

Stock Code: 1522



TYC Brother Industrial Co., Ltd

2023 Annual Shareholders' Meeting

Meeting Agenda

Meeting Date : June 14, 2023

Place : Hotel Château Anping

(2nd Floor, No. 47, Xinjian Rd, South District, Tainan City, Taiwan)

TYC Brother Industrial Co., Ltd

2023 Annual Shareholders' Meeting

Meeting Agenda

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1. Meeting Procedures

(1) Call to Order

(2) Chairman's Address

(3) Report Items

(4) Matters for Ratification

(5) Extemporaneous Motions

(6) Adjournment

2. Meeting Agenda

Time : 9:00 a.m., Wednesday, June 14, 2023

Place : Hotel Château Anping

(2rd Floor, No. 47, Xinjian Rd, South District, Tainan City, 702)

(1) Call to Order

(2) Chairman's Address

(3) Report Items:

Proposal 1: 2022 Business report

Explanatory Notes: For the 2022 Business report, please refer to the Attachment. (p. 4-6 of this manual)

Proposal 2: 2021 Audit Committee's review report

Explanatory Notes: For the 2021 Audit Committee's review report, please refer to the Attachment. (p. 7 of this manual)

Proposal 3: 2021 Profit Sharing Bonus for Employees and Directors' Compensation Distribution Report

Explanatory Notes:

- a. The company's 2022 profit was NT\$1,121,475,873, which covers the benefits (i.e. all in NT\$) before tax excluding the profit sharing bonus for employees and directors' compensation distributed in accordance with the company's Articles of Incorporation.
- b. Approved by the Third meeting of the Fifth Salary and Compensation Committee, i.e., the distribution of NT\$28,000,000 (not less than 1%) employee remuneration and NT\$18,500,000 (not more than 3%) directors' remuneration in cash, with the same amount of expenses recorded in 2022

(4) Matters for Ratification:

Proposal 1: Acknowledgment of 2022 Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

The 2022 individual financial report and consolidated financial report of the Company have been certified by Hung, Kuo-Sen and Lee, Fang-Wen, CPAs of ERNST & YOUNG, TAIWAN. The reports have also been reviewed by the Audit Committee and are certified true and correct. Please refer to the Attachments (page 4-6 and 8-26) for ratification of the 2021 Financial Statements.

Resolution:

Proposal 2: Adoption of the Proposal for Distribution of 2022 Earnings (Proposed
by the Board of Directors)

Explanatory Notes:

- a. The company's 2022 net income after tax was NT\$932,533,453, and the proposal for distribution of the 2022 earnings shall be prepared in accordance with the Articles of Incorporation. Please refer to the Attachment (page 27) for details.
- b. From the accumulated earnings in 2022 for distribution, NT\$60,000,000 shall be set aside from type A preferred stock dividend and NT\$563,216,186 from common stock of shareholders' dividends. (a cash dividend of NT\$2 per share) The total amount of dividends distributed to each individual shareholder of preferred stock dividend and common stock cash dividend is distributed up to NT\$1. (allocated up to NT\$1, rounded down to less than NT\$1), and the total abnormal cost is included in the company's other income. Upon approval at the Annual Shareholders' Meeting presided over by the Chairman, the resolution regarding the ex-rights date, distribution date, and other relevant issues shall be adopted.
- c. If there is a change in the company's share capital afterwards, which in turn affects the dividend ratio, the Board of Directors shall be authorized to adjust the dividend ratio according to each distributed share.

Resolution:

(5) Extemporary Motions

(6) Adjournment

3. Appendices

A. Business Report

TYC Brother Industrial Co., Ltd

Business Report

Dear Shareholders,

I would like to report the 2022 business performance and 2023 business plan of the Company.

Business results in 2022:

1. Business plan implementation results:

As a result of the efforts of all our colleagues in the past year, TYC Brother's operating revenue reached NT\$19,207,226 thousand, an increase of 15.87 percent from NT\$16,576,615 thousand in 2021. The Company's gross profit was NT\$4,183,913 thousand and net profit before tax was NT\$1,267,584 thousand.

Unit: In thousand dollars

Item	2021 Achievements	2022 Achievements	Growth rate%
Operating Revenue	16,576,615	19,207,226	15.87%
Cost of goods sold	13,569,207	15,023,313	10.72%
Gross Profit (from goods sold)	3,007,408	4,183,913	39.12%
Operating Expenses	2,578,705	3,297,077	27.86%
Operating Profit	428,703	886,836	106.86%
Non-Operating Income and Expenses	(99,282)	380,748	(483.50)%
Net Income before tax	329,421	1,267,584	284.79%
Income tax	92,812	265,723	186.30%
Net Income after tax	236,609	1,001,861	323.42%

2. Budget execution status: The company did not disclose 2022 financial forecast

3. Analysis of 2022 financial income and expenditure, and profitability:

Annual net profit after tax was NT\$1,001,861 thousand and diluted earnings per share were NT\$2.91. The percentages of net operating profit and net profit before tax versus paid-in capital were 28.34% and 40.51%, respectively, with a profit ratio of 5.22%.

