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T.Y.C. BROTHER IND. CO., LTD.

## 2023 Annual Report

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Company website : <http://www.tyc.com.tw>

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ERNST & YOUNG, TAIWAN

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# I.Letter to Shareholders

## 1.Operating Performance in 2023:

### (1) Consolidated financial results:

In the past year, TYC's operating revenue reached NT\$19,277,545,000, a 0.37% increase from the net operating revenue of NT\$19,207,226,000 for the same period in 2022, with a gross profit on sales of NT\$5,168,485,000 and a net profit before tax of NT\$1,504,225,000, thanks to the concerted efforts of all our employees.

Unit: (In Thousand NTD)

Item	2022 Performance	2023 Performance	Growth Rate %
Operating income	19,207,226	19,277,545	0.37%
Operating Costs	15,023,313	14,109,060	-6.09%
Gross profit	4,183,913	5,168,485	23.53%
Operating Expenses	3,297,077	3,421,541	3.77%
Operating Benefit	886,836	1,746,944	96.99%
Non-operating income and expenses	380,748	-242,719	-163.75%
Net income before tax	1,267,584	1,504,225	18.67%
Income tax	265,723	347,856	30.91%
Net income after tax	1,001,861	1,156,369	15.42%

### (2) Budget implementation:Undisclosed financial forecast for 2023.

### (3) Financial Revenue and Expenditure & Profitability analysis:

Item		Year	2022	2023
Financial structure (%)	Debt to asset ratio		64.79%	63.17%
	Long term capital to fixed assets ratio		218.02%	210.87%
Profitability (%)	Return on assets (%)		4.67%	5.42%
	Return on equity (%)		11.54%	12.38%
	Paid-in capital ratio (%)	Operating income	25.86%	50.95%
		Profit before tax	36.97%	43.87%
	Net profit ratio		5.22%	6.00%
Earnings per share (in NT\$)			2.91	3.31

### (4) Research and development status:

#### A. R&D expenses for the Past Two Years

(a) Research and development expenses in 2022 were NT\$375,587,000, accounting for 1.96% of the operating income of 2022.

(b) Research and development expenses in 2023 were NT\$396,267,000, accounting for 2.06% of the operating income of 2023.

B.Successful R&D projects:

- (1) 100 PIXEL Adaptive Driving Beam (ADB) headlamp design
- (2) Dynamic vision intelligent taillights research and development
- (3) Optical lens with high resolution research and development

2.Overview of Business Plan for 2024:

(1) Operating principle

- A.Continue to pass product certification and expand the performance of the relevant product group to enhance turnover and profit.
- B.Actively invest in the development of electronic and electronic control technologies for smart lighting, as well as increasing optical and institutional patents and innovative style to ensure technological leadership of our products.
- C.Utilize internal and external resources to make the cost and quality of products more competitive.
- D.Speed up the development of new products and shorten the time to market effectively in order to obtain the first market opportunity.

(2) Expected sales volume and its basis:

- A.Expected sales volume:Both AM and OEM sales are expected to grow in 2024 compared to 2023, but are subject to change depending on the global COVID-19 development.
- B.Sales basis:Planning based on estimated domestic and international market demand.

(3) Important Production and Marketing Policies:

- A. Continue on cost improvement to strengthen operating quality and market price competitiveness.
- B. Build manpower-savings and automated production systems to improve output and production efficiency.
- C. Effective management of expenditure of fixed assets, reduce the fixed cost allocationand promote the flexible use of funds.

3. The future development strategy of the company is affected by the external competitive environment, regulatory environment and overall business environment:

On one hand, the Company's future development strategy continues to secure the existing position in global AM product market. The revenue of CAPA product in North America is continuously growing. As for the European and general regional markets, they will continue to increase the product group and enhance the price competitiveness of products. The result is promising. On the other hand, it will continue to distribute and develop OEM business as the global supply chain ecology changes, and promote growth in revenue and profit by AM and OE business.

We would like to thank all the shareholders for taking the time to attend the shareholders' meeting. The operation team and staff will do everything we can to meet the expectations of all shareholders. We wish you all good health and all the best.

Chairman:WU, KUO-CHEN

Manager:SU, YAN-SHUO

Chief accountant:WENG,YI-FENG

## II. Company Profile

**1. Date of Incorporation:** September 9, 1986

**2. Company History:**

- (1) Status of acquisitions in the past year and as of the date of publication of the annual report: None.
- (2) Status of re-investments in affiliated companies in the past year and as of the date of publication of the annual report.: Refer to page 316.
- (3) Status of reorganisation in the past year and as of the date of publication of the annual report: None.
- (4) Particulars about changes in shareholding and equity pledge of directors, supervisors and shareholders holding more than 10% of the company's shares in the past year and as of the date of publication of the annual report : None.
- (5) Changes in operating rights, significant changes in the manner of operation or business content and other events of sufficient importance to affect shareholders' equity and their impact on the Company in the past year and as of the date of publication of the annual report : None.
- (6) Other information:
  - 1986 T.Y.C. Brother Ind. Co., Ltd. was established on September 9, with a capital of NT\$6 million. Business: Manufacture and sale of automotive lamps and parts.
  - 1987 The new construction of the office and factory was completed in April, and the production operation was officially moved to 72-2, Xinle Rd., An-Ping Industrial Park.
  - 1987 Capital increased to NT\$36 million in October and 150 employees.
  - 1988 Capital increased to NT\$100 million in June.
  - 1988 Purchased an office building on the 12th floor of No. 76 Songjiang Road in Taipei in December and set up the Taipei office.
  - 1989 Purchased a factory site on Xin-Yi Road in An-Ping Industrial Park in January and established the second factory of TYC (Xin-Yi Factory) to engage in plastic injection and extrusion molding operations.
  - 1989 Capital increased to NT\$170 million in March and 200 employees.
  - 1989 Capital increased to NT\$420 million in December.
  - 1990 Acquired TKK TECH CO., LTD. in January and established Anshun factory to produce electric jack, air filter, car waxer, air compressor and car department etc.
  - 1990 Capital of NT\$420 million, 300 employees and investment in BRICH PARTS PTE. LTD. The company serves as a base for entering the Middle East, Southeast Asia, and China markets, and its main business is import trading.
  - 1991 The quality of the lamp passed the TUV certification and reached the ECE standard, and entered the European common market.
  - 1991 Self-designed and developed the light of KYMCO Jockey 125 and joined the OEM of Kwang Yang Motor Co., Ltd.
  - 1991 March investment in TYC INDUSTRIAL U.S.A. The company's main business is import/export trading, as an entry point into the American market (renamed GENERA CORPORATION four years later).
  - 1993 Founded Juoku Technology in January, engaged in the design, development and manufacture of high-tech molds.
  - 1993 Passed ISO 9002 certification in June, and expanding into European markets aggressively
  - 1995 The Securities Commission of the Ministry of Finance approved a

	supplemental public offering in March with a capital of NT\$420 million.
1995	Established the Daimao lamp factory in Changzhou, China in March.
1995	June capital increased to NT\$478.8 million.
1995	September investment in INNOVA HOLDING CORP. 100% reinvestment in LANDFORCE CORPRATION as a point of entry into the US East market.
1996	July capital increase of NT\$605 million.
1997	Capital increased to NT\$726 million in May and was listed on the stock exchange on October 6.
1998	The capital increase in July was NT\$1,143,800,000 and the company passed the QS9000 certification for the three major U.S. car manufacturers in December.
1999	The capital increase in July was NT\$1,372,560,000 and we invested and established T.I.T INTERNATIONAL CO., LTD in December in Thailand, which is engaged in the manufacture of car lights.
2000	Established a joint venture with DBM Canada in January to manufacture full-stage electroforming dies in Taiwan.
2000	The capital increase in July was NT\$1,647,072,000.
2000	Signed a contract with Nationwide, which is the third largest insurance company in the United States, in September and was selected as the world's only certified automotive lamp supplier.
2001	Invested and established Thailand T.I.T. INTERNATIONAL CO., LTD. in March
2001	The capital increase in June was NT\$1,696,484,000.
2001	Established Changzhou Damao Precision Mould Factory in August.
2002	The capital increase in June was NT\$1,832,203,000.
2002	Approved to set up operational headquarters in Tainan Technology Park.
2003	ISO14001 certification in July.
2003	The capital increase in July was NT\$1,923,813,050.
2003	TS-16949 certified in October.
2004	Invested in Changchun FAW's Sihua Lighting Plant in February.
2004	First domestic convertible bond issue approved in June for NT\$1 billion.
2004	Established a joint venture with IC AUTO COMP. in June to establish a sales and distribution warehouse in Europe and Spain.
2004	The capital increase in August was NT\$2,164,289,680.
2004	The European Lithuanian lamp assembly line was set up in September.
2004	Convertible bonds converted to NT\$1,880,430 in October and increased capital to NT\$ 2,166,170,110.
2005	Selected as one of the top 20 best brands in Taiwan.
2005	Officially joined the CAPA organization of the American Insurance System in July. The first set of lamps was certified for the market in September and received the CAPA certificate of compliance.
2005	Passed FORD Q1 quality certification in August.
2005	The capital increase in September was NT\$2,426,110,520.
2005	Convertible bonds converted to NT\$23,507,230 in December and increased capital to NT\$ 2,449,617,750.
2006	Received Q1 Quality Award Certificate in March.
2006	Convertible bonds converted to NT\$1,081,310 in April and increased capital to NT\$ 2,450,699,060.
2006	Convertible bonds converted to NT\$35,683,980 in July and increased capital to NT\$ 2,486,383,040.



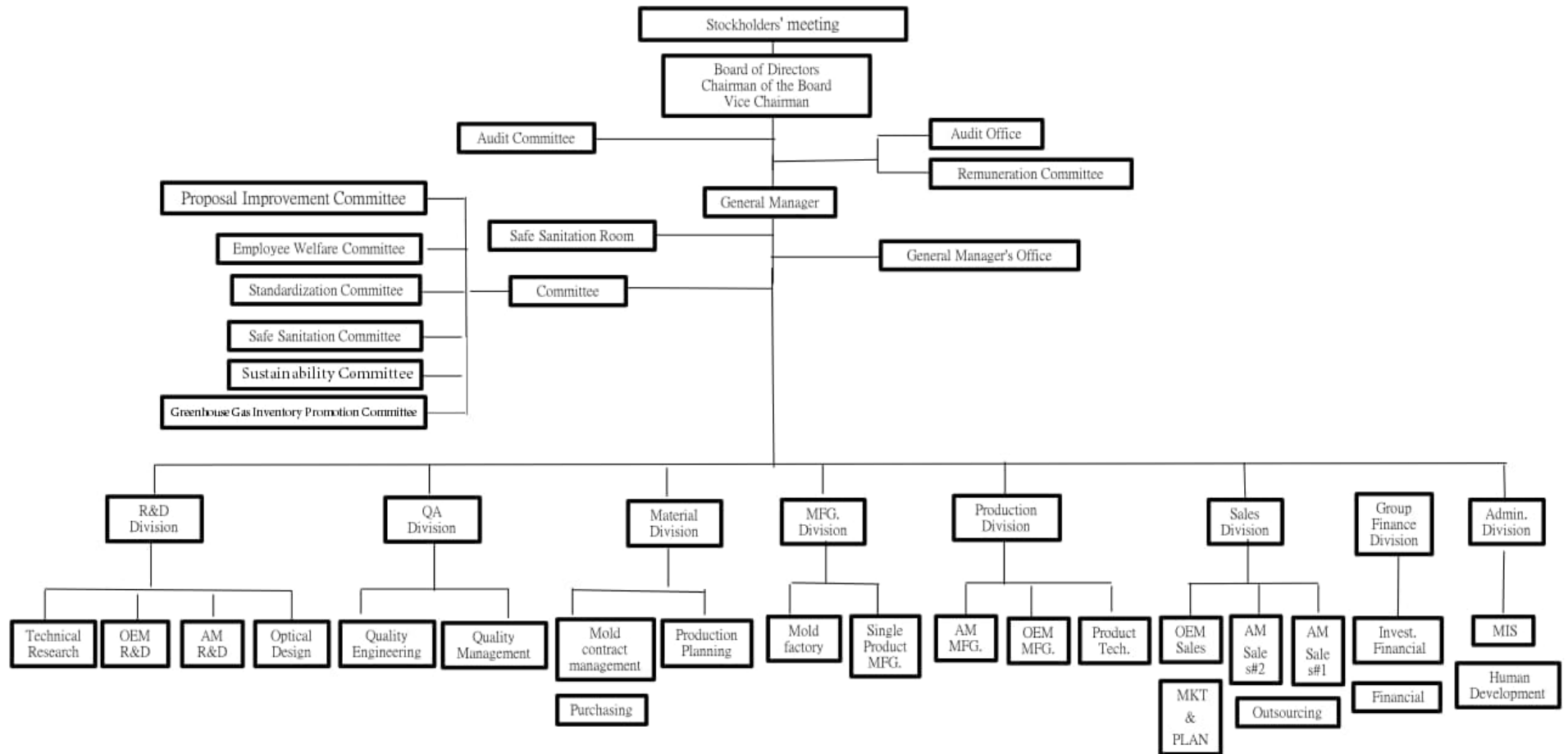
2006	Convertible bonds converted to NT\$4,231,280 in December and increased capital to NT\$ 2,490,614,320.
2007	Convertible bonds converted to NT\$94,020 in April and increased capital to NT\$ 2,490,708,340.
2007	Signed technical support contract with TAFACO Vietnam in May.
2007	The capital increase in September was NT\$2,528,068,960.
2007	IRAM Argentina certification in October.
2007	Convertible bonds converted to NT\$82,613,610 in October and increased capital to NT\$ 2,610,682,570.
2007	Convertible bonds converted to NT\$7,105,260 in December and increased capital to NT\$ 2,617,787,830.
2008	Convertible bonds converted to NT\$58,797,390 in April and increased capital to NT\$2,676,585,220.
2008	Officially joined the LKQ/KEYSTONE AQRP system in May and the first set of lights were certified and launched in December.
2008	Convertible bonds were converted to NT\$95,370 in July and capital increased to NT\$2,676,680,590.
2008	Approved the execution of the first buyback of 6,103,000 shares of the company in September.
2008	The capital increase from the November earnings was NT\$2,783,217,540.
2008	The treasury stock was cancelled in December, amounting to NT\$61,030,000, resulting in a capital reduction of NT\$2,722,187,540.
2008	Approved the execution of the second buyback of 3,300,000 shares of the company in December.
2009	The HID high efficiency street light was officially launched in January.
2009	The capital increase in October was NT\$2,802,863,160.
2010	SABA South Africa certificate obtained in February.
2010	The capital increase from October's earnings was NT\$3,079,849,480.
2010	Passed the AEO (Quality Enterprise) certification by the General Administration of Customs and Excise, Ministry of Finance in December.
2010	Passed OHSAS18001 and TOSHMS certification in December.
2010	Awarded the 19th Taiwan Excellence Award by the Ministry of Economic Affairs, Taiwan Trade Office in December.
2011	Selected for the 2011 AMPA Innovation Product Award by the Foreign Trade Association in April.
2011	Approved the execution of the third buyback of 8,000,000 shares of the company in October.
2011	The capital increase from the October earnings was NTD 3,171,254,960.
2012	Cancelled NTD 47,870,000 of treasury stock in January, resulting in a capital reduction of \$3,123,384,960 respectively.
2012	Approved the execution of the fourth buyback of 3,000,000 shares of the company in November.
2012	After the capital increase of NTD 31,233,850 and the cancellation of NTD 12,000,000 of treasury stock in October, the paid-in capital amounted to NTD \$3,142,618,810 respectively.
2012	Passed NSF-APCP certification in October and became a qualified supplier.
2012	Selected for the 21st Taiwan Excellence Award by the Ministry of Economic Affairs, Taiwan Trade Office in December.
2013	Approved the execution of the fifth buyback of 3,000,000 shares of the Company in January.

2013	Awarded the 2013 AMPA Innovation Product Award by the Foreign Trade Association in April.
2013	The treasury stock was cancelled for NTD 13,640,000, and the capital was reduced to NTD 3,128,978,810 in May.
2013	Awarded the 22nd Taiwan Excellence Award by the Bureau of International Trade, Ministry of Economic Affairs in December.
2013	Passed Taiwan's first LED streetlight environmental "Carbon Footprint" certification in December.
2014	Awarded the 2014 AMPA Innovation Product Award by the Foreign Trade Association in April.
2015	All-LED locomotive headlights win 2015 Innovation Award in January.
2016	Received the 2015 Manufacturing Site - Carbon Reduction Initiative Award in January. Selected for the 25th Taiwan Excellence Award by the Bureau of International Trade, Ministry of Economic Affairs in December.
2017	Taiwan excellence award for 5-in-1 bus headlight, Taiwan excellence award for full led cruiser heavy locomotive headlight, Taiwan excellence award for full led motorcycle headlight in February.
2018	ISO/TS 16949 quality management system certification successfully changed to IATF 16949 in April. Received ISO 26262 Functional Safety Management System certification from Rheinland in July.
2019	Taiwan Excellence Silver Award for Full Function LED Motorcycle Tail Light
2020	Investing in the establishment of TYC Vietnam VIETNAM INDUSTRIAL CO., LTD. in July. ISO 45001 certificate obtained in September. Awarded the 29th Taiwan Excellence Award (T-type Innovative Full-function LED Motorcycle Headlight, V-type Innovative Full-function LED Motorcycle Headlight).
2021	After issuing 30,000,000 special shares on August 10, the paid-in capital amount was NT\$3,428,978,810. Awarded the 30th Taiwan Excellence Award (Full LED Motorcycle Headlamp).
2022	Received Recycle Volume Award from recycle declaration evaluation system in Tainan City.
2023	Received the 16 <sup>th</sup> TCSA Sustainability Award – Bronze Award for Sustainability Report. Tainan City Resource Recycling Results Evaluation – Recycling Volume Award.

### III. Corporate Governance Report

#### 1. Company Organization:

##### (1) Organizational system:



(2) Major Corporate Functions:

Department	Functions
Audit Department	Responsible for company-wide internal rules and regulations and various management systems, executing audit work plans, implementing various systems management and improvement.
Safety and Health Room	<ol style="list-style-type: none"> <li>1. Formulate occupational disaster prevention plans and emergency response plans, and provide guidance to relevant departments on their implementation.</li> <li>2. Planning and supervising the inspection and checking of safety and health facilities.</li> </ol>
General Manager's Room	Supervision and management of the approval and execution of medium and long-term policies and objectives of each overseas business unit.
Administration Division	<ol style="list-style-type: none"> <li>1. Maintenance and development of the human resources framework.</li> <li>2. Maintain high performance operation of the company's information services and management strategies.</li> </ol>
Financial Division	<ol style="list-style-type: none"> <li>1. Processing of financial and accounting operations and providing information necessary for management decisions.</li> <li>2. To keep track of domestic and international financial trends and manage the use of funds.</li> </ol>
Sales and Marketing Division	<ol style="list-style-type: none"> <li>1. Obtain customer and domestic and international market Dynamics in a timely manner, and further explore consumer demand trends, and develop sales strategies.</li> <li>2. Integrate the activities of production and related departments to make the team work efficiently and start strong and profitable sales activities to improve customer satisfaction and increase company profitability.</li> </ol>
Production Division	<ol style="list-style-type: none"> <li>1. Cultivate and develop the various functions, promote the balance of productivity, and realize stable production.</li> <li>2. Implement the quality of operation, improve the production system in a timely manner to enhance product quality and productivity.</li> </ol>
Manufacturing Division	<ol style="list-style-type: none"> <li>1. Mold fabrication and modification, mold manufacturing technology, mold repair and maintenance of related equipment, etc.</li> <li>2. Evaluate the feasibility and cost analysis of manufacturing new development molds.</li> </ol>
Material Supply Division	<ol style="list-style-type: none"> <li>1. Planning and integrating procurement resources to strengthen the systematic production and marketing system.</li> <li>2. Understand market trends and procurement policies.</li> </ol>
Quality Control Department	<ol style="list-style-type: none"> <li>1. To establish a complete quality system and further improve the quality of products.</li> <li>2. Feedback from customer voices.</li> </ol>
R&D Division	<ol style="list-style-type: none"> <li>1. Promote appropriate quality system or system to ensure product quality, continuous improvement and reduce variation and waste.</li> <li>2. Start product evaluation, planning, mold development, trial production to mass production development plan.</li> </ol>

## 2.Information of directors, supervisors, general managers, deputy general managers, associates, heads of departments and branches:

### (I) Directors' Information:

2024/3/31

Title	Nationality/ Place of Incorporation	Name	Gender Age	Date Elected	Term (Years)	Date of initial election	Shareholding when Elected		Current Shareholding		Shares held by spouse, minor children		Holding shares in the name of others		Experience ( Education )	Other Position	Executives, Directors or Supervisors Who are Spouses or within Two Degrees of Kinship			Remark
							Holding shares in the name of others	Holding shares in the name of others	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	Taiwan	WU , KUO-CHEN	Male 41-50 years old	2021/8/3	3	2015/6/17	0	0	296,211	0.09%	0	0	0	0	Supervisor VarroTCYC Auto Lamps Co., Ltd. Education: University of Southern California Business School master's degree	CEO TYC CEO of Kuo-Chi-Min Investment Co., Ltd. CEO Juoku Technology	Director	WU , CHUN-CHI	Father-Son	N/A
		Legal representative of KUO-CHI-MIN INVESTMENT CO., LTD.				2006/6/21	9,931,756	3.17%	66,587,044	21.28%	0	0	0	0			N/A	N/A	N/A	N/A
Vice-president	Taiwan	WU , CHUN-LANG	Male 71-80 years old	2021/8/3	3	1997/4/26	5,401,383	1.73%	5,401,383	1.73%	828,278	0.26%	0	0	CEO of Yuan-Hong Investment Co., Ltd. Education: National Pei-men Senior High School	Vice-president of TYC CEO of YUAN-HONG INVESTMENT CO., LTD.	Director Director	WU , CHUN-CHI WU , CHUN-I	Brother Brother	N/A
Director	Taiwan	WU , CHUN-CHI	Male 71-80 years old	2021/8/3	3	1997/4/26	824,081	0.26%	824,081	0.26%	828,278	0.26%	0	0	CEO TYC Brother Industrial Co., Ltd. Education: National Pei-men Senior High School	Director of Kuo-Chi-Min Investment Co., Ltd. CEO of DBM REFLEX OF TAIWAN CO., LTD.	Director Director	WU , CHUN-LANG WU , CHUN-I	Brother Brother	N/A
Director	Taiwan	WU , CHUN-I	Male 81-90 years old	2021/8/3	3	2018/6/21	4,593,613	1.47%	4,593,613	1.47%	823,474	0.26%	0	0	CEO of TAYIH Ind. Co., Ltd Education: National Pei-men Senior High School	CEO of TAYIH KENMOS AUTO PARTS CO., LTD.	Director Director	WU , CHUN-CHI WU , CHUN-LANG	Brother Brother	N/A
Director	Taiwan	TING, CHENG-TAI	Male 61-70 years old	2023/7/24	1	2003/6/17	0	0	0	0	1,055	0	0	0	Director of DBM REFLEX OF TAIWAN CO., LTD. Education: Chien Hsin University department of mechanical engineering	Vice-GM of TYC Director of DBM REFLEX OF TAIWAN CO., LTD.	N/A	N/A	N/A	N/A
		Legal representative of Yuan-Hong Investment Co., Ltd.				2006/6/21	5,354,451	1.71%	5,354,451	1.71%	0	0	0	0			N/A	N/A	N/A	N/A
Director	Taiwan	WU , KUO-CHEN	Male 41-50 years old	2021/8/3	3	2015/6/17	0	0	296,211	0.09%	0	0	0	0	Supervisor VarroTCYC Auto Lamps Co., Ltd. Education: University of Southern California Business School master's degree	Executive Director of TYC Director of Kuo-Chi-Min Investment Co., Ltd.	CEO	WU , CHUN-CHI	Father-Son	N/A
		Legal representative of KUO-CHI-MIN INVESTMENT CO., LTD.				2006/6/21	9,931,756	3.17%	9,931,756	3.17%	0	0	0	0			N/A	N/A	N/A	N/A
Director	Taiwan	CHUANG, TAI-SHIE	Male 61-70 years old	2021/8/3	3	2021/8/3	0	0	0	0	0	0	0	0	Director, Ford Motor Greater China Education: Master of College of Management, Yuan Ze University	CEO VarroTCYC Auto Lamps Co., Ltd	N/A	N/A	N/A	N/A
Independent Director	Taiwan	HUANG , CHUNG-HUI	Male 61-70 years old	2021/8/3	3	2015/6/17	0	0	0	0	0	0	0	0	Certified accountant Education: Dept. of Management, NCKU	Independent Director of Nanliang Global Corp. Independent Director of O-TA Precision Industry Co., Ltd. Independent Director of Fu Chun Shin Machinery Manufacture Co., Ltd.	N/A	N/A	N/A	N/A
Independent Director	Taiwan	HOU, RONG-XIAN	Male 61-70 years old	2021/8/3	3	2012/6/21	0	0	0	0	0	0	0	0	Certified accountant Education: Master of Management, NCKU	Independent Director of MOSPEC SEMICONDUCTOR CORP. Independent Director, PHD, Jiyuan Packaging Holdings Limited	N/A	N/A	N/A	N/A
Independent Director	Taiwan	HSU , CHIANG	Male 71-80 years old	2021/8/3	3	2019/6/21	0	0	4,000	0	0	0	0	0	Chair Professor, CICU Education: Ph.D HE UNIVERSITY OF WYOMING	Chair Professor, CICU Independent Director, KNH Enterprise Co., Ltd.	N/A	N/A	N/A	N/A

# 1.Major Shareholders of corporate shareholder:

2024/3/31

Name of corporate shareholder	Major Shareholders of corporate shareholder
YUAN-HONG INVESTMENT CO., LTD.	WU, TIEN-LING. WU, CHENG-YUAN. WU, CHENG-HUNG.
KUO-CHI-MIN INVESTMENT CO., LTD.	WU, CHUN-CHI. WANG, LI-HSIA. WU, KUO-CHEN. WU, CHI-CHEN. WU, MIN-CHEN. WU, YING-CHEN.

2.Major Shareholders are juridical person:Not applicable

3.Directors' Information:

## A. Disclosure of directors’ professional qualifications and independence:

Name	Condition	Professional qualification and experience (Note 1)	Compliance with the case of independence (Note 2)	Number of independent directors of other public offering companies
WU , KUO-CHEN - Legal representative of KUO-CHI-MIN Investment Co., Ltd.		1. Chairman of Board of Directors 2. Expertise in operation management/foreign language/risk management/leadership decision 3. Not been a person of any conditions defined in Article 30 of the Company Law	1. Not an employee of the Company or its affiliates 2. Does not provide commercial, legal, financial, and accounting services to the Company or its affiliates in the last two years	0
WU , CHUN-LANG		1. Expertise in operation management/risk management/leadership decision/cross-industry management 2. Not been a person of any conditions defined in Article 30 of the Company Law	1. Not an employee of the Company or its affiliates 2. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law	0
WU , CHUN-CHI		1. Expertise in operation management/risk management/engineering management/leadership decision/cross-industry management 2. Not been a person of any conditions defined in Article 30 of the Company Act	1. ot an employee of the Company or its affiliates 2. Does not 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings 3. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law	0
WU , CHUN-I		1. Expertise in operation management/risk management/engineering management/leadership decision 2. Not been a person of any conditions defined in Article 30 of the Company Law	1. Not an employee of the Company or its affiliates 2. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law	0
CHUANG, TAI-SHIE		1. Expertise in operation management/foreign language/risk management/engineering management/leadership decision 2. Not been a person of any conditions defined in Article 30 of the Company Law	1. Does not hold more than 1% of the total number of issued shares or the top ten shares 2. The said person, the person’s spouse, a relative within the second degree of kinship (or held by the person under others’ names) does not hold company shares 3. Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law	0
TING, CHENG-TAI - Legal Representative of Yuan-Hong Investment Co., Ltd.		1. Expertise in operation management/foreign language/risk management/engineering management/leadership decision 2. Not been a person of any conditions defined in Article 30 of the Company Law	1. Is not a spouse or a relative within the second degree of kinship of another director. 2. Does not provide commercial, legal, financial, and accounting services to the Company or its affiliates in the last two years	0
HUANG , CHUNG-HUI		1. Chairman of the Remuneration Committee and Audit Committee 2. Expertise in Accounting and Finance/operation management/risk management/leadership decision/cross-industry management 3. Certified accountant, currently a certified public accountant 4. Not been a person of any conditions defined in Article 30 of the Company Law	1. The said person, the person’s spouse, a relative within the second degree of kinship is not a director, supervisor, or employee of the Company or its affiliates 2. The said person, the person’s spouse, a relative within the second degree of kinship (or held by the person under others’ names) does not hold company shares 3. Is not a director, supervisor, or employee of a company that has special relation with the Company 4. Does not provide commercial, legal, financial, and accounting services to the Company or its affiliates in the last two years	3
HOU, RONG-XIAN		1. Member of the Remuneration Committee and Audit Committee 2. Expertise in Accounting and Finance/operation management/risk management/leadership decision/cross-industry management 3. Certified accountant, currently a certified public accountant Not been a person of any conditions defined in Article 30 of the Company Law	1. The said person, the person’s spouse, a relative within the second degree of kinship is not a director, supervisor, or employee of the Company or its affiliates 2. The said person, the person’s spouse, a relative within the second degree of kinship (or held by the person under others’ names) does not hold company shares 3. Is not a director, supervisor, or employee of a company that has special relation with the Company 4. Does not provide commercial, legal, financial, and accounting services to the Company or its affiliates in the last two years	3

Name \ Condition	Professional qualification and experience (Note 1)	Compliance with the case of independence (Note 2)	Number of independent directors of other public offering companies
HSU , CHIANG	<ol style="list-style-type: none"> <li>1. Member of the Audit Committee</li> <li>2. Expertise in operation management/foreign language/risk management/leadership decision/cross-industry management</li> <li>3. Not been a person of any conditions defined in Article 30 of the Company Law</li> </ol>	<ol style="list-style-type: none"> <li>1. The said person, the person's spouse, a relative within the second degree of kinship is not a director, supervisor, or employee of the Company or its affiliates</li> <li>2. The said person, the person's spouse, a relative within the second degree of kinship (or held by the person under others' names) does not hold company shares</li> <li>3. Is not a director, supervisor, or employee of a company that has special relation with the Company</li> <li>4. Does not provide commercial, legal, financial, and accounting services to the Company or its affiliates in the last two years</li> </ol>	1

Note: 1. Professional qualification and experience: state the professional qualifications and experience of each director. If it is a member of an Audit Committee and has accounting or financial expertise, the accounting or financial background and work experience shall be stated. Also, describe whether has been a person of any conditions defined in Article 30 of the Company Law.

2. Independent director shall describe whether or not he or she meets the independence requirements, including but not limited to, the person, the person's spouse, a relative within the second degree of kinship is not a director, supervisor, or employee of the Company or its affiliates; the number of shares and proportion that the person, the person's spouse, and relative within the second degree of kinship (or held by the person under others' names) hold; whether is a director, supervisor, or employee of a company that has special relationship with the Company (in accordance with the provisions in Subparagraph 5 to 8, Paragraph 1, Article 3 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies); remuneration amount acquired from providing business, legal, finance, and accounting services to the Company or its affiliates in the past two years.

B. The Board of Directors' diversification and independence:

(A) The Board of Directors' diversification

I. According to Paragraph 3, Article 23 of the Company's Corporate Governance Best Practice Principles, all members of the board shall have the knowledge, skills, and experience necessary to perform their duties. To achieve the ideal goal of corporate governance, the board of directors shall possess the following abilities:

1. Ability to make operational judgments.
2. Ability to perform accounting and financial analysis.
3. Ability to conduct management administration.
4. Ability to conduct crisis management.
5. Knowledge of the industry.
6. An international market perspective.
7. Ability to lead.
8. Ability to make policy decisions.

II. The Company has amended Paragraph 2, Article 23 of the Company's Corporate Governance Best Practice Principles on March 24, 2020 to formulate an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs, i.e., basic requirements and values (such as gender, nationality, and tenure as an independent director), professional knowledge and skills (accounting and finance, operation management, foreign language, risk management, engineering management, leadership decision, and cross-industry management).

The Company has nine directors (including three independent directors, which has reached one-third in proportion), two of whom are certified public accountants, one of whom has a professional background in business management, and the other directors have many years of experience in the industry, so they are able to carry out the duties and responsibilities of the Board of Directors and protect the interests of shareholders.

The Company values the competency of the board members. Two or more directors shall possess one of the expertises to be diversified. Two or more directors possess one of the expertises so far, therefore the compliance rate is 100%. The tenure of the independent director may not exceed nine years. All three independent directors's tenure is under nine years, so the compliance rate is 100%. The implementation status is as follow:

Diversified core	Basic requirements					Professional knowledge and skills						
Name of Director	Gender	Age	Nationality	Tenure as an independent director		Financial accounting	Operating management	Foreign language ability	Risk management	Engineering management	Leadership Decisions	Cross-Industry Operations
				Under 3 years	3 to 9 years							
WU, CHUN-CHI	Male	71-80 years old	Taiwan				V		V	V	V	V
WU, CHUN-LANG	Male	71-80 years old	Taiwan				V		V		V	V
WU, CHUN-I	Male	81-90 years old	Taiwan				V		V	V	V	
TING, CHENG-TAI	Male	61-70 years old	Taiwan				V	V	V	V	V	
WU, KUO-CHEN	Male	41-50 years old	Taiwan				V	V	V		V	
CHUANG, TAI-SHIE	Male	61-70 years old	Taiwan				V	V	V	V	V	
HUANG, CHUNG-HUI	Male	61-70 years old	Taiwan		V	V	V		V		V	V
HOU, RONG-XIAN	Male	61-70 years old	Taiwan		V	V	V		V		V	V
HSU, CHIANG	Male	71-80 years old	Taiwan		V		V	V	V		V	V

(B) The Board of Directors' independence:

1. Currently, there are nine members in the Board of Directors including three Independent Directors. The proportion of the independent director has reach 1/3, and the Company has obtained written declaration from all Independent Directors.
2. The Company's CEO, General Manager or equivalent position is not the same person.
3. There are eight directors who are not employees of the Company. The proportion has reach 8/9.
4. Relationship among Directors: Wu Chun-Chi, Wu Chun-Lang, and Wu Chun-I are brothers. Wu Chun-Chi and Wu Kuo-Chen are father and son.
5. Not been a person of any conditions defined in Paragraph 3 and 4, Article 26-3 of the Securities and Exchange Act.



## (II) Information for General Managers, Deputy General Managers, Associates, Heads of Departments and Branches:

2024/3/31

Title	Nationality	Name	Gender	Date of initial election	Shareholdings		Shares held by spouse, minor children		Holding shares in the name of others		Experience ( Education )	Current duties in other companies	A manager who is related to a spouse or consanguineous within two degrees			Remark
					Share	%	Share	%	Share	%			Title	Name	Relationship	
General Manager	Taiwan	SU, YAN-SHUO	Male	2023/2/1	0	0	0	0	0	0	Institute graduation	Director of Varroc TYC Auto Lamps Co., Ltd	N/A	N/A	N/A	N/A
Deputy General Manager, Business Division	Taiwan	TING, CHENG-TAI	Male	2006/11/1	0	0	1,055	0	0	0	College graduation	Director of DBM Reflex of Taiwan Co., Ltd.	N/A	N/A	N/A	N/A
Deputy General Manager, Financial Division	Taiwan	WENG, YI-FENG	Male	2008/6/1	0	0	0	0	0	0	Institute graduation	Supervisor of Juoku Technology	N/A	N/A	N/A	N/A
Deputy General Manager, Material Supply Division	Taiwan	WU, PING-HUI	Male	2006/8/10	0	0	0	0	0	0	University graduation	N/A	N/A	N/A	N/A	N/A
Associate, Administration Office	Taiwan	HSU, YU-HUI	Female	2012/2/1	1,212	0	0	0	0	0	College graduation	N/A	N/A	N/A	N/A	N/A
Associate, Business Division	Taiwan	CHAO, YUAN-CHUN	Male	2020/9/1	0	0	0	0	0	0	Institute graduation	N/A	N/A	N/A	N/A	N/A
Associate, R&D Business Division	Taiwan	LIN, MIN FENG	Male	2012/2/1	0	0	0	0	0	0	University graduation	N/A	N/A	N/A	N/A	N/A
Associate, Quality Control Department	Taiwan	LIU, YU-CHUNGMR	Male	2006/2/1	0	0	0	0	0	0	College graduation	N/A	N/A	N/A	N/A	N/A
Associate, Production Division	Taiwan	WU, WEN-KUEI	Male	2019/3/1	0	0	0	0	0	0	University graduation	N/A	N/A	N/A	N/A	N/A

Note: General Manager Chen Chin-Chao was replaced by Su Yan-Shuo on January 19, 2023 due to job adjustment.

### 3. Remuneration of Directors, General Managers and Deputy General Managers paid in the latest year:

#### (1) Remuneration of general and independent directors:

2023/12/31 (Unit: NTD)

Title	Name	Directors' remuneration								Total of A, B, C and D and its percentage of net income after tax		Part-time employees receive related remuneration								Total of A, B, C, D, E, F and G and its percentage of net income after tax		Receipt of remuneration from a subsidiary other than a transferring investment undertaking or a parent company
		Remuneration (A)		Pension(B)		Directors' remuneration (C)		Implementation expense(D)				Salaries, bonuses and special expenses, etc. (E)		Pension ((F)		Employee bonus (G)						
		TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC		All companies in the financial report		TYC	All companies in the financial report	
																Cash Amount	Stock Amount	Cash Amount	Stock Amount			
CEO	WU, KUO-CHEN Legal representative of Kuo Chi Min Investment Co., Ltd	30,959,436	30,959,436	0	0	18,000,000	18,000,000	360,000	360,000	49,319,436 / 4.51%	49,319,436 / 4.51%	1,944,990	8,226,870	0	0	0	0	0	0	51,264,426 / 4.69%	57,546,306 / 5.26%	None
Vice-president	WU, CHUN-LANG																					
Director	WU, CHUN-CHI																					
Director	WU, CHUN-I																					
Director	CHUANG, TAI-SHIE																					
Director	CHEN, CHIN-CHAO																					
	TING, CHENG-TAI																					
	Legal representative of Yuan Hong Investment (Stock) Co. Ltd																					
Independent director	HUANG, CHUNG-HUI	1,512,000	1,512,000	0	0	0	0	180,000	180,000	1,692,000 / 0.15%	1,692,000 / 0.15%	0	0	0	0	0	0	0	1,692,000 / 0.15%	1,692,000 / 0.15%	None	
Independent director	HOU, RONG-XIAN																					
Independent director	HSU, CHIANG																					

Remark 1: Please describe the policy, system, criteria and structure for the remuneration of independent directors, and the relevance of the amount of remuneration to the responsibilities, risks and time commitment:

The remuneration policy for independent directors: The remuneration policy is based on the Company's operating objectives, financial position and the duties of independent directors, and then approved by the Compensation Committee and submitted to the Board of Directors for approval.

Remark 2: Except as disclosed in the table above, remuneration received by the directors of the Company for services rendered (such as consultants to the Company/all companies in the financial statement/re-investment business that are not employees, etc.) in the latest year : None

Remark 3: YUAN-HONG INVESTMENT CO., LTD. has changed its legal representative from CHEN, CHIN-CHAO to TING, CHENG-TAI on July 24, 2023.

## Remuneration scale

Levels of remuneration payable to each of the Company's Directors	Name of Director			
	Total remuneration for the first four items (A+B+C+D)		Total remuneration for the first seven items (A+B+C+D+E+F+G)	
	TYC	All companies in the financial report	TYC	All companies in the financial report
Less than \$1,000,000	HUANG, CHUNG-HUI. HOU, RONG- HSIEN. HSU, CHIANG. WU, CHUN-I. TING, CHENG-TAI	HUANG, CHUNG-HUI. HOU, RONG- HSIEN. HSU, CHIANG. WU, CHUN-I. TING, CHENG-TAI	HUANG, CHUNG-HUI. HOU, RONG- HSIEN. HSU, CHIANG WU, CHUN-CHI	HUANG, CHUNG-HUI. HOU, RONG- HSIEN. HSU, CHIANG WU, CHUN-CHI
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	Kuo Chi Min Investment Co., td. Yuan Hong Investment (Stock) Co. Ltd.	Kuo Chi Min Investment Co., td. Yuan Hong Investment (Stock) Co. Ltd. CHEN, CHIN-CHAO. WU , KUO-CHEN. WU , CHUN-I. TING, CHENG-TAI	Kuo Chi Min Investment Co., Ltd. Yuan Hong Investment (Stock) Co. , Ltd. TING, CHENG-TAI	Kuo Chi Min Investment Co., Ltd. Yuan Hong Investment (Stock) Co. Ltd. TING, CHENG-TAI
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	CHEN, CHIN-CHAO	CHEN, CHIN-CHAO	CHEN, CHIN-CHAO	CHEN, CHIN-CHAO
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	CHUANG, TAI-SHIE	CHUANG, TAI-SHIE	CHUANG, TAI-SHIE	CHUANG, TAI-SHIE
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	WU , KUO-CHEN. WU, CHUN-CHI. WU, CHUN-LANG	WU , KUO-CHEN. WU, CHUN-CHI. WU, CHUN-LANG	WU, CHUN-LANG. WU, CHUN-CHI	WU, CHUN-LANG
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-		WU, CHUN-CHI
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-	-	
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-	-	-
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	-	-	-	-
Over \$100,000,000	-	-	-	-
Total	12	12	12	12

(2) Remuneration of the General Manager and Deputy General Manager:

2023/12/31(Unit:NTD)

Title	Name	Salary (A)		Pension (B)		Bonuses, special expenses, etc. (C)		Employee bonus amount (D)				Total of A, B, C and D as a percentage of net income after tax (%)		Receive remuneration from a business other than a subsidiary or from the parent company
		TYC	All companies in the financial report	TYC	All companies in the financial report	TYC	All companies in the financial report	TYC		All companies in the financial report				
								Cash amount	Stock amount	Cash amount	Stock amount	TYC	All companies in the financial report	
General Manager	SU,YAN-SHUO	14, 540, 029	14, 540, 029	0	0	0	0	0	0	0	0	14, 540, 029 1. 33%	14, 540, 029 1. 33%	N/A
Deputy General Manager	WU, KUO-CHEN													
Deputy General Manager	TING, CHENG-TAI													
Deputy General Manager	WENG,YI-FENG													
Deputy General Manager	WU,PING-HUI													

Note: Due to position adjustment, General Manager is changed from CHEN, CHIN-CHAO to SU, YAN-SHUO since February 1, 2023.

Remuneration scale

Remuneration scale for each General Manager and Deputy General Manager of the Company	Name of General Manager and Deputy General Manager	
	TYC	All companies in the financial report
Less than \$1,000,000	-	-
NT\$1,000,000 (inclusive) to NT\$2,000,000 (exclusive)	-	-
NT\$ 2,000,000 (inclusive) ~ NT\$ 3,500,000 (exclusive)	WENG,YI-FENG. WU,PING-HUI	WENG,YI-FENG. WU,PING-HUI
NT\$3,500,000 (inclusive) ~ NT\$5,000,000 (exclusive)	SU, YAN-SHUO TING, CHENG-TAI	SU, YAN-SHUO TING, CHENG-TAI
NT\$5,000,000 (inclusive) to NT\$10,000,000 (exclusive)	-	-
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)	-	-
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)	-	-
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)	-	-
NT\$ 50,000,000 (inclusive) ~ NT\$ 100,000,000 (exclusive)	-	-
Over \$100,000,000	-	-
Total	4	4

(3) Name of the manager who was distributed the employee's remuneration and distribution:

2023/12/31(Unit:NTD 1,000)

	Title	Name	Stock amount	Cash amount	Total	Total as a percentage of net income after tax (%)
Managers	General Manager	SU, YAN-SHUO	0	0	0	0
	Executive Director	WU, KUO-CHEN				
	Deputy General Manager	TING, CHENG-TAI				
	Deputy General Manager	WENG, YI-FENG				
	Deputy General Manager	WU, PING-HUI				
	Senior manager	HSU, YU-HUI				
	Senior manager	CHAO, YUAN-CHUN				
	Senior manager	LIN, MIN FENG				
	Senior manager	LIU, YU-CHUNGMR				
	Senior manager	WU, WEN-KUEI				
	Senior manager	SHEN, I-CHUAN				

Note: Note: Due to position adjustment, General Manager is changed from CHEN, CHIN-CHAO to SU, YAN-SHUO since February 1, 2023.

- (4) An analysis comparing the total remuneration paid to the TYC's directors, supervisors, general manager and deputy general manager as a percentage of the net profit after tax of the individual or individual financial reports of the Company and all companies in the consolidated financial statements for the past two years respectively, and an explanation of the policy, criteria and composition of remuneration payments, the extent to which remuneration is set, and the correlation with operating performance and future risks:

Item Title	2022 annual remuneration as a percentage of Net Profit after Tax (TYC)	2022 Total remuneration as a percentage of net income after tax (Consolidated Financial Statements)	2023 Total remuneration as a percentage of net income after tax (TYC)	2023 Total remuneration as a percentage of net income after tax (Consolidated Financial Statements)
Directors	5.42%	6.48%	4.84%	5.41%
Supervisor	0.00%	0.00%	0.00%	0.00%
General manager and deputy general manager	1.88%	1.88%	1.33%	1.33%

Note: The Audit Committee was established on 21 June 2018 to replace the Supervisor function.

1. Analysis of the ratio difference: Mainly due to the increase in net income after tax in 2023.

2. The policy of remuneration for directors and supervisors of the Company:

In accordance with the Articles of Incorporation, if there is a profit for the year, the Company shall pay no less than 1% of it for the employee bonus and (no more than 3%) for the director bonus. However, if there is still a cumulative loss, an amount to make up for the loss should be retained in advance.

Directors will be given appropriate remuneration based on evaluations of alignment of the goals and missions of the Company, awareness of the duties of a director, participation in the operation of the Company, management of internal relationship and communication, the director's professionalism and continuing education, and internal control in the "Performance Evaluation Method of the Board of Directors".

The remuneration of the Manager is in accordance with the Company's "Salary Management Regulations" from evaluation items such as professional knowledge, operation knowledge, leadership responsibility, complex problem solving, impact on operation, impact scope on operation, and interpersonal relationship difficulty, while taking into account the usual standards in the industry.

#### 4. Corporate Governance Status:

##### (1) Operation of the Board of Directors:

The board of directors has held six meetings (A) in recent years, and the attendance of directors and supervisors is as follows:

Title	Name	Actual number of meetings attended (B)	No. of meetings with entrusted attendance	Actual attendance rate (%) (%) 【B/A】	Remark
Chairman	WU, KUO-CHEN—Legal representative of Kuo Chi Min Investment Co., Ltd	6	0	100 %	-
Vice-president	WU, CHUN-LANG	6	0	100 %	-
Director	WU, CHUN-I	6	0	100 %	-
Director	WU, CHUN-CHI	5	0	83.33%	-
Director	WU, KUO-CHEN—Legal representative of Yuan Hong Investment (Stock) Co., Ltd	4	0	66.67%	-
Director	TING, CHENG-TAI—Legal representative of Yuan Hong Investment (Stock) Co., Ltd	2	0	33.33%	-
Director	CHUANG, TAI-SHIE	6	0	100 %	-
Independent Director	HUANG, CHUNG-HUI	6	0	100 %	-
Independent Director	HOU, RONG- HSIEN	5	1	83.33%	-
Independent Director	HSU, CHIANG	5	1	83.33%	-

YUAN-HONG INVESTMENT CO., LTD. has changed its legal representative from CHEN, CHIN-CHAO to TING, CHENG-TAI on July 24, 2023.

Other items to be recorded:

- The Board of Directors shall state the date and date of the Board of Directors' meeting, the date and time of the meeting, the content of the motion, the opinions of all independent directors and the Company's handling of the opinions of the independent directors if any of the following circumstances apply to the operation of the Board of Directors:
  - Items listed in article 14-3 of the securities and exchange act: None.
  - Except for the preceding items, the resolutions of the Board of Directors' meetings, which were opposed or qualified by the independent directors and for which records or written statements are available, were approved by the independent directors without dissenting opinions at each of the Board of Directors' meetings in 2020.: The results of the resolutions at each of the 2023 Board meetings were approved without objection by the independent directors.
- The recusal of a director from the implementation of an interest motion shall include the name of the director, the content of the motion, the reasons for the recusal and the circumstances of the vote.: Interested directors have individually recused themselves from the discussion and voting on the directors' remuneration proposals.
- We shall disclose information on the period and duration, scope, manner and content of the of the self- (or peer) evaluation by the directors, and shall include information on the implementation of the evaluation by the Board of Directors: Please refer to table (1-1) below for the Board's evaluation of the Performance.
- Assessment of the current and most recent year's targets for enhancing the Board's functions (e.g., establishment of an audit committee, enhancing information transparency, etc.) and their implementation:
  - In accordance with the provisions of the Rules of Procedure of the Board of Directors laid down by the Company.
  - The Company's (TYC) internal auditors regularly audit the operations of the Board of Directors and prepare audit reports..
  - The Company (TYC) has a person in charge of the matters that should be announced by the competent authority and the disclosure of significant information to enhance the transparency of information.
  - The Company (TYC) has established the "Code of Corporate Governance Practices", "Procedures for Handling Material Internal Information", "Code of Ethical Conduct" and "Procedures and Guidelines for Integrity Management Practices" to establish a corporate culture of integrity management and a better corporate governance system.
  - The Company (TYC) has three independent directors to enhance the functioning of the Board.
  - The Company (TYC) established an Audit Committee in 2018.
  - The Company (TYC) has assigned Corporate Governance Manager in 2021.

(1-1) Evaluation of implementation by the Board of Directors:

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content	Evaluation result
Annual	2023/1/1 □ 2023/12/31	Board of directors and individual directors	Self-evaluation by the board of directors	1. The degree of participation in the operation of the Company. 2. Improve the quality of board decisions. 3. Composition and structure of the Board of Directors. 4. Election of Directors and Continuing Education. 5. Internal controls.	The performance evaluation score of the Board of Directors is 95.56%, which is "better than standard".
			Self evaluation of directors	1. Grasp the company's goals and tasks. 2. Recognition of Directors' Responsibilities. 3. The degree of participation in the operation of the company. 4. Internal relationship management and communication. 5. Professional and continuing education of directors. 6. Internal control.	The performance evaluation score of the Board member is 99.03%, which is "better than standard".

The above result will be used as a reference for directors' election or nomination and remuneration.

