Stock Code: 2102

Federal Corporation

Standalone financial reports and auditor’s report

2024 and 2023

Address: 2 F.-1, No. 398, Huanbei Rd., Zhongli Dist., Taoyuan City

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Notice to readers

For the convenience of readers and for information purpose only, the auditors’ report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors’ report and financial statements shall prevail.

Federal Corporation

Table of Contents of Standalone Financial Report

2024 and 2023

Auditor’s Report

NO.23931130A

To Federal Corporation,

Opinion

We have reviewed the accompanying standalone balance sheets of Federal Corporation (the “Company”) for the years ended December 31, 2024 and 2023 and the relevant standalone statements of comprehensive income, changes in equity, and cash flows for the years then ended, and relevant notes, including a summary of significant accounting policies (collectively referred to as the “standalone financial statements”).

In our opinion, the accompanying standalone financial report presents fairly, in all material respects, the standalone financial position of the Company as of December 31, 2024 and 2023 and for the years then ended, and its standalone financial performance and standalone cash flows for the years then ended in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis of the audit opinion

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards. Our responsibility under those standards are further described in the paragraph “Auditor's responsibilities for the audit of the standalone financial 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 are convinced that we have acquired enough and appropriate audit evidence to serve as the basis of audit opinion.

Key audit matters

Key audit matters refer to the most vital matters in our audit of the standalone financial report of the Company for the year ended December 31, 2024, based on our professional judgment. These matters were addressed in our audit of the standalone financial report as a whole, and in forming our audit opinion. We do not express a separate opinion on these matters.

Key audit matters of the standalone financial report of the Company for the year ended December 31, 2024, are stated as follows:

<u>Assessment of impairment of property, plant and equipment</u>

Please refer to Note 4 (10) to the standalone financial report for the accounting policy on impairment of non-financial assets; please refer to Note 5 to the standalone financial report for the uncertainty of accounting estimates and assumptions of impairment of non-financial assets; please refer to Note 6(6) to the standalone financial report for the description of the accounting of property, plant and equipment.

Due to the impact of industry competition, the final determination of anti-dumping duties by the U.S. Department of Commerce (DOC) affecting sales in the U.S. market, and the temporary full suspension of production at the Guanyin Plant in Taoyuan, the Company's operations have been adversely affected. As the assessment of impairment for property, plant, and equipment involves estimating the recoverable amount—which is inherently subject to significant uncertainty—this impairment assessment has been identified as one of the key audit matters.

The audit procedures we mainly conducted:

1. Understood the relevant policies and handling procedures for impairment assessment, and assessed the reasonableness of the management's identification of cash-generating units with potential impairment.
2. Examined the reasonableness of the relevant assumptions regarding the Company's recoverable amounts in an independent appraisal report issued by an external expert and assessed the appraiser's qualifications and independence.

<u>Evaluation of the fair value of investment property under equity method</u>

For the accounting policy of investments under equity method, please refer to note 4(6) to the standalone financial statements. For the accounting policy of investment property, please refer to note 4(8) to the standalone financial statements.

The investment in subsidiaries under the equity method, Taixin Construction Co., Ltd., has its investment property measured at fair value. In order to support the management to make reasonable estimates, the Company uses the appraisal reports from independent appraisal agencies. Since the selection of appraisal methods and parameters involves many significant judgments and estimates, the fair value of investment property is listed as one of the key audit matters.

The audit procedures we mainly conducted:

1. Assess the professional competence, suitability and objectivity of the real estate appraiser engaged by the management to measure fair value.
2. Review the fair value appraisal report to understand whether the appraisal method and assumption comply with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the Real Estate Appraisal Technology Rules, and assess the relevance and reliability of the data sources and key parameters used in the appraisal report and the reasonableness of the appraisal results.

Responsibilities of the management and the governing bodies for the standalone financial report

The responsibilities of the management are to prepare the standalone financial report with fair presentation in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and to maintain necessary internal control associated with the preparation in order to ensure that the financial report is free from material misstatement arising from fraud or error.

In preparing the standalone financial report, the management is responsible for assessing the ability of the Company in continuing as a going concern, disclosing relevant matters, and adopting the going concern basis of accounting unless the management intends to liquidate the Company or cease the operations without other viable alternatives.

The Company’s governing bodies (including the Audit Committee) are responsible for supervising the financial reporting process.

Auditor's responsibilities for the audit of the standalone financial report

Our objectives are to obtain reasonable assurance on whether the standalone financial report as a whole are free from material misstatement arising from fraud or error and to issue an independent auditors' report. Reasonable assurance is a high-level assurance but is not a guarantee that an audit conducted in accordance with the auditing standards will always detect a material misstatement when it exists. Misstatement may arise from frauds or errors. If the amounts of misstatements, either separately or in aggregate, could reasonably be expected to influence the economic decisions of the users of the standalone financial report, they are considered material.

When we audit the financial statements in accordance with the auditing standards, we exercise professional judgment and professional skepticism. We also performed the following tasks:

1. Identified and assessed the risks of material misstatement arising from fraud or error within the standalone financial report; designed and executed countermeasures in response to said risks, and obtained sufficient and appropriate audit evidence to provide a basis for our opinion. Fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Therefore, the risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error.
2. Understood the internal control related to the audit in order to design appropriate audit procedures under the circumstances, while not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluated the appropriateness of accounting policies adopted and the reasonableness of accounting estimates and relevant disclosures made by the management.

4. Concluded on the appropriateness of the management's adoption of the going concern basis of accounting based on the audit evidence obtained and whether a material uncertainty exists for events or conditions that may cast significant doubt over the Company's ability to continue as a going concern. If we are of the opinion that a material uncertainty exists, we shall remind users of the standalone financial report to pay attention to relevant disclosures in said report within our audit report. If such disclosures are inadequate, we need to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluated the overall presentation, structure, and content of the standalone financial report (including relevant notes), and whether the standalone financial report adequately present the relevant transactions and events.
6. Obtained sufficient and appropriate audit evidence concerning the financial information of entities within the Company, to express an opinion on the standalone financial report. We were responsible for guiding, supervising, and performing the audit and forming an audit opinion about the Company.

The matters communicated between us and the governing bodies included the planned scope and times of the audit and material audit findings (including any material defects in internal control identified during the 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 the governing bodies, we determined the key audit matters for the audit of the Company's standalone financial report for the year ended December 31, 2024. We have clearly indicated such matters in the auditors' report. Unless legal regulations prohibit the public disclosure of specific matters, or in extremely rare cases, where we decided not to communicate over specific items in the auditors' report for it could be reasonably anticipated that the negative effects of such disclosure would be greater than the public interest it brings forth.

