not exceed 40% of the Company's net worth of equity.

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

- (1) For those having business relationship with the Company: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net worth of equity and the amount of business transaction amount. The business transaction amount is the amount of business transaction in recent year between the lender and the counterparty.
- (2) For those in need of short-term financing: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net worth of equity.
- (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 worth of the period, but is limited to 100% of net worth of equity.

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

- (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 worth of the period, but is limited to 100% of net worth of equity. °

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

- (1) For those have business relationship with the Company are coded "1."
- (2) For those in need of short-term financing are coded "2".

(Note 7) If financing provided to others is coded "1", the amount of business transactions should be filled in. The business transaction amount 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 financing the loans and the use of the loans of the counterparty shall be specified, such as repayment, purchasing equipment, operating turnover, etc.

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

(Note 10) The amounts have been eliminated in preparing the consolidated financial statements.

(Note 11) The exchange rate of the USD to the NTD is 1 : 32.735.

The exchange rate of the CNY to the NTD is 1 : 4.453.

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 3

Endorsement/Guarantee provided to others

No. Note 1	Endorser/ Guarantor	Endorsee/Guarantee		Limitation on amount of guarantees and endorsements for a specific enterprise (Note 3)	Max. balance amount of guarantees and endorsements provided for others (Note 5)	Ending balance of guarantees and endorsements (Note 6)	Actual usage amount (Note 7)	Amount of property pledged for guarantee and endorsement	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements	Maximum amount for guarantees and endorsements (Note 4)	Parent company endorsem ents/guar antees to subsidiar y	Subsidiary endorseme nts/guarant ees to the parent company	Endorse ments/gu arantees provided to counterp arties in the Mainlan d China
		Company Name	Relationship (Note 2)										
0	The Company	KUN SHAN TYC	(1).(2)	\$2,032,646	\$621,965 (USD 19,000 thousand)	\$621,965 (USD 19,000 thousand)	\$360,085 (USD 11,000 thousand)	None.	6.12%	\$4,065,292	Y	N	Y
0	The Company	W & W	(2)	2,032,646	252,060 (USD 7,700 thousand)	244,458 (USD 7,468 thousand)	244,458 (USD 7,468 thousand)	None.	2.41%	4,065,292	Y	N	N
0	The Company	T.I.T	(1) . (2)	2,032,646	163,675 (USD 5,000 thousand)	163,675 (USD 5,000 thousand)	130,940 (USD 4,000 thousand)	None.	1.61%	4,065,292	Y	N	N

(Note 1)The "No." column shall be filled as follows :

- (1). The issuer is 0.
- (2). The investees are sequentially numbered from 1.

(Note 2)There are 7 types of relationships between the endorser/guarantor and the endorsee/guarantee. Only numbers of types shall be indicated: :

- (1). Entities have business relations with the Company
- (2). The Company directly or indirectly holds more than 50% of voting shares of the entity.
- (3). Entity directly or indirectly owns more than 50% of voting shares of the Company.
- (4).The parent directly or indirectly through subsidiaries holds more than 50% of voting shares of the entity.
- (5). The Company 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). All capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

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

(Note 3) The endorsement provided for an individual enterprise shall not exceed 20% of the net worth.

(Note 4) The total endorsement provided shall not exceed 40% of the net worth.

(Note 5) The maximum balance amount of guarantees and endorsements provided for others in current year.

(Note 6) The limitation/amount of guarantees and endorsements provided for others of the Company and subsidiaries approved by the board of directors.

(Note 7) Actual usage amount within the limitation on amount of guarantees and endorsements

(Note 8) The amounts have been eliminated in preparing the consolidated financial statements.

(Note 9) The exchange rate of the USD to the NTD is 1 : 32.735.

