

Kenda Rubber Ind. Co., Ltd.

**Parent Company Only Financial Statements for the
Years Ended December 31, 2024 and 2023 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Kenda Rubber Ind. Co., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Kenda Rubber Ind. Co., Ltd. (the "Company"), which comprise the balance sheets as of December 31, 2024 and 2023, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Parent company only 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the parent company only financial statements for the year ended December 31, 2024. 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.

The key audit matter of the Company's parent company only financial statements for the year ended December 31, 2024 is stated as follows:

Appropriateness of the Revenue Cutoff

The Company is mainly engaged in the manufacturing and trading of rubber products such as inner tubes and tires of bicycles, automobiles, and industrial trucks. The Company has a worldwide sales network with a widely dispersed and diverse customer base, engaging in a high volume of transactions. The timing of revenue recognition varies depending on different commercial terms with customers, resulting in the transfer timing of the promised goods to customers may differ. Revenue is recognized when performance obligations are satisfied by the transfer of the promised goods to customers, but the timing of the transfer may be based on the time of actual delivery or the time of actual receipt of the goods. The Company's revenue recognition process involves manual inspection of relevant documents or an estimate of the arrival time of the goods shipped to customers based on historical experience to determine timing of the transfer of control of the promised goods to customers. Therefore, mistakes may occur in the evaluation process, and revenue could be recorded in the incorrect reporting period.

The main audit procedures that we performed in respect of the cutoff of revenue recognition included the following:

1. We obtained an understanding of and reviewed the sales contracts and the terms between the Company and its customers to identify the appropriate point of revenue recognition.
2. We obtained an understanding of and evaluated the process and related controls over revenue recognition.
3. We performed cutoff testing procedures covering a certain period before and after the balance sheet date and examined relevant supporting documents to determine that revenue was recognized in the correct reporting period, as evidenced by sales terms.

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 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 Company's ability to continue as a going concern, 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 members of the audit committee, are responsible for overseeing the Company's financial reporting process.

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 auditors' 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 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 maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
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 Company's ability to continue as a going concern. 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 disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of 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 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 the parent company only financial statements for the year ended December 31, 2024, and are therefore the key audit matters. We describe the matters in our auditors' report unless law or regulation precludes public disclosure about these 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.

The engagement partners on the audits resulting in this independent auditors' report are Yi Wen Wang and Done Yuin Tseng.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2025

Notice to Readers

The accompanying parent company only financial statements are intended only to present the financial position, financial performance 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 parent company only financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and parent company only financial statements shall prevail.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

PARENT COMPANY ONLY BALANCE SHEETS

DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Par Value)

ASSETS	2024		2023		LIABILITIES AND STOCKHOLDERS' EQUITY	2024		2023	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 6)	\$ 2,320,518	6	\$ 2,155,868	7	Short-term borrowings (Note 14)	\$ 1,240,000	4	\$ 600,000	2
Financial assets at fair value through profit or loss - current (Note 7)	-	-	1,314	-	Contract liabilities - current (Note 17)	21,964	-	18,650	-
Notes receivable (Note 9)	10,197	-	5,391	-	Notes payable	437	-	423	-
Trade receivables from unrelated parties (Note 9)	332,235	1	240,029	1	Trade payables (Note 23)	1,535,777	4	233,745	1
Trade receivables from related parties (Notes 9 and 23)	1,588,795	5	697,116	2	Other payables (Note 23)	414,523	1	374,277	1
Other receivables (Note 23)	88,016	-	82,797	-	Current tax liabilities (Note 19)	-	-	14,041	-
Current tax assets (Note 19)	7,349	-	-	-	Lease liabilities - current (Notes 13 and 23)	1,718	-	5,141	-
Inventories (Notes 5 and 10)	759,888	2	662,698	2	Current portion of long-term borrowings (Note 14)	1,837,851	5	2,041,780	6
Other current assets	41,461	-	41,339	-	Other current liabilities (Note 17)	77,530	-	55,606	-
Total current assets	5,148,459	14	3,886,552	12	Total current liabilities	5,129,800	14	3,343,663	10
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Financial assets at fair value through other comprehensive income - non-current (Note 8)	280,093	1	354,155	1	Long-term borrowings (Note 14)	10,450,961	28	10,214,146	31
Investments accounted for using the equity method (Note 11)	27,572,549	74	25,090,607	75	Deferred tax liabilities (Note 19)	523,562	1	408,164	1
Property, plant and equipment (Notes 12 and 23)	3,911,418	11	3,788,334	11	Lease liabilities - non-current (Notes 13 and 23)	-	-	1,705	-
Right-of-use assets (Notes 13 and 23)	1,689	-	6,755	-	Net defined benefit liabilities - non-current (Note 15)	-	-	16,963	-
Deferred tax assets (Note 19)	45,122	-	221,672	1	Other non-current liabilities	2,071	-	5,914	-
Post-employment benefit assets (Note 15)	47,987	-	-	-	Total non-current liabilities	10,976,594	29	10,646,892	32
Other non-current assets	182,640	-	215,901	-	Total liabilities	16,106,394	43	13,990,555	42
Total non-current assets	32,041,498	86	29,677,424	88	EQUITY				
TOTAL	\$ 37,189,957	100	\$ 33,563,976	100	Share capital	9,548,900	26	9,548,900	28
					Capital surplus	41	-	41	-
					Retained earnings				
					Legal reserve	3,531,010	10	3,440,228	10
					Special reserve	1,093,568	3	831,490	3
					Unappropriated earnings	6,816,219	18	6,846,330	20
					Other equity	93,825	-	(1,093,568)	(3)
					Total equity	21,083,563	57	19,573,421	58
					TOTAL	\$ 37,189,957	100	\$ 33,563,976	100

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

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
NET REVENUE (Notes 17 and 23)	\$ 4,787,548	100	\$ 4,430,610	100
COST OF REVENUE (Notes 10, 18 and 23)	<u>3,504,540</u>	<u>73</u>	<u>3,427,417</u>	<u>77</u>
GROSS PROFIT	1,283,008	27	1,003,193	23
REALIZED (UNREALIZED) PROFIT ON INTERCOMPANY REVENUE	<u>13,134</u>	<u>-</u>	<u>(22,943)</u>	<u>(1)</u>
REALIZED GROSS PROFIT	<u>1,296,142</u>	<u>27</u>	<u>980,250</u>	<u>22</u>
OPERATING EXPENSES (Notes 18 and 23)				
Selling and marketing expenses	533,049	11	561,979	13
General and administrative expenses	210,649	5	173,639	4
Research and development expenses	398,135	8	361,975	8
Expected credit loss (reversed) recognized (Note 9)	<u>(546)</u>	<u>-</u>	<u>851</u>	<u>-</u>
Total operating expenses	<u>1,141,287</u>	<u>24</u>	<u>1,098,444</u>	<u>25</u>
INCOME (LOSS) FROM OPERATIONS	<u>154,855</u>	<u>3</u>	<u>(118,194)</u>	<u>(3)</u>
NON-OPERATING INCOME AND EXPENSES (Notes 18 and 23)				
Interest income	72,678	1	70,140	2
Other income	94,467	2	99,479	2
Other gains and losses	169,616	4	33,080	1
Finance costs	(236,445)	(5)	(223,896)	(5)
Share of profit of subsidiaries (Note 11)	<u>1,030,650</u>	<u>22</u>	<u>1,064,993</u>	<u>24</u>
Total non-operating income and expenses	<u>1,130,966</u>	<u>24</u>	<u>1,043,796</u>	<u>24</u>
PROFIT BEFORE INCOME TAX	1,285,821	27	925,602	21
INCOME TAX EXPENSE (Note 19)	<u>44,868</u>	<u>1</u>	<u>44,620</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>1,240,953</u>	<u>26</u>	<u>880,982</u>	<u>20</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 15)	40,429	1	40,379	1
Unrealized loss on investments in equity instruments at fair value through other comprehensive loss	(74,062)	(2)	(46,162)	(1)

(Continued)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES
STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Share of other comprehensive income (loss) of subsidiaries	\$ 36,522	1	\$ (63,891)	(2)
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 19)	<u>(8,086)</u>	<u>-</u>	<u>(8,076)</u>	<u>-</u>
	<u>(5,197)</u>	<u>-</u>	<u>(77,750)</u>	<u>(2)</u>
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	1,536,595	32	(196,839)	(4)
Income tax related to items that may be reclassified subsequently to profit or loss (Note 19)	<u>(307,319)</u>	<u>(7)</u>	<u>39,368</u>	<u>1</u>
	<u>1,229,276</u>	<u>25</u>	<u>(157,471)</u>	<u>(3)</u>
Other comprehensive income (loss) for the year, net of income tax	<u>1,224,079</u>	<u>25</u>	<u>(235,221)</u>	<u>(5)</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 2,465,032</u>	<u>51</u>	<u>\$ 645,761</u>	<u>15</u>
EARNINGS PER SHARE (Note 20)				
Basic	<u>\$ 1.30</u>		<u>\$ 0.92</u>	-
Diluted	<u>\$ 1.30</u>		<u>\$ 0.92</u>	-

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

(Concluded)

KENDA RUBBER IND. CO., LTD.

**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)**

	Share Capital (Note 16)	Capital Surplus (Note 16)	Retained Earnings (Note 16)			Other Equity		Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Valuation Gain on Financial Assets at Fair Value Through Other Comprehensive Income	
BALANCE AT JANUARY 1, 2023	\$ 9,094,100	\$ 41	\$ 3,398,776	\$ 1,970,995	\$ 5,749,958	\$ (1,213,319)	\$ 381,829	\$ 19,382,380
Appropriations of 2022 earnings								
Legal reserve	-	-	41,452	-	(41,452)	-	-	-
Special reserve	-	-	-	(1,139,505)	1,139,505	-	-	-
Cash dividends to shareholders - NT\$0.50 per share	-	-	-	-	(454,705)	-	-	(454,705)
Share dividends distributed by the Company - NT\$0.50 per share	454,800	-	-	-	(454,800)	-	-	-
Net profit for the year ended December 31, 2022	-	-	-	-	880,982	-	-	880,982
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	31,166	(157,471)	(108,916)	(235,221)
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	912,148	(157,471)	(108,916)	645,761
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	(15)	-	-	(15)
Disposal of the investments in equity instruments as fair value through other comprehensive income	-	-	-	-	(4,309)	-	4,309	-
BALANCE AT DECEMBER 31, 2023	9,548,900	41	3,440,228	831,490	6,846,330	(1,370,790)	277,222	19,573,421
Appropriations of 2023 earnings								
Legal reserve	-	-	90,782	-	(90,782)	-	-	-
Special reserve	-	-	-	262,078	(262,078)	-	-	-
Cash dividends to shareholders - NT\$1.0 per share	-	-	-	-	(954,890)	-	-	(954,890)
Net profit for the year ended December 31, 2024	-	-	-	-	1,240,953	-	-	1,240,953
Other comprehensive income (loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	36,686	1,229,276	(41,883)	1,224,079
Total comprehensive income (loss) for the year ended December 31, 2024	-	-	-	-	1,277,639	1,229,276	(41,883)	2,465,032
BALANCE AT DECEMBER 31, 2024	\$ 9,548,900	\$ 41	\$ 3,531,010	\$ 1,093,568	\$ 6,816,219	\$ (141,514)	\$ 235,339	\$ 21,083,563