Baker Tilly Clock & CO

Certified Public Accountant:____________________

Peng, Li-Chen

Certified Public Accountant:____________________

Chou, Yin-Lai

Approval No.: Jin-Guan-Zheng-Shen-Zi No. 1050025873

(80) Tai-Cai-Zheng (6) No. 53585

March 3, 2025

Federal Corporation

Standalone Balance Sheet

December 31, 2024 and 2023

Unit: NTD thousand

Assets		Note	December 31, 2024		December 31, 2023	
Code	Account		Amount	%	Amount	%
	Current assets					
1100	Cash and cash equivalents	4 and 6(1)	$ 371,998	3	$ 316,750	3
1136	Financial assets at amortized cost - current	4, 6 (2), 8	24,016	—	394,491	3
1150	Notes receivable, net	4 and 6(3)	11,279	—	5,351	—
1170	Accounts receivable, net	4 and 6(3)	52,227	—	41,357	—
1200	Other receivables	4 and 7	288,815	3	297,954	2
1220	Current income tax assets	4, 6 (24)	3,463	—	1,343	—
130x	Inventories	4, 6 (4)	31,692	—	71,727	1
1410	Prepayments		36,187	—	25,743	—
11xx	Total current assets		819,677	6	1,154,716	9
	Non-current assets					
1550	Investment under equity method	4 and 6(5)	6,131,280	48	6,075,858	46
1600	Property, plant and equipment	4, 6 (6), 7, 8	3,796,308	30	4,156,711	31
1755	Right-of-use assets	4 and 6(7)	5,247	—	7,709	—
1780	Intangible assets	4 and 6(9)	3,641	—	6,257	—
1840	Deferred tax assets	4, 6 (24)	68,853	—	81,929	1
1920	Guarantee deposits paid	8	34,140	—	35,105	—
1900	Other non-current assets	6(10)	2,006,740	16	1,707,201	13
15xx	Total non-current assets		12,046,209	94	12,070,770	91
1xxx	Total assets		$ 12,865,886	100	$ 13,225,486	100

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Federal Corporation

Standalone Balance Sheet (Continued)

December 31, 2024 and 2023

Unit: NTD thousand

Liabilities and Equity		Note	December 31, 2024		December 31, 2023	
Code	Account		Amount	%	Amount	%
	Current liability					
2100	Short-term borrowings	6(11)	$ 681,000	6	$ 400,000	3
2130	Contract liabilities - current	4 and 6(19)	24,672	—	21,972	—
2170	Accounts payable	6(12), 7	30,781	—	25,816	—
2200	Other payables	6(13), 7	20,339	—	48,253	—
2250	Provision - current	4, 6 (14)	28,848	—	92,048	1
2280	Lease liabilities - current	4 and 6(7)	3,138	—	3,317	—
2322	Long-term borrowings - current portion	6(15)	117,100	1	117,100	1
2300	Other current liabilities	7	5,286	—	4,914	—
21xx	Total current liability		911,164	7	713,420	5
	Non-current liability					
2540	Long-term borrowings	6(15)	3,709,903	29	3,827,003	29
2570	Deferred tax liabilities	4, 6 (24)	436,575	4	428,412	3
2580	Lease liabilities - non-current	4 and 6(7)	2,176	—	4,440	—
2645	Guarantee deposits received		3,158	—	2,489	—
2670	Other non-current liabilities	6(10)	1,060,099	8	1,060,099	8
25xx	Total non-current liability		5,211,911	41	5,322,443	40
2xxx	Total liability		6,123,075	48	6,035,863	45
	Total equity	6(17)				
3110	Ordinary share capital		4,733,292	36	4,733,292	36
3200	Capital reserve		164,214	1	164,221	1
	Retained earnings					
3310	Legal reserve		736,014	6	736,014	6
3320	Special reserve		1,912,816	15	1,912,816	14
3350	deficit to be compensated		(5,373,224)	(42)	(4,908,070)	(37)
3400	Other equity		4,752,734	37	4,734,385	36
3500	Treasury stock		(183,035)	(1)	(183,035)	(1)
3xxx	Total equity		6,742,811	52	7,189,623	55
	Total liabilities and Equity		$ 12,865,886	100	$ 13,225,486	100

(Please refer to the Notes to the Standalone Financial Report)

Chairperson: Kuo, Lin-Yao Manager: Chung, Cheng-Yen Accounting Officer: Li, Hsin-Yu

Federal Corporation
Standalone Statement of Comprehensive Income
For the years ended December 31, 2024 and 2023

Unit: NTD thousand

Code	Item	Note	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating revenue	4, 6(19), 7	$ 253,368	100	$ 464,632	100
5000	Operating cost	6(4, 25), 7	(238,954)	(94)	(761,429)	(164)
5900	Operating gross profit (loss)		14,414	6	(296,797)	(64)
6000	Operating expenses	6(25) and 7				
6100	Marketing expense		(66,955)	(26)	(152,905)	(33)
6200	Management expense		(109,217)	(43)	(403,684)	(87)
6300	R&D expense		(24,123)	(10)	(49,555)	(10)
6450	Expected credit impairment gain (loss)	6(3)	2,275	1	(4,744)	(1)
	Total operating expenses		(198,020)	(78)	(610,888)	(131)
6900	Operating loss		(183,606)	(72)	(907,685)	(195)
7000	Non-operating revenues and expenses					
7100	Interest income	6(20), 7	31,367	12	19,074	4
7010	Other income	6(21), 7	59,070	23	11,285	2
7020	Other gains and losses	6(6, 22, 25), 7	(277,219)	(109)	(599,515)	(129)
7050	Financial costs	6(23), 7	(94,422)	(37)	(99,621)	(21)
7070	Share of profit or loss of subsidiaries recognized using the equity method	4	20,875	8	(149,968)	(32)
	Total non-operating income and expenses		(260,329)	(103)	(818,745)	(176)
7900	Net loss before tax		(443,935)	(175)	(1,726,430)	(371)
7950	Income tax expense	4, 6 (24)	(21,219)	(8)	(2,869)	(1)
8200	Current net loss		(465,154)	(183)	(1,729,299)	(372)
8300	Other comprehensive income					
8310	Items not reclassified to profit or loss:					
8332	The revaluation increment of the property of the subsidiaries accounted for using the equity method	4, 6(17)	—	—	4,923,199	1,059
8360	Items that may subsequently be reclassified to profit or loss					
8361	Exchange differences on translation of the financial statements of foreign operations	4, 6(17)	18,349	7	7,914	2
	Other comprehensive income for the period (post-tax profit or loss)		18,349	7	4,931,113	1,061
8500	Total comprehensive income for the period		$ (446,805)	(176)	$ 3,201,814	689
	Loss per share (NTD)	6(18)				
9750	Basic loss per share		$ (1.01)		$ (3.76)	

