

Stock Code: 1522



TYC Brother Industrial Co., Ltd

2024 Annual Shareholders' Meeting

# Meeting Agenda

Method: Physical Shareholders' Meeting

Meeting Date : June 18, 2024

Place : Hotel Château Anping

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

**TYC Brother Industrial Co., Ltd**  
**2024 Annual Shareholders' Meeting**  
**Meeting Agenda**  
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# **1. Meeting Procedures**

**(1) Call to Order**

**(2) Chairman's Address**

**(3) Report Items**

**(4) Matters for Ratification**

**(5) Matter for Election**

**(6) Extraordinary Motions**

**(7) Extemporaneous Motions**

**(8) Adjournment**

## 2. Meeting Agenda

**Time : 9:00 a.m., Tuesday, June 18, 2024**

**Place : Hotel Château Anping**

**(2<sup>rd</sup> Floor, No. 47, Xinjian Rd, South District, Tainan City, 702)**

**(1) Call to Order**

**(2) Chairman's Address**

**(3) Report Items:**

Proposal 1: 2023 Business report

Explanatory Notes: For the 2023 Business report, please refer to the Attachment. (p. 7-9 of this manual)

Proposal 2: Auditing of the 2023 Annual Accounting Final Reports and Statements of the Company

Explanatory Notes: For the 2023 Annual Accounting Final Reports and Statements of the Company, please refer to the Attachment. (p. 10 of this manual)

Proposal 3: 2023 Profit Sharing Bonus for Employees and Directors' Compensation Distribution Report

Explanatory Notes:

- a. The company's 2023 profit was NT\$1,147,134,334, which covers the benefits (i.e. all in NT\$) before tax excluding the profit sharing bonus for employees and directors' compensation distributed in accordance with the company's Articles of Incorporation.
- b. Approved by the 5th meeting of the Fifth Salary and Compensation Committee, i.e., the distribution of NT\$36,000,000 (not less than 1%) employee remuneration and NT\$18,000,000 (not more than 3%) directors' remuneration in cash, with the same amount of expenses recorded in 2023.

**(4) Matters for Ratification:**

Proposal 1: Acknowledgment of 2023 Financial Statements (Proposed by the Board of Directors)

Explanatory Notes:

The 2023 individual financial report and consolidated financial report of the Company have been certified by HU, TZU-REN and HUNG, KUO-SEN, CPAs of ERNST & YOUNG, TAIWAN. The reports have also been reviewed by the Audit Committee and are certified true and correct. Please refer to the

Attachments (page 7-9 and 11-29) for ratification of the 2023 Financial Statements.

Resolution:

Proposal 2: Adoption of the Proposal for Distribution of 2023 Earnings (Proposed by the Board of Directors)

Explanatory Notes:

- a. The company's 2023 net income after tax was NT\$1,093,134,334, and the proposal for distribution of the 2023 earnings shall be prepared in accordance with the Articles of Incorporation. Please refer to the Attachment (page 30) for details.
- b. From the accumulated earnings in 2023 for distribution, NT\$60,000,000 shall be set aside from type A preferred stock dividend and NT\$625,795,762 from common stock of shareholders' dividends. (a cash dividend of NT\$2 per share) The total amount of dividends distributed to each individual shareholder of preferred stock dividend and common stock cash dividend is distributed up to NT\$1. (allocated up to NT\$1, rounded down to less than NT\$1), and the total abnormal cost is included in the company's other income. Upon approval at the Annual Shareholders' Meeting presided over by the Chairman, the resolution regarding the ex-rights date, distribution date, and other relevant issues shall be adopted.
- c. If there is a change in the company's share capital afterwards, which in turn affects the dividend ratio, the Board of Directors shall be authorized to adjust the dividend ratio according to each distributed share.