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

KENDA RUBBER IND. CO., LTD.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 1,285,821	\$ 925,602
Adjustments for		
Depreciation expense	248,031	276,570
Amortization expense	14,332	12,092
Expected credit loss (reversed) recognized on trade receivables	(546)	851
Net (gain) loss on fair value changes of financial assets at fair value through profit or loss	(466)	5
Finance costs	236,445	223,896
Interest income	(72,678)	(70,140)
Dividend income	(30,338)	(46,832)
Share of profit of subsidiaries	(1,030,650)	(1,064,993)
Net gain on disposal of property, plant and equipment	(1,231)	(2,488)
Reversal of inventory write-downs	(12,362)	(17,962)
Unrealized (realized) profit on intercompany revenue	(13,134)	22,943
Net (gain) loss on foreign currency exchange	(8,941)	23,405
Transfer of prepayments for equipment to expenses	28,660	16,794
Changes in operating assets and liabilities		
Notes receivable	(4,806)	10,909
Trade receivables	(951,217)	856,077
Other receivables	(940)	66,404
Inventories	(84,274)	211,808
Other current assets	(1,516)	1,049
Contract liabilities	3,314	(19,530)
Notes payable	14	139
Trade payables	1,280,545	(115,101)
Other payables	20,761	(9,479)
Other current liabilities	21,924	38,554
Net defined benefit liabilities	(24,521)	(25,308)
Cash generated from operations	902,227	1,315,265
Interest received	71,630	69,073
Dividends received	344,893	112,615
Interest paid	(237,817)	(222,234)
Income tax paid	(88,321)	(208,397)
Net cash generated from operating activities	<u>992,612</u>	<u>1,066,322</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through profit or loss	1,780	-
Return of capital from financial assets at fair value through other comprehensive income	-	127
Payments for property, plant and equipment	(118,023)	(90,599)
Proceeds from disposal of property, plant and equipment	13,579	11,466
Increase in refundable deposits	(192)	-

(Continued)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars)

	2024	2023
Payments for intangible assets	\$ (27,841)	\$ (14,820)
Increase in prepayments for equipment	<u>(226,388)</u>	<u>(110,735)</u>
Net cash used in investing activities	<u>(357,085)</u>	<u>(204,561)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	640,000	300,000
Proceeds from long-term borrowings	7,566,000	3,500,000
Repayments of long-term borrowings	(7,533,420)	(4,420,176)
(Refund of) proceeds from guarantee deposits received	(3,843)	2,287
Repayment of the principal portion of lease liabilities	(5,128)	(5,086)
Cash dividends	(954,890)	(454,705)
Acquisition of additional interests in subsidiaries	<u>(179,596)</u>	<u>-</u>
Net cash used in financing activities	<u>(470,877)</u>	<u>(1,077,680)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	164,650	(215,919)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>2,155,868</u>	<u>2,371,787</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 2,320,518</u>	<u>\$ 2,155,868</u>

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

(Concluded)

KENDA RUBBER IND. CO., LTD.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2024 (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

Kenda Rubber Ind. Co., Ltd. (the “Company”) was incorporated in the Republic of China (ROC) in March 1962. The Company is mainly engaged in manufacturing and trading of rubber products such as inner tubes and tires of bicycles, scooters, industrial trucks and cars, and various products of carbon fiber.

The Company’s shares have been listed on the Taiwan Stock Exchange since December 20, 1990.

The accompanying financial statements of the Company are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The accompanying parent company only were approved and authorized for issue by the board of directors on March 11, 2025.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

- a. Initial application of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the “IFRS Accounting Standards”) endorsed and issued into effect by the Financial Supervisory Commission (FSC).

The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the Company’s accounting policies:

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

As of the date the parent company only financial statements were authorized for issue, the Company has assessed that the application of other standards and interpretations will not have a material impact on the Company's financial position and financial performance.

- c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	To be determined by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 "Initial Application of IFRS 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the parent company only financial statements were authorized for issue, the Company is continuously assessing the other impacts of the above amended standards and interpretations on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- 3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

- Assets held primarily for the purpose of trading;
- Assets expected to be realized within 12 months after the balance sheet date; and

- Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Current liabilities include:

- Liabilities held primarily for the purpose of trading;
- Liabilities due to be settled within 12 months after the balance sheet date; and
- Liabilities for which the Group does not have the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries, associates, joint ventures and branches in other countries) that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

e. Inventories

Inventories consist of raw materials, supplies, finished goods and work in progress and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at the weighted-average cost on the balance sheet date.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are accounted for as equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

Profit or loss resulting from downstream transactions is eliminated in full only in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries is recognized only in the parent company only financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

g. Property, plant and equipment

Property, plant and equipment are initially measured at cost and subsequently measured at cost less accumulated depreciation and accumulated impairment loss.

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Except for freehold land which is not depreciated, the depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each balance sheet date, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

h. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each balance sheet date, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Impairment of property, plant and equipment, right-of-use asset and intangible assets

At the end of each balance sheet date, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use asset and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount (less amortization or depreciation expense) that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

j. Financial instruments

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

Transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss or "FVTPL") are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in equity instruments at fair value through other comprehensive income (FVTOCI).

i. Financial assets at FVTPL

Financial asset is classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends and remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 22: Financial Instruments.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

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

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivable, notes receivable, other receivables, other financial assets and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset

A financial asset is credit impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Company's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Company determines the following situations as indication that a financial asset is in default (without taking into account any collateral held by the Company):

- i. Internal or external information shows that the debtor is unlikely to pay its creditors.
- ii. Financial asset is more than 180 days past due unless the Company has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

k. Revenue recognition

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

Revenue from the sale of goods

Revenue from the sale of goods comes from sales of tires and tubes for vehicles, and other related products. The Company recognizes revenue and trade receivable when promised goods are delivered to the customer's specified location or loaded on vessels at which point the customer obtains control of the goods and performance obligation is satisfied.

l. Leases

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease period.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms. However, if leases transfer ownership of the underlying assets to the Company by the end of the lease terms or if the costs of right-of-use assets reflect that the Company will exercise a purchase option, the Company depreciates the right-of-use assets from the commencement dates to the end of the useful lives of the underlying assets.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments, in-substance fixed payments, variable lease payments which depend on an index or a rate, residual value guarantees, the exercise price of a purchase option if the Company is reasonably certain to exercise that option, and payments of penalties for terminating a lease if the lease term reflects such termination, less any lease incentives receivable. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in the lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

m. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

n. Government grants

Government grants are not recognized until there is reasonable assurance that the Company will comply with the conditions attached to them and that the grants will be received.

Government grants related to income are recognized in profit or loss on a systematic basis over the periods in which the Company recognizes as expenses the related costs that the grants intend to compensate. Specifically, government grants whose primary condition is that the Company should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

The benefit of a government loan received at a below-market rate of interest is treated as a government grant measured as the difference between the proceeds received and the fair value of the loan based on prevailing market interest rates.

o. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Current service cost and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Company's defined benefit plans.

p. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carryforwards and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are recognized only to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

The Company has applied the exception from the recognition and disclosure of deferred tax assets and liabilities relating to Pillar Two income taxes. Accordingly, the Company neither recognizes nor discloses information about deferred tax assets and liabilities related to Pillar Two income taxes.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations, and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Company considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2024	2023
Cash on hand	\$ 370	\$ 457
Checking accounts and demand deposits	2,018,315	1,429,442
Cash equivalents (time deposits with original maturities of 3 months or less)	<u>301,833</u>	<u>725,969</u>
	<u>\$ 2,320,518</u>	<u>\$ 2,155,868</u>

The market rate of time deposits with original maturity of 3 months or less at the balance sheet date is as follows:

	December 31	
	2024	2023
Time deposits with original maturities of 3 months or less	4.6%	1.17%-5.38%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	\$ <u>-</u>	\$ <u>1,314</u>

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Non-current</u>		
Investments in equity instruments at FVTOCI		
Domestic unlisted shares	\$ 265,407	\$ 339,551
Foreign unlisted shares	<u>14,686</u>	<u>14,604</u>
	<u>\$ 280,093</u>	<u>\$ 354,155</u>

These investments in equity instruments are held for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

9. NOTES RECEIVABLE AND TRADE RECEIVABLES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Notes receivable</u>		
Carrying amount at amortized cost	\$ <u>10,197</u>	\$ <u>5,391</u>
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 1,922,145	\$ 938,589
Less: Allowance for impairment loss	<u>(1,115)</u>	<u>(1,444)</u>
	<u>\$ 1,921,030</u>	<u>\$ 937,145</u>

The credit period of sales of goods is 30 days to 90 days from the date of the invoice. No interest is charged on trade receivable.

The Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated considering the past default experience of the customer, the customer's current financial position, as well as economic condition of the industry in which the customer operates. The Company uses different provision matrixes based on segments by geographical region and determines the expected credit loss rate.

The Company writes off trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivable based on the Company's provision matrix.

December 31, 2024

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Gross carrying amount	\$ 1,582,022	\$ 258,233	\$ 59,186	\$ 31,773	\$ 23	\$ 4	\$ 1,101	\$ 1,932,342
Loss allowance (Lifetime ECLs)	-	-	-	-	(10)	(4)	(1,101)	(1,115)
Amortized cost	<u>\$ 1,582,022</u>	<u>\$ 258,233</u>	<u>\$ 59,186</u>	<u>\$ 31,773</u>	<u>\$ 13</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,931,227</u>

December 31, 2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 90 Days	91 to 120 Days	121 to 180 Days	Over 181 Days	Total
Gross carrying amount	\$ 778,166	\$ 81,127	\$ 66,947	\$ 1,332	\$ 5,437	\$ 6,192	\$ 4,779	\$ 943,980
Loss allowance (Lifetime ECLs)	-	(5)	(7)	(14)	(386)	-	(1,032)	(1,444)
Amortized cost	<u>\$ 778,166</u>	<u>\$ 81,122</u>	<u>\$ 66,940</u>	<u>\$ 1,318</u>	<u>\$ 5,051</u>	<u>\$ 6,192</u>	<u>\$ 3,747</u>	<u>\$ 942,536</u>

The movements of the loss allowance of notes and trade receivable were as follows:

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Balance at January 1	\$ 1,444	\$ 4,007
Add: Net remeasurement of loss allowance	(329)	634
Less: Amounts written off	-	(3,197)
Balance at December 31	<u>\$ 1,115</u>	<u>\$ 1,444</u>

10. INVENTORIES

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Finished goods	\$ 304,124	\$ 269,266
Raw materials	232,417	204,712
Work in progress	108,756	106,023
Supplies	50,521	49,710
Merchandise	4,018	6,852
Inventory in transit	<u>60,052</u>	<u>26,135</u>
	<u>\$ 759,888</u>	<u>\$ 662,698</u>

The cost of revenue associated with inventories was \$3,167,367 thousand and \$3,106,915 thousand for the years ended December 31, 2024 and 2023, respectively. The cost of revenue included the reversal of inventory write-downs and obsolescence losses of \$12,362 thousand and \$17,962 thousand for the years ended December 31, 2024 and 2023, respectively, which were mainly attributed to inventory sold.

11. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investment in Subsidiaries

	December 31			
	2024		2023	
	Amount	Ownership (%)	Amount	Ownership (%)
Kenda International Corporation Co., Ltd. (KIC)	\$ 11,388,701	100.00	\$ 11,002,323	100.00
Kenda Rubber (Vietnam) Co., Ltd. (KV)	10,348,017	100.00	8,926,509	100.00
American Kenda Rubber Ind. Co., Ltd. (KA)	3,635,224	100.00	2,782,723	100.00
Kenda Rubber Ind. Co., (Hong Kong) Ltd. (KHK)	1,099,743	100.00	1,329,403	100.00
Pt. Kenda Rubber Indonesia (KI)	598,538	99.99	725,069	99.99
Kenfong Industrial Co., Ltd. (KF)	286,038	100.00	285,722	100.00
Kenda Rubber Industrial Co. (Europe GmbH) (KE)	<u>216,288</u>	100.00	<u>38,858</u>	100.00
	<u>\$ 27,572,549</u>		<u>\$ 25,090,607</u>	

The investments accounted for using the equity method and the share of profit or loss of subsidiaries were based on the financial statements audited by respective auditors for the same accounting periods.

The Company participated in a cash capital increase of \$179,596 thousand for KE in November 2024.

Refer to Table 6 for the nature of activities, principal places of business and countries of incorporation of the subsidiaries.

12. PROPERTY, PLANT AND EQUIPMENT

	Balance at January 1, 2024	Additions	Disposals	Reclassification	Balance at December 31, 2024
<u>Cost</u>					
Land	\$ 2,166,617	\$ -	\$ -	\$ -	\$ 2,166,617
Buildings	947,764	1,610	(3,321)	152,321	1,098,374
Machinery	3,322,857	1,668	(37,189)	264,522	3,551,858
Other equipment	835,518	6,279	(25,796)	71,133	887,134
Equipment under installation and construction in progress	<u>122,563</u>	<u>128,751</u>	<u>-</u>	<u>(247,887)</u>	<u>3,427</u>
	<u>7,395,319</u>	<u>\$ 138,308</u>	<u>\$ (66,306)</u>	<u>\$ 240,089</u>	<u>7,707,410</u>
<u>Accumulated depreciation</u>					
Buildings	412,828	\$ 29,608	\$ (3,321)	\$ -	439,115
Machinery	2,554,546	162,812	(27,962)	-	2,689,396
Other equipment	<u>639,611</u>	<u>50,545</u>	<u>(22,675)</u>	<u>-</u>	<u>667,481</u>
	<u>3,606,985</u>	<u>\$ 242,965</u>	<u>\$ (53,958)</u>	<u>\$ -</u>	<u>3,795,992</u>
	<u>\$ 3,788,334</u>				<u>\$ 3,911,418</u>

	Balance at January 1, 2023	Additions	Disposals	Reclassification	Balance at December 31, 2023
<u>Cost</u>					
Land	\$ 2,166,617	\$ -	\$ -	\$ -	\$ 2,166,617
Buildings	956,270	406	(10,455)	1,543	947,764
Machinery	3,260,662	2,633	(31,165)	90,727	3,322,857
Other equipment	819,670	4,820	(2,817)	13,845	835,518
Equipment under installation and construction in progress	74,587	62,359	-	(14,383)	122,563
	<u>7,277,806</u>	<u>\$ 70,218</u>	<u>\$ (44,437)</u>	<u>\$ 91,732</u>	<u>7,395,319</u>
<u>Accumulated depreciation</u>					
Buildings	393,668	\$ 28,500	\$ (9,340)	\$ -	412,828
Machinery	2,384,825	193,023	(23,302)	-	2,554,546
Other equipment	592,448	49,980	(2,817)	-	639,611
	<u>3,370,941</u>	<u>\$ 271,503</u>	<u>\$ (35,459)</u>	<u>\$ -</u>	<u>3,606,985</u>
	<u>\$ 3,906,865</u>				<u>\$ 3,788,334</u>

A portion of the land for operational use in Chongyang section of Yuanlin City and Citong Township of Yunlin County is categorized as agricultural and pasture land. The title of the land is currently registered under a related party, Mr. Chen, who is the trustee in a land trust agreement with the Company. The Company retains the certificate of title for land and the agreement stipulates that the nominal holder or trustee is prohibited from transferring the ownership to another party. The land will be registered under the Company once the category for land use has been changed.

The above items of property, plant and equipment used by the Company are depreciated on a straight-line basis over their estimated useful lives as follows:

Building	2-55 years
Machinery	2-30 years
Other equipment	2-20 years

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>December 31</u>	
	2024	2023
<u>Carrying amount</u>		
Buildings	<u>\$ 1,689</u>	<u>\$ 6,755</u>
For the Year Ended December 31		
	2024	2023
Depreciation charge for right-of-use assets		
Buildings	<u>\$ 5,066</u>	<u>\$ 5,067</u>

b. Lease liabilities

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Carrying amount</u>		
Current	<u>\$ 1,718</u>	<u>\$ 5,141</u>
Non-current	<u>\$ -</u>	<u>\$ 1,705</u>

Discount rate for lease liabilities was as follows:

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Buildings	0.8%	0.8%

c. Material leasing activities and terms

The Company leases buildings for the use of product manufacturing with lease terms of 5 years. The Company does not have bargain purchase options to acquire the buildings at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	<u>For the Year Ended December 31</u>	
	<u>2024</u>	<u>2023</u>
Expenses relating to short-term leases	<u>\$ 4,664</u>	<u>\$ 2,782</u>
Expenses relating to low-value asset leases	<u>\$ 48</u>	<u>\$ 37</u>
Total cash outflow for leases	<u>\$ (9,873)</u>	<u>\$ (7,978)</u>

The Company's leases of certain buildings and other equipment qualify as short-term leases and leases of certain office equipment qualify as low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

14. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
Unsecured borrowings	<u>\$1,240,000</u>	<u>\$ 600,000</u>
Range of interest rates	1.82%-1.87%	1.74%-1.80%

b. Long-term borrowings

	December 31	
	2024	2023
Unsecured borrowings	\$ 12,253,812	\$ 12,114,162
Project borrowings	35,000	141,764
Less: Current portion	<u>(1,837,851)</u>	<u>(2,041,780)</u>
Long-term borrowings	<u>\$ 10,450,961</u>	<u>\$ 10,214,146</u>
Range of interest rates	1.596%-1.925%	1.10%-1.80%
Maturity date	2025-2027 years	2024-2027 years

As stipulated in the loan agreements, the Company should pledge assets as collaterals and, additionally, maintain certain covenants related to financial ratios. There was no breach of loan agreements associated with financial covenants as of December 31, 2024.

The Company participated in a project of the Ministry of Economic Affairs that encouraged Taiwanese enterprises to invest locally. The Company constructed or expanded factories, and acquired machinery and equipment in Taiwan from 2019 to 2025. Any shortage of funds would be financed via bank borrowings.

15. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Law is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 15% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans are as follows:

	December 31	
	2024	2023
Present value of defined benefit obligation	\$ 462,521	\$ 501,311
Fair value of plan assets	<u>(510,508)</u>	<u>(484,348)</u>
Net defined benefit liabilities (assets)	<u>\$ (47,987)</u>	<u>\$ 16,963</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2023	\$ 551,838	\$ (469,188)	\$ 82,650
Service cost			
Current service cost	3,836	-	3,836
Net interest expense (income)	<u>6,681</u>	<u>(5,839)</u>	<u>842</u>
Recognized in profit or loss	<u>10,517</u>	<u>(5,839)</u>	<u>4,678</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,164)	(4,164)
Actuarial gain - changes in demographic assumptions	(4)	-	(4)
Actuarial loss - changes in financial assumptions	1,887	-	1,887
Actuarial gain - experience adjustments	<u>(38,098)</u>	<u>-</u>	<u>(38,098)</u>
Recognized in other comprehensive income	<u>(36,215)</u>	<u>(4,164)</u>	<u>(40,379)</u>
Contributions from the employer	-	(29,986)	(29,986)
Benefits paid	<u>(24,829)</u>	<u>24,829</u>	<u>-</u>
Balance at December 31, 2023	<u>501,311</u>	<u>(484,348)</u>	<u>16,963</u>
Service cost			
Current service cost	2,491	-	2,491
Loss on settlements	1,441	-	1,441
Net interest expense (income)	<u>5,802</u>	<u>(5,780)</u>	<u>22</u>
Recognized in profit or loss	<u>9,734</u>	<u>(5,780)</u>	<u>3,954</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(42,678)	(42,678)
Actuarial loss - changes in demographic assumptions	2	-	2
Actuarial gain - changes in financial assumptions	(13,548)	-	(13,548)
Actuarial loss - experience adjustments	<u>15,795</u>	<u>-</u>	<u>15,795</u>
Recognized in other comprehensive income	<u>2,249</u>	<u>(42,678)</u>	<u>(40,429)</u>
Contributions from the employer	-	(28,475)	(28,475)
Benefits paid	(46,171)	46,171	-
Settlements	<u>(4,602)</u>	<u>4,602</u>	<u>-</u>
Balance at December 31, 2024	<u>\$ 462,521</u>	<u>\$ (510,508)</u>	<u>\$ (47,987)</u>

Through the defined benefit plans under the Labor Standards Act, the Company is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in both government and corporate bond interest rates will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations are as follows:

	December 31	
	2024	2023
Discount rates	1.60%	1.20%
Expected rates of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2024	2023
Discount rates		
0.25% increase	<u>\$ (8,100)</u>	<u>\$ (9,321)</u>
0.25% decrease	<u>\$ 8,341</u>	<u>\$ 9,612</u>
Expected rates of salary increase		
0.25% increase	<u>\$ 8,287</u>	<u>\$ 9,511</u>
0.25% decrease	<u>\$ (8,088)</u>	<u>\$ (9,271)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2024	2023
Expected contributions to the plans for the next year	<u>\$ 26,806</u>	<u>\$ 30,258</u>
Average duration of the defined benefit obligation	7 years	7 years

16. EQUITY

a. Ordinary shares

	December 31	
	2024	2023
Shares authorized (in thousands of shares)	<u>1,100,000</u>	<u>1,100,000</u>
Shares authorized, par value \$10 (in thousands of dollars)	<u>\$ 11,000,000</u>	<u>\$ 11,000,000</u>
Shares issued and fully paid (in thousands of shares)	<u>954,890</u>	<u>954,890</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 9,548,900</u>	<u>\$ 9,548,900</u>

The change in the Company's share capital is mainly resulted from the process of converting its retained earnings into share capital via issuing new shares.

b. Retained earnings and dividends policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, then setting aside or reversing a special reserve according to the laws or regulations. The Company takes into consideration the Company's operating environment, growth stage, future capital needs, long-term financial plans, and the shareholders' demand for cash inflows before resolving the amount of dividends. The Company's board of directors could propose dividends between 10% and 80% of distributable earnings which comprise of the current remaining earning and undistributed earnings from previous year. When distributing dividends via issuing shares, the motion should be submitted to shareholders' meeting for approval. The shareholders may adjust the ratio of share dividends to reflect the profit and the adequacy of capital of the year. The cash dividends shall not be less than 10% of the total dividend declared. The board of directors is authorized to adopt a resolution to distribute dividends, bonuses, legal reserve and all or a portion of the capital surplus in cash and a report of such distribution should be submitted to the shareholders' meeting. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 18(e).

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from a prior period, the special reserve is only appropriated from the prior unappropriated earnings. The sum of the net profit for the current period and items other than net profit that are included directly in the unappropriated earnings for the current period is used if the prior unappropriated earnings are not sufficient.