(Please refer to the Notes to the Standalone Financial Report)

Chairperson: Kuo, Lin-Yao   Manager: Chung, Cheng-Yen   Accounting Officer: Li, Hsin-Yu

Federal Corporation
Standalone statement of changes in equity
For the years ended December 31, 2024 and 2023

Unit: NTD thousand

Item	Ordinary share capital	Capital reserve	Retained earnings			Other equity items		Treasury stock	Total equity
			Legal reserve	Special reserve	deficit to be compensated	Exchange differences on translation of the financial statements of foreign operations	Property Revaluation Surplus		
Balance on January 1, 2023	$ 4,733,292	$ 156,764	$ 736,014	$ 1,913,109	$ (3,179,064)	$ (196,728)	$ –	$ (183,035)	$ 3,980,352
Earnings appropriation and distribution:									
Reversal of special reserve	–	–	–	(293)	293	–	–	–	–
Current net loss	–	–	–	–	(1,729,299)	–	–	–	(1,729,299)
Other comprehensive income for the period	–	–	–	–	–	7,914	4,923,199	–	4,931,113
Total comprehensive income for the period	–	–	–	–	(1,729,299)	7,914	4,923,199	–	3,201,814
Reorganization	–	7,457	–	–	–	–	–	–	7,457
Balance on December 31, 2023	$ 4,733,292	$ 164,221	$ 736,014	$ 1,912,816	$ (4,908,070)	$ (188,814)	$ 4,923,199	$ (183,035)	$ 7,189,623
Balance on January 1, 2024	$ 4,733,292	$ 164,221	$ 736,014	$ 1,912,816	$ (4,908,070)	$ (188,814)	$ 4,923,199	$ (183,035)	$ 7,189,623
Repayment of shareholders' gifts	–	(7)	–	–	–	–	–	–	(7)
Current net loss	–	–	–	–	(465,154)	–	–	–	(465,154)
Other comprehensive income for the period	–	–	–	–	–	18,349	–	–	18,349
Total comprehensive income for the period	–	–	–	–	(465,154)	18,349	–	–	(446,805)
Balance on December 31, 2024	$ 4,733,292	$ 164,214	$ 736,014	$ 1,912,816	$ (5,373,224)	$ (170,465)	$ 4,923,199	$ (183,035)	$ 6,742,811

(Please refer to the Notes to the Standalone Financial Report)

Chairperson: Kuo, Lin-Yao　　Manager: Chung, Cheng-Yen　　Accounting Officer: Li, Hsin-Yu

Federal Corporation

Standalone Statement of Cash Flows

For the years ended December 31, 2024 and 2023

Unit: NTD thousand

Item	2024	2023
Cash flow from operating activities		
Net loss before tax for the period	$ (443,936)	$ (1,726,430)
Adjustments:		
Income and expenses		
Depreciation expense	182,282	314,866
Amortization expense	2,916	11,048
Expected credit impairment (gain) loss	(2,275)	4,744
Interest expense	94,422	99,621
Interest income	(31,367)	(19,074)
Share of profit or loss of subsidiaries recognized using the equity method	(20,875)	149,968
Loss on disposal of property, plant and equipment	—	9,217
Amount of property, plant and equipment reclassified to expenses	—	563
Impairment losses on non-financial assets	183,262	530,612
Lease modification gain	—	(257)
Changes in operating activities related assets/liabilities		
Notes receivable	(5,928)	34,443
Accounts receivable	(8,595)	126,872
Other receivables	3,352	8,482
Inventories	40,035	347,178
Prepayments	(10,444)	22,229
Other current assets	—	221
Contract liabilities	2,700	(2,407)
Notes payable	—	(360)
Accounts payable	4,965	(43,257)
Other payables	(28,364)	(75,816)
Provision	(63,200)	(1,432)
Other current liabilities	372	(16,826)
Net defined benefit liability	—	(29,349)
Cash outflow from operation	(100,678)	(255,144)
Interest received	31,684	10,955
Interest paid	(93,972)	(99,692)
Income tax paid	(2,099)	(556)
Net cash outflow from operating activities	(165,065)	(344,437)

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<u>Federal Corporation</u>

<u>Standalone Statement of Cash Flows (Continued)</u>

For the years ended December 31, 2024 and 2023

Unit: NTD thousand

Item	2024	2023
Cash flow from investing activities:		
Financial assets at amortized cost acquired	$ (12,016)	$ (388,997)
Financial assets at amortized cost disposed of	382,491	34,506
Acquisition of investments under equity method	(16,198)	—
Refund of capital reduction of invested companies under equity method	—	434,629
Property, plant and equipment acquired	(1,755)	(59,721)
Property, plant and equipment disposed of	—	54,518
Increase in guarantee deposits paid	(24,214)	(1,521)
Decrease in guarantee deposits paid	25,179	4,798
Decrease (increase) of other receivables - related parties	5,470	(159,949)
Increase in other non-current assets	(299,839)	(25,409)
Increase in other non-current liabilities	—	1,060,099
Net cash inflow from investing activities	59,118	952,953
Cash flow from financing activities:		
Increase (decrease) in short-term borrowings	281,000	(774,805)
Long-term borrowings	—	1,100,000
Repayment of long-term borrowings	(117,100)	(965,966)
Increase in guarantee deposits received	669	800
Decrease in guarantee deposits received	—	(18)
Decrease in other payables - related parties	—	(31,738)
Repayment of lease principal	(3,367)	(8,610)
Repayment of shareholders' gifts	(7)	—
Net cash inflow (outflow) from financing activities	161,195	(680,337)
Increase (decrease) in cash and cash equivalents in the current period	55,248	(71,821)
Opening balance of cash and cash equivalents	316,750	388,571
Ending balance of cash and cash equivalents	$ 371,998	$ 316,750

(Please refer to the Notes to the Standalone Financial Report)

Chairperson: Kuo, Lin-Yao Manager: Chung, Cheng-Yen Accounting Officer: Li, Hsin-Yu

Federal Corporation

Notes to Standalone financial statements

2024 and 2023

(Unit: In NTD thousands, unless stated otherwise)

I. Brief account of the Company

Federal Corporation (hereinafter referred to as the "Company") was incorporated in November 1955, formerly known as Federa Rubber Industry Co., Ltd., and was renamed Federal Corporation in October 1969. The Company's stock has been listed on the Taiwan Stock Exchange since July 1979. The Company's main business items are the sales of tires and rubber and real estate leasing. The Company conducted a short-form merger with its subsidiary, Ablek Technology Co., Ltd. on August 31, 2023, and the Company is the surviving company. The Company's registration address is No. 369, Huanxi Road, Guanyin District, Taoyuan City.