Resolution:

## **(5) Matters for Election**

Proposal 1: Election of the Proposal for Re-election of Board of Directors of the Company (Proposed by the Board of Directors)

Explanatory Notes:

- a. The term of the Board of Directors shall expire on August 2<sup>nd</sup>, 2024, and by Company Act and this Company's Articles of Incorporation, the re-election shall take place.
- b. In accordance with Article 21 of the Articles of Incorporation, 9 directors shall be elected, including 3 independent directors adopted by the candidates nomination system, and newly elected directors shall take term after the

completion of the shareholders' meeting. The terms of the directors shall be three-year terms, from June 18, 2024, to June 17, 2027.

c. The roster of director candidates, where the nominees listed in the roster of directors' and independent directors' candidates approved by the resolution of the Board of Directors meeting on March 14, 2024, are as follows:

TYC Brother Industrial Co., Ltd

The Roster of Director and Independent Director Candidates (Nominated by Board of Directors)

Job Title Category	Name	Academic Qualifications	Experience	Current Position	Holding Shares	Reason of continuous nomination for independent directors with 3 consecutive terms
Director	Representative of KUO-CHI-MIN INVESTMENT CO., LTD. WU, KUO-CHEN	MA, University of Southern California Business School	Supervisor, VARROC TYC AUTO LAMPS CO., LTD.	Chairman of the Company	Common Stock 7,200,893	Not applicable
					Preferred Stock 3,999,500	
Director	WU, CHUN-LANG	National Beimen Senior High School	President, YUAN-HONG INVESTMENT CO., LTD.	Vice Chairman of the Company	Common Stock 5,401,383	Not applicable
					Preferred Stock 0	
Director	WU, CHUN-CHI	National Beimen Senior High School	President, JUOKU TECHNOLOGY CO., LTD.	Founder of the Company	Common Stock 824,081	Not applicable
					Preferred Stock 0	
Director	WU, CHUN-I	National Beimen Senior High School	President, TA YIH INDUSTRIAL CO., LTD.	President, TA YIH INDUSTRIAL CO., LTD.	Common Stock 4,593,613	Not applicable
					Preferred Stock 0	
Director	Representative, YUAN-HONG INVESTMENT CO., LTD. TING, CHENG-TAI	Chien Hsin University of Science and Technology Department of Electronic Engineering	Director, DBM REFLEX OF TAIWAN CO., LTD.	Vice General Manager of the Company	Common Stock 5,354,451	Not applicable
					Preferred Stock 0	

Job Title Category	Name	Academic Qualifications	Experience	Current Position	Holding Shares	Reason of continuous nomination for independent directors with 3 consecutive terms
Director	CHUANG, TAI-SHIE	EMBA, Yuan Ze University	Executive Director of Changan Ford Automobile Co., Ltd. and Director of Greater China, Ford Pan-Asian Manufacturing.	President, VARROC TYC AUTO LAMPS CO., LTD.	Common Stock 0	Not applicable
					Preferred Stock 400,000	
Independent Director	HOU, RONG- HSIEN	EMBA, National Cheng Kung University	Independent Director of MOSPEC SEMICONDUCTOR CORP. Independent Director of UNITED FIBER OPTIC COMMUNICATION INC.	CPA	Common Stock 0	No
					Preferred Stock 0	
Independent Director	HSU, CHIANG	PhD. of THE UNIVERSITY OF WYOMING, USA	Chair Professor Emeritus, Chang Jung Christian University Independent Director of K N H ENTERPRISE CO., LTD.	Chair Professor, Chang Jung Christian University	Common Stock 4,000	No
					Preferred Stock 0	
Independent Director	HUANG, HUI-LING	PhD, Programs in Management, National Kaohsiung University of Science and Technology	Chair, Department of Business Administration, CJCUC	Associate professor, Department of Business Administration, CJCUC	Common Stock 0	No
					Preferred Stock 0	

Result of the Election:

## **(6) Extraordinary Motions**

Proposal 1: Discussion of waiver to the director's limitation of non-competition.

(Proposed by the Board of Directors)

Explanatory Notes:

- a. In accordance with Article 209 of the Company Act, "A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval."
- b. A director is a member or a representative of the board and invests or participates in company operations, who were to conduct activities that are within the scope of or similar to company business and serve as a director or a managerial officer, if a director explains to a meeting of shareholders the essentials of activities within the scope of company business that he/she plans to engage in outside the company and no harm to the benefit of the Company, then it shall be proposed to the shareholders' meeting to grant a waiver to the director's and his/her representatives' limitation of non-competition by a resolution.
- c. Please refer to the Attachment (page 34) for the reference table of director candidates who concurrently serves in business scope of other company.

Resolution:

## **(7) Extemporary Motions**

## **(8) Adjournment**



### 3. Appendices

#### A. Business Report

##### TYC Brother Industrial Co., Ltd

##### Business Report

Dear Shareholders,

I would like to report the 2023 business performance and 2024 business plan of the Company.