(2) Operation of the Audit Committee:

The audit committee has held five meetings in the past year (A), and the attendance of the independent directors is as follows:

Title	Name	Actual number of meetings attended (B)	Number of delegated attendance	Actual attendance rate (%) 【B/A】	Remark
Independent Director	HUANG , CHUNG-HUI	5	0	100 %	
Independent Director	HOU, RONG- HSIEN	4	1	80 %	
Independent Director	HSU,CHIANG	4	1	80 %	

Other items to be recorded:

- If the Audit Committee operates under any of the following circumstances, it shall state the date and period of the Board of Directors' meeting, the content of the motion, Independent Directors' objection, reserved opinion, or major proposal content, the results of the Audit Committee's resolution, and the Company's handling of the Audit Committee's opinion.

(1) Section 14-5 of the Securities Exchange Act: None.

(2) In addition to the previous matters, other matters that have not been approved by the Audit Committee and have been agreed by more than two-thirds of all directors: None.

(A) Annual work priorities of the audit committee:

The Audit Committee consists of three independent directors. The Audit Committee operates primarily to oversee the fair presentation of the Company's financial statements, the selection (dismissal) and independence and performance of the certified public accountants, the effective implementation of the Company's internal controls, the Company's compliance with laws and regulations, and the control of the Company's existing or potential risks.

The audit committee held five meetings in 2023, and the issues considered mainly include:

- Internal control system effectiveness assessment.
- Financial report and business report.
- Increase capital and fund loaning of the re-investment company.
- Appointment, independence and competence assessment of the certifying accountant.
- Whether the company's disguised financing is classified as a loan of funds.
- Annual audit plan.

(B) Review of financial reports by the Audit Committee:

The financial statements of 2022 have been checked and endorsed by Taiwan, together with the business report and the statement of profit distribution. The audit committee finds that there is no discrepancy.

(C) Endorsement accountant appointed by the audit committee:

In order to ensure the independence and competence of the endorsement accounting firm, the 7<sup>th</sup> Audit Committee of the second session and the 12th meeting of the 15<sup>th</sup> Board of Directors on March 16, 2023 deliberated and approved that HU,TZU-REN and HUNG, KUO-SEN from EY Taiwan, both meet the independent and competence evaluation criteria, and are qualified to serve as the company's financial and tax endorsement accountants.

In cooperation with the job rotation policy of EY Taiwan, the 7<sup>th</sup> meeting of the second session of Audit Committee and the 12th meeting of the fifteenth session of Board of Directors on March 16, 2023 deliberated and approved that the accountant LEE,FANG-WEN will be replaced by HU,TZU-REN for the consolidated financial report endorsement from 2023 Q1.

(D) Performance of the Audit Committee for the year:

Session and Time of meeting	Contents of the major motion and follow-up actions	Matters listed in the Securities and Exchange Act 14-5	Resolution not approved by the Audit Committee but approved by 2/3 of the Directors
7 <sup>th</sup> , 2 <sup>nd</sup> session 2023.03.16	1. Internal control system effectiveness assessment in 2022.	V	None
	2. Review the 2022 financial report and Business Report.	V	None
	3. Changes of the endorsement Accountants.	V	None
	4. Review the independent and competency evaluation of endorsement Accountants.	V	None
	5. Set up general principles on pre-approved non-assurance services policy.	V	None
	6. Capital increase for BESTE MOTOR Co., LTD.	V	None
	7. To consider whether disguised financial accommodation is classified as a loan of funds.		None
	The results of the audit committee's decisions on the above cases: all the members present agreed to pass the case.		
8 <sup>th</sup> , 2 <sup>nd</sup> session 2023.05.11	1. Consolidated Financial Report for the first quarter of 2023.		None
	2. To consider whether disguised financial accommodation is classified as a loan of funds.		None
	The results of the audit committee's resolution: all the members present agreed to pass the case.		
	The company's handling of the opinions of the audit committee: all the directors present agreed to pass the case.		
9 <sup>th</sup> , 2 <sup>nd</sup> session 2023.07.06	1. Capital increase for BESTE MOTOR Co., LTD.	V	None
	Results of the audit committee's resolution: all members present agreed to pass the resolution as proposed.		
	Disposition of the Audit Committee's Opinion by the Company: All Directors present agreed to approve the motion as presented.		
10 <sup>th</sup> , 2 <sup>nd</sup> session 2023.08.10	1. Consolidated Financial Report for the second quarter of 2023.	V	None
	2. Fund loaning to VARROC TYC AUTO LAMPS CO.,LTD.	V	None
	3. To consider whether disguised financial accommodation is classified as a loan of funds.	V	None
	Resolution of the audit committee on the above cases: all members present agreed to adopt the resolution as presented.		
	The company's handling of the opinions of the audit committee: all the directors present agreed to pass the case.		



Session and Time of meeting	Contents of the major motion and follow-up actions	Matters listed in the Securities and Exchange Act 14-5	Resolution not approved by the Audit Committee but approved by 2/3 of the Directors
11th., 2 <sup>nd</sup> session 2023.11.08	1. 2024 annual audit plan.	V	None
	2. Consolidated Financial Report for the third quarter of 2023.		None
	3. Endorsement and guarantee for reinvestment company.		None
	4. Purchase the land of Science Park 2 <sup>nd</sup> plant instead of rental.	V	None
	5. Fund loaning to BESTE MOTOR Co., LTD.	V	None
	6. Information security manpower allocation and establish information security policy.		None
	7. To consider whether disguised financial accommodation is classified as a loan of funds.		None
	Resolution of the audit committee on the above cases: all members present agreed to adopt the resolution as presented.		
	The company's handling of the opinions of the audit committee: all the directors present agreed to pass the case.		

2. The recusal of an independent director from the implementation of an interest motion shall include the name of the independent director, the content of the motion, the reasons for the recusal, and the circumstances under which the independent director participated in the vote.:None °

3. Communication between the independent directors and the internal auditors and accountants (including the major issues, methods and results of communication regarding the Company's financial and business conditions):

(1) Communication between the independent directors and the head of internal audit and the accountant:

A. Communication between the audit director, the accountant and the independent directors is conducted directly by e-mail, telephone or in person, as necessary.

B. We submit a monthly written summary report of the audit deficiencies and improvements to the servicemen of the previous month to the independent directors for their review and the independent directors approve the explanatory notes/reports or other recommendations on the report.

C. The head of internal audit of the Company conducts audit reports to the independent directors in the Audit Committee and the Board of Directors, and communicates the results of audit reports and their follow-up implementation to the independent directors.

(2) Summary of historical communication between independent directors and head of internal audit:

The independent directors of our company have good communication regarding the execution and effectiveness of the audit operations.

A summary of the key communications for 2023 is as follows:

Date	Communication Highlights
2023.03.16	Report on the implementation results of the internal audit plan for 2022
2023.08.10	Report on the implementation results of the internal audit plan for 2023
2023.11.08	Report on the implementation results of the internal audit plan for 2023 and the internal audit plan for 2024

(3) Summary of Communication between Independent Directors and Certified Public Accountants

Our company's independent directors have had good communication with the certifying accountants and a summary of the major communication items for 2023 is as follows:

Date	Communication Highlights
2023.3.16	Report on the audit of individual financial statements and consolidated financial statements, report on internal control audits for 2022

### (3) Corporate Governance Status and Deviations from “The Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1.Has the company developed and disclosed principles of corporate governance practices in accordance with the Code of Corporate Governance Practices for Listed Companies?	V		In accordance with the " principles of Corporate Governance Practices for Listed Companies", the Company has amended the "Principles of Corporate Governance Practices" for the Company at the 10 <sup>th</sup> meeting of the 15th Board of Directors (2022.11.11) and disclosed it on the Company's website.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies
2.Shareholding structure and shareholders' equity of the Company (1) Does the company have internal procedures to deal with shareholders' suggestions, queries, disputes and litigation matters, and implement them in accordance with the procedures? (2) Does the company have a list of the substantial shareholders and ultimate controllers of the substantial shareholders who effectively control the company? (3) Has the company established and implemented a risk control mechanism and a firewall mechanism with its affiliates? (4) Does the company have internal regulations that prohibit insiders from trading marketable securities using information not publicly available in the market?	V      V	      V	(1) The Company has a spokesperson and proxy spokesperson system to ensure shareholders' rights and interests, and is dedicated to handling shareholders' suggestions, queries, disputes and litigation matters. (2) The major shareholders informed the Company of the increase, decrease or pledge of their shares in accordance with the regulations, and the Company reported on the Market Observation Post System in accordance with the law. (3) The Company has established relevant system in the internal control system in accordance with the regulation, and audits are conducted by the audit department, the finance department or by an accountant on a regular or irregular basis. (4) The Company has established "Internal Procedures for Handling Material Information", "Principles of Ethical Conduct" and "Integrity Management Regulations" to regulate internal personnel from having the opportunity to profit from their duties.	(1) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies (2) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies (3) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies (4) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies
3.Composition and responsibilities of the Board of Directors (1) Does the Board of Directors formulate and implement a diversity policy and specific management goal on the composition of its members?	V		(1) In accordance with Item 3 of Article 30 of the Company's Principles of Corporate Governance Practices, the composition of the Board of Directors should generally possess the knowledge, skills and qualities necessary for the performance of its duties. In order to achieve the desired objectives of corporate governance, the Board of Directors as a whole should possess the following competencies: 1.Operational judgment ability. 2.Accounting and financial analysis capabilities. 3.Operational management capacity. 4.Crisis management capacity. 5.Industry knowledge. 6.International Market View. 7.Leadership 8.Decision-making ability.	(1) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies

The Company has amended Paragraph 2, Article 23 of the Company's Corporate Governance Best Practice Principles on March 24, 2020 to formulate an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs, i.e., basic requirements and values (such as gender, nationality, and tenure as an independent director), professional knowledge and skills (accounting and finance, operation management, foreign language, risk management, engineering management, leadership decision, and cross-industry management).

The Company has nine directors (including three independent directors, which is more than one-third in proportion), two of whom are certified public accountants, one of whom has a professional background in business management, and the other directors have many years of experience in the industry, so they are able to carry out the duties and responsibilities of the Board of Directors and protect the interests of shareholders.

The Company pays attention on the expertise of the Board members. Two or more directors shall possess one of the expertises to be diversified. Two or more directors possess one of the expertises so far, therefore the compliance rate is 100%. The tenure of the independent director may not exceed nine years. All three independent directors's tenure is under nine years, so the compliance rate is 100%. The implementation status is as follow:

**Diversity of Board Members.**

Diversified Core Programs	Basic Members					Professional Capability						
Name of directors	Gender	Age	Nationality	Term qualification of the independent directors		Financial accounting	Operating management	Risk management	Foreign language	Engineering management	Leadership Decisions	Cross-Industry Operations
				Less than 3 years	3 to 9 years							
WU , CHUN-CHI	Male	41-50 years old	Taiwan				V		V	V	V	V
WU , CHUN-LANG	Male	71-80 years old	Taiwan				V		V		V	V
WU , CHUN-I	Male	81-90 years old	Taiwan				V		V	V	V	
TING, CHENG-TAI	Male	61-70 years old	Taiwan				V	V	V	V	V	

			<table><tr><td>HUANG , CHUNG-HUI</td><td>Male</td><td>61-70 years old</td><td>Taiwan</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td></tr><tr><td>HOU, RONG- HSIEN</td><td>Male</td><td>61-70 years old</td><td>Taiwan</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td></td><td>V</td><td>V</td></tr><tr><td>HSU,CHIANG</td><td>Male</td><td>71-80 years old</td><td>Taiwan</td><td></td><td>V</td><td></td><td>V</td><td>V</td><td>V</td><td>V</td><td>V</td></tr></table>	HUANG , CHUNG-HUI	Male	61-70 years old	Taiwan		V	V	V	V		V	V	HOU, RONG- HSIEN	Male	61-70 years old	Taiwan		V	V	V	V		V	V	HSU,CHIANG	Male	71-80 years old	Taiwan		V		V	V	V	V	V	
HUANG , CHUNG-HUI	Male	61-70 years old	Taiwan		V	V	V	V		V	V																													
HOU, RONG- HSIEN	Male	61-70 years old	Taiwan		V	V	V	V		V	V																													
HSU,CHIANG	Male	71-80 years old	Taiwan		V		V	V	V	V	V																													
(2) In addition to the remuneration committee and audit committee set up in accordance with the law, does the company voluntarily set up other functional committees?	V	(2) In addition to the remuneration committee set up in accordance with the law, the audit committee has been set up in 2018, and other functional committees are still under discussion.	(2) The future will be based on the development needs of the company and the provisions of the laws and regulations to discuss and formulate.																																					
(3) Has the company established the performance evaluation method of the Board of Directors and its evaluation method, conducted the performance evaluation every year and regularly, and reported the results of the performance evaluation to the Board of Directors, and applied the reference for individual directors ' remuneration and nomination for renewal?	V	(3) At the 12th meeting of the 14th session of the Board of Directors (2020.03.24), the Board of Directors approved the "Board Performance Evaluation Method", which will start to conduct regular performance evaluation in 2023 and report the results of the evaluation to the Board on March 14, 2024 and apply it to the reference of individual directors ' remuneration and nomination for renewal.	(3) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies.																																					
(4) Does the company regularly assess the independence of the CPA?	V	(4) 1. The Company's Audit Committee has regularly evaluated the independence of endorsement accountants every year and submitted the result to the Board. It has been approved in the 7 <sup>th</sup> meeting of the 2 <sup>nd</sup> Audit Committee (March 16, 2023) and submitted and approved in the 12th meeting of the 15th Board of Directors ( March 16, 2023). 2. The Audit Committee and the Board of Directors evaluated the independence and competence of the certifying accountant in accordance with Statement of Ethics No. 10, "Integrity, Impartiality, Objectivity and Independence," with respect to financial interests, financing and guarantees, business relationships, family and personal relationships, employment relationships, gifts and special privileges, rotation of certifying accountants and non-audit engagements, as well as 5 major scopes and 13 indicators such as profession, independence, quality control, monitor and creativity in Audit Quality Indicators (AQIs), and obtained a statement of independence and AQIs from the certifying accountant and was not aware of any circumstances that might affect the independence and competence of the certifying accountant.	(4) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies																																					
4.Does the listed company have a suitable and appropriate number of corporate governance personnel and designate a corporate governance officer to be responsible for corporate governance-related matters (including but not limited to providing information necessary for directors and supervisors to perform their business, assisting	V	Passed by the Board's resolution on May 13, 2021 to assign Financial Management Assistant Manager Lin, Ya-Hsuan as the Corporate Governance Manager and in charge of supervising corporate governance related issues. Assistant Manager Lin, Ya-Hsuan has over three years experience as a financial manager in a public company. The main duties of a Corporate Governance Manager is as follow: (1) To assist in matters related to the board or shareholders' meetings in accordance with the law. (2) To produce board or shareholders' minute meetings.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies.																																					

directors and supervisors in complying with laws and regulations, conducting board and shareholders' meeting-related matters in accordance with the law, and preparing minutes of board and shareholders' meetings, etc.)?)			(3) To assist directors to take office and in advanced studies. (4) To assist directors with required information for the execution of duties. (5) To assist directors' compliance with statutory requirements. (6) Other matters prescribed by the Articles of Incorporation or contract agreements. The advanced studies status of the Corporate Governance Manager is as follows: <table><tr><th colspan="2">Date</th><th rowspan="2">Organization</th><th rowspan="2">Course Name</th><th rowspan="2">Hours</th><th rowspan="2">Total hours of the year</th></tr><tr><th>From</th><th>To</th></tr><tr><td>2023/03/16</td><td>2023/03/16</td><td>Taiwan Corporate Governance Association</td><td>Net zero trend – practical observation on Board ESG decision making</td><td>3</td><td rowspan="4">12</td></tr><tr><td>2023/05/22</td><td>2023/05/22</td><td>Taiwan Stock Exchange</td><td>Promotion on Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies</td><td>3</td></tr><tr><td>2023/07/04</td><td>2023/07/04</td><td>Taiwan Stock Exchange</td><td>2023 Cathay Sustainable Finance and Climate Change Summit</td><td>3</td></tr><tr><td>2023/10/20</td><td>2023/10/20</td><td>Taiwan Stock Exchange</td><td>2023 Briefing on Insider Transaction Prevention</td><td>3</td></tr></table>	Date		Organization	Course Name	Hours	Total hours of the year	From	To	2023/03/16	2023/03/16	Taiwan Corporate Governance Association	Net zero trend – practical observation on Board ESG decision making	3	12	2023/05/22	2023/05/22	Taiwan Stock Exchange	Promotion on Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies	3	2023/07/04	2023/07/04	Taiwan Stock Exchange	2023 Cathay Sustainable Finance and Climate Change Summit	3	2023/10/20	2023/10/20	Taiwan Stock Exchange	2023 Briefing on Insider Transaction Prevention	3	
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2023/10/20	2023/10/20	Taiwan Stock Exchange	2023 Briefing on Insider Transaction Prevention	3																													
5. Has the company established communication channels with stakeholders (including but not limited to shareholders, employees, customers and suppliers, etc.) and set up a stakeholder area on the company's website, and appropriately respond to important CSR issues of concern to stakeholders?	V		1. The Company has set up an Investor Zone and a Stakeholder Zone on its website to serve as a channel for communication and feedback between investors and stakeholders, which are also disclosed on the Company's website. The website link as follows: <a href="http://www.tyc.com.tw/index.php/investors/view/61">http://www.tyc.com.tw/index.php/investors/view/61</a> 2. The Company uses the above communication channels to respond appropriately to the relevant issues of concern to the relevant stakeholders.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.																													
6. Does the company appoint a professional stockbroker to conduct the shareholders' meeting?	V		The Company's appointed stockbroker is: Capital Securities Corporation ; for details, please refer to the inner page of the annual report.	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies.																													
7. Disclosure of Information (1) Does the company have a website to disclose financial operations and corporate governance information?	V		(1) The Company's website: <a href="http://www.tyc.com.tw">http://www.tyc.com.tw</a> Investor Zone discloses relevant financial operations and corporate governance information.	(1) No major differences from the requirements of the Principles of practice on Governance of TWSE/TPEx listed companies																													
(2) Has the Company adopted other methods of information disclosure (e.g., setting up an English website, designating a person in charge of collecting and disclosing company information, implementing a spokesperson system, placing the company's website in the process of corporate presentation, etc.)?)	V		(2) The Company has established a website in English and Chinese to disclose relevant information for investors' reference, and has a person responsible for the collection and disclosure of corporate information, and the Company has established a spokesperson system to speak on behalf of the Company to ensure the interests of the Company and its shareholders.	(2) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEx listed companies °																													

(3) Does the company announce and report its annual financial report within two months after the end of the fiscal year, and announce and report its first, second and third quarter financial reports and monthly operations well in advance of the required deadline?		V	(3) The Company did not announce and report its annual financial statements within two months after the end of the fiscal year, but completed the announcement and reporting of financial statements and monthly operations within the time limit set by the competent authorities.	(3) No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies
8. Does the company have other important information to help understand the operation of corporate governance (including but not limited to employee rights, employee care, investor relations, supplier relations, stakeholder rights, director and supervisor education, implementation of risk management policies and risk measurement standards, implementation of customer policies, and the company's purchase of liability insurance for directors and supervisors)?		V	<p>1. Staff Rights and Employee Care.</p> <p>(1) Handle employee labor and health insurance and group insurance, and arrange regular health check-ups for employees.</p> <p>(2) Actively operate the employee welfare committee to improve employee welfare.</p> <p>(3) Organize internal and external training for employees to enhance their professional skills.</p> <p>(4) Regular labor-management meetings are held to harmonize labor-management relations.</p> <p>2. Investor Relations: The Company has an investor relations zone, a spokesperson and a proxy spokesperson system to handle investor proposals.</p> <p>3. Supplier relationship: There is a supply chain management system between the company and the supplier, and the relationship is harmonious with no dispute and litigation arising.</p> <p>4. Stakeholder Rights: Stakeholders may communicate with the Company in order to protect their rights.</p> <p>5. Director training situation: All directors of the Company have completed training hours in 2023.</p> <p>6. Implementation of risk management policies and risk measurement standards: The Company's auditing unit follows the internal control self-assessment procedures and actually performs the assessment of risk management in the procedures.</p> <p>7. Implementation of customer policy: The company maintains a good relationship with customers, and there are no litigation cases.</p> <p>8. Liability insurance taken out by the company for directors: The Company had liability insurance for the Directors as of 30 June 2020.</p>	No major differences from the requirements of the Principles of Practice on Governance of TWSE/TPEX listed companies.
<p>9. Please provide information on the results of the latest annual corporate governance assessment issued by the Corporate Governance Center of the TWSE, and propose priorities and measures to enhance those that have not yet been improved.</p> <p>The Company's corporate governance assessment for 2023 will be improved as follows:</p> <ol style="list-style-type: none"> <li>1. The Company has established the information security risk management structure and set up information security policy in 2023.</li> <li>2. The Company is expected to conduct performance evaluation of the functional committee in 2024.</li> </ol>				

(4) Establishment of the Remuneration Committee, its composition, duties and operation:

1.Member Information of Salary and Compensation Committee:

Identity	Condition	Professional qualification and experience	Compliance with the case of independence	Number of independent directors of other public offering companies
	Name			
Independent Director (Convener)	HUANG , CHUNG-HUI	Refer to Directors' Information(2) on p.10.	Refer to Directors' Information(2) on p.10.	0
Independent Director	HOU, RONG-XIAN	Refer to Directors' Information(2) on p.10.	Refer to Directors' Information(2) on p.10.	0
Other	LIN, TSAI-YUAN	<ol style="list-style-type: none"> <li>Have more than five years experience as a finance and accounting professor.</li> <li>Have more than five years experience in finance and accounting.</li> </ol>	<ol style="list-style-type: none"> <li>The said person, the person's spouse, a second-tier relative is not a director, supervisor, or employee of the Company or its affiliates</li> <li>The said person, the person's spouse, a second-tier relative (or held by the person under others' names) does not hold company shares</li> <li>Is not a director, supervisor, or employee of a company that has special relation with the Company</li> <li>Does not provide commercial, legal, financial, and accounting services to the Company or its affiliates in the last two years</li> <li>Not been a person of any conditions defined in Article 30 of the Company Law</li> </ol>	1

2.Information on the operation of the Remuneration Committee

(1) The Company's remuneration committee consists of 3 members

(2) The term of office of the current member: From August 3, 2021 to August 2, 2024, the most recent annual Remuneration Committee met two times (A), the qualifications and attendance of the members are as follows:

Title	Name	Actual Attendance (B)	Number of Delegate attendance	Actual Attendance (%)(B/A)	Remarks
Convener	HUANG CHUNG-HUI	2	0	100%	-
Members	HOU, RONG- HSIEN	2	0	100%	-
Members	LIN, TSAI-YUAN	2	0	100%	-



### Meeting contents and resolution results of the Remuneration Committee

Remuneration Committee Session / Date	Contents of the motion	Resolution	The company's handling of the opinions of the Remuneration Committee
3rd of the 5th session 2023.03.16	1. Consideration of the 2022 Distribution of Employee Remuneration and Directors ' Remuneration 2. Consideration of the Board of Directors and its members' performance evaluation in 2022	All members present agreed to approve the motion as presented	The Board of Directors shall be approved with the consent of all present directors.
4th of the 5th session 2023.05.08	1. 2022 Annual Remuneration of Directors	All members present agreed to approve the motion as presented	The Board of Directors shall be approved with the consent of all present directors.

Other items to be recorded:

- 1.If the Board of Directors does not adopt or amend the recommendation of the remuneration committee, it shall state the date and period of the Board of Directors' meeting, the content of the resolution, the result of the Board of Directors' resolution and the Company's treatment of the recommendation of the remuneration committee (if the remuneration approved by the Board of Directors is better than the recommendation of the remuneration committee, it shall state the difference and the reasons for the difference): None
- 2.If a member of the remuneration committee has objections or reservations to a resolution and a record or written statement is kept, the date and time of the remuneration committee, the period, the content of the resolution, the opinions of all members, and the disposition of the opinions of the members shall be stated: None.

(5) Sustainable development implementation status, deviations from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies:

Promoted item	Implementation status			Differences between Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
1. Has the Company set up a sustainable development governance structure and a dedicated (or concurrent) sustainable development promotion unit which is authorized by the Board of Directors to be managed by high-level management and supervised by the Board of Directors?	V		<p>In response to changes in international trends and issues on climate change, environment, society, and corporate governance, TYC upholds the vision of "bring a meaningful impact on the world" and changes the original point of view from implementing corporate social responsibility to sustainable development. The "Sustainable Development Committee" was officially established in 2022 to promote, plan, and implement corporate sustainable development matters. The general manager is the chairman of this committee; the directors from each division are the accountable members; and the managers from functional departments are members. The Company promotes implementation of corporate sustainable development effectively through the members of the committee working closely together.</p> <p>There are four task teams of corporate governance, environmental sustainability, friendly workplace, and social participation, and an executive office under the Sustainable Development Committee. It vigorously integrates company resources through internal and external environment examination and communication by cross-department and makes policy and action plan (P), implementation (D), and regular performance review (C), and continuous strengthen and improvement adjustment (A) for sustainable development targets. The Committee reports the implementing status and execution result of corporate sustainability to the Board of Directors once a year, and publishes sustainability report to disclose the result of environmental, social, and governance implementation in detail. Verification is done by a third party agency in 2023 to improve the quality of information disclosure for continuous improvement and implementation on corporate sustainable development policy.</p> <p>The Board of Directors is regularly briefed by the management team to make urging adjustment on operating strategy, and often review the strategy progress.</p>	No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
2. Has the Company conducted risk evaluation for environmental, social and corporate governance issues related to the operations of the Company based on the materiality principle, and formulated related risk management policies or strategies?	V		<p>In order to implement risk management mechanism and strengthen corporate governance, TYC assigns each authority to perform risk and opportunity identification based on the different aspects of operation management, including operational risk, financial risk, and management system risk. It continues to track and confirm on improvement through risk identification and effectively reduces operational risk.</p> <p>※Operational risk management</p> <p>The Company keeps observing changes in market and the industry and</p>	No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted item	Implementation status			Differences between Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
			<p>convening guideline for management strategy meeting regularly every year. With data collected by each authority to make analysis on internal and external environment before the meeting, it summarizes the Company's advantages, disadvantages, opportunities, and threats, and proposes a specific action plan based on a SWOT analysis result. It will be the reference for guideline for management strategy planning in making short, medium, and long term strategic goals, Key Performance Indicators, and a practicable action plan. It sets up the "Regulations for planning and managing guideline for management strategy and Key Performance Indicators" and reviews the diagnostic operation standards based on Key Performance Indicators for effective management on operation. Operational meeting is regularly held to track and improve on operational performance, so the operational strategy can reach the operational goal.</p> <p>※Financial risk management Finance-related risk management that conducts risk assessment and explains coping strategy with focuses on market risks (exchange rate, interest rate, and equity price), credit risk, and liquidity risk.</p> <p>※Risk management of management systems 1. IATF 16949:2016 quality management system for organizations in the global automotive industry. 2. ISO 45001 and CNS 45001 Occupational Safety and Health Management System. 3. AEO Authorized Economic Operator.</p> <p>※Public health risk management It strengthens prevention in advance and tracking confirmation to prevent impacts on the Company from communicable disease (such as novel influenza, influenza, tuberculosis, dengue, and COVID-19, etc.) spreading. The Company has established prevention measures that enhance beforehand prevention and follow-up countermeasures to reduce impact and effect on operation.</p>	
<p>3.Environmental issues (1) Has the company established an appropriate environmental management system according to its industrial characteristics?</p>	V		<p>(1) 1. We have obtained ISO14001:2015 environmental management system certification (Certificate No. TW005050; expiry date: 2023/09/29) to promote industrial waste reduction, energy saving and resource recycling. 2. In order to establish a safe and healthy working environment, our company has been certified by ISO45001:2018 in September 2020 (certification number TW005051, expiry date: December 5, 2025) and CNS45001 occupational safety and health management system to implement safety and health management, and hold regular fire fighting education and training for employees and regular inspection of related</p>	<p>(1) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.</p>

Promoted item	Implementation status			Differences between Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
(2) Is the company committed to improving resource efficiency and using recycled materials with low impact on the environment?	V		equipment. (2) 1. In the R&D and design stage, we try our best to develop green concept products to reduce the impact on the environment and ecology, and to introduce environment-friendly equipment and technology solutions to properly control and prevent pollution generation. The LED street light has been certified on "carbon footprint" by the Environmental Protection Administration. 2. The process wastewater in the plant is treated as secondary water to save water resources, and the raw materials of the production line are recycled to achieve the reduction of raw materials. 3. The process-related equipment is continuously integrated into the inverter energy saving system to reduce the company's energy consumption. The resource waste generated in the plant is treated through the plant recycling system to reduce the amount of waste production. 4. The plant water system has been upgraded to continuously improve the efficiency of recycled water use. 5. The reduction of process gas emissions to reduce the emission of volatile organic pollutants. 6. In line with Tainan City's Low Carbon Autonomy Ordinance, the company has installed a 4,157KW solar energy system to support the Renewable Energy Law in practice.	(2) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Does the company evaluate the current and future potential risks and opportunities of climate change and take relevant corresponding measures?	V		(3) 1. Our company has established greenhouse gas inventory practices and regularly does an inventory of greenhouse gas emissions in accordance with the international ISO 14064-1:2018 carbon emission standard, and our production plants have been awarded the Carbon Reduction Action Award by the Environmental Protection Agency. 2. Replace chilled water equipment with high efficiency energy saving models to reduce energy consumption and greenhouse gas generation. 3. Continued introduction of variable frequency equipment into the production facilities to reduce energy consumption and greenhouse gas emissions within the plant.	(3) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted item	Implementation status			Differences between Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
(4) Has the company compiled statistics on greenhouse gas emissions, water consumption and total weight of waste for the past two years, and has it formulated policies for greenhouse gas reduction, water use reduction or other waste management?	V		<p>(4)1. Water consumption: 99,949 tonnes in 2022 and 96,535 tonnes in 2023, a total reduction of 7,784 tonnes (8.01% water saving) through process water recycling.</p> <p>2. Total weight of waste: 506.127 tonnes in 2022 and 524.094 tonnes in 2023, representing a 1-year reduction of 17.967 tonnes (3.5% increase) in business waste.</p> <p>3. Electricity consumption: 34,547,120 kWh in 2022 and 31,117,840 kWh in 2023, a 1-year decrease of 3,429,280 kWh (9.9% reduction).</p> <p>4. In 2023, we will continue to promote the resource recovery program and carry out the replacement of the inverter system of process facilities.</p> <p>5. Management goal: the polluted water was 58,326 tonnes in 2022 and 56,098 tonnes in 2023, representing 3.8% reduction.</p> <p>6. Measures for goal reaching, climate change estimation, and corresponding:</p> <p>(A) Energy saving and carbon reduction: renew the cooled water chiller unit, air conditioning, and make improvement on carrier to save the electricity.</p> <p>(B) Water management: use recycle water in process water drencher system and air conditioning system.</p> <p>(C) The Company conducts annual discussion on climate change issue through internal and external issues and requirement and expectation evaluation/plan of the stakeholder. It focuses on water resource management improvement this year and builds a reclaimed water system.</p>	(4) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
<p>4.Social issues</p> <p>(1) Has the company established relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions?</p>	V		<p>(1) TYC has complied with the United Nations Universal Declaration of Human Rights, the International Labor Organization Convention and other relevant human rights norms. The Company observes the "Labor Standards Act", "Employment Service Act", "Act of Gender Equality in Employment", "Sexual Harassment Prevention Act", "Occupational Safety and Health Act", and other labor-related laws and regulations to provide a respectful, dignified, and safe working environment and fulfill its social responsibility in caring for its employees. Meanwhile, the Company's major partners of the supply chain (including human resources agency) are required to follow the compliance and disclose on the company website. A total of 6,153 hours educational training on human rights policy with 3,875 people participated has been hold in 2023.</p>	(1) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted item	Implementation status			Differences between Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
(2) Does the company establish and implement reasonable employee welfare measures (including remuneration, leave and other benefits, etc.) and properly reflect operating performance or results in employee compensation?	V		(2) The Company has established work rules, welfare management rules and related personnel management regulations, which cover wages, working hours, vacations, employee benefits, pension payments, and compensation for occupational accidents for the employees employed by the Company in accordance with the Labor Standards Law, and has established an employee welfare committee to handle welfare matters in accordance with the law and taking into account the needs of the employees. employee compensation policies are determined based on individual ability, performance, contribution to the Company, the market value of the position held and consideration of the Company's future operational risks, and are positively related to operational performance.	(2) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
(3) Does the company provide a safe and healthy working environment for employees, and regularly implement safety and health education for employees?	V		(3) The Company has clearly stipulated the commitment to human rights and employee protection in internal regulations such as "Work Rules", "Employee Recruitment and Hiring Regulations", "Sexual Harassment Prevention Regulations", "Prevention Plan for Unlawful Infringement in the TYC Workplace", and "Personnel Rewards and Punishment Regulations". (i) Equal hiring and career developing opportunity: no discrimination, harassment, or any unfair treatment for the nationality, race, age, gender, marriage status, gender identity, disability, pregnancy, religion, political stand, or other characteristics. (ii) Prohibition of using child labor: it is strictly required that no child labor should be hired in domestic and oversea business locations. Age and identification shall be identified on all applicants to eradicate hiring child labor. (iii) Value workplace safety: it stipulates standard operation and emergency procedure, and provide work protective gear for employee as appropriate to ensure operational safety. (iv) Promote maternal protection: take necessary measures for female employee working at jobs that might endanger to maternal health, including hazard evaluation and control, doctor's interview and guidance, job suitability arrangement, and other relevant measures. (v) Eliminate workplace violence: the Company takes "zero tolerance" principle for all kinds of unlawful infringement in the workplace, and bulid a safe, honor,	(3) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.

Promoted item	Implementation status			Differences between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
(4) Does the company have an effective career development program for its employees?			<p>non-discriminatory, mutually respectful and tolerant, and equal opportunity workplace culture (including any form of harassment, infringe, physical punishment, verbal insults, and mental oppression, etc.).</p> <p>There were 21 disability incidents in 2023. The number of injured people was 1.28% of the total employees. Environmental, Health and Safety unit has discussed and established an improvement project, as well as checking the hazard identification evaluation chart and risk improvement measure of the equipment to reach the ultimate goal of zero work injury from the improvement measures of management, behavior, and hardware perspectives.</p> <p>(4) The Company has established "Educational Training Implementation" to cultivate talents in various professional technology and operation management. It follows TTQS system to develop a vocational training system and carries out cultivation development for employees at various levels and job positions. In addition to the required vocational training course for each level, vocational training activities, such as educational training for new hires, first time job position training, general vocational training, core vocational training, professional vocational training, are also available to inspire employees' working potential and keep strengthening their professional capabilities.</p> <p>TYC makes plan and arrangement for employee to participate in relevant training course based on the training needs every year. In 2023, the training hours in total were 27,783. There were 714 internal educational training courses, which took a total of 25,748 hours with 15,501 person-time. A total of 2,035 hours with 194 person-time were complete for external training course. The total expense for training was NT\$3,817,702. The average training hour was 16.8 hour/person with NT\$2,315/person for all employees in 2023.</p>	(4) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.
(5) Does the company comply with relevant laws and international standards for customer health and safety, customer privacy, marketing and labeling of products and services, and has it established relevant consumer or customer protection policies and complaint procedures?			<p>(5) Our company sells in more than 130 countries around the world and produces lights that comply with the relevant international automotive lighting regulations in each country. We listen to and respond to our customers' needs in a timely manner, reacting quickly to market trends and striving for consistent precision and perfection in the design of each product.</p>	(5) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies.

Promoted item	Implementation status			Differences between Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and Reasons
	Yes	No	Summary description	
(6) Does the company have a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health or labor human rights, and how is it implemented?			<p>Grievance channels: In addition to filling out the online form on the website, customers can also use the sales headquarters customer service mailbox (tyc_service@tyc.com.tw) to file a complaint.</p> <p>(6) To make sure the overall supply chain has met the requirements of domestic laws and regulations, international guidelines and standards, customer demand, as well as achieving the vision of sustainable prosperity, the Company has established the "TYC Supplier's Code of Conduct" in 2022 by referring to the "Guiding Principles on Business and Human Rights" and "The United Nations Global Compact" from the United Nations, and "Fundamental Principles and Rights at Work" from the International Labor Organization, as well as supporting Responsible Business Alliance (RBA), and strictly comply with the "Labor Act", "Employment Service Act", "Act of Gender Equality in Employment", "Sexual Harassment Prevention Act", "Occupational Safety and Health Act", and labor related regulations in the Republic of China. All suppliers have been promoted on the subject to build a responsible, environmental, and transparent supply chain relationship. ESG training, explanation, and publication are held for suppliers from time to time. "TYC labor policy questionnaire" is added to investigate the labor policy and compliance status of the raw material suppliers. There was no incident such as hiring child labor, work overtime, or force labor from the suppliers in 2023. TYC would like to fulfill its corporate responsibility, and make influence on key suppliers with smaller scale to encourage them to put efforts into ESG. Leaders of the counselling company and suppliers were invited to the "Seminar on low carbon upgrade transformation plan" on October, 20, 2023, in hopes to bring in the supply chain partners to practice low carbon transformation. A total of 216 suppliers were evaluated in 2023, and all of them had passed the evaluation.</p>	(6) No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.
5.Has the company made reference to international standards or guidelines for the preparation of reports, such as ESG reports, which disclose non-financial information about the company, and has the former report obtained a third-party verification or assurance opinion?		V	<p>1. This report is prepared in accordance with the latest version of the GRI Standards (2021 version) issued by the Global Reporting Initiative (GRI) and "Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies" by the Taiwan Stock Exchange Corporation, as well as SASB Standards – Auto Parts Sustainability Disclosure Topics &amp; Metrics by Financial Stability Board, FSB, and Task Force on Climate-related Financial Disclosures (TCFD) to reveal</p>	No major differences from the requirements of Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies.



Promoted item	Implementation status			Differences between Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and Reasons
	Yes	No	Summary description	
			relevant strategies, goals, and actions of TYC's material topics. 2. This report is certified by Bureau Veritas, a third party notarization agency, with AA1000AS v3 of Type 1 Moderate Level on the inclusivity, materiality, responsiveness, and impact of the information disclosed in this report.	
6.If the company has its own ESG Principle in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies", please describe how it operates differently from the Principle: The Company does not have a Sustainable Development Best Practice Principles, but explains the sustainable management status from corporate governance, environment, and Social (ESG) aspects in five chapters of "sustainable management and communication", "governance operation", "environmental sustainability", "friendly workplace" and "social participation".				
7.Other important information for understanding the promotion of sustainable development implementation. The Company has issued a Sustainability Report and hopes the stakeholders can get a better picture on the contribution and result that TYC has done in promoting sustainable development. For more details, please visit the MOPS website for ESG Sustainability Report at <a href="https://mops.twse.com.tw/mops/web/t100sb11">https://mops.twse.com.tw/mops/web/t100sb11</a>				

## 8.Implementation of Climate-Related Information

### 1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.

TYC values sustainable development and climate change issues and pays attention to the impact on operating activity caused by climate change. Although a climate change risk team is not set up yet, the Company discusses on climate-related issues based on internal and external issues, evaluation plan of interest parties' demand and expectation while reviewing business strategy annually. The Sustainable Development Committee coordinates the promoting, planning, and implementing sustainable development related issues; whereas the Greenhouse Gas Inventory Promotion Committee conducts greenhouse gas inventory and verification. Together the Committees keep their attention on changes of the international trends and sustainable issues such as climate change to ensure and facilitate the best interests of the Company.

The company refers to the framework from TCFD (Task Force on Climate-Related Financial Disclosures) climate-related financial information disclosure proposal to conduct risk assessment and management of climate change issue through task forces under the Sustainable Development Committee, and effectively reduce the climate change risks and opportunities' impact on finance through the involvement of top management, cross-function communication, and integration of the company resources. The general manager (Chairman of the Sustainable Development Committee) supervises the implementation of the promotion countermeasures and report the promoting plan and operating result to the Board of Directors annually

2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).

Type	No./Item	Description	Term	Countermeasure	Potential financial impact
Climate risks					
Transformation risk	R1/mandatory declaration requirement and carbon fee collection	Ministry of Environment has added the secondary batch of emission sources whose greenhouse gas emissions should be checked and registered, and implemented carbon fee collection in compliance with Climate Change Response Act. In addition, the Financial Supervisory Commission has been promoting in phrases that all listed companies shall complete carbon inventory check by 2027, and subsidiaries on the consolidated report shall complete by 2029. Even though the greenhouse gas emission of TYC is under 25,000 tons, the Company still needs to conduct greenhouse gas inventory check and verification of the subsidiaries. If the requirement is amended in the future, the Company will have to pay for carbon fee, which will increase the operation cost.	Short term	Short term Conduct greenhouse gas inventory check to stay on top of the situation, as well as setting short, medium, and long term goals of carbon reduction. <ul style="list-style-type: none"><li>Establish scheduling optimization</li><li>Continuous improvement on abnormal mold every year.</li><li>Plan to use 10% renewable energy by the end of 2024.</li><li>Introduction of energy management monitor</li><li>Participate in DHL Gogreen project (Sustainable Aviation Fuel project that reduces carbon emission in logistic service) and receive discount price for DHL express in the future.</li></ul>	<ul style="list-style-type: none"><li>Increase expenses in product carbon footprint, greenhouse gas, ESG counselling and verification fees</li><li>Expense to support DHL Gogreen project</li><li>Carbon border tax, carbon fee expenses</li><li>Increase costs in changes in equipment for low carbon processing, processing research and development, and substitute raw material</li><li>Expenses of energy management, solar power, and energy storage equipment</li></ul>
	R2/energy-heavy industries (10% renewable energy)	According to article of energy-heavy industries in the Renewable Energy Development Act by Bureau of Energy, Ministry of Economic Affairs (contract capacity of 5000 kW), it shall fulfill its obligation by setting up power generation equipment utilizing renewable energy, purchasing renewable energy power and certificate, setting up energy storage equipment, or paying cash.	Short term	Medium term <ul style="list-style-type: none"><li>Set a base year and reduction goal, continue to introduce energy saving measure, reduce greenhouse gas total emission volume.</li><li>Plan to replace energy saving equipment in the plant.</li></ul>	
	R3/Carbon fee collection	Currently, various countries are planning to implement carbon border adjustment mechanism and collect carbon border adjustment tax on certain imported products, and the target of tax collection is gradually expanding. Export sales to the US is account for 43% of TYC’s revenue; whereas 12% is account for Netherlands of the European Union. If the regulation is getting stringent and expanding the tax collection scope, it will have quite an impact on the company’s operation costs.	Long term	Long term <ul style="list-style-type: none"><li>Add energy storage equipment</li></ul>	
Climate opportunities					
Market	01/Enter new market	In response to the impact of extreme weather, the demand for de-icing technology on lights is increasing.	Short term	Short term <ul style="list-style-type: none"><li>Actively invest in de-icing technology development to satisfy customers’ needs. Two de-icing light products are developed so far.</li></ul> Medium to long term <ul style="list-style-type: none"><li>Promote de-icing technology and gain more orders. It is expected to massively produce one de-icing product every year.</li></ul>	<ul style="list-style-type: none"><li>Increase in research and development cost</li><li>Growth in operation revenue due to increase in product demand</li></ul>

Note: short term is in the year of 2024, medium term is from 2025 to 2027, and long term is from 2028 to 2030.

3. Describe the financial impact of extreme weather events and transformative actions.

1. Increase expenses in product carbon footprint, greenhouse gas, ESG counselling and verification fees
2. Increase expenses in carbon border tax, carbon fee
3. Increase costs in changes in equipment for low carbon processing, processing research and development, and substitute raw material
4. Expenses of energy management, solar power, and energy storage equipment
5. Increase in research and development cost
6. Growth in operation revenue due to increase in product demand

4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.

At the ESG kick-off meeting on January 12, 2024, TYC has made discussion and evaluation on risk assessment of climate change issues conducted by the General Manager and tasks force in the Sustainable Development Committee related to transformation risks (policy and regulation, technology, market, and reputation), physical risks (acute and chronic), and opportunities (resource efficiency, energy source, products and services, markets, and resilience) in TCFD.

Evaluation and identification

The Company refers to climate risk and opportunity sources by TCFD to check possible risk and opportunity factors, while evaluating risk value and opportunity value by possibility (chance of occurrence, frequency) and identifying items that requires primary attention. Three medium risk and one high opportunity are identified this year. Corresponding strategy and financial impact evaluation have been made by relevant department to set up relevant management mechanism.

5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	Not applicable
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	Not applicable
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	Not applicable
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	Not applicable

9. Greenhouse gas inventory and assurance status

<p>Company profile:</p> <p>Paid-in capital less than NT\$5 billion</p>	<p>In accordance with Sustainable Development Roadmap disclosure of TWSE- and TPEX-Listed Companies</p> <p><input checked="" type="checkbox"/> Parent company inventory      Consolidated company inventory</p> <p><input checked="" type="checkbox"/> Parent company to obtain assurance      Consolidated company to obtain assurance</p>
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Greenhouse Gas Inventory

TYC greenhouse gas emission volume			
Item	Unit	2022	2023
Scope one: direct GHG emission	Metric Tons CO <sub>2</sub> e	671. 7	363. 6
Scope two: indirect GHG emission	Metric Tons CO <sub>2</sub> e	17, 494. 4	16, 782. 3
Scope three: other indirect (scope three) GHG emission	Metric Tons CO <sub>2</sub> e	-	6, 108. 5
Operation revenue (individual)	Million-dollar revenue	11, 531. 0	12, 664. 1
Scope one GHG emission density (Total emission/operation revenue (individual))	Metric Tons CO <sub>2</sub> e/ Million-dollar revenue	0. 06	0. 03
Scope two GHG emission density (Total emission/operation revenue (individual))	Metric Tons CO <sub>2</sub> e/ Million-dollar revenue	1. 52	1. 33
Scope three GHG emission density (Total emission/operation revenue (individual))	Metric Tons CO <sub>2</sub> e/ Million-dollar revenue	-	0. 48

Greenhouse gas assurance information

Item / Year	2022	2023
Assurance scope	Parent company An-ping plant, Tech Park Phase 1~3, excluding subsidiaries	Parent company An-ping plant, Tech Park Phase 1~3, excluding subsidiaries
Assurance institution	BV	BV
Assurance principles and assurance opinion	According to ISO14064-1, it complies with the reasonable assurance level of the agreement	According to ISO14064-1, it complies with the reasonable assurance level of the agreement for scope one and two, and limited assurance level for scope three.

(6) The company's performance of integrity and the measures taken deviations from the Performance of Integrity Best Practice Principles for TWSE/TPEX Listed Companies::

Evaluation item	Operational status			Differences and reasons between the principle of good faith operation of listed and OTC companies
	Yes	No	Summary Description	
1.Establish integrity management policies and programs				
(1) Does the company have an ethical management policy that is approved by the Board of Directors, and does it state in its bylaws and external documents its policies and practices on ethical management, as well as the commitment of the Board of Directors and senior management to actively implement the management policy?	V		(1) The Company's Board of Directors has approved the "Procedures and Conduct Guidelines for Integrity Management" and a separate "Principle of Ethical Conduct", which specify the Company's integrity management policy and important issues and require Board members and senior management to abide by the principle of integrity; directors are prohibited from participating in discussions and voting on matters that are harmful to the Company's interests and are required to recuse themselves.	(1) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons.
(2) Has the company established a mechanism to assess the risk of dishonest conduct, regularly analyze and evaluate the business activities within the scope of business that have a higher risk of dishonest conduct, and accordingly formulate a plan to prevent dishonest conduct, and at least cover the preventive measures for the conducts mentioned in paragraph 2 of Article 7 of the "Principle of Conduct for Listed Companies with Integrity"?	V		(2) On March 24, 2020, the directors of the Company revised the "Operating Procedures and Conduct Guidelines on Integrity" to include the handling of dishonest conduct by the Company's personnel to prevent dishonest conduct, and to uphold the principle of honesty and integrity and comply with the code of ethical conduct when performing their duties.	(2) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons.
(3) Is the company's dishonesty prevention program clearly defined in the operating procedures, conduct guidelines, disciplinary and grievance systems for non-compliance, and implemented, and is the former program reviewed and revised regularly?	V		(3) Handling of company personnel involved in dishonest conduct 1.The Company encourages internal and external personnel to report dishonest behavior or misconduct, and will pay a discretionary bonus according to the seriousness of the report. Internal personnel who make false reports or malicious accusations shall be subject to disciplinary action and shall be dismissed in serious cases. 2.The Company has established and posted an internal independent whistleblower box on the Company's website and intranet site for use by internal and external personnel of the Company. The whistleblower should provide at least the following information: (1) The name and ID number of the person making the report may also be reported anonymously, and the address, telephone number, and e-mail address where the person can be reached. (2) The name or other identifying information of the person being prosecuted. (3) Specific facts that can be investigated. 3.The Company's personnel handling the whistleblower case shall declare in writing that the identity of the whistleblower and the contents of the whistleblower case shall be kept confidential, and the Company undertakes to protect the whistleblower from being improperly dealt with as a result of the whistleblower case. 4.The following procedures are followed by the Company's dedicated unit for handling complaints.	(3) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons.

Evaluation item	Operational status			Differences and reasons between the principle of good faith operation of listed and OTC companies
	Yes	No	Summary Description	
			<p>(1) Reports should be made to the department head for general employees and to the independent directors for directors or senior executives.</p> <p>(2) The Company's specialized units and the officers or personnel reported in the preceding paragraph shall immediately ascertain the relevant facts and, if necessary, provide assistance from regulatory compliance or other relevant departments.</p> <p>(3) If it is proven that the person being reported has violated the relevant laws and regulations or the Company's policies and regulations on honest behavior/operation, the Company shall immediately request the person being reported to stop the said behavior, and if necessary, report to the competent authorities, refer to the judicial authorities for investigation, or request for damages through legal proceedings in order to protect the Company's reputation and rights.</p> <p>(4) The acceptance of the report, the investigation process and the results of the investigation shall be kept in writing and shall be kept for five years, and shall be kept electronically. Before the expiration of the retention period, in the event of a lawsuit related to the content of the report, the relevant information shall be kept until the end of the lawsuit.</p> <p>(5) If the report is verified to be true, it is responsible to the relevant units of the Company to review the relevant internal control system and operating procedures, and to propose improvement measures to prevent the recurrence of the same behavior.</p> <p>(6) The Company's dedicated unit shall report to the Board of Directors on the reported cases, their handling and subsequent review of improvement measures.</p>	
2.Implementation of integrity management				
(1) Does the company assess the integrity record of its counterparties and specify the integrity clause in the contracts signed by its counterparties?	V		(1) The Company has established credit principles and credit limit management system to effectively grasp the information of customers and reduce the risk of the Company's operation.	(1) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons.
(2) Does the company have a dedicated unit under the Board of Directors to promote corporate integrity and report regularly (at least once a year) to the Board of Directors on its integrity policy and its plans to prevent dishonest practices and monitor their implementation?	V		(2) 1. In order to improve the management of honest behavior/operations, the human resources department is responsible for formulating and monitoring the implementation of honesty policies and preventive programs, and reporting to the Board of Directors regularly (at least once a year). 2. Educational training and promotion of anti-corruption/ethical management were held for employees and business partners in 2023. Total training hours were 240.75 with 388 participants.	(2) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons.
(3) Does the company develop conflict-of-interest prevention policies, provide appropriate presentation channels, and implement them?	V		(3) The Company's conflict of interest prevention policy is used to identify, monitor and manage the risk of conflicts of interest that may lead to dishonest conduct and to provide appropriate channels for directors, managers and other interested persons attending or participating in Board meetings to proactively state whether they have potential conflicts of interest with the Company.	(3) No major difference from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons.