The appropriations of earnings for 2023 and 2022 were as follows:

	Appropriations of Earnings		Dividends Per Share (NT\$)	
	2023	2022	2023	2022
Legal reserve	\$ 90,782	\$ 41,452		
Provision for (reversal of) special reserve	262,078	(1,139,505)		
Cash dividends	954,890	457,705	\$ 1.0	\$ 0.5
Share dividends	-	454,800	-	0.500104

The above cash dividends have been approved through resolution of the board of directors. The rest of the distribution items were also resolved by shareholders in their meeting to be held on May 31, 2024 and May 31, 2023, respectively.

The appropriation of earnings for 2024 proposed by the Company's board of directors on March 11, 2025 is as follows:

	For the Year Ended December 31, 2024	Dividends Per Share (NT\$)
Legal reserve	\$ 127,764	
Reversal of special reserve	(398,982)	
Cash dividends	1,050,379	\$ 1.1

The above appropriation for cash dividends has been resolved by the Company's board of directors; the other proposed earning appropriations will be resolved by shareholders in their meeting to be held on May 29, 2025.

17. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31 2024	2023
Revenue from contracts with customers		
Revenue from the sale of goods	\$ 4,271,349	\$ 3,905,052
Revenue from the rendering of services	<u>516,199</u>	<u>525,558</u>
	<u>\$ 4,787,548</u>	<u>\$ 4,430,610</u>

Refer to Statement 6 for information on the disaggregation of revenue.

b. Contract balances

	December 31	
	2024	2023
Contract liabilities - current	<u>\$ 21,964</u>	<u>\$ 18,650</u>
Refund liabilities - current (Note)	<u>\$ 2,578</u>	<u>\$ 1,401</u>

Note: The Company sells tires and other rubber products predominantly via dealers. It is stipulated in the contracts that volume discount is offered if a specific threshold of purchase is achieved. The Company provides agreed-upon percentages of refund or discount to dealers in accordance with the contracts. Based on historical experience, the Company estimates a reasonable amount of refund and recognizes it as refund liability (presented in other current liabilities).

18. NET PROFIT

a. Other income

	For the Year Ended December 31	
	2024	2023
Dividends	\$ 30,338	\$ 46,832
Rental income	9,651	9,333
Others	<u>54,478</u>	<u>43,314</u>
	<u>\$ 94,467</u>	<u>\$ 99,479</u>

b. Other gains and losses

	For the Year Ended December 31	
	2024	2023
Net gain (loss) on financial assets classified as at FVTPL	\$ 466	\$ (5)
Net gain on disposal of property, plant and equipment (Note 23)	1,231	2,488
Net foreign exchange gains	167,972	34,265
Others	<u>(53)</u>	<u>(3,668)</u>
	<u>\$ 169,616</u>	<u>\$ 33,080</u>

c. Financial costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	\$ 237,084	\$ 224,495
Interest on lease liabilities	33	73
Less: Amounts included in the cost of qualifying assets	<u>(672)</u>	<u>(672)</u>
	<u>\$ 236,445</u>	<u>\$ 223,896</u>

d. Employee benefits, depreciation and amortization expenses

	Operating Costs	Operating Expenses	Total
<u>For the year ended December 31, 2024</u>			
Short-term benefits			
Salary expense	\$ 655,348	\$ 602,817	\$ 1,258,165
Labor/health insurance expense	57,782	55,948	113,730
Post-employment benefits			
Defined contribution plans	24,729	27,346	52,075
Defined benefit plans	2,090	1,864	3,954
Remuneration of directors	2,195	16,926	19,121
Other employee benefit	13,297	11,749	25,046
Depreciation expense	187,220	60,811	248,031
Amortization expense	2,902	11,430	14,332

	Operating Costs	Operating Expenses	Total
<u>For the year ended December 31, 2023</u>			
Short-term benefits			
Salary expense	\$ 625,465	\$ 576,084	\$ 1,201,549
Labor/health insurance expense	67,475	53,817	121,292
Post-employment benefits			
Defined contribution plans	28,600	21,719	50,319
Defined benefit plans	1,169	3,509	4,678
Remuneration of directors	1,834	11,280	13,114
Other employee benefit	10,999	10,710	21,709
Depreciation expense	216,317	60,253	276,570
Amortization expense	2,863	9,229	12,092

- 1) For the years ended December 31, 2024 and 2023, the Company employed 1,779 and 1,810 employees on average, respectively, which both included 7 non-employee directors.
 - 2) The employment benefit expenses, on average, were \$820 thousand and \$776 thousand for the years ended December 31, 2024 and 2023, respectively. The average salary expense were \$710 thousand and \$666 thousand for the years ended December 31, 2024 and 2023, respectively. The average salary expense changed by 6.6%.
 - 3) The Company established an audit committee; therefore it does not have supervisors.
 - 4) In addition to the pursuit of operating results, the Company values employee salary and benefits, embraces sustainability, promotes a win-win situation between capital and labor, implements corporate governance, maximizes social responsibility, and contributes to economic prosperity. Compensation packages for directors and managers are periodically assessed and evaluated by remuneration committee. Compensation policies for employees are re-evaluated annually with consideration of industry standards to offer competitive employee salary and benefits.
- e. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrues compensation of employees and remuneration of directors and supervisors at rates of no less than 0.5% and no higher than 3%, respectively, of net profit before income tax. The compensation of employees and the remuneration of directors for the years ended December 31, 2024 and 2023, which were approved by the Company's board of directors on March 11, 2025 and March 11, 2024, respectively, are as follows:

	For the Year Ended December 31			
	2024		2023	
	Amount	Accrual Rate	Amount	Accrual Rate
Compensation of employees	<u>\$ 11,128</u>	0.85%	<u>\$ 9,262</u>	0.98%
Remuneration of directors	<u>\$ 16,703</u>	1.27%	<u>\$ 10,895</u>	1.15%

If there is a change in the amounts after the annual financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the financial statements for the years ended December 31, 2023 and 2022.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

19. INCOME TAXES

a. Major components of income tax recognized in profit or loss

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	\$ 65,342	\$ 33,142
Income tax on unappropriated earnings	-	30,153
Adjustments for prior year	<u>2,983</u>	<u>(5,718)</u>
	68,325	57,577
Deferred tax		
In respect of the current year	<u>(23,457)</u>	<u>(12,957)</u>
Income tax expense recognized in profit or loss	<u>\$ 44,868</u>	<u>\$ 44,620</u>

A reconciliation of accounting profit and income tax expense is as follows:

	For the Year Ended December 31	
	2024	2023
Profit before tax from continuing operations	<u>\$1,285,821</u>	<u>\$ 925,602</u>
Income tax expense calculated at the statutory rate	\$ 257,164	\$ 185,120
Nondeductible expenses in determining taxable income	(204,562)	(188,710)
Tax-exempt income	(6,068)	(9,366)
Income tax on unappropriated earnings	-	30,153
Investment tax credits	(5,687)	(9,046)
Adjustments for prior years' tax	2,983	(5,718)
Non-deductible withholding tax on overseas income	1,818	43,581
Other	<u>(780)</u>	<u>(1,394)</u>
Income tax expense recognized in profit or loss	<u>\$ 44,868</u>	<u>\$ 44,620</u>

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
<u>Deferred tax</u>		
In respect of the current year		
Translation of the financial statements of foreign operations	\$ 307,319	\$ (39,368)
Remeasurement of defined benefit plans	<u>8,086</u>	<u>8,076</u>
Total income tax recognized in other comprehensive income	<u>\$ 315,405</u>	<u>\$ (31,292)</u>

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities are as follows:

For the year ended December 31, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss carryforwards	\$ 13,017	\$ 534	\$ -	\$ 13,551
Unrealized loss on inventory	5,585	2,472	-	8,057
Unrealized gains on intercompany sales	19,301	(2,626)	-	16,675
Defined benefit obligations	5,943	-	(5,943)	-
Exchange differences on translation of the financial statements of foreign operations	161,290	-	(161,290)	-
Others	<u>16,536</u>	<u>(9,697)</u>	<u>-</u>	<u>6,839</u>
	<u>\$ 221,672</u>	<u>\$ (9,317)</u>	<u>\$ (167,233)</u>	<u>\$ 45,122</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit of subsidiaries	\$ 171,441	\$ (51,959)	\$ -	\$ 119,482
Reserve for land value increment tax	208,226	-	-	208,226
Defined benefit obligations	-	-	2,143	2,143
Exchange differences on translation of the financial statements of foreign operations	-	-	146,029	146,029
Others	<u>28,497</u>	<u>19,185</u>	<u>-</u>	<u>47,682</u>
	<u>\$ 408,164</u>	<u>(\$ 32,774)</u>	<u>\$ 148,172</u>	<u>\$ 523,562</u>

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Loss carryforwards	\$ -	\$ 13,017	\$ -	\$ 13,017
Unrealized loss on inventory	9,177	(3,592)	-	5,585
Unrealized gains on intercompany sales	14,713	4,588	-	19,301
Defined benefit obligations	14,019	-	(8,076)	5,943
Exchange differences on translation of the financial statements of foreign operations	121,922	-	39,368	161,290
Others	<u>14,977</u>	<u>1,559</u>	<u>-</u>	<u>16,536</u>
	<u>\$ 174,808</u>	<u>\$ 15,572</u>	<u>\$ 31,292</u>	<u>\$ 221,672</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Share of profit of subsidiaries	\$ 171,441	\$ -	\$ -	\$ 171,441
Reserve for land value increment tax	208,226	-	-	208,226
Others	<u>25,882</u>	<u>2,615</u>	<u>-</u>	<u>28,497</u>
	<u>\$ 405,549</u>	<u>\$ 2,615</u>	<u>\$ -</u>	<u>\$ 408,164</u>

d. Information on unused loss carryforwards

Loss carryforwards as of December 31, 2024 comprised:

Unused Amount	Expiry Year
<u>\$ 67,756</u>	2033

e. Income tax assessments

The Company's income tax returns through 2022 have been assessed by the tax authorities.

20. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<u>For the Year Ended December 31</u> 2024	<u>2023</u>
Basic and diluted earnings per share	<u>\$ 1.30</u>	<u>\$ 0.92</u>

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings per share are as follows:

Net Profit for the Year

	For the Year Ended December 31	
	2024	2023
Earnings used in the computation of basic and diluted earnings per share	<u>\$1,240,953</u>	<u>\$ 880,982</u>
	Unit: In Thousands of Shares	
	For the Year Ended December 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic earnings per share	954,890	954,890
Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>459</u>	<u>287</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>955,349</u>	<u>955,177</u>

The Company may settle the compensation of employees in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

21. CAPITAL MANAGEMENT

The Company requires to maintain an adequate level of capital to expand and optimize facilities and equipment. The Company's capital management strategy aims to ensure that the necessary financial resources and operating plan are sufficient to meet the next 12 months' requirements for working capital, capital expenditures, research and development expenses, debt repayment and other needs.

22. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

Please refer to the information on the balance sheet. The management of the Company considered the carrying amounts of financial assets and liabilities not measured at fair value on the balance sheet approximate the fair value.

b. Fair value of financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2024

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>280,093</u>	\$ <u>280,093</u>

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Domestic listed shares	\$ <u>1,314</u>	\$ <u> -</u>	\$ <u> -</u>	\$ <u>1,314</u>

Financial assets at FVTOCI

Investments in equity instruments				
Domestic and foreign unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u>354,155</u>	\$ <u>354,155</u>

2) Reconciliation of Level 3 fair value measurements of financial instruments

	<u>For the Year Ended December 31</u>	
	2024	2023
<u>Financial assets at FVTOCI</u>		
Balance at January 1	\$ 354,155	\$ 400,744
Recognized in other comprehensive income (included in unrealized valuation loss on financial assets at FVTOCI)	(74,062)	(46,162)
Disposal of financial assets at FVTOCI	<u> -</u>	<u> (427)</u>
Balance at December 31	<u>\$ 280,093</u>	<u>\$ 354,155</u>

3) Valuation techniques and inputs applied for Level 3 fair value measurement

The fair values of domestic and foreign unlisted equity securities were determined using the market approach and asset-based pricing approach. Market approach derives fair value by reference to identical or comparable publicly traded companies. It takes into consideration observable transaction prices on an active stock market, implied valuation multiples, related transactions and statistics. Asset-based pricing approach separately evaluates a target's assets and liabilities. It utilizes fair market value, replacement cost, liquidation value or related approaches to reflect the value of an enterprise or operating unit as a whole. A decrease in significant unobservable inputs, such as discount for lack of control and marketability, would result in an increase in fair value of the investments.

c. Categories of financial instruments

	<u>December 31</u>	
	<u>2024</u>	<u>2023</u>
<u>Financial assets</u>		
FVTPL		
Listed shares	\$ -	\$ 1,314
Financial assets at amortized cost (1)	4,348,534	3,189,782
Financial assets at FVTOCI		
Equity instruments	280,093	354,155
<u>Financial liabilities</u>		
Amortized cost (2)	15,453,789	13,450,128

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables, other payables and long-term borrowings (including the current portion).

d. Financial risk management objectives and policies

The Company's major financial instruments include equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Company's corporate treasury function provides services to the business, coordinates access to domestic and international financial markets, and monitors and manages the financial risks relating to the operations of the Company through internal risk reports that analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

a) Foreign currency risk

The Company have foreign currency denominated sales and purchases, which expose the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities are set out in Note 25.

Sensitivity analysis

The Company is mainly exposed to USD.

The sensitivity analysis measures the effect of a 1% increase and decrease in the New Taiwan dollar (the functional currency) against the USD. The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the year for a 1% change in foreign currency rates. The pre-tax profit in 2024 and 2023 would have increased/decreased by \$23,905 and \$16,585 thousand had the New Taiwan dollar strengthened/weakened by 1% against USD.

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrows at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings. The Company's interest rate risk is resulted from cash and cash equivalents and borrowings. Specifically, the Company is exposed to cash flow interest rate risk by holding cash and cash equivalents at floating rate. The risk is partially mitigated by borrowings at floating rates. Holding cash and cash equivalents and borrowings at fixed rate exposes the Company to fair value interest risk. The Company considers the overall interest rate trends and adjusts the portfolio of fixed and floating rate instruments accordingly.

The carrying amounts of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2024	2023
Fair value interest rate risk		
Financial assets	\$ 310,233	\$ 734,369
Financial liabilities	3,079,334	2,150,000
Lease liabilities	1,718	6,846
Cash flow interest rate risk		
Financial assets	2,018,252	1,429,379
Financial liabilities	10,449,478	10,705,926

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year.

If interest rates had been 10 basis points higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by \$8,431 thousand and \$9,277 thousand, respectively.

c) Other price risk

The Company was exposed to equity price risk through its investments in equity instrument. Equity investments are held for strategic rather than for trading purposes; the Company does not actively trade these investments. The Company measures the price risk of equity securities via sensitivity analysis.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 5% higher/lower, pre-tax profit for the years ended December 31, 2023 would have increased/decreased by \$66 thousand, as a result of the changes in fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by \$14,005 thousand and \$17,708 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Company. At the end of the year, the Company's maximum exposure to credit risk is mainly resulted from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

To maintain the quality of trade receivable, the Company established operating procedures related to credit risk management to manage credit risks. Risk factors associated with individual customers include a customer's financial condition, internal credit rating, transaction history, current macroeconomic environment and other items that might affect a customer's ability to pay.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews the recoverable amount of each individual trade debt at the end of the balance sheet date to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Company's credit risk was significantly reduced. The Company writes off trade receivable when there is evidence indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivable that have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. The Company had available unutilized short-term bank loan facilities set out in b) below.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Company's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

December 31, 2024

	On Demand or Less than 1 Year	1-5 Years
Non-interest bearing	\$ 1,922,906	\$ -
Lease liabilities	1,720	-
Variable interest rate liabilities	1,704,073	8,745,405
Fixed interest rate liabilities	<u>1,373,778</u>	<u>1,705,556</u>
	<u>\$ 5,002,477</u>	<u>\$ 10,450,961</u>

December 31, 2023

	On Demand or Less than 1 Year	1-5 Years
Non-interest bearing	\$ 588,288	\$ -
Lease liabilities	5,160	1,720
Variable interest rate liabilities	1,841,474	8,864,452
Fixed interest rate liabilities	<u>800,000</u>	<u>1,350,000</u>
	<u>\$ 3,234,922</u>	<u>\$ 10,216,172</u>

b) Financing facilities

	December 31	
	2024	2023
Unsecured bank loan limit		
Amount used	\$ 13,528,811	\$ 12,856,232
Amount unused	<u>11,645,076</u>	<u>8,513,544</u>
	<u>\$ 25,173,887</u>	<u>\$ 21,369,776</u>

23. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Company and other related parties are disclosed as follows.

a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
KIC	Subsidiary
KA	Subsidiary
KV	Subsidiary
KHK	Subsidiary
KE	Subsidiary
KF	Subsidiary
KI	Subsidiary
American Development, Inc. (ADI)	Subsidiary

(Continued)

<u>Related Party Name</u>	<u>Related Party Category</u>
Kenda Rubber (Shenzhen) Ltd. (KS)	Subsidiary
Kenda Rubber (Tianjin) Co., Ltd. (KT)	Subsidiary
Kenda Rubber (China) Ltd. (KC)	Subsidiary
Kenda Global (China) Investment Corporation (KGCI)	Subsidiary
STARCO Europe A/S	Subsidiary
STARCO FRANCE	Subsidiary
STARCO GB Ltd.	Subsidiary
STARCO GmbH	Subsidiary
STARCO Polska Sp.z.o.o.	Subsidiary
STARCO NV	Subsidiary
STARCO SAS	Subsidiary
Kenlight Trading Corp.	Other related party
KenJou Industrial Co., Ltd.	Other related party
TotalEnergies Marketing Taiwan Ltd	Other related party
GronBla Co., Ltd.	Other related party

(Concluded)

Other related parties refer to companies having a chairman that is within second-degree relative, the same as the Company's chairman, or are determined as related parties in substance.

b. Revenue

Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Sales of goods	Subsidiaries		
	KF	\$ 738,442	\$ 694,249
	ADI	640,108	966,930
	KA	622,395	257,495
	Others	257,523	197,553
	Other related parties	2,185	1,479
		<u>\$ 2,260,653</u>	<u>\$ 2,117,706</u>

The credit term for related parties were similar to those for non-related parties. The credit terms is between 60 and 90 days.

Item	Related Party Category/Name	For the Year Ended December 31	
		2024	2023
Rendering of services	Subsidiaries		
	KV	\$ 206,118	\$ 258,777
	KC	147,716	127,393
	KT	71,313	51,249
	KI	52,347	41,447
	KF	29,989	29,819
	KS	8,716	16,873
	<u>\$ 516,199</u>	<u>\$ 525,558</u>	

Revenue from the rendering of services refers to consulting service and trademark licensing revenue.

c. Purchases

Related Party Category	For the Year Ended December 31	
	2024	2023
Subsidiaries	\$ 9,353	\$ 13,683
Other related parties	<u>5,582</u>	<u>8,977</u>
	<u>\$ 14,935</u>	<u>\$ 22,660</u>

The payment terms for related parties were similar to those for non-related parties. The payment terms are between 45 and 90 days.

d. Receivables from related parties

Item	Related Party Category/Name	December 31	
		2024	2023
Trade receivables	Subsidiaries		
	KA	\$ 1,130,385	\$ 63,465
	ADI	296,050	381,174
	KF	69,729	189,396
	Others	92,549	62,458
	Other related parties	<u>82</u>	<u>623</u>
		<u>\$ 1,588,795</u>	<u>\$ 697,116</u>
Other receivables	Subsidiaries		
	KV	\$ 18,513	\$ 24,199
	KC	15,761	12,170
	KT	12,554	8,501
	KI	11,839	13,564
	KA	6,306	8,251
	Others	<u>3,090</u>	<u>3,386</u>
		<u>\$ 68,063</u>	<u>\$ 70,071</u>

The outstanding trade receivable from related parties are unsecured. For the years ended December 31, 2024 and 2023, no impairment losses were recognized for trade receivable from related parties.

e. Payables to related parties

Item	Related Party Category/Name	December 31	
		2024	2023
Trade payables	Subsidiaries		
	KV	\$ 1,279,505	\$ -
	Others	870	1,314
	Other related parties	<u>671</u>	<u>671</u>
		<u>\$ 1,281,046</u>	<u>\$ 1,985</u>

Item	Related Party Category/Name	December 31	
		2024	2023
Other payables	Subsidiaries		
	KA	\$ 18,214	\$ 21,271
	Others	543	451
	Other related parties	<u>-</u>	<u>247</u>
		<u>\$ 18,757</u>	<u>\$ 21,969</u>

The outstanding trade payable to related parties are unsecured.

f. Acquisitions of property, plant and equipment

Related Party Category	Purchase Price	
	For the Year Ended December 31	
	2024	2023
Subsidiaries	<u>\$ 1,606</u>	<u>\$ 553</u>

g. Disposals of property, plant and equipment

Related Party Category/Name	Proceeds		Gain on Disposal	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2024	2023	2024	2023
Subsidiaries				
KV	\$ 7,078	\$ 8,750	\$ 618	\$ 2,398
KC	1,832	2,457	694	1,084
KT	2,100	171	471	90
KI	<u>-</u>	<u>88</u>	<u>-</u>	<u>30</u>
	<u>\$ 11,010</u>	<u>\$ 11,466</u>	<u>\$ 1,783</u>	<u>\$ 3,602</u>

h. Lease arrangements

Line Item	Related Party Category/Name	December 31	
		2024	2023
Lease liabilities	Subsidiary		
	KF	<u>\$ 1,718</u>	<u>\$ 6,846</u>
Related Party Category/Name		For the Year Ended December 31	
		2024	2023
<u>Financial costs</u>			
Subsidiary			
KF		<u>\$ 33</u>	<u>\$ 77</u>

i. Endorsements and guarantees

Endorsements and guarantees provided by the Company

Related Party Category	December 31	
	2024	2023
Subsidiaries	\$ <u>6,696,416</u>	\$ <u>8,929,204</u>

j. Others

Item	Related Party Categories/Name	For the Year Ended December 31	
		2024	2023
Service cost	Subsidiary KE	\$ <u>140,175</u>	\$ <u>118,398</u>
Production overheads	Subsidiaries	\$ <u>57</u>	\$ <u>62</u>
Operating expense	Subsidiaries	\$ <u>33,430</u>	\$ <u>27,047</u>
	Other related parties	<u>1</u>	<u>1,419</u>
		\$ <u>33,431</u>	\$ <u>28,466</u>
Other income	Subsidiaries	\$ <u>14,274</u>	\$ <u>22,067</u>

k. Remuneration of key management personnel

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	\$ <u>36,976</u>	\$ <u>33,899</u>
Post-employment benefits	<u>61</u>	<u>107</u>
	\$ <u>37,037</u>	\$ <u>34,006</u>

The remuneration of directors and key executives, as determined by the remuneration committee, was based on individual performance and market trend.

24. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant contingencies and unrecognized commitments of the Company were as follows:

a. Capital expenditures contracted but yet incurred are as follows:

Item	December 31	
	2024	2023
Machinery and equipment	\$ <u>69,636</u>	\$ <u>80,125</u>

b. As of December 31, 2024 and 2023, the amount of performance guarantee letters issued by banks for the Company's low-carbon upgrade and transformation plan was NT\$24,000 thousand.

c. Contingencies

1) Products liability insurance

The Company has entered into a product liability insurance for the products manufactured by the Company and sold globally. The period of insurance agreement is from August 6, 2024 to August 6, 2025. The coverage of insurance policy is from August 6, 2004 to August 6, 2025. The maximum reparation of one single event is US\$10,000 thousand.

- 2) The Company had entered into an exclusive agency contract with Gabjohn for the product distributed in Nigeria. Due to circumstances related to local sales, the Company switched to other agencies to distribute products in Nigeria. Consequently, Gabjohn filed a lawsuit against the Company for breach of exclusive agency contract and demanded \$90,000 thousand (NGN500,000 thousand) as compensation. The Company signed an attorney agreement with Tommy & Jason International Intellectual Property Rights Co., Ltd. (collectively as Tommy & Jason), which then engaged a lawyer in the local intellectual Property Office, Adeniji Kazeem & Co., to handle the litigation and regularly reported the related proceedings, the lawsuit is currently awaiting in the High Court of Nigeria. Upon the date of issuance of the financial statements for the year ended December 31, 2024, the outcome of the dispute cannot be predicted with sufficient reliability.

25. OTHER ITEMS

On February 15, 2023, the President announced an amendment to the "Climate Change Response Act", which includes provisions for the collection of carbon fees. Subsequently, on August 29, 2024, the Ministry of the Environment announced the "Regulations Governing the Collection of Carbon Fees," the "Regulations Governing Self-determined Reduction Plans," and the "Designated Greenhouse Gas Reduction Goal for Entities Subject to Carbon Fees." On October 21, 2024, the carbon fee collection rates were announced, which will take effect on January 1, 2025. Based on the emissions assessment for the year 2022, the Company will be subject to carbon fee collection. Therefore, it will recognize related liability provisions based on actual emissions in 2025 and will remit the carbon fee in May 2026.

26. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Company and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 118,282	32.78 (USD:NTD)	\$ 3,877,306
RMB	46	4.56 (RMB:NTD)	209
EUR	777	33.95 (EUR:NTD)	<u>26,370</u>
			<u>\$ 3,903,885</u>
			(Concluded)

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ 832,220	32,78 (USD:NTD)	<u>\$ 27,280,162</u>
<u>Financial liabilities</u>			
Monetary items			
USD	45,356	32,78 (USD:NTD)	<u>\$ 1,486,757</u> (Concluded)

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 59,135	30.72 (USD:NTD)	\$ 1,816,333
RMB	922	4.34 (RMB:NTD)	3,999
EUR	808	33.90 (EUR:NTD)	<u>27,395</u>
			<u>\$ 1,847,727</u>
Non-monetary items			
Investments accounted for using the equity method			
USD	\$ 817,247	30.72 (USD:NTD)	<u>\$ 25,101,729</u>
<u>Financial liabilities</u>			
Monetary items			
USD	5,139	30.72 (USD:NTD)	<u>\$ 157,858</u>

For the years ended December 31, 2024 and 2023, net foreign exchange gains were \$167,972 thousand and \$34,265 thousand, respectively. It is impractical to disclose net foreign exchange gains by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the entities in the Company.

27. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 3)

- 4) Marketable securities acquired or disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (None)
 - 10) Information on investees (Table 6)
- b. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 7)
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses.
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year (consolidated financial statements Table 6)
 - b) The amount and percentage of sales and the balance and percentage of the related payables at the end of the year (consolidated financial statements Table 6)
 - c) The amount of property transactions and the amount of the resultant gains or losses (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes (Table 2)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds (Table 1)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services (None)
- c. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 8)

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Financing Company	Counterparty	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company	Financing Company's Total Financing Amount Limits
													Item	Value		
1	KENDA EUROPE A/S	KENDA Manufacturing GB Ltd	Finance receivables	Yes	\$ 35,641	\$ 35,346	\$ 34,938	7.00%	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	80% of the financing company's net worth \$166,323	90% of the financing company's net worth \$187,113
		KENDA Schweiz AG	Finance receivables	Yes	73,656	71,540	71,540	6.00% - 7.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth \$166,323	90% of the financing company's net worth \$187,113
		KENDA Polska Sp. z.o.o.	Finance receivables	Yes	123,462	76,395	76,395	7.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth \$166,323	90% of the financing company's net worth \$187,113
		KENDA Deutschland GmbH	Finance receivables	Yes	94,102	84,273	84,273	7.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth \$166,323	90% of the financing company's net worth \$187,113
2	KENDA Manufacturing HR d.o.o	Jelshoj Imovina	Finance receivables	Yes	7,074	6,757	-	2.68%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth \$281,204	90% of the financing company's net worth \$316,355
3	KENDA GB Rugeley Ltd	KENDA Manufacturing GB Ltd	Finance receivables	Yes	46,547	45,124	45,124	7.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth \$225,591	90% of the financing company's net worth \$253,790
4	KENDA Deutschland GmbH	KENDA Schweiz AG	Finance receivables	Yes	3,555	3,395	3,395	7.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth \$108,796	90% of the financing company's net worth \$122,396
		KENDA Polska Sp. z.o.o.	Finance receivables	Yes	95,267	91,675	91,675	7.00%	The need for short-term financing	-	Operating capital	-	-	-	80% of the financing company's net worth \$108,796	90% of the financing company's net worth \$122,396
5	KC	KT	Finance receivables	Yes	930,265	930,265	930,265	2.9565% - 3.3065%	The need for short-term financing	-	Operating capital	-	-	-	40% of the financing company's net worth \$2,952,165	60% of the financing company's net worth \$4,428,248

Note 1: All intra-group transactions are eliminated upon consolidation.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsements/ Guarantees Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/Gua ranteed During the Year	Outstanding Endorsements/ Guarantees at the End of the Year (Note 5)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsements/ Guarantees to Net Equity in Latest Financial Statements (%)	Aggregate Endorsements/ Guarantee Limit (Note 3)	Endorsements/ Guarantees Given by Parent on Behalf of Subsidiaries	Endorsements/ Guarantees Given by Subsidiaries/ Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship (Note 1)											
0	The Company	KENDA Europe A/S	a	\$ 8,433,425	\$ 2,823,314	\$ 2,625,828	\$ 1,447,536	\$ -	12.45	\$ 16,866,850	Yes	No	No	-
		KENDA Deutschland GmbH	a	8,433,425	650,840	196,680	170,128	-	0.93	16,866,850	Yes	No	No	-
		KENDA Manufacturing GB Ltd	a	8,433,425	650,840	-	-	-	-	16,866,850	Yes	No	No	-
		KENDA Polska Sp.z.o.o.	a	8,433,425	650,840	-	-	-	-	16,866,850	Yes	No	No	-
		KENDA France SAS	a	8,433,425	650,840	-	-	-	-	16,866,850	Yes	No	No	-
		KENDA Schweiz AG	a	8,433,425	650,840	-	-	-	-	16,866,850	Yes	No	No	-
		KENDA België NV	a	8,433,425	650,840	-	-	-	-	16,866,850	Yes	No	No	-
		KENDA GB Rugeley Ltd	a	8,433,425	650,840	-	-	-	-	16,866,850	Yes	No	No	-
		KENDA Baltic OÜ	a	8,433,425	650,840	-	-	-	-	16,866,850	Yes	No	No	-
		ADI	a	8,433,425	197,016	196,680	131,120	-	0.93	16,866,850	Yes	No	No	-
		KA	a	8,433,425	492,540	491,700	229,460	-	2.33	16,866,850	Yes	No	No	-
		KV	a	8,433,425	3,262,980	-	-	-	-	16,866,850	Yes	No	No	-
		KI	a	8,433,425	2,655,180	2,655,180	1,216,138	-	12.59	16,866,850	Yes	No	No	-
		KT	a	8,433,425	361,196	361,196	-	-	1.71	16,866,850	Yes	No	Yes	-
		KENDA RUBBER INDUSTRIAL CO. EUROPE GMBH	a	8,433,425	171,681	169,768	-	-	15.43	16,866,850	Yes	No	No	-
1	KHK	KS	a	880,189	920,472	912,025	-	-	82.89	990,213	No	No	Yes	Note 4
2	KGCI	KS	a	4,272,834	1,840,944	1,824,050	-	-	17.08	8,545,669	No	No	Yes	Note 4
3	KENDA Europe A/S	KENDA GB Rugeley Ltd	a	207,903	105,790	102,577	9,974	-	49.34	415,806	No	No	No	-

Note 1: Relationships between the guarantee provider and guaranteed party:
a. The Company holds directly and indirectly over 90% of an equity interest.

Note 2: Limit on endorsements to a single company is 40% of the Company's net worth.
Limit on endorsements to a single company is 40% of KHK's net worth. However, the limit on endorsements to a single company, in which KHK and the Company holds directly and indirectly 100% of an equity interest, is 80% of KHK's net worth.
Limit on endorsements to a single company is 40% of KGCI's net worth.
Limit on endorsements to a single company is 100% of KENDA Europe A/S's (formerly known as STARCO Europe A/S) net worth.

Note 3: Limit on aggregate endorsements is 80% of the Company's net worth.
Limit on aggregate endorsements is 90% of KHK's net worth.
Limit on aggregate endorsements is 80% of KGCI's net worth.
Limit on aggregate endorsements is 200% of KENDA Europe A/S's net worth.

Note 4: KGCI and KHK jointly provided endorsement/guarantee for KS of CNY 400 million, but the limit for KHK is CNY 200 million.