4. Status of research and development:

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

- (1) Research and development expense in 2021 was NT\$344,453 thousand, accounting for 2.08% of the operating revenue.
- (2) Research and development expense in 2022 was NT\$375,587 thousand, accounting for 1.96% of the operating revenue.

b. R&D accomplishments:

- (1) LED Asymmetry bending lens design light
- (2) 24 PIXEL ADB headlight design
- (3) LED multi-dimensional viewing angle Language Screen optical design

Summary of 2023 Operation Plans:

1. Operating Strategy

- a. Continue to obtain product certification and boost sales performance of related product groups to increase company revenue and profit
- b. Proactively invest in the development of smart lighting and electronic control technology, improve car light related optical and mechanism patents to maintain the Company's top position in product technology
- c. Maximize the use of internal and external resources to make product cost and quality more competitive
- d. Speed up the development of new products, effectively reduce lead time to market, and expand market opportunities

2. Sales Volume Estimation

The Company expects sales growth of AM and OEM in 2023 to be better than in 2022; however, the situation may change depending on the long-term global effects of COVID-19.

3. Significant Production and Marketing Policies

- a. Eliminate internal waste, continue to improve and strengthen management structure and market price competitiveness
- b. Continue to build a labor-saving and automated production system, increase output and improve production efficiency
- c. Effectively manage fixed asset expenditures, reduce fixed cost allocation, and improve the flexibility of funds
- d. Accurately predict seasonal market demand and provide customers with more timely shipments through evaluation and analysis of production and big data in sales

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

The IC shortage and such factor as the port congestion have both shown relief last year, but price increase of raw materials has still impacted the profit performance. Fortunately, CAPA products in North America continued to grow, and product groups and product price competitiveness shown a continuous improvement in European and other regional markets. It is estimated that after the ease of pandemic lockdown and the interest rates of US dollar continues to raise, revenue and profit performance is expected to grow.

We sincerely thank everyone for taking the time to attend the shareholders' meeting despite their busy schedule. Company management team and all our colleagues will continue to strive for the best and remain committed to good governance to live up to all your expectations. Finally, we wish you good health and all the best in future endeavors.

Chairman: Wu, Kuo-Chen

CEO: Su, Yan-Shuo

Accountant: Weng, Yi-Feng

B. Audit Committee's Audit Report

TYC Brother Industrial Co., Ltd

Audit Committee's Audit Report

The Board of Directors has prepared the Company's 2022 financial report (including consolidated financial report), which was certified by Huang, Shih-Chieh and Lee, Fang-Wen, CPAs of ERNST & YOUNG, TAIWAN. The aforementioned reports, together with the business report and the proposal for earnings distribution were reviewed and certified correct and accurate by the Audit Committee members of TYC Brother Industrial Co., Ltd. In accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, this report is hereby submitted.

Submitted at:

2023 Annual General Meeting of TYC Brother Industrial Co., Ltd.

Chairman of the Audit Committee:



Huang, Chung-Hui

March 16, 2023

C. Independent Auditors' Report and Financial Statements

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying parent company only balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the "Company") as of 31 December 2022 and 2021, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the parent company only financial statements, including the summary of significant accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2022 and 2021, and its financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China on Taiwan. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements* section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

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

Loss allowance of accounts receivable

As of 31 December 2022, the Company's accounts receivable and allowance for its doubtful accounts amounted to NT\$3,886,183 thousand and NT\$150,814 thousand, respectively. Net accounts receivable constituted a material amount of 19% of total assets, which was considered material in the parent company only financial statements. Since the Company's allowance for doubtful accounts was measured at the lifetime expected credit loss, its account receivables should be appropriately grouped during the measurement process and the Company should determine the use of related assumptions in the measurement process, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net accounts receivable, we therefore considered this a key audit matter.

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

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

Valuation for slow-moving inventories

As of 31 December 2022, the Company's net inventories amounted to NT\$1,462,910 thousand, constituting 7% of total asset, which was considered material in the parent company only financial statements. Considering the market change, horizontal competition and numerous inventory items, the loss allowance for loss on inventory valuation and obsolescence required significant management judgment. We considered this as a key audit matter.

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

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

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

We did not audit the financial statements of certain subsidiaries, 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 reports of other auditors. These subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$852,728 thousand and NT\$732,263 thousand, representing 4.33% and 3.93% of total assets as of 31 December 2022 and 2021, respectively. The related shares of profits from the subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$108,466 thousand and NT\$70,059 thousand, representing 9.67% and 29.75% of the income before tax for the years ended 31 December 2022 and 2021, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures accounted for using the equity method amounted to NT\$29,125 thousand and NT\$(54,299) thousand, representing 14.37% and 154.42% of the comprehensive income (loss) for the years ended 31 December 2022 and 2021, respectively.

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Hung, Kuo-Sen

Lee, Fang-Wen

Ernst & Young, Taiwan
16 March 2023

Notice to Readers :

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

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

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2022	31 Dec. 2021
Current assets			
Cash and cash equivalents	IV/VI.1	\$1,222,598	\$280,558
Financial assets at fair value through profit or loss, current	IV/VI.2	-	1,034
Financial assets measured at amortized cost, current	IV/VI.4	-	55,540
Notes receivable, net	IV/VI.5	6,287	12,980
Notes receivable-related parties, net	IV/VI.5/VII	1,559	11,002
Accounts receivable, net	IV/VI.6	956,875	996,349
Accounts receivable-related parties, net	IV/VI.6/VII	2,770,648	2,785,911
Other receivables	IV/VII	148,681	151,546
Inventories	IV/VI.7	1,462,910	1,241,867
Other current assets		153,575	145,861
Total current assets		6,723,133	5,682,648
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	IV/VI.3	238,628	133,178
Investments accounted for under the equity method	IV/VI.8	4,483,785	4,387,679
Property, plant and equipment	IV/VI.9/VII/VIII	6,210,444	6,120,820
Right-of-use asset	IV/VI.19	669,931	683,209
Intangible assets	IV/VI.10	41,054	40,267
Deferred tax assets	IV/VI.23	277,755	355,403
Prepayment for equipments		1,016,557	1,191,934
Refundable deposits	VIII	18,836	17,835
Other non-current assets-others		18,239	23,884
Total non-current assets		12,975,229	12,954,209
Total assets		\$19,698,362	\$18,636,857