##### Business results in 2023:

##### 1. Business plan implementation results:

As a result of the efforts of all our colleagues in the past year, TYC Brother's operating revenue reached NT\$19,277,545 thousand, an increase of 0.37 percent from NT\$19,207,226 thousand in 2022. The Company's gross profit was NT\$5,168,485 thousand and net profit before tax was NT\$1,504,225 thousand.

Unit: In thousand dollars

Item	2022 Achievements	2023 Achievements	Growth rate%
Operating Revenue	19,207,226	19,277,545	0.37%
Cost of goods sold	15,023,313	14,109,060	-6.09%
Gross Profit (from goods sold)	4,183,913	5,168,485	23.53%
Operating Expenses	3,297,077	3,421,541	3.77%
Operating Profit	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 execution status: The company did not disclose 2023 financial forecast

##### 3. Analysis of 2023 financial income and expenditure, and profitability:

Annual net profit after tax was NT\$1,156,369 thousand and diluted earnings per share were NT\$3.31. The percentages of net operating profit and net profit before tax versus paid-in capital were 55.83% and 48.07%, respectively, with a profit ratio of 6.00%.

#### 4. Status of research and development:

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

- (1) Research and development expense in 2022 was NT\$375,587 thousand, accounting for 1.96% of the 2022 operating revenue.
- (2) Research and development expense in 2023 was NT\$396,267 thousand, accounting for 2.06% of the 2023 operating revenue.

##### b. R&D accomplishments:

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

### **Summary of 2024 Operation Plans:**

#### 1. Operating Strategy

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

#### 2. Sales Volume Estimation

The Company expects sales growth of AM and OEM in 2024 to be better than in 2023.

#### 3. Significant Production and Marketing Policies

- a. Continue to improve cost and strengthen management structure as well as market price competitiveness.
- b. Establish a labor-saving and automated production system, increase output and improve production efficiency.
- c. Effectively manage fixed asset expenditures, reduce fixed cost allocation, and improve the flexibility of funds

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

On one hand, the future corporate development strategy remains reinforcing the current market position of AM products worldwide, while CAPA products in North America continued to grow, and product groups and product price competitiveness shown a continuous improvement in European and other regional markets, performance this year shall stay optimistic. On the other hand, OEM business shall continue to deploy and develop along with the biological change of global supply chain, growth in revenue and profit of the company shall be driven constantly by AM and OE two scopes of business.

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

Chairman: Wu, Kuo-Chen

CEO: Su, Yan-Shuo

Accountant: Weng, Yi-Feng

## **B. Audit Committee's Audit Report**

**TYC Brother Industrial Co., Ltd**

**Audit Committee's Audit Report**

The Board of Directors has prepared the Company's 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

March 14, 2024

## C. Independent Auditors' Report and Financial Statements

### Independent Auditors' Report

To TYC BROTHER INDUSTRIAL CO., LTD.

#### Opinion

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

In our opinion, based on our audits and the reports of the other auditors (please refer to the *Other Matter – Making Reference to the Audits of Other Auditors* section of our report), the parent company only financial statements referred to above present fairly, in all material respects, the financial position of the Company as of 31 December 2023 and 2022, and its financial performance and cash flows for the years ended 31 December 2023 and 2022, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

#### Basis for Opinion

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

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

#### Loss allowance of accounts receivable

As of 31 December 2023, the Company's accounts receivable and allowance for its doubtful accounts amounted to NT\$3,733,314 thousand and NT\$155,497 thousand, respectively. Net accounts receivable constituted 18% of total assets, which was considered material in the parent company only financial statements. Since the Company's allowance for doubtful accounts was measured at the lifetime expected credit loss, its account receivables should be appropriately grouped during the measurement process and the Company should determine the use of related assumptions in the measurement process, including appropriate aging intervals and their respective loss rate. As the measurement of expected credit loss involves making judgment, analysis and estimates, and the result will affect the net accounts receivable, we therefore considered this a key audit matter.

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

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

#### Valuation for inventories

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

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

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

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

We did not audit the financial statements of certain subsidiaries, associates and joint ventures accounted for under the equity method. Those financial statements were audited by other auditors, whose reports thereon have been furnished to us, and our opinions expressed herein are based solely on the reports of other auditors. These subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$1,044,761 thousand and NT\$852,728 thousand, representing 5.36% and 4.33% of total assets as of 31 December 2023 and 2022, respectively. The related shares of profits from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$207,416 thousand and NT\$108,466 thousand, representing 15.65% and 9.67% of the income before tax for the years ended 31 December 2023 and 2022, respectively, and the related shares of other comprehensive income (loss) from the subsidiaries, associates and joint ventures accounted for under the equity method amounted to NT\$19,950 thousand and NT\$29,125 thousand, representing (14.10)% and 14.37% of the comprehensive income (loss) for the years ended 31 December 2023 and 2022, respectively.