The standalone financial report are presented in New Taiwan dollars (NTD), which is the Company's functional currency.

II. The date when the financial reports were authorized for issuance and the process involved in authorizing the financial reports for issuance.

The standalone financial statements were approved by the Board of Directors on March 3, 2025.

III. Application of new and revised IFRSs

(I) Effects of the newly issued or amended IFRS/IASs that have been approved and declared effective by the Financial Supervisory Commission (hereinafter referred to as the "FSC") and adopted by the Company.

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of the International Financial Reporting Standards (IFRS) endorsed and issued into effect by the FSC for application in 2024:

New/Revised/Amended Standards and Interpretations	Effective date announced by IASB
Amendment to IFRS 16 "Lease Liabilities in Sales and Leases"	January 1, 2024
Amendments to IAS 1 (Classification of Liabilities as Current or Non-Current)	January 1, 2024
Amendment to IAS 1 "Contractual Non-current Liabilities"	January 1, 2024
Amendment to IAS 7 and IFRS 7 "Supplier Financing Arrangement"	January 1, 2024

The Company's application of the above-mentioned standards and interpretations has no significant impact on the Company's financial position and financial performance.

(II) The effect of not adopting the new or revised IFRSs/IASs endorsed by the FSC

The following table sets forth the standards and interpretations for the new issues, amendments, and revisions of the IFRSs/IASs endorsed by the FSC for application in 2025:

New/Revised/Amended Standards and Interpretations	Effective date announced by IASB
Amendment to IAS 21 "Lack of exchangeability"	January 1, 2025

The above standards and interpretations have no material impact on the Company’s financial position and financial performance based on its assessment.

(III) The effect of IFRSs/IASs issued by the IASB but not yet endorsed by the FSC

The table lists the newly, revised, and amended standards and interpretations of the IFRSs/IASs issued by the IASB but not yet endorsed by the FSC:

New/Revised/Amended Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 9 and IFRS 7 "Classification and Measurement of Financial Instruments"	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 Purchase 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 Insurance Contracts	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 "IFRS 19 — "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
Annual Improvements to IFRSs/IASs – Volume 11	January 1, 2026

Except as otherwise explained below, the above standards and interpretations have no material impact on the Company's financial position and financial performance based on its assessment.

the IFRS 18 "Expression and Disclosure of Financial Statements" has replaced IAS 1 and updated the structure of the statement of comprehensive income, and added the disclosure of the management performance measurement, and strengthened the summary and division of the information in the main financial statements and notes. The relevant impact will be disclosed when the evaluation is completed.

IV. Summary of significant accounting policies

(I) Statement of compliance

The standalone financial report has been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

(II) Basis of preparation

The standalone financial statements are prepared on the historical cost basis.

The preparation of standalone financial statements in conformity with requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the stand-alone financial report are disclosed in Note 5.

When the Company prepares the standalone financial report, it adopts the equity method for investment in subsidiaries. To ensure that the current year's profit or loss, other comprehensive income, and equity in this standalone financial report are the same as the current year's profit or loss, other comprehensive income, and equity attributable to the owners of the Company in the Company's consolidated financial report, certain differences between the standalone basis and the consolidated basis are adjusted through accounting treatment for "Investment under equity method", "Share of profit or loss of subsidiaries using the equity method", "Share of other comprehensive income of subsidiaries using the equity method", and relevant equity items.

(III) Criteria for classification of current and non-current assets and liabilities

1. Assets that meet one of the following criteria are classified as current assets, otherwise are non-current assets:

   (1) Assets expected to be realized in the ordinary course of business, or intended to be sold or consumed.

   (2) Assets held primarily for the purpose of trading.

   (3) Assets expected to be realized within 12 months after the balance sheet date.

   (4) Cash or cash equivalents (excluding assets restricted from being

exchanged or used to settle a liability for at least 12 months after the balance sheet date).

2. Liabilities that meet one of the following criteria are classified as current liabilities, otherwise are non-current liabilities:

   (1) Liabilities expected to be settled in the ordinary course of business.

   (2) Assets held primarily for the purpose of trading.

   (3) Those expected to be settled within twelve months after the balance sheet date (classified as current liabilities even if long-term refinancing or rescheduling arrangements have been completed after the balance sheet date but before the financial statements are authorized for issue).

   (4) Liabilities for which, at the balance sheet date, the entity does not have a substantive right to defer settlement for at least twelve months after the balance sheet date.

(IV) <u>Foreign currency</u>

In preparing the Company's financial report, transactions in currencies other than the Company's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing on the transaction dates.

On each balance sheet date, monetary items denominated in foreign currencies are translated at the rates prevailing on 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.

Foreign currency non-monetary items measured at fair value are translated at the exchange rate prevailing on the date when the fair value is determined, and the resulting exchange difference is recognized in current profit and loss, except for changes in fair value recognized in other comprehensive income, for which the resulting exchange difference is recognized in other comprehensive income.

Non-monetary items measured at historical cost that are denominated in foreign currencies are translated at the rates of exchange prevailing on the transaction dates and are not retranslated.

When preparing this standalone financial report, the assets and liabilities of the Company and its foreign operations (including subsidiaries that operate in countries or adopt the functional currencies different from the Company) are translated into NTD. Income and expense items are translated at the average exchange rates for the period. The resulting currency exchange differences are recognized in other comprehensive income.

(V) Inventories

Inventory is measured at the lower of cost or net realizable value. The cost of inventories is calculated using the weighted average method. Net realizable value refers to the estimated selling price less the estimated costs to complete the product and the estimated costs to sell, resulting in the remaining balance.

(VI) Investment under equity method

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

Subsidiaries are entities over which the Company has control. Under the equity method, the investment is initially recognized at cost, and the carrying amount after the acquisition increases or decreases with the Company's share of profit or loss and other comprehensive income of subsidiaries and profit margins assigned. In addition, changes in other equity to which the Company is entitled in subsidiaries are recognized in proportion to its shareholding.