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

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND SHAREHOLDERS' EQUITY	Notes	31 Dec. 2022	31 Dec. 2021
Current liabilities			
Short-term borrowings	IV/VI.11	\$300,000	\$958,000
Short-term notes and bills payable	IV/VI.12	499,952	639,808
Financial liabilities at fair value through profit or loss, current	IV/VI.13	5,046	3,577
Notes payable	IV	267,294	285,951
Accounts payable	IV	1,442,131	1,567,964
Accounts payable-related parties	IV/VII	676,388	772,850
Other payables	IV	497,671	383,774
Current tax liabilities	IV/VI.23	189,207	24,592
Lease liabilities, current	IV/VI.19	39,953	39,388
Current portion of long-term liabilities	IV/VI.14	620,205	111,301
Other current liabilities		289,098	311,620
Total current liabilities		4,826,945	5,098,825
Non-current liabilities			
Long-term borrowings	IV/VI.14	5,348,494	4,858,269
Deferred tax liabilities	IV/VI.23	41,910	38,717
Lease liabilities, non current	IV/VI.19	535,487	575,440
Net defined benefit liabilities, non-current	IV/VI.15	99,436	175,259
Other non-current liabilities-others		575	592
Total non-current liabilities		6,025,902	5,648,277
Total liabilities		10,852,847	10,747,102
Equity			
Capital	IV/VI.16		
Common stock		3,128,979	3,128,979
Preferred stock		300,000	300,000
Capital surplus	IV/VI.16	2,578,522	2,577,877
Retained earnings	IV/VI.16		
Legal reserve		829,612	808,620
Special reserve		343,972	289,982
Unappropriated earnings		1,824,416	1,134,265
Other equity	IV/VI.16		
Exchange differences resulting from translating the financial statements of foreign operations		(241,318)	(446,242)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		87,328	102,270
Treasury stock	IV/VI.16	(5,996)	(5,996)
Total equity		8,845,515	7,889,755
Total liabilities and equity		\$19,698,362	\$18,636,857

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

English Translation of Financial Statements Originally Issued in Chinese
TYC BROTHER INDUSTRIAL CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the years ended 31 December 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	Notes	2022	2021
Operating revenues	IV/VI.17/VII	\$11,530,952	\$11,193,999
Operating costs	IV/VI.7.19.20/VII	(9,665,098)	(10,009,747)
Gross profit		1,865,854	1,184,252
Unrealized profit on sales		(692,898)	(489,142)
Realized profit on sales		489,294	456,390
Net gross profit		1,662,250	1,151,500
Operating expenses	IV/VI.18.19.20/VII		
Sales and marketing expenses		(379,123)	(426,034)
General and administrative expenses		(327,251)	(281,089)
Research and development expenses		(292,280)	(277,559)
Expected credit impairment (losses) gains		8,042	(1,702)
Subtotal		(990,612)	(986,384)
Operating income		671,638	165,116
Non-operating income and expenses			
Other income	VI.21	34,568	32,635
Other gains and losses	VI.21	343,042	(127,355)
Finance costs	VI.21	(72,530)	(59,863)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	IV/VI.8	144,758	224,982
Subtotal		449,838	70,399
Net income before income tax		1,121,476	235,515
Income tax expense	IV/VI.23	(188,943)	(42,244)
Net income		932,533	193,271
Other comprehensive income (loss)	IV/VI.22		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		28,610	17,804
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(5,053)	2,058
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using the equity method which will not be reclassified subsequently to profit or loss		(20,057)	(3,073)
Income tax related to items that will not be reclassified subsequently		(5,722)	(3,561)
Items that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		220,788	(77,907)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using the equity method which may be reclassified subsequently to profit or loss		35,367	14,698
Income tax related to items that may be reclassified subsequently		(51,231)	12,642
Total other comprehensive income (loss), net of tax		202,702	(37,339)
Total comprehensive income (loss)		\$1,135,235	\$155,932
Earnings per share (NTD)	IV/VI.24		
Earnings per share-basic		\$2.91	\$0.62
Earnings per share-diluted		\$2.90	\$0.62