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

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

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

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

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

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

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

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

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

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

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

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

Hu, Tzu-Ren

Hung, Kuo-Sen

Ernst & Young, Taiwan  
14 March 2024

Notice to Readers :

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

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



English Translation of Financial Statements Originally Issued in Chinese

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

31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

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

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

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

English Translation of Financial Statements Originally Issued in Chinese  
TYC BROTHER INDUSTRIAL CO., LTD.  
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME  
For the years ended 31 December 2023 and 2022  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings Per Share)

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

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

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

English Translation of Financial Statements Originally Issued in Chinese

TYC BROTHER INDUSTRIAL CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

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

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

## **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		<u>11,189,047</u>	<u>11,693,901</u>
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		<u>14,641,634</u>	<u>14,351,677</u>
Total assets		<u>\$25,830,681</u>	<u>\$26,045,578</u>

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

English Translation of Consolidated Financial Statements Originally Issued in Chinese  
TYC BROTHER INDUSTRIAL CO., LTD. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
31 December 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			Retained Earnings			Other equity		Treasury stock	Total		
	Common stock	Preferred stock	Capital surplus	Legal reserve	Special reserve	Unappropriated earnings	Exchange differences resulting from translating the financial statements of foreign operations	Unrealized gains (losses) on financial assets measured at fair value through other comprehensive income				
Balance as of 1 January 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)	Cash flows from financing activities:		
Changes in operating assets and liabilities:			Increase in short-term borrowings	1,034,331	2,704,816
Financial assets at fair value through profit or loss	(509)	1,034	Decrease in short-term borrowings	(1,040,012)	(2,410,674)
Notes receivable	2,978	10,444	Increase in short-term notes and bills payable	90,000	1,100,000
Notes receivable-related parties	(1,050)	18,673	Decrease in short-term notes and bills payable	(530,035)	(1,139,884)
Accounts receivable	(74,171)	(680,529)	Proceeds from long-term borrowings	2,513,139	3,753,646
Accounts receivable-related parties	51,181	(16,472)	Repayment of long-term borrowings	(3,108,915)	(2,937,279)
Other receivables	(58,799)	31,614	Increase in guarantee deposit	75,243	2,056
Inventories	733,237	(402,017)	Decrease in guarantee deposit	(75,168)	(2,342)
Other current assets	(73,383)	92,684	Cash payment for the principal portion of the lease liabilities	(238,166)	(213,890)
Financial liabilities at fair value through profit or loss	(5,046)	1,469	Cash dividends	(621,525)	(179,651)
Notes payable	(6,304)	(12,701)	Change in non-controlling interests	(42,308)	(51,500)
Accounts payable	205,186	(222,216)	Collection of overdue dividends	171	-
Accounts payable-related parties	40,977	(104,463)	Net cash (used in) provided by financing activities	(1,943,245)	625,298
Other payables	(4,264)	110,443			
Other current liabilities	149,929	(67,439)	Effect of exchange rate changes on cash and cash equivalents	25,550	239,427
Net defined benefit pension liabilities	(33,803)	(50,275)	Net increase in cash and cash equivalents	2,938	956,695
Other non-current liabilities	7,891	(12,390)	Cash and cash equivalents at the beginning of the year	1,855,266	898,571
Cash generated from operations	4,382,588	1,628,187	Cash and cash equivalents at end of the year	\$1,858,204	\$1,855,266
Interest received	23,252	8,089			
Dividend received	45,552	32,306			
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.)