When a change in the Company's ownership interest in a subsidiary does not lead to the loss of the Group's control, it is treated as an equity transaction. Any difference between the carrying amount of the investment are adjusted and the fair value of the consideration paid or received is recognized directly in equity.

When the Company's share of losses on a subsidiary exceeds its equity in said subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term equity that, in substance, forms part of the Company's net investment in said subsidiary), the Company continues recognizing its share of further losses.

The amount of the acquisition cost in excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes the business on the acquisition date is classified as goodwill, which is included in the carrying amount of the investment and cannot be amortized. The amount of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes the business on the acquisition date in excess of the amount of the acquisition cost is classified as current income.

When the Company assesses the impairment, it considers the cash-generating unit as a whole in the financial statements and compares its recoverable amount with the carrying amount. If the recoverable amount of an asset increases subsequently, the reversal of the impairment loss shall be recognized in gains, but the carrying amount of the asset after the reversal of the impairment loss shall not exceed the carrying amount of the asset less amortization without impairment loss recognized. The impairment loss attributable to goodwill shall not be reversed in subsequent periods.

When the Company loses control over a subsidiary, it measures its remaining investment in said subsidiary based on the fair value on the day when the control is lost. The fair value of the remaining investment and the difference between any disposal price and the carrying amount of the investment on the day when the control is lost are recognized in current profit or loss. In addition, all amounts recognized in other comprehensive income related to said subsidiary are accounted for on the same basis as the one adopted for the Company's direct disposal of the relevant assets or liabilities.

The unrealized profit or loss on downstream transactions between the Company and its subsidiaries are eliminated in the standalone financial statements. Profit or loss on downstream and lateral transactions between the Company and its subsidiaries is recognized in the standalone financial statements only to the extent that it does not affect the Company's interests in the subsidiaries.

(VII) Property, plant and equipment

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

Property, plant and equipment under construction are recognized at cost less accumulated impairment loss. Costs include professional service fees and borrowing costs eligible for capitalization.

The samples produced during the testing of such assets to assess their ability to function properly before reaching their intended use condition are measured at the lower of cost and net realizable value. The sales proceeds and costs are recognized in profit or loss.

Such assets shall be classified into appropriate property, plant and equipment categories upon completion and reaching the status of intended use, and the depreciation shall begin.

Except for self-owned land, property, plant and equipment are depreciated on a straight-line basis over their useful lives. Each significant part is depreciated separately. The Company shall conduct at least an annual review at the end of each year to assess the estimated useful life, residual value, and depreciation methods, and apply the effects of changes in accounting estimates prospectively.

When derecognizing property, plant and equipment, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(VIII) Investment property

Investment property refers to property held for the purpose of earning rents or capital appreciation or both. Investment property also includes land held for undetermined future use.

Self-owned investment property is initially measured at cost (including transaction cost). Investment property is subsequently measured at fair value, and changes in fair value are recognized in profit or loss in the period in which they occur.

When owner-occupied property classified under property, plant and equipment is transferred to investment property, the difference between the carrying amount and the fair value of the property is recognized in other comprehensive income and accumulated in equity under the revaluation surplus. Upon derecognition of the asset, the related revaluation surplus is transferred directly to retained earnings.

When derecognizing investment property, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(IX) Intangible assets

1. 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. Intangible assets are amortized using straight-line method over the useful lives. The Company conducts at least one annual review at the end of each year to assess the estimated useful life, residual value, and amortization methods, while applying the effects of changes in accounting estimates prospectively.

2. Derecognition

When derecognizing intangible assets, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

(X) Impairment of non-financial assets

The Company assesses if there are any signs of possible impairment of property, plant, and equipment as well as right-of-use, investment property, and intangible assets at each balance sheet date. If there is any sign of impairment, an estimate is made of its recoverable amount. If it is not possible to determine the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the fair value less cost of sales or its value in use, whichever is higher. If the recoverable amount of an individual asset or a cash-generating unit is lower than its carrying amount, the carrying amount is reduced to the recoverable amount, and the impairment loss is recognized in profit or loss.

When the impairment loss is subsequently reversed, the carrying amount of the asset or the cash-generating unit is increased to the revised recoverable amount, provided that the increased carrying amount shall not exceed the carrying amount (less amortization or depreciation) of the asset or the cash-generating unit, which was not recognized in impairment loss in prior years. The reversal of the impairment loss is recognized in profit or loss.

(XI) Financial instruments

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

Financial assets and financial liabilities not at fair value through profit or loss are measured at fair value plus transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities. The transaction costs directly attributable to the acquisition or issuance of financial assets or financial liabilities at fair value through profit or loss is immediately recognized in profit or loss.

1. Financial assets

Regular trading of financial assets shall be recognized and derecognized in accordance with trade date accounting.

(1) Measurement types

The types of financial assets held by the Company are financial assets measured at amortized cost.

If the Company invests in financial assets in alignment with both of the following two criteria, such assets are classified as financial assets measured by amortized cost:

A. Held under a certain business model, of which the objective is to hold financial assets in order to collect contractual cash flows; and

B. The cash flows on the specific date of the contract are solely for the payment of the principal and interest on the outstanding principal amount.

After initial recognition, financial assets measured at amortized cost (including cash and cash equivalents, notes receivable, accounts receivable, and other receivables measured at amortized cost) are measured at the amortized cost of the total carrying amount determined by the effective interest method less any impairment loss. Any foreign currency exchange differences are recognized in profit or loss.

Except for the following two cases, interest income is calculated by multiplying the effective interest rate by the total carrying amount of financial assets:

A. For purchased or originated credit-impaired financial asset, interest revenue is calculated by multiplying the credit-adjusted effective interest rate by the amortized cost of the financial asset.

B. For financial asset that is not purchased or originated credit-impaired but subsequently becomes credit impaired, interest income is calculated by multiplying the effective interest rate from the next reporting period after the credit impairment by the amortized cost of the financial asset.

Cash equivalents include time deposits and notes under repurchase agreement, highly liquid and readily convertible into a fixed amount of cash at any time within 3 months from the date of acquisition while featuring little risk of value changes, which are used to meet short-term cash commitments.

(2) Impairment of financial assets

A. The Company assesses the impairment loss of financial assets measured at amortized cost (including accounts receivable) based on expected credit losses at each balance sheet date.