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

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company									Total equity
	Capital			Retained Earnings			Other equity		Treasury stock	
	Common stock	Preferred stock		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 2021	\$3,128,979	\$-	\$1,381,263	\$783,394	\$250,969	\$1,176,321	\$(395,675)	\$105,693	\$(5,996)	\$6,424,948
Appropriation and distribution of 2020 retained earnings										
Legal reserve	-	-	-	25,226	-	(25,226)	-	-	-	-
Special reserve	-	-	-	-	39,013	(39,013)	-	-	-	-
Cash dividends	-	-	-	-	-	(187,739)	-	-	-	(187,739)
Net income for the year ended 31 December 2021	-	-	-	-	-	193,271	-	-	-	193,271
Other comprehensive income (loss) for the year ended 31 December 2021	-	-	-	-	-	15,968	(50,567)	(2,740)	-	(37,339)
Total comprehensive income (loss)	-	-	-	-	-	209,239	(50,567)	(2,740)	-	155,932
Issuance of preference shares	-	300,000	1,195,878	-	-	-	-	-	-	1,495,878
Adjustments for dividends subsidiaries received from parent company	-	-	564	-	-	-	-	-	-	564
Disposals of financial assets at fair value through other comprehensive income	-	-	-	-	-	683	-	(683)	-	-
Other	-	-	172	-	-	-	-	-	-	172
Balance as of 31 December 2021	<u>\$3,128,979</u>	<u>\$300,000</u>	<u>\$2,577,877</u>	<u>\$808,620</u>	<u>\$289,982</u>	<u>\$1,134,265</u>	<u>\$(446,242)</u>	<u>\$102,270</u>	<u>\$(5,996)</u>	<u>\$7,889,755</u>
Balance as of 1 January 2022	\$3,128,979	\$300,000	\$2,577,877	\$808,620	\$289,982	\$1,134,265	\$(446,242)	\$102,270	\$(5,996)	\$7,889,755
Appropriation and distribution of 2021 retained earnings										
Legal reserve	-	-	-	20,992	-	(20,992)	-	-	-	-
Special reserve	-	-	-	-	53,990	(53,990)	-	-	-	-
Cash dividends	-	-	-	-	-	(156,449)	-	-	-	(156,449)
Preferred share dividends	-	-	-	-	-	(23,671)	-	-	-	(23,671)
Net income for the year ended 31 December 2022	-	-	-	-	-	932,533	-	-	-	932,533
Other comprehensive income (loss) for the year ended 31 December 2022	-	-	-	-	-	23,945	204,924	(26,167)	-	202,702
Total comprehensive income (loss)	-	-	-	-	-	956,478	204,924	(26,167)	-	1,135,235
Adjustments for dividends subsidiaries received from parent company	-	-	469	-	-	-	-	-	-	469
Disposals of financial assets at fair value through other comprehensive income	-	-	-	-	-	(11,225)	-	11,225	-	-
Other	-	-	176	-	-	-	-	-	-	176
Balance as of 31 December 2022	<u>\$3,128,979</u>	<u>\$300,000</u>	<u>\$2,578,522</u>	<u>\$829,612</u>	<u>\$343,972</u>	<u>\$1,824,416</u>	<u>\$(241,318)</u>	<u>\$87,328</u>	<u>\$(5,996)</u>	<u>\$8,845,515</u>

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

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2022	2021	ITEMS	2022	2021
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$1,121,476	\$235,515	Acquisition of financial assets at fair value through other comprehensive income	(111,493)	(59,822)
Adjustments for:			Disposal of financial assets at fair value through other comprehensive income	990	-
Income and expense adjustments:			Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	12,477
Depreciation	1,270,725	1,290,506	Acquisition of financial assets measured at amortized cost	-	(55,540)
Amortization	26,041	31,789	Disposal of financial assets at amortized cost	55,540	-
Expected credit impairment (gains) losses	(8,042)	1,702	Proceeds from capital reduction of investments accounted for using the equity method	43,772	16,630
Finance costs	72,530	59,863	Acquisition of property, plant and equipment	(1,166,136)	(984,834)
Interest income	(2,645)	(203)	Proceeds from disposal of property, plant and equipment	842	4,485
Dividend income	(2,865)	(2,473)	Increase in refundable deposits	(1,056)	(34)
Share of profit of subsidiaries, associates and joint ventures accounted for using the equity method	(144,758)	(224,982)	Decrease in refundable deposits	55	35
(Gains) losses on disposal of property, plant and equipment	3,716	(1,889)	Acquisition of intangible assets	(26,828)	(14,727)
Unrealized profit on sales	692,898	489,142	Increase in other non-current assets	(17,151)	(26,623)
Realized profit on sales	(489,294)	(456,390)	Decrease in other non-current assets	22,796	29,210
Changes in operating assets and liabilities:			Net cash used in investing activities	(1,198,669)	(1,078,743)
Financial assets at fair value through profit or loss	1,034	(1,034)			
Notes receivable	6,737	3,290	Cash flows from financing activities:		
Notes receivable-related parties	9,491	381	Increase in short-term borrowings	1,562,000	1,430,000
Accounts receivable	47,679	(225,724)	Decrease in short-term borrowings	(2,220,000)	(847,590)
Accounts receivable-related parties-net	15,008	(583,883)	Increase in short-term notes and bills payable	950,000	639,808
Other receivables	2,999	(47,967)	Decrease in short-term notes and bills payable	(1,089,856)	-
Inventories	(221,043)	(178,882)	Proceeds from long-term borrowings	3,316,570	2,117,070
Other current assets	(7,714)	(10,904)	Repayment of long-term borrowings	(2,317,441)	(1,706,113)
Financial liabilities at fair value through profit or loss	1,469	(13,443)	Decrease in other long-term borrowings	-	(1,999,439)
Notes payable	(18,657)	(10,131)	Increase in guarantee deposits	2,377	2,009
Accounts payable	(125,833)	(77,396)	Decrease in guarantee deposits	(2,394)	(1,732)
Accounts payable-related parties	(96,462)	(28,527)	Cash payment for the principal portion of the lease liabilities	(39,388)	(38,833)
Other payables	109,640	(39,438)	Cash dividends	(180,120)	(187,739)
Other current liabilities	(22,522)	9,908	Proceeds from issuing stock	-	1,495,878
Net defined benefit liabilities	(47,213)	(27,742)	Net cash (used in) provided by financing activities	(18,252)	903,319
Cash generated from operations	2,194,395	191,088			
Interest received	2,645	203	Net increase in cash and cash equivalents	942,040	47,279
Dividend received	40,900	109,470	Cash and cash equivalents at beginning of period	280,558	233,279
Interest paid	(78,581)	(68,960)	Cash and cash equivalents at end of period	\$1,222,598	\$280,558
Income tax paid	(398)	(9,098)			
Net cash provided by operating activities	2,158,961	222,703			