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 4

Securities held as of 31 December 2024. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship with issuer of the marketable security	Account	End of period				Note
				Number of shares (share)	Carrying amount	Percentage of ownership	Fair value	
The Company	Unlisted stock-FORTOP INDUSTRIAL CO.,LTD	Substantive related party of the Company	Financial assets at fair value through other comprehensive income - non-current	391,722	\$43,157	19.59%	\$43,157	No guarantee or pledge
	Unlisted stock-BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The Company is corporate director of the company	Financial assets at fair value through other comprehensive income - non-current	360,000	13,327	18.00%	13,327	No guarantee or pledge
	Unlisted stock-LSC Ecosystem Corporation	None	Financial assets at fair value through other comprehensive income - non-current	9,999,999	910	7.90%	910	No guarantee or pledge
	Listed stock-LASTER TECHCO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	931,704	32,330	0.82%	32,330	No guarantee or pledge
TI YUAN	Listed stock-I YUAN PRECISION INDUSTRIAL CO., LTD.	Investee accounted for using equity method of the parent company of the holding company	Investment accounted for using equity method	900,914	38,152	2.51%	-	No guarantee or pledge (Note 2)
TI FU	Listed stock-T.Y.C. BROTHER INDUSTRIAL CO., LTD.	Parent company of the holding company	Financial assets at fair value through other comprehensive income - non-current	939,707	59,389	-	59,389	No guarantee or pledge (Note 3)
	Listed stock-LASTER TECHCO., LTD	None	Financial assets at fair value through other comprehensive income - non-current	2,245,070	77,904	1.98%	77,904	No guarantee or pledge

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

(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.

(Note 3) The amounts have been eliminated in preparing the consolidated financial statements.

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 5

Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock

Purchasing (selling) company	Counterparty	Relationship	Transaction				The circumstances and reasons why the transaction conditions are different from those of normal transactions		Notes receivable (paid) and accounts payable		Note
			Purchases (sales)	Amount	Percentage accounting for total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage accounting for total notes and accounts receivables (payables)	
The Company	GENERA	Subsidiary of the Company	Sales	\$5,220,183	39.03%	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 receivables \$1,908,165	49.39%	(Note 1)
	TYC EUROPE	Subsidiary of the Company	Sales	2,579,378	19.29%	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 receivables 467,742	12.11%	(Note 1)
	T.I.T.	Subsidiary of the Company	Sales	174,891	1.31%	T/T 150 days	Comparable to general customers		Accounts receivables 29,704	0.77%	(Note 1)
	KUN SHAN TYC	Subsidiary of the Company	Sales	101,192	0.76%	T/T 120 days	Comparable to general customers		Accounts receivables 210,687	5.45%	(Note 1)
	JUOKU TECHNOLOGY	Subsidiary of the Company	Purchases	429,159	5.24%	Credit on 90 days	Comparable to general customers		Accounts payables 161,374	6.01%	(Note 1)
	T.I.T.	Subsidiary of the Company	Purchases	321,393	3.93%	Credit on 60 days	Comparable to general customers		Accounts payables 30,398	1.13%	(Note 1)
	FORTOP INDUSTRIAL CO., LTD.	Substantive related party of the Company	Purchases	869,680	10.62%	Credit on 90 days	Comparable to general customers		Accounts payables 292,283	10.88%	-
	I YUAN PRECISION INDUSTRIAL CO., LTD	Investee accounted for using equity method	Purchases	331,248	4.05%	Credit on 90 days	Comparable to general customers		Accounts payables 139,798	5.20%	-
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party of the Company	Purchases	195,752	2.39%	Credit on 20 days	Comparable to general customers		Accounts payables 17,348	0.65%	-	

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 5 (Cont.)

Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock

Purchasing (selling) company	Counterparty	Relationship	Transaction				The circumstances and reasons why the transaction conditions are different from those of normal transactions		Notes receivable (paid) and accounts payable		Note
			Purchases (sales)	Amount	Percentage accounting for total purchases (sales)	Credit period	Unit price	Credit period	Balance	Percentage accounting for total notes and accounts receivables (payables)	
JUOKU TECHNOLOGY	The Company	Parent company of the holding company	Sales	\$447,451	20.48%	T/T 90 days	None		Accounts receivables \$170,476	37.62%	(Note 1)
T.I.T.	The Company	Joint venture of the holding company	Sales	331,473	45.30%	T/T 90 days	None		Accounts receivables 47,570	25.71%	(Note 1)
T.I.T.	The Company	Parent company of the holding company	Purchases	177,706	52.65%	T/T 90 days	None		Accounts payables 16,322	15.94%	(Note 1)
GENERA	The Company	Parent company of the holding company	Purchases	5,412,410	83.64%	T/T 135 days	None		Accounts payables 1,718,498	84.81%	(Note 1)
TYC EUROPE	The Company	Parent company of the holding company	Purchases	2,579,378	99.99%	T/T 120 days	None		Accounts payables 437,383	100.00%	(Note 1)
TAMAO PRECISION	The Company	Parent company of the holding company	Sales	308,220	86.27%	T/T 90 days	None		Accounts receivables 224,484	86.31%	(Note 1)
KUN SHAN TYC	The Company	Parent company of the holding company	Purchases	100,767	44.12%	T/T 120 days	None		Accounts payables 211,077	74.26%	(Note 1)

(Note 1) The amounts have been eliminated in preparing the consolidated financial statements.