B. Allowance for loss is recognized for accounts receivable based on the lifetime expected credit loss. Other financial assets are first assessed based on whether the credit risk has increased significantly since the initial recognition. If there is no significant increase in the risk, the impairment is recognized in allowance for losses in an amount equal to 12-month ECLs. If the risks have increased significantly, the impairment is recognized in allowance for losses at an amount equal to lifetime ECLs.

C. The expected credit losses refers to the weighted average credit loss with the risk of default as the weight. The 12-month ECLs represent the ECLs from possible defaults of a financial instrument within 12 months after the reporting date. The lifetime ECLs represent the ECLs from all possible defaults in a financial instrument over the expected life of a financial instrument.

All impairment losses on financial assets are reduced to their carrying amounts through an allowance account for losses.

(3) Derecognition of financial assets

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

Upon derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the consideration received is recognized in profit or loss.

2. Financial liabilities and equity instruments

(1) Classification of liabilities or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or equity as per the substance of the contractual arrangements and the definitions of financial liabilities and equity instruments.

Equity instrument is any contract that recognizes the Company's remaining equity after the assets have been deducted from all of its liabilities. Equity instruments issued by the Company are recognized at the proceeds received, net of the cost of direct issue.

The Company's own equity instruments are recognized and deducted from the equity account. The purchase, sale, issuance or cancellation of the Company's own equity instruments is not recognized in profit or loss.

(2) Financial liabilities

Financial liabilities that are not held for trading and are not designated as measured at FVTPL (including payables) are initially recognized at fair value plus directly attributable transaction costs and subsequently measured at amortized cost in the effective interest rate method.

(3) Derecognition of financial liabilities

When derecognizing a financial liability, the difference between its carrying amount and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(XII) Provision

When the Company has a present obligation (legal or constructive) due to past events, and it is probable that the obligation needs to be settled, and when the amount of the obligation can be estimated reliably, it shall recognize it in provision. The amount recognized in provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date, with the risks and uncertainties of the obligation considered. The provision is measured with the discounted cash flows estimated to settle the obligation.

(XIII) Revenue recognition

1. Sales income from merchandise

Revenue from the sale of goods comes from the manufacturing and sales of tires and relevant products. Revenue from the sale of goods is recognized when the control over goods has been passed to the customer, i.e. when the goods have been delivered to the customer and the Company has no outstanding performance obligations that could affect the customer's acceptance of the goods. When the goods arrive at the place designated by the customer, the customer has the right to set the price and the way the goods are used, while bearing the main responsibility for resale and the risk of obsolescence, upon which the Company recognized such goods in revenue and account receivable. Advance receipts received prior to the delivery of goods are recognized as contract liabilities.

Revenue from the sale of goods is measured at fair value of the consideration received or receivable, less estimated customer returns, discounts, and other similar discounts. The Company, based on historical experience and other known reasons, estimates potential sales returns and discounts and recognizes them in refund liabilities and right to products returned by customers

The Company provides standard warranty for the products it sells and is obliged to refund the defective goods, and recognizes them in provision when the goods are sold.

2. Lease income

Lease payments, after deducting lease incentives, are recognized as revenue on a straight-line basis over the relevant lease term in accordance with the lease agreement period.

(XIV) Lease of the lessee

The Company assesses whether a contract belongs to (or contains) a lease on the date of establishment of the contract.

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

The right-of-use assets are initially measured at cost (including the initially measured amount of the lease liability, the lease payment paid before the lease commencement date less the lease incentives received, the initial direct cost, and the estimated cost of restoring the asset) and subsequently measured at cost less accumulated depreciation and accumulated impairment losses, and the remeasurement of the lease liability is adjusted.

Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated on a straight-line basis from the lease commencement date to the end of the useful life or the end of the lease term, whichever is earlier.

The lease liability is initially measured at the present value of the lease payment. If the interest rate implicit in a lease can be easily determined, the lease payment is discounted at such an interest rate. If the interest rate cannot be easily determined, the lessee's incremental borrowing rate applies.

Subsequently, lease liabilities are measured at the amortized cost using the effective interest rate method, and interest expense is amortized over the lease term. If changes in the lease term or changes in indices or rates used to determine lease payments lead to changes in future lease payments, 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 has been reduced to zero, the remaining remeasurement amount is recognized in profit or loss. For lease modifications that are not treated as a separate lease, the lease liabilities due to the reduced scope of the lease are re-measured and the right-of-use assets are reduced. The profit or loss of the partial or full termination of the lease is recognized; the lease liabilities due to other modifications are re-measured and the right-of-use assets are adjusted. Lease liabilities are presented on a separate line in the consolidated balance sheets.

(XV) Employee benefits

1. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount expected to be paid and are recognized as an expense when the relevant services are rendered.

2. Pension

(1) Defined contribution plans

For defined contribution plans, the contributions are recognized as pension expenses when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(2) Defined benefit plan

The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees in the current or past service period, with the present value of the defined benefit obligation at the balance sheet date less the fair value of the plan assets. The net obligation under the defined benefit plan is calculated annually by actuaries using the projected unit benefit method. The discount rate is the market yield rate of government bonds (at the balance sheet date) with the currency and period consistent with those of the defined benefit plan at the balance sheet date. The remeasurement generated by the defined benefit plan is recognized in other comprehensive income in the current period and presented in retained earnings. The relevant expenses of the service cost in prior periods are recognized in profit and loss immediately.

3. Post-employment benefits

Post-employment benefits are benefits provided when an employee's employment is terminated before the normal retirement date or when the employee decides to accept the benefits offered by the Company in exchange for termination of employment. The Company recognizes expenses when it is no longer able to withdraw the offer of post-employment benefits or when the relevant restructuring costs are recognized, whichever is earlier. Benefits that are not expected to be fully settled 12 months after the balance sheet date shall be discounted.

(XVI) Borrowing costs

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

Investment income earned on the temporary investments using specific borrowings before qualifying capital expenditures occurs is deducted from the qualifying borrowing costs for capitalization.

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

(XXVII) Income tax

The income tax expense represents the sum of the current income tax and deferred tax.

1. Current income tax

The Company determines the current income (loss) in accordance with the Income Tax Act of the Republic of China, and calculates the income tax payable (recoverable) accordingly.

A surtax is imposed on the undistributed earnings pursuant to the Income Tax Act of R.O.C. is recognized via the resolution at the annual shareholders' meeting.

Adjustment to income tax payable from prior years are recognized in the current income tax.