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

Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

Opinion

We have audited the accompanying consolidated balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the “Company”) and its subsidiaries (together referred to as the “Group”) as of 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of other auditors (please refer to the *Other Matter – Making Reference to the Audits of Component Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2022 and 2021, and their consolidated financial performance and cash flows for the years ended 31 December 2022 and 2021, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China on Taiwan.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China on Taiwan. 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 on Taiwan (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits and the reports of other auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 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 2022, the Group's accounts receivable and allowance for its doubtful accounts amounted to NT\$3,694,644 thousand and NT\$242,309 thousand, respectively. Net accounts receivable constituted a material amount of 14 % of the total consolidated assets, which was considered material in the consolidated statements. Since the Group's allowance for doubtful accounts was measured at the lifetime expected credit loss, its account receivables should be appropriately grouped during the measurement process and the Group should determine the use of related assumptions in the measurement process, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net 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 Group was tested by provision matrix, including evaluating the appropriateness of the aging intervals and the accuracy of the basic data by reviewing the original certificates; performing tests on subsequent collection of receivables and evaluate its recoverability; evaluating long-term trends of loss allowance and turnover rate of accounts receivable.

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

Valuation for inventories

As of 31 December 2022, the Group's net inventories amounted to NT\$5,981,111 thousand, constituting 23% 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 a Component 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\$1,596,475 thousand and NT\$1,547,689 thousand, constituting 6.13% and 6.43% of consolidated total assets as of 31 December 2022 and 2021, respectively. And their total operating revenues amounted to NT\$2,639,139 thousand and NT\$2,489,995 thousand, constituting 13.74% and 15.02% of consolidated operating revenues for the years ended 31 December 2022 and 2021, 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\$214,030 thousand and NT\$166,913 thousand, representing 0.82% and 0.69% of consolidated total assets as of 31 December 2022 and 2021, respectively. The related shares of profits from the associates and joint ventures accounted for using the equity method amounted to NT\$45,814 thousand and NT\$10,243 thousand, representing 3.61% and 3.11% of the consolidated net income before tax for the years ended 31 December 2022 and 2021, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$751 thousand and NT\$(3,376) thousand, representing 0.36% and 8.55% of the consolidated statement of other comprehensive income for the years ended 31 December 2022 and 2021, 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 on Taiwan 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 Group, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China on Taiwan 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 on Taiwan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as of and for the years ended 31 December 2022 and 2021.

Hung, Kuo-Sen

Lee, Fang-Wen

Ernst & Young, Taiwan
16 March 2023

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 on Taiwan 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 on Taiwan.

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 Standards on Auditing of the Republic of China on Taiwan, 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 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2022	31 Dec. 2021
Current assets			
Cash and cash equivalents	IV/VI.1	\$1,855,266	\$898,571
Financial assets at fair value through profit or loss, current	IV/VI.2	-	1,034
Financial assets measured at amortized cost, current	IV/VI.4	83,388	168,453
Notes receivable, net	IV/VI.5	13,560	23,960
Notes receivable-related parties, net	IV/VI.5/VII	1,676	20,301
Accounts receivable, net	IV/VI.6/VIII	3,323,908	2,638,801
Accounts receivable-related parties, net	IV/VI.6/VII	113,191	96,974
Other receivables	IV/VII	112,548	160,068
Inventories	IV/VI.7/VIII	5,981,111	5,579,094
Other current assets		209,253	301,937
Total current assets		11,693,901	9,889,193
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	IV/VI.3	316,986	228,426
Investments accounted for under the equity method	IV/VI.8	2,090,422	1,965,506
Property, plant and equipment	IV/VI.9/VIII	8,016,711	7,924,249
Right-of-use asset	IV/VI.19	2,192,629	2,085,086
Intangible assets	IV/VI.10	70,298	71,843
Deferred tax assets	IV/VI.23	460,985	497,544
Prepayment for equipments		1,117,956	1,295,409
Refundable deposits	VIII	58,535	54,376
Net defined benefit assets, non-current	IV/VI.15	793	-
Other non-current assets-others		26,362	42,975
Total non-current assets		14,351,677	14,165,414
Total assets		\$26,045,578	\$24,054,607