Evaluation item	Operational status			Differences and reasons between the principle of good faith operation of listed and OTC companies
	Yes	No	Summary Description	
(4) Does the company implement the effective accounting system and internal control system established by the integrity management, and the internal audit unit draws up the relevant audit plan based on the assessment results of the risk of dishonest behavior, and checks the compliance of the plan to prevent dishonest behavior, or entrusts the accountant to perform the audit?	V		(4)1. The Company ensures that the design and implementation of the system is effective on an ongoing basis by establishing and keeping under review an effective accounting system and internal control system to prevent business activities with higher risk of dishonest acts. 2. The Company's internal auditors regularly review compliance with the preceding system and prepare an audit report for the Board of Directors and may appoint an accountant to perform the review and, if necessary, engage professional assistance.	(4) No major difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons.
(5) Does the company regularly hold internal and external education and training in good faith management?	V		(5)1. The company has established integrity management procedures and behavior guidelines, and the "Integrity Management Rules" are set out in the internal standard book. The company uses announcements to inform employees of the rules when they are issued, and they are also documented in the NOTES standard book for their reference. 2. Our company sets up annual internal and external training courses to implement the concept of honest behavior/operations on all employees according to their functions.	(5) No major difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons.
3.Operation of the Corporate Prosecution System				
(1) Does the company have a specific reporting and reward system, and has it established a channel to facilitate reporting and assigned appropriate staff to receive reports on the subject?	V		(1)The Company encourages internal and external personnel to report dishonest behavior or misconduct, and will pay a discretionary bonus according to the seriousness of their reports. Internal personnel who make false reports or malicious accusations shall be subject to disciplinary action, and those with serious cases shall be dismissed from their positions.	(1) No major difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons.
(2) Does the company have standard operating procedures for investigation of whistleblowing matters, follow-up measures to be taken after completion of investigation and relevant confidentiality mechanism?	V		(2)1. The Company has established and posted an internal independent whistleblower mailbox on the Company's website and intranet site for use by internal and external personnel of the Company. The whistleblower should provide at least the following information. (1) The name and ID number of the person making the report may also be reported anonymously, and the address, telephone number, and e-mail address where the person can be reached. (2) The name or other identifying information of the person being prosecuted. (3) Specific facts that can be investigated. 2. The Company's personnel handling the report shall declare in writing that the identity of the whistleblower and the content of the report shall be kept confidential, and the Company undertakes to protect the whistleblower from being improperly dealt with as a result of the report. 3. The following procedures should be followed by the company's dedicated unit for handling complaints. (1) Report cases involving general staff should be reported to the head of the department, report cases involving directors or senior executives should be reported to independent directors. (2) The Company's specialized units and the officers or personnel reported in the preceding paragraph shall immediately ascertain the relevant facts and, if necessary, provide assistance from regulatory compliance or other relevant departments.	(2) No major difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons.

Evaluation item	Operational status			Differences and reasons between the principle of good faith operation of listed and OTC companies
	Yes	No	Summary Description	
(3) Does the company take measures to protect the whistleblower from improper handling/treatment?	V		<p>(3) If it is proved that the person being reported has violated the relevant laws and regulations or the Company's policies and regulations on honesty, the Company shall immediately request the person being reported to stop the said behavior, and if necessary, report it to the competent authorities, refer it to the judicial authorities for investigation, or seek damages through legal proceedings in order to protect the Company's reputation and rights.</p> <p>(4) If a lawsuit related to the contents of the report is filed before the expiration of the retention period, the relevant information shall be retained until the end of the lawsuit.</p> <p>(5) If the report is verified to be true, it shall be responsible to the relevant units of the Company to review the relevant internal control system and operating procedures, and propose improvement measures to prevent the recurrence of the same behavior.</p> <p>(6) The responsible unit of the Company shall report to the Board of Directors regarding its handling and follow-up review and improvement measures.</p> <p>(3) Reports will be handled confidentially and employees will be made aware that the Company will do its utmost to protect the safety of those who make good faith reports.</p>	(3) No major difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons.
4.Enhanced information disclosure Does the company disclose the contents and effectiveness of its Principle of Conduct on its website and the Market Observation Post System?	V		<p>The Company discloses its "Integrity Procedures and Behavior Guidelines" and their effectiveness on the Company's website and the Market Observation Post System.  <a href="http://www.tyc.com.tw/index.php/governance/statute">http://www.tyc.com.tw/index.php/governance/statute</a> °  Specific measures to operate with integrity.  <a href="http://www.tyc.com.tw/index.php/investors/view/46">http://www.tyc.com.tw/index.php/investors/view/46</a> °</p>	No major difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons.
5.If the company has its own code of Integrity in accordance with the "Principle of Integrity Management of Listed Companies", please describe the differences between its operation and the principle set out:  The Company has established "Operating Procedures and Conduct Guidelines for Integrity" which are posted on the Company's website and there are no material differences between the Company's operations and the prescribed operating procedures.				
6.Other important information to help understand the company's integrity management operation: (Such as the company reviews and amends its code of integrity management, etc.):  The company complies with the relevant government laws and regulations, and implements the integrity management policy, for stakeholders to prohibit acts involving dishonesty, pay attention to the rights and interests of each stakeholder, and indeed implement the relevant provisions of corporate governance.				



- (7) If the company has established a corporate governance principle and related regulations, it should disclose its inquiry method:
1. To implement corporate governance, the Company has established the relevant corporate governance rules as follows:
    - (1) Articles of Incorporation.
    - (2) Regulations Governing the Acquisition and Disposal of Assets.
    - (3) Procedures for Loaning Funds to Others.
    - (4) Procedures for dealing in derivative transactions.
    - (5) Procedures for endorsements and guarantees.
    - (6) The corporate governance best-practice principles.
    - (7) Internal procedures for handling material information.
    - (8) Integrity management practices.
    - (9) Integrity management procedures and conduct guidelines.
    - (10) Codes of Ethical Conduct.
    - (11) Rules of Procedure of Shareholders' Meetings.
    - (12) Rules of Procedure of the Board of Directors.
    - (13) Method of election of directors.
    - (14) Rules governing the areas of responsibility of independent directors.
    - (15) Rules for the Organization of the Audit Committee.
    - (16) Rules for the Organization of the Remuneration Committee.
    - (17) Performance evaluation method of the Board of Directors.
  2. Disclosure and inquiry methods: the company's website.
- (8) Other important information that is sufficient to improve understanding of the state of corporate governance operations:
- (A) prepare 2023 Sustainability Report.
  - (B) The Company adopts eNotice volunteering.

- (9) Status of implementation of the internal control system:  
1.Statement regarding the Internal Control System

T.Y.C. BROTHER IND. CO., LTD.  
Statement regarding the Internal Control System

Date:2024/3/14

Based on the results of our self-assessment, we declare that our internal control system for the year 2023 is as follows.

- 1.The Company recognizes that it is the responsibility of the Board of Directors and the Manager to establish, implement and maintain an internal control system, which has been established to provide reasonable assurance of the effectiveness and efficiency of operations (including profitability, performance and safeguarding of assets), reliability of reporting, timeliness, transparency and compliance with relevant regulations and compliance with relevant laws and regulations.
- 2.The Company's internal control system has inherent limitations and no matter how well designed, an effective internal control system can only provide reasonable assurance of the achievement of the above three objectives. Furthermore, the effectiveness of the internal control system may change due to changes in circumstances and conditions, but the Company's internal control system has a self-monitoring mechanism and the Company will take corrective actions once deficiencies are identified.
- 3.The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Guidelines Governing the Establishment of Internal Control Systems by Public Companies" (the "Guidelines"), which are divided into five components based on the management control process: 1. control environment, 2. risk assessment, 3. control operations, 4. information and communication, and 5. monitoring operations, each of which consists of certain items as described in the Guidelines.
- 4.The Company has used the above internal control system evaluation items to assess the effectiveness of the design and implementation of the internal control system.
- 5.Based on the results of the preceding evaluation, the Company concluded that its internal control system (including the supervision and management of subsidiaries) as of December 31, 2023<sup>Note 2</sup>, including the understanding of the extent to which operational effectiveness and efficiency objectives have been achieved, the reporting of such internal control system is reliable, timely, transparent and in compliance with the relevant relevant laws and regulations, and the design and implementation of such internal control system is effective, which can reasonably ensure the achievement of the above objectives.
- 6.This statement will become the main content of the Company's annual report and public statement, and will be made public, and any misrepresentation or concealment of the above-mentioned content will be subject to legal liability under Articles 20, 32, 171 and 174 of the Securities and Exchange Act.
- 7.This statement was approved by the Board of Directors at its meeting held on March 14, 2024, and of the nine directors present, none held an opposing view.

T.Y.C. BROTHER IND. CO., LTD

Chairman of the Board: WU , KUO-CHEN

General Manager: SU,YAN-SHUO

2.If an accountant is engaged to review the internal control system, the accountant's review report should be disclosed: None

(10) For the most recent year and up to the date of printing of the annual report, the company and its internal personnel have been punished by law, or the company has punished its internal personnel for violating the provisions of the internal control system, and the result of the punishment may have a significant impact on the shareholders' equity or the price of securities, the content of the punishment, the main deficiencies and improvements should be stated: None.

(11) Significant resolutions of the shareholders' meeting and the Board of Directors for the latest year and up to the date of printing of the annual report:

### 1. Board of shareholders

Meeting date	Summary of Important Proposals	Voting results	Implementation
2023.06.14	2022 Financial Statements	The case was passed by a vote Number of voting rights: 174,533,879, accounting for 93.39% of the shareholders present	Not applicable
	FY 2022 Surplus Distribution Proposal	The case was passed by a vote Approval right: 174,904,268, accounting for 93.59% of the shareholders present	Cash dividend for preferred share \$2 and common share \$1.8 per share are paid on August 18, 2023

### 2. Board of Directors

Period	Meeting date	Summary of Important Proposals	Resolution result
15-13	2023.05.11	1. CPA's review status on consolidated financial reports of 2023 Q1. 2. Payment of Directors' remuneration of 2022. 3. Guarantee and endorsement for reinvestment company.	All the directors present (including the independent directors) passed the resolution without objection.
15-14	2023.07.06	1. Funds loaning to BESTE MOTOR CO., LTD.	All the directors present (including the independent directors) passed the resolution without objection.
15-15	2023.08.10	1. CPA's review status on consolidated financial reports of 2023 Q2. 2. Funds loaning to VARROC TYC AUTO LAMPS CO., LTD. 3. Apply for bank credit limit.	All the directors present (including the independent directors) passed the resolution without objection.
15-16	2023.11.08	1. Audit plan 2024. 2. CPA's review status on consolidated financial reports of 2023 Q3. 3. Guarantee and endorsement for reinvestment company. 4. Purchase the land of Science Park 2 <sup>nd</sup> plant instead of rental. 5. Funds loaning to BESTE MOTOR CO., LTD. 6. Information security manpower allocation and establish information security policy.	All the directors present (including the independent directors) passed the resolution without objection.
15-17	2024.03.14	1. 2024 Annual Operating Plan. 2. The "Assessment of the Effectiveness of the Internal Control System" and the "Statement of Internal Control System" for the year 2023. 3. Employee compensation and director compensation distribution for fiscal 2023. 4. The Annual Accounts Book 2023. 5. FY 2023 Surplus Distribution Case. 6. Review the independence and competency assessment of the company's certified public accountants. 7. General principle for pre-approval on non-assurance services policy. 8. Capital increase for INNOVA HOLDING CORP. 9. Amendments of "Audit Committee Charter".	All the directors present (including the independent directors) passed the resolution without objection.

Period	Meeting date	Summary of Important Proposals	Resolution result
		10. Amendments of "Rules for Performance Evaluation of Board of Directors". 11. Amendments of "Rules of Procedure for Board of Directors Meetings". 12. Apply for bank credit limit. 13. Re-election of the directors. 14. The 2024 Shareholders' Meeting accepts shareholder's proposals and director candidate nomination. 15. Candidate list of the 2024 director nomination. 16. Lift the non-compete restriction of directors. 17. Matters related to the convening of the 2024 Ordinary Shareholders' Meeting.	

(12) Directors' dissenting views on important resolutions passed by the Board of Directors during the latest year and up to the date of printing of the annual report, which are recorded or stated in writing: None

(13) Summary of the resignation and dismissal of the Chairman, President, Head of Accounting, Head of Finance, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development of the Company for the most recent year and up to the date of printing of the annual report:

#### Resignation and Dismissal Summary Chart of the Company's Relevant Personnel

March 31, 2024

Title	Name	On board date	Dismissal Date	Reason for resignation or dismissal
General Manager	CHEN, CHIN-CHAO	February 1, 2012	February 1, 2023	Position adjustment

Note: Company's relevant personnel refers to the Chairman, General Manager, Head of Accounting, Head of Finance, Head of Internal Audit, Head of Corporate Governance and Head of Research and Development.

#### 5.CPA Public Fee Information:

##### CPA Audit Fee Information

Unit: NT\$1,000

Name of accounting firm	Name of Accountant	Accountant's audit period	Audit Fee	Non-audit Fee	Total	Remarks
ERNST & YOUNG, TAIWAN	HU, TZU-REN	2023.01.01~2023.12.31	8,000	1,168	9,168	In cooperation with the job rotation policy
	HUNG, KUO-SEN					

Content of non-audit fee: tax compliance audit, business registration, and transfer pricing.

6.Change of accountant information: None

7.If the chairman, general manager, or manager in charge of financial or accounting matters of the Company has worked for the firm of the certified public accountant or its affiliates within the past year, he/she should disclose his/her name, title, and period of employment with the firm of the certified public accountant or its affiliates: None

8. The following are the movements in shareholdings and pledges of shareholdings of directors, supervisors, managers and shareholders holding more than 10 percent of the shares during the latest year and up to the date of printing of the annual report.

1. Changes in shareholdings of directors, supervisors, managers and substantial shareholders.

Title	Name	Fiscal Year 2023		Current year ended March 31	
		Increase (decrease) in number of shares held	Increase (decrease) in the number of shares pledged	Increase (decrease) in the number of shares held	Increase (decrease) in the number of pledged shares
Chairman	WU , KUO-CHEN — Legal Representative of Kuo-Chi-Min Investment Co., Ltd.	0	0	0	0
Director	WU , CHUN-LANG	0	0	0	0
Director	WU , CHUN-I	0	0	0	0
Director	CHUANG, TAI-SHIE	0	0	0	0
Director	WU , CHUN-CHI	0	0	0	0
Director	TING, CHENG-TAI—Legal Representative of Yuan-Hong Investment Co., Ltd.	0	0	0	0
Independent Director	HUANG , CHUNG-HUI	0	0	0	0
Independent Director	HOU, RONG- HSIEN	0	0	0	0
Independent Director	HSU, CHIANG	0	0	0	0
Major shareholder	Kuo-Chi-Min Investment Co., Ltd.	0	2,700,000	0	(2,000,000)
Major shareholder	Yih Heng Investment Co., Ltd	0	(200,000)	0	(1,500,000)
Manager	SU, YAN-SHUO	0	0	0	0
Manager	CHEN , CHIN-CHAO	0	0	0	0
Manager	TING, CHENG-TAI	0	0	0	0
Manager	WU , KUO-CHEN	0	0	0	0
Manager	WENG, YI-FENG	0	0	0	0
Manager	WU, PING-HUI	0	0	0	0
Manager	SHEN, I-CHUAN	0	0	0	0
Manager	WU, WEN-KUEI	0	0	0	0
Manager	LIN, CHUN-KUEI	0	0	0	0
Manager	CHAO, YUAN-CHUN	0	0	0	0
Manager	HSU, YU-HUI	0	0	0	0
Manager	LIN, MIN FENG	0	0	0	0
Manager	LIU, YU-CHUNGMR	0	0	0	0

Note: YUAN-HONG INVESTMENT CO., LTD. has changed its legal representative to TING, CHENG-TAI on July 24, 2023.

2. Information on the transfer of shares to related parties: None

3. Information on the pledge of shares by a related party: None

## 9. Information on the relationship between the top 10 shareholders and their respective shareholdings.

### 1. Ordinary share

Name	Shares held by owning		Spouse, Minor children holding shares		Total shareholding in the name of others		The top10 shareholders are related to each other or are spouses. The names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree of consanguinity		Remark
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Title (or name)	Relationships	
KUO-CHI-MIN INVESTMENT CO., LTD.	66,587,044	21.28%	0	0	0	0	None	None	-
Representative: WU , KUO-CHEN	296,211	0.09%	828,278	0.26%	0	0	WU , CHUN-CHI	Father and son	-
YIH HENG INVESTMENT CO., LTD	50,420,654	16.11%	0	0	0	0	None	None	-
Representative: WU , CHUN-LANG	5,401,383	1.73%	828,278	0.26%	0	0	WU , CHUN-I 、 Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I 、 Representative of CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI	brotherhood	-
DING WAN INVESTMENT CO., LTD	10,522,852	3.36%	0	0	0	0	None	None	-
Representative: WU, MAI-HUI-E	823,474	0.26%	4,593,613	1.47%	0	0	WU , CHUN-I 、 Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I	Spouse	-
TA WEI INVESTMENT CO., LTD.	10,498,871	3.36%	0	0	0	0	None	None	-
Representative: WU , CHUN-I	4,593,613	1.47%	823,474	0.26%	0	0	Representative of DING WAN INVESTMENT COLTD. WU, MAI-HUI-E	Spouse	-
							Representative of CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI 、 WU , CHUN-LANG 、 Representative of YIH HENG INVESTMENT CO., LTD. WU , CHUN-LANG	brotherhood	-
HSBC Bank (Taiwan) Limited in Custody for Mitsubishi UFJ Securities Co., Ltd. Securities Dealer Platform Investment Account	8,837,000	2.82%	0	0	0	0	None	None	-
HSBC Bank (Taiwan) Limited in Custody for Value Partners Investment Account	8,409,000	2.69%	0	0	0	0	None	None	-
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Japan Securities Finance Co., Ltd. Investment Account	7,611,000	2.43%	0	0	0	0	None	None	-
Chi-Min Investment Co., Ltd.	7,200,893	2.30%	0	0	0	0	None	None	-
Representative: WU , CHUN-CHI	824,081	0.26%	828,278	0.26%	0	0	WU , CHUN-I 、 Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I WU , CHUN-LANG 、 Representative of YIH HENG INVESTMENT CO., LTD. WU , CHUN-LANG	brotherhood	-
WU , CHUN-LANG	5,401,383	1.73%	828,278	0.26%	0	0	WU , CHUN-I 、 Representative of TA WEI INVESTMENT CO., LTD. WU , CHUN-I Representative of CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI	brotherhood	-
Yuan-Hong Investment Co., Ltd.	5,354,451	1.71%	0	0	0	0	None	None	-
Representative: WU, CHENG-YUAN	236,969	0.08%	0	0	0	0	WU , CHUN-LANG	Father and son	-
WU , CHUN-I	4,593,613	1.47%	823,474	0.26%	0	0	Representative of Ding Wan Investment Co., Ltd-WU, MAI-HUI-E	Spouse	-
							Representative of CHI-MIN INVESTMENT CO., LTD.WU , CHUN-CHI WU , CHUN-LANG 、 Representative of YIH HENG INVESTMENT CO., LTD. WU , CHUN-LANG	brotherhood	

## 2. Preferred share

Name	Shares held by owning		Shares held by Spouse, Minor children		Total shareholding in the name of others		The top10 shareholders are related to each other or are spouses. The names and relationships of the top ten shareholders who are related to each other or are spouses or relatives within the second degree of consanguinity		Remark
	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Number of shares	Shareholding Ratio	Title (or name)	Relationships	
KUO-CHI-MIN INVESTMENT CO., LTD.	8,062,000	26.87%	0	0	0	0	None	None	-
Representative: WU, KUO-CHEN	400,000	1.33%	0	0	0	0	WU, CHUN-CHI	Father and son	-
YIH HENG INVESTMENT CO., LTD	7,000,000	23.33%	0	0	0	0	None	None	-
Representative: WU, CHUN-LANG	0	0	0	0	0	0	WU, CHUN-I; WU, CHUN-I - Representative of TA WEI INVESTMENT CO., LTD. WU, CHUN-CHI - Representative of CHI-MIN INVESTMENT CO., LTD.	brotherhood	-
Chi-Min Investment Co., Ltd.	3,999,500	13.33%	0	0	0	0	None	None	-
Representative: WU, CHUN-CHI	0	0	0	0	0	0	WU, CHUN-I; WU, CHUN-I - Representative of TA WEI INVESTMENT CO., LTD. WU, CHUN-LANG; WU, CHUN-LANG - Representative of YIH HENG INVESTMENT CO., LTD	brotherhood	-
TA WEI INVESTMENT CO., LTD.	3,000,000	10.00%	0	0	0	0	None	None	-
Representative: WU, CHUN-I	0	0	0	0	0	0	WU, CHUN-CHI - Representative of CHI-MIN INVESTMENT CO., LTD. WU, CHUN-LANG; WU, CHUN-LANG - Representative of YIH HENG INVESTMENT CO., LTD	brotherhood	-
YULON MOTOR CO.,LTD.	1,000,000	3.33%	0	0	0	0	None	None	-
Representative: YAN CHEN, LI-LIAN	0	0	0	0	0	0	None	None	-
KWANG DAH TRADING CO., LTD.	600,000	2.00%	0	0	0	0	None	None	-
Representative: KE, JUN-BIN	0	0	0	0	0	0	None	None	-
HUANG,CHIN-YUEH	570,000	1.90%	0	0	0	0	None	None	-
XIAO, YI-HUI	478,000	1.59%	0	0	0	0	None	None	-
WU, KUO-CHEN	400,000	1.33%	0	0	0	0	WU, CHUN-CHI	Father and son	-
CHEN, CHIN-CHAO	400,000	1.33%	0	0	0	0	None	None	-

## 10.Consolidated shareholding:

Units: Shares ; %

Transfer of Investment Business (Note)	Investment of the Company		Investment of directors, supervisors, managers and directly or indirectly controlled enterprises		Consolidated investment	
	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio	Number of Shares	Shareholding ratio
TI YUAN INVESTMENT CO., LTD.	3,820	100%	-	-	3,820	100%
TI FU INVESTMENT CO., LTD.	10,550	100%	-	-	10,550	100%
JUOKU TECHNOLOGY CO., LTD.	27,923,401	72.10%	1,621,110	4.19%	29,544,511	76.29%
Tamau Management Consultancy Co., Ltd.	260,000	100%	-	-	260,000	100%
SUPRA-ATOMIC CO., LTD	69,199,060	100%	-	-	69,199,060	100%
BESTE MOTOR CO., LTD	14,072,000	100%	-	-	14,072,000	100%
CONTEK CO., LTD.	2,436,000	100%	-	-	2,436,000	100%
I YUAN PRECISION INDUSTRIAL CO., LTD.	5,617,854	15.66%	-	-	5,617,854	15.66%
INNOVA HOLDING CORP.	5,549	100%	-	-	5,549	100%
TYC VIETNAM INDUSTRIAL CO., LTD.	-	60%	-	-	-	60%
TSM TECH CO., LTD.	-	-	300,000	100.00%	300,000	100.00%
PT.ASTRA JUOKO	-	-	1,126,500	50.00%	1,126,500	50.00%
DBM REFLEX OF TAIWAN CO., LTD.	-	-	6,000,000	50.00%	6,000,000	50.00%
EUROPILOT CO., LTD	-	-	14,359,821	100.00%	14,359,821	100.00%
MOTOR-CURIO CO., LTD	-	-	1,893,400	100.00%	1,893,400	100.00%
SPARKING CO., LTD	-	-	38,915,717	100.00%	38,915,717	100.00%
EUROLITE CO., LTD	-	-	14,697,972	100.00%	14,697,972	100.00%
UNIMOTOR INDUSTRIAL CO., LTD	-	-	6,887,000	100.00%	6,887,000	100.00%
TYC EUROPE B.V	-	-	120,000	100.00%	120,000	100.00%
T.I.T INTERNATIONAL CO., LTD	-	-	4,994,900	99.98%	4,994,900	99.98%
VARROC TYC CORPORATION	-	-	14,072,000	50.00%	14,072,000	50.00%
ATECH INTERNATIONAL CO.,LTD.	-	-	2,500,000	25.00%	2,500,000	25.00%
GENERA CORPORATION	-	-	12,388,505	100.00%	12,388,505	100.00%
W&W REAL PROPERTY,INC.	-	-	1,000,000	100.00%	1,000,000	100.00%
VARROC TYC CORPORATION	-	-	-	50.00%	-	50.00%
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	-	-	-	100.00%	-	100.00%
SUNNYTECH.CN Inc.	-	-	-	30.00%	-	30.00%
XIANLIANG (KUN SHAN)AUTO PARTS CO., LTD.,	-	-	-	20.00%	-	20.00%
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	-	-	-	100.00%	-	100.00%
Chin-Li-Ma Hight Performance Luminaire Co., Ltd.	-	-	-	30.00%	-	30.00%
Kunshan Atech Autoparts Manufacturing Co., Ltd.	-	-	-	25.00%	-	25.00%
Jiangsu imperial standard dustrial technology co., Ltd	-	-	-	25.00%	-	25.00%

Note: Long-term investments accounted for using the equity method.



## IV. Fund raising situation

### 1. Capital and share capital :

#### (1) Source of share capital:

##### 1. Share capital formation

Year/Month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash against shares	Others
1986.09	10	600,000	6,000,000	600,000	6,000,000	Establishment	None	-
1987.10	10	3,600,000	36,000,000	3,600,000	36,000,000	Cash capital increase 30,000,000	None	-
1988.06	10	10,000,000	100,000,000	10,000,000	100,000,000	Cash capital increase 64,000,000	None	-
1989.03	10	17,000,000	170,000,000	17,000,000	170,000,000	Cash capital increase 70,000,000	None	-
1989.12	10	42,000,000	420,000,000	42,000,000	420,000,000	Cash capital increase 250,000,000	None	-
1995.06	10	47,880,000	478,800,000	47,880,000	478,800,000	Surplus to capital increase 16,800,000 Capital reserve to increase capital 42,000,000	None	Approved by TWSE (1) No. 37257 on June 26, 1995
1996.07	10	80,000,000	800,000,000	60,500,000	605,000,000	Surplus to capital increase 71,820,000 Capital reserve to increase capital 23,940,000 Cash capital increase 30,440,000	None	Approved by TWSE (1) No. 39773 on July 3, 1996
1996.05	10	80,000,000	800,000,000	72,600,000	726,000,000	Surplus to capital increase 121,000,000	None	Approved by TWSE (1) No. 40709 on May 29, 1997
1998.05	10	186,000,000	1,860,000,000	114,380,000	1,143,800,000	Surplus to capital increase 181,500,000 Capital reserve to increase capital 36,300,000 Cash capital increase 200,000,000	None	Approved by TWSE (1) No. 37130 on May 8, 1998
1999.06	10	190,000,000	1,900,000,000	137,256,000	1,372,560,000	Surplus to capital increase 228,760,000	None	Approved by TWSE (1) No. 52440 on June 7, 1999
2000.06	10	280,000,000	2,800,000,000	164,707,200	1,647,072,000	Surplus to capital increase 192,158,400 Capital reserve to increase capital 82,353,600	None	Approved by (2000) TWSE (1) No. 50760 on June 14, 2000
2001.06	10	280,000,000	2,800,000,000	169,648,416	1,696,484,160	Surplus to capital increase 49,412,160	None	Approved by TWSE (1) No. 139164 on June 19, 2001
2002.06	10	280,000,000	2,800,000,000	183,220,290	1,832,202,900	Surplus to capital increase 135,718,740	None	Approved by TWSE No. 1 letter 0910132228 dated June 14, 2002
2003.07	10	280,000,000	2,800,000,000	192,381,305	1,923,813,050	Surplus to capital increase 91,610,150	None	Approved by TWSE No. 1 letter 0920130067 on July 7, 2003
2004.06	10	280,000,000	2,800,000,000	216,428,968	2,164,289,680	Surplus to capital increase 240,476,630	None	Approved by TWSE No. 1 letter 0930127901 on June 24, 2004
2004.10	10	280,000,000	2,800,000,000	216,617,011	2,166,170,110	Conversion of corporate bonds into shares 1,880,430	None	Approved by MOEA No. 09301196240 on October 18, 2004
2004.07	10	280,000,000	2,800,000,000	242,611,052	2,426,110,520	Surplus to capital increase 259,940,410	None	Approved by FSC No. 0940127302 on July 7, 2005

Year/Month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash against shares	Others
2005.10	10	280,000,000	2,800,000,000	244,961,775	2,449,617,750	Conversion of corporate bonds into shares 23,507,230	None	Approved by MOEA No. 09501010450 on January 18, 2006
2006.04	10	280,000,000	2,800,000,000	245,069,906	2,450,699,060	Conversion of corporate bonds into shares 1,081,310	None	Approved by MOEA No. 09501010450 on January 18, 2006
2006.07	10	400,000,000	4,000,000,000	248,638,304	2,486,38,3040	Conversion of corporate bonds into shares 35,683,980	None	Approved by MOEA No. 09501152710 on July 28, 2006
2007.01	10	400,000,000	4,000,000,000	249,061,432	2,490,614,320	Conversion of corporate bonds into shares 4,231,280	None	Approved by MOEA No. 09601011330 on January 16, 2007
2007.04	10	400,000,000	4,000,000,000	249,070,834	2,490,078,340	Conversion of corporate bonds into shares 94,020	None	Approved by MOEA No. 09601079840 on April 19, 2007
2007.09	10	400,000,000	4,000,000,000	252,806,896	2,528,068,960	Surplus to capital increase 37,360,620	None	Approved by MOEA No. 09601222870 on September 12, 2007
2007.10	10	400,000,000	4,000,000,000	261,068,257	2,610,682,570	Conversion of corporate bonds into shares 82,613,610	None	Approved by MOEA No. 09601263180 on October 25, 2007
2008.01	10	400,000,000	4,000,000,000	261,778,783	2,617,787,830	Conversion of corporate bonds into shares 7,105,260	None	Approved by MOEA No. 09701013290 on January 21, 2008
2008.04	10	400,000,000	4,000,000,000	267,658,522	2,676,585,220	Conversion of corporate bonds into shares 58,797,390	None	Approved by MOEA Letter No. 09701093330 on April 18, 2008
2008.07	10	400,000,000	4,000,000,000	267,668,059	2,676,680,590	Conversion of corporate bonds into shares 95,370	None	Approved by MOEA No. 09701178920 on July 31, 2008
2008.11	10	400,000,000	4,000,000,000	278,321,754	2,783,217,540	Surplus to capital increase 106,536,950	None	Approved by MOEA No. 09701282450 on November 5, 2008
2008.12	10	400,000,000	4,000,000,000	272,218,754	2,722,187,540	Cancellation of treasury shares 61,030,000	None	Approved by MOEA No. 09701318420 on December 22, 2008
2009.10	10	400,000,000	4,000,000,000	280,286,316	2,802,863,160	Surplus to capital increase 80,675,620	None	Approved by MOEA no.09801226020 on October 1, 2009
2010.10	10	400,000,000	4,000,000,000	307,984,948	3,079,849,480	Surplus to capital increase 276,986,320	None	Approved by MOEA no.09901222580 on October 4, 2010
2011.10	10	400,000,000	4,000,000,000	317,125,496	3,171,254,960	Surplus to capital increase 91,405,480	None	Approved by MOEA No. 10001227970 on October 6, 2011
2012.01	10	400,000,000	4,000,000,000	312,338,496	3,123,384,960	Cancellation of treasury shares 47,870,000	None	Approved by MOEA Letter No. 1010101840 on January 4, 2012

Year/Month	Issue price	Authorized share capital		Paid-in capital		Remarks		
		Number of shares	Amount	Number of shares	Amount	Source of share capital	Property other than cash against shares	Others
2012.10	10	400,000,000	4,000,000,000	314,261,881	3,142,618,810	Surplus to capital increase 31,233,850	None	Approved by MOEA No. 10101203870 on October 3, 2012
						Cancellation of treasury shares 12,000,000		
2013.05	10	400,000,000	4,000,000,000	312,897,881	3,128,978,810	Cancellation of treasury shares 13,640,000	None	Approved by MOEA No. 10201091880 on May 17, 2013
2021.08	10	400,000,000	4,000,000,000	342,897,881	3,428,978,810	Cash capital increase (preferred shares) 300,000,000	None	Approved by MOEA No. 11001147460 on August 19, 2021

2. Type of shares:

Units: Shares				
Shares	Approved share capital			Remark
Type of Shares	Outstanding shares	Unissued shares	Total	
Ordinary Shares	312,897,881	57,102,119	400,000,000	Listed
Preferred Shares	30,000,000			

3. Information about the master reporting system: None

(2) Shareholder Structure:

1. Ordinary Shares

April 20, 2024

Shareholder Structure Quantity	Government	Financial organization	Other Legal Entities	Foreign Organizations and Foreigners	Individual	Total
Number of people	1	1	54	120	23,611	23,787
Number of shares held	1,000	25,000	153,591,013	64,140,304	95,140,564	312,897,881
Shareholding ratio	0.00%	0.01%	49.09%	20.49%	30.41%	100.00%

Percentage of shares held by mainland investors: None

2. Preferred Shares

April 20, 2024

Shareholder Structure Quantity	Government	Financial organization	Other Legal Entities	Foreign Organizations and Foreigners	Individual	Total
Number of people	0	0	11	1	1,971	1,983
Number of shares held	0	0	23,818,746	485	6,180,769	30,000,000
Shareholding ratio	0.00%	0.00%	79.40%	0.00%	20.60%	100.00%

Percentage of shares held by mainland investors: None

(3) Diversification of shareholding:

1. Ordinary shares:

April 20, 2024

Shareholding Grades	Number of Shareholders	Number of shares held	Shareholding ratio
1 to 999	7, 484	1, 507, 912	0. 48%
1,000 to 5,000	13, 491	26, 521, 526	8. 48%
5,001 to 10,000	1, 584	12, 621, 967	4. 03%
10,001 to 15,000	405	5, 109, 829	1. 63%
15,001 to 20,000	259	4, 866, 555	1. 56%
20,001 to 30,000	180	4, 720, 177	1. 51%
30,001 to 40,000	81	2, 950, 858	0. 94%
40,001 to 50,000	66	3, 088, 711	0. 99%
50,001 to 100,000	114	8, 276, 183	2. 65%
100,001 to 200,000	47	6, 299, 336	2. 01%
200,001 to 400,000	28	8, 188, 497	2. 62%
400,001 to 600,000	9	4, 442, 783	1. 42%
600,001 to 800,000	8	5, 702, 245	1. 82%
800,001 to 1,000,000	7	6, 001, 093	1. 92%
More than 1,000,001	24	212, 600, 209	67. 94%
Total	23, 787	312, 897, 881	100. 00%

2. Preferred Shares:

April 20, 2024

Shareholding Grades	Number of Shareholders	Number of shares held	Shareholding ratio
1 to 999	848	157, 874	0. 53%
1,000 to 5,000	1, 057	1, 279, 478	4. 27%
5,001 to 10,000	29	236, 373	0. 79%
10,001 to 15,000	8	103, 438	0. 35%
15,001 to 20,000	6	111, 000	0. 37%
20,001 to 30,000	1	27, 900	0. 09%
30,001 to 40,000	9	344, 437	1. 15%
40,001 to 50,000	4	177, 000	0. 59%
50,001 to 100,000	4	311, 000	1. 04%
100,001 to 200,000	4	692, 000	2. 31%
200,001 to 400,000	5	1, 850, 000	6. 16%
400,001 to 600,000	3	1, 648, 000	5. 49%
600,001 to 800,000	0	0	0. 00%
800,001 to 1,000,000	1	1, 000, 000	3. 33%
More than 1,000,001	4	22, 061, 500	73. 53%
Total	1, 983	30, 000, 000	100. 00%

(4) List of major shareholders:

1. Ordinary shares:

April 20, 2024

Name of Major Shareholders	Shares	Number of shares held	Holding ratio
Kuo-Chi-Min Investment Co., Ltd		66,587,044	21.28%
Yih Heng Investment Co., Ltd		50,420,654	16.11%
Ding Wan Investment Co., Ltd		10,522,852	3.36%
Ta Wei Investment Co., Ltd.		10,498,871	3.36%
HSBC Bank (Taiwan) Limited in Custody for Mitsubishi UFJ Securities Co., Ltd. Securities Dealer Platform Investment Account		8,837,000	2.82%
HSBC Bank (Taiwan) Limited in Custody for Value Partners Investment Account		8,409,000	2.69%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Japan Securities Finance Co., Ltd. Investment Account		7,611,000	2.43%
Chi-Min Investment Co., Ltd		7,200,893	2.30%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Japan Securities Finance Co., Ltd. Investment Account		2,929,000	0.94%
JPMorgan Chase Bank N.A. Taipei Branch in Custody for Securities		2,614,092	0.84%

2. Preferred Shares:

April 20, 2024

Name of Major Shareholders	Shares	Number of shares held	Holding ratio
Kuo-Chi-Min Investment Co., Ltd		8,062,000	26.87%
Yih Heng Investment Co., Ltd		7,000,000	23.33%
Chi-Min Investment Co., Ltd.		3,999,500	13.33%
Ta Wei Investment Co., Ltd.		3,000,000	10.00%
Yulon Motor Co.,Ltd.		1,000,000	3.33%
Kwang Dah Trading Co., Ltd.		600,000	2.00%
HUANG,CHIN-YUEH		570,000	1.90%
XIAO, YI-HUI		478,000	1.59%
WU , KUO-CHEN		400,000	1.33%
CHEN , CHIN-CHAO		400,000	1.33%

(5) Stock price per share, net worth, earnings, dividends and related information for the past two years.

Item \ Year		2022	2023	Current year as of March 31
Price/ Share	Max	34.15	46.85	55.00
	Min	17.70	26.55	36.90
	Average	24.96	34.02	45.36
PB	Before distribution	28.35	29.41	31.71
	After distribution	26.55	27.41	Not yet allocated
EPS	Weighted average number of shares	311,958	311,958	311,958
	EPS	2.91	3.31	2.01
DPS	Cash dividends		1.8	2.0
	Free Allotment	SRE	0	0
		SCAP	0	0
	Accumulated unpaid dividends		0	0
ROI analysis	P/E ratio		8.58	10.28
	PER		13.87	17.01
	Dividend yield		7.21	5.88

(6) Company Dividend Policy and Enforcement Status.

1.Dividend policy:

In accordance with the revised Articles of Incorporation, the Company's industrial environment is changing rapidly and the Company is in the growth stage. Based on the capital expenditure requirements and sound financial planning for sustainable operation, if there is any surplus after each year's final accounts, in addition to paying all taxes and contributions in accordance with the law, the Company shall first make up for the deficits of previous years and then set aside 10% of the remaining amount as legal reserve, and after setting aside a special reserve or reversal of the special reserve for the net reduction in shareholders' equity that occurred in the current year and accumulated in the previous years in accordance with the regulations, the Company shall consolidate the accumulated undistributed earnings at the beginning of the period as dividends to shareholders, and distribute the remaining amount as dividends on common shares after distributing the preferred dividends in accordance with Article 7-1 of the Articles of Incorporation.

2.The shareholders' committee proposed the following dividend distribution:

The 2023 earnings distribution is approved on the Board of Directors meeting on March 14, 2024. The total accumulated distributable earnings for fiscal 2023 amounted to NT\$685,795,462 (all amounts stated below are in New Taiwan dollars). \$2 per common share, and \$2 for preferred share A. All dividend is distributed in cash.

(7) Effect of the proposed gratis allotment of shares at the shareholders' meeting on the Company's operating results and earnings per share: Not applicable

(8) Employees, Directors' Remuneration:

1、The percentage or range of remuneration of employees and directors as set out in the Articles of Association.  
In accordance with the revised Articles of Incorporation, the Company shall contribute not less than 1% of its annual profits to the remuneration of its employees and the remuneration of its directors (up to 3%), provided that the Company shall reserve in advance an amount to cover any accumulated losses.

2、The basis for estimating the amount of remuneration to employees and directors, the basis for calculating the number of employee compensation shares to be distributed in shares, and the accounting treatment if the actual amount distributed differs from the estimated amount.

Approved by the annual general meeting on June 14, 2023, the distribution for employee remuneration in 2022 (no less than 1%) is \$28,000,000 and \$18,500,000 for the director remuneration (no more than 3%), all payable in cash. No difference from the amount to be recognized in 2022.

3、Information on the proposed distribution of employee remuneration and other information adopted by the Board of Directors:

Approved by the Board of Directors meeting on March 14, 2024, the suggested distribution for employee remuneration in 2023 (no less than 1%) is \$36,000,000 and \$18,000,000 for the director remuneration (no more than 3), all payable in cash. No difference from the amount to be recognized in 2023.

4、Actual distribution of remuneration of employees and directors in the previous year:

(1) The actual amount of employee and director's remuneration distributed in the previous year :

Actual distributions for 2022 were NT\$28,000,000 for employee remuneration and NT\$18,500,000 for director remuneration.

(2) If there is any difference between the actual amount of remuneration to employees and directors in the previous year and the estimated amount of expenses to be recognized, the amount of the difference, the reasons for the difference and the circumstances under which the difference was handled should be disclosed: No difference.

(9) The Company buys back shares in the Company in the following circumstances.

2023/3/31

Buyback issue	1st	2nd	3rd
Purpose of buy-back	Protect the company's credit and shareholders' rights	Transfer of shares to employees	Protect the company's credit and shareholders' rights
Buyback Period	2008/7/10 ~ 2008/9/8	2008/10/22~2008/12/19	2011/9/13 ~ 2011/10/14
Buyback interval price	Unit price per share NT\$11 to NT\$25	Unit price per share NT\$8 to NT\$18	Unit price per share NT\$8.75 to NT\$20.76
Type and number of shares bought back	CSTO/ 6,103,000 shares	CSTO / 3,300,000 shares	CSTO / 1,487,000 shares
Amount of shares bought back	NT\$ 95,865,633	NT\$ 34,476,022	NT\$ 18,820,541
Number of shares cancelled and transferred	Approved by the Ministry of Economic Affairs on December 22, 2008, application for cancellation of registration of change of treasury shares 6,103,000 shares	Approved by the Ministry of Economic Affairs on 04/01/2012, the application for cancellation of the registration of change of treasury shares 3,300,000 shares	Approved by the Ministry of Economic Affairs on 04 January 2012, application for cancellation of registration of change of treasury shares 1,487,000 shares
Number of shares of the Company held cumulatively	-	-	-
Number of shares of the Company held cumulatively as a percentage of the total number of shares in issue (%)	-	-	-



2023/3/31

Buyback issue	4th	5th
Purpose of buy-back	Protect the company's credit and shareholders' rights	Protect the company's credit and shareholders' rights
Buyback Period	2012/6/4 ~ 2012/8/3	2012/11/19 ~ 2013/01/18
Buyback interval price	Unit price per share NT\$8.50 to NT\$16	Unit price per share NT\$8.50 to NT\$14
Type and number of shares bought back	CSTO / 1,200,000 shares	CSTO/ 1,364,000 shares
Amount of shares bought back	NT\$ 14,157,848	NT\$ 14,422,096
Number of shares cancelled and transferred	Approved by the Ministry of Economic Affairs on October 3, 2012, application for cancellation of registration of change of treasury shares 1,200,000 shares	Approved by the Ministry of Economic Affairs on May 17, 2013, application for cancellation of registration of change of treasury shares 1,364,000 shares
Number of shares of the Company held cumulatively	-	-
Number of shares of the Company held cumulatively as a percentage of the total number of shares in issue (%)	-	-

## 2. Handling of corporate bonds:

### (1) Ordinary corporate bonds.

Types of corporate bonds		1st unsecured corporate bonds
Issue Date		2004/6/25
Denomination		100,000 per sheet
Place of issuance and transaction		Not applicable
Par Value (NT\$)		The bonds were issued in full at par value.
Total amount		NT\$ 1,000,000,000
Interest rate		Coupon rate 0 %
Duration		5-year maturity date: 24 June 2009
Assurance agency		Not applicable
Trustee		Taipei Fubon Bank Trust Department
Underwriter		None
Attorney		Chang An Attorney J.A. Huang
Accountant		Diwan & Company TSAI, CHING-TIEN、.WU, JIAN-YUAN
Repayment method		Not applicable
Outstanding principal amount		NT\$ 0
Terms of redemption or early repayment		<p>(1) If the closing price of the Company's common stock on the TSE exceeds the then current conversion price of the Bonds by 50% or more for 30 consecutive business days from the day after the first month from the date of issuance of the Bonds to the 40th day prior to the expiration of the issuance period, all of the Bonds may be redeemed in cash within the next 30 business days at the redemption price calculated based on the redemption yield rate of the Bonds listed in (3).</p> <p>(2) From the day after the first month of issuance to the 40th day before the expiration of the issuance period, if the outstanding balance of the Bonds is less than \$100 million, the Bonds shall be redeemed in cash at the redemption price calculated based on the redemption yield of the Bonds listed in (3).</p> <p>(3) The redemption rates are as follows.</p> <ol style="list-style-type: none"> <li>1. From the day after the first month of the issue to the day after the second year of the issue, the bonds shall be redeemed at a yield rate of 1.00% per annum.</li> <li>2. From the day after the second year of issue to the day after the third year of issue, the bonds shall bear a redemption yield rate of 1.25% per annum.</li> <li>3. Redemption of this convertible bond at par value from the day after the third year of issuance until 40 days prior to the maturity of this convertible bond.</li> </ol>
Restrictions		None
Credit rating agency, date of assessment and corporate bond assessment results		None
Other rights	Amount of converted (exchanged or warrants) ordinary shares, overseas depositary receipts or other securities as of the date of publication of the Annual Report	Due for redemption
	Issuance and conversion (exchange or share option) method	Creditors convert ordinary shares by way of book transfer or to the Company's share agency at the conversion price.
The method of issuance and conversion, exchange or share option, the possible dilution of shareholdings by the terms of issue and the effect on the interests of existing shareholders.		Not applicable
Custodian of the subject after conversion		None

(2) Information about the convertible corporate bond:

Types of corporate bonds		First domestic unsecured convertible corporate bond		
Item	Year	2009	Current year as of 20 April 2010	
Market value of convertible bonds	Max	101.00	Expired on 24 June 2009 and fully redeemed	
	Min	94.10		
	Avg	99.14		
Conversion price		20.15		
Issuing (processing) date and the conversion price at the time of issuance		Issued on June 25, 2004 / Conversion price at issuance NT\$33.50		
Conversion method		Delivery of new shares upon conversion of the issue, with the same rights and obligations as ordinary shares		

(3) Exchange of corporate bond information: Not applicable

(4) Omnibus reporting of issuance of corporate bonds: Not applicable

(5) Information on corporate bonds with warrants: Not applicable

3.Special shares:

Item\Issuance Date		August 10, 2021 TYC Preferred Share A
Denomination		NT\$10
Issuance Price		NT\$50 per share
Number of shares		Total number of shares: 30,000 thousand shares
Total amount		NT\$1,500,000 thousand dollars
Rights and Obligations	Dividends and bonuses distribution	<p>(1) The dividend yield of the preferred share A is 4% (annual rate), (record date: June 16, 2021, 5-year interest rate swap (IRS) rate, 0.64275% + fixed rate, 3.35725%) and calculated at the issue price per share. The five-year IRS rate will be reset on the next business day five years after the issue date and every five years thereafter. The record date of the reset is two business days of financial institutions in Taipei prior to the reset date. The five-year IRS rate is the arithmetic mean of the offer prices of Reuter's TAIFXIRS and COSMOS3 at 11 a.m. on the record date of the reset (business day of financial institutions in Taipei). If the aforesaid offer prices are unavailable on the record date of the reset, the five-year IRS rate shall be determined by the Company based on the principle of good faith and reasonable market conditions</p> <p>(2) Dividends distribution: The preferred share dividends are fully distributed in cash every year. After the financial statements are adopted in an annual general meeting, the Board of Directors shall authorize the chairman to set the record date for paying the preferred share dividends of the previous year. The number of dividends issued in the year of issue and in the year of redemption is calculated based on the actual number of days of issue in the current year.</p> <p>(3) The Company shall apply the current year's earnings, if any, to pay for taxes as stipulated by laws and regulations, offset accumulated losses of previous years, and allocate 10% as legal reserve pursuant</p>

Item\Issuance Date		August 10, 2021 TYC Preferred Share A
		<p>to laws and regulations. Special reserve shall be set aside or reversed from net shareholder's equity reduction in current or accumulative in prior years in accordance with related regulations. The remaining earnings along with the accumulated unappropriated earnings in prior years as shareholder bonus, and shall be appropriated as preferred share dividends in accordance with the Article 7-1, Articles of Incorporation.</p> <p>(4) The Company has discretion over the distribution of preferred stock dividends. If the Company does not generate any or sufficient profits during the year for the distribution of preferred stock dividends, it may resolve not to pay out the dividends and preferred stockholders have no rights to object. The Board of Directors shall propose a surplus earnings distribution in accordance with Article 32-1, Articles of Incorporation to be adopted by the annual general meeting. After the surplus earnings distribution is adopted, the distributable amount of preferred share and common shares shall be distributed to preferred shares first.</p> <p>(5) The preferred shares A issued are non-cumulative; that is, the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.</p> <p>(6) The preferred shareholders A are not entitled to common shares' cash or share dividends derived from earnings or capital reserve.</p>
	Distribution of remaining assets	Preferred shareholders A have a higher claim to the Company's residual properties than common stockholders. Different types of preferred shares issued by the Company grant holders the same rights to claims, and preferred shareholders stay subordinate to general creditors. The amount preferred shareholders are entitled to is capped at the product of number of outstanding preferred shares at the time of distribution and issuance price.
	Execution of voting rights	Preferred shareholders A have neither voting nor election rights. However, they may be elected as Directors. They have voting rights in preferred shareholders' meetings or with respect to agendas associated with the rights and obligations of preferred shareholders in shareholders' meetings
	Others	<p>(1) For cash offering of new shares, the preferred shareholders have the same preemptive rights as the common shareholders.</p> <p>(2) Capital reserve issued at preferred share A premium shall not be used as capital during the issuance of the preferred share.</p>
Outstanding Preferred Shares	Amount of preferred shares redeemed or converted	NT\$0
	Balance of preferred shares redeemed or converted	NT\$1,500,000,000

Item\Issuance Date		August 10, 2021 TYC Preferred Share A	
	Redemption or conversion terms	(1) Conversion to common share: Preferred share A cannot be converted into common share. (2) Expiration date: The Company's preferred share A does not have an expiration date. Preferred shareholders A may not ask the Company to redeem their preferred shares. The Company may, at any time from the next day of the five-year expiration of the issue, redeem all or part of the preferred stocks based on the original issue price. Unredeemed preferred shares shall continue to be subject to the rights and obligations of the aforesaid issuance terms. If the Company decided to distribute dividend, it shall be calculated according to the actual issuance days of the current year.	
Market Price per Share	2023	Highest	46.60
		Lowest	43.80
		Average	45.26
	Current year as of March 31	Highest	45.50
		Lowest	44.85
		Average	45.29
Other Rights Attached	Amount of stock conversion or subscription as of the publication date of the Annual Report	Preferred share A cannot be converted into common share.	
	Issuance and conversion or subscription regulations	None	
Impact of conditions of issuance on the rights and interests of preferred shareholders and possible dilution of shareholders' equity and impact on existing shareholders' equity		None	

4.Data of preferred shares with warrants: Not applicable

5.Overseas Depositary Receipts: Not applicable

6.Employee stock option certificate application situation: Not applicable

7.Matters to be recorded in the case of M & A or transfer of shares of other companies to issue new shares: Not applicable

8.Implementation of the fund use plan: The Company does not issue or privately places securities; therefore, it is not applicable.