Note 5: Endorsement guarantee balance at the end of the period excludes the guarantee amount that is redundantly listed due to joint guarantees. The endorsement guarantee balance at the end of the period does not exceed the limit prescribed for endorsement guarantee.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2024				Note
				Shares/Units	Carrying Amount	Percentage of Ownership %	Fair Value (Note 1)	
The Company	<u>Shares and equity</u> Kenjou Ind. Co., Ltd.	The chairman of Kenjou Ind. Co., Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	7,382	\$ 252,830	10.86	\$ 252,830	-
	Chang Hwa Golf Co., Ltd.	-	Equity instruments at FVTOCI - non-current	30	416	0.08	416	-
	TotalEnergies Marketing Taiwan Ltd.	The chairman of Total Lubricants Taiwan Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	81	12,161	6.80	12,161	-
	BOMY (BVI) CO., LTD.	-	Equity instruments at FVTOCI - non-current	2,000	14,686	9.73	14,686	-
KGI	<u>Shares and equity</u> Kenjou Investment Co., Ltd.	The chairman of Kenjou Investment Co., Ltd. and the chairman of the Company are second-degree relatives	Equity instruments at FVTOCI - non-current	1,703	95,680	13.00	95,680	-

Note 1: Fair value of domestic listed shares is determined based on its closing price on December 31, 2024.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trade Receivable (Payable)		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Amount	% to Total	
The Company	KA	Subsidiary	Sales	\$ 622,395	14.57	In accordance with mutual agreements	Agreed by both parties	-	\$ 1,130,385	58.84	-
	KF	Subsidiary	Sales	738,442	17.29	In accordance with mutual agreements	Agreed by both parties	-	69,729	3.63	-
	KV	Subsidiary	Sales	120,610	2.82	In accordance with mutual agreements	Agreed by both parties	-	45,869	2.39	-
	ADI	Indirectly owned subsidiary	Sales	640,108	14.99	In accordance with mutual agreements	Agreed by both parties	-	296,050	15.41	-
KC	KA	Subsidiary of ultimate parent company	Sales	281,258	3.75	In accordance with mutual agreements	Agreed by both parties	-	117,234	9.32	-
	ADI	Subsidiary of ultimate parent company	Sales	205,038	2.73	In accordance with mutual agreements	Agreed by both parties	-	76,928	6.11	-
	KENDA België NV	Subsidiary of ultimate parent company	Sales	217,300	2.89	In accordance with mutual agreements	Agreed by both parties	-	45,804	3.64	-
	KENDA Polska Sp. z.o.o.	Subsidiary of ultimate parent company	Sales	121,841	1.62	In accordance with mutual agreements	Agreed by both parties	-	41,430	3.29	-
	KS	Subsidiary of ultimate parent company	Sales	601,506	8.01	In accordance with mutual agreements	Agreed by both parties	-	186,322	14.81	-
KV	KA	Subsidiary of ultimate parent company	Sales	579,916	7.70	In accordance with mutual agreements	Agreed by both parties	-	12,917	0.66	-
	ADI	Subsidiary of ultimate parent company	Sales	982,327	13.04	In accordance with mutual agreements	Agreed by both parties	-	413,953	21.07	-
	The Company	Parent company	Sales	3,104,195	41.19	In accordance with mutual agreements	Agreed by both parties	-	1,279,791	65.13	-
KT	KS	Subsidiary of ultimate parent company	Sales	823,647	21.03	In accordance with mutual agreements	Agreed by both parties	-	183,194	21.58	-
	ADI	Subsidiary of ultimate parent company	Sales	109,366	2.79	In accordance with mutual agreements	Agreed by both parties	-	42,982	5.06	-
	KC	Subsidiary of ultimate parent company	Sales	106,045	2.71	In accordance with mutual agreements	Agreed by both parties	-	65,346	7.70	-
STARCO Beli Manastir d.o.o.	KENDA Manufacturing HR d.o.o.	Subsidiary of ultimate parent company	Sales	126,162	3.68	In accordance with mutual agreements	Agreed by both parties	-	16,933	4.88	-
KENDA Europe A/S	STARCO Huanmei	Associate	Purchases	(261,484)	(10.35)	In accordance with mutual agreements	Agreed by both parties	-	(73,676)	(13.97)	-

Note: All intra-group transactions are eliminated upon consolidation.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amounts Received in Subsequent Period (Note 2)	Allowance for Impairment Loss
					Amount	Actions Taken		
The Company	ADI	Indirectly owned subsidiary	\$ 296,050	1.89	\$ 107,256	-	\$ 2,353	\$ -
	KA	Subsidiary	1,130,385	1.04	266,395	-	16,308	-
KC	KA	Subsidiary of ultimate parent company	117,234	3.16	643	-	80,735	-
	KS	Subsidiary of ultimate parent company	186,322	6.46	-	-	135,753	-
	KT	Subsidiary of ultimate parent company	930,265	Note 2	-	-	-	-
KV	ADI	Subsidiary of ultimate parent company	413,953	2.65	133,664	-	165,056	-
	The Company	Parent company	1,279,791	4.85	189,837	-	469,912	-
KT	KS	Subsidiary of ultimate parent company	183,194	4.48	-	-	115,088	-

Note 1: All intra-group transactions are eliminated upon consolidation.

Note 2: The ending balance primarily consists of other receivables, which is not applicable for the calculation of turnover days.

Note 3: Amounts received as of December 31, 2024.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars; In Thousands of Foreign Currency)

Investor	Investee	Location	Main Business Activities	Original Investment Amount		As of December 31, 2024			Net Income (Losses) of the Investee (Note 1)	Share of Profits (Losses) of Investee (Note 1)	Note
				December 31, 2024 (Note 1)	December 31, 2023 (Note 1)	Shares (In Thousands)	% of Ownership	Carrying Value (Note 1)			
The Company	KA	United States	Trade and investment	US\$ 9,000	US\$ 9,000	-	100.00	NT\$ 3,635,224	NT\$ 635,541	NT\$ 635,541	Note 3
	KHK	Hong Kong	Trade and investment	HK\$ 100	HK\$ 100	-	100.00	NT\$ 1,099,743	NT\$ (141,110)	NT\$ (141,110)	Note 3
	KV	Vietnam	Manufacturing various types of tires	US\$ 30,600	US\$ 30,600	-	100.00	NT\$ 10,348,017	NT\$ 677,267	NT\$ 790,952	Notes 2 and 3
	KIC	Cayman Islands	Investment	US\$ 67,680	US\$ 67,680	-	100.00	NT\$ 11,388,701	NT\$ (131,004)	NT\$ (131,004)	Note 3
	KE	Germany	Marketing planning and R&D	EUR 81,753	EUR 81,753	-	100.00	NT\$ 216,288	NT\$ 722	NT\$ 722	Note 3
	KF	Taiwan	Selling various types of tires	EUR 5,608	EUR 405	-	100.00	NT\$ 286,038	NT\$ 51,513	NT\$ 51,513	Note 3
	KI	Indonesia	Manufacturing various types of tires	NT\$ 199,000	NT\$ 199,000	19,900	100.00	NT\$ 598,538	NT\$ (175,968)	NT\$ (175,964)	Note 3
				US\$ 52,999	US\$ 52,999	-	99.99				
KF	KI	Indonesia	Manufacturing various types of tires	US\$ 1	US\$ 1	-	0.01	NT\$ 9	NT\$ (175,968)	NT\$ (4)	Note 3
KA	ADI	United States	Manufacturing, distribution and selling of wheels and rims	US\$ 20,000	US\$ 20,000	1	100.00	US\$ 78,322	US\$ 6,538	Note 1	Note 3
KIC	KGH	Cayman Islands	Investment	US\$ 112,050	US\$ 112,050	-	100.00	US\$ 338,784	US\$ 1,592	Note 1	Note 3
	KGI	Mauritius	Investment	US\$ 1,703	US\$ 1,703	-	100.00	US\$ 8,263	US\$ (5,684)	Note 1	Note 3
KGI	KENDA Europe A/S	Denmark	Investment	EUR 6,936	EUR 6,936	-	100.00	US\$ 3,241	US\$ (5,900)	Note 1	Note 3
KENDA Europe A/S	KENDA GB Rugeley Ltd	United Kingdom	Distribution and selling of various types of tires and rims	EUR 552	EUR 552	-	100.00	EUR 8,305	EUR 454	Note 1	Note 3
	KENDA Deutschland GmbH	Germany	Distribution and selling of various types of tires and rims	EUR 511	EUR 511	-	100.00	EUR 4,005	EUR 292	Note 1	Note 3
	KENDA Polska Sp.z.o.o.	Poland	Distribution and selling of various types of tires and rims	EUR 30	EUR 30	-	100.00	EUR 3,644	EUR 152	Note 1	Note 3
	KENDA België NV	Belgium	Distribution and selling of various types of tires and rims	EUR 2,810	EUR 2,810	-	100.00	EUR 4,670	EUR 288	Note 1	Note 3
	KENDA Schweiz AG	Switzerland	Distribution and selling of various types of tires and rims	EUR 355	EUR 355	-	100.00	EUR 1,638	EUR (5)	Note 1	Note 3
	KENDA Baltic OÜ	Estonia	Distribution and selling of various types of tires and rims	EUR 3	EUR 3	-	100.00	EUR 1,260	EUR 107	Note 1	Note 3
	KENDA France SAS	France	Distribution and selling of various types of tires and rims	EUR 183	EUR 183	-	100.00	EUR 1,363	EUR 124	Note 1	Note 3
	KENDA Manufacturing HR d.o.o	Croatia	Manufacturing of various types of rims	EUR 9,614	EUR 9,614	-	100.00	EUR 10,353	EUR 165	Note 1	Note 3
	KENDA Manufacturing GB Ltd	United Kingdom	Manufacturing, distribution and selling of wheels and rims	EUR 1,031	EUR 1,031	-	100.00	EUR 794	EUR (30)	Note 1	Note 3
	Jelshøj Imovina	Croatia	Investment	EUR 3	EUR 3	-	100.00	EUR 1,934	EUR 36	Note 1	Note 3

Note 1: The share of profits (losses) of the investee is not disclosed herein as such amount was already included in the share of profits/losses of the investor.

Note 2: The differences between net income and share of profits or losses are profits or losses on transactions with investees.

Note 3: All intra-group transactions are eliminated upon consolidation.

KENDA RUBBER IND. CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2024	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Note 3)	Carrying Amount as of December 31, 2024	Accumulated Repatriation of Investment Income as of December 31, 2024	Note
					Outward	Inward							
KS	Manufacturing and selling of various types of tires	\$ 819,500 (US\$ 25,000)	Note 1	\$ 819,500 (US\$ 25,000)	\$ -	\$ -	\$ 819,500 (US\$ 25,000)	\$ (195,436)	100.0	\$ (195,436)	\$ 1,040,697	\$ 8,807,330	-
KC	Manufacturing and selling of various types of tires	2,294,600 (US\$ 70,000)	Notes 1 and 7	2,294,600 (US\$ 70,000)	-	-	2,294,600 (US\$ 70,000)	262,198	100.0	Note 4	Note 4	Note 4	-
KT	Manufacturing and selling of various types of tires	7,211,600 (US\$ 220,000)	Notes 1, 2 and 7	511,368 (US\$ 15,600)	-	-	511,368 (US\$ 15,600)	(193,832)	100.0	(187,216)	3,249,652	-	Note 10
KGCI	Investment	5,277,580 (US\$ 161,000)	Notes 1 and 2	-	-	-	-	129,240	100.0	129,240	10,682,084	-	-
Shanghai Bomy Foodstuff Co., Ltd.	Manufacturing and selling of various types of foods and drinks	678,675 (US\$ 20,704)	Note 1	65,560 (US\$ 2,000)	-	-	65,560 (US\$ 2,000)	-	9.66	-	14,686	-	-
Ningbo Jingshang Huaxiang Auto Parts Co., Ltd.	Internal and external parts for automobiles	856,640 (US\$ 26,133)	Note 1	55,824 (US\$ 1,703)	-	-	55,824 (US\$ 1,703)	-	2.60	-	95,680	146,986	-
STARCO Huanmei	Manufacturing of rims	169,768 (EUR 5,000)	Note 1	Note 9	-	-	Note 9	10,791	33.0	3,583	153,793	-	Note 9

Accumulated Outward Remittance for Investments in Mainland China as of December 31, 2024	Investment Amount Authorized by the Investment Commission, MOEA	Upper Limit on the Amount of Investments Stipulated by the Investment Commission, MOEA (Note 5)
\$ 3,746,852 (US\$ 114,303) (Note 5)	\$ 10,536,227 (US\$ 319,703) (EUR 1,660) (Note 5)	Note 6

Note 1: Indirect investment in mainland China through a subsidiary in a third place.

Note 2: Differences between the paid-in capital and accumulated outward investment from Taiwan are resulted from dividend reinvestment and cash injection.

Note 3: The share of profits (losses) is recognized based on the financial statements audited by an international accounting firm that collaborated with accounting firms in Taiwan.

Note 4: The share of profits (losses) and the carrying amount of KC were not disclosed herein as such amounts were already included in those of KGCI.