(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 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	31 Dec. 2022	31 Dec. 2021
Current liabilities			
Short-term borrowings	IV/VI.11	\$2,257,221	\$1,909,969
Short-term notes and bills payable	IV/VI.12	599,924	639,808
Financial liabilities at fair value through profit or loss, current	IV/VI.13	5,046	3,577
Notes payable	IV	302,018	314,719
Accounts payable	IV	2,102,166	2,324,382
Accounts payable-related parties	IV/VII	449,327	553,790
Other payables	IV	1,094,207	979,507
Current tax liabilities	IV/VI.23	222,762	34,071
Lease liabilities, current	IV/VI.19	224,805	220,118
Current portion of long-term liabilities	IV/VI.14	669,868	151,077
Other current liabilities		356,502	423,941
Total current liabilities		8,283,846	7,554,959
Non-current liabilities			
Long-term borrowings	IV/VI.14	6,521,989	6,217,336
Deferred tax liabilities	IV/VI.23	52,755	52,269
Lease liabilities, non-current	IV/VI.19	1,834,666	1,764,024
Net defined benefit liabilities, non-current	IV/VI.15	137,521	218,271
Other non-current liabilities-others		45,096	56,803
Total non-current liabilities		8,592,027	8,308,703
Total liabilities		16,875,873	15,863,662
Equity attributable to the parent company			
Capital	IV/VI.16		
Common stock		3,128,979	3,128,979
Preferred stock		300,000	300,000
Capital surplus	IV/VI.16	2,578,522	2,577,877
Retained earnings	IV/VI.16		
Legal reserve		829,612	808,620
Special reserve		343,972	289,982
Unappropriated earnings		1,824,416	1,134,265
Other equity	IV/VI.22		
Exchange differences resulting from translating the financial statements of foreign operations		(241,318)	(446,242)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		87,328	102,270
Treasury stock	IV/VI.16	(5,996)	(5,996)
Total equity attributable to the parent company		8,845,515	7,889,755
Non-controlling interests	IV/VI.16	324,190	301,190
Total equity		9,169,705	8,190,945
Total liabilities and equity		\$26,045,578	\$24,054,607

(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 2022 and 2021
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

ITEMS	Notes	2022	2021
Operating revenues	IV/VI.17/VII	\$19,207,226	\$16,576,615
Operating costs	IV/VI.7.19.20/VII	(15,023,323)	(13,569,218)
Gross profit		4,183,903	3,007,397
Unrealized profit on sales		-	(10)
Realized profit on sales		10	21
Net gross profit		4,183,913	3,007,408
Operating expenses	IV/VI.19.20		
Sales and marketing expenses		(1,788,774)	(1,477,807)
General and administrative expenses		(1,137,131)	(751,531)
Research and development expenses		(375,587)	(344,453)
Expected credit impairment (losses) gains	IV/VI.18	4,415	(4,914)
Subtotal		(3,297,077)	(2,578,705)
Operating income		886,836	428,703
Non-operating income and expenses			
Other income	VI.21	74,269	100,858
Other gains and losses	VI.21	400,253	(136,170)
Finance costs	VI.21	(211,126)	(135,854)
Share of profit of associates and joint ventures accounted for using the equity method	IV/VI.8	117,352	71,884
Subtotal		380,748	(99,282)
Net income before income tax		1,267,584	329,421
Income tax expense	IV/VI.23	(265,723)	(92,812)
Net income		1,001,861	236,609
Other comprehensive income (loss)	IV/VI.22		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		31,268	21,269
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(26,426)	(2,740)
Income tax related to items that will not be reclassified subsequently		(6,254)	(4,254)
Item that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		225,150	(81,080)
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		35,367	14,698
Income tax related to items that may be reclassified subsequently		(51,231)	12,642
Total other comprehensive income (loss), net of tax		207,874	(39,465)
Total comprehensive income (loss)		\$1,209,735	\$197,144
Net income attributable to:			
Stockholders of the parent		\$932,533	\$193,271
Non-controlling interests		69,328	43,338
		\$1,001,861	\$236,609
Comprehensive income attributable to:			
Stockholders of the parent		\$1,135,235	\$155,932
Non-controlling interests		74,500	41,212
		\$1,209,735	\$197,144
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.24	\$2.91	\$0.62
Earnings per share-diluted	IV/VI.24	\$2.90	\$0.62