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 6

Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock

Company with receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover	Overdue receivables from related parties		Receivables from related parties collected in subsequent period	Provision of loss allowance	Note
					Amount	Treatment			
The Company	GENERA	Subsidiary of the Company	\$1,908,165	2.48	\$74,685	Collection has been strengthened.	\$458,373	\$-	(Note 1)
	TYC EUROPE	Subsidiary of the Company	467,742	7.21	-	-	9,432	-	(Note 1)
	KUN SHAN TYC	Subsidiary of the Company	210,687	0.58	176,254	Collection has been strengthened.	31,245	-	(Note 1)
JUOKU TECHNOLOGY	The Company	Parent company of the holding company	170,476	2.82	-	-	74,511	-	(Note 1)

(Note 1) The amounts have been eliminated in preparing the consolidated financial statements.

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 7

Information on names, locations, etc. of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main business	Initial Investment amount		Ending balance			Profit or loss of investees in the current period	Gains or losses on investments recognized in the current period (Note 2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount (Note1)			
The Company	JUOKU TECHNOLOGY	Taiwan	Manufacturing, and sale of automobile parts	\$313,730	\$313,730	27,923,401	72.10%	\$442,617	\$76,448	\$55,119	(Note 4)
	TI YUAN	Taiwan	Marketable securities trading business	10,943	10,943	3,820	100.00%	40,318	2,082	2,082	(Note 4)
	TI FU	Taiwan	Marketable securities trading business	40,076 (Note 5)	40,076	7,550 (Note 5)	100.00%	140,192	35,802	33,922	(Note 3) (Note 4)
	SUPRA-ATOMIC	British Virgin Islands	Reinvestment holding activities	3,483,005	3,319,282	59,786,060	100.00%	1,575,640	132,800	132,800	(Note 4)
	BESTE	British Virgin Islands	Reinvestment holding activities	641,449	384,099	22,072,000	100.00%	1,354,241	(22,572)	(22,572)	(Note 4)
	CONTEK	British Virgin Islands	Reinvestment holding activities	73,690	73,690	2,436,000	100.00%	36,324	(1,428)	(1,428)	(Note 4)
	I YUAN PRECISION INDUSTRIAL CO., LTD	Taiwan	Manufacturing, processing and sale of automobile parts	126,986	126,986	5,617,854	15.66%	216,786	96,057	17,454	Investee accounted for using equity method
	INNOVA	Delaware, U.S.A.	Reinvestment holding activities	981,456	745,370	6,279	100.00%	1,255,179	(251,628)	(251,628)	(Note 4)
	TYCVN	Vietnam	Manufacture and sale automobile lights	88,740	88,740	-	60.00%	73,804	(7,934)	(4,760)	(Note 4)

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 7 (Cont.)