2. Deferred tax

Deferred tax is calculated based on the temporary differences between the carrying amount of assets and liabilities and the corresponding tax bases used in the computation of taxable income. All taxable temporary differences are generally in deferred tax liabilities, and deferred tax assets are accounted for when there are likely to be taxable income to deduct temporary differences or loss carryforwards.

Taxable temporary differences associated with investments in subsidiaries are recognized in deferred liabilities, except where the Company is able to control the reversal of the temporary difference and it is probable that said temporary difference will not be reversed in the foreseeable future. The deductible temporary differences related to said investments are recognized as deferred income tax only if it is probable that there will be sufficient taxable income against which to utilize the benefits of the temporary differences, and they are expected to be reversed in the foreseeable future.

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

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

3. Current and deferred tax

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 recognized in other comprehensive income or directly in equity, respectively.

V. Critical accounting judgments and key source of estimation and uncertainty

In the application of the Company's accounting policies as stated in Note 4, the management is required to make judgments, estimations, and assumptions about the relevant information on the carrying amounts of assets and liabilities that is not readily accessible from other sources based on historical experience and other relevant factors. Estimates and relevant assumptions are based on historical experience and other factors deemed relevant. Actual results may differ from these estimates.

The management will constantly review the estimates and basic assumptions. If a revision of an estimate only affects the current period, it is recognized in the period in which the revision occurs. If a revision of an accounting estimate affects the current period and future periods, it is recognized in the period in which the revision occurs and future periods.

Sources of the Company's critical accounting judgments and key source of estimation and uncertainty are as follows:

(I) Inventory valuation

As inventories are measured at the lower of cost or net realizable value, the Company should exercise judgement and make estimates to determine the net realizable value of inventories at the end of the financial reporting period.

Due to rapid changes in the industry, the Company assesses the amounts of inventories at the end of the financial reporting period for normal wear and tear, obsolescence, or no market value, and writes down the cost of inventories to the net realizable value. This inventory valuation is mainly based on the estimated product needs in a specific period in the future, so there may be significant changes.

(II) Estimated impairment of financial assets

The estimated impairment of accounts receivable is based on the Company's assumptions about default rate and expected loss ratio. The Company considers historical experience, current market conditions, and forward-looking information to develop assumptions and select inputs for impairment assessments. For the important assumptions and inputs used in the calculation, please refer to Note 6(3). If the actual cash flow in the future is less than expected, there may be significant impairment losses.

(III) Assessment of impairment of non-financial assets

In the process of asset impairment assessment, the Company needs to rely on subjective judgment and determine the independent cash flow of a specific asset group, the years of asset useful life, and potential future income and expenses based on asset use patterns and industry characteristics. Any changes in estimates due to changes in financial position or corporate strategies may result in a material impairment or reversal of recognized impairment losses in the future.

VI. Important accounting items and explanation

(I) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Demand deposit and checking deposit	$ 33,394	$ 143,757
Cash equivalents (investment with the original maturity date of less than 3 months)		
Bank time deposit	333,686	136,177
Notes under repurchase agreement	4,918	36,816
Total	$ 371,998	$ 316,750

The financial institutions the Company deals with have high credit ratings. The Company also deals with various financial institutions at the same time to diversify credit risks. Therefore, the expected risk of default is rather low.

(II) Financial assets at amortized cost

	December 31, 2024	December 31, 2023
Current		
Domestic investment		
Time deposit with initial duration of more than 3 months	$ —	$ 382,486
Bank deposits in reimbursement accounts	24,016	12,005
Total	$ 24,016	$ 394,491
Interest rate range	0.705%	0.56%～5.398%

Please refer to Note 8 for information on guarantees provided for financial assets at amortized cost - current.

(III) Net amounts of notes receivable and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable		
From operations	$ 11,279	$ 5,351
Accounts receivable		
At amortized cost		
Total carrying amount	$ 59,174	$ 81,801
Less: Allowance for losses	(6,947)	(40,444)
	$ 52,227	$ 41,357

1. When a contract payment is overdue for more than 30 days according to the agreed payment terms, it is deemed the credit risks of the financial instrument significantly increased since the initial recognition; when a contract payment is overdue for more than 90 days according to the agreed payment terms, it is deemed to have been in default. To mitigate credit risk, the Company's management has assigned a team to be responsible for determining credit lines, approving credit, and monitoring procedures to ensure that appropriate actions are taken for the recovery of overdue accounts receivable. In addition, the Company reviews the recoverable amount of accounts receivable one by one on the balance sheet date to ensure that the impairment losses have been recognized for unrecoverable accounts receivable properly.
2. The Company recognizes the allowance for losses for notes receivable and accounts receivable as per the lifetime ECLs. The lifetime ECLs are

calculated using a provision matrix with reference to clients' past default records, current financial position, economic situation in the industry, as well as the overall economic and industry outlook, and individual clients are grouped based on different risk levels, and allowance for losses is recognized as per each group's ECLs.

3. When there was information indicating that the counterparty was in severe financial difficulty and the Company could not reasonably expect the amount to be recovered, the Company would write off relevant accounts receivable and continued to collect the overdue receivables. The receivable recovered was recognized in profit or loss.

4. The table below shows the Company's allowance for losses on accounts receivable:

	December 31, 2024						
	Not past due	1–30 days	31–90 days	91–180 days	181–365 days	Over 366 days	Total
ECLs	0.36%	3.01%	13.68%～ 23.62%	33.42%～ 46.47%	53.30%～ 75.75%	100%	
Total carrying amount	$ 46,346	$ 171	$ 5,694	$ 1,448	$ －	$ 5,515	$ 59,174
Allowance for losses (lifetime ECLs).	(164)	(5)	(779)	(484)	－	(5,515)	(6,947)
At amortized cost	$ 46,182	$ 166	$ 4,915	$ 964	$ －	$ －	$ 52,227

	December 31, 2023						
	Not past due	1–30 days	31–90 days	91–180 days	181–365 days	Over 366 days	Total
ECLs	0.21％	2.03％	11.50％～ 22.34％	33.30％～ 47.55％	52.65％～ 75.75％	100％	
Total carrying amount	$ 34,039	$ 1,845	$ 7	$ 4,167	$ 6,546	$ 35,197	$ 81,801
Allowance for losses (lifetime ECLs).	(74)	(37)	(1)	(1,688)	(3,447)	(35,197)	(40,444)
At amortized cost	$ 33,965	$ 1,808	$ 6	$ 2,479	$ 3,099	$ －	$ 41,357