(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 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	Equity attributable to the parent company										Non-controlling interests	Total equity
	Capital		Capital surplus	Retained Earnings			Other equity		Treasury stock	Total		
	Common stock	Preferred stock		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 2021	\$3,128,979	\$-	\$1,381,263	\$783,394	\$250,969	\$1,176,321	\$(395,675)	\$105,693	\$(5,996)	\$6,424,948	\$279,978	\$6,704,926
Appropriation and distribution of 2020 retained earnings												
Legal reserve	-	-	-	25,226	-	(25,226)	-	-	-	-	-	-
Special reserve	-	-	-	-	39,013	(39,013)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(187,739)	-	-	-	(187,739)	-	(187,739)
Net income for the year ended 31 December 2021	-	-	-	-	-	193,271	-	-	-	193,271	43,338	236,609
Other comprehensive income (loss) for the year ended 31 December 2021	-	-	-	-	-	15,968	(50,567)	(2,740)	-	(37,339)	(2,126)	(39,465)
Total comprehensive income (loss)	-	-	-	-	-	209,239	(50,567)	(2,740)	-	155,932	41,212	197,144
Issuance of preference shares	-	300,000	1,195,878	-	-	-	-	-	-	1,495,878	-	1,495,878
Adjustments for dividends subsidiaries received from parent company	-	-	564	-	-	-	-	-	-	564	-	564
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(20,000)	(20,000)
Disposals of financial assets at fair value through other comprehensive income	-	-	-	-	-	683	-	(683)	-	-	-	-
Other	-	-	172	-	-	-	-	-	-	172	-	172
Balance as of 31 December 2021	<u>\$3,128,979</u>	<u>\$300,000</u>	<u>\$2,577,877</u>	<u>\$808,620</u>	<u>\$289,982</u>	<u>\$1,134,265</u>	<u>\$(446,242)</u>	<u>\$102,270</u>	<u>\$(5,996)</u>	<u>\$7,889,755</u>	<u>\$301,190</u>	<u>\$8,190,945</u>
Balance as of 1 January 2022	\$3,128,979	\$300,000	\$2,577,877	\$808,620	\$289,982	\$1,134,265	\$(446,242)	\$102,270	\$(5,996)	\$7,889,755	\$301,190	\$8,190,945
Appropriation and distribution of 2021 retained earnings												
Legal reserve	-	-	-	20,992	-	(20,992)	-	-	-	-	-	-
Special reserve	-	-	-	-	53,990	(53,990)	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(156,449)	-	-	-	(156,449)	-	(156,449)
Preferred share dividends	-	-	-	-	-	(23,671)	-	-	-	(23,671)	-	(23,671)
Net income for the year ended 31 December 2022	-	-	-	-	-	932,533	-	-	-	932,533	69,328	1,001,861
Other comprehensive income (loss) for the year ended 31 December 2022	-	-	-	-	-	23,945	204,924	(26,167)	-	202,702	5,172	207,874
Total comprehensive income (loss)	-	-	-	-	-	956,478	204,924	(26,167)	-	1,135,235	74,500	1,209,735
Adjustments for dividends subsidiaries received from parent company	-	-	469	-	-	-	-	-	-	469	-	469
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(51,500)	(51,500)
Disposals of financial assets at fair value through other comprehensive income	-	-	-	-	-	(11,225)	-	11,225	-	-	-	-
Other	-	-	176	-	-	-	-	-	-	176	-	176
Balance as of 31 December 2022	<u>\$3,128,979</u>	<u>\$300,000</u>	<u>\$2,578,522</u>	<u>\$829,612</u>	<u>\$343,972</u>	<u>\$1,824,416</u>	<u>\$(241,318)</u>	<u>\$87,328</u>	<u>\$(5,996)</u>	<u>\$8,845,515</u>	<u>\$324,190</u>	<u>\$9,169,705</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended 31 December 2022 and 2021

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2022	2021	ITEMS	2022	2021
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$1,267,584	\$329,421	Acquisition of financial assets at fair value through other comprehensive income	(116,637)	(59,822)
Adjustments for:			Proceeds from redemption of financial assets at fair value through other comprehensive income	1,651	1,109
Income and expense adjustments:			Proceeds from capital reduction of financial assets at fair value through other comprehensive income	-	19,283
Depreciation	1,593,270	1,627,816	Acquisition of financial assets measured at amortized cost	(16,185)	(127,283)
Amortization	36,379	42,162	Proceeds from redemption of financial assets measured at amortized cost	109,272	36,496
Expected credit impairment (gains) losses	(4,415)	4,914	Acquisition of property, plant and equipment	(1,294,230)	(1,086,450)
Finance costs	211,126	135,854	Proceeds from disposal of property, plant and equipment	49,892	11,817
Interest income	(8,089)	(3,503)	Increase in refundable deposits	(6,598)	(5,823)
Dividend income	(4,129)	(2,761)	Decrease in refundable deposits	4,488	2,152
Share of profit of associates and joint ventures accounted for using the equity method	(117,352)	(71,884)	Acquisition of intangible assets	(34,790)	(23,267)
(Gains) on disposal of property, plant and equipment	(44,083)	(2,366)	Increase in other non-current assets	(1,890)	(25,094)
Losses on disposal of intangible assets	81	-	Decrease in other non-current assets	18,628	21,404
Unrealized profit on sales	-	10	Net cash used in investing activities	<u>(1,286,399)</u>	<u>(1,235,478)</u>
Realized profit on sales	(10)	(21)			
Others	(34)	(4)			
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Financial assets at fair value through profit or loss	1,034	(1,034)	Increase in short-term borrowings	2,704,816	1,744,775
Notes receivable	10,444	(1,543)	Decrease in short-term borrowings	(2,410,674)	(1,050,358)
Notes receivable-related parties	18,673	(6,738)	Increase in short-term notes and bills payable	1,100,000	800,000
Accounts receivable	(680,529)	(190,450)	Decrease in short-term notes and bills payable	(1,139,884)	(160,192)
Accounts receivable-related parties	(16,472)	(37,525)	Proceeds from long-term borrowings	3,753,646	2,777,784
Other receivables	31,614	(48,641)	Repayment of long-term borrowings	(2,937,279)	(2,416,016)
Inventories	(402,017)	(1,186,658)	Decrease in other long-term borrowings	-	(1,999,439)
Other current assets	92,684	25,933	Increase in guarantee deposit	2,056	575
Financial liabilities at fair value through profit or loss	1,469	(13,443)	Decrease in guarantee deposit	(2,342)	(59)
Notes payable	(12,701)	(10,271)	Cash payment for the principal portion of the lease liabilities	(213,890)	(196,884)
Accounts payable	(222,216)	(895)	Cash dividends	(179,651)	(187,175)
Accounts payable-related parties	(104,463)	(56,872)	Proceeds from issuing stock	-	1,495,878
Other payables	110,443	38,304	Change in non-controlling interests	(51,500)	(20,000)
Other current liabilities	(67,439)	1,535	Net cash provided by financing activities	<u>625,298</u>	<u>788,889</u>
Net defined benefit pension liabilities	(50,275)	(31,168)			
Other non-current liabilities	(12,390)	(2,784)	Effect of exchange rate changes on cash and cash equivalents	239,427	(82,449)
Cash generated from operations	<u>1,628,187</u>	<u>537,388</u>	Net increase (decrease) in cash and cash equivalents	<u>956,695</u>	<u>(91,393)</u>
Interest received	8,089	3,503	Cash and cash equivalents at beginning of period	<u>898,571</u>	<u>989,964</u>
Dividend received	32,306	105,861	Cash and cash equivalents at end of period	<u>\$1,855,266</u>	<u>\$898,571</u>
Interest paid	(217,177)	(144,951)			
Income tax paid	(73,036)	(64,156)			
Net cash provided by operating activities	<u>1,378,369</u>	<u>437,645</u>			