Information on names, locations, etc. of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main business	Initial Investment amount		Ending balance			Profit or loss of investees in the current period	Gains or losses on investments recognized in the current period (Note 2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount (Note1)			
JUOKU TECHNOLOGY	TSM	British Virgin Islands	Reinvestment holding activities	\$10,122	\$10,122	300,000	100.00%	\$5,592	\$1	\$1	(Note 4)
	PT ASTRA JUOKU INDONESIA	Indonesia	Manufacture and sale automobile lights	276,640	276,640	1,126,500	50.00%	311,514	129,487	64,744	Joint venture
TI FU	DBM	Taiwan	Manufacture tooling mold and international trading business	25,500 (Note 6)	25,500	3,000,000 (Note 6)	50.00%	96,996	62,228	31,114	(Note 4)
SUPRA-ATOMIC	EUROPILOT	British Virgin Islands	Reinvestment holding activities	470,075 (USD 14,360 thousand)	470,075 (USD 14,360 thousand)	14,359,821	100.00%	942,626	186,679	186,679	(Note 4)
	MOTOR-CURIO	British Virgin Islands	Reinvestment holding activities	130,711 (USD 3,993 thousand)	61,967 (USD 1,893 thousand)	3,993,400	100.00%	209,927	29,832	29,832	(Note 4)
	SPARKING	British Virgin Islands	Reinvestment holding activities	1,601,265 (USD 48,916 thousand)	1,601,265 (USD 48,916 thousand)	30,915,717	100.00%	186,708	(128,860)	(128,860)	(Note 4)
	EUROLITE	British Virgin Islands	Reinvestment holding activities	679,513 (USD 20,758 thousand)	679,513 (USD 20,758 thousand)	10,984,582	100.00%	210,644	(1,379)	(1,379)	(Note 4)
	UNIMOTOR	British Virgin Islands	Reinvestment holding activities	225,446 (USD 6,887 thousand)	225,446 (USD 6,887 thousand)	6,887,000	100.00%	375,013	42,610	42,610	(Note 4)
EUROPILOT	TYC EUROPE	Henery Moorest roat 25 1328 LS Almere HOLLAND	Sale automobile lights	470,075 (USD 14,360 thousand)	470,075 (USD 14,360 thousand)	120,000	100.00%	942,626	186,675	186,675	(Note 4)

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONT.)
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

Attachment 7 (Cont.)

Information on names, locations, etc. of investee companies (excluding investment in Mainland China)

Investor company	Investee company	Location	Main business	Initial Investment amount		Ending balance			Profit or loss of investees in the current period	Gains or losses on investments recognized in the current period (Note 2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Carrying amount (Note1)			
EUROLITE	T.I.T.	Thailand	Manufacture and sale of lighting fixtures and daily-use product for automobile	\$679,513 (USD 20,758 thousand)	\$679,513 (USD 20,758 thousand)	3,694,860	99.98%	\$210,644	\$(1,386)	\$(1,386)	(Note 4)
BESTE	VARROC TYC CORPORATION	British Virgin Islands	Reinvestment holding activities	460,647 (USD 14,072 thousand)	460,647 (USD 14,072 thousand)	14,072,000	50.00%	1,340,406	64,029	32,015	Joint venture
CONTEK	ATECH INTERNATIONAL CO., LTD.	Cayman Islands	Reinvestment holding activities	81,838 (USD 2,500 thousand)	81,838 (USD 2,500 thousand)	2,500,000	25.00%	37,562	(6,046)	(1,512)	Investee accounted for using equity method
MOTOR-CURIO	JNS AUTOTECH (THAI) CO., LTD.	Thailand	Manufacture of automobile components	53,031 (USD 1,620 thousand)	-	-	30.00%	51,297	(6,346)	(1,904)	Investee accounted for using equity method
INNOVA	GENERA	State of California, U.S.A.	Sale of automobile lights and parts	405,554 (USD 12,389 thousand)	405,554 (USD 12,389 thousand)	12,388,505	100.00%	2,183,981 (USD 66,717 thousand)	269,671 (USD 8,238 thousand)	269,671 (USD 8,238 thousand)	(Note 4)
	W&W	State of California, U.S.A.	Sale of and rental of real estate	32,735 (USD 1,000 thousand)	32,735 (USD 1,000 thousand)	1,000,000	100.00%	130,449 (USD 3,985 thousand)	6,842 (USD 209 thousand)	6,842 (USD 209 thousand)	(Note 4)
	TYC AMERICAS AUTO PARTS COMPANY LLC	Delaware, U.S.A	Manufacture, processing, and trading of automobile components	238,966 (USD 7,300 thousand)	-	-	100.00%	142,365 (USD 4,349 thousand)	(96,601) (USD(2,951) thousand)	(96,601) (USD(2,951) thousand)	(Note 4)

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(Note 1) The carrying amount 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 I YUAN PRECISION INDUSTRIAL CO., LTD recognized investment gains and losses at 18.17%.

(Note 3) The company treats shares of the Company held by the subsidiaries as treasury stocks. Therefore, carrying amount of the investment using the equity method is the net amount after deducting the treasury stocks.

(Note 4) The amounts have been eliminated in preparing the consolidated financial statements.

(Note 5) The amount that TI FU refunded for shares of capital increase by earnings to TYC is NT\$30,000 thousand.