## V. Operations Profile

### 1. Business Content

#### (1) Business Scope

##### 1. Main Content:

- (a) Manufacture, processing and sales of automobile and motorcycle parts (lighting equipment, engines, body parts, lights, horns, electronics, transceivers, cigarette lighters, mirrors, trim, wheel covers, door handles, door locks, starter switches, dashboards, rearview mirrors, and car detectors).
- (b) Manufacturing, processing and sales of aircraft parts and marine parts.
- (c) Manufacturing, processing and sales of transportation machinery and parts.
- (d) Manufacture, processing, and sales of transportation machinery and its spare parts, including AC and DC air compressors, vacuum cleaners, waxers, oil pumps, and maintenance equipment.
- (e) Manufacturing and sales of plastic injection molded products (vacuum cleaner, waxer, air compressor, and other plastic parts and automotive parts).
- (f) The above items are related to the import and export trading business.
- (g) We are the agent of domestic and foreign manufacturers for the quotation, tender and distribution of the above products.
- (h) Except for the permitted business, the business that is not prohibited or restricted by law may be carried on.

##### 2. The company's current product, business proportion:

<u>Product</u>	<u>Operating share (2023)</u>
Automotive	91.51 %
Motorcycles	3.54 %
Other	4.95 %

##### 3. Planned development of new products (services)

- (a) Image optics front floor projection light technology.
- (b) Intelligent interactive lamp design.
- (c) Opto-Mechatronics thermal modular design.

#### (2) Industry overview:

##### 1. Current status and development of the industry.:

##### (a) Current status:

According to the Taiwan Vehicle Industry Association, the total output value of Taiwan's vehicle industry continues to grow. January to September 2023, it amounted to NT\$420.7 billion, accounting for 4.99% of Taiwan's total manufacturing output and down by 5.23%, making it an extremely important industry in Taiwan.

Unit: NTD10 billion

<b>Year / Industry</b>	<b>2023/Jan-Jun</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
Automotive / Growth rate	1,117 / 16.16%	1,958 / 1.95%	1,921 / 12.62%	1,705 / 1.89%	1,674 / 0.24%	1,670 / -8.79%	1,831 / -3.92%
Motorcycle / Growth rate	267 / 7.87%	512 / -9.75%	568 / -10.61%	635 / 9.92%	578 / 8.88%	531 / -12.23%	605 / 13.72%
Bicycle / Growth rate	434 / 6.73%	894 / 29.50%	673 / 16.09%	580 / -10.69%	650 / 27.04%	512 / 8.94%	470 / -8.74%

Year / Industry	2023/Jan-Jun	2022	2021	2020	2019	2018	2017
Automotive parts / Growth rate	1,460 / -0.24%	2,373 / 5.04%	2,271 / 11.50%	2,026 / -9.00%	2,226 / -1.37%	2,257 / -2.55%	2,316 / 1.61%
Motorcycle parts / Growth rate	276 / -12.20%	566 / 0.89%	561 / 10.99%	507 / 9.92%	473 / -3.93%	492 / -3.53%	510 / 2.62%
Bicycle parts / Growth rate	653 / -37.52%	1,295 / 20.23%	1,077 / 46.57%	773 / 7.49%	722 / 9.23%	661 / 15.36%	573 / 7.21%
Total / Growth rate	4,207 / -5.23%	7,598 / 7.38%	7,071 / 14.09%	6,227 / -1.47%	6,322 / 3.27%	6,122 / -2.90%	6,305 / 0.66%
Percentage to manufacturing	4.99%	4.42%	4.40%	4.89%	4.78%		

Source: Statistical release by the Ministry of Economic Affairs and consolidated by the Taiwan Transportation Vehicle Manufacturers Association. Automotive electronics are not included in automotive parts.

Taiwan's auto parts industry has the advantage of small quantity and flexible manufacturing, and has become internationally competitive after continuous investment in R&D and upgrading of production technology.

In recent years, although the domestic market for complete vehicles has been fluctuating, the amount of export sales of auto parts has continued to expand every year after accumulating competitive strength. In 2022, the amount grew by approximately 14.58% to reach a record high of NT\$253 billion, and in 2023, due to economic depression and high inventory volume, the amount from January to June 2023 was NT\$1,082 billion, an decrease of 21.97%.

Unit: NT\$ billion

Year	23/1-6	2022	2021	2020	2019	2018	2017
Amount	1,082	2,530	2,208	1,927	2,148	2,147	2,149
Growth rate	-21.97%	14.58%	14.58%	-10.26%	0.02%	-0.11%	1.70%

Source: Import and export statistics, compiled by Taiwan Vehicle Industry Association.

(b) The future development trend of the industry:

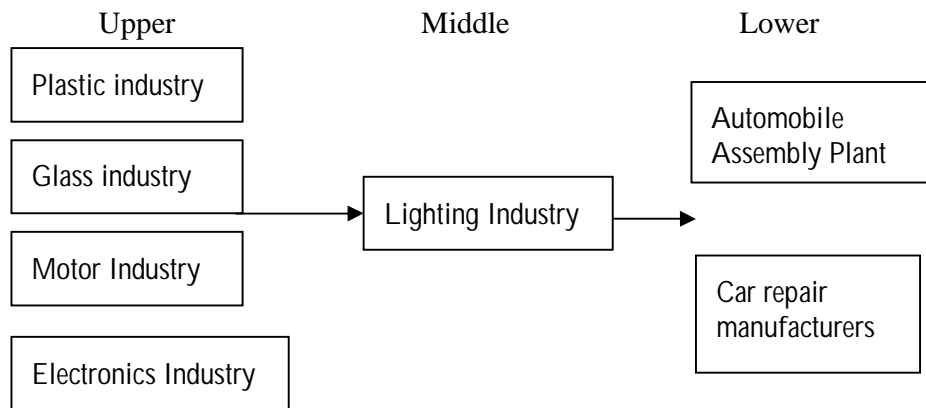
In terms of new products, Taiwan SMEs have the best stage to innovate flexibly, especially related to car safety concept products combined with electronic technology, such as: MiniCCD color camera, anti-glare autodimmingrear viewmirror, wireless tire pressure monitoring systems, rain sensor, satellite navigation, etc. In addition, a variety of audio and video equipment for cars attract many buyers and so there are also innovative products launched, such as: combined with TFT LCD screen and DVD/VDC/CD/MP3/TV +AM/FM function audio and video equipment.

In summary, automotive electronics is the fastest growing project in the automotive industry. The strength of Taiwan's information electronics industry will be one of the thrusts of Taiwan's auto parts industry transformation in the future. According to Strategy Analysis estimates, the automotive electronics market related to driving information has a compound annual growth rate of about 7%, the automotive electronics market related to chassis systems has a compound annual growth rate of 8%, and the

safety systems related to automotive electronics products have a compound annual growth rate of up to 14%.

The future technology and trend of the vehicle industry still lies in the development of oil-electric/electric vehicles. Taiwan already has the capability of independent research and development of key components for electric vehicles.

## 2. The relevance of the industry in the upper, middle and lower reaches:



## 3. Various development trends of products:

With the booming development of LED light source technology, new-style car taillights, including driving lights, brake lights, almost all LED lights emerge, mainly because LED has the advantages of power saving and shape flexibility, so that the taillight power consumption is reduced from 27W down to 5W or less. Also because of the different arrangements that can be done with LED, a variety of designs for car lights can be done unlike the traditional ones.

High-power LED luminous efficiency continues to improve and thermal resistance continues to decrease, but also provides the opportunity to use LED lighting as a light source, including LED direction lights, LED daytime running lights, LED front fog lights, LED near and far lights and so on. In 2010, the company also has the first near-lamp with diurnal lamp function LED headlamp output. Not only is it another important breakthrough in technical capabilities, but also different from Taiwan aftermarket (AM) competitors, and with the higher layer, it is bound to bring higher market profit opportunities for the company. In 2013, the full-featured LED headlights with natural heat dissipation, higher reliability and more energy-saving effect, have been approved and adopted by Ducati heavy locomotives, a subsidiary of the Audi car family!

In addition, committed to the evolution of optical design and light source, and in order to increase the safety of driving and adapt to a variety of driving conditions with automatic steering, automatic adjustment of the light type by the adaptive lighting system (AFS) has gradually become the focus of research and development of each lamp factory. The company completed the mass production of AFS headlights in 2012, using the latest technology, actively detecting the condition of the car, after MCU calculation, and then sending the signal to the lights, a real-time response to compensate for the lighting area and improve driving safety. In response to market competition and customer demand, the company actively invested in technology research and development of full-featured LED headlights, and in 2016 successfully mass-produced these lights to supply European car manufacturers.



#### 4. Competitive Situation:

##### (a) R & D Modified Car Lights (PM):

As the company has superior design ability and quality than competitors in the industry, the product acceptance in the market is higher than other competitors. The company still persists in improving its product design ability and product refinement, in order to enhance the company's brand value, to stay a step ahead of competition.

##### (b) General Aftermarket (AM).

TYC's products in the aftermarket focus on quality, delivery and service, and have not only passed many regulatory requirements (SAE, ECE, ADR, JIS, GB, CAPA, CCC, IRAM, SABS certification), but in order to stay ahead of its competitors and shorten the development time, we have not only used PDM/PLM systems, but have also actively set up a test mold center and mold factory exclusive to the R&D department in order to develop and market new products earlier.

##### (c) OEM market:

OEM lamps usually require a higher level in design technology, the company in addition to the existing optical foundation, is actively engaged in the LED, PES, AFS, ADB and other aspects, seeking technological breakthroughs, and improving the development process. It has obtained factory certification and a number of product patents, synchronous design and development, and through cooperation with LED light source technology manufacturers, TYC can be more competitive in the market.

#### (3) Technology and R & D Overview:

##### 1. R & D expenses invested for the year ended in the date of publication of the annual report:

Unit:NT\$1,000

Item \ Year	2023	Current year as at 31 March 2024
R&D costs	396,267	98,559
Operation revenue	19,277,545	5,116,170

##### 2. R & D expenses invested for the year ended the date of publication of the annual report:

- (1) 100 PIXEL ADB headlamp design
- (2) Dynamic vision intelligent taillights research and development
- (3) Optical lens with high resolution research and development

##### 3. Future Annual Research Development Plan.

With the rising of Internet of Vehicles, new energy technology, and autopilot, automotive lighting is getting more intelligent. As a visual and safety part, the automotive lighting is expected to become the core vector of vehicle data output terminal and achieve the upgrade from “function” to “intelligent”. The continuous progress and maturity of LED technology such as matrix LED, DMD, OLED, Mini LED and emerging intelligent automotive lighting technology of pixel ADB, MLA, and DLP have driven automotive lighting to a electronized and intelligentized upgrade. Through the infusion with cameras, navigation, and radar technologies, automotive lighting can send message with interactive images and light and shadow, which can enhance the interaction between automotive and people and communication between automotive and other road users to improve safety driving experience in various scenarios. Meanwhile, the streamline and thinning design give the lighting a sense of technology.

In response to rapid development of the automotive lighting market, TYC has infused various intelligent elements in it and developed a lighting that can communicate with people rather than just the lighting function. By communication, it means vehicle information can be projected in the surrounding area or on the side view mirror by projecting technology and programming, including vehicle information (remaining mileage/tire pressure/detection of errors), traffic warning, turning instruction, floor lighting, and other enhancing functions that help the vehicle communicate with the driver and pedestrian, such as corner lighting, back-up lighting, vehicle customization, and parking instruction light. In technology aspect, Adaptive Driving Beam Headlamp technology is the developing mainstream in smart headlamp, and mostly with matrix with 24 pixels LED on major automotive models; whereas 100 pixels on high-end models of the luxury imported brand. ADB system is composed by ADAS camera, main controller, LED driver, ADB optical module, and transmission line. The cost of ADB is getting higher in smart headlamp. Whether ADB will be popular in the future depends on if the price can be reduced. Therefore, research on ADB lighting with lower cost is a significant developing direction for TYC in the future.

TYC has invested considerable resources in light design, optical design, heat dissipation design, materials, LED and electronic control system, simulation analysis, mold design and development, and production technology.

Lighting mechanism: With modularized lighting, it keeps the part simple and greatly reduced in size and developing quantity, which match the concept of sustainable development, energy saving, and carbon reducing. It can match suitable frame with different car models for various styles.

Optical design: By constant improvement in LED brightness, the optical design of smart headlamp can be more precise with single point light source through multi-layer lens system. It changes in brightness with electronic control system to avoid glare for drivers, road users, and pedestrian when driving at night. It provides a much safer driving environment and meets the brightness requirement and clear light source by regulations.

Lighting design: It requires a more precise processing technology in module technology. We invest in ultraprecision NC processing machine that makes the product fits with the design, and create a more competitive LED lighting.

Material: Optical lens are made with Liquid Silicone Rubber, LSR, which has excellent additive function when compared with regular engineering plastic, such as excellent weather resistance (anti-UV), water resistance, shock absorption, heat resistance, mechanical strength, and optical performance, especially in automotive lighting industry. It has gradually become an essential material for optical lens module.

Electronic control: if optics is the soul of automotive lighting, then the heart must be the electronic control. Any perfect optical design is made by LED that is driven by electronic control system. Automotive electronic design has evolved from traditional LED driven circuit to electronic digital and communication design. By using CAN/LIN BUS connection, it reduces message error and EMI interruption for better driving safety. The old electronic lighting control module can only provide function required by regulation. With automotive communication design, it can deliver customized driving message (such as welcoming light, breathing light) and programmable ISD intelligent interactive light, which replaced the static with a dynamic function and giving life in automotive lighting.

TYC research and development team has improved the automotive lighting technology to the same level in the market in response to rapid change and demand of the market. Regardless of the future mainstream, TYC is ready and will focus on smart automotive lighting development to improve driving safety.

(4) Long and short-term business development plan:

1. Short term plan:

- (a) In order to expand the largest AM market in North America, we have invested capital and manpower to obtain CAPA certification. As of 2023, 2,050 lamps have been certified by CAPA, and it is estimated that by 2024, more than 2,200 lamps will have been certified. Now we continue to invest all resources to obtain CAPA certification to increase sales in insurance market and increase product certification to 1,869 in 2021. It is estimated that by 2022, more than 1,950 lamps will have been certified.
- (b) Headlamp related optic and mechanism patents, about 295 patents, are the fundamental niche of the company in the competitive world.
- (c) The company has added new strategic product lines and expanded TYC brand products such as compressor for automotive air conditioning, mirrors, condensers, fans, water tanks, blowers, lifts, air filters, chassis parts, electrical products, and new product groups such as automotive electronics, and is actively seeking strategic alliances with high quality and competitive domestic and foreign manufacturers to strengthen its competitiveness in the market. It provides an ONE STOP SHOP for customers from 130 countries to increase customer's loyalty and dependency of TYC.
- (d) We are actively developing OEM markets, strengthening quality and enhancing relationships with international car manufacturers.

2. Long-term Plan:

- (1) Establish global distribution system and expand distribution network.
- (2) To grasp the local market in China and expand the scale of the company's operations.
- (3) To build up the production and supply capacity of the ASEAN.
- (4) Actively strive for customer development in electronic car/new and innovative automobile manufacturer, mostly in Europe and American markets.

2. Market and Production Overview.:

(1) Market Analysis:

1. Major product sales regions

The Company's main sales regions are mainly overseas, with foreign sales comprising 94.62% and 93.27% of sales in 2022 and 2023 respectively. The high proportion of foreign sales is mainly due to the limited appetite of the domestic automobile market, and in recent years, apart from the continuous AM market expansion, the Company has also devoted itself to the development of other markets.

In addition, due to the larger market size in Europe and the United States, the quality requirements of the products are higher, and they must pass the quality test of SAE (American Society of Automotive Engineers) in the United States and obtain the quality certification of ECE (European Economic Commission) in Europe before they can be sold to Europe and the United States respectively. Sales to the U.S. amounted to NT\$9,383,384,000 in 2023, representing 48.68% of total net sales, and sales to the Netherlands amounted to NT\$2,354,868,000 in 2023, representing 12.22% of total net sales, with a total of NT\$11,738,252,000 in sales to the U.S. and the Netherlands.

## Sales of major products in the past two years

Units: NT\$1000; %

Sales target and area		2022		2023	
		Amount	Ratio	Amount	Ratio
Domestic Sales		1,033,258	5.38%	1,297,500	6.73%
Export sales	China	189,899	0.90%	170,486	0.88%
	Netherlands	2,298,354	11.97%	2,354,868	12.22%
	USA	9,919,044	51.64%	9,383,384	48.68%
	Other countries	5,766,671	30.02%	6,071,307	31.49%
	Subtotal	18,173,968	94.62%	17,980,045	93.27%
Total		19,207,226	100.00%	19,277,545	100.00%

## 2. Future market supply and demand conditions

- Demand in the refurbishment market is currently unsaturated, as it is in the introduction stage.
- The results of our cultivating the European locations, the increase in orders and the expansion of our sales channels have led to an increase in market share.
- In order to meet the new sales strategy, the company continues to strengthen the establishment and implementation of the quality assurance system, and has passed the ISO9002 certification in 1993, which has reached the internationally recognized quality standard. In order to continuously improve quality, the company began to implement the Quality System Standard (QS9000) of the Big Three in the United States in 1996 and was certified in December 1998. The company passed ISO14001 certification in July 2002, TS-16949 certification in October 2003, CAPA Certificate of Conformity in September 2005, and the Top 20 Excellent Brands in Taiwan. In March 2006, we obtained the Q1 Quality Award certificate; in February 2007, we obtained CCC certification in China; in October 2007, we obtained IRAM certification in Argentina; in February 2010, we obtained SABS certification in South Africa; in December of the same year, we obtained OHSAS18001, TOSNMS certification and AEO quality enterprise; in July 2012, we obtained CZ certification in Europe; in September, we passed the APCP factory evaluation by NSF certification agency, and in October, the first group of lamps passed the certification and we became the qualified supplier of NSF-APCP. In 2014, we were awarded one of the most valuable brands in the top 35 of the Global Best Brands (Taiwan Region) by Interbrand; in April 2018, the ISO/TS 16949 quality management system certification was successfully changed to IATF 16949; in July, we passed the ISO 26262 functional safety management system certification by Rheinland; The recognition of new technology includes two awards of the 19th Taiwan Excellence Award (LED headlamp with DRL and delicate patio light), the 20th Taiwan Excellence Award (AFS intelligent steering headlamp), and three awards of the 21st Taiwan Excellence Award (full LED tail lamp, LED light guide bar motorcycle headlamp, and sailboat LED street lamp), the 22nd Taiwan Excellence Award for LED DRL Guide Bar Headlamp, the 23rd Excellence Award for two products (Transformers Full LED Motorcycle Headlamp, Energy Saving Street Lamp-Ruyi), the 24th Excellence Award for 3D Full LED Depth of Field Tail Lamp, and the 25th Excellence Award for three products (5-in-1 Full Function Bus Headlamp, Full LED Cruiser Heavy Motorcycle Headlamp, Full LED Hawkeye Motorcycle Headlamp), the 27th Silver Award and Award of Excellence for Full Function LED Motorcycle Tail Light, the 28th Award of Excellence for two products (Innovative Thin Full LED Motorcycle Tail Light, Vertical Side Light Emitting Motorcycle Directional Light), and the 29th Award of Excellence for two products (Innovative Full Function LED Motorcycle Head Light, T Type, and Innovative Full Function LED Motorcycle Head Light, V Type), and Awarded the 30th Taiwan Excellence Award (Full LED Motorcycle Headlamp). These show that our company not only strives to improve our technology and product quality competitiveness year after year, but also speeds up the local customs clearance for foreign customers, making our company rise to the level of a world class manufacturer.
- With the rising awareness on environmental protection, the Company has been actively strengthening its management system, and received the Carbon Reduction Action Award from the Environmental Protection Administration of the Executive Yuan at the end of 2015. It is certified by ISO 14064-1:2018 Greenhouse gas inventory in 2022, and takes initiative to issue the first version of Sustainability Report. Based on the responsibility and obligation in environmental protection, social improvement, and economic growth, the Company has established a sustainable development policy, so it can be effectively launched and practiced, as well as meeting the expectation of the interest parties and determination to a sustainable development.

Policy scope includes 3 major aspects in sustainable development: environment, society, and governance in response to the interest parties' concerns from employee, supplier, business partner, customer, government, investor, and community. It has been working with DHL Express Taiwan to be partner on the net zero emission journey since October 2023, which uses Sustainable Aviation Fuel (SAF) in GoGreen Plus plan to reduce 10% of carbon emission during logistics and transportation, and get one step closer to the net zero emission goal.

- (e) In response to the development needs of the vast market in Mainland China, the company actively engages in the mainland marketing planning. It set up a lamp factory and mold factory in Changzhou, China, and set up Kunshan TYC Energy-saving Lighting Technology Co., Ltd. to produce automotive lights. In addition, through the design team owned by the company, we conducted lamp modeling modification design to meet the needs of major automakers and to actively expand the Mainland domestic demand market, hoping to master the sales network.
- (f) In order to strengthen the supply chain in Southeast Asia, we not only produce automotive lights in Thailand, but also produce OEM lights for motorcycles in Vietnam through a joint venture. 109 years ago, our Thailand plant was awarded the honor of "2019 Honorary Manufacturer" by GM, demonstrating our ability to produce OEM quality.

### 3. Advantages and disadvantages of the development vision

#### (a) Advantages:

- A. The improvement of the light distribution technology of vehicle lights and the compliance of the products with regulations and market demands have improved product quality, shortened delivery time and reduced costs, which have helped to expand sales.
- B. The conversion of the information trade system was completed and the international network communication capacity was enhanced.
- C. The company has a good brand image in the automotive lighting market, the best quality and technology in the industry, a long history, and a wide sales coverage, which contributes to the growth of business.
- D. We emphasize the importance of teamwork, customer-oriented awareness and good centripetal force.
- E. Our global production sites have been integrated to achieve significant cost reduction and internationalization.
- F. The recession has reduced the demand for new vehicles, but the relative increase in usage of older vehicles has had a consequent impact on the demand for refurbished products.
- G. International and corporate companies are strengthening their overseas sourcing through global division of labor, with Taiwan parts and components being one of the key sources.

#### (b) Disadvantages:

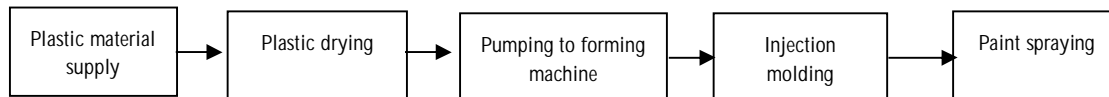
- A. The price competition among global lamp contractors is fierce, affecting the selling price and profitability.
- B. The wide range of changes in exchange rates affects the accuracy of the Company's forecasts of results and profitability.
- C. The rapid development of automotive parts in mainland China has strongly carved out part of the market, while Japanese automakers have shifted their main focus to the Asia-Pacific region because of the aggressive stance of Mainland China. With the lifting of COVID-19 restrictions, the suppliers are ready to take on market without 3<sup>rd</sup> party certification with low price.
- D. Emerging countries such as Mainland China, India and Eastern Europe have a low cost advantage.
- E. In response to environmental requirements, the selection of materials and testing has become more stringent and development costs have risen.

(2) Important applications and production processes of the main products.

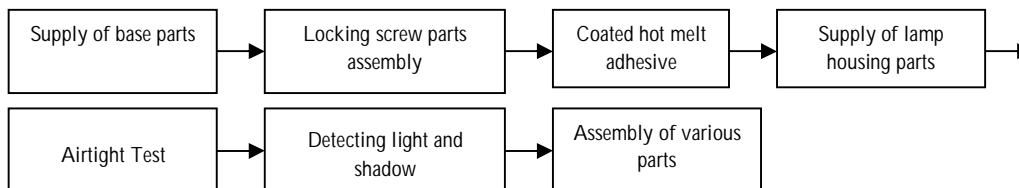
1. Main products' important applications: Our main products are used in various brands of motorcycle lighting.

2. Main product production process:

(1) Injection molding manufacturing process:



(2) Component assembly manufacturing process.



(3) Supply status of main raw materials

Name of raw material	Supply situation
Base, lamp housing	Good
Hardware and iron parts	Good
Rubber Parts Housing	Good
Wire group	Good
Light bulb	Good
Glass lamp housing	Good
Plastics, BMC materials	Good
Paper box packaging	Good

The main raw materials for our motorcycle lights are lamp housings, lamp bulbs and plastic materials, which are mostly supplied by well-known domestic manufacturers, with only a few imported by ourselves. Since we have a wide range of customers and have maintained good cooperative relationships with major suppliers, the quality of the raw materials supplied is stable and the source of raw material supply should be safe.

(4) Name of customer who has accounted for more than 10% of the total amount of goods imported (sold) in any of the past two years:

1. Key supplier information for the past two years:

Unit:NT\$1,000 ; %

	2022				2023				FY 2024 as at 31 March			
Item	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer
1	A company	860,107	8.64%	Non-related person	A company	914,573	9.72%	Non-related person	A company	241,811	8.40%	Non-related person
2	Others	9,098,624	91.36%	None	Others	8,497,684	90.28%	None	Others	2,636,668	91.60%	None
	Net Purchase	9,958,731	100.00%		Net Purchase	9,412,257	100.00%		Net Purchase	2,878,479	100.00%	

Explanation of changes: None of the major suppliers accounted for more than 10% of total purchases in the last two years, so it is not applicable.

2. Key sales customer information for the past two years:

Unit:NT\$1,000 ; %

	2022				2023				FY 2024 as at 31 March			
Item	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer	Name	Amount	Percentage of net purchases for the year	The relationship with the issuer
1	A company	2,574,866	13.41%	Non-related person	A company	2,863,386	14.85%	Non-related person	A company	770,321	15.06%	Non-related person
2	Others	16,632,360	86.59%	None	Others	16,414,159	85.15%	None	Others	4,345,849	84.94%	None
	Net Purchase	19,207,226	100.00%	-	Net Purchase	19,277,545	100.00%	-	Net Purchase	5,116,170	100.00%	-

Note on changes. :

(1) Turnover for FY2023 was NT\$19,277,545,000 an increase from FY2022 turnover of NT\$19,207,226,000 due to major sales area – Taiwan and Netherlands sales increased.

(5) Table of production values for the past two years

Unit: pcs; NT\$1000

Year Production value Main products	2022			2023		
	Capacity	Volume	Output value	Capacity	Volume	Output value
Car lights	31,000,000	25,421,765	16,763,058	31,000,000	22,596,547	18,939,825
Motorcycle light	3,000,000	2,237,157	1,002,459	3,000,000	2,013,016	1,013,198
Other categories	45,000,000	9,685,148	798,134	45,000,000	6,816,789	680,475
Total	79,000,000	37,344,070	18,563,651	79,000,000	31,426,352	20,633,498

(6) Table of sales values for the past two years

Unit: pcs; NT\$1000

Year Sales value Main products	2022				2023			
	Domestic Sales		Export sales		Domestic Sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Car lights	587,397	535,739	25,336,760	16,789,502	497,960	823,137	21,764,675	16,817,717
Motorcycle light	1,181,577	359,559	438,034	451,128	1,017,250	284,840	504,146	397,751
Other categories	490,520	137,960	20,166,099	933,338	621,347	189,523	17,480,483	764,577
Total	2,259,494	1,033,258	45,940,893	18,173,968	2,136,557	1,297,500	39,749,304	17,980,045

3. Number of employees, average years of service, average age and education distribution ratio in the past two years:

2024/3/31

Year		2022	2023	Current year as of March 31
No. of employees	Sales staff	241	243	242
	Management staff	910	925	926
	Factory staff	1,645	1,599	1, 591
	Total	2,796	2,767	2, 759
Average age		38.63	33.84	41. 46
Average years of service		8.89	10.43	10. 64
Education distribution ratio	Ph. D.	1	1	1
	M.D.	151	156	158
	College	1,387	1,437	1, 441
	High School	951	949	952
	Below high school	306	224	207



#### 4.Environmental Expenditure Information.

- (1) We produce products without creating pollution. The discharge of runoff water is treated by the industrial area sewage treatment plant to be environmental friendly and avoid environmental pollution.
- (2) The company invested in environmental protection expense. The expense for hardware equipment, air pollution, and waste management (general waste) in 2023 was NT\$41,966,353 in total.

Unit:NTD		
Expense Category	Amount	Proportion (%)
Air pollution preventive cost	10,474,089	25.0
Water pollution preventive cost	2,463,769	5.9
Waste treatment (general waste) cost	10,011,300	23.9
Environmental system certification cost	367,195	0.8
Environmental hardware expense	18,650,000	44.4
Total	41,966,353	100.0

- (3) No environmental pollution has occurred in the past year.
- (4) No loss or compensation has been suffered as a result of environmental pollution in the past year and up to the date of publication of the annual report.
- (5) No significant environmental expenditure is planned for the next two years.

#### 5.Labor relations:

Based on the business philosophy of "honesty, frugality, innovation, and breakthrough", our company became a leading manufacturer of "TYC" lamps through the combined honest, hard-working, frugal, and competitive work attitude of our outstanding employees.

As a result of the company's visionary leadership and decent management, and the sharing of profits with employees, the relationship between employers and employees is very harmonious, which not only makes the company strong, but also gives more and better protection to the rights of employees.

- (1) The company's employee welfare measures, further education, training, retirement system and implementation, as well as the agreement between labor and management and the protection of employee rights and interests of the situation:
  - 1.1. Employee welfare measures and implementation:
    - (1) All employees of the company participate in labor insurance, national health insurance and group insurance.
    - (2) Regular staff health checkups and health protection information dissemination.
    - (3) Food subsidies are provided to staff.
    - (4) Subsidized year-end dinner party meal and sponsored gifts.
    - (5) Language learning subsidy.
    - (6) The establishment of a staff welfare committee which discussed the following matters:
      - A. Organize staff travel or issue travel subsidies to senior employees.
      - B. Issued employees birthday gifts, three holiday gifts.
      - C. Year-end party, provide year-end party lottery prizes.

- D. Funeral grants.
- E. Wedding congratulatory gifts.
- F. Maternity benefits.
- G. Organize recreational activities.
- H. Injury and illness hospitalization consolation money.
- I. Funding for club activities.
- J. Sign up for an appointed shop.

2. Implementation of Staff Development and Training:

- (1) According to the company's overall operational objectives and strategies, we train management and professional technical personnel, and assist new employees to quickly enter the situation and become competent in their work.
- (2) In order to implement the company's education and training goals, the company's education and training system is divided into internal training and external training. In 2023, a total of 712 internal training courses, 193 external training courses were conducted reaching a total education and training fee of NT\$3,818,000.

The relevant content is as follows:

Year	2023 (Number of employees: 1649)			
	Male (1175)		Female (474)	
Training category	Training hour	Number of trainees	Training hour	Number of trainees
General ability training	8,070	5,819	3,839	2,555
The core ability of training	2,882	441	746	98
Job-specific training	1,428	300	201	88
Professional ability training	5,212	4,460	2,247	1,518
Management ability training	2,558	333	600	83
Total	20,150	11,353	7,633	4,342

Item / Year		2023
Internal training	Total training hour	25,748
	Number of trainees	15,501
External training	Total training hour	2,035
	Number of trainees	194
Total	Total training hour	27,783
	Number of trainees	15,695

- (3) The company provides a safe, harmonious excellent working environment, and has obtained ISO/CNS 45001:2018 occupational safety and health management system since September 2020, which was revalidated regularly with certification valid to December 5, 2025, in accordance with the requirements in the Occupational Safety and Health Management Regulations. It continues to practice and maintain the effectiveness of the Occupational Safety and Health Management System, and manages activity and product that are within the management system of the company's Occupational Safety and Health Management System, including all employees in plants in An-ping and Tech Park Phase 1~3 (100% employee) and subcontractor employees. It reviews the hazard in operations through regular risk identification and establishes risk control sequence, and further updating the policy, promoting personnel's awareness, strengthening preventive management, and substantially improving the execution. It also focuses on

communication between labor and management, and implements health promotion. Regular training on employee safety and health are held and regular inspecting on relevant equipment, so employees can build a cohesion on workplace safety and health and health issue and fully shape a comfortable, safe, and healthy sustainable working environment.

3. Employee Retirement System and Implementation:

- (1) The Company's employee retirement method under the "Labor Pension Ordinance". The Company has allocated 6% of the employee's salary per month to the personal pension account of the Labour Insurance Bureau in accordance with the employee retirement method established in the Ordinance.
  - (2) Implementation situation: The amount of pension expenses allocated by the Company in 2023 and 2022 is NT\$41,160,000 and NT\$41,235,000 respectively.
  - (3) The employee pension scheme established by the Company in accordance with the "Labor Standards Act", the payment of the employee pension is calculated based on the length of service and the average salary of one month at the time of approval of retirement. Two bases are given for service years within 15 years (inclusive), and one base is given for each year of service for more than 15 years, provided that the base accumulation is limited to a maximum of 45 bases. In accordance with the provisions of the Labor Standards Act, the Company allocates a pension fund on a monthly basis for 3% of the total salary, which is stored in a special account in the name of the Labor Retirement Reserve Supervision Committee in a special account of the Bank of Taiwan. In addition, the Company estimates the balance of the aforementioned workers' retirement reserve account before the end of each year. If the balance is less than the amount of the pension calculated by the estimated workers eligible for retirement in the following year, the difference will be made by the end of March of the following year.
- (2) Losses suffered as a result of labour disputes in the most recent year and as of the date of publication of the annual Report, and estimated amounts and countermeasures that may occur now and in the future:

Even though the company does not set up a union or group agreement, the company values labor-management relations and provide various communication channels for employees, such as face to face communication, set up online/physical employee suggestion box to provide constructive feedback to all management levels and human resources at anytime. It handles report cases confidentially and verifies objectively, so the employees know the company will protect whistle blower's safety from revenge.

Labor management meetings are held every three months to meet the regulation requirement. Representatives from labor and management and human resources will join the meeting to explain and discuss on the company's major policy, management issue, and benefit. Suggestions proposed in the meeting will be included in the meeting minutes for follow up and effective implementation to ensure employees' labor rights. 5 labor management meetings were held in 2023. No major labor management dispute occurs, so there is no relevant loss.

The company always make great efforts to protect employees' rights by establishing various policies and building unimpeded internal communication channels, so the employees' ideas and suggestions can be immediately responded and handled.

The company also established "Sexual Harassment Prevention Regulations" and "Preventive Plan for Unlawful Infringement in the Workplace", and promoted the system and practice on sexual harassment prevention and unlawful infringement via internal webpages and other channels from time to time to establish correct awareness for employees on gender respect and equality, as well as a working environment without discrimination and sexual harassment.

## 6. Cyber Security Management

(1) Cyber security risk management structure, cyber security policy, specific management plan, and resource invested in cyber security management:

1. Cyber security risk management structure:

To strengthen TYC internal data security protection, management mechanism, and customer-related information, the Company has established "Information Security System Center", a dedicated unit of information security with 1 supervisor and 4 specialists in order to meet the requirement of cyber security by competent authority, to execute information security related business and strengthen information security defensive ability.

2. Cyber security policy:

To strengthen information security protection and management mechanism, the Company has organized and established a dedicated unit of information security with adequate professional manpower and resources, made information security policy, management procedure, and regulations, and performed risk control to reach the goal of information security management. It is TYC's commitment to stakeholders to proactively promote on information security management system, technology reinforcement, and sensitive information protection, and to protect the interest of the customers and business partners, as well as the company's competitiveness.

Purpose:

To strengthen information security management, establish a safe and reliable global automotive light smart manufacturer, ensure information, system, equipment, and internet security, and protect the interest of the customers and business partners, T.Y.C. Brother Ind. Co., Ltd. (hereinafter referred to as "the Company") has established this policy for the employees and stakeholders to follow in accordance with relevant regulations in the "Regulations Governing Establishment of Internal Control Systems by Public Companies", "Guidelines for Information Security Management and Control for the Listed Company", and "Personal Data Protection Act".

Goal:

It is to promote all units to enhance information security management and establish a concept of "everyone is responsible for information security" to reduce the occurring rate of information security incident and to manage the impact caused by the incident to an acceptable level. Also, the Company enhances continuous business management and information security tenacity to meet the expectation, as well as ensuring normal operation of the company's business and protect the interest of the customers and business partners.

Scope:

- Applicable to safety management of the Company's information asset, including its confidentiality, completeness, and availability.
- All employees, suppliers, contractors, consultants, temporary employees, customers, and third party personnel that involve with the Company's information operation or data usage shall follow this policy.

Principle:

- All information security management regulations and procedures must follow government regulations (such as: Criminal Law, The Classified National Security Information Protection Act, Patent Act, Trademark Act, Copyright Act, Computer-processed Personal Data Protection Act, and “Guidelines for Information Security Management and Control for the Listed Company”).
- Set up information security organization and clearly stipulate its responsibility to promote and maintain information security management, execution, and verification.
- Establish information security management regulations and procedure to protect the confidentiality, completeness, and availability of the personnel, data, information system, equipment, and internet.
- Conduct regular information security management meeting to review internal and external risks, technology, business needs and latest updates for countermeasure.
- Conduct regular information security tests and audits in order to evaluate the risk of information environment and make improvement.
- Deploy information security protection system and monitoring equipment, continue to improve the security of the overall information environment, and reduce the incidence of various risks.
- Authorization must be required for using system and data, and the minimum level of authorization shall be granted based on business needs.
- Set up adequate backup and backup mechanism for information system, conduct regular emergency drill to strengthen the tenacity of information service when facing threats.
- Establish response and reporting procedure on information security incident and improve the responding and coordinating ability of the internal personnel in an emergency.
- Conduct regular employee training on information security to continue improving the awareness of information security.
- All employees and stakeholders shall be responsible to maintain cyber security and follow relevant cyber security management regulations.

**Information security management and implementing priority**

To prevent and reduce information security risks, the Company practices and continues to update cyber security measures more strictly, such as set up advance virus scanning tools to prevent factory equipment from virus, strengthen internet firewall and internet control to stop virus from spreading to other equipment or factory, set up virus protection and malware detection solution, improve deployment time of information security to strengthen data center security, establish and review information security performance index, introduce new technology to enhance data protection, strengthen phishing mail detection and conduct regular test on employees' awareness, establish an integrated automation information security maintenance platform by AI service to reinforce the automation for information security incident detection and handling, continue to practice on handling information security attack drill, and entrust external experts to conduct information security assessment.

On-going annual information security priorities are as follows:

1. Internet safety control
2. Assets management and data protection
3. Access control
4. Computer operation security management
5. Personnel and physical security
6. Application security
7. Information security incident handling and management
8. Supply chain security
9. Personnel information security management and educational promotion
10. Internal/External information security assessment and risk management

### **Cyber security incident handling and reporting**

Establish corporate risk management mechanism and information security incident handling standard procedures, stipulate relevant process and measures including reporting procedure of information security incident, assign specialists to handle major cyber security incident, loss evaluation and further necessary responding measure, evaluate cyber risk's possible impact on the Company's finance and operation and its responding and make up measures.

### **3. Cyber security management control measures:**

Management item	Implementation Item
System specification	<ol style="list-style-type: none"> <li>1. Establish cyber security regulation and system to regulate employees' cyber security behavior.</li> <li>2. Regularly check if the relevant systems meet the changes of the operating environment, and make timely adjustment.</li> </ol>
Internet security	<ol style="list-style-type: none"> <li>1. Establish mail protection system and regularly sign and update service for relevant protection mechanism.</li> <li>2. Regularly update and sign for firewall-related protection service.</li> <li>3. External supplier system is limited to IP or VPN connection to improve internet security.</li> <li>4. Protection measure for potential weakness of the internal system and anti-virus and anti-hacking.</li> <li>5. Anti-virus and anti-hacking, junk mail and malware program detection.</li> </ol>
Computer system security	<ol style="list-style-type: none"> <li>1. Centralized control on servers and PCs and update anti-virus engine and virus code regularly.</li> <li>2. Set up auto dispatch for repair update.</li> <li>3. Restriction on USB usage on PCs.</li> </ol>
Cyber system access control	<ol style="list-style-type: none"> <li>1. Relevant account/authorization opening will be review under application.</li> <li>2. Activate complexity mechanism in account and password management and require to change password regularly by system.</li> </ol>

	3. The account of the resigned personnel will be deleted automatically by the system on the date of resignation.
Data backup	1. Data backup is done daily with complete backup and differential backup by plan. 2. Backup data is stored remotely. 3. Regularly check on the availability of backup data.
System availability planning	1. Set up High Availability (HA). 2. Set up backup mechanism.
Daily inspection and verification	1. Establish daily management checking item. 2. Regular drill on disaster recovery.
Personnel training	Regularly hold cyber security training to new employees and irregularly promote cyber security to improve employees' cyber security knowledge and professional skills.

4. Cyber security management resource:

Cyber security in 2023 is to improve defense ability. NT\$2,550,000 was invested to complete, set up, and upgrade equipment as follows:

- (1) Backup software upgrade.
- (2) Disk array upgrade (improve efficiency and availability).
- (3) Junk mail (SPAM) protection upgrade.
- (4) Virtual software (VMWARE) version upgrade.
- (5) Anti-virus software update and deployment.

5. Cyber security implementing status:

- (1) In order to prevent hacker invasion, TYC has prepared measures such as anti-virus software, employee cyber education training and promotion, regular update on operation system, software, firewall protection, backup and restoration to avoid loss of the company's cyber assets.
- (2) TYC manages email security by classification. There were 1,414,222 emails received in 2023. 86,743 quarantined emails were intercepted (account for 6.13%), and 1,536 virus email were intercepted (account for 0.11%). As for firewall security management, 904,000 threat activities were detected in 2023 (16,100 of them were in high risk, 19,100 in medium risk, and 868,800 in low risk). Attacking types include mail, application, URLs, and domains.

6. Cyber security education training:

- (1) TYC has conducted information security training quarterly for new employees, which includes learning company's computer system, data access control, and regulations of internet usage. For existing employees, cyber security training is held every six months. 117 new employees and 85 existing employees had participated in information security training in 2023 (contents include information and confidential data leak, and internet attack issue). The total training was 202 hours.
- (2) Any losses, possible impacts therefrom, and measures to be taken due to significant cyber security incidents: None.

7. Important Contract: None

## VI. Financial Overview

1. Condensed balance sheet and consolidated profit and loss account for the past five years, name of accountant and his audit opinion.

(1) Condensed Balance Sheet (Consolidated) - IFRS.

Unit:NT\$ 1000

Year		Financial information for the past five years (Note 1)					Financial information for the year ended 31 March (Note 2)
Item		2019	2020	2021	2022	2023	
Current assets		9,024,153	8,453,095	9,889,193	11,693,901	11,189,047	11,521,009
Real estate, plant and equipment		8,331,456	8,330,236	7,924,249	8,016,711	8,186,160	8,156,015
Intangible assets		116,418	90,673	71,843	70,298	56,905	53,732
Other Assets		6,140,016	5,871,131	6,169,322	6,264,668	6,398,569	6,751,206
Total assets		23,612,043	22,745,135	24,054,607	26,045,578	25,830,681	26,481,962
Current liabilities	Before distribution	7,321,703	6,300,812	7,554,959	8,283,846	8,568,363	8,712,564
	After distribution	7,759,760	6,488,551	7,735,079	8,907,062	Not yet distributed	Not yet distributed
Non-current liabilities		9,427,566	9,739,397	8,308,703	8,592,027	7,747,698	7,514,498
Total liabilities	Before distribution	16,749,269	16,040,209	15,863,662	16,875,873	16,316,061	16,227,062
	After distribution	17,187,326	16,227,948	16,043,782	17,499,089	Not yet distributed	Not yet assigned
Equity attributable to owners of the parent company		6,648,445	6,424,948	7,889,755	8,845,515	9,175,847	9,891,719
Capital stock		3,128,979	3,128,979	3,428,979	3,428,979	3,428,979	3,428,979
Capital reserves		1,379,947	1,381,263	2,577,877	2,578,522	2,580,384	2,580,579
Retained earnings	Before distribution	2,396,484	2,210,684	2,232,867	2,998,000	3,442,222	4,070,365
	After distribution	1,958,427	2,022,945	2,052,747	2,374,784	Not yet distributed	Not yet distributed
Other interests		(250,969)	(289,982)	(343,972)	(153,990)	(269,742)	(182,208)
Treasury stock		(5,996)	(5,996)	(5,996)	(5,996)	(5,996)	(5,996)
Non-controlling interests		214,329	279,978	301,190	324,190	338,773	363,181
Total equity	Before distribution	6,862,774	6,704,926	8,190,945	9,169,705	9,514,620	10,254,900
	After distribution	6,424,717	6,517,187	8,010,825	8,546,489	Not yet distributed	Not yet distributed

Note 1: The 2019-2023 financial information has been audited and certified by an accountant.

Note 2: 2024/3/31 The financial information was reviewed by the accountant.



## (2) Condensed Balance Sheet (Individual) - IFRS.

Unit:NT\$ 1000

Year		Financial information for the past five years (Note 1)				
Item		2019	2020	2021	2022	2023
Current assets		4,880,185	4,536,631	5,682,648	6,723,133	6,661,280
Real estate, plant and equipment		6,178,708	6,381,043	6,120,820	6,210,444	6,047,583
Intangible assets		76,695	57,329	40,267	41,054	40,804
Other Assets		6,781,401	6,781,462	6,793,122	6,723,731	6,754,587
Total assets		17,916,989	17,756,465	18,636,857	19,698,362	19,504,254
Current liabilities	Before distribution	4,670,000	3,898,799	5,098,825	4,826,945	5,323,803
	After distribution	5,108,057	4,086,538	5,278,945	5,450,161	Not yet distributed
Non-current liabilities		6,598,544	7,432,718	5,648,277	6,025,902	5,004,604
Non-current liabilities	Before distribution	11,268,544	11,331,517	10,747,102	10,852,847	10,328,407
	After distribution	11,706,601	11,519,256	10,927,222	11,476,063	Not yet distributed
Equity attributable to owners of the parent company		6,648,445	6,424,948	7,889,755	8,845,515	9,175,847
Capital stock		3,128,979	3,128,979	3,428,979	3,428,979	3,428,979
Capital reserves		1,379,947	1,381,263	2,577,877	2,578,522	2,580,384
Retained earnings	Before distribution	2,396,484	2,210,684	2,232,867	2,998,000	3,442,222
	After distribution	1,958,430	2,022,945	2,052,747	2,374,784	Not yet distributed
Other interests		(250,969)	(289,982)	(343,972)	(153,990)	(269,742)
Treasury stock		(5,996)	(5,996)	(5,996)	(5,996)	(5,996)
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	6,648,445	6,424,948	7,889,755	8,845,515	9,175,847
	After distribution	6,210,388	6,237,209	7,709,635	8,222,299	Not yet distributed

Note1:The 2019-2023 financial information has been verified by accountants.

## (3) Condensed Consolidated Income Statement (Consolidated) -IFRS

Unite:NT\$ 1,000

Item \ Year	Financial information for the past five years (Note 1)					Financial information for the year ended 31 March (Note 2)
	2019	2020	2021	2022	2023	
Operating revenues	17,539,920	14,446,208	16,576,615	19,207,226	19,277,545	5,116,170
Gross profit	4,162,733	2,857,442	3,007,408	4,183,913	5,168,485	1,542,693
Operating profit or loss	1,055,804	266,486	428,703	886,836	1,746,944	713,597
Non-operating income and expenses	(72,299)	141,415	(99,282)	380,748	(242,719)	123,285
Net profit before tax	983,505	407,901	329,421	1,267,584	1,504,225	836,882
Net profit for the current period of continuing operating units	711,920	286,687	236,609	1,001,861	1,156,369	649,793
Losses of closed units	—	—	—	—	—	—
Net profit ( Loss) for the period	711,920	286,687	236,609	1,001,861	1,156,369	649,793
Other consolidated profit or loss for the current period (Net after tax)	(60,645)	(56,954)	(39,465)	207,874	(147,792)	90,292
Total Consolidated Profit or Loss for the current period	651,275	229,733	197,144	1,209,735	1,008,577	740,085
Net profit attributable to owner of parent company	695,130	262,616	193,271	932,533	1,093,134	628,143
Net profit attributable to non-controlling interests	16,790	24,071	43,338	69,328	63,235	21,650
Total consolidated profit or loss attributable to owners of the parent company	630,281	213,244	155,932	1,135,235	951,686	715,677
Total consolidated profit or loss attributable to non-controlling interests	20,994	16,489	41,212	74,500	56,891	24,408
EPS	2.23	0.84	0.62	2.91	3.31	2.01

Note1:The financial information for 2019-2023 has been audited and certified by an accountant.