Note 5: The difference of US\$205,400 thousand between the investment amount of US\$319,703 thousand authorized by the Department of Investment Review, MOEA and the accumulated outward remittance of US\$114,303 thousand for investment from Taiwan was due to direct reinvestment of dividends received and the inward remittance of cash capital increase by offshore subsidiaries.

Note 6: Per the certificate of operational headquarters issued by Industrial Development Bureau of MOEA, the Company has no limitation on the accumulated remittance for investments in mainland China.

(Continued)

Note 7: The paid-in capital of KC and part of paid-in capital of KT were included in that of its investors and, therefore, they were not included when calculating the investment authorized and the investment remittance from Taiwan to mainland China.

Note 8: Foreign currencies were translated into NTD using spot rates as of December 31, 2024 or average exchange rates for the year.

Note 9: STARCO Huanmei was indirectly acquired via business combination.

Note 10: The difference between net income (loss) of the investee and investment gain (loss) are unrealized profits or losses on intra-group transactions.

(Concluded)

KENDA RUBBER IND. CO., LTD.**INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2024**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Yang Chi Jen	93,761,725	9.81
Yang Ying Ming	65,033,772	6.81

Note 1: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

Note 2: If a shareholder delivers the shareholdings to the trust, the above information will be disclosed by the individual trustor who opened the trust account. For shareholders who declare insider shareholdings with ownership greater than 10% in accordance with the Security and Exchange Act, the shareholdings include shares held by shareholders and those delivered to the trust over which shareholders have rights to determine the use of trust property. For information relating to insider shareholding declaration, please refer to Market Observation Post System.

KENDA RUBBER IND. CO., LTD.

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

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KENDA RUBBER IND. CO., LTD.**STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars and Foreign Currencies)**

Item	Amount
Cash and cash on hand	\$ <u>370</u>
Cash in banks	
Checking accounts deposits	63
Demand deposits	230,853
Foreign deposits (Note 1)	<u>1,787,399</u>
	<u>2,018,315</u>
Cash equivalents	
Foreign time deposits with original maturities of less than three months (Note 2)	<u>301,833</u>
	<u>\$ 2,320,518</u>

Note 1: Including US\$54,158 thousand (US\$1=NT\$32.78), JPY737 thousand (JPY1=NT\$0.2084), GBP94 thousand (GBP1=NT\$41.03), EUR232 thousand (EUR1=NT\$33.95) and RMB46 thousand (RMB1=NT\$4.49).

Note 2: Including US\$9,208 thousand (US\$1=NT\$32.78).

KENDA RUBBER IND. CO., LTD.**STATEMENT OF INVENTORIES - MANUFACTURING****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Item	Amount	
	Cost	Market Value (Note)
Finished goods	\$ 325,295	\$ 361,147
Raw materials	232,693	236,062
Work in progress	126,131	202,397
Supplies	50,554	50,736
Merchandise	4,480	4,945
Inventory in transit	<u>61,020</u>	<u>61,259</u>
	800,173	<u>\$ 916,546</u>
Less: Allowance for impairment loss	<u>(40,285)</u>	
	<u>\$ 759,888</u>	

Note: Inventories are individually measured at the lower of cost or net realizable value.

KENDA RUBBER IND. CO., LTD.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (In Thousands of New Taiwan Dollars)

Name	Beginning Balance		Increase	Decrease (Note 1)	Share of Profit or Loss	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Others (Note 2)	Ending Balance		Marker Value or Net Assets Value
	%	Amount						%	Amount	
Investee companies										
Investment in subsidiaries										
KIC	100.00	\$ 11,002,323	\$ -	\$ (104,920)	\$ (131,004)	\$ 587,863	\$ 34,439	100.00	\$ 11,388,701	\$ 11,390,617
KV	100.00	8,926,509	-	-	790,952	631,788	(1,232)	100.00	10,348,017	10,492,905
KA	100.00	2,782,723	-	-	635,541	205,482	11,478	100.00	3,635,224	3,697,099
KHK	100.00	1,329,403	-	(157,380)	(141,110)	69,191	(361)	100.00	1,099,743	1,100,237
KI	99.99	725,069	-	-	(175,964)	45,158	4,275	99.99	598,538	599,304
KF	100.00	285,722	-	(52,255)	51,513	1	1,057	100.00	286,038	287,065
KE	100.00	38,858	179,596	-	722	(2,888)	-	100.00	216,288	216,289
		<u>\$ 25,090,607</u>	<u>\$ 179,596</u>	<u>\$ (314,555)</u>	<u>\$ 1,030,650</u>	<u>\$ 1,536,595</u>	<u>\$ 49,656</u>		<u>\$ 27,572,549</u>	<u>\$ 27,783,516</u>

Note 1: Decrease in investments refer to receipt of cash dividends.

Note 2: Others refer to unrealized gains (losses) on investments in equity instruments at FVTOCI, remeasurement of defined benefit plans, adjustments for realized and unrealized gains (losses) on downstream transactions with subsidiaries and associates and change in percentage of ownership interest in subsidiaries.

KENDA RUBBER IND. CO., LTD.**STATEMENT OF SHORT-TERM BANK BORROWINGS****DECEMBER 31, 2024****(In Thousands of New Taiwan Dollars)**

Creditor Type and Bank	Loan Period	Annual Interest Rates (%)	Amount	Collateral or Pledge
Unsecured loans				
Taishin International Bank Co., Ltd.	2025.01.24	1.84	\$ 400,000	None
The Export-Import Bank of the Republic of China	2025.11.04	1.82	200,000	None
UOB limited Co.	2025.01.10	1.83	200,000	None
	2025.01.23	1.83	100,000	None
DBS Bank Limited	2025.01.03	1.87	100,000	None
	2025.01.24	1.87	140,000	None
Bangkok Bank	2025.01.09	1.84	<u>100,000</u>	None
			<u>\$1,240,000</u>	

KENDA RUBBER IND. CO., LTD.

STATEMENT OF LONG-TERM BORROWINGS

DECEMBER 31, 2024

(In Thousands of New Taiwan Dollars)

Creditor Bank	Maturity Date (Note 1)	Amount	Collateral or Pledge
Unsecured loans			
Bank of Taiwan	2027.09.27	\$ 1,800,000	None
MEGA International commercial bank Co., Ltd.	2029.05.17	1,401,000	None
Hua Nan Commercial Bank, Ltd.	2026.09.24	1,330,000	None
Cathay United Bank	2027.09.17	1,000,000	None
First Bank	2026.03.22	1,000,000	None
Taishin International Bank Co., Ltd.	2026.03.31	1,000,000	None
Yuanta Commercial Bank Co., Ltd.	2026.09.24	750,000	None
Mizuho Bank Co., Ltd.	2026.02.09	570,000	None
Taiwan Shin Kong Commercial Bank	2027.02.16	550,000	None
E.SUN Bank	2027.03.26	500,000	None
The Shanghai Commercial & Saving Bank, Ltd.	2027.10.14	500,000	None
Chang Hwa commercial Bank Ltd.	2027.11.26	445,834	None
HSBC Bank Taiwan Limited	2026.01.24	400,000	None
Far Eastern International Bank	2026.07.03	400,000	None
CTBC Bank Co., Ltd.	2027.12.24	289,333	None
O-Bank Co., Ltd.	2026.08.01	218,895	None
The Export-Import Bank of the Republic of China	2026.05.22	90,000	None
Bank Sinopac Company Limited	2025.02.23	43,750	None
		12,288,812	
Less: Current portion of long-term borrowings		(1,837,851)	
		\$ 10,450,961	

Note: The maturity date listed above is the last maturity date of multiple borrowings.

KENDA RUBBER IND. CO., LTD.**STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Quantity (In Thousands of Units)	Amount
Bicycle tires	1,367	\$ 296,558
Motorcycle and bias tires	3,652	2,105,745
Tubes	4,104	238,267
Radial tires	1,090	1,084,830
Others	15,118	<u>552,425</u>
		4,277,825
Less: Sales return		(637)
Sales allowance		<u>(5,839)</u>
Sales revenue		4,271,349
Service revenue		<u>516,199</u>
Operating revenue		<u>\$ 4,787,548</u>

KENDA RUBBER IND. CO., LTD.

**STATEMENT OF OPERATING COSTS
 FOR THE YEAR ENDED DECEMBER 31, 2024
 (In Thousands of New Taiwan Dollars)**

Item	Amount	
Cost of merchandise		
Merchandise at the beginning of the year	\$ 6,852	
Purchase	74,529	
Merchandise at the end of the year	(4,018)	
Inventory scraps	(55)	
Others	<u>(168)</u>	
Total merchandise sold		\$ 77,140
Cost of goods manufactured		
Raw materials at the beginning of the year	204,712	
Material purchased	1,939,741	
Less: Raw material at the end of the year	(232,417)	
Raw material sold	(111,962)	
Inventory scraps	(828)	
Others	<u>(136)</u>	
Raw material consumed		1,799,110
Direct labor		472,331
Manufacturing overhead		<u>730,585</u>
Manufacturing cost		3,002,026
Add: Work in progress at the beginning of the year	106,023	
Inventory overage	2,556	
Less: Work in process at the end of the year	(108,756)	
Inventory shortage	(112)	
Transfer to manufacturing cost	(7,663)	
Transfer to operating expense	(3,323)	
Others	<u>(4,704)</u>	
		<u>(15,979)</u>
Cost of goods manufactured		2,986,047
Add: Finished goods at the beginning of the year	269,266	
Inventory overage	54	
Less: Finished goods at the end of the year	(304,124)	
Inventory scraps	(2,336)	
Inventory shortage	(40)	
Transfer to operating expense	(1,266)	
Others	<u>(2,738)</u>	
		<u>(41,184)</u>
Total cost of revenue		3,022,003
Other cost of revenue		
Cost of raw material sold	111,962	
Cost of supplies sold	6,167	
Unallocated fixed manufacturing overhead	24,903	
Inventory shortage (overage)	743	
Others	<u>1,589</u>	
Total other cost of revenue		145,364
Service cost		<u>337,173</u>
Cost of revenue		<u>\$ 3,504,540</u>

KENDA RUBBER IND. CO., LTD.

**STATEMENT OF MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Amount
Depreciation	\$ 183,943
Utilities	146,013
Indirect labor	119,096
Fuel expense	85,873
Repairs and maintenance	64,538
Others (Note)	<u>156,025</u>
	<u>\$ 755,488</u>

Note: The balance for each items did not exceed 5% of the account balance.

KENDA RUBBER IND. CO., LTD.**STATEMENT OF OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(In Thousands of New Taiwan Dollars)**

Item	Marketing	General and Administrative	Research and Development	Expected Credit Reversed	Total
Salary	\$ 163,108	\$ 216,239	\$ 277,930	\$ -	\$ 657,277
Taxes	109,793	2,313	2,561	-	114,667
Advertisement	94,420	250	32	-	94,702
Insurance	29,602	19,645	25,059	-	74,306
Depreciation	26,322	8,396	29,370	-	64,088
Others (Note)	127,649	71,696	85,245	(546)	284,044
Service costs	<u>(17,845)</u>	<u>(107,890)</u>	<u>(22,062)</u>	<u>-</u>	<u>(147,797)</u>
	<u>\$ 533,049</u>	<u>\$ 210,649</u>	<u>\$ 398,135</u>	<u>\$ (546)</u>	<u>\$ 1,141,287</u>

Note: The balance for each item did not exceed 5% of the account balance.