(Note 6) The amount that DBM refunded for shares of capital increase by earnings to TI FU is NT\$30,000 thousand.

(Note 7) The exchange rate of the USD to the NTD is 1 : 32.735 ◦

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Attachment 8

Investment in Mainland China

Investee company	Main business	Paid-in capital	Investment method (Note 1)	Accumulated investment amount remitted from Taiwan at the beginning of the period	Amount of investments remitted or recovered during the period		Accumulated investment amount remitted from Taiwan at the end of the period	Profit or loss of investee	Percentage of direct or indirect ownership of investment	Gains (losses) on investment (Note 2)	Ending carrying amount of investment	Gains on investment remitted back as of the end of the period
					Outflow	Inflow						
VARROC TYC AUTO LAMPS CO.,LTD.	Manufacture automobile lights	\$883,845 (USD 27,000 thousand)	(1)VARROC TYC CORPORATION	\$416,717 (USD 12,730 thousand)	\$-	\$-	\$416,717 (USD 12,730 thousand)	\$58,821	50%	\$29,411	\$2,680,686	\$548,770 (USD16,764 thousand)
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD. (Note 3)	Manufacture and sale of precision molds	211,697 (USD 6,467 thousand)	(1)UNIMOTOR INDUSTRIAL CO., LTD.	211,697 (USD 6,467 thousand)	-	-	211,697 (USD 6,467 thousand)	42,530	100%	42,530	375,013	60,003 (USD1,833 thousand)
HANGZHOU SUNNYTECH CO., LTD.	Industrial styling and product design	8,327 (CNY 1,870 thousand)	(1)SPARKING CO., LTD.	5,434 (USD 166 thousand)	-	-	5,434 (USD 166 thousand)	(14,269)	30%	(4,281)	8,851	-
JNS AUTO PARTS LIMITED	Manufacture automobile parts	533,581 (USD 16,300 thousand)	(1)MOTOR-CURIO CO., LTD.	65,470 (USD 2,000 thousand)	-	-	65,470 (USD 2,000 thousand)	154,313	20%	30,863	158,016	99,187 (USD3,030 thousand)
KUN SHAN TYC HIGH PERFORMANCE (Note 3)	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	982,050 (USD 30,000 thousand)	(1)SPARKING CO., LTD.	1,407,605 (USD 43,000 thousand)	163,675 (USD 5,000 thousand)	-	1,571,280 (USD 48,000 thousand)	(124,583)	100%	(124,583)	177,857	-
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO.,LTD.	Design and manufacture high-efficiency energy-saving lamps	14,731 (USD 450 thousand)	(2) CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	-	-	-	-	-	30%	-	-	-
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD.	Manufacture automobile parts	229,145 (USD 7,000 thousand)	(-)ATECH INTERNATIONAL CO., LTD.	57,286 (USD 1,750 thousand)	-	-	57,286 (USD 1,750 thousand)	(2,553) (USD(78) thousand)	25%	(655) (USD (20) thousand)	43,276 USD 1,322 thousand	-
ATECH(JIANGSU) INDUSTRIAL TECHNOLOGY CO., LTD.	Manufacture automobile parts	196,410 (USD 6,000 thousand)	(-)ATECH INTERNATIONAL CO., LTD.	24,551 (USD 750 thousand)	-	-	24,551 (USD 750 thousand)	(3,634) (USD(111) thousand)	25%	(917) (USD (28) thousand)	68,252 USD 2,085 thousand	-

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Attachment 8

Investment in Mainland China (Cont.)

Accumulated outward remittance for investment in Mainland China as of end of the period	Investment amount authorized by investment commission, MOEA	Upper limit on the amount of investment stipulated by investment commission, MOEA
\$2,740,574 (USD83,720 thousand)	\$2,665,644 (USD 81,431 thousand)	(Note 4)

(Note 1) There are three methods of investment:

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

(Note 2) Excluding the elimination of unrealized gains or losses among companies.

(Note 3) The amounts have been eliminated in preparing the consolidated financial statements.

(Note 4) 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 5) The exchange rate of the USD to the NTD is 1 : 32.735

The exchange rate of the CNY to the NTD is 1 : 4.453

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Attachment 9

Information on major shareholders

Name of major shareholder	Shares	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.