Note2:The financial information as of 31 March 2024 has been reviewed by the accountants.

## (4) Condensed Consolidated Income Statement (Individual) - IFRS

Unit:NT\$ 1,000

Item \ Year	Financial information for the past five years (Note 1)				
	2019	2020	2021	2022	2023
Operating revenues	11,998,508	9,391,750	11,193,999	11,530,952	12,664,171
Gross profit	2,087,034	943,343	1,151,500	1,662,250	2,423,613
Operating profit or loss	914,400	(53,877)	165,116	671,638	1,359,584
Non-operating income and expenses	(42,471)	289,023	70,399	449,838	(33,868)
Net profit before tax	871,929	235,146	235,515	1,121,476	1,325,716
Net profit for the current period of continuing operating units	695,130	262,616	193,271	932,533	1,093,134
Losses of closed units	—	—	—	—	—
Net profit ( Loss) for the period	695,130	262,616	193,271	932,533	1,093,134
Other consolidated profit or loss for the current period (Net after tax)	(64,849)	(49,372)	(37,339)	202,702	(141,448)
Total Consolidated Profit and Loss for the current period	630,281	213,244	155,932	1,135,235	951,686
Net profit attributable to owner of parent company	—	—	—	—	—
Net profit attributable to non-controlling interests	—	—	—	—	—
Total consolidated profit or loss attributable to owners of the parent company	—	—	—	—	—
Total consolidated profit or loss attributable to non-controlling interests	—	—	—	—	—
EPS	2.23	0.84	0.62	2.91	3.31

Note1:The financial information for 2019-2023 has been audited and certified by an accountant.

## (5) Name and audit opinion of the accountant for the past five years

Year	Audit Accountant	Audit comment	Instructions
2019	HUANG, SHIH-CHIEH LEE,FANG-WEN	Unqualified opinion	
2020	HUANG, SHIH-CHIEH LEE,FANG-WEN	Unqualified opinion	
2021	HUANG, SHIH-CHIEH LEE,FANG-WEN	Unqualified opinion	
2022	HUNG, KUO-SEN LEE,FANG-WEN	Unqualified opinion	
2023	HU,TZU-REN HUNG, KUO-SEN	Unqualified opinion	

## 2. Financial analysis for the past five years:

### (1) Financial Analysis (Consolidation) - IFRS

Analysis items (Note2)		Year (Note1)	Financial analysis for the past five years					Financial information for the year ended 31 March (Note 2)
			2019	2020	2021	2022	2023	
Financial structure (%)	Debt to asset ratio		70.94	70.52	65.95	64.79	63.17	61.28
	Ratio of long-term capital to real estate, plant and equipment		195.53	197.41	208.22	218.02	210.87	217.87
Solvency %	Current ratio		123.25	134.16	130.90	141.17	130.59	132.23
	Quick ratio		56.50	59.24	53.05	66.44	66.04	66.93
	Interest coverage ratio		7.35	4.27	3.42	7.00	5.84	10.23
Operating capacity	Receivable turnover rate (times)		5.93	3.38	6.22	6.16	5.57	5.61
	Average cash recovery day		61.34	71.19	58.68	59.25	65.53	65.06
	Inventory turnover rate (times)		2.90	2.56	2.72	2.60	2.51	2.62
	Payable turnover rate (times)		4.38	3.79	4.21	4.97	4.75	4.61
	Days sales outstanding		125.86	142.57	134.19	140.38	145.41	139.31
	Property, plant and equipment turnover rate (times)		1.73	2.04	2.41	2.41	2.38	2.54
	Total asset turnover rate (times)		0.62	0.71	0.77	0.77	0.74	0.80
Profitability	Return on assets (%)		3.87	1.83	1.48	4.67	5.42	10.42
	Return on Shareholders' Equity (%)		10.56	4.23	3.18	11.54	12.38	26.67
	Ratio of Pre-tax net profit to paid-up capital% (Note:6)		31.43	13.04	9.61	36.97	43.87	97.62
	Net profit ratio (%)		4.06	1.98	1.43	5.22	6.00	12.70
	EPS (NT\$)		2.23	0.84	0.62	2.91	3.31	2.01
Cash flow	Cash Flow Ratio (%)		25.47	45.36	5.83	16.64	44.96	24.18
	Cash Flow Allowable ratio (%)		69.53	84.54	69.56	73.40	95.97	159.05
	Cash reinvestment ratio (%)		6.68	10.68	1.11	4.87	13.47	8.69
Leverage	Operating leverage		2.50	6.79	4.56	2.68	1.86	1.45
	Financial leverage		1.23	2.79	1.46	1.31	1.22	1.15

Note1: The above financial information has been audited and certified/reviewed by the accountants.

Note 2: The formula is as follows :

1. Financial Structure

(1) Debt to asset ratio = total liabilities/total assets.

(2) Long-term funds to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.

(3) Interest coverage multiple = net income before income taxes and interest expense/interest expense for the period.

3. Business Capability

(1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = Net sales/average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.

(2) Average collection date = 365/receivables turnover rate.

(3) Inventory turnover = cost of goods sold/average inventory amount.

(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = cost of goods sold/average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.

(5) Average number of days to sell = 365/inventory turnover rate.

(6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.

(7) Total Asset Turnover = Net Sales / Total Average Assets.

4. Profitability

(1) Return on assets = (Profit and loss after tax + interest expense x (1 - tax rate)) / average total assets.

(2) Return on shareholders' equity = Profit or loss after tax / average net shareholders' equity.

(3) Net profit margin = profit or loss after tax / net sales.

(4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred stock dividends)/weighted average number of shares outstanding.(Note 3)

5. Cash flow

(1) Cash flow ratio = Cash flow from operating activities / Current liabilities.

(2) Net cash flow fair ratio = net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investments + non-current assets + working capital).(Note 4)

6. Leverage

(1) Operating leverage = (net operating income - variable operating costs and expenses)/operating income.

(2) Financial leverage = operating income/(operating income - interest expense).

Note 3: The above formula for calculating earnings per share should be measured with particular attention to the following :

1. Based on the weighted average number of ordinary shares rather than the number of shares in issue at the end of the year.

2. The weighted average number of shares shall be calculated by taking into account the period during which the shares are outstanding, where there is a cash capital increase or a treasury share trader.

3. If there is a capital increase from earnings or capital surplus, the percentage of capital increase should be adjusted retroactively when calculating earnings per share for the previous years and half-year, without regard to the issuance period of such capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the year, whether paid or unpaid, shall be reduced by the net income after tax or increased by the net loss after tax; if the preferred shares are non-cumulative, the dividends shall be reduced by the net income after tax if there is a net income after tax; if there is a loss, no adjustment is necessary.

Note 4: The cash flow analysis should pay particular attention to the following in its measurement.

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures represent the annual cash outflow from capital investments.

3. Increases in inventories are included only if the closing balance is greater than the opening balance and are calculated as nil if inventories are reduced at the end of the year.

4. Cash dividends include cash dividends on common and preferred shares.

5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 5: Issuers should distinguish between fixed and variable operating costs and operating expenses depending on their nature, and where estimates or subjective judgements are involved, they should be reasonable and consistent.

Note 6: If the Company's stock has no par value or has a par value other than NT\$10 per share, the calculation of the ratio of the Company's paid-in capital is based on the ratio of the Company's equity to that of the parent company's owners in the balance sheet.

## (2) Financial Analysis (Individual) - IFRS

Analysis items (Note 2)		Financial analysis for the past five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt to asset ratio	62.89	63.82	57.67	55.10	52.95
	Ratio of long-term capital to real estate, plant and equipment	214.40	217.17	221.18	233.38	234.48
Solvency %	Current ratio	104.50	116.36	111.45	139.28	125.12
	Quick ratio	78.87	85.63	84.23	105.79	93.92
	Interest coverage ratio	11.40	4.33	4.93	16.46	15.22
Operating capacity	Receivable turnover rate (times)	3.44	2.96	3.29	3.06	3.46
	Average cash recovery day	106.10	123.31	110.94	119.28	105.49
	Inventory turnover rate (times)	9.10	7.79	8.69	7.15	6.90
	Payable turnover rate (times)	3.88	3.28	3.73	3.86	4.08
	Days sales outstanding	40.11	46.85	42.00	51.04	52.89
	Property, plant and equipment turnover rate (times)	1.94	1.47	1.83	1.86	2.09
	Total asset turnover rate (times)	0.67	0.53	0.60	0.59	0.65
Profitability	Return on assets (%)	4.36	1.79	1.34	5.18	5.97
	Return on Shareholders' Equity (%)	10.64	4.02	2.70	11.14	12.13
	Ratio of Pre-tax net profit to paid-up capital% (Note:6)	27.87	7.52	6.87	32.71	38.66
	Net profit ratio (%)	5.79	2.80	1.73	8.09	8.63
	EPS(NT\$)	2.23	0.84	0.62	2.91	3.31
Cash flow	Cash Flow Ratio (%)	48.20	45.18	4.37	44.73	55.82
	Cash Flow Allowable ratio (%)	85.19	95.35	85.98	101.15	126.66
	Cash reinvestment ratio (%)	9.46	6.37	0.17	8.75	10.72
Leverage	Operating leverage	2.21	-20.81	8.35	3.03	1.99
	Financial leverage	1.10	0.43	1.57	1.12	1.07
Reasons for changes in financial ratios for the last two years: (Exempt from analysis if the change is less than 20%) 1. Change in the ratio of net income before tax to paid-in capital: mainly due to the increase in net income before tax for the current period. 2. Cash flow ratio: mainly due to the increase in net operating cash flow. 3. The change in cash reinvestment ratio was mainly due to the increase in net cash flow from operations.						

Note1: The above financial information has been audited and certified by the accountants.

Note 2: The formula is as follows :

1. Financial Structure

(1) Debt to asset ratio = total liabilities/total assets.

(2) Long-term funds to property, plant and equipment = (total equity + non-current liabilities)/net property, plant and equipment.

2. Solvency

(1) Current ratio = current assets/current liabilities.

(2) Quick Ratio = (Current Assets - Inventory - Prepaid Expenses) / Current Liabilities.

(3) Interest coverage multiple = net income before income taxes and interest expense/interest expense for the period.

3. Business Capability

(1) Turnover rate of accounts receivable (including accounts receivable and notes receivable arising from operations) = Net sales/average balance of accounts receivable (including accounts receivable and notes receivable arising from operations) for each period.

(2) Average collection date = 365/receivables turnover rate.

(3) Inventory turnover = cost of goods sold/average inventory amount.

(4) Turnover rate of accounts payable (including accounts payable and notes payable arising from operations) = cost of goods sold/average balance of accounts payable (including accounts payable and notes payable arising from operations) for each period.

(5) Average number of days to sell = 365/inventory turnover rate.

(6) Turnover rate of property, plant and equipment = net sales/average net property, plant and equipment.

(7) Total Asset Turnover = Net Sales / Total Average Assets.

4. Profitability

(1) Return on assets = (Profit and loss after tax + interest expense x (1 - tax rate)) / average total assets.

(2) Return on shareholders' equity = Profit or loss after tax / average net shareholders' equity.

(3) Net profit margin = profit or loss after tax / net sales.

(4) Earnings per share = (Profit or loss attributable to owners of the parent company - preferred stock dividends)/weighted average number of shares outstanding. (Note 3)

5. Cash flow

(1) Cash flow ratio = Cash flow from operating activities / Current liabilities.

(2) Net cash flow fair ratio = net cash flow from operating activities for the last five years / (capital expenditures + increase in inventories + cash dividends) for the last five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross property, plant and equipment + long-term investments + non-current assets + working capital). (Note 4)

6. Leverage

(1) Operating leverage = (net operating income - variable operating costs and expenses)/operating income.

(2) Financial leverage = operating income/(operating income - interest expense).

Note 3: The above formula for calculating earnings per share should be measured with particular attention to the following :

1. Based on the weighted average number of ordinary shares rather than the number of shares in issue at the end of the year.

2. The weighted average number of shares shall be calculated by taking into account the period during which the shares are outstanding, where there is a cash capital increase or a treasury share trader.

3. If there is a capital increase from earnings or capital surplus, the percentage of capital increase should be adjusted retroactively when calculating earnings per share for the previous years and half-year, without regard to the issuance period of such capital increase.

4. If the preferred shares are non-convertible cumulative preferred shares, the dividends for the year, whether paid or unpaid, shall be reduced by the net income after tax or increased by the net loss after tax; if the preferred shares are non-cumulative, the dividends shall be reduced by the net income after tax if there is a net income after tax; if there is a loss, no adjustment is necessary.

Note 4: The cash flow analysis should pay particular attention to the following in its measurement.

1. Net cash flow from operating activities represents the net cash inflow from operating activities in the cash flow statement.

2. Capital expenditures represent the annual cash outflow from capital investments.

3. Increases in inventories are included only if the closing balance is greater than the opening balance and are calculated as nil if inventories are reduced at the end of the year.

4. Cash dividends include cash dividends on common and preferred shares.

5. Gross property, plant and equipment represents the total amount of property, plant and equipment before accumulated depreciation.

Note 5: Issuers should distinguish between fixed and variable operating costs and operating expenses depending on their nature, and where estimates or subjective judgements are involved, they should be reasonable and consistent.

Note 6: If the Company's stock has no par value or has a par value other than NT\$10 per share, the calculation of the ratio of the Company's paid-in capital is based on the ratio of the Company's equity to that of the parent company's owners in the balance sheet.

3. Audit Committee's Review on the examination of the latest annual financial report :

**TYC Brother Industrial Co., Ltd**  
**Audit Committee's Review Report**

The Board of Directors has prepared the Company's 2023 financial report (including consolidated financial report), which was certified by HU,TZU-REN and HUNG, KUO-SEN, 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:

2024 Annual General Meeting of TYC Brother Industrial Co., Ltd.

Chairman of the Audit Committee:



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Huang, Chung-Hui



**4.Latest Annual Financial Statements:**

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

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

## REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of TYC BROTHER INDUSTRIAL CO., LTD. as of and for the year ended 31 December 2023 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standard 10, "Consolidated Financial Statements." In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, TYC BROTHER INDUSTRIAL CO., LTD. and subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

TYC BROTHER INDUSTRIAL CO., LTD.

By Wu, Kuo-Chen  
Chairman

14 March 2024

## **Independent Auditors' Report**

To TYC BROTHER INDUSTRIAL CO., LTD.

### **Opinion**

We have audited the accompanying consolidated balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the “Company”) and its subsidiaries as of 31 December 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together “the consolidated financial statements”).

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed and became effective by Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 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 2023, the balance of accounts receivable and allowance for doubtful accounts amounted to NT\$3,715,706 thousand and NT\$244,778 thousand, respectively. Net accounts receivable constituted 13% of the total consolidated assets, which was considered material in the consolidated statements. Since the allowance for doubtful accounts was measured at the lifetime expected credit loss, its account receivables should be appropriately grouped during the measurement process and determine the use of related assumptions in the analysis and measurement, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net account receivable, we therefore considered this a key audit matter.

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

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

### Valuation for inventories

As of 31 December 2023, the Company and its subsidiaries's net inventories amounted to NT\$5,247,874 thousand, constituting 20% of total consolidated asset, which was considered material in the consolidated statements. Considering the market change, horizontal competition and numerous inventory items, the loss allowance for loss on inventory valuation and obsolescence required significant management judgment, we therefore considered this as a key audit matter.

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

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

## **Other Matter – Making Reference to the Audits of other Auditors**

We did not audit the financial statements of certain consolidated subsidiaries. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries' total assets amounted to NT\$1,754,488 thousand and NT\$1,596,475 thousand, constituting 6.79% and 6.13% of consolidated total assets as of 31 December 2023 and 2022, respectively. And their total operating revenues amounted to NT\$3,331,718 thousand and NT\$2,639,139 thousand, constituting 17.28% and 13.74% of consolidated operating revenues for the years ended 31 December 2023 and 2022, 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\$265,926 thousand and NT\$214,030 thousand, representing 1.03% and 0.82% of consolidated total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures accounted for using the equity method amounted to NT\$52,012 thousand and NT\$45,814 thousand, representing 3.46% and 3.61% of the consolidated net income before tax for the years ended 31 December 2023 and 2022, respectively, and the related shares of other comprehensive income from the associates and joint ventures under the equity method amounted to NT\$(66) thousand and NT\$751 thousand, representing 0.04% and 0.36% of the consolidated statement of other comprehensive income for the years ended 31 December 2023 and 2022, respectively.

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

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

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

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

## **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

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

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

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

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

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

We have audited and expressed an unqualified opinion including an Other Matter Paragraph on the parent company only financial statements of the Company as of and for the years ended 31 December 2023 and 2022.

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan  
14 March 2024

Notice to Readers :

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

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

ASSETS	Notes	31 Dec. 2023	31 Dec. 2022
Current assets			
Cash and cash equivalents	IV/VI.1	\$1,858,204	\$1,855,266
Financial assets at fair value through profit or loss, current	IV/VI.2	509	-
Financial assets measured at amortized cost, current	IV/VI.4	144,244	83,388
Notes receivable, net	IV/VI.5	10,601	13,560
Notes receivable-related parties, net	IV/VI.5/VII	2,725	1,676
Accounts receivable, net	IV/VI.6/VIII	3,395,576	3,323,908
Accounts receivable-related parties, net	IV/VI.6/VII	62,026	113,191
Other receivables	IV/VII	184,652	112,548
Inventories	IV/VI.7/VIII	5,247,874	5,981,111
Other current assets		282,636	209,253
Total current assets		11,189,047	11,693,901
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	IV/VI.3	225,126	316,986
Investments accounted for under the equity method	IV/VI.8	2,006,821	2,090,422
Property, plant and equipment	IV/VI.9/VIII	8,186,160	8,016,711
Right-of-use asset	IV/VI.19	2,186,398	2,192,629
Intangible assets	IV/VI.10	56,905	70,298
Deferred tax assets	IV/VI.23	529,102	460,985
Prepayment for equipments		1,366,320	1,117,956
Refundable deposits	VIII	66,177	58,535
Net defined benefit assets, non-current	IV/VI.15	-	793
Other non-current assets-others		18,625	26,362
Total non-current assets		14,641,634	14,351,677
Total assets		\$25,830,681	\$26,045,578

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



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TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	Notes	31 Dec. 2023	31 Dec. 2022
Current liabilities			
Short-term borrowings	IV/VI.11	\$2,247,396	\$2,257,221
Short-term notes and bills payable	IV/VI.12	159,925	599,924
Financial liabilities at fair value through profit or loss, current	IV/VI.13	-	5,046
Notes payable		295,714	302,018
Accounts payable		2,307,352	2,102,166
Accounts payable-related parties	VII	490,304	449,327
Other payables		1,088,751	1,094,207
Current tax liabilities	IV/VI.23	362,995	222,762
Lease liabilities, current	IV/VI.19	248,086	224,805
Current portion of long-term liabilities	IV/VI.14	861,409	669,868
Other current liabilities		506,431	356,502
Total current liabilities		8,568,363	8,283,846
Non-current liabilities			
Long-term borrowings	IV/VI.14	5,734,759	6,521,989
Deferred tax liabilities	IV/VI.23	57,278	52,755
Lease liabilities, non-current	IV/VI.19	1,763,395	1,834,666
Net defined benefit liabilities, non-current	IV/VI.15	140,401	137,521
Other non-current liabilities-others		51,865	45,096
Total non-current liabilities		7,747,698	8,592,027
Total liabilities		16,316,061	16,875,873
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	2,580,384	2,578,522
Retained earnings	IV/VI.16		
Legal reserve		924,137	829,612
Special reserve		153,990	343,972
Unappropriated earnings		2,364,095	1,824,416
Other equity	IV/VI.22		
Exchange differences resulting from translating the financial statements of foreign operations		(262,436)	(241,318)
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income		(7,306)	87,328
Treasury stock	IV/VI.16	(5,996)	(5,996)
Total equity attributable to the parent company		9,175,847	8,845,515
Non-controlling interests	IV/VI.16	338,773	324,190
Total equity		9,514,620	9,169,705
Total liabilities and equity		\$25,830,681	\$26,045,578

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

ITEMS	Notes	2023	2022
Operating revenues	IV/VI.17/VII	\$19,277,545	\$19,207,226
Operating costs	IV/VI.7.19.20/VII	(14,109,060)	(15,023,323)
Gross profit		5,168,485	4,183,903
Unrealized profit on sales		-	-
Realized profit on sales		-	10
Net gross profit		5,168,485	4,183,913
Operating expenses	IV/VI.19.20		
Sales and marketing expenses		(1,806,898)	(1,788,774)
General and administrative expenses		(1,215,907)	(1,137,131)
Research and development expenses		(396,267)	(375,587)
Expected credit impairment (losses) gains	IV/VI.18	(2,469)	4,415
Subtotal		(3,421,541)	(3,297,077)
Operating income		1,746,944	886,836
Non-operating income and expenses			
Other income	VI.21	103,083	74,269
Other gains and losses	VI.21	(28,011)	400,253
Finance costs	VI.21	(310,525)	(211,126)
Share of profit of associates and joint ventures accounted for using the equity method	IV/VI.8	(7,266)	117,352
Subtotal		(242,719)	380,748
Net income before income tax		1,504,225	1,267,584
Income tax expense	IV/VI.23	(347,856)	(265,723)
Net income		1,156,369	1,001,861
Other comprehensive income (loss)	IV/VI.22		
Items that will not be reclassified subsequently to profit or loss			
Remeasurements of the defined benefit plan		(37,476)	31,268
Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income		(94,634)	(26,426)
Income tax related to items that will not be reclassified subsequently		7,495	(6,254)
Item that may be reclassified subsequently to profit or loss			
Exchange differences resulting from translating the financial statements of foreign operations		13,498	225,150
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method		(41,954)	35,367
Income tax related to items that may be reclassified subsequently		5,279	(51,231)
Total other comprehensive income (loss), net of tax		(147,792)	207,874
Total comprehensive income (loss)		\$1,008,577	\$1,209,735
Net income attributable to:			
Stockholders of the parent		\$1,093,134	\$932,533
Non-controlling interests		63,235	69,328
		\$1,156,369	\$1,001,861
Comprehensive income attributable to:			
Stockholders of the parent		\$951,686	\$1,135,235
Non-controlling interests		56,891	74,500
		\$1,008,577	\$1,209,735
Earnings per share (NTD)			
Earnings per share-basic	IV/VI.24	\$3.31	\$2.91
Earnings per share-diluted	IV/VI.24	\$3.30	\$2.90

(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 2023 and 2022

(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 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
Issuance of preference shares	-	-	-	-	-	-	-	-	-	-	-	-
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	\$3,128,979	\$300,000	\$2,578,522	\$829,612	\$343,972	\$1,824,416	\$(241,318)	\$87,328	\$(5,996)	\$8,845,515	\$324,190	\$9,169,705
Balance as of 1 January 2023	\$3,128,979	\$300,000	\$2,578,522	\$829,612	\$343,972	\$1,824,416	\$(241,318)	\$87,328	\$(5,996)	\$8,845,515	\$324,190	\$9,169,705
Appropriation and distribution of 2022 retained earnings												
Legal reserve	-	-	-	94,525	-	(94,525)	-	-	-	-	-	-
Special reserve	-	-	-	-	(189,982)	189,982	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(563,216)	-	-	-	(563,216)	-	(563,216)
Preferred share dividends	-	-	-	-	-	(60,000)	-	-	-	(60,000)	-	(60,000)
Net income for the year ended 31 December 2023	-	-	-	-	-	1,093,134	-	-	-	1,093,134	63,235	1,156,369
Other comprehensive income (loss) for the year ended 31 December 2023	-	-	-	-	-	(25,696)	(21,118)	(94,634)	-	(141,448)	(6,344)	(147,792)
Total comprehensive income (loss)	-	-	-	-	-	1,067,438	(21,118)	(94,634)	-	951,686	56,891	1,008,577
Adjustments for dividends subsidiaries received from parent company	-	-	1,691	-	-	-	-	-	-	1,691	-	1,691
Decrease in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(42,308)	(42,308)
Other	-	-	171	-	-	-	-	-	-	171	-	171
Balance as of 31 December 2023	\$3,128,979	\$300,000	\$2,580,384	\$924,137	\$153,990	\$2,364,095	\$(262,436)	\$(7,306)	\$(5,996)	\$9,175,847	\$338,773	\$9,514,620

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

ITEMS	2023	2022	ITEMS	2023	2022
Cash flows from operating activities:			Cash flows from investing activities:		
Net income before tax	\$1,504,225	\$1,267,584	Acquisition of financial assets at fair value through other comprehensive income	(2,774)	(116,637)
Adjustments for:			Proceeds from disposal of financial assets at fair value through other comprehensive income	-	1,651
Income and expense adjustments:			Acquisition of financial assets measured at amortized cost	(89,411)	(16,185)
Depreciation	1,611,278	1,593,270	Proceeds from disposal of financial assets measured at amortized cost	26,200	109,272
Amortization	32,252	36,379	Acquisition of investments accounted for using the equity method	(7,685)	-
Expected credit impairment losses (gains)	2,469	(4,415)	Acquisition of property, plant and equipment	(1,843,931)	(1,294,230)
Finance costs	310,525	211,126	Proceeds from disposal of property, plant and equipment	14,933	49,892
Interest income	(23,252)	(8,089)	Increase in refundable deposits	(9,244)	(6,598)
Dividend income	(3,517)	(4,129)	Decrease in refundable deposits	1,412	4,488
Share of profit of associates and joint ventures accounted for using the equity method	7,266	(117,352)	Acquisition of intangible assets	(29,134)	(34,790)
(Gains) on disposal of property, plant and equipment	(2,918)	(44,083)	Increase in other non-current assets	(23,549)	(1,890)
Losses on disposal of intangible assets	-	81	Decrease in other non-current assets	31,445	18,628
Impairment loss on non financial assets	10,174	-	Net cash used in investing activities	(1,931,738)	(1,286,399)
Realized profit on sales	-	(10)			
Others	36	(34)			
Changes in operating assets and liabilities:			Cash flows from financing activities:		
Financial assets at fair value through profit or loss	(509)	1,034	Increase in short-term borrowings	1,034,331	2,704,816
Notes receivable	2,978	10,444	Decrease in short-term borrowings	(1,040,012)	(2,410,674)
Notes receivable-related parties	(1,050)	18,673	Increase in short-term notes and bills payable	90,000	1,100,000
Accounts receivable	(74,171)	(680,529)	Decrease in short-term notes and bills payable	(530,035)	(1,139,884)
Accounts receivable-related parties	51,181	(16,472)	Proceeds from long-term borrowings	2,513,139	3,753,646
Other receivables	(58,799)	31,614	Repayment of long-term borrowings	(3,108,915)	(2,937,279)
Inventories	733,237	(402,017)	Increase in guarantee deposit	75,243	2,056
Other current assets	(73,383)	92,684	Decrease in guarantee deposit	(75,168)	(2,342)
Financial liabilities at fair value through profit or loss	(5,046)	1,469	Cash payment for the principal portion of the lease liabilities	(238,166)	(213,890)
Notes payable	(6,304)	(12,701)	Cash dividends	(621,525)	(179,651)
Accounts payable	205,186	(222,216)	Change in non-controlling interests	(42,308)	(51,500)
Accounts payable-related parties	40,977	(104,463)	Collection of overdue dividends	171	-
Other payables	(4,264)	110,443	Net cash (used in) provided by financing activities	(1,943,245)	625,298
Other current liabilities	149,929	(67,439)			
Net defined benefit pension liabilities	(33,803)	(50,275)			
Other non-current liabilities	7,891	(12,390)	Effect of exchange rate changes on cash and cash equivalents	25,550	239,427
Cash generated from operations	4,382,588	1,628,187	Net increase in cash and cash equivalents	2,938	956,695
Interest received	23,252	8,089	Cash and cash equivalents at the beginning of the year	1,855,266	898,571
Dividend received	45,552	32,306	Cash and cash equivalents at end of the year	\$1,858,204	\$1,855,266
Interest paid	(327,200)	(217,177)			
Income tax paid	(271,821)	(73,036)			
Net cash provided by operating activities	3,852,371	1,378,369			

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

English Translation of Financial Statements Originally Issued in Chinese  
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

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

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

The consolidated financial statements of the Company and subsidiaries (hereinafter referred to as the “Group”) for the years ended 31 December 2023 and 2022 were authorized for issue in accordance with a resolution of the board of directors on 14 March 2024.

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

(4) Supplier Financing Arrangements – Amendments to IAS 7 and IFRS 7

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

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

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

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

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

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

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

- (2) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

## IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Statement of Compliance

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

### 2. Basis of preparation

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



### 3. Basis of consolidation

#### Preparation principle of consolidated financial statement

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

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

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

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

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

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

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

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

If the Group loses control of a subsidiary, it:

- a. derecognizes the assets (including goodwill) and liabilities of the subsidiary;
- b. derecognizes the carrying amount of any non-controlling interest;
- c. recognizes the fair value of the consideration received;

- d. recognizes the fair value of any investment retained;
- e. reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
- f. recognizes any resulting difference in profit or loss.

The consolidated entities are as follows:

Invest Company	Investee Company	Major business	Percentage of Ownership (%)	
			31 Dec. 2023	31 Dec. 2022
The Company	TI YUAN INVESTMENT CO., LTD. (TI YUAN)	Marketable securities trading business	100.00%	100.00%
The Company	TI FU INVESTMENT CO., LTD. (TI FU)	Marketable securities trading business	100.00%	100.00%
The Company	CONTEK CO., LTD. (CONTEK)	Reinvestment holding activities	100.00%	100.00%
The Company	SUPRA-ATOMIC CO., LTD. (SUPRA-ATOMIC)	Reinvestment holding activities	100.00%	100.00%
The Company	TAMAU MANAGEMENT CONSULTANCY CO., LTD. (TAMAU MANAGEMENT)	Management consult	- (Note 1)	100.00%
The Company	BESTE MOTOR CO., LTD. (BESTE)	Reinvestment holding activities	100.00%	100.00%
The Company	INNOVA HOLDING CORP. (INNOVA)	Reinvestment holding activities	100.00%	100.00%
The Company	JUOKU TECHNOLOGY CO., LTD. (JUOKU TECHNOLOGY)	Manufacturing and sale of automobile parts	72.10%	72.10%
The Company	TYC VIETNAM INDUSTRIAL CO., LTD. (TYCVN)	Manufacture and sale automobile lights	60.00%	60.00%
TI FU	DBM REFLEX OF TAIWAN CO., LTD. (DBM)	Manufacture tooling mold and international trading business	50.00%	50.00%
SUPRA-ATOMIC	SPARKING CO., LTD. (SPARKING)	Reinvestment holding activities	100.00%	100.00%

Invest Company	Investee Company	Major business	Percentage of Ownership (%)	
			31 Dec. 2023	31 Dec. 2022
SUPRA-ATOMIC	UNIMOTOR INDUSTRIAL CO., LTD. (UNIMOTOR)	Reinvestment holding activities	100.00%	100.00%
SUPRA-ATOMIC	EUROLITE CO., LTD. (EUROLITE)	Reinvestment holding activities	100.00%	100.00%
SUPRA-ATOMIC	EUROPILOT CO., LTD. (EUROPILOT)	Reinvestment holding activities	100.00%	100.00%
SUPRA-ATOMIC	MOTOR-CURIO CO., LTD. (MOTOR-CURIO)	Reinvestment holding activities	100.00%	100.00%
JUOKU TECHNOLOGY	TSM TECH CO., LTD. (TSM)	Reinvestment holding activities	100.00%	100.00%
INNOVA	GENERA CORPORATION (GENERA)	Sale of automobile lights and parts	100.00%	100.00%
INNOVA	W&W REAL PROPERTY, INC. (W&W)	Sale of and rental of real estate	100.00%	100.00%
UNIMOTOR	CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD. (TAMAO PRECISION)	Manufacture of precision molds and sale of products.	100.00%	100.00%
EUROLITE	T.I.T. INTERNATIONAL CO., LTD. (T.I.T.)	Manufacture and sale of lighting fixtures and daily-use product for automobile	99.98%	99.98%
EUROPILOT	TYC EUROPE B.V. (TYC EUROPE)	Sale of automobile lights	100.00%	100.00%
SPARKING	KUN SHAN TYC HIGH PERFORMANCE CO., LTD. (KUN SHAN TYC)	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	100.00%	100.00%

Note 1: TAMAU MANAGEMENT CONSULTANCY CO., LTD. was liquidated and deregistered during 2023.

The financial statements and other related information of the subsidiaries as of 31 December 2023 and 2022 are based solely on the reports of the other independent accountants. Their total assets amounted to NT\$1,754,488 thousand and NT\$1,596,475 thousand as of 31 December 2023 and 2022, respectively. Their net operating revenue amounted to NT\$3,331,718 thousand and NT\$2,639,139 thousand for the years ended 31 December 2023 and 2022, respectively.

#### 4. Foreign currency transactions

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

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

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

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

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

## 5. Translation of financial statements in foreign currency

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

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

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

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

## 6. Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

An liability is classified as current when:

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

All other liabilities are classified as non-current.

## 7. Cash and cash equivalents

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

## 8. Financial instruments

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

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

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

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

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

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

### Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

- A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
- B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
- C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
  - (a) Purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
  - (b) Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

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

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



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

## (2) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

### (3) Derecognition of financial assets

A financial asset is derecognized when:

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

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

### (4) Financial liabilities and equity

#### Classification between liabilities or equity

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

#### Equity instruments

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

#### Financial liabilities

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

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

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

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

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

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

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

### Financial liabilities at amortized cost

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

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

### Derecognition of financial liabilities

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

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

#### (5) Offsetting of financial instruments

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

### 9. Derivative instrument

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

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

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

## 10. Fair value measurement

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

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

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

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

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

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

## 11. Inventories

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

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

Raw materials – Purchase cost using weighted-average method.

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

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

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

## 12. Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered through a sale transaction that is highly probable within one year from the date of classification and the asset or disposal group is available for immediate sale in its present condition. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

In the consolidated statement of comprehensive income of the reporting period, and of the comparable period of the previous year, income and expenses from discontinued operations are reported separately from income and expenses from continuing operations, down to the level of profit after taxes, even when the Group retains a non-controlling interest in the subsidiary after the sale. The resulting profit or loss (after taxes) is reported separately in the statement of comprehensive income.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortized.

## 13. Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

#### 14. Property, plant and equipment

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

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

Land and improvements	3~10 years
Buildings	2~60 years
Machinery and equipment	2~15 years
Molding equipment	2~10 years
Electrical installations	2~15 years
Transportation equipment	2~10 years
Miscellaneous equipment	2~12 years

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

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

#### 15. Leases

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



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

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

#### Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

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

### Group as a lessor

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

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

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

## 16. Intangible assets

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

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

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

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

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

#### Patent, trademark rights and others

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

#### Computer software

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

### 17. Impairment of non-financial assets

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

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

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

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

#### 18. Treasury shares

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

#### 19. Revenue recognition

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

##### Sale of goods

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

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

## 20. Borrowing cost

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

## 21. Government subsidies

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

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

## 22. Post-Employment Benefits

All regular employees of the Company and its domestic subsidiaries are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company and its domestic subsidiaries. Therefore, fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company and its domestic subsidiaries will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

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

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

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

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

## 23. Income taxes

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

### Current income tax

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

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

### Deferred tax

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

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

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

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.



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

#### 24. Business combinations and goodwill

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

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

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

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

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

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

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

## V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

### Estimation and assumptions

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

#### (1) Fair value of financial instruments

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

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

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

### (3) Inventory

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

### (4) Pension benefits

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

### (5) Income tax

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

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

## VI. CONTENTS OF SIGNIFICANT ACCOUNTS

### 1. Cash and cash equivalents

	31 Dec. 2023	31 Dec. 2022
Cash on hand and petty cash	\$3,414	\$4,165
Saving account	1,560,860	1,620,278
Time deposits	92,620	66,220
Investments in bonds with repurchase agreements - corporate bonds	201,310	164,603
Total	<u>\$1,858,204</u>	<u>\$1,855,266</u>

### 2. Financial assets at fair value through profit or loss

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

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

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

	31 Dec. 2023	31 Dec. 2022
Equity instrument investments measured at fair value through other comprehensive income - non-current		
Listed companies' stocks	\$159,722	\$102,492
Unlisted companies' stocks	65,404	214,494
Total	<u>\$225,126</u>	<u>\$316,986</u>

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

For equity instrument investments measured at fair value through other comprehensive income, the Group recognized dividends in the amount of NT\$3,517 thousand and NT\$4,129 thousand for the year ended 31 December 2023 and 2022, which were the fully related to investments held at the end of the reporting period.

#### 4. Financial assets measured at amortized cost

	31 Dec. 2023	31 Dec. 2022
Time deposits	\$68,805	\$83,388
Investments in bonds with repurchase agreements - corporate bonds	75,439	-
Total	<u>\$144,244</u>	<u>\$83,388</u>
Current	<u>\$144,244</u>	<u>\$83,388</u>

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6. (18) for more details on loss allowance and Note 12 for more details on credit risk.

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

	31 Dec. 2023	31 Dec. 2022
Notes receivable	\$10,618	\$13,597
Less: allowance for doubtful accounts	(17)	(37)
Subtotal	<u>10,601</u>	<u>13,560</u>
Notes receivables - related parties	2,734	1,683
Less: allowance for doubtful accounts	(9)	(7)
Subtotal	<u>2,725</u>	<u>1,676</u>
Total	<u><u>\$13,326</u></u>	<u><u>\$15,236</u></u>

Notes receivables were not pledged as collateral.

The Group adopted IFRS 9 for impairment assessment. Please refer to Note 6. (18) for more details on loss allowance and Note 12 for more details on credit risk.

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

	31 Dec. 2023	31 Dec. 2022
Accounts receivable - measured at fair value through other comprehensive income (Note)	\$184,891	\$-
Accounts receivable - measured at amortized cost	3,447,296	3,561,938
Less: allowance for doubtful accounts	(236,611)	(238,030)
Subtotal	3,210,685	3,323,908
Accounts receivable - related parties	70,167	117,426
Less: allowance for doubtful accounts	(8,141)	(4,235)
Subtotal	62,026	113,191
Total	\$3,457,602	\$3,437,099

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

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

Trade receivables are generally on 30-120 day terms. Accounts receivables amounted to NT\$3,715,706 thousand and NT\$3,694,644 thousand as at 31 December 2023 and 2022, respectively.

Please refer to Note 6.(18) for more details on impairment of trade receivables for the year ended 31 December 2023 and 2022 and please refer to Note 12 for credit risk.

## 7. Inventories

	31 Dec. 2023	31 Dec. 2022
Raw materials	\$987,479	\$915,620
Work in process	283,034	274,549
Finished goods	3,496,214	3,831,008
Merchandise	481,147	959,934
Total	\$5,247,874	\$5,981,111

For the year ended 31 December 2023, the cost of inventories recognized as expenses amounted to NT\$14,109,060 thousand, including an inventory impairment loss of NT\$9,247 thousand. For the year ended 31 December 2022, the cost of inventories recognized as expenses amounted to NT\$15,023,323 thousand, including a reversal of inventory write-down of NT\$90 thousand due to the factors causing the net realizable value of inventories to be lower than cost having disappeared.

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

## 8. Investments accounted for under the equity method

Details are as follows:

Investee Company	31 Dec. 2023		31 Dec. 2022	
	Amount	Percentage of ownership	Amount	Percentage of ownership
Investments in the associates:				
I YUAN PRECISION INDUSTRIAL CO., LTD	\$251,517	18.17%	\$261,882	18.17%
JNS AUTO PARTS LIMITED	177,255	20.00%	176,415	20.00%
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	-	30.00%	-	30.00%
HANGZHOU SUNNYTECH CO., LTD.	12,707	30.00%	11,036	30.00%
ATECH INTERNATIONAL CO., LTD.	35,274	25.00%	43,943	25.00%
Subtotal	476,753		493,276	
Investment in jointly controlled entities:				
PT ASTRA JUOKU INDONESIA	265,926	50.00%	214,030	50.00%
VARROC TYC CORPORATION	1,264,142	50.00%	1,383,116	50.00%
Subtotal	1,530,068		1,597,146	
Total	\$2,006,821		\$2,090,422	

### (1) Investments in the associates

The Group's investments in the associates are not individually material. The aggregate carrying amounts of the Group's interests in associates were NT\$476,753 thousand and NT\$493,276 thousand as at 31 December 2023 and 2022, respectively. The aggregate financial information of the Group's investments in associates was as follows:

	2023	2022
Profit or loss from continuing operations	\$23,569	\$54,677
Other comprehensive income (post-tax)	(4,594)	3,678
Total comprehensive income (loss)	\$18,975	\$58,355

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

(2) Investments in joint venture

① Information on the material joint venture of the Group:

Company name: VARROC TYC CORPORATION (VARROC)

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

Principal place of business (country of incorporation) : CHINA

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

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

	31 Dec. 2023	31 Dec. 2022
Current assets	\$3,708,696	\$3,130,787
Non-current assets	2,451,435	2,091,513
Current liabilities	(3,431,661)	(2,216,149)
Non-current liabilities	(200,186)	(239,919)
Equity	2,528,284	2,766,232
Proportion of the Group's ownership	50%	50%
Subtotal	1,264,142	1,383,116
Eliminations from intercompany transactions	-	-
Carrying amount of the investment	<u>\$1,264,142</u>	<u>\$1,383,116</u>
	31 Dec. 2023	31 Dec. 2022
Cash and cash equivalents	\$713,755	\$336,907
Current financial liabilities excluding trade and other payables and provisions	(253,130)	(244,611)
Non-current financial liabilities excluding trade and other payables and provisions	(137,599)	(88,950)



	2023	2022
Operating revenues	\$4,640,763	\$4,052,400
Depreciation	222,112	219,645
Amortization	155,993	163,485
Interest income	3,846	5,797
Interest expense	30,439	18,011
Income tax expense or income	(80,794)	(38,967)
Profit or loss from continuing operations	(256,666)	33,723
Other comprehensive income	(28,903)	23,865
Total comprehensive income	(285,569)	57,588

The joint venture had no contingent liabilities or capital commitments as at 31 December 2023, and 2022. VTYC cannot distribute its profits until it obtains the consent from the two venture partners.

- ②The Group's investments in PT ASTRA JUOKU INDONESIA are not individually material. The aggregate carrying amounts of the Group's interests in PT ASTRA JUOKU INDONESIA were NT\$265,926 thousand and NT\$214,030 thousand, as at 31 December 2023 and 2022, respectively. The aggregate financial information of the Group's investments in PT ASTRA JUOKU INDONESIA was as follows:

	2023	2022
Profit or loss from continuing operations	\$52,012	\$45,814
Other comprehensive income (post-tax)	(66)	751
Total comprehensive income	<u>\$51,946</u>	<u>\$46,565</u>

The joint venture had no contingent liabilities or capital commitments as at 31 December 2023 and 2022. PT ASTRA JUOKU INDONESIA cannot distribute its profits until it obtains the consent from the two venture partners.

- ③We did not audit the financial statements of certain associates and joint ventures accounted for using the equity method. Those associates and joint ventures under equity method amounted to NT\$265,926 thousand and NT\$214,030 thousand, as at 31 December 2023 and 2022, respectively. The related shares of profits from the associates and joint ventures under the equity method amounted to NT\$52,012 thousand and NT\$45,814 thousand, for the years ended 31 December 2023 and 2022, respectively, and the related shares of other comprehensive income from the associates and joint ventures accounted for using the equity method amounted to NT\$(66) thousand and NT\$751 thousand, for the years ended 31 December 2023 and 2022, respectively.

## 9. Property, plant and equipment

### Owner occupied property, plant and equipment

	Land	Land and improvement	Buildings	Machinery and equipment	Molding equipment	Electrical equipment	Transportation equipment	Miscellaneous equipment	Construction in progress	Total
Cost:										
1 Jan. 2023	\$1,005,864	\$13,186	\$3,687,871	\$2,489,476	\$10,143,092	\$304,790	\$218,516	\$1,198,641	\$3,410	\$19,064,846
Addition	93,379	-	251,896	109,954	921,894	1,452	18,089	38,183	176,204	1,611,051
Disposal	-	-	(11,273)	(55,710)	(1,183,137)	-	(2,028)	(66,461)	-	(1,318,609)
Other	-	850	2,572	-	-	-	-	979	(4,401)	-
Exchange differences	898	69	(19,296)	(1,149)	2,431	260	(420)	2,126	(93)	(15,174)
31 Dec. 2023	<u>\$1,100,141</u>	<u>\$14,105</u>	<u>\$3,911,770</u>	<u>\$2,542,571</u>	<u>\$9,884,280</u>	<u>\$306,502</u>	<u>\$234,157</u>	<u>\$1,173,468</u>	<u>\$175,120</u>	<u>\$19,342,114</u>
1 Jan. 2022	\$987,308	\$12,981	\$3,618,499	\$2,381,099	\$9,781,798	\$300,691	\$215,605	\$1,134,214	\$7,971	\$18,440,166
Addition	11,507	-	21,657	129,984	1,242,472	3,143	7,810	56,912	8,506	1,481,991
Disposal	(127)	-	(2,181)	(45,783)	(893,414)	-	(5,976)	(11,846)	-	(959,327)
Other	-	-	13,200	290	116	-	-	-	(13,606)	-
Exchange differences	7,176	205	36,696	23,886	12,120	956	1,077	19,361	539	102,016
31 Dec. 2022	<u>\$1,005,864</u>	<u>\$13,186</u>	<u>\$3,687,871</u>	<u>\$2,489,476</u>	<u>\$10,143,092</u>	<u>\$304,790</u>	<u>\$218,516</u>	<u>\$1,198,641</u>	<u>\$3,410</u>	<u>\$19,064,846</u>
Depreciation and impairment:										
1 Jan. 2023	\$-	\$8,730	\$1,546,944	\$1,919,049	\$6,376,463	\$210,140	\$136,778	\$850,031	\$-	\$11,048,135
Depreciation	-	896	127,560	140,460	1,028,406	13,245	18,117	86,894	-	1,415,578
Disposal	-	-	(10,853)	(50,439)	(1,183,137)	-	(1,872)	(60,293)	-	(1,306,594)
Exchange differences	-	68	(6,326)	20	2,787	290	(358)	2,354	-	(1,165)
31 Dec. 2023	<u>\$-</u>	<u>\$9,694</u>	<u>\$1,657,325</u>	<u>\$2,009,090</u>	<u>\$6,224,519</u>	<u>\$223,675</u>	<u>\$152,665</u>	<u>\$878,986</u>	<u>\$-</u>	<u>\$11,155,954</u>
1 Jan. 2022	\$-	\$7,785	\$1,397,932	\$1,791,264	\$6,241,490	\$196,024	\$123,716	\$757,706	\$-	\$10,515,917
Depreciation	-	740	133,822	149,835	1,017,613	13,166	18,043	90,054	-	1,423,273
Disposal	-	-	(2,181)	(40,225)	(894,493)	-	(5,970)	(10,649)	-	(953,518)
Exchange differences	-	205	17,371	18,175	11,853	950	989	12,920	-	62,463
31 Dec. 2022	<u>\$-</u>	<u>\$8,730</u>	<u>\$1,546,944</u>	<u>\$1,919,049</u>	<u>\$6,376,463</u>	<u>\$210,140</u>	<u>\$136,778</u>	<u>\$850,031</u>	<u>\$-</u>	<u>\$11,048,135</u>
Net book value:										
31 Dec. 2023	<u>\$1,100,141</u>	<u>\$4,411</u>	<u>\$2,254,445</u>	<u>\$533,481</u>	<u>\$3,659,761</u>	<u>\$82,827</u>	<u>\$81,492</u>	<u>\$294,482</u>	<u>\$175,120</u>	<u>\$8,186,160</u>
31 Dec. 2022	<u>\$1,005,864</u>	<u>\$4,456</u>	<u>\$2,140,927</u>	<u>\$570,427</u>	<u>\$3,766,629</u>	<u>\$94,650</u>	<u>\$81,738</u>	<u>\$348,610</u>	<u>\$3,410</u>	<u>\$8,016,711</u>

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

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

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

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

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

#### 10. Intangible assets

	Trademark right	Patent	Goodwill	Software	Other intangible assets	Total
Cost:						
1 Jan. 2023	\$12,167	\$13,119	\$10,174	\$191,442	\$49,067	\$275,969
Addition - acquired separately	879	1,342	-	21,624	5,289	29,134
Decrease	(652)	(235)	-	(31,234)	(4,688)	(36,809)
Exchange differences	-	-	-	(549)	-	(549)
31 Dec. 2023	<u>\$12,394</u>	<u>\$14,226</u>	<u>\$10,174</u>	<u>\$181,283</u>	<u>\$49,668</u>	<u>\$267,745</u>
1 Jan. 2022	\$12,317	\$11,862	\$10,174	\$204,272	\$48,713	\$287,338
Addition - acquired separately	810	1,571	-	27,246	5,163	34,790
Decrease	(960)	(314)	-	(40,548)	(4,809)	(46,631)
Exchange differences	-	-	-	472	-	472
31 Dec. 2022	<u>\$12,167</u>	<u>\$13,119</u>	<u>\$10,174</u>	<u>\$191,442</u>	<u>\$49,067</u>	<u>\$275,969</u>
Amortization and impairment:						
1 Jan. 2023	\$7,280	\$4,024	\$-	\$154,490	\$39,877	\$205,671
Amortization	1,506	989	-	20,567	9,190	32,252
Impairment:	-	-	10,174	-	-	10,174
Decrease	(652)	(235)	-	(31,235)	(4,687)	(36,809)
Exchange differences	-	-	-	(448)	-	(448)
31 Dec. 2023	<u>\$8,134</u>	<u>\$4,778</u>	<u>\$10,174</u>	<u>\$143,374</u>	<u>\$44,380</u>	<u>\$210,840</u>

	Trademark right	Patent	Goodwill	Software	Other intangible assets	Total
1 Jan. 2022	\$6,698	\$3,286	\$-	\$168,752	\$36,759	\$215,495
Amortization	1,542	971	-	25,939	7,927	36,379
Decrease	(960)	(233)	-	(40,548)	(4,809)	(46,550)
Exchange differences	-	-	-	347	-	347
31 Dec. 2022	<u>\$7,280</u>	<u>\$4,024</u>	<u>\$-</u>	<u>\$154,490</u>	<u>\$39,877</u>	<u>\$205,671</u>
Net book value:						
31 Dec. 2023	<u>\$4,260</u>	<u>\$9,448</u>	<u>\$-</u>	<u>\$37,909</u>	<u>\$5,288</u>	<u>\$56,905</u>
31 Dec. 2022	<u>\$4,887</u>	<u>\$9,095</u>	<u>\$10,174</u>	<u>\$36,952</u>	<u>\$9,190</u>	<u>\$70,298</u>

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

	2023	2022
Operating costs	\$14,641	\$15,471
Operating expenses	17,611	20,908
Total	<u>\$32,252</u>	<u>\$36,379</u>

#### 11. Short-term borrowings

	Interest rate	31 Dec. 2023	31 Dec. 2022
Unsecured Loans	1.70%~7.39%	\$1,295,386	\$999,156
Secured Loans	6.30%	952,010	1,258,065
Total		<u>\$2,247,396</u>	<u>\$2,257,221</u>

Please refer to Note 8 for the detail of the assets including land, buildings, part of accounts receivables and inventories pledged as collateral.