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

D. Statement of Surplus Allocation

TYC Brother Industrial Co., Ltd

Earnings Distribution Proposal

December 31, 2022

Unit: NT\$

Item	Amount
Balance of January 1, 2022	<u>879,162,780</u>
Plus: Net Income after tax of 2022	932,533,453
Actuarial profit (loss) recognized after welfare program	23,944,439
Special surplus reserve	189,981,575
Less: Realization through other comprehensive income measured at fair value	(11,224,834)
Legal surplus reserve	(94,525,306)
Distributable earnings of December 31, 2022	<u>1,040,709,327</u>
Accumulated distributable earnings	<u>1,919,872,107</u>
Allocated items	
Type A special stock (NT\$2 per share) (Note 1)	60,000,000
Common shares dividend- Cash (NT\$ 1.8 per share)	563,216,186
Unappropriated earnings of December 31, 2022	<u>1,296,655,921</u>

Note 1: Type A special stock of 30,000,000 shares, NT\$ 50 per share to be released, and calculated at 4% annual rate of special stock.

Chairman: Wu, Kuo-Chen

CEO: Su, Yan-Shuo

Accountant: Weng, Yi-Feng

E. Shareholders' Meeting Rules and Procedures

TYC Brother Industrial Co., Ltd

Rules and Procedures of Shareholders' Meeting

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

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

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

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

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

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

Article 10 (Deleted)

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

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

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

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

In case the speech of any shareholder violates the above provision or exceeds the scope of the discussion item, the Chairman may stop the shareholder from

speaking.

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

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

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

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

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

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

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

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

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

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

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

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

F. Articles of Incorporation

TYC Brother Industrial Co., Ltd. Articles of Incorporation

Chapter 1: General Provisions

Article 1

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

Article 2

The Company's nature of business is as follows:

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

Article 3

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

Article 4

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

Article 5

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

Article 6

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

Chapter 2: Shares

Article 7

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

Article 7-1

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

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

shall draft a surplus distribution proposal in accordance with Article 32 of the Articles of Incorporation and submit this to the shareholders for approval. The surplus distribution proposal after approval pertains to the amount of appropriated surplus that can be distributed as preferred shares and common shares. Preferred shares are prioritized while the rest shall be handled in accordance with relevant provisions of the Company's Articles.

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

The Board of Directors is authorized to determine the name, issuance date and specific conditions of issuance of preferred shares based on capital market conditions and investors' willingness in accordance with the company's Articles of Incorporation and relevant laws and regulations during the time of actual issuance.

Article 8

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

Article 8-1

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

Article 9

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

Article 10

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

Article 11

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

Article 12

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

Article 13

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

Article 14

Registration for transfer of shares shall be suspended sixty (60) days before the regular

shareholders' meeting, and thirty (30) days before the date of any special shareholders' meeting, or within five (5) days before the Company's scheduled payment date of dividend, bonus, or any other benefit.

Chapter 3: Shareholders' Meeting

Article 15

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

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

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

Article 16

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

Article 17

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

Article 18

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

Article 19

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

Shareholders of the company can also exercise their voting rights electronically. Shareholders

who exercise their voting rights electronically are deemed to be present in person, and related matters shall be handled in accordance with the law and regulations.

Article 20

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

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

Chapter 4: Directors

Article 21

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

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

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

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

Article 22

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

Article 23

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

Article 24

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

Article 24-1

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

Article 25

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

Article 25-1

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

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

Article 26

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

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

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

Article 27

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

Article 28 Deleted

Article 28-1 Deleted

Chapter 5: Manager and Employee

Article 29

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

Article 30 Deleted

Chapter 6: Accounting

Article 31

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

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

Article 32

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

Article 32-1

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

Chapter 7: Supplementary Provisions

Article 33

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

Article 34

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

Article 35

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

G. Status of Shares Held by Directors

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

Title	Number of outstanding shares	Number of shares currently held
All directors	13,715,915	91,222,572

1. List of Number of Shares Held by Each Director

Title	Name	Number of shares currently held		
		Account no.	Common shares	Type A, Preferred shares
Chairman	Representative, Kuo-Chi-Min Investment Co., Ltd Wu, Kuo-Chen	15	66,587,044	8,062,000
Vice Chairman	Wu, Chun-Lang	2	5,401,383	-
Director	Wu, Chun-Chi	1	824,081	-
Director	Wu, Chun-I	3	4,593,613	-
Director	Chuang, Tai-Shie	126211	-	400,000
Director	Representative, Yuan-Hong Investment Co., Ltd Chen, Chin-Chao	36341	5,354,451	-
Independent Director	Huang, Chung-Hui	-	-	-
Independent Director	Hou, Rong-Hsien	-	-	-
Independent Director	Hsu, Chiang	-	-	-

Note: Book Closing Date: April 16, 2023