## D. Statement of Surplus Allocation

TYC Brother Industrial Co., Ltd

Earnings Distribution Proposal

December 31, 2023

Unit: NT\$

Item	Amount
<b>Balance of January 1, 2023</b>	<b><u>1,296,655,921</u></b>
Plus: Net Income after tax of 2023	1,093,134,334
Less: Realization through other comprehensive income measured at fair value	(25,695,597)
Legal surplus reserve	(106,743,874)
Special surplus reserve	(115,752,015)
<b>Distributable earnings of December 31, 2023</b>	<b><u>844,942,848</u></b>
<b>Accumulated distributable earnings</b>	<b><u>2,141,598,769</u></b>
<b>Allocated items</b>	
Type A special stock (NT\$2 per share) (Note 1)	60,000,000
Common shares dividend- Cash (NT\$ 2 per share)	625,795,762
<b>Unappropriated earnings of December 31, 2023</b>	<b><u>1,455,803,007</u></b>

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

Chairman: Wu, Kuo-Chen

CEO: Su, Yan-Shuo

Accountant: Weng, Yi-Feng



## **E. Procedures for Election of Directors**

### **TYC Brother Industrial Co., Ltd**

#### **Procedures for Election of Directors**

- Article 1 The Company's Election of Directors shall be conducted in accordance with these Rules and Procedures.
- Article 2 The Company's Election of Directors shall be conducted in the shareholders' meeting.
- Article 3 The open cumulative voting method shall be used for election of the directors at this Corporation. Attendance card numbers printed on the ballots may be used instead of recording the names of voting shareholders. Each share will have voting rights in number equal to the directors to be elected, and may be cast for a single candidate or split among multiple candidates.
- Article 4 The board of directors of a company shall be elected by the shareholders' meeting from among the persons with disposing capacity. A candidates nomination system is adopted by the company for election of the directors of the company, and the number of directors will be as specified in this Corporation's articles of incorporation, with voting rights separately calculated for independent and non-independent director positions. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes. When two or more persons receive the same number of votes, thus exceeding the specified number of positions, they shall draw lots to determine the winner, with the chair drawing lots on behalf of any person not in attendance.
- Article 5 The board of directors shall prepare separate ballots for directors in numbers corresponding to the directors or supervisors to be elected. The number of voting rights associated with each ballot shall be specified on the ballots, which shall then be distributed to the attending shareholders at the shareholders meeting.
- Article 6 Before the election begins, the chair shall appoint a number of persons with shareholder status to perform the respective duties of vote monitoring and counting personnel.

- Article 7 Duties of supervisors are as follows:
- a. To open the ballot box in public and seal it before the voting begins.
  - b. To regulate order and monitor voting if any affairs of oversights, violations, etc.
  - c. To unseal the ballots and check the number of electoral votes after the completion of voting.
  - d. To examine the invalidity of electoral votes.
  - e. The teller records the number of votes obtained by each elector.
- Article 8 Where the candidate is a shareholder, the voters must enter the candidate's account name and shareholder account number in the "candidate" column of the ballot. However, when the candidate is a governmental organization or legal entity shareholder, the name of the governmental organization or legal entity shareholder shall be entered in the column for the candidate's account name on the ballot paper, or both the name of the governmental organization and legal entity shareholder and the name of its representative. When there are multiple representatives, the names of each respective representative shall be entered.
- Article 9 A ballot is invalid under any of the following circumstances:
- a. The ballot was not prepared by a person with the right to convene.
  - b. A blank ballot is placed in the ballot box.
  - c. The writing is unclear and indecipherable or has been altered.
  - d. The candidate whose name is entered in the ballot does not conform to the director candidate list.
  - e. Other words or marks are entered in addition to the number of voting rights allotted.
  - f. Two or more candidates' information has been entered in one column on the ballot.
- Article 10 Respective ballot boxes shall be prepared for director elections. After the end of the poll, the results of the calculation shall be announced by the chair on the site.
- Article 11 The board of directors of this Corporation shall issue notifications to the persons elected as directors.

Article 12 If not regulated by these Procedures, elections of directors shall be conducted in accordance with the Company Act and relevant laws and regulations.

Article 13 These Procedures, and any amendments hereto, shall be implemented after approval by a shareholders meeting.