#### 12. Short-term notes and bills payable

Guarantors	31 Dec. 2023		
	Interest rate	Amount	Pledge or Collateral
Commercial paper payable			
International Bills Finance Corporation	1.88%	\$50,000	none
China Bills Finance Corporation	1.88%	60,000	none
Dah Chung Bills Finance Corporation	1.88%	50,000	none
Subtotal		160,000	
Less: Discount of commercial paper payable		(75)	
Net		<u>\$159,925</u>	

Guarantors	31 Dec. 2023		Pledge or Collateral
	Interest rate	Amount	
Commercial paper payable			
International Bills Finance Corporation	1.81%~2.16%	\$350,000	none
Dah Chung Bills Finance Corporation	1.71%~1.84%	250,000	none
Subtotal		600,000	
Less: Discount of commercial paper payable		(76)	
Net		\$599,924	

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

	31 Dec. 2023	31 Dec. 2022
Held for trading:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	\$-	\$5,046
Current	\$-	\$5,046

### 14. Long-term borrowings

Details are as follows:

Creditors	31 Dec. 2023	Interest rate	Redemption
First Bank Credit Loan	\$550,000	1.20%	From 1 Jul. 2019 to 15 Sep. 2026. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
First Bank Credit Loan	500,000	1.88%	From 31 Jul. 2023 to 31 Jul. 2025. Interests are repaid monthly and bullet repayment on expiry date.
First Bank Secured Loan	100,000	1.88%	From 31 Jul. 2023 to 31 Jul. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank Credit Loan	573,494	1.25%	From 9 Aug. 2019 to 15 Aug. 2029. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
Chang Hwa Bank Credit Loan	600,000	1.75%	From 30 Jun. 2023 to 30 Jun. 2025. Interests are repaid monthly and bullet repayment on expiry date.

Creditors	31 Dec. 2023	Interest rate	Redemption
Bank of Taiwan Credit Loan	300,000	1.80%	From 6 Jul. 2023 to 6 Jul. 2025. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan Credit Loan	375,000	1.47%	From 6 Jul. 2021 to 15 Jun. 2026. The grace period is 2 years. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank Credit Loan	120,000	1.50%	From 6 Nov. 2019 to 15 Oct. 2024. Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
DBS Bank Credit Loan	450,000	1.75%	From 14 Apr. 2023 to 14 Apr. 2025. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days, pay off all principal and interest payable of each drawn down facility on the expiry date of each principal loan.
DBS Bank Credit Loan	80,000	1.70%	From 14 Apr. 2023 to 14 Apr. 2025. After applying for each drawdown within the credit line, each transaction shall not exceed 180 days, pay off all principal and interest payable of each drawn down facility on the expiry date of each principal loan.
Yuantan Bank Credit Loan	550,000	1.72%	From 6 Oct. 2023 to 6 Oct. 2025. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank Credit Loan	395,833	1.21%~1.41%	From 24 Jul. 2020 to 24 Jul. 2025. Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.
Mizuho Bank Credit Loan	130,000	1.80%	From 20 Nov. 2023 to 20 Nov. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank Credit Loan	300,000	1.78%	From 14 Jun. 2023 to 13 Jun. 2025. Interests are repaid monthly and bullet repayment on expiry date.

Creditors	31 Dec. 2023	Interest rate	Redemption
KGI Bank Credit Loan	150,000	1.88%	From 17 Feb. 2023 to 17 Feb. 2025. Interests are repaid monthly and bullet repayment on expiry date.
First Bank Secured Loan	286,760	2.18%	From 27 Dec. 2016 to 27 Dec. 2031. Principal are repaid by 52 quarterly payments, starting from 27 Dec. 2018 to the maturity date. Interests are repaid monthly.
First Bank Secured Loan	180,000	1.90%	From 20 Dec. 2022 to 20 Dec. 2024. Interests are repaid monthly and bullet repayment on expiry date.
First Bank Credit Loan	250,000	1.90%	From 20 Dec. 2022 to 20 Dec. 2024. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank Credit Loan	50,000	1.93%	From 4 Dec. 2023 to 4 Dec. 2024. Interests are repaid monthly and bullet repayment on expiry date.
Yuanta Bank Credit Loan	120,000	1.92%	From 11 Jan. 2023 to 11 Jan. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank Credit Loan	100,000	1.91%	From 10 Jul. 2023 to 10 Jul. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank Credit Loan	50,000	1.93%	From 30 Jun. 2023 to 30 Jun. 2025. Interests are repaid monthly and bullet repayment on expiry date.
Cathay Bank Credit Loan	80,000	1.88%	From 31 May. 2023 to 31 May. 2025. Interests are repaid monthly and bullet repayment on expiry date.
California Bank & Trust (CBT)	68,615 (USD 2,234 thousand)	3.35%	Form 1 Jul. 2021 to 30 Jun. 2028. Partial principal repaid in installments each month and the remaining principal repaid in full on the date of maturity. Interests are repaid monthly.
First Commercial Bank., LTD. (FCB)	236,467 (USD 7,700 thousand)	7.00%	From 28 Dec. 2023 to 28 Dec. 2030. Partial principal repaid in installments each month and the remaining principal repaid in full on the date of maturity. Interests are repaid monthly.
Subtotal	6,596,169		
Less: current portion	(861,409)		
Total	<u>\$5,734,759</u>		

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



Creditors	31 Dec. 2022	Interest rate	Redemption
Hua Nan Bank Credit Loan	500,000	1.09%~1.29%	From 24 Jul. 2020 to 24 Jul. 2025. Principal are repaid monthly, starting from 15 Aug. 2023, and interests are repaid monthly.
Taipei Fubon Bank Credit Loan	350,000	1.75%	From 26 Sep. 2022 to 26 Sep. 2024. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
CTBC Bank Credit Loan	350,000	1.70%	From 31 May. 2022 to 31 May. 2024. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Bank Sinopac Credit Loan	80,000	1.68%	From 22 Jun. 2022 to 30 Jun. 2024. Interests are repaid monthly and bullet repayment on expiry date.
Mizuho Bank Credit Loan	900,000	1.85%	From 20 Nov. 2022 to 20 Nov. 2024. Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank Credit Loan	200,000	1.96%	From 14 Jun. 2022 to 13 Jun. 2024. Interests are repaid monthly and bullet repayment on expiry date.
First Bank Secured Loan	322,608	2.06%	From 27 Dec. 2016 to 27 Dec. 2031. Principal are repaid by 52 quarterly payments, starting from 27 Dec. 2018 to the maturity date. Interests are repaid monthly.
First Bank Secured Loan	180,000	2.10%	From 20 Dec. 2022 to 20 Dec. 2024. Interests are repaid monthly and bullet repayment on expiry date.
First Bank Credit Loan	320,000	1.80%~2.23%	From 20 Dec. 2022 to 20 Dec. 2024. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank Credit Loan	80,000	1.70%~2.20%	From 7 Dec. 2021 to 7 Dec. 2023. Interests are repaid monthly and bullet repayment on expiry date.
Yuanta Bank Credit Loan	180,000	1.62%	From 30 Nov. 2021 to 29 Nov. 2023. Interests are repaid monthly and bullet repayment on expiry date.

Creditors	31 Dec. 2022	Interest rate	Redemption
Mega Bank Credit Loan	70,000	1.95%	From 10 Aug. 2021 to 10 Aug. 2026. The grace period of 2 years. Principal are repaid monthly, and interests are repaid monthly.
California Bank & Trust (CBT)	70,550 (USD 2,299 thousand)	3.35%	From 1 Jul. 2021 to 30 Jun. 2028. Partial principal repaid in installments each month and the remaining principal repaid in full on the date of maturity. Interests are repaid monthly.
Subtotal	7,191,857		
Less: current portion	(669,868)		
Total	<u>\$6,521,989</u>		

- (1) On 1 Jul. 2021, California Bank & Trust (CBT) offered credit line of USD 2,387 thousand to W&W REAL PROPERTY, INC. from the execution date of and for the duration of the contract, the calculation of the financial ratios shall be based on the information recorded in the borrower's latest certified financial report or audit report and shall comply with the financial ratios as follows: Debt service coverage ratio shall be no less than 1.35.
- (2) On 18 Dec. 2023, First Commercial Bank., LTD. (FCB) offered credit line of USD 7,700 thousand to W&W REAL PROPERTY, INC. from the execution date of and for the duration of the contract, the financial ratios shall be calculated based on the information recorded in the borrower's latest certified financial report or audit report and shall comply with the financial ratios as follows: Debt service coverage ratio shall be no less than 1.1.
- (3) In 2019, the Group financed with designated banks in accordance with the "Project Loan Guidelines to Welcoming Overseas Taiwanese Businesses Return to Invest in Taiwan", and entered into contract terms and normative matters, and completed them in accordance with the approval letter.

## 15. Post-Employment Benefits

### Defined contribution plan

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

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

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

Expenses under the defined contribution plan for the years ended 31 December 2023 and 2022 were NT\$76,238 thousand and NT\$72,313 thousand, respectively.

#### Defined benefits plan

The Group adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Group contributes an amount equivalent to 2% ~ 3% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Group make estimates of the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the following year, the Group will make up the difference in one appropriation before the end of March of the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under a mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes control and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury funds can be used to cover the deficits after the approval of the competent authority. As the Group does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with IAS 19. The Group expects to contribute NT\$48,751 thousand to its defined benefit plan during the 12 months beginning after 31 December 2023.

As at 31 December 2023 and 2022, the defined benefit obligations were expected to mature in a period of 1 to 17 years, respectively.

Pension costs recognized in profit or loss are as follows:

	2023	2022
Current service cost	\$1,870	\$2,144
Net interest on the net defined benefit liabilities	1,464	1,402
Total	<u>\$3,334</u>	<u>\$3,546</u>

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

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Defined benefit obligation	\$476,680	\$443,233	\$465,362
Plan assets at fair value	(336,279)	(306,505)	(247,091)
Net defined benefit liabilities	<u>\$140,401</u>	<u>\$136,728</u>	<u>\$218,271</u>

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

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
1 Jan. 2022	\$465,362	\$(247,091)	\$218,271
Pension costs recognized in profit or loss:			
Current service cost	2,144	-	2,144
Interest expenses (income)	3,021	(1,619)	1,402
Subtotal	<u>5,165</u>	<u>(1,619)</u>	<u>3,546</u>
Remeasurements of the net defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	368	-	368
Actuarial gains and losses arising from changes in financial assumptions	(3,070)	-	(3,070)
Experience adjustments	(9,580)	-	(9,580)
Remeasurements of the defined benefit assets	-	(18,986)	(18,986)
Subtotal	<u>(12,282)</u>	<u>(18,986)</u>	<u>(31,268)</u>
Payment of benefit obligation	(15,012)	15,012	-
Contribution by employer	-	(53,821)	(53,821)
31 Dec. 2022	443,233	(306,505)	136,728
Pension costs recognized in profit or loss:			
Current service cost	1,870	-	1,870
Interest expenses (income)	4,747	(3,283)	1,464
Subtotal	<u>6,617</u>	<u>(3,283)</u>	<u>3,334</u>

	Defined benefit obligation	Plan assets at fair value	Net defined benefit liabilities (assets)
Remeasurements of the defined benefit liabilities/assets:			
Actuarial gains and losses arising from changes in demographic assumptions	30	-	30
Actuarial gains and losses arising from changes in financial assumptions	6,588	-	6,588
Experience adjustments	32,732	-	32,732
Remeasurements of the defined benefit assets	-	(1,874)	(1,874)
Subtotal	39,350	(1,874)	37,476
Payment of benefit obligation	(12,520)	12,520	-
Contribution by employer	-	(37,137)	(37,137)
31 Dec. 2023	\$476,680	\$(336,279)	\$140,401

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

	31 Dec. 2023	31 Dec. 2022
Discount rate	1.09%~1.35%	1.04%~1.47%
Expected rate of salary increase	0.50%~5.00%	0.50%~3.00%

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

	2023		2022	
	Defined benefit obligations increase	Defined benefit obligations decrease	Defined benefit obligations increase	Defined benefit obligations decrease
Discount rate increase by 0.5%	\$-	\$(3,350)	\$-	\$(2,483)
Discount rate decrease by 0.5%	4,425	-	5,418	-
Rate of future salary increase by 0.5%	4,285	-	5,291	-
Rate of future salary decrease by 0.5%	-	(3,010)	-	(2,268)

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

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

## 16. Equity

### (1) Common stock

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

#### Preferred stock

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

- A. Maturity date: No maturity date. The preferred shareholders have no rights to request the Company to buy back preferred share A. The Company has rights to buy back all or part of the preferred share A as of five years after the issue date. The preferred shares still outstanding will retain the aforementioned rights and obligations. If the Company pays out dividends in the year of buyback, the dividend amount will be prorated based on the outstanding days.
- B. Dividends: The dividend yield of the preferred share A is 4% (annual rate), (5-year interest rate swap (IRS) rate, 0.64275% + fixed rate, 3.35725%) and calculated at the issue price per share. The five-year IRS rate will be reset on the next business day five years after the issue date and every five years thereafter. The record date of the reset is two business days of financial institutions in Taipei prior to the reset date. The five-year IRS rate is the arithmetic mean of the offer prices of Reuter's TAIFXIRS and COSMOS3 at 11 a.m. on the record date of the reset (business day of financial institutions in Taipei). If the aforesaid offer prices are unavailable on the record date of the reset, the five-year IRS rate shall be determined by the Company based on the principle of good faith and reasonable market conditions.
- C. Dividend payment: The dividends of preferred share A are fully distributed in cash every year. After the financial statements are adopted in an annual general meeting, the board of directors shall authorize the chairman to set the record date for paying the preferred share dividends of the previous year. The number of dividends issued in the year of issue and in the year of redemption is calculated based on the actual number of days of issue in the current year.

- D. The Company shall apply the current year's earnings, if any, to pay for taxes as stipulated by laws and regulations, offset accumulated losses of previous years, and allocate 10% as legal reserve pursuant to laws and regulations. Special reserve shall be set aside or reversed from net shareholder's equity reduction in current or accumulative in prior years in accordance with related regulations. The remaining earnings along with the accumulated unappropriated earnings in prior years as shareholders' bonus shall be appropriated as preferred share dividends in accordance with the Article 7-1, Articles of Incorporation.
- E. The Company has discretion over the distribution of preferred stock dividends. If the Company does not generate any or sufficient profits during the year for the distribution of preferred stock dividends, it may resolve not to pay out the dividends and preferred stockholders have no rights to object. The board of directors shall propose a surplus earnings distribution in accordance with Article 32-1, Articles of Incorporation to be adopted by the annual general meeting. After the surplus earnings distribution is adopted, the distributable amount of preferred share and common shares shall be distributed to preferred shares first.
- F. The preferred shares A issued are non-cumulative. That is, the undistributed dividends or shortages in dividends distributed shall not be accumulated and paid in subsequent years when profits are generated.
- G. Participating privilege: The shareholders of preferred share A are not entitled to cash-settled or share dividends derived from earnings or capital reserve.
- H. Distribution of residual property: Shareholders of preferred share A have a higher claim to the Company's residual properties than common stockholders. Different types of preferred shares issued by the Company grant holders the same rights to claims, and the shareholders of preferred share A stay subordinate to general creditors. The amount that the shareholders of preferred share A are entitled to is capped at the product of number of outstanding preferred shares at the time of distribution and issuance price.
- I. Voting rights: Shareholders of preferred share A have neither voted nor election rights. However, they may be elected as directors. They have voting rights in preferred shareholders' meetings or with respect to agendas associated with the rights and obligations of preferred shareholders in shareholders' meetings.

J. Conversion to ordinary shares: Preferred share A is non-convertible.

K. Capital reserve issued at preferred share A premium shall not be used as capital during the issuance of the preferred share.

L. For cash offering of new shares, the shareholders of preferred share A have the same preemptive rights as the common shareholders.

(2) Capital surplus

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

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

(3) Treasury stock

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



#### (4) Retained earnings and dividend policies

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

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

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

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

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

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

	Appropriation of earnings		Dividend per share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$106,744	\$94,525		
Special reserve	115,752	(189,982)		
Common stock -cash dividend	625,796	563,216	NT\$2.00/ per share	NT\$1.80/ per share
Preferred stock -cash dividend	60,000	60,000	NT\$2.00/ per share	NT\$2.00/ per share

Please refer to Note 6.(20) for relevant information on estimation basis and recognized amount of employees' compensations and remunerations to directors and supervisors.

(5) Non-controlling interests

	2023	2022
Beginning balance	\$324,190	\$301,190
Profit (loss) attributable to non-controlling interests	63,235	69,328
Other comprehensive income attributable to non-controlling interests, net of tax:		
Remeasurements of the defined benefit plan	(4,285)	1,070
Exchange differences resulting from translating the financial statements of foreign operations	(2,059)	4,361
Unrealized gains or losses on financial assets measured at fair value through other comprehensive income	-	(259)
Distribute dividends to subsidiaries	(42,308)	(24,000)
Other	-	(27,500)
Ending balance	<u>\$338,773</u>	<u>\$324,190</u>

17. Operating revenue

	2023	2022
Revenue from contracts with customers		
Sale of goods	<u>\$19,277,545</u>	<u>\$19,207,226</u>

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

(1) Disaggregation of revenue

For the year ended 31 December 2023:

	Taiwan Dept	Asian Dept	U.S. Dept	European Dept	Total
Sale of goods	<u>\$6,681,076</u>	<u>\$462,331</u>	<u>\$9,125,241</u>	<u>\$3,008,897</u>	<u>\$19,277,545</u>
Timing of revenue recognition:					
At a point in time	<u>\$6,681,076</u>	<u>\$462,331</u>	<u>\$9,125,241</u>	<u>\$3,008,897</u>	<u>\$19,277,545</u>

For the year ended 31 December 2022:

	Taiwan Dept	Asian Dept	U.S. Dept	European Dept	Total
Sale of goods	<u>\$6,816,316</u>	<u>\$458,647</u>	<u>\$9,633,909</u>	<u>\$2,298,354</u>	<u>\$19,207,226</u>
Timing of revenue recognition:					
At a point in time	<u>\$6,816,316</u>	<u>\$458,647</u>	<u>\$9,633,909</u>	<u>\$2,298,354</u>	<u>\$19,207,226</u>

18. Expected credit losses / (gains)

	2023	2022
Operating expense - expected credit losses(gains)		
Notes receivables	\$(18)	\$(92)
Accounts receivables	<u>2,487</u>	<u>(4,323)</u>
Total	<u>\$2,469</u>	<u>\$(4,415)</u>

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

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

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

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

As at 31 December 2023

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

As at 31 December 2022

	Not yet due (Note)	Overdue				Carrying amount
		<=90 days	91-180 days	181-270 days	>=271 days	
Gross carrying amount	\$3,120,865	\$329,502	\$24,196	\$6,981	\$213,100	\$3,694,644
Loss ratio	0%~1%	1%~5%	20%~25%	100%	100%	
Lifetime expected credit losses	(8,386)	(8,273)	(5,569)	(6,981)	(213,100)	(242,309)
Carrying amount	<u>\$3,112,479</u>	<u>\$321,229</u>	<u>\$18,627</u>	<u>\$-</u>	<u>\$-</u>	<u>\$3,452,335</u>

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

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

	Notes receivables	Accounts receivables
1 Jan. 2023	\$44	\$242,265
Addition/(reversal) for the current period	(18)	2,487
31 Dec. 2023	<u>\$26</u>	<u>\$244,752</u>
1 Jan. 2022	\$136	\$246,588
Addition/(reversal) for the current period	(92)	(4,323)
31 Dec. 2022	<u>\$44</u>	<u>\$242,265</u>

## 19. Leases

### (1) Group as a lessee

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

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

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

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

The carrying amount of right-of-use assets

	31 Dec. 2023	31 Dec. 2022
Land	\$1,202,995	\$1,208,015
Buildings	982,948	983,847
Transportation equipment	299	767
Office equipment	156	-
Total	<u>\$2,186,398</u>	<u>\$2,192,629</u>

For the year ended 31 December 2023 and 2022, the Group's additions to right-of-use assets amounting to NT\$188,719 thousand and NT\$197,858 thousand, respectively.

##### (b) Lease liabilities

	31 Dec. 2023	31 Dec. 2022
Current	\$248,086	\$224,805
Non-current	1,763,395	1,834,666
Total	<u>\$2,011,481</u>	<u>\$2,059,471</u>

Please refer to Note 6.21(3) for the interest on lease liabilities recognized for the year ended 31 December 2023 and 2022 and refer to Note 12. (5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2023 and 2022.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	2023	2022
Land	\$2,750	\$2,763
Buildings	192,423	165,479
Transportation equipment	476	1,755
Office equipment	51	-
Total	<u>\$195,700</u>	<u>\$169,997</u>

C. Income and costs relating to leasing activities

	2023	2022
The expenses relating to short-term leases	\$6,781	\$2,066
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	2,086	1,376

D. Cash outflow relating to leasing activities

For the year ended 31 December 2023 and 2022, the Group's total cash outflows for leases amounting to NT\$319,445 thousand and NT\$278,603 thousand, respectively.

20. For the years ended 31 December 2023 and 2022, the Group's aggregate information on personnel, depreciation and amortization expenses is as follows:

Function Character	2023			2022		
	Classified as operating costs	Classified as operating expenses	Total	Classified as operating costs	Classified as operating expenses	Total
Employee benefits expense						
Salaries	\$920,862	\$1,049,450	\$1,970,312	\$911,944	\$947,385	\$1,859,329
Insurances	100,089	103,363	203,452	96,654	90,734	187,388
Pensions	36,693	42,879	79,572	37,445	38,414	75,859
Other personnel expenses	53,529	24,464	77,993	48,975	25,878	74,853
Depreciations	1,274,840	336,438	1,611,278	1,281,231	312,039	1,593,270
Amortization	14,641	17,611	32,252	15,471	20,908	36,379

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

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

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

## 21. Non-operating income and expenses

### (1) Other income

	2023	2022
Rent income	\$6,455	\$3,148
Interest income	23,252	8,089
Dividend income	3,517	4,129
Other income - other	69,859	58,903
Total	<u>\$103,083</u>	<u>\$74,269</u>

### (2) Other gains and losses

	2023	2022
Gains on disposal of property, plant and equipment	\$2,918	\$44,083
Foreign exchange gains, net	22,398	399,280
(Losses) on financial assets or liabilities at fair value through profit or loss	(26,248)	(33,128)
Impairment Loss - Goodwill	(10,174)	-
Other losses	(16,905)	(9,982)
Total	<u>\$(28,011)</u>	<u>\$400,253</u>

(3) Finance costs

	2023	2022
Interest on borrowings from bank	\$(238,104)	\$(149,855)
Interest on lease liabilities	(72,421)	(61,271)
Total	<u>\$(310,525)</u>	<u>\$(211,126)</u>

22. Components of other comprehensive income (loss)

For the year ended 31 December 2023

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

Year ended 31 Dec. 2022

	Arising during the period	Income tax profit (expense)	Net of tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of the defined benefit plan	\$31,268	\$(6,254)	\$25,014
Unrealized gains (loss) from equity instruments investments measured at fair value through other comprehensive income	(26,426)	-	(26,426)
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation of foreign operations	225,150	(44,158)	180,992
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	35,367	(7,073)	28,294
Total	<u>\$265,359</u>	<u>\$(57,485)</u>	<u>\$207,874</u>



## 23. Income tax

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

### Income tax expense recognized in profit or loss

	2023	2022
Current income tax expense (benefit):		
Current income tax charge	\$413,183	\$271,869
Current land value increment tax	14	8,984
Adjustments in respect of current income tax of prior periods	(14,679)	(1,511)
Deferred tax expense (income):		
Deferred tax expense (income) related to origination and reversal of temporary differences	(55,097)	(55,950)
Deferred income tax related to recognition and derecognition of tax losses and unused tax credits	4,382	44,080
Other components of deferred tax expense (income)	54	(1,749)
Total income tax expense (income)	<u>\$347,857</u>	<u>\$265,723</u>

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

	2023	2022
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	\$3,111	\$44,158
Remeasurements of the defined benefit plan	(7,495)	6,254
Share of other comprehensive income (loss) of associates and joint ventures accounted for using the equity method	(8,390)	7,073
Income tax relating to components of other comprehensive income	<u>\$(12,774)</u>	<u>\$57,485</u>

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

	2023	2022
Net profit before tax from continuing operations	<u>\$1,504,226</u>	<u>\$1,267,584</u>
Tax at the domestic rates applicable to profits in the country concerned	\$405,246	\$321,110
Tax effect of revenues exempt from taxation	(38,756)	(48,866)
Tax effect of expenses not deductible for tax purposes	398	241
Tax effect of deferred tax assets/liabilities	(6,409)	(22,035)
Undistributed earnings surtax	2,043	-
Adjustments in respect of current income tax of prior periods	(14,679)	6,289
Current land value increment tax	14	8,984
Total income tax expenses recorded in profit or loss	<u>\$347,857</u>	<u>\$265,723</u>

Deferred tax assets (liabilities) related to the following:

For the year ended 31 December 2023

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

For the year ended 31 December 2022

		Recognized in other Recognized in comprehensive income income			Exchange differences	31 Dec. 2022
	1 Jan. 2022					
Temporary differences						
Unrealized exchange losses (gains)	\$7,218	\$(10,500)	\$-	\$-		\$(3,282)
Allowance for doubtful debts	43,787	(1,178)	-	298		42,907
Allowance for inventory valuation losses	48,213	(3,303)	-	2,326		47,236
Exchange differences on translation of foreign operations	111,340	-	(51,231)	-		60,109
Financial assets at fair value through profit or loss	508	501	-	-		1,009
Unrealized profits or losses on transactions with associates	97,898	40,683	-	-		138,581
Reserve for land value increment tax	(38,717)	-	-	-		(38,717)
Compensated absences provisions	11,233	558	-	257		12,048
Net defined benefit liabilities, non-current	43,654	(10,054)	(6,254)	-		27,346
Depreciation difference for tax purpose	(10,075)	5,692	-	(1,432)		(5,815)
Amortization difference for tax purpose	-	13,854	-	-		13,854
Impairment on property, plant and equipment	6,200	(186)	-	-		6,014
Inventories difference for tax purpose	48,003	18,741	-	5,195		71,939
Other components of deferred tax expense (income)	17,474	1,142		1,926		20,542
Unused tax losses	58,539	(44,080)	-	-		14,459
Deferred income tax benefit (expenses)		<u>\$11,870</u>	<u>\$(57,485)</u>	<u>\$8,570</u>		
Net deferred tax assets and liabilities	<u>\$445,275</u>					<u>\$408,230</u>
As presented on the financial statement:						
Deferred tax assets	<u>\$497,544</u>					<u>\$460,985</u>
Deferred tax liabilities	<u>\$(52,269)</u>					<u>\$(52,755)</u>

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

Entity	Year	Tax losses for the period	Unused tax losses as at		Expiration year
			31 Dec. 2023	31 Dec. 2022	
JUOKU	2017	169,608	87,655	109,000	2027
TECHNOLOGY	2018	68,571	68,571	68,571	2028
	2019	13,876	13,876	13,876	2029
	2020	2,151	2,151	2,151	2030
			<u>\$172,253</u>	<u>\$193,598</u>	

### Unrecognized deferred tax assets

As at 31 December 2023 and 2022, deferred tax assets have not been recognized in respect of unused tax losses, unused tax credits and deductible temporary differences amounting to NT\$24,439 thousand and NT\$24,326 thousand, respectively, as the future taxable profit may not be available.

### The assessment of income tax returns

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

	The assessment of income tax returns
The Company	2021
Subsidiary – JUOKU TECHNOLOGY	2021
Subsidiary – DBM	2021
Subsidiary – TI YUAN	2021
Subsidiary – TI FU	2021
Subsidiary – TAMAU MANAGEMENT (Note)	2023

Note: TAMAU MANAGEMENT CONSULTANCY CO., LTD. was liquidated and deregistered during 2023.

## 24. Earnings per share

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

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

	2023	2022
(1) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,093,134	\$932,533
Dividends on preference shares (in thousand NT\$)	(60,000)	(23,671)
Profit used in computation of earnings per share (in thousand NT\$)	<u>\$1,033,134</u>	<u>\$908,862</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	<u>311,958</u>	<u>311,958</u>
Basic earnings per share (NT\$)	<u>\$3.31</u>	<u>\$2.91</u>

	2023	2022
(2) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT\$)	\$1,093,314	\$932,533
Dividends on preference shares (in thousand NT\$)	(60,000)	(23,671)
Profit used in computation of earnings per share (in thousand NT\$)	<u>\$1,033,134</u>	<u>\$908,862</u>
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	311,958	311,958
Effect of dilution:		
Employee bonus — stock (in thousands)	<u>1,055</u>	<u>1,114</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>313,013</u>	<u>313,072</u>
Diluted earnings per share (NT\$)	<u>\$3.30</u>	<u>\$2.90</u>

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

## VII. RELATED PARTIES TRANSACTIONS

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

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

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
FORTOP INDUSTRIAL CO., LTD.	Substantive related party
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The Group is director of the Company
I YUAN PRECISION INDUSTRIAL CO., LTD	Associate
JNS AUTO PARTS LIMITED	Associate
VARROC TYC AUTO LAMPS CO., LTD.	Joint Venture
HANGZHOU SUNNYTECH CO., LTD.	Associate
PT ASTRA JUOKU INDONESIA	Joint Venture
BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD	Associate
DBM REFLEX ENTERPRISES INC.	Substantive related party

## Significant related party transactions

### (1) Sales

	2023	2022
Joint Venture		
VARROC TYC AUTO LAMPS CO., LTD.	\$36,747	\$17,856
PT ASTRA JUOKU INDONESIA	95,786	184,192
Subtotal	132,533	202,048
Associate	290	2,295
Other related party		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	52,708	53,822
Other	24,197	32,309
Subtotal	76,905	86,131
Total	\$209,728	\$290,474

The Group sold products to some related parties who were single manufacturers, therefore the price could not be compared. The payment term was T/T 150 days. The sales price of some related parties is equivalent to that of non-related parties, and the terms of collection are every other month, payable between 1 to 3 months, which is equivalent to ordinary transactions.

### (2) Purchases

	2023	2022
Joint Venture	\$1,862	\$1,993
Associate		
I YUAN PRECISION INDUSTRIAL CO., LTD	349,237	456,098
Other	10,243	8,826
Subtotal	359,480	464,924
Other related party		
FORTOP INDUSTRIAL CO., LTD.	914,573	860,107
BUILDUP INTERNATIONAL TRADING CO., LTD.	261,216	258,688
Other	33,402	43,195
Subtotal	1,209,191	1,161,990
Total	\$1,570,533	\$1,628,907

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

(3) Notes receivables - related parties

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Other related party		
FORTOP INDUSTRIAL CO., LTD.	2,482	1,683
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	252	-
Total	<u>2,734</u>	<u>1,683</u>
Less: allowance for doubtful accounts	(9)	(7)
Net	<u>\$2,725</u>	<u>\$1,676</u>

(4) Accounts receivables - related parties

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Joint Venture		
PT ASTRA JUOKU INDONESIA	\$29,524	\$67,745
VARROC TYC AUTO LAMPS CO., LTD.	15,773	24,744
Subtotal	<u>45,297</u>	<u>92,489</u>
Other related party		
BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	18,563	19,945
Other	2,385	2,846
Subtotal	<u>20,948</u>	<u>22,791</u>
Total	<u>66,245</u>	<u>115,280</u>
Less: allowance for doubtful accounts	(4,219)	(4,235)
Net	<u>\$62,026</u>	<u>\$111,045</u>

(5) Other receivables

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Joint Venture	\$65,096	\$3,422
Associate	8,654	26
Other related party	12	772
Total	<u>\$73,762</u>	<u>\$4,220</u>

(6) Accounts payables - related parties

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Joint Venture	\$496	\$498
Associate		
I YUAN PRECISION INDUSTRIAL CO., LTD	130,231	118,374
Other	1,157	1,622
Subtotal	<u>131,388</u>	<u>119,996</u>
Other related party		
FORTOP INDUSTRIAL CO., LTD.	312,208	282,786
Other	46,212	46,047
Subtotal	<u>358,420</u>	<u>328,833</u>
Total	<u>\$490,304</u>	<u>\$449,327</u>

(7) Key management personnel compensation

	2023	2022
Short-term employee benefits	\$45,185	\$54,395
Post-employment benefits	615	594
Total	<u>\$45,800</u>	<u>\$54,989</u>

**VIII. ASSETS PLEDGED AS SECURITY**

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

Item	Amount		Purpose of pledge
	31 Dec. 2023	31 Dec. 2022	
Property, plant and equipment - Land	\$465,774	\$372,345	Bank borrowings
Property, plant and equipment - Buildings	1,025,566	814,570	Bank borrowings
Refundable deposits	29,472	29,472	Collateral for land lease
Inventories	537,425	536,979	Bank borrowings
Accounts receivables	1,138,204	1,100,873	Bank borrowings
Total	<u>\$3,196,441</u>	<u>\$2,854,239</u>	

**IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT**

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

1. In order to assist the subsidiary T.I.T. INTERNATIONAL CO., LTD. in obtaining loan credit line, the Company issued a Stand-by L/C USD 1,000 thousand as a guarantee.
2. According to “The Regulations Governing the Establishment and Management of Bonded Warehouses”, the Company paid guarantee payable of bonded warehouse registration in the amount of NT\$ 8,000 thousand.
3. On 8 July 2020, the Court of California in the United States of America dismissed all claims brought in the United States by Pilot Inc. (Pilot) in relation to commercial disputes including distribution contracts between Pilot and the Company and its subsidiary GENERA and its employees. Pilot again submitted the same dispute to the Singapore International Arbitration Centre for arbitration. The Company's appointed counsel, based on the available information, assessed that Pilot's claim for damages was not supported by relevant evidence and was not legally justified. As of the financial report adoption date of 14 March 2024, it is not possible to assess the impact of the lawsuit on the Company's financials and business based on the information currently available.



4. In June 2021, the Company was informed that HYUNDAI MOTOR COMPANY and KIA CORPORATION filed a patent infringement lawsuit in the Court of California in the United States, claiming that the Company and its subsidiary GENERA infringed its lamp patents nos. 478 and 931. Having been made aware of the content of the action, the Company, together with its subsidiary GENERA, has appointed lawyers to carry out the proceedings in the interests of the Company. As of the financial report adoption date of 14 March 2024, it is not possible to assess the impact of the lawsuit on the Company's financials and business based on the information currently available.
5. In 2022, the Company filed an arbitration claim against Varroc Corp Holding BV and Varroc Engineering Limited for violating the transition management agreement and confidentiality agreement, and at the same time applied for interim relief, requesting certain actions and related damages. The company has appointed lawyers to respond to the follow-up arbitration procedure, continue to follow up and understand the progress of the case, and protect the rights and interests of the company's shareholders. As of the financial report adoption date of 14 March 2024, it is not possible to assess the impact of the lawsuit on the Company's financials and business based on the information currently available.

#### X. SIGNIFICANT DISASTER LOSS

None.

#### XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

#### XII. OTHER

##### 1. Categories of financial instruments

##### Financial Assets

	31 Dec. 2023	31 Dec. 2022
Financial assets at fair value through profit or loss :		
Mandatorily measured at fair value through profit or loss	\$509	\$-
Financial assets at fair value through other comprehensive income	225,126	316,986
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	1,854,790	1,851,101
Financial assets measured at amortized cost	144,244	83,388
Notes receivables (related parties included)	13,326	15,236
Accounts receivables (related parties included)	3,457,602	3,437,099
Other receivables	184,652	112,548
Refundable deposits	66,177	58,535
Subtotal	5,720,791	5,557,907
Total	\$5,946,426	\$5,874,893

## Financial liabilities

	<u>31 Dec. 2023</u>	<u>31 Dec. 2022</u>
Financial liabilities measured at amortized cost:		
Short-term borrowings and short-term notes and bills payable	\$2,407,321	\$2,857,145
Payables	4,182,121	3,947,718
Long-term borrowings (current portion included)	6,596,168	7,191,857
Lease liabilities	2,011,481	2,059,471
Guarantee deposit (under the account of other non-current liabilities-others)	43,974	45,096
Subtotal	<u>15,241,065</u>	<u>16,101,287</u>
Financial liabilities at fair value through profit or loss:		
Held for trading	-	5,046
Total	<u><u>\$15,241,065</u></u>	<u><u>\$16,106,333</u></u>

## 2. Financial risk management objectives and policies

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

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

## 3. Market risk

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

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

### Foreign currency risk

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

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

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

- a. When NTD strengthens/weakens against USD by 1%, the profit for the years ended 31 December 2023 and 2022 decreases/increases by NT\$2,578 thousand and NT\$2,021 thousand, respectively.
- b. When NTD strengthens/weakens against EUR by 1%, the profit for the years ended 31 December 2023 and 2022 decreases/increases by NT\$6,490 thousand and NT\$7,804 thousand, respectively.

### Interest rate risk

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

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

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2023 and 2022 to decrease/ increase by NT\$7,120 thousand and NT\$7,680 thousand, respectively.

### Equity price risk

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

At the reporting date, a change of 10% in the price of the listed companies' stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of NT\$160 thousand and NT\$102 thousand on the equity attributable to the Group for years ended 31 December 2023 and 2022, respectively.

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

#### 4. Credit risk management

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

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

As at 31 December 2023 and 2022, accounts receivables from top ten customers represented 35.23% and 32.49% of the total trade receivables of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

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

## 5. Liquidity risk management

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

### Non-derivative financial instruments

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
31 Dec. 2023					
Borrowings	\$3,161,153	\$5,112,175	\$371,780	\$417,328	\$9,063,436
Short-term notes and bills payable	160,000	-	-	-	160,000
Payables	4,182,121	-	-	-	4,182,121
Lease liabilities (Note)	313,534	613,220	339,754	912,289	2,178,797
31 Dec. 2022					
Borrowings	\$2,975,588	\$5,785,891	\$555,413	\$411,639	\$9,728,531
Short-term notes and bills payable	600,000	-	-	-	600,000
Payables	3,947,718	-	-	-	3,947,718
Lease liabilities (Note)	293,753	547,459	412,259	1,023,706	2,277,177

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

	Maturities			
	Less than 5 years	5 to 10 years	10 to 15 years	Total
31 Dec. 2023	\$1,266,508	\$469,718	\$442,571	\$2,178,797
31 Dec. 2022	1,253,471	533,860	489,846	2,277,177

## 6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2023 and 2022:

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

	Short-term borrowings	Short-term notes and bills payable	Long-term borrowings (current portion included)	Guarantee deposit	Lease liabilities	Total liabilities from financing activities
1 Jan. 2022	\$1,909,969	\$639,808	\$6,368,413	\$44,413	\$1,984,142	\$10,946,745
Cash flows	294,142	(39,884)	816,367	(286)	(213,890)	856,449
Non-cash change	-	-	-	-	195,722	195,722
Foreign exchange movement	53,110	-	7,077	969	93,497	153,653
31 Dec. 2022	<u>\$2,257,221</u>	<u>\$599,924</u>	<u>\$7,191,857</u>	<u>\$45,096</u>	<u>\$2,059,471</u>	<u>\$12,152,569</u>

## 7. Fair value of financial instruments

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

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

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

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

The book value of financial assets and liabilities at fair value through profit or loss approaches fair value.

(3) Fair value measurement hierarchy for financial instruments

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

## 8. Derivative financial instruments

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

### Forward currency contracts

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

Item (by contract)	Notional Amount	Contract Period
As at 31 Dec. 2023		
Forward currency contracts	Sell foreign currency USD 1,000 thousand	From 1 Dec. 2023 to 25 Jan. 2024
31 Dec. 2022		
Forward currency contracts	Sell foreign currency EUR 5,000 thousand	From 10 Nov. 2022 to 14 Mar. 2023

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

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

## 9. Fair value measurement hierarchy

### (a) Fair value measurement hierarchy

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

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

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

Level 3 - Unobservable inputs for the asset or liability

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

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

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



31 Dec. 2023

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

31 Dec. 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value:				
Financial assets at fair value through other comprehensive income				
Equity instrument measured at fair value through other comprehensive income	\$102,492	\$-	\$214,494	\$316,986
Financial liabilities at fair value:				
Financial liabilities at fair value through profit or loss				
Cross currency swaps contract	-	5,046	-	5,046

#### Transfers between Level 1 and Level 2 during the period

During the year ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

#### Details of changes in Level 3 recurring fair value measurements

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

	At fair value through other comprehensive income - stocks	
	2023	2022
Beginning balances	\$214,494	\$119,771
Total gains and losses recognized:		
Amount recognized in OCI (presented in “Unrealized gains (losses) from equity instruments investments measured at fair value through other comprehensive income)	(149,090)	(3,626)
Acquired in the period	-	100,000
Disposal in the period	-	(1,651)
Ending balances	<u>\$65,404</u>	<u>\$214,494</u>

#### Information on significant unobservable inputs to valuation

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

As at 31 December 2023

	Valuation	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial Assets:					
Financial assets at fair value through other comprehensive income, non-current stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group’s profit or loss by NT\$6,468 thousand

As at 31 December 2022

	Valuation techniques	Significant unobservable inputs	Quantitative information	Relationship between inputs and fair value	Sensitivity of the input to fair value
Financial Assets:					
Financial assets at fair value through other comprehensive income, non-current					
stocks	Market approach	discount for lack of marketability	30%	The higher the discount for lack of marketability, the lower the fair value of the stocks	10% increase (decrease) in the discount for lack of marketability would result in (decrease) increase in the Group's profit or loss by NT\$11,673 thousand

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

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

10. Significant assets and liabilities denominated in foreign currencies

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

	31 Dec. 2023		
	Foreign Currency	Exchange	NTD
Financial Assets			
Monetary items:			
USD	\$115,785	30.710	\$3,555,757
EUR	23,232	33.980	789,423
CNY	37,463	4.327	162,102

	31 Dec. 2023		
	Foreign Currency	Exchange	NTD
<u>Financial liabilities</u>			
Monetary items:			
USD	107,391	30.710	3,297,978
EUR	4,134	33.980	140,473
CNY	26,330	4.327	113,930

	31 Dec. 2022		
	Foreign Currency	Exchange	NTD
<u>Financial Assets</u>			
Monetary items:			
USD	\$119,542	30.6845	\$3,668,086
EUR	24,276	32.827812	796,928
CNY	20,918	4.447480	93,032
<u>Financial liabilities</u>			
Monetary items:			
USD	112,956	30.684500	3,465,998
EUR	502	32.827812	16,480
CNY	23,066	4.447480	102,586

The Group has various functional currencies, no information about the foreign exchange gains or losses by a specific currency is available. For the years ended 31 December 2023 and 2022, the foreign exchange gains on monetary financial assets and financial liabilities were NT\$22,398 thousand, NT\$399,280 thousand, respectively.

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

#### 11. Financial assets transfer information – Derecognize transferred financial asset entirely

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

The relevant transaction information is as follows:

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

31 Dec. 2022			
Counterparty for the sale	Transferred amount	Advance amount	Interest rate range
None			

## 12. Capital management

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

## XIII.ADDITIONAL DISCLOSURES

- (1) The following are additional disclosures for the Company and its affiliates as required by the R.O.C. Securities and Futures Bureau:
  - (a) Financing provided to others for the year ended 31 December 2023: Please refer to Attachment 2.
  - (b) Endorsement/Guarantee provided to others for the year ended 31 December 2023: Please refer to Attachment 3.
  - (c) Securities held as of 31 December 2023 (excluding subsidiaries, associates and joint venture): Please refer to Attachment 4.
  - (d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.
  - (e) Acquisition of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.
  - (f) Disposal of individual real estate with amount exceeding the lower of NT\$300 million or 20 percent of the capital stock for the year ended 31 December 2023: None.

- (g) Related party transactions for purchases and sales amounts exceeding the lower of NT\$100 million or 20 percent of the capital stock for the year ended 31 December 2022: Please refer to Attachment 5.
- (h) Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2022: Please refer to Attachment 6.
- (i) Names, locations and related information of investees as of 31 December 2022(excluding investment in Mainland China): Please refer to Attachment 7.
- (j) Financial instruments and derivative transactions: Please refer to Note 6(2), Note 6(13) and Note 12(8).
- (k) The business relationship, significant transactions and amounts between parent company and subsidiaries: Please refer to Attachment 1.

(2) Investment in Mainland China:

- (a) Investee company name, main businesses and products, total amount of capital, method of investment, accumulated inflow and outflow of investments from Taiwan, net income (loss) of investee company, percentage of ownership, investment income (loss), carrying amount of investments, cumulated inward remittance of earnings and limits on investment in Mainland China: Please refer to Attachment 8.
- (b) Directly or indirectly significant transactions through third regions with the investees in Mainland China, including price, payment terms, unrealized gain or loss, and other events with significant effects on the operating results and financial condition: Please refer to Attachment 2, Attachment 3 and Attachment 8.

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

#### XIV. SEGMENT INFORMATION

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

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

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

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

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

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

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

## 1. Segment information about profit and loss.

### 2023

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

### 2022

	Taiwan Market	Asian Market	U.S. Market	European Market	Adjustments and eliminations	Total
Revenue						
External customers	\$6,816,316	\$458,647	\$9,633,909	\$2,298,354	\$-	\$19,207,226
Inter-segment (Note)	6,820,435	534,889	-	-	(7,355,324)	-
Total revenue	<u>\$13,636,751</u>	<u>\$993,536</u>	<u>\$9,633,909</u>	<u>\$2,298,354</u>	<u>\$(7,355,324)</u>	<u>\$19,207,226</u>
Segment profit	<u>\$1,446,484</u>	<u>\$(167,193)</u>	<u>\$187,518</u>	<u>\$71,722</u>	<u>\$(270,947)</u>	<u>\$1,267,584</u>

Note: Inter-segment revenue are eliminated on consolidation and recorded under the "adjustment and elimination" column.

## 2. Geographic information:

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

Country	2023	2022
Taiwan	\$1,297,500	\$1,033,258
China	170,486	189,899
Netherlands	2,354,868	2,298,354
America	9,383,384	9,919,044
Other	6,071,307	5,766,671
Total	<u>\$19,277,545</u>	<u>\$19,207,226</u>

B. Non-current assets:

Country	2023	2022
Taiwan	\$9,250,967	\$9,346,675
China	805,640	720,171
Other	1,724,479	1,357,110
Total	<u>\$11,781,086</u>	<u>\$11,423,956</u>

C. Product information:

Product	2023	2022
Automobile lights	\$16,310,129	\$16,870,905
General Merchandise	1,750,869	1,246,862
Models	280,597	307,293
Others	935,950	782,166
Total	<u>\$19,277,545</u>	<u>\$19,207,226</u>

D. Important client information:

	2023	2022
Client A	<u>\$2,863,386</u>	<u>\$2,574,866</u>



Attachment 1: Significant intercompany transactions between consolidated entities

No.(Note 1)	Related-party	Counter party	Relationship with the Company (Note 2)	Transactions			
				Account	Amount	Collection periods	Percentage of consolidated operating revenues or consolidated total assets (Note 3)
0	The Company	JUOKU TECHNOLOGY	1	Purchase	\$392,143	credit on 90 days	2.03%
0	The Company	JUOKU TECHNOLOGY	1	Accounts payables	147,352	credit on 90 days	0.57%
0	The Company	JUOKU TECHNOLOGY	1	Sales	30,654	credit on 90 days	0.16%
0	The Company	DBM	1	Molding equipment	40,771	60% advance prepaid,and the balance 40% will be paid after acceptance	0.16%
0	The Company	T.I.T.	1	Purchase	284,735	credit on 60 days	1.48%
0	The Company	T.I.T.	1	Accounts payable	36,006	credit on 60 days	0.14%
0	The Company	T.I.T.	1	Sales	125,987	T/T150 days	0.65%
0	The Company	EUROPE	1	Sales	2,198,063	T/T120 days	11.40%
0	The Company	EUROPE	1	Accounts receivables	248,044	T/T120 days	0.96%
0	The Company	TAMAO PRECISION	1	Accounts payable	46,688	credit on 90 days	0.18%
0	The Company	TAMAO PRECISION	1	Molding equipment	184,057	60% advance prepaid,and the balance 40% will be paid after acceptance	0.71%
0	The Company	GENERA	1	Sales	5,389,365	T/T135 days	27.96%
0	The Company	GENERA	1	Accounts receivables	2,304,985	T/T135 days	8.92%
0	The Company	KUN SHAN TYC	1	Purchase	40,272	credit on 120 days	0.21%
0	The Company	KUN SHAN TYC	1	Sales	48,711	T/T120 days	0.25%
0	The Company	KUN SHAN TYC	1	Accounts receivables	138,574	T/T120 days	0.54%
0	The Company	BESTE	1	Other receivables	199,258 (USD 6,500 thousand)	Financing	0.77%
1	SUPRA-ATOMIC	KUN SHAN TYC	3	Other receivables	\$27,590 (USD 900 thousand)	Financing	0.11%

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

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

(Note 2)Transactions are categorized as follows:

1. The holding company to subsidiary.
2. Subsidiary to holding company.
3. Subsidiary to subsidiary.

(Note 3)The percentage with respect to the consolidated asset/liability for transactions of balance sheet items are based on each item's balance at period-end.

For profit or loss items, interim cumulative balances are used as basis.

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

## Attachment 2: Financing provided to others

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

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

(1) The Company is coded "0".

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

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

(1) Business contacts: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net asste's value and the amount needed for operation. The amount of operation is the amount of business transaction in recent year between the lender and the counterparty.

(2) Necessary of need for operating : Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

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

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

(1) Business contacts: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net asste's value and the amount needed for operation. The amount of operation is the amount of business transaction in recent year between the lender and the counterparty.

(2) Necessary of need for operating : Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

(3) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 20% of the lender's net assets value as of the period, but is limited to 100% of total assets.

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

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

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

(1) Business contacts is coded "1".

(2) Short-term financing is coded "2".

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

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

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

(Note 10) The above transactions made between consolidated entities in the Group have been eliminated.

(Note 11) The exchange rate of the USD to the NTD is 1:30.655.

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

Attachment 3: Endorsement/Guarantee provided to others

No. (Note 1)	Endorsor/ Guarantor	Receiving party		Limit of guarantee/endorse- ment amount for receiving party (Note 3)	Maximum balance for the period (Note 5)	Ending balance (Note 6)	Actual amount provided (Note 7)	Amount of collateral guarantee/ endorsement	Percentage of accumulated guarantee amount to net assets value from the latest financial statement	Limit of total guarantee/ endorsement amount (Note 4)	Parent company's guarantee/ endorsement amount to subsidiaries	Subsidiaries' guarantee/ endorsement amount to parent company	Guarantee/ endorsement amount to company in Mainland China	Note
		Company name	Relationship (Note 2)											
0	The Company	KUN SHAN TYC	(2)	\$1,835,170	\$582,445 (USD 19,000 thousand)	\$582,445 (USD 19,000 thousand)	\$490,480 (USD 16,000 thousand)	none	6.35%	\$3,670,339	Y	N	Y	(Note 8)
0	The Company	T.I.T.	(2)	\$1,835,170	153,275 (USD 5,000 thousand)	153,275 (USD 5,000 thousand)	153,275 (USD 5,000 thousand)	none	1.67%	\$3,670,339	Y	N	N	(Note 8)
0	The Company	W & W	(2)	\$1,835,170	236,044 (USD 7,700 thousand)	236,044 (USD 7,700 thousand)	236,044 (USD 7,700 thousand)	none	2.57%	\$3,670,339	Y	N	N	(Note 8)

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

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

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

- (1) A company with which it does business.
- (2) A company in which the public company directly and indirectly holds more than 50% of the voting shares.
- (3) A company that directly and indirectly holds more than 50 % of the voting shares in the public company.
- (4) A company in which the public company holds, directly or indirectly, 90% or more of the voting shares.
- (5) A company that fulfills its contractual obligations by providing mutual endorsements/guarantees for another company in the same industry or for joint builders for purposes of undertaking a construction project.
- (6) A company that all capital contributing shareholders make endorsements/ guarantees for their jointly invested company in proportion to their shareholding percentages.
- (7) Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

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

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

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

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

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

(Note 8) The above transactions made between consolidated entities in the Group have been eliminated.

(Note 9) The exchange rate of USD to NTD is 1:30.655.

Attachment 4: Securities held as of 31 December 2023. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 31 December 2023				Note
				Shares(per)	Book value	Percentage of ownership (%)	Fair value	
The Company	Unlisted stock-FORTOP INDUSTRIAL CO.,LTD	Substantive related party	Financial assets at fair value through other comprehensive income, non-current	391,722	\$43,157	19.59%	\$43,157	No guarantee or pledge
	Unlisted stock-BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The parent company is its corporate director	Financial assets at fair value through other comprehensive income, non-current	360,000	13,327	18.00%	13,327	No guarantee or pledge
	Unlisted stock-LSC Ecosystem Corporation	none	Financial assets at fair value through other comprehensive income, non-current	9,999,999	910	7.90%	910	No guarantee or pledge
	Listed stock-LASTER TECHCO., LTD	none	Financial assets at fair value through other comprehensive income, non-current	931,704	49,101	0.82%	49,101	No guarantee or pledge
TSM	Fuzhou Ching Ho Automobile Accessory Co., Ltd.	Investment company measured at fair value through other comprehensive gains and losses	Financial assets at fair value through other comprehensive income, non-current	-	8,010	-	8,010	No guarantee or pledge
TI YUAN	Listed stock-I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Investment accounting for using equity method	900,914	38,152	2.51%	-	No guarantee or pledge(Note 2)
TI FU	Listed stock-T.Y.C. BROTHER INDUSTRIAL CO., LTD.	Holding company's parent company	Financial assets at fair value through other comprehensive income, non-current	939,707	38,058	-	38,058	No guarantee or pledge(Note 3)
	Listed stock-LASTER TECHCO., LTD	none	Financial assets at fair value through other comprehensive income, non-current	2,099,070	110,621	1.85%	110,621	No guarantee or pledge

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

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

(Note 3)The above transactions made between consolidated entities in the Group have been eliminated.

Attachment 5: Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2023

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	GENERA	Subsidiary of the Company	Sales	\$5,389,365	42.56%	T/T 135 days	The price is determined according to the US OEM price×0.24 as the reference price	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivables \$2,304,985	61.74%	(Note 1)
	TYC EUROPE	Subsidiary of the Company	Sales	2,198,063	17.36%	T/T 120 days	A single manufacturer and no other manufacturers to compare	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivables 248,044	6.64%	(Note 1)
	T.I.T.	Subsidiary of the Company	Sales	125,987	0.99%	T/T 150 days	comparable to general customers		Accounts receivables 17,665	0.47%	(Note 1)
	JUOKU TECHNOLOGY	Subsidiary of the Company	Purchases	392,143	5.12%	credit on 90 days	comparable to general customers		Accounts payable 147,352	5.78%	(Note 1)
	T.I.T.	Subsidiary of the Company	Purchases	284,735	3.72%	credit on 60 days	comparable to general customers		Accounts payable 36,006	1.41%	(Note 1)
	FORTOP INDUSTRIAL CO., LTD.	Substantive related party	Purchases	867,014	11.33%	credit on 90 days	comparable to general customers		Accounts payable 299,162	11.73%	-
	I YUAN PRECISION INDUSTRIAL CO., LTD	The Company measured at fair value for using equity method.	Purchases	349,237	4.56%	credit on 90 days	comparable to general customers		Accounts payable 130,231	5.11%	-
	BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related party	Purchases	204,763	2.68%	credit on 20 days	comparable to general customers		Accounts payable 16,859	0.66%	-
JUOKU TECHNOLOGY	The Company	Holding company's parent company	Sales	425,063	20.90%	T/T 90 days	none		Accounts receivables \$147,452	27.53%	(Note 1)
JUOKU TECHNOLOGY	PT ASTRA JUOKU INDONESIA	Joint ventures of the Company	Sales	\$95,786	9.06%	credit on 90 days	none		Accounts receivables 30,377	12.66%	-
T.I.T.	The Company	Holding company's parent company	Sales	269,543 (THB 305,708 thousand)	45.70%	T/T 90 days	none		Accounts receivables 43,112 (THB 48,896 thousand)	33.80%	(Note 1)
TAMAO PRECISION	The Company	Holding company's parent company	Sales	253,272 (USD 8,262 thousand)	91.87%	T/T 90 days	none		Accounts receivables 168,848 (USD 5,508 thousand)	90.39%	(Note 1)
GENERA	The Company	Holding company's parent company	Purchases	5,211,227 (USD 169,996 thousand)	85.71%	T/T 135 days	none		Accounts payable 2,242,352 (USD 73,148 thousand)	88.38%	(Note 1)
TYC EUROPE	The Company	Holding company's parent company	Purchases	2,220,427 (EUR 65,732 thousand)	100.00%	T/T 120 days	none		Accounts payable 241,324 (EUR 7,144 thousand)	100.00%	(Note 1)
T.I.T.	The Company	Holding company's parent company	Purchases	126,599 (THB 143,585 thousand)	39.48%	T/T 90 days	none		Accounts payable 9,023 (THB 10,234 thousand)	11.17%	(Note 1)

(Note 1) The above transactions made between consolidated entities in the Group have been eliminated.

(Note 2) The exchange rate of USD to NTD is 1:30.655.

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

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

Attachment 6: Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2023

Related party	Counterparty	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Amount received in subsequent period	Allowance for doubtful debts	Note
					Amount	Processing method			
The Company	GENERA	Subsidiary of the Company	\$2,304,985	2.46	\$223,694	Collection has been strengthened	\$933,480	\$-	(Note 1)
	TYC EUROPE	Subsidiary of the Company	248,044	5.87	-	-	-	-	( Note 1 )
	KUN SHAN TYC	Subsidiary of the Company	138,574	0.34	113,350	Collection has been strengthened	4,760	-	( Note 1 )
JUOKU TECHNOLOGY	The Company	Holding company's parent company	147,352	2.94	-	-	67,979	-	( Note 1 )

(Note 1)The above transactions made between consolidated entities in the Group have been eliminated.

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
The Company	JUOKU TECHNOLOGY	No. 25, Gongye 3rd Rd., Annan Dist., Tainan City	Manufacturing, and sale of automobile parts	\$313,730	\$313,730	27,923,401	72.10%	\$389,423	\$107,987	\$77,859	(Note 7)
	TI YUAN	12F., No. 212, Yuping Rd., Anping Dist., Tainan City	Marketable securities trading business	10,943 (Note 5)	30,053	3,820 (Note 5)	100.00%	38,236	3,467	3,467	(Note 7)
	TI FU	12F., No. 212, Yuping Rd., Anping Dist., Tainan City	Marketable securities trading business	40,076	30,076	10,550	100.00%	208,157	39,269	37,578	(Note3) (Note7)
	TAMAU MANAGEMENT	18F., No. 573, Qingping Rd., Anping Dist., Tainan City	Management consult	-	1,000	-	100.00%	-	(1,353)	(1,353)	(Note 4)
	SUPRA-ATOMIC	British Virgin Islands	Reinvestment holding activities	2,985,549 (Note 6)	2,800,469	69,199,060 (Note 6)	100.00%	1,345,031	97,895	97,895	(Note7)
	BESTE	British Virgin Islands	Reinvestment holding activities	384,099	322,939	14,072,000	100.00%	1,075,213	(257,109)	(257,109)	(Note 7)
	CONTEK	British Virgin Islands	Reinvestment holding activities	74,197	66,512	2,436,000	100.00%	37,011	(15,859)	(15,859)	(Note 7)
	I YUAN PRECISION INDUSTRIAL CO., LTD	No. 25, Zhongxing S. St., Sanchong Dist., New Taipei City	Manufacturing, processing and sale of automobile parts	126,907	126,907	5,617,854	15.66%	213,365	66,624	12,106	The Company measured at fair value for using equity method.
	INNOVA	Delaware, U.S.A	Reinvestment holding activities	745,370	745,370	5,549	100.00%	1,110,835	78,400	78,400	(Note 7)
	TYCVN	Vietnam	Manufacture and sale automobile lights	88,740	88,740	-	60.00%	77,002	(11,019)	(6,612)	(Note 7)
JUOKU TECHNOLOGY	TSM	British Virgin Islands	Reinvestment holding activities	10,122	10,122	300,000	100.00%	9,286	-	-	(Note 7)
	PT ASTRA JUOKU INDONESIA	Indonesia	Manufacture and sale automobile lights	276,640	276,640	1,126,500	50.00%	265,926	104,023	52,012	Joint venture company
TI FU	DBM	No. 54, Xinle Rd., Tainan City	Manufacture tooling mold and international trading business	25,500	25,500	6,000,000	50.00%	125,313	75,030	37,515	(Note 7)
SUPRA-ATOMIC	EUROPILOT	British Virgin Islands	Reinvestment holding activities	440,206 (USD 14,360 thousand)	440,206 (USD 14,360 thousand)	14,359,821	100.00%	755,547	172,367	172,367	(Note 7)
	MOTOR-CURIO	British Virgin Islands	Reinvestment holding activities	58,030 (USD 1,893 thousand)	58,030 (USD 1,893 thousand)	1,893,400	100.00%	177,348	25,312	25,312	(Note 7)
	SPARKING	British Virgin Islands	Reinvestment holding activities	1,346,245 (USD 43,916 thousand)	1,101,005 (USD 35,916 thousand)	38,915,717	100.00%	151,310	(135,832)	(135,832)	(Note 7)
	EUROLITE	British Virgin Islands	Reinvestment holding activities	636,336 (USD 20,758 thousand)	636,336 (USD 20,758 thousand)	14,697,972	100.00%	190,371	(5,576)	(5,576)	(Note 7)
	UNIMOTOR	British Virgin Islands	Reinvestment holding activities	211,121 (USD 6,887 thousand)	211,121 (USD 6,887 thousand)	6,887,000	100.00%	322,085	40,605	40,605	(Note 7)

Attachment 7: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023:  
(Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
EUROPILOT	TYC EUROPE	Henery Moorest roat 25 1328 LS Almere HOLLAND	Sale automobile lights	\$440,206 (USD 14,360 thousand)	\$440,206 (USD 14,360 thousand)	120,000	100.00%	\$755,512	\$172,367	\$172,367	(Note 7)
EUROLITE	T.I.T.	350/132 Srikrung House Rama 3 Road Chongnonsi Yannawa Bangkok, Thailand	Manufacture and sale of lighting fixtures and daily-use product for automobile	636,440 (USD 20,758 thousand)	636,440 (USD 20,758 thousand)	4,994,900	99.98%	190,307	(5,578)	(5,577)	(Note 7)
BESTE	VARROC TYC CORPORATION	British Virgin Islands	Reinvestment holding activities	431,448 (USD 14,072 thousand)	431,448 (USD 14,072 thousand)	14,072,000	50.00%	1,264,142	(165,691)	(82,456)	Joint venture company
CONTEK	ATECH INTERNATIONAL	Cayman Islands	Reinvestment holding activities	76,638 (USD 2,500 thousand)	68,985 (USD 2,250 thousand)	2,500,000	25.00%	35,274	(62,932)	(15,733)	The Company measured at fair value for using equity method.
INNOVA HOLDING CORP.	GENERA CORPORATION	State of California, U.S.A.	Sale of automobile lights and parts	379,847 (USD 12,389 thousand)	379,847 (USD 12,389 thousand)	12,388,505	100.00%	1,792,674 (USD 58,479 thousand)	63,946 (USD 2,086 thousand)	63,946 (USD 2,086 thousand)	(Note7)
	W&W REAL PROPERTY, INC.	State of California, U.S.A.	Sale of and rental of real estate	30,660 (USD 1,000 thousand)	30,660 (USD 1,000 thousand)	1,000,000	100.00%	115,753 (USD 3,776 thousand)	13,274 (USD 433 thousand)	13,274 (USD 433 thousand)	(Note7)

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

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

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

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

(Note 4)TAMAU MANAGEMENT CONSULTANCY CO., LTD. was liquidated and deregistered during 2023.

(Note 5) TI YUAN reduced capital and returned funds to the company in the amount of NT\$19,110 thousand during this period.

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

(Note 7)The above transactions made between consolidated entities in the Group have been eliminated.

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



## Attachment 8: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow						
VARROC TYC AUTO LAMPS CO.,LTD.	Manufacture automobile lights	\$827,685 (USD 27,000 thousand)	(1)VARROC TYC CORPORATION	\$390,238 (USD 12,730 thousand)	\$-	\$-	\$390,238 (USD 12,730 thousand)	\$(177,962)	50%	\$(88,981)	\$2,528,172	\$523,243
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD. (Note 3)	Manufacture and sale of precision molds	198,246 (USD 6,467 thousand)	(1)UNIMOTOR	198,246 (USD 6,467 thousand)	-	-	198,246 (USD 6,467 thousand)	40,646	100%	40,646	321,096	-
HANGZHOU SUNNYTECH CO., LTD.	Industrial styling and product design	8,045 (CNY 1,870 thousand)	(1)SPARKING	5,089 (USD 166 thousand)	-	-	5,089 (USD 166 thousand)	6,673	30%	2,002	12,707	-
JNS AUTO PARTS LIMITED	Manufacture automobile parts	499,677 (USD 16,300 thousand)	(1)MOTOR-CURIO	61,310 (USD 2,000 thousand)	-	-	61,310 (USD 2,000 thousand)	134,517	20%	26,903	175,405	-
KUN SHAN TYC HIGH PERFORMANCE (Note 3)	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	919,650 (USD 30,000 thousand)	(1)SPARKING	1,072,925 (USD 35,000 thousand)	245,240 (USD 8,000 thousand)	-	1,318,165 (USD 43,000 thousand)	(137,833)	100%	(137,833)	138,573	-
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	Design amd manufacture high-efficiency energy-saving lamps	13,795 (USD 450 thousand)	(2)TAMAO PRECISION	-	-	-	-	-	30%	-	-	-
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD.	Manufacture automobile parts	214,585 (USD 7,000 thousand)	(1)ATECH INTERNATIONAL CO., LTD.	53,646 (USD 1,750 thousand)	-	-	53,646 (USD 1,750 thousand)	(52,543) (USD 1,714) thousand)	25%	(13,151) (USD 429) thousand)	(11,066) (USD 361) thousand)	-
ATECH(JIANGSU) INDUSTRIAL TECHNOLOGY CO., LTD.	Manufacture automobile parts	61,310 (USD 2,000 thousand)	(1)ATECH INTERNATIONAL CO., LTD.	15,328 (USD 500 thousand)	7,664 (USD 250 thousand)	-	22,991 (USD 750 thousand)	(9,380) (USD 306) thousand)	25%	(2,360) (USD 77) thousand)	79,672 (USD 2,599 thousand)	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$2,413,162 (USD 78,720 thousand)	\$2,342,992 (USD 76,431 thousand)	(Note 4)

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

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

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

(Note 3) The above transactions made between consolidated entities in the Group have been eliminated.

(Note 4) According to 97.8.22 "Regulations Governing Permission for Investment or Technical Cooperation in Mainland China" and the amendment to "Review Principles of Investment or Technical Cooperation in Mainland china", the cumulative amount of investors' investment in Mainland China according to the upper limit set for other enterprises: 60% of its net value or the consolidated net value, whichever is higher. However, enterprises for which the Industrial Development Bureau of the Ministry of Economic Affairs issued the certificate of compliance or the Taiwan subsidiaries of international enterprises shall not be subject to the restriction. The Company qualifies as business headquarters therefore the upper limit does not apply.

(Note 5) The exchange rate of the USD to the NTD is 1:30.655

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

Attachment 9:Information on major shareholders

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

(Note 1) The main shareholder information in this table is calculated based on the information available from the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders which have completed the dematerialized delivery and registration of the shares of the Company (including treasury shares) is more than 5%. The share capital recorded in the Company's financial report and the number of shares actually delivered by the Company with dematerialized registration may differ because the calculation bases were different.

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

**5. Individual financial statements for the past year verified by accountants:**

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

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

## **Independent Auditors' Report**

To TYC BROTHER INDUSTRIAL CO., LTD.

### **Opinion**

We have audited the accompanying parent company only balance sheets of TYC BROTHER INDUSTRIAL CO., LTD. (the "Company") as of 31 December 2023 and 2022, and the related parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements").

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2023 and 2022, and its financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Loss allowance of accounts receivable

As of 31 December 2023, the Company's accounts receivable and allowance for its doubtful accounts amounted to NT\$3,733,314 thousand and NT\$155,497 thousand, respectively. Net accounts receivable constituted 18% of total assets, which was considered material in the parent company only financial statements. Since the Company's allowance for doubtful accounts was measured at the lifetime expected credit loss, its account receivables should be appropriately grouped during the measurement process and the Company should determine the use of related assumptions in the measurement process, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net accounts receivable, we therefore considered this a key audit matter.

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

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

#### Valuation for inventories

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

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

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

#### **Other Matter – Making Reference to the Audits of Other Auditors**

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$1,044,761 thousand and NT\$852,728 thousand, representing 5.36% and 4.33% of total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$207,416 thousand and NT\$108,466 thousand, representing 15.65% and 9.67% of the income before tax for the years ended 31 December 2023 and 2022, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$19,950 thousand and NT\$29,125 thousand, representing (14.10)% and 14.37% of the comprehensive income (loss) for the years ended 31 December 2023 and 2022, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan  
14 March 2024

Notice to Readers :

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

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

English Translation of Financial Statements Originally Issued in Chinese

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

31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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



English Translation of Financial Statements Originally Issued in Chinese  
TYC BROTHER INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY BALANCE SHEETS  
31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese  
TYC BROTHER INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

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

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

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese  
TYC BROTHER INDUSTRIAL CO., LTD.  
NOTES TO PARENT COMPANY ONLY FINANCIAL STATEMENTS  
31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars Unless Otherwise Stated)

I. HISTORY AND ORGANIZATION

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

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

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

III. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) IFRS 17 “Insurance Contracts”

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

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

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

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

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

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

## IV. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### 1. Statement of Compliance

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

### 2. Basis of preparation

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

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

### 3. Foreign currency transactions

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



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

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

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

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

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

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

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

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

## 5. Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

## 6. Cash and cash equivalents

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

## 7. Financial instruments

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

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

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

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

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

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

#### Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

#### (2) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

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

### (3) Derecognition of financial assets

A financial asset is derecognized when:

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

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

#### (4) Financial liabilities and equity

##### Classification between liabilities or equity

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

##### Equity instruments

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

##### Financial liabilities

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

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

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

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

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

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

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

#### Financial liabilities at amortized cost

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

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

#### Derecognition of financial liabilities

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

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

### (5) Offsetting of financial instruments

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



## 8. Derivative instrument

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

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

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

## 9. Fair value measurement

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

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

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

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

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

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

## 10. Inventories

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

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

Raw materials - Purchase cost using weighted-average method.

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

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

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

## 11. Investments accounted for using the equity method

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

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

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

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

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

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

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

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

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

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

## 12. Property, plant and equipment

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

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

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

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

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

### 13. Leases

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

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

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

#### Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

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

#### Company as a lessor

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

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

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

#### 14. Intangible assets

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

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

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

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

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

#### Patent, trademark rights and others

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

#### Computer software

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

### 15. Impairment of non-financial assets

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

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



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

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

#### 16. Treasury shares

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

#### 17. Revenue recognition

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

##### Sale of goods

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

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

#### 18. Borrowing cost

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

## 19. Government subsidies

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

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

## 20. Post-employment benefits

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

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

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

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

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

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

## 21. Income taxes

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

### Current income tax

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

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

### Deferred tax

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

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

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

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

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

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

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

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

## V. SIGNIFICANT ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

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

## Estimation and assumptions

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

### (1) Fair value of financial instruments

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

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

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

### (3) Inventory

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

### (4) Pension benefits

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

(5) Income tax

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

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

VI. CONTENTS OF SIGNIFICANT ACCOUNTS

1. Cash and Cash Equivalents

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

2. Financial assets at fair value through profit or loss

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

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

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

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

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

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

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

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

Notes receivables were not pledged as collateral.

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

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

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

Accounts receivables were not pledged as collateral.

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

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

## 6. Inventories

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

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

Inventories were not pledged as collateral.



## 7. Investments accounted for under the equity method

(1) Details are as follows:

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

Note:

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

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

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

#### (1) Investment in subsidiaries

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

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

#### (2) Investment in the associates

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

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

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

## 8. Property, plant and equipment

### Owner occupied property, plant and equipment

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

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

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

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

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

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

#### 9. Intangible assets

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

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

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

10. Short-term borrowings

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

11. Short-term notes and bills payable

As at 31 December 2023: None.

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

12. Financial liabilities at fair value through profit or loss

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

### 13. Long-term borrowings

Details are as follows:

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

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

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



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

Note:

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

#### 14. Post-Employment Benefits

##### Defined contribution plan

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

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

#### Defined benefits plan

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

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

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

Pension costs recognized in profit or loss are as follows:

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

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

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

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

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

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

	31 Dec. 2023	31 Dec. 2022
Discount rate	1.09%	1.04%
Expected rate of salary increase	1.00%	1.00%

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

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

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

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

## 15. Equity

### (1) Common stock

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

### Preferred stock

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

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

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

## (2) Capital surplus

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

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

## (3) Treasury stock

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

## (4) Retained earnings and dividend policies

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

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

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

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

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

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

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

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



16. Operating revenue

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

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

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

17. Expected credit losses / (gains)

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

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

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

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

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

As at 31 December 2023

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

As at 31 December 2022

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

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

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

	Notes receivables	Accounts receivables
1 Jan. 2023	\$44	\$150,770
Addition/(reversal) for the current period	(17)	4,700
31 Dec. 2023	\$27	\$155,470

	Notes receivables	Accounts receivables
1 Jan. 2022	\$136	\$158,720
(Reversal) for the current period	(92)	(7,950)
31 Dec. 2022	\$44	\$150,770

## 18. Leases

### (1) The Company as a lessee

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

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

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

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

The carrying amount of right-of-use assets

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

##### (b) Lease liabilities

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

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

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

Depreciation charge for right-of-use assets

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

C. Income and costs relating to leasing activities

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

D. Cash outflow relating to leasing activities

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

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

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

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

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

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

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

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

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

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

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

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

20. Non-operating income and expenses

(1) Other income

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

(2) Other gains and losses

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

(3) Finance costs

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

21. Components of other comprehensive income (loss)

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

## 22. Income Tax

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

### Income tax expense recognized in profit or loss

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

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

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



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

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

Deferred tax assets (liabilities) related to the following:

For the year ended 31 December 2023

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

For the year ended 31 December 2022

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

### The assessment of income tax returns

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

	The assessment of income tax returns
The Company	2021

## 23. Earnings per share

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

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

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

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

## VII. RELATED PARTIES TRANSACTIONS

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

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

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

## Significant transactions with related parties

### (1) Sales

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

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

### (2) Purchases

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

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

(3) Notes receivables - related parties

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

(4) Accounts receivables - related parties

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

(5) Other receivables(non-financing)

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

(6) Accounts payables - related parties

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

(7) Significant asset transactions

Acquisition of property, plant and equipment

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

(8) Financing

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

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

(9) Key management personnel compensation

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

VIII. ASSETS PLEDGED AS SECURITY

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

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

## IX. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENT

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

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



## X. SIGNIFICANT DISASTER LOSS

None.

## XI. SIGNIFICANT SUBSEQUENT EVENTS

None.

## XII. OTHER

### 1. Categories of financial instruments

#### Financial assets

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

#### Financial Liabilities

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

## 2. Financial risk management objectives and policies

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

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

## 3. Market risk

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

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

### Foreign currency risk

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

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

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

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

#### Interest rate risk

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

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

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

#### Equity price risk

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

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

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

#### 4. Credit risk management

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

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

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

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

#### 5. Liquidity risk management

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

### Non-derivative financial instruments

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

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

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

### 6. Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities as at 31 December 2023 and 2022:

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

## 7. Fair value of financial instruments

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

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

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

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

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

### (3) Fair value measurement hierarchy for financial instruments

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

## 8. Derivative financial instruments

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

### Forward currency contracts

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

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

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

## 9. Fair value measurement hierarchy

### (a) Fair value measurement hierarchy

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

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

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

Level 3 - Unobservable inputs for the asset or liability

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

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

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

31 Dec. 2023

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

31 Dec. 2022

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

Transfers between Level 1 and Level 2 during the period

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



### The detail movement of recurring fair value measurements in Level 3

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

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

### Information on significant unobservable inputs to valuation

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

As at 31 December 2023

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

As at 31 December 2022

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

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

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

10. Significant assets and liabilities denominated in foreign currencies

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

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

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

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

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

## 11. Capital management

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

### XIII.ADDITIONAL DISCLOSURES

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

(3) Information on major shareholders:

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

XIV. OPERATING SEGMENT INFORMATION

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

Attachment 1: Financing provided to others

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

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

(1) The Company is coded "0".

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

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

(1) Business contacts: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net asste's value and the amount needed for operation. The amount of operation is the amount of business transaction in recent year between the lender and the counterparty.

(2) Necessary of need for operating : Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

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

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

(1) Business contacts: limit of financing amount for individual counterparty shall not exceed 20% of the lender's net asste's value and the amount needed for operation. The amount of operation is the amount of business transaction in recent year between the lender and the counterparty.

(2) Necessary of need for operating : Limit of financing amount for individual counterparty shall not exceed 20% of the lender's net assets value as of the period.

(3) Individual financing between foreign companies of which subsidiaries directly and indirectly hold 100% voting shares is not subject to the limit of 20% of the lender's net assets value as of the period, but is limited to 100% of the company's net value of equity.

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

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

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

(1) Business contacts is coded "1".

(2) Short-term financing is coded "2".

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

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

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

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

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

Attachment 2: Endorsement/Guarantee provided to others

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

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

(1)The Company is coded "0".

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

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

(1) A company with which it does business.

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

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

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

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

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

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

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

(Note 4) Limit of total guarantee/ endorsement amount is 40% of the net worth of the financial report reviewed by the certified public accountants as of 31 December 2023.

(Note 5) The balance of which is the maximum balance of endorsement/guarantee provided to others in the current year.

(Note 6) The amount the Company and its subsidiaries approved through the board of directors for the endorsements for others.

(Note 7) The actual amount drawn within endorsement balance by the endorsed company.

(Note 8) The exchange rate of USD to NTD is 1:30.655.

Attachment 3: Securities held as of 31 December 2023. (Excluding subsidiaries, associates and joint ventures)

Holding Company	Type and name of securities(Note1)	Relationship	Financial statement account	as of 31 December 2023				Note
				Shares(per)	Book value	Percentage of ownership (%)	Fair value	
The Company	Unlisted stock-FORTOP INDUSTRIAL CO.,LTD	Substantive related parties of the company	Financial assets measured at fair value through other comprehensive gains and losses, non-current	391,722	\$43,157	19.59%	\$43,157	No guarantee or pledge
	Unlisted stock-BRITEVIEW AUTOMOTIVE LIGHTING CO., LTD.	The parent company is its corporate director	Financial assets measured at fair value through other comprehensive gains and losses, non-current	360,000	13,327	18.00%	13,327	No guarantee or pledge
	Unlisted stock-LSC Ecosystem Corporation	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	9,999,999	910	7.90%	910	No guarantee or pledge
	Listed stock-LASTER TECHCO., LTD	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	931,704	49,101	0.82%	49,101	No guarantee or pledge
TSM TECH CO., LTD.	Fuzhou Ching Ho Automobile Accessory Co., Ltd.	Investment company measured at fair value through other comprehensive gains and losses	Financial assets measured at fair value through other comprehensive gains and losses, non-current	-	8,010	-	8,010	No guarantee or pledge
TI YUAN INVESTMENT CO., LTD.	Listed stock-I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Investment accounting for using equity method	900,914	38,152	2.51%	-	No guarantee or pledge (Note 2)
TI FU INVESTMENT CO., LTD.	Listed stock-T.Y.C. BROTHER INDUSTRIAL CO., LTD.	Holding company's parent company	Financial assets measured at fair value through other comprehensive gains and losses, non-current	939,707	38,058	-	38,058	No guarantee or pledge
	Listed stock-LASTER TECH CO., LTD.	None	Financial assets measured at fair value through other comprehensive gains and losses, non-current	2,099,070	110,621	1.85%	110,621	No guarantee or pledge

(Note 1)Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities within the scope of IFRS 9 'Financial instruments'.

(Note 2)The investment was accounted for using the equity method in the consolidated financial statement.



Attachment 4: Related party transactions for purchases and sales exceeding the lower of NT\$100 million or 20 percent of the capital stock as of 31 December 2023

Related party	Counterparty	Relationship	Intercompany Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total consolidated purchase (Sales)	Terms	Unit price	Terms	Carrying amount	Percentage of total consolidated receivables (payable)	
The Company	GENERA CORPORATION	Subsidiary of the Company	Sales	\$5,389,365	42.56%	T/T 135 days	The price is determined according to the US OEM price×0.24 as the reference price	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivable \$2,304,985	61.74%	-
	TYC EUROPE BV.	Subsidiary of the Company	Sales	2,198,063	17.36%	T/T 120 days	A single manufacturer and no other manufacturers to compare	Generally, payment is received 1 to 3 months after the end of the month. Due to the long distance of transportation, longer payment terms will be imposed.	Accounts receivable 248,044	6.64%	-
	T.I.T. INTERNATIONAL CO., LTD.	Subsidiary of the Company	Sales	125,987	0.99%	T/T 150 days	comparable to general customers		Accounts receivable 17,665	0.47%	-
	JUOKU TECHNOLOGY CO., LTD.	Subsidiary of the Company	Purchases	392,143	5.12%	credit on 90 days	comparable to general customers		Accounts payable 147,352	5.78%	-
	T.I.T. INTERNATIONAL CO., LTD.	Subsidiary of the Company	Purchases	284,735	3.72%	credit on 60 days	comparable to general customers		Accounts payable 36,006	1.41%	-
	FORTOP INDUSTRIAL CO., LTD.	Substantive related parties of the Company	Purchases	867,014	11.33%	credit on 90 days	comparable to general customers		Accounts payable 299,162	11.73%	-
	I YUAN PRECISION INDUSTRIAL CO., LTD.	The Company measured at fair value for using equity method.	Purchases	349,237	4.56%	credit on 90 days	comparable to general customers		Accounts payable 130,231	5.11%	-
	BUILDUP INTERNATIONAL TRADING CO., LTD.	Substantive related parties of the Company	Purchases	204,763	2.68%	credit on 20 days	comparable to general customers		Accounts payable 16,859	0.66%	-
JUOKU TECHNOLOGY CO., LTD.	The Company	Holding company's parent company	Sales	425,063	20.90%	T/T 90 days	N/A		Accounts receivable \$147,452	27.53%	-
JUOKU TECHNOLOGY CO., LTD.	PT ASTRA JUOKU INDONESIA	Joint ventures of the Company	Sales	95,786	9.06%	credit on 90 days	N/A		Accounts receivable 30,377	12.66%	-
T.I.T. INTERNATIONAL CO., LTD.	The Company	Holding company's parent company	Sales	269,543 (THB 305,708 thousand)	45.70%	T/T 90 days	N/A		Accounts receivable 43,112 (THB 48,896 thousand)	33.80%	-
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.	The Company	Holding company's parent company	Sales	253,272 (USD 8,262 thousand)	91.87%	T/T 90 days	N/A		Accounts receivable 168,848 (USD 5,508 thousand)	90.39%	-
GENERA CORPORATION	The Company	Holding company's parent company	Purchases	5,211,227 (USD 169,996 thousand)	85.71%	T/T 135 days	N/A		Accounts payable 2,242,352 (USD 73,148 thousand)	88.38%	-
TYC EUROPE BV.	The Company	Holding company's parent company	Purchases	2,220,427 (EUR 65,732 thousand)	100.00%	T/T 120 days	N/A		Accounts payable 241,324 (EUR 7,144 thousand)	100.00%	-
T.I.T. INTERNATIONAL CO., LTD.	The Company	Holding company's parent company	Purchases	126,599 (THB 143,585 thousand)	39.48%	T/T 90 days	N/A		Accounts payable 9,023 (THB 10,234 thousand)	11.17%	-

(Note 1) The exchange rate of USD to NT\$ is 1:30.655.

The exchange rate of EUR to NT\$ is 1:33.78.

The exchange rate of THB to NT\$ is 1:0.8817.

Attachment 5: Receivables from related parties with amounts exceeding the lower of NT\$100 million or 20 percent of capital stock as of 31 December 2023

Related party	Counterparty	Relationship	Amount	Average collection turnover	Overdue account receivable-related parties		Amount received in subsequent period	Allowance for doubtful debts
					Amount	Processing method		
The Company	GENERA CORPORATION	Subsidiary of the Company	\$2,304,985	2.46	\$223,694	Collection has been strengthened	\$933,480	\$-
	TYC EUROPE BV.	Subsidiary of the Company	248,044	5.87	-	-	-	-
	KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	Subsidiary of the Company	138,574	0.34	113,350	Collection has been strengthened	4,760	-

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
The Company	JUOKU TECHNOLOGY CO., LTD.	No. 25, Gongye 3rd Rd., Annan Dist., Tainan City	Manufacturing and sale of automobile parts	\$313,730	\$313,730	27,923,401	72.10%	\$389,423	\$107,987	\$77,859	Subsidiary of the Company
	TI YUAN INVESTMENT CO., LTD.	12F., No. 212, Yuping Rd., Anping Dist., Tainan City	Marketable securities trading business	10,943 (Note 5)	30,053	3,820 (Note 5)	100.00%	38,236	3,467	3,467	Subsidiary of the Company
	TI FU INVESTMENT CO., LTD.	12F., No. 212, Yuping Rd., Anping Dist., Tainan City	Marketable securities trading business	40,076	30,076	10,550	100.00%	208,157	39,269	37,578	Subsidiary of the Company (Note 3)
	TAMAU MANAGEMENT CONSULTANCY CO., LTD.	18F., No. 573, Qingping Rd., Anping Dist., Tainan City	Management consult	-	1,000	-	100.00%	-	(1,353)	(1,353)	Subsidiary of the Company (Note 4)
	SUPRA-ATOMIC CO., LTD.	British Virgin Islands	Reinvestment holding activities	2,985,549 (Note 6)	2,800,469	69,199,060 (Note 6)	100.00%	1,345,031	97,895	97,895	Subsidiary of the Company
	BESTE MOTOR CO., LTD.	British Virgin Islands	Reinvestment holding activities	384,099	322,939	14,072,000	100.00%	1,075,213	(257,109)	(257,109)	Subsidiary of the Company
	CONTEK CO., LTD.	British Virgin Islands	Reinvestment holding activities	74,197	66,512	2,436,000	100.00%	37,011	(15,859)	(15,859)	Subsidiary of the Company
	I YUAN PRECISION INDUSTRIAL CO., LTD	No. 25, Zhongxing S. St., Sanchong Dist., New Taipei City	Manufacturing, processing and sale of automobile parts	126,907	126,907	5,617,854	15.66%	213,365	66,624	12,106	The Company measured at fair value for using equity method.
	INNOVA HOLDING CORP.	Delaware, U.S.A	Reinvestment holding activities	745,370	745,370	5,549	100.00%	1,110,835	78,400	78,400	Subsidiary of the Company
	TYC VIETNAM INDUSTRIAL CO., LTD.	Vietnam	Manufacture and sale automobile lights	88,740	88,740	-	60.00%	77,002	(11,019)	(6,612)	Subsidiary of the Company

Attachment 6: Names, locations, main businesses and products, original investment amount, investment as of 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as of 31 December 2023: (Excluding investment in Mainland China)

Investor	Investee company	Address	Main businesses and products	Initial Investment		Investment as of 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized (Note2)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership (%)	Book value (Note1)			
JUOKU TECHNOLOGY CO., LTD.	TSM TECH CO., LTD.	British Virgin Islands	Reinvestment holding activities	\$10,122	\$10,122	300,000	100.00%	\$9,286	\$-	\$-	Sub Subsidiary of the Company
	PT ASTRA JUOKU INDONESIA	Indonesia	Manufacture and sale automobile lights	276,640	276,640	1,126,500	50.00%	265,926	104,023	52,012	Joint ventures of the Company
TI FU INVESTMENT CO., LTD.	DBM REFLEX OF TAIWAN CO., LTD.	No. 54, Xinle Rd., Tainan City	Manufacture tooling mold and international trading business	25,500	25,500	6,000,000	50.00%	125,313	75,030	37,515	Sub Subsidiary of the Company
SUPRA-ATOMIC CO., LTD.	EUROPILOT CO., LTD.	British Virgin Islands	Reinvestment holding activities	440,206 (USD 14,360 thousand)	440,206 (USD 14,360 thousand)	14,359,821	100.00%	755,547	172,367	172,367	Sub Subsidiary of the Company
	MOTOR-CURIO CO., LTD.	British Virgin Islands	Reinvestment holding activities	58,030 (USD 1,893 thousand)	58,030 (USD 1,893 thousand)	1,893,400	100.00%	177,348	25,312	25,312	Sub Subsidiary of the Company
	SPARKING CO., LTD.	British Virgin Islands	Reinvestment holding activities	1,346,245 (USD 43,916 thousand)	1,101,005 (USD 35,916 thousand)	38,915,717	100.00%	151,310	(135,832)	(135,832)	Sub Subsidiary of the Company
	EUROLITE CO., LTD.	British Virgin Islands	Reinvestment holding activities	636,336 (USD 20,758 thousand)	636,336 (USD 20,758 thousand)	14,697,972	100.00%	190,371	(5,576)	(5,576)	Sub Subsidiary of the Company
	UNIMOTOR CO., LTD.	British Virgin Islands	Reinvestment holding activities	211,121 (USD 6,887 thousand)	211,121 (USD 6,887 thousand)	6,887,000	100.00%	322,085	40,605	40,605	Sub Subsidiary of the Company
EUROPILOT CO., LTD.	TYC EUROPE BV.	Henery Moorest roat 25 1328 LS Almere HOLLAND	Sale automobile lights	440,206 (USD 14,360 thousand)	440,206 (USD 14,360 thousand)	120,000	100.00%	755,512	172,367	172,367	Third-tier Subsidiary of the Company
EUROLITE CO., LTD.	T.I.T. INTERNATIONAL CO., LTD.	350/132 Srikrung House Rama 3 Road Chongnonsi Yannawa Bangkok, Thailand	Manufacture and sale of lighting fixtures and daily-use product for automobile	636,440 (USD 20,758 thousand)	636,440 (USD 20,758 thousand)	4,994,900	99.98%	190,307	(5,578)	(5,577)	Third-tier Subsidiary of the Company
BESTE MOTOR CO., LTD.	VARROC TYC CORPORATION	British Virgin Islands	Reinvestment holding activities	431,448 (USD 14,072 thousand)	431,448 (USD 14,072 thousand)	14,072,000	50.00%	1,264,142	(165,691)	(82,456)	Joint ventures of the Company
CONTEK CO., LTD.	ATECH INTERNATIONAL CO., LTD.	Cayman Islands	Reinvestment holding activities	76,638 (USD 2,500 thousand)	68,985 (USD 2,250 thousand)	2,500,000	25.00%	35,274	(62,932)	(15,733)	The Company measured at fair value for using equity method.
INNOVA HOLDING CORP.	GENERA CORPORATION	State of California, U.S.A.	Sale of automobile lights and parts	379,847 (USD 12,389 thousand)	379,847 (USD 12,389 thousand)	12,388,505	100.00%	1,792,674 (USD 58,479 thousand)	63,946 (USD 2,086 thousand)	63,946 (USD 2,086 thousand)	Sub Subsidiary of the Company
	W&W REAL PROPERTY, INC.	State of California, U.S.A.	Sale of and rental of real estate	30,660 (USD 1,000 thousand)	30,660 (USD 1,000 thousand)	1,000,000	100.00%	115,753 (USD 3,776 thousand)	13,274 (USD 433 thousand)	13,274 (USD 433 thousand)	Sub Subsidiary of the Company

(Note 1)The book value of the investment using the equity method is the net amount after deducting the unrealized gains and losses of downstream transactions.

(Note 2)The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees, and recognized I YUAN PRECISION INDUSTRIAL CO., LTD at 18.17% investment gains and losses.

(Note 3)The company treats shares of the Company that the subsidiaries hold as treasury stocks.

The book value of the investment using the equity method is the net amount after deducting the treasury stocks.

(Note 4)TAMAU MANAGEMENT CONSULTANCY CO., LTD. was liquidated and deregistered during the year ended 31 December 2023.

(Note 5)TI YUAN INVESTMENT CO., LTD. applied for a capital reduction and returned the share capital in the amount of NT\$19,110 thousand.

(Note 6)SUPRA-ATOMIC CO., LTD. applied for a capital reduction and returned the share capital in the amount of NT\$61,380 thousand.

(Note 7)The exchange rate of USD to NTD is 1:30.655.

## Attachment 7: Investment in Mainland China

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Accumulated Outflow of Investment from Taiwan as of 1 January 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as of 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized (Note 2)	Carrying Value as of 31 December 2023	Accumulated Inward Remittance of Earnings as of 31 December 2023
					Outflow	Inflow						
VARROC TYC AUTO LAMPS CO.,LTD.	Manufacture automobile lights	\$827,685 (USD 27,000 thousand)	(1)VARROC TYC CORPORATION	\$390,238 (USD 12,730 thousand)	\$-	\$-	\$390,238 (USD 12,730 thousand)	\$(177,962)	50%	\$(88,981)	\$2,528,172	\$523,243
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.	Manufacture and sale of precision molds	198,246 (USD 6,467 thousand)	(1)UNIMOTOR INDUSTRIAL CO., LTD.	198,246 (USD 6,467 thousand)	-	-	198,246 (USD 6,467 thousand)	40,646	100%	40,646	321,096	-
HANGZHOU SUNNYTECH CO., LTD.	Industrial styling and product design	8,045 (CNY 1,870 thousand)	(1)SPARKING CO., LTD.	5,089 (USD 166 thousand)	-	-	5,089 (USD 166 thousand)	6,673	30%	2,002	12,707	-
JNS AUTO PARTS LIMITED	Manufacture automobile parts	499,677 (USD 16,300 thousand)	(1)MOTOR-CURIO CO., LTD.	61,310 (USD 2,000 thousand)	-	-	61,310 (USD 2,000 thousand)	134,517	20%	26,903	175,405	-
KUN SHAN TYC HIGH PERFORMANCE	Manufacture, process and assemble of various high-efficiency energy-saving lamps and accessories	919,650 (USD 30,000 thousand)	(1)SPARKING CO., LTD.	1,072,925 (USD 35,000 thousand)	245,240 (USD 8,000 thousand)	-	1,318,165 (USD 43,000 thousand)	(137,833)	100%	(137,833)	138,573	-
CHIN-LI-MA HIGHT PERFORMANCE LUMINAIRE CO., LTD.	Design and manufacture high-efficiency energy-saving lamps	13,795 (USD 450 thousand)	(2)CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD.	-	-	-	-	-	30%	-	-	-
KUNSHAN ATECH AUTOPARTS MANUFACTURING CO., LTD.	Manufacture automobile parts	214,585 (USD 7,000 thousand)	(1)ATECH INTERNATIONAL CO., LTD.	53,646 (USD 1,750 thousand)	-	-	53,646 (USD 1,750 thousand)	(52,543) (USD(1,714) thousand)	25%	(13,151) (USD (429) thousand)	(11,066) (USD (361) thousand)	-
ATECH(JIANGSU) INDUSTRIAL TECHNOLOGY CO., LTD.	Manufacture automobile parts	61,310 (USD 2,000 thousand)	(1)ATECH INTERNATIONAL CO., LTD.	15,328 (USD 500 thousand)	7,664 (USD 250 thousand)	-	22,991 (USD 750 thousand)	(9,380) (USD(306) thousand)	25%	(2,360) (USD (77) thousand)	79,672 (USD 2,599 thousand)	-

Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$2,413,162 (USD 78,720 thousand)	\$2,342,992 (USD 76,431 thousand)	(Note 3)

(Note 1) Methods of investment are divided into three:

- (1)Indirectly investment in Mainland China through companies registered in a third region
- (2)Reinvest with Mainland China company's own funds
- (3)Other

(Note 2) The investment income recognized didn't eliminate unrealized gain or loss on transactions between the Company and its investees.

(Note 3) According to 97.8.22 "Regulations Governing Permission for Investment or Technical Cooperation in Mainland China" and the amendment to "Review Principles of Investment or Technical Cooperation in Mainland china", the cumulative amount of investors' investment in Mainland China according to the upper limit set for other enterprises: 60% of its net value or the consolidated net value, whichever is higher. However, enterprises for which the Industrial Development Bureau of the Ministry of Economic Affairs issued the certificate of compliance or the Taiwan subsidiaries of international enterprises shall not be subject to the restriction. The Company qualifies as business headquarters therefore the upper limit does not apply.

(Note 4) The exchange rate of the USD to the NTD is 1:30.655.  
The exchange rate of the RMB to the NTD is 1:4.302.

Attachment 8:Information on major shareholders

Name of ordinary shares Name of major shareholders	Number of shares held	Percentage of ownership
KUO CHI MIN INVESTMENT CO., LTD.	74,649,044	21.77%
YIH HENG INVESTMENT CO., LTD.	57,420,654	16.74%

(Note 1) The main shareholder information in this table is calculated based on the information available from the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The total number of ordinary shares and special shares held by the shareholders which have completed the dematerialized delivery and registration of the shares of the Company (including treasury shares) is more than 5%.

The share capital recorded in the Company's financial report and the number of shares actually delivered by the Company with dematerialized registration may differ because the calculation bases were different.

(Note 2) If the above information included the shareholders' shares transferred to a trust, it is disclosed by the individual settlor account opened by the trustee. Where the shareholders declared insider equity holding for more than 10% shareholding according to the Securities and Exchange Act, such holdings shall include the shares held by shareholders and the trusted assets with right to use. For information regarding insider shareholding declaration, please refer to the Market Observation Post System of the Taiwan Stock Exchange Corporation.

TYC BROTHER INDUSTRIAL CO., LTD.  
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31 December 2023

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TYC BROTHER INDUSTRIAL CO., LTD.

1.STATEMENT OF CASH AND CASH EQUIVALENTS

31 December 2023

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Item	Description		Amount	Note
Cash and Petty cash			\$1,960	The exchange rate of the USD to the NTD is 1:30.655.
Bank Deposits				
Saving account			190,176	The exchange rate
Foreign currency cash	USD	18,421,573	564,713	of the EUR to the
	EUR	2,190,282	73,988	NTD is 1:33.78.
	JPY	3,012,240	648	The exchange rate
	GBP	161,629	6,296	of the JPY to the
	SGD	305,060	7,077	NTD is 1:0.2152.
	RMB	2,288,255	9,844	The exchange rate
Subtotal			852,742	of the GBP to the
Time deposits			82,820	NTD is 1:38.95.
Investments in bonds with resale agreements - corporate bonds	USD	2,000,000	61,310	The exchange rate
			140,000	of the SGD to the
Subtotal			201,310	NTD is 1:23.2.
Total			\$1,138,832	The exchange rate
				of the RMB to the
				NTD is 1:4.302.



TYC BROTHER INDUSTRIAL CO., LTD.

2.STATEMENT OF ACCONUTS RECEIVABLE

31 December 2023

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
Client A	EUR 2,345,273	\$79,223	1. The exchange rate of the USD to the NTD is 1:30.655. The exchange rate of the EUR to the NTD is 1:33.78.
Client B	USD 2,445,738	74,974	
Client C	USD 1,590,959	48,771	
Client D	USD 1,377,696	42,233	
Others		745,395	
Subtotal		990,596	2. The amount of individual client in others does not exceed 5% of the account balance.
Less: Allowance for doubtful debts		(155,173)	
Net amount		\$835,423	

TYC BROTHER INDUSTRIAL CO., LTD.

3.STATEMENT OF ACCOUNTS RECEIVABLES-RELATED PARTIES

31 December 2023

In Thousands of New Taiwan Dollars

(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
GENERA CORPORATION	USD 75,191,155	\$2,304,985	1.The exchange rate of the USD to the NTD is 1:30.655. The exchange rate of the EUR to the NTD is 1:33.78.
TYC EUROPE B.V.	EUR 6,717,574	226,920	
	USD 689,089	21,124	
KUN SHAN TYC HIGH PERFORMANCE CO., LTD.	RMB 32,211,472	138,574	
Others		45,798	2.The amount of individual client in others does not exceed 5%.
Subtotal		2,737,401	
Less:Allowance for doubtful debts		(297)	
Net		\$2,737,104	

TYC BROTHER INDUSTRIAL CO., LTD.