## F. Reference of Director Candidates' Concurrent Position in Another Company

Title	Name	Conflict of Interest	Service
Director	Representative of CHI-MIN INVESTMENT CO., LTD. WU, KUO-CHEN	VARROC TYC AUTO LAMPS CO., LTD. T.I.T INTERNATIONAL CO., LTD (Thailand) JUOKU TECHNOLOGY CO., LTD. INNOVA HOLDING CORP. (U.S.A) TYC-EUROPE BV. (Netherlands) TYC VIENTNAM INDUSTRIAL CO., LTD.	Supervisor Chairman Chairman Chairman Director Director
Director	WU, CHUN-LANG	JUOKU TECHNOLOGY CO., LTD.	Supervisor
Director	WU, CHUN-CHI	DBM REFLEX OF TAIWAN CO., LTD. T.I.T INTERNATIONAL CO., LTD (Thailand) CHANGZHOU TAMAO PRECISION INDUSTRY CO., LTD. KUN SHAN TYC HIGH PERFORMANCE CO., LTD. JUOKU TECHNOLOGY CO., LTD. INNOVA HOLDING CORP. (U.S.A) I YUAN PRECISION INDUSTRIAL CO., LTD. LASTER TECH CO., LTD.	Chairman Director Chairman Chairman Director Director Director Director
Director	WU, CHUN-I	FUZHOU KOITO TAYIH AUTOMOTIVE LAMP CO., LTD. TA YIH INDUSTRIAL CO., LTD TAYIH KENMOS AUTO PARTS CO., LTD.	Vice Chairman Chairman Chairman
Director	Representative of YUAN-HONG INVESTMENT CO., LTD. TING, CHENG-TAI	DBM REFLEX OF TAIWAN CO., LTD. VARROC TYC AUTO LAMPS CO., LTD. TYC-EUROPE BV. (Netherlands)	Director Director Chairman
Director	CHUANG, TAI-SHIE	VARROC TYC AUTO LAMPS CO., LTD. JUOKU TECHNOLOGY CO., LTD. INNOVA HOLDING CORP. (U.S.A)	Chairman Director Director

## **G. Shareholders' Meeting Rules and Procedures**

### **TYC Brother Industrial Co., Ltd**

#### **Rules and Procedures of Shareholders' Meeting**

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

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

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

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

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

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

Article 10 (Deleted)

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

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

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

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

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

speaking.

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

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

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

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

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

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

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

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

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

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

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

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

## **H. Articles of Incorporation**

### **TYC Brother Industrial Co., Ltd. Articles of Incorporation**

#### **Chapter 1: General Provisions**

##### Article 1

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

##### Article 2

The Company's nature of business is as follows:

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

##### Article 3

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



#### Article 4

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

#### Article 5

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

#### Article 6

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

## **Chapter 2: Shares**

#### Article 7

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

#### Article 7-1

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

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

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

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

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

#### Article 8

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

#### Article 8-1

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

#### Article 9

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

#### Article 10

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

#### Article 11

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

#### Article 12

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

#### Article 13

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

#### Article 14

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

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

### **Chapter 3: Shareholders' Meeting**

#### Article 15

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

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

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

#### Article 16

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

#### Article 17

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

#### Article 18

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

#### Article 19

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

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

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

#### Article 20

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

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

### **Chapter 4: Directors**

#### Article 21

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

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

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

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

#### Article 22

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

## Article 23

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

## Article 24

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

## Article 24-1

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

## Article 25

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

## Article 25-1

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

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

## Article 26

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

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

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

#### Article 27

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

Article 28 Deleted

Article 28-1 Deleted

### **Chapter 5: Manager and Employee**

#### Article 29

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

Article 30 Deleted

### **Chapter 6: Accounting**

#### Article 31

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

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

#### Article 32

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

#### Article 32-1

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

### **Chapter 7: Supplementary Provisions**

#### Article 33

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

#### Article 34

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

#### Article 35

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

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

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

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

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

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

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

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

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



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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## I. Status of Shares Held by Directors

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

Title	Number of outstanding shares	Number of shares currently held
All directors	13,715,915	91,226,572

### 1. List of Number of Shares Held by Each Director

Title	Name	Number of shares currently held		
		Account no.	Common shares	Type A, Preferred shares
Chairman	Representative, Kuo-Chi-Min Investment Co., Ltd Wu, Kuo-Chen	15	66,587,044	8,062,000
Vice Chairman	Wu, Chun-Lang	2	5,401,383	-
Director	Wu, Chun-Chi	1	824,081	-
Director	Wu, Chun-I	3	4,593,613	-
Director	Chuang, Tai-Shie	126211	-	400,000
Director	Representative, Yuan-Hong Investment Co., Ltd TING, CHENG-TAI	36341	5,354,451	-
Independent Director	Huang, Chung-Hui	-	-	-
Independent Director	Hou, Rong-Hsien	-	-	-
Independent Director	Hsu, Chiang	131186	4,000	-

Note: Book Closing Date: April 20, 2024