4.STATEMENT OF INVENTORIES

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount		Note
		Cost	Net Realizable Value	
Raw materials		\$654,566	\$654,566	1. Inventories were not pledged.
Work in process		54,072	54,072	
Finished goods		782,993	996,947	2. Inventories are valued at lower of cost and net realizable value item by item.
Merchandise		27,435	31,097	
Subtotal		1,519,066	\$1,736,682	
Less: Allowance for inventory valuation losses		(65,833)		
Total		\$1,453,233		

TYC BROTHER INDUSTRIAL CO., LTD.

5.STATEMENT OF OTHER CURRENT ASSETS

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Prepayment of purchases		\$113,585	The amount of individual title in others does not exceed 5% of the account balance.
Payment on behalf	Payment on behalf for mold repair and vender complaint.	57,948	
Prepaid expense	Prepaid expense for repair, maintenance and insurance.	25,392	
Other		11,243	
Total		<u>\$208,168</u>	

TYC BROTHER INDUSTRIAL CO., LTD.  
6.STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD  
31 December 2023

Investee Company	Beginning Balance		Additions		Decrease		Ending Balance			Fair value/Net assets value		Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Unit price (NTD)	Total Amount		
JUOKU TECHNOLOGY CO., LTD.	27,923,401	\$329,348		\$93,426 (Note1) 235 (Note6)		\$(83) (Note2) (27,923) (Note3) (5,580) (Note5)	27,923,401	72.10%	\$389,423	14.79	\$413,134	None	
TI YUAN INVESTMENT CO., LTD.	5,731	53,879		3,467 (Note1)	(1,911) (Note8)	(19,110) (Note8)	3,820	100.00%	38,236	10,009.38	38,236	None	
TI FU INVESTMENT CO., LTD.	9,550	150,966		39,787 (Note1) 37,499 (Note4) 1,691 (Note7) 1,000 (Note9)		(29,660) (Note3) (2,126) (Note5)	10,550	100.00%	208,157	27,215.35	287,122	None	
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	260,000	2,399			(260,000) (Note8)	(1,353) (Note1) (1,047) (Note8)	-	-	-	-	-	None	
I YUAN PRECISION INDUSTRIAL CO., LTD.	5,617,854	223,729		12,107 (Note1)		(22,471) (Note3)	5,617,854	15.66%	213,365	45.40	255,051	None	
CONTEK CO., LTD.	2,186,000	45,805	250,000 (Note9)	7,685 (Note9)		(15,859) (Note1) (620) (Note2)	2,436,000	100.00%	37,011	15.19	37,011	None	
INNOVA HOLDING CORP.	5,549	1,189,107		74,031 (Note1) 418 (Note2)		(142,547) (Note6) (10,174) (Not11)	5,549	100.00%	1,110,835	USD 10,885.53	USD 60,404	None	
SUPRA-ATOMIC CO., LTD.	65,332,450	1,094,988		89,908 (Note1) 13,058 (Note2) 8,000,000 (Note9) 246,460 (Note9)		(38,003) (Note6) (61,380) (Note8)	69,199,060	100.00%	1,345,031	23.65	1,636,430	None	
BESTE MOTOR CO., LTD.	12,072,000	1,307,292	2,000,000 (Note9)	61,160 (Note9)	(1,900,000) (Note8) (2,233,390) (Not12)	(257,109) (Note1) (36,130) (Note2)	14,072,000	100.00%	1,075,213	76.41	1,075,213	None	
TYC VIETNAM INDUSTRIAL CO., LTD.	-	86,272		383 (Note6)		(6,612) (Note1) (3,041) (Note2)	-	60.00%	77,002	-	-	None	
Total		\$4,483,785		\$691,315		\$(680,828)			\$4,494,273				

Note1 : Net investment income or loss accounted for using equity method. (Included unrealized gain or loss on the transaction between the Company and its investees.)

Note2 : Exchange differences resulting from translating the financial statement of foreign poerations.

Note3 : Cash dividends paid.

Note4 : Unrealized gains or losses on financial assets at fair value through other comprehensive income.

Note5 : Profits or losses of the defined benefit plan.

Notr6 : Downstream transactions are written off.

Note7 : Adjustments for dividends subsidiaries received from parent company.

Note8 : Refund of capital reduction.

Note9 : Issue of shares

Note10 : Disposal of profit (loss) of investment.

Note11 : Impairment of goodwills.

Note12 : Capital reduction to offset accumulated deficits.

TYC BROTHER INDUSTRIAL CO., LTD.

7.STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS AND ACCUMULATED DEPERCIATION

FOR THE YEAR ENDED 31 December 2023

In Thousands of New Taiwan Dollars

Item	Beginning Balance	Additions	Decrease	Ending Balance	Note
Cost					
Land	\$627,374	\$-	\$-	\$627,374	
Buildings	95,668	-	-	95,668	
Total	\$723,042	\$-	\$-	\$723,042	
Accumulated depreciation					
Land	\$2,248	\$562	\$-	\$2,810	
Buildings	50,863	12,716	-	63,579	
Total	\$53,111	\$13,278	\$-	\$66,389	

TYC BROTHER INDUSTRIAL CO., LTD.

8.STATEMENT OF SHORT-TERM BORROWINGS

31 December 2023

In Thousands of New Taiwan Dollars

Type	Description	Balance, End of Year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Note
Unsecured borrowings	Taishin International Bank	\$200,000	2023/12/13~2024/01/12	1.75%	None	
Unsecured borrowings	Cathay United Bank	150,000	2023/11/27~2024/02/27	1.77%	None	
Unsecured borrowings	Chang Hwa Commercial Bank	100,000	2023/11/20~2024/04/19	1.70%	None	
Unsecured borrowings	Taipei Fubon Commercial Bank	100,000	2023/11/16~2024/02/16	1.77%	None	
Unsecured borrowings	SCSB Bank	100,000	2023/11/27~2024/01/05	1.76%	None	
Total		\$650,000				

TYC BROTHER INDUSTRIAL CO., LTD.

9.STATEMENT OF NOTES PAYABLE

31 December 2023

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		\$87,623	The amount of individual client in others does not exceed 5% of the account balance.
Client B		71,490	
Client C		34,405	
Client D		25,391	
Client E		24,849	
Client F		17,542	
Other		6,147	
Total		<u>\$267,447</u>	



TYC BROTHER INDUSTRIAL CO., LTD.

10.STATEMENT OF ACCOUNTS PAYABLE

31 December 2023

In Thousands of New Taiwan Dollars

Client	Description	Amount	Note
Client A		\$139,440	The amount of individual client in others does not exceed 5% of the account balance.
Client B		114,456	
Others		1,323,743	
Total		\$1,577,639	

TYC BROTHER INDUSTRIAL CO., LTD.

11.STATEMENT OF ACCOUNTS PAYABLE-RELATED PPARTIES

31 December 2023

In Thousands of New Taiwan Dollars  
(Amounts in dollars of Foreign Currencies)

Client	Description	Amount	Note
FORTOP INDUSTRIAL CO., LTD.		\$299,162	1. The exchange rate of the USD to the NTD is 1:30.655
I YUAN PRECISION INDUSTRIAL CO., LTD.	USD 4,186,209	128,747	
		1,484	
JUOKU TECHNOLOGY CO., LTD.		147,352	2. The amount of individual client in others does not exceed 5% of the account balance.
CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD	USD 1,518,055	46,688	
T.I.T. INTERNATIONAL CO., LTD.	USD 1,170,729	36,006	
Other		45,365	
Total		<u>\$704,804</u>	

TYC BROTHER INDUSTRIAL CO., LTD.

12.STATEMENT OF OTHER PAYABLES

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Other payables			
Salaries payable and bonuses		\$200,770	The amount of individual account title in others does not exceed 5% of the account balance.
Employee's compensation		109,416	
Accrued expenses	Engineering payment	80,346	
Others	Deposit for mold	105,744	
Other payables-related parties	Deposit for mold	14,346	
Total		\$510,622	

TYC BROTHER INDUSTRIAL CO., LTD.

13.STATEMENT OF OTHER CURRENT LIABILITIES

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Note
Contract liabilities	Advance sales receipts	\$171,574	The amount of individual account title in others does not exceed 5% of the account balance.
Other unearned revenue	Advance mold receipts	245,035	
Other	Receipts under custody for mold	13,360	
Total		<u>\$429,969</u>	

TYC BROTHER INDUSTRIAL CO., LTD.  
14.STATEMENT OF LONG-TERM BORROWINGS  
31 December 2023

In Thousands of New Taiwan Dollars

Creditors	Description	Amount due within one year	Amount due in one year	Contract Period	Interest rates applied	Loan Commitments or Collateral	Redemption
First Bank	Unsecured Borrowing	\$200,000	\$350,000	2019/07/01-2026/09/15	1.20%	None	Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
First Bank	Unsecured Borrowing	-	500,000	2023/07/31-2025/07/31	1.88%	None	Interests are repaid monthly and bullet repayment on expiry date.
First Bank	Secured Borrowing	-	100,000	2023/07/31-2025/07/31	1.88%	Yes	Interests are repaid monthly and bullet repayment on expiry date.
Chang Hwa Bank	Unsecured Borrowing	101,205	472,289	2019/08/09-2029/08/15	1.25%	None	Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
Chang Hwa Bank	Secured Borrowing	-	600,000	2023/06/30-2025/06/30	1.75%	Yes	Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan	Unsecured Borrowing	-	300,000	2023/07/06-2025/07/06	1.80%	None	After applying for each drawdown within the credit line, each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Bank of Taiwan	Unsecured Borrowing	150,000	225,000	2021/07/06-2026/06/15	1.47%	None	The grace period is 2 years. Principal are repaid monthly, and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	120,000	-	2019/11/06-2024/10/15	1.50%	None	Principal are repaid monthly, starting from 17 Oct. 2022, and interests are repaid monthly.
DBS Bank	Unsecured Borrowing	-	450,000	2023/04/14-2025/04/14	1.75%	None	From 14 April 2023 to 14 April 2025, the loan principal will be drawn down on a transaction-by-transaction basis within the authorized credit limit, and each borrowed amount shall be repaid in full on the expiry date of the loan term, along with any accrued interest.
DBS Bank	Unsecured Borrowing	-	80,000	2023/04/14-2025/04/14	1.70%	None	From 14 April 2023 to 14 April 2025, the loan principal will be drawn down on a transaction-by-transaction basis within the authorized credit limit, and each borrowed amount shall be repaid in full on the expiry date of the loan term, along with any accrued interest.
Yuanta Bank	Unsecured Borrowing	-	550,000	2023/10/06-2025/10/06	1.72%	None	Each transaction shall not exceed 180 days. Interests are repaid monthly and bullet repayment on expiry date.
Hua Nan Bank	Unsecured Borrowing	250,000	145,833	2020/07/24-2025/07/24	1.21%-1.41%	None	Repayments commence from 15 August 2023, with equal monthly installments, and interest is payable monthly.
Mizuho Bank	Unsecured Borrowing	-	130,000	2023/11/20-2025/11/20	1.80%	None	Interests are repaid monthly and bullet repayment on expiry date.
Mega Bank	Unsecured Borrowing	-	300,000	2023/06/14-2025/06/13	1.78%	None	Interests are repaid monthly and bullet repayment on expiry date.
KGI Bank	Unsecured Borrowing	-	150,000	2023/02/17-2025/02/17	1.88%	None	Interests are repaid monthly and bullet repayment on expiry date.
Total		<u>\$821,205</u>	<u>\$4,353,122</u>				

TYC BROTHER INDUSTRIAL CO., LTD.

15.STATEMENT OF LEASE LIABILITIES

31 December 2023

In Thousands of New Taiwan Dollars

Item	Description	Contract Periods	Discount rates applies	Amount	Note
Land		5~20 years	1.42%	\$502,258	
Buildings		5~10 years	1.42%	33,229	
Subtotal				535,487	
(Less):Current portion				(33,094)	
Lease liabilities, non current				\$502,393	

TYC BROTHER INDUSTRIAL CO., LTD.

16.STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED 31 December 2023

In Thousands of New Taiwan Dollars

Item	Amount	Note
Automobile lights	\$9,985,873	The amount of individual account title in others does not exceed 5% of the account balance. Sells for water pump, fan and equipment.
Automobile light parts	382,565	
Others	2,295,733	
Total	\$12,664,171	

## TYC BROTHER INDUSTRIAL CO., LTD.

## 17.STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED 31 December 2023

In Thousands of New Taiwan Dollars

Item	Amount	Note
Cost of Goods Sold of Self-made Product		
Direct material		
Beginning of year	\$586,240	
Add: Raw material purchased	4,049,153	
Gains on physical inventories	201	
Transfer from other account title	274	
Less: Raw material, end of year	(654,566)	
Scrapped	(18,165)	
Sell	(358,599)	
Transfer to other account title	(108,623)	
Supplies and parts used	3,495,915	
Direct labor	470,848	
Factory overheads	2,031,395	
Manufacturing cost	5,998,158	
Add: Work in process, beginning of year	60,871	
Less: Work in process, end of year	(54,072)	
Transfer to other account title	(25,230)	
Cost of finished goods	5,979,727	
Add: Finished goods, beginning of year	852,282	
Finished goods purchased	2,143,425	
Transfer from other account title	109	
Less: Finished goods, end of year	(782,993)	
Losses on physical inventories	(151)	
Scrapped	(1,231)	
Transfer to other account title	(1,390)	
Cost of Goods Sold of Self-made Product	8,189,778	
Cost of Goods sold of Merchandise		
Merchandise: Beginning of year	32,384	
Add: Merchandise purchased	1,459,190	
Transfer from other account title	4	
Less: Merchandise, end of year	(27,435)	
Losses on physical inventories	(7)	
Scrapped	(5)	
Transfer to other account title	(12)	
Cost of Goods sold of Merchandise	1,464,119	
Other operating costs		
Sell raw materials	358,599	
Losses on scrap of inventories	19,401	
Net gains (losses) on physical inventories	(43)	
Reversal of allowance for inventory market price decline	(3,033)	
Other	31,761	
Total Operating Costs	\$10,060,582	



TYC BROTHER INDUSTRIAL CO., LTD.

18.STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED 31 December 2023

In Thousands of New Taiwan Dollars

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Expected credit impairment losses	Total
Payroll expenses	\$97,166	\$145,102	\$142,111	\$-	\$384,379
Freight	42,233	31	1,523	-	43,787
Expected credit impairment losses	-	-	-	4,684	4,684
Depreciation	22,403	43,344	5,409	-	71,156
Amortization expense	1,621	2,625	17,395	-	21,641
Research expense	-	-	69,172	-	69,172
Commission expense	42,897	-	-	-	42,897
Export and import expense	74,579	-	-	-	74,579
Professional service fee	32,142	14,004	743	-	46,889
Certification fee	28,776	-	427	-	29,203
Insurance expense	14,747	15,642	15,722	-	46,111
Software usage fee	77	9,507	18,631	-	28,215
Other expense	68,593	86,938	45,785	-	201,316
Total	\$425,234	\$317,193	\$316,918	\$4,684	\$1,064,029

Note : The amount of individual account title in others does not exceed 5% of the of the account balance.

6. Financial turnaround difficulties experienced by the Company and its affiliates in the most recent year and as of the date of publication of the annual report: None

## VII. Analysis of the Financial Status, Business Outcomes and Risk Issues:

### 1. Analysis of the financial status:

Unit: NT\$ 1,000 ; %

Item \ Year	2022	2023	Difference	
			Amount	%
Current assets	11,693,901	11,189,047	(504,854)	-4.32%
Real estate, plant and equipment	8,016,711	8,186,160	169,449	2.11%
Intangible assets	70,298	56,905	(13,393)	-19.05%
Other Assets	6,264,668	6,398,569	133,901	2.14%
Total assets	26,045,578	25,830,681	(214,897)	-0.83%
Current liabilities	8,283,846	8,568,363	284,517	3.43%
Non-current liabilities	8,592,027	7,747,698	(844,329)	-9.83%
Total liabilities	16,875,873	16,316,061	(559,812)	-3.32%
Share capital	3,428,979	3,428,979	0	0.00%
Capital Provident Fund	2,578,522	2,580,384	1,862	0.07%
Retention of surplus	2,998,000	3,442,222	444,222	14.82%
Other interests	(153,990)	(269,742)	(115,752)	75.17%
Treasury Stock	(5,996)	(5,996)	0	0.00%
Equity attributable to owners of the parent company	8,845,515	9,175,847	330,332	3.73%
Non-controlling interests	324,190	338,773	14,583	4.50%
Total equity	9,169,705	9,514,620	344,915	3.76%
<p>The main reasons for the significant changes in assets, liabilities and shareholders ' equity in the last two years (changes of more than 20% and the amount of NT\$ 10 million) and their impact and future response plans:</p> <p>(1) The main reasons for the change:</p> <p>1. Other equity: increase in other equity due to exchange rate.</p> <p>(2) Impact: There is no significant impact.</p> <p>(3) Future Response Plan: Not Applicable</p>				

## 2. Financial Performance Review Analysis:

Unit: NT\$ 1,000 ; %

Item \ Year	2022	2023	Increase (decrease) amount	Change ratio (%)
Operating revenues	19,207,226	19,277,545	70,319	0.37%
Gross profit	4,183,913	5,168,485	984,572	23.53%
Operating profit or loss	3,297,077	3,421,541	124,464	3.77%
Non-operating income and expenses	886,836	1,746,944	860,108	96.99%
Net profit before tax	308,748	(242,719)	(623,467)	-163.75%
Net profit for the current period of continuing operating units	1,267,584	1,504,225	236,641	18.67%
Losses of closed units	265,723	347,856	82,133	30.91%
Net profit ( Loss) for the period	1,001,861	1,156,369	154,508	15.42%
Other consolidated profit or loss for the current period (Net after tax)	207,874	(147,792)	(355,666)	-171.10%
Total Consolidated Profit and Loss for the current period	1,209,735	1,008,577	(201,158)	-16.63%
Net profit attributable to owner of parent company	932,533	1,093,134	160,601	17.22%
Net profit attributable to non-controlling interests	69,328	63,235	(6,093)	-8.79%
Total consolidated profit or loss attributable to owners of the parent company	1,135,235	951,686	(183,549)	-16.17%
Total consolidated profit or loss attributable to non-controlling interests	74,500	56,891	(17,609)	-23.64%
<p>The main reasons for the significant changes in operating income, net operating income and net profit before income taxes (changes of 20% or more) in the last two years, the expected sales volume and its basis, the possible impact on the Company's future financial operations and the corresponding plans:</p> <p>(1) The main reasons for the changes.</p> <p>Non-operating income and expense and other consolidated profit or loss decrease due to exchange rate.</p> <p>(2) Expected sales volumes and their basis: Expected AM and OEM sales volumes in 2023 are expected to grow than 2022.</p> <p>(3) Possible impact on future financial operations: No material impact</p> <p>(4) Future plans in response: Not applicable</p>				

### 3. Cash flow analysis:

#### (1) Analysis of recent annual cash flow movements:

Item \ Year	2022	2023	Increase (decrease) ratio
Cash flow ratio (%)	16.64%	44.96%	28.32%
Cash flow ratio (%)	73.40%	95.97%	22.57%
Cash flow ratio (%)	4.87%	13.47%	8.60%
Change analysis description: 1. Cash flow ratio: The main reason is the increase in working capital in the current period compared with the previous period. 2. Cash flow allowable ratio: The main reason for the increase in net cash flow from operating activities in the current period compared with the previous period. 3. Cash reinvestment ratio: The main reason for the increase in working capital in the current period compared with the previous period.			

#### (2) Cash flow analysis for the coming year:

Unit: NT\$ 1,000

Initial cash balance	Annual net cash flow from operating activities	The total cash outflow	Cash Surplus (insufficient) amount	Remedial measures for cash shortfall	
				Investment plan	Financial plan
200,000	14,311,147	14,310,817	200,330	—	—
Description of the cash flow analysis for the coming year (2024). In order to meet the business needs and new product development, some of the equipment was retired and replaced.					

#### (3) Cash flow shortage improvement plan: None.

### 4. Impact of significant capital expenditures on financial operations in the past year :

#### (1) The use of major capital expenditure and sources of funds.

Unit: NT\$ 1,000

Project	Actual or anticipated source of funds	Actual or expected completion date	Total funds required	Actual or scheduled use of funds
				2023
Machines, mold equipment, etc.	Working capital and loans	2023.12	1,843,931	1,843,931

#### (2) Expected potential earnings:

In response to the significant increase in sales volume, market share expansion and future operational development, the Company has continued to expand its facilities to improve production efficiency and reduce production costs.

5.Recent annual investment policy,the main reasons for its profit or loss, improvement plan and investment plan for the next year:

The Company will reconsider based on the operation needs.

6.Risk Event Analysis Assessment. :

(1 )Effect of interest rate, exchange rate and inflation on the Company's profit or loss and future measures.

Unit:NT\$1,000

Item \ Year	2023		3/31 of the current year	
	Amount	%	Amount	%
Net operating income	19,277,545	100.00%	5, 116, 170	100. 00%
Net profit before tax	1,504,225	7.80%	836, 882	16. 36%
Interest income	23,252	0.12%	7, 522	0. 15%
Interest expenses	310,525	1.61%	90, 623	1. 77%
Redemption (loss)	22,398	0.12%	182, 043	3. 56%

Source: Financial statements audited by certified public accountants for the year 2023 Financial statements audited by certified public accountants for the first quarter of the current year.

1. Impact of interest rate changes on the Company's profit or loss and future measures.

(1) Effect on profit or loss.

The Company's bank loans are fixed-rate loans and variable-rate loans; therefore, they did not have a significant impact on the Company.

(2) Future measures in response.

The Company maintains an appropriate mix of fixed and floating interest rates, supplemented by interest rate swap contracts to manage interest rate risk. The Company maintains good relationships with its counterparties and is able to control changes in interest rates at any time and adjust them opportunistically.

2. Effect of exchange rate changes on the Company's profit or loss and future measures.

(1) Effect on profit or loss.

The Company is primarily an external seller and is affected by changes in foreign exchange rates. The main exchange gains and losses are those arising from derivative financial instruments.

(2) Future measures in response.

- The finance department staff keeps abreast of the exchange rate trend through newspaper publications, internet system and professional consultation with banks.
- Forward foreign exchange operations to hedge the risk of foreign currency debts and exchange rate fluctuations with reference to exchange rate trend forecasts.
- In accordance with the relevant provisions of the Financial Supervisory Commission's letter dated December 20, 2013, No. 1 O2O5373, "Guidelines for the Acquisition or Disposal of Assets by Public Companies", the Company regulates the procedures for engaging in derivative financial instrument transactions and strengthens the risk control management system.

3. The impact of inflation on the Company's profit and loss in the most recent year and future measures to address it.

There is no impact from inflation in FY2023, but changes in the prices of raw materials required for production will still be closely monitored.

(2) The Company's policy on engaging in high-risk, highly leveraged investments, lending of funds to others, endorsement of guarantees and derivative transactions, the main reasons for profits or losses, and future measures:

1. The Company does not engage in high-risk, highly leveraged investments.

2. Loans of funds to others: The Company's loans of funds to others are mainly due to business transactions and are made in accordance with the "Procedures for Loans of Funds to Others", with the total amount of loans not exceeding 40% of the Company's net worth. The balance of loans of funds was US\$16,000,000 as of 2023.

3. The total amount of endorsement and guarantee is limited to 40% of the Company's current net worth, of which the amount of endorsement and guarantee for a single enterprise shall not exceed 20% of the current net worth, and the balance of endorsement and guarantee is US\$31,700 as of 2023.
4. The purpose of these transactions in 2023 is to hedge the risks arising from foreign currency debts and exchange rate fluctuations. The natural hedge and the management of exchange rate risks by means of forward exchange contracts do not meet the requirements of hedge accounting and therefore hedge accounting is not applied.

(3) Future R&D plans and estimated R&D costs.

Item	Topic	R & D Expenses	Estimated MPT	Key influences on the success of future R&D
1	Image optics front floor projection light technology	12 million	4th quarter of 2024	Project light message on the floor with high pixel can help increase the identification of the vehicle message and driving safety.
2	Smart interactive light design	8 million	4th quarter of 2024	When auto-driving vehicle drives at night, the light can not only be used for driving safety at night, but also be interactive with the road user.
3	Opto-Mechatronics thermal modular design	6 million	4th quarter of 2024	Thin and light-weighted parts can reach the goal of downsizing, which is benefit for lower cost and improve production efficiency.

- (4) Effect of significant domestic and foreign policy and legal changes on the Company's financial operations and measures taken in response: None.
- (5) The impact of technological (including cyber security risk) and industrial changes on the company's financial business and the corresponding measures:  
We will continue to provide high technical standards and quality services through our design and development team, educate and train our sales and technical staff to adapt to product changes, maintain regular interaction with our customers, understand their operating conditions, keep abreast of market information, reduce inventory of raw materials and finished products, and make good commitment to quality and delivery to ensure the company's interests.
- (6) Impact of corporate image change on corporate crisis management and response measures: Not applicable.
- (7) Expected benefits, possible risks and contingencies of the merger and acquisition: Not applicable.
- (8) Expected benefits, possible risks and response measures for plant expansion: Not applicable.
- (9) Risks of purchase or sale concentration and countermeasures:  
The company's largest purchaser accounted for about 9.72% of the total purchase amount, mainly to produce the company's products sold to North America. In addition, the largest purchaser accounted for about 14.85% of the total sales amount, in view of the future growth trend of the company, and actively mapped out global sales locations, in order to maintain more balanced and stable operating results.
- (10) The impact, risk and response measures of a significant transfer or change in the Company.:  
Since the establishment of the Company, there have been changes in or transfers of shareholdings of directors or substantial shareholders, but due to the Company's sound operation and maintenance of good operating results, no significant transfer or replacement of shareholdings has occurred.
- (11) Impact of the change on the operating rights of the Company, risks and countermeasures:  
Not applicable.
- (12) Litigation or non-litigation events, including litigation, non-litigation or administrative disputes that have been determined or are still pending against the Company, its directors, general manager, persons in charge of the Company, substantial shareholders holding more than 10% of the shares, and affiliated companies, the outcome of which may have a significant impact on shareholders' equity or securities pricing: None.
- (13) Other significant risks and response measures: None.

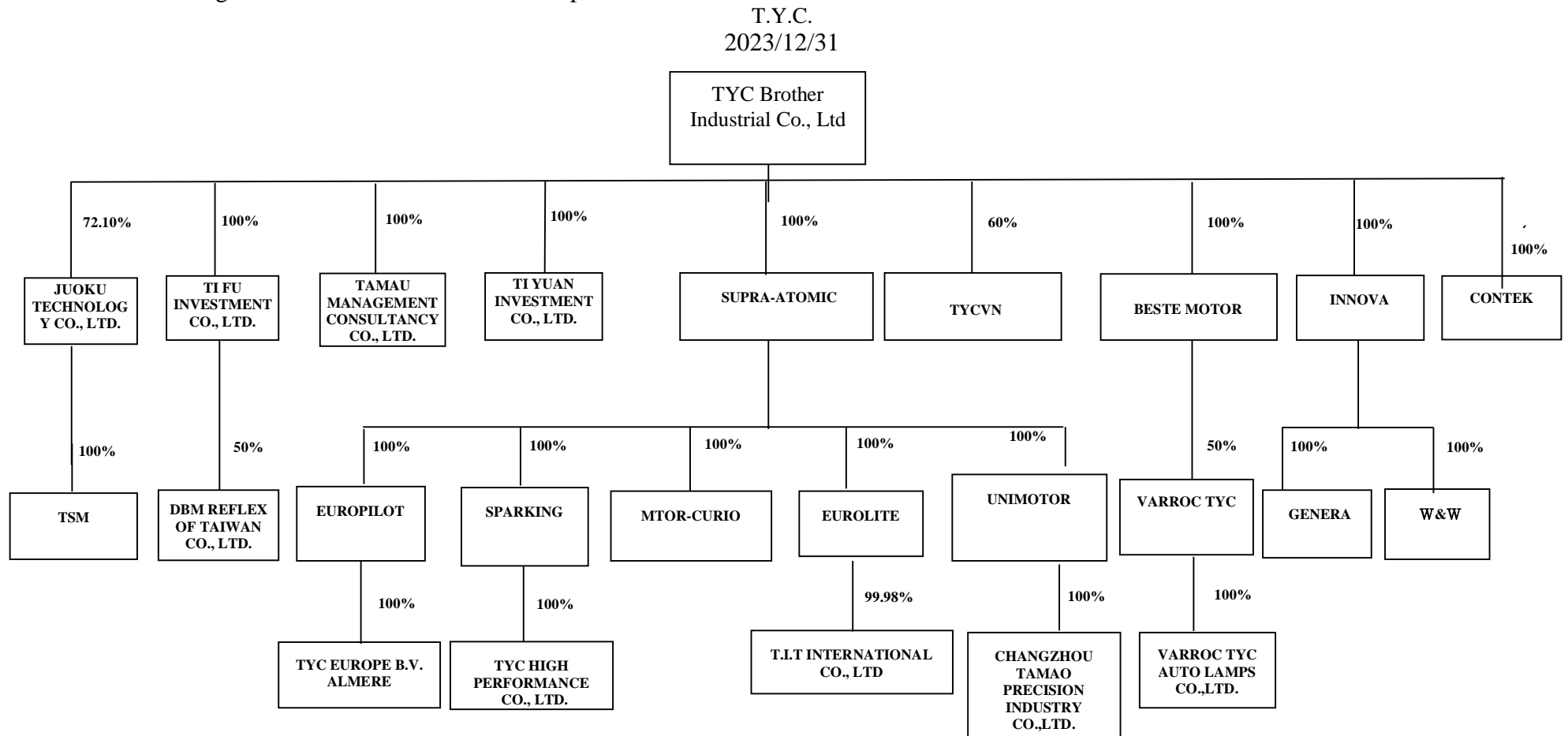
7. Other important matters: None.

## VIII.Special notes:

### 1.Related information on affiliated companies.

#### (1) Report on Consolidated Operations of Affiliated Companies.

##### 1. Organizational chart of affiliated companies:





## 2. Basic information on each affiliate.

2023/12/31

Unit:NT\$1,000, Foreign Currency in Original Currency

Company Name	Establishment date	Address	Paid-in capital	Main business or production items	Remark
TI YUAN INVESTMENT CO., LTD.	1997.09.25	12F, No. 212, Yuping, Road Anping District, Tainan City, Taiwan	38, 200	Operating securities investment business	
TI FU INVESTMENT CO., LTD.	1997.09.25	12F, No. 212, Yuping Road, Anping District, Tainan City, Taiwan	105, 500	Operating securities investment business	
DBM REFLEX OF TAIWAN CO., LTD.	2000.02.15	No. 54, Ln. 0, Xinle Rd., South Dist., Tainan City 702008 , Taiwan	120,000	Mold manufacturing and international trade business	
CONTEK CO., LTD.	1998.01.02	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola , British Virgin Islands	USD3, 186, 000	Engaging in re-investment holding activities	(NOTE1)
BESTE MOTOR CO., LTD.	2004.07.06	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD17, 072, 000	Engaging in re-investment holding activities	(NOTE1)
VARROC TYC CORPORATION	2004.07.07	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD28,144,000	Engaging in re-investment holding activities	(NOTE1)
CHANGZHOU VARROC TYC CORPORATION	1995.03.16	No. 23, Hengshan Road, New & Hi-Tech Industry Development Area, Changzhou City, Jiangsu Province, PRC	USD27,000,000	Production and sales of lighting lamps and lanterns, motor vehicle accessories, mould machine, etc.	(NOTE1)
SUPRA-ATOMIC CO., LTD.	2001.11.20	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola , British Virgin Islands	USD69, 199, 060	Engaging in re-investment holding activities	(NOTE1)
EUROPILOT CO., LTD.	2002.09.27	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD14,359,821	Engaging in re-investment holding activities	(NOTE1)
MOTOR-CURIO CO., LTD.	2001.11.23	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD1,893,400	Engaging in re-investment holding activities	(NOTE1)
SPARKING CO., LTD.	1999.09.30	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD38, 915, 717	Engaging in re-investment holding activities	(NOTE1)
EUROLITE CO., LTD.	1999.05.10	Commonwealth Trust Limited, Sealing House, Tortola, British Virgin Islans	USD12, 464, 582	Engaging in re-investment holding activities	(NOTE1)

Company Name	Establishment date	Address	Paid-in capital	Main business or production items	Remark
UNIMOTOR INDUSTRIAL CO., LTD.	1995.09.04	Commonwealth Trust Limited of P.O. Box 3321, Road Town, Tortola, British Virgin Islands	USD6,887,000	Engaged in transfer of investment holding activities	(NOTE1)
TYC EUROPE B.V.	2003.01.28	Rondebeltweg 92, 1329 BG Almere, The Netherlands	EUR10,150,000	Sales of car light fixtures	(NOTE1)
T.I.T INTERNATIOM CO., LTD.	1999.10.23	119 Moo 3 Bankhai-Nonglaloek Road Tambon Nonglaloek, Amphur Bankhai Rayong, Thailand	THB419, 560, 000	Manufacture and sale of lighting fixtures and moulds	(NOTE1)
CHANGZHOU TAMAO PRECISION INDUSTRY CO.,LTD.	2001.08.17	No. 99, Taishan Road, Changzhou City New District, Jiangsu Province, PRC.	USD6,467,000	Production of precision molds	(NOTE1)
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	2000.12.24	No. 99, Dengta Road, Yushan Town, Kunshan City	USD38, 000, 000	Manufacture and sale of lighting fixtures	(NOTE1)
JUOKU TECHNOLOGY CO., LTD.	2004.01.19	No. 25, Industrial 3rd Road, Tainan City, Taiwan	387,310	Manufacture, processing and sale of automotive parts and molds	
TSM TECH CO., LTD.	2003.05.20	Offshore Incorporations Limited of P.O. Box 957, Offshore Incorporations Centre, Road Town, Tortola, British Virgin Islands	USD300,000	Engaged in the transfer of investment holding activities	(NOTE1)
INNOVA HOLDING CORP.	1995.07.26	Offshore, State of Delaware	USD12,250,000	Engaged in the transfer of investment holding activities	(NOTE1)
GENERA CORPORATION	1991.03.06	2800 Saturn street, Brea, CA 92821 USA.	USD 12,388,505	Sales of car light fixtures	(NOTE1)
W&W REAL PROPERTY, INC	2009.06.12	2800 Saturn street, Brea, CA 92821 USA.	USD1,000,000	Engaged in the trading of real estate and rental and sale of investments	(NOTE1)
TYC VIENTNAM INDUSTRIAL CO.,LTD.	2020.05.06	Binh Xuyen Industrial Zone, Dao Duc Town, Binh Xuyen District, Vinh Phuc Province, Vietnam.	USD5,000,000	Manufacture, processing and sale of automotive parts and accessories	(NOTE1)

(Note1):2023.12.31 Exchange rate USD/NTD:30.655 RMB/NTD: 4.302 THB/NTD: 0.8817 EUR/NTD:33.78 VND/NTD : 0.00125

3. Information on the same shareholders who are presumed to be in a controlling or subordinate relationship pursuant to Article 369 of the Companies Act: None

4. Description of business relationship:

(1) Industry covered by the business of the overall affiliate.

Name of Affiliated company	Industry
TI YUAN INVESTMENT CO., LTD.	Investment
TI FU INVESTMENT CO., LTD.	Investment
DBM REFLEX OF TAIWAN CO., LTD.	Manufacturing
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	Service
CONTEK CO., LTD.	Trading
BESTE MOTOR CO., LTD.	Investment
VARROC TYC CORPORATION	Investment
VARROC TYC CORPORATION	Manufacturing
SUPRA-ATOMIC CO., LTD.	Investment
EUROPILOT CO., LTD.	Investment
MOTOR-CURIO CO., LTD.	Investment
SPARKING CO., LTD.	Investment
EUROLITE CO., LTD.	Investment
UNIMOTOR INDUSTRIAL CO., LTD.	Investment
TYC EUROPE B.V.	Trading
T.I.T INTERNATIONAL CO., LTD.	Manufacturing
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	Manufacturing
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	Manufacturing
JUOKU TECHNOLOGY CO., LTD.	Manufacturing
TSM TECH., LTD.	Investment
INNOVA HOLDING CORP.	Trading
GENERA CORPORATION	Trading
W&W REAL PROPERTY, INC	Investment
TYC VIETNAM INDUSTRIAL CO., LTD.	Manufacturing

(2) The division of labor between affiliated companies whose businesses are related to each other is as follows.

Name of Affiliated Company	Division of labor
DBM REFLEX OF TAIWAN CO., LTD.	Third parties of the "Company"
TYC EUROPE B.V.	Trading of some of the Company's products
T.I.T INTERNATIONAL CO., LTD.	To buy and sell some of our products and engage in manufacturing and sales
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	Design, manufacture and maintenance of moulds for use by the Company and Group companies
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	Buying and selling part of "the company" products and engaged in the manufacture and sale
JUOKU TECHNOLOGY CO., LTD.	Engaged in mold design, manufacturing and maintenance and provide for the use of the Company and the Group enterprises, trading and manufacturing and sales of some of the products of the "Company"
GENERA CORPORATION	Trading of some of the Company's products

5. Information on directors, supervisors and general managers of affiliated companies:

2023/12/31

Company Name	Title (Note 1)	Name or Representative (Note 2)		Shareholdings	
				Number of shares /capital contribution (\$) (Note 3)	Shareholding ratio (%)
TI YUAN INVESTMENT CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	3,820	100.00
	Director	WU , CHUN-LANG	TYC legal representative		
	Director	CHEN , CHIN-CHAO	TYC legal representative		
	Supervisor	WENG,YI-FENG	TYC legal representative		
TI FU INVESTMENT CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	10,550	100.00
	Director	WU , CHUN-LANG	TYC legal representative		
	Director	CHEN , CHIN-CHAO	TYC legal representative		
	Supervisor	WENG,YI-FENG	TYC legal representative		
DBM REFLEX OF TAIWAN CO., LTD.	Chairman	WU , CHUN-CHI	Legal representative of TI FU INVESTMENT CO., LTD.	6,000,000	Of 50.00
	Director	TING, CHENG-TAI	Legal representative of TI FU INVESTMENT CO., LTD.		
	Supervisor	WENG,YI-FENG	-		
	Director	Christian Matte	legal representative of 9265-2890 QUEBEC INC.	6,000,000	50.00
	Director	Bernard Caire	legal representative of 9265-2890 QUEBEC INC		
	Supervisor	Nesim Benrobi	-		
TAMAU MANAGEMENT CONSULTANCY CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	260,000	100.00
	Director	C.C. Chiu	TYC legal representative		
	Director	CHEN , CHIN-CHAO	TYC legal representative		
	Supervisor	WENG,YI-FENG	TYC legal representative		
CONTEK CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	3,186,000	100.00
BESTE MOTOR CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	17,072,000	100.00
VARROC TYC CORPORATION	Chairman	WU , CHUN-CHI	BESTE MOTOR legal representative	14,072,000	50.00
	Director	TING, CHENG-TAI	BESTE MOTOR legal representative		
	Director	CHUANG,TAI-SHIE	BESTE MOTOR legal representative		
	Director	CHEN , CHIN-CHAO	BESTE MOTOR legal representative		
	Director	Tarang Jain	Varroc Corp Holding B.V. legal representative	14,072,000	50.00
	Director	Stephane Vedio	Varroc Corp Holding B.V. legal representative		
	Director	Todd Morgan	Varroc Corp Holding B.V. legal representative		
	Director	Tharuvai R. Srinivasan	Varroc Corp Holding B.V. legal representative		
VARROC TYC CORPORATION	Chairman	CHUANG,TAI-SHIE	VARROC TYC legal representative	USD27,000,000	100.00
	Director	Tarang Jain	VARROC TYC legal representative		
	Director	TING, CHENG-TAI	VARROC TYC legal representative		
	Director	Y.S. Su	VARROC TYC legal representative		
	Director	CHEN , CHIN-CHAO	VARROC TYC legal representative		
	Director	Stephane Vedio	VARROC TYC legal representative		
	Director	R.S. Feng	VARROC TYC legal representative		
	Director	Tharuvai R. Srinivasan	VARROC TYC legal representative		
	Supervisor	WU , KUO-CHEN	VARROC TYC legal representative		
	Supervisor	Scott Anthony Trujillo	VARROC TYC legal representative		
重慶 VARROC TYC CORPORATION	GM	R.S. Feng	VARROC TYC legal representative	RMB100,000,000	100.00
	Director	Y.S. Su	Legal representative- VARROC TYC AUTO LAMPS CO.,LTD.		
	Supervisor	Y.H. Liu	Legal representative- VARROC TYC AUTO LAMPS CO.,LTD.		
	GM	R.S. Feng	Legal representative- VARROC TYC AUTO LAMPS CO.,LTD.		
SUPRA-ATOMIC CO., LTD.	Chairman	WU , CHUN-CHI	TYC legal representative	69,199,060	100.00
EUROPILOT CO., LTD.	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	14,359,821	100.00
MOTOR-CURIO CO., LTD.	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	1,893,400	100.00
SPARKING CO., LTD.	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	38,915,717	100.00
EUROLITE CO., LTD.	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	12,464,582	100.00
UNIMOTOR INDUSTRIAL CO., LTD	Chairman	WU , CHUN-CHI	SUPRA-AMOTIC legal representative	6,887,000	100.00
TYC EUROPE B.V.	Chairman	TING, CHENG-TAI	EUROPILOT legal representative	120,000	100.00
	Director	WU , KUO-CHEN	EUROPILOT legal representative		
	Director	CHEN , CHIN-CHAO	EUROPILOT legal representative		
	GM	HUANG, CHIA-WEN	EUROPILOT legal representative		
T.I.T INTERNATIONAL CO., LTD.	Chairman	WU , KUO-CHEN	EUROPILOT legal representative	4,194,900	99.98
	Director	CHEN , CHIN-CHAO	EUROPILOT legal representative		

Company Name	Title (Note 1)	Name or Representative (Note 2)		Shareholdings	
				Number of shares /capital contribution (\$) (Note 3)	Shareholding ratio (%)
	Director	CHANG, CHI-JIE	EUROPILOT legal representative		
	Director	WU , CHUN-CHI	EUROPILOT legal representative		
	GM	CHANG, CHI-JIE	EUROPILOT legal representative		
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	Chairman	WU , CHUN-CHI	UNIMOTOR legal representative	USD6,467,000	100.00
	Director	CHEN , CHIN-CHAO	UNIMOTOR legal representative		
	Director	S.J. Huang	UNIMOTOR legal representative		
	GM	S.J. Huang	UNIMOTOR legal representative		
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	Chairman	WU , CHUN-CHI	SPARKING legal representative	USD38,000,000	100.00
	Director	Y.L. Wu	SPARKING legal representative		
	Director	CHEN , CHIN-CHAO	SPARKING legal representative		
	Supervisor	WENG,YI-FENG	SPARKING legal representative		
JUOKU TECHNOLOGY CO., LTD.	Chairman	WU , KUO-CHEN	-	56,999	0.15
	Director	CHEN , CHIN-CHAO	TYC legal representative	27,923,401	72.10
	Director	S.C. Wang	-	278,467	0.72
	Director	WU , CHUN-CHI	-	176,118	0.45
	Director	B.Y. Liao	-	21,234	0.05
	Director	CHUANG, TAI-SHIE	-	-	-
	Director	LIN, CHUN-KUI	-	636	0
	Supervisor	WU, CHUN-LANG	-	789,999	2.04
	Supervisor	C.L. Yu	-	310,097	0.80
	Supervisor	WENG,YI-FENG	-	-	-
TSM TECH CO., LTD.	Chairman	WU , CHUN-CHI	TSM legal representative	300,000	100.00
INNOVA HOLDING CORP	Chairman	WU , KUO-CHEN	TYC legal representative	5,549	100.00
	Director	WU , CHUN-CHI	TYC legal representative		
	Director	CHEN , CHIN-CHAO	TYC legal representative		
	Director	CHUANG, TAI-SHIE	TYC legal representative		
GENERA CORPORATION	Director	William Newman	INNOVA legal representative	USD12,388,505	100.00
W & W REAL PROPERTY, INC.	Director	William Newman	INNOVA legal representative	USD1,000,000	100.00
TYC VIENTNAM INDUSTRIAL CO., LTD.	Chairman	CHEN , CHIN-CHAO	TYC legal representative	USD5,000,000	60.00
	Director	WU , KUO-CHEN	TYC legal representative		
	Director	M.L. Lin	Taiwan FCC legal representative		
	Director	C.N. Lin	DIAMOND legal representative		

Note 1: If the affiliated company is a foreign company, the equivalent position is listed.

Note 2: If the director or supervisor is a legal entity, the relevant information of the representative should be disclosed separately.

Note 3: The amount of capital contributed is expressed in currency, and the rest is the number of shares.

## 6. Overview of Affiliate Operations.

2023

Unit:NT\$1,000 · Foreign currency as  
the original currency

Company Name	Capital	Total assets	Total liabilities	Net Value	Net operating income	Operating (Loss) Gain	Current profit (loss) (after tax)	Eps (yuan) (tax)	Remarks
JUOKU TECHNOLOGY CO., LTD.	387,310	2,825,622	2,252,620	573,002	2,034,039	74,466	107,987	-	
TI YUAN INVESTMENT CO., LTD.	38,200	38,306	70	38,236	3,604	3,400	3,467	-	
TI FU INVESTMENT CO., LTD.	105,500	288,028	906	287,122	39,782	37,956	39,269	-	
DBM REFLEX OF TAIWAN CO., LTD.	120,000	332,870	81,102	251,768	239,270	86,090	75,030	-	
CONTEK CO., LTD.	73,690	37,011	-	37,011	-	(149)	(15,859)	-	
BESTE MOTOR CO., LTD.	453,184	1,301,232	226,019	1,075,213	-	(176,508)	(257,109)	-	
SUPRA-ATOMIC CO., LTD.	2,177,464	1,636,430	-	1,636,430	-	-	97,896	-	
EUROPILOT CO., LTD.	479,909	755,547	-	755,547	-	-	172,367	-	
MOTOR-CURIO CO., LTD.	56,323	177,348	-	177,348	-	-	25,312	-	
SPARKING CO., LTD.	1,160,550	151,310	-	151,310	-	-	(135,832)	-	
EUROLITE CO., LTD.	450,930	190,371	-	190,371	-	-	(5,576)	-	
UNIMOTOR INDUSTRIAL CO., LTD.	327,190	322,085	-	322,085	-	-	40,646	-	
TYC EUROPE B.V.	431,892 EUR 10,150,000	1,357,060 EUR 39,937,035	601,548 EUR 17,703,014	755,512 EUR 22,234,021	3,008,897 EUR 89,337,797	235,810 EUR 7,001,497	172,367 EUR 5,117,782	-	(NOTE 1)
T.I.T INTERNATIONAL CO., LTD	368,183 THB 419,560,000	440,305 THB 488,305,711	249,960 THB 277,209,459	190,345 THB 211,096,252	599,123 THB 668,888,105	595 THB 664,801	(5,578) THB (6,227,214)	-	(NOTE 1)
KUN SHAN TYC HIGH PERFORMANCE LIGHTING TECH CO., LTD.	1,142,168 RMB 248,058,650	909,451 RMB 210,180,550	770,879 RMB 178,155,422	138,573 RMB 32,025,128	156,899 RMB 35,674,999	(102,774) RMB (23,368,400)	(137,833) RMB (31,340,006)	-	(NOTE 1)
CHANGZHOU DAMAO PRECISION INDUSTRIAL CO.,LTD.	196,899 RMB 49,757,411	442,521 RMB 102,269,751	121,425 RMB 28,062,125	321,096 RMB 74,207,627	278,087 RMB 63,230,332	31,826 RMB 7,236,463	40,646 RMB 9,241,887	-	(NOTE 1)
TSM TECH CO., LTD.	10,122	9,286	-	9,286	-	-	(3)	-	
TYC VIETNAM INDUSTRIAL CO., LTD	147,900 VND115,469,999,940	136,464 VND109,171,217,281	4,011 VND 3,208,693,366	132,453 VND105,962,523,916	5,040 VND3,876,947,772	(12,459) VND(9,584,202,878)	(11,019) VND(8,476,365,131)	-	(NOTE 1)
INNOVA HOLDING CORP.	362,468 USD 12,250,000	6,788,136 USD 221,039,918	4,933,134 USD 160,636,086	1,855,002 USD 60,403,832	9,125,241 USD 293,133,348	241,127 USD 7,745,814	78,400 USD 2,518,476	-	(NOTE 1)

(Note1):2023.12.31 Exch. Rate    USD/NTD:30.71    2023 Average Exchange    USD/NTD:31.13  
    THB/NTD: 0.9017                                      THB/NTD: 0.8957  
    RMB/NTD: 4.327                                   RMB/NTD: 4.398  
    EUR/NTD: 33.98                                   EUR/NTD: 33.68  
    VND/NTD: 0.00125                                   VND/NTD: 0.0013

(Note 2): All affiliated companies should be disclosed regardless of their size.

(Note 3): If the related party is a foreign company, the relevant figures should be presented in Taiwan dollars using the exchange rate at the reporting date.

(2) Consolidated Financial Statements of Affiliated Companies:

Consolidated financial statements with parent and subsidiary

(Please refer to P93 ~ P198)

(3) Relationship report: None

2.Private securities in the past year and as of the date of publication of the annual report:  
None

3.Holding or disposal of the company's shares by affiliates in the past year and as of the date of publication of the annual report:

Unit: NT 1000; Shares ; %

Name of Subsidiary	Paid-in capital	Source of funds	Percentage of the Company's shareholding	Date of acquisition or disposition	No. and amount of shares acquired	Number and amount of shares disposed	Profit and Loss on Investment	Number and amount of shares held as of the date of publication of the Annual Report	Establishment of Authority	Amount of guarantee endorsed by the Company for its subsidiaries	Amount loaned to subsidiaries by the Company
TI FU INVESTMENT CO., LTD.	95,500	Share capital: 30,000 Surplus: 65,500	100%	No	0	0	0	939,707 shares \$5,996	No	0	0

4.Other necessary supplementary information: None

IX.Matters in the past year and as of the date of publication of the annual report which have a substantial impact on the owner's equity as stipulated in item 2, paragraph 2 of Article 36 of the Securities Exchange Law.



T.Y.C. BROTHER IND. CO., LTD

Chairman      WU , KUO-CHEN