5. The information on changes in allowance for losses on notes and accounts receivable is as follows:

	2024	
	Notes receivable	Accounts receivable
Opening balance	$ —	$ 40,443
Reversal of impairment loss for this period	—	(2,275)
Write-off in this period	—	(31,221)
Ending balance	$ —	$ 6,947

	2023	
	Notes receivable	Accounts receivable
Opening balance	$ —	$ 35,700
Provision for impairment loss in this period	—	4,744
Ending balance	$ —	$ 40,444

(IV)Inventories

	December 31, 2024	December 31, 2023
Finished goods	$ —	$ 31,366
Raw materials	—	10,060
Merchandise inventories	31,692	30,301
Total	$ 31,692	$ 71,727

The expenses and losses on inventories recognized in this period are as follows:

	2024	2023
Cost of inventory sold	$ 224,446	$ 442,296
Inventory valuation loss (gain from price recovery)	7,638	(53,415)
Unallocated overhead	—	271,140
Others	6,870	101,408
Total	$ 238,954	$ 761,429

1. The recovery of the net realizable value of the Company's inventory in 2023 was mainly due to the sale of the inventory that had been recognized in inventory valuation loss in previous years.

2. Other inventory-related gains and losses include the sale of raw materials, the sale of scraps, inventory valuation losses, and inventory

scrap.

(V) Investment under equity method

Investment in subsidiaries

	December 31, 2024	December 31, 2023
Non-publicly listed companies		
Taixin Construction Co., Ltd.	$ 5,347,780	$ 5,290,508
Rongcheng Development Co., Ltd.	170,584	170,956
Fu Cheng Development Co., Ltd.	84,391	84,447
Federal International Holding Inc.	528,525	529,947
Total	$ 6,131,280	$ 6,075,858

1. The percentage of the Company's of ownership interest, equity, and voting rights in its subsidiaries on the balance sheet date are as follows:

Subsidiary	Percentage of the Company's of ownership interest	
	December 31, 2024	December 31, 2023
Taixin Construction Co., Ltd.	100%	100%
Rongcheng Development Co., Ltd.	100%	100%
Fu Cheng Development Co., Ltd.	100%	100%
Federal International Holding Inc.	100%	100%

2. Please refer to Table 6 for details of the investment in subsidiaries indirectly held by the Company.

(VI) Property, plant and equipment

	2024				
Item	Opening balance	Addition	Disposal	Reclassification	Ending balance
Cost					
Land	$ 1,410,177	$ —	$ —	$ —	$ 1,410,177
Buildings	1,356,403	—	—	—	1,356,403
Machinery and equipment	4,356,469	—	—	—	4,356,469
Transportation equipment	86,793	—	—	—	86,793
Office equipment	182,378	—	—	—	182,378
Other equipment	869,680	1,755	—	—	871,435
Unfinished construction	110,383	—	—	—	110,383
Subtotal	8,372,283	1,755	—	—	8,374,038
Accumulated depreciation					
Buildings	185,589	30,347	—	—	215,936
Machinery and equipment	1,661,789	113,213	—	—	1,775,002
Transportation equipment	73,601	6,149	—	—	79,750
Office equipment	148,945	6,328	—	—	155,273
Other equipment	785,664	22,859	—	—	808,523
Subtotal	2,855,588	178,896	—	—	3,034,484
Accumulated impairment					
Machinery and equipment	1,288,346	121,505	—	—	1,409,851
Transportation equipment	3,975	(1,008)	—	—	2,967
Office equipment	15,722	1,254	—	—	16,976
Other equipment	51,941	1,591	—	—	53,532
Unfinished construction	—	59,920	—	—	59,920
Subtotal	1,359,984	183,262	—	—	1,543,246
Net amount	$ 4,156,711	$ (360,403)	$ —	$ —	$ 3,796,308

Item	2023				
	Opening balance	Addition	Disposal	Reclassification	Ending balance
Cost					
Land	$ 1,411,879	$ —	$ (1,700)	$ (2)	$ 1,410,177
Buildings	1,357,033	(630)	—	—	1,356,403
Machinery and equipment	5,896,289	32,804	(1,572,624)	—	4,356,469
Transportation equipment	159,009	—	(72,216)	—	86,793
Office equipment	201,152	—	(18,774)	—	182,378
Other equipment	1,041,184	16,965	(188,469)	—	869,680
Unfinished construction	116,806	(2,055)	—	(4,368)	110,383
Subtotal	10,183,352	47,084	(1,853,783)	(4,370)	8,372,283
Accumulated depreciation					
Buildings	155,243	30,346	—	—	185,589
Machinery and equipment	2,951,493	171,093	(1,460,797)	—	1,661,789
Transportation equipment	121,017	15,695	(63,111)	—	73,601
Office equipment	147,228	19,845	(18,128)	—	148,945
Other equipment	911,373	56,913	(182,622)	—	785,664
Subtotal	4,286,354	293,892	(1,724,658)	—	2,855,588
Accumulated impairment					
Machinery and equipment	840,503	506,744	(58,901)	—	1,288,346
Transportation equipment	5,676	3,199	(4,900)	—	3,975
Office equipment	11,147	5,076	(501)	—	15,722
Other equipment	37,489	15,593	(1,141)	—	51,941
Subtotal	894,815	530,612	(65,443)	—	1,359,984
Net amount	$ 5,002,183	$ (777,420)	$ (63,682)	$ (4,370)	$ 4,156,711

1. The Company’s property, plant and equipment are depreciated as per the years of useful lives below:

Buildings	8–50 years
Machinery and equipment	2–25 years
Transportation equipment	3–11 years
Office equipment	2–9 years

Other equipment	2–13 years

2.The Board of Directors' meeting on February 10, 2023 resolved to suspend the production of the Guanyin Plant for the time being. The book value of the plant has been adjusted according to the expected recoverable amount of the appraisal report, and the impairment loss of NTD 123,342 thousand and NTD 530,612 thousand were recognized in 2024 and 2023, respectively. The expected recoverable amount is calculated at fair value less disposal cost, and the fair value is assessed using the cost method, which belongs to Level 3 fair value measurement.

3. The Company signed a machinery and equipment trading contract with Yung Ka Gu Enterprise Co., Ltd. (Yung Ka Gu) on December 26, 2019. The total price was NTD 126,000 thousand (tax included). As of December 31, 2024, NTD 112,350 thousand had been paid. The construction projects as of December 31, 2024 and 2023 were both NTD 107,000 thousand. The Company believes that the equipment has not reached the standard agreed in the trading contract, and on May 26, 2023, a Lawyer's Letter was issued to request Yung Kao to terminate the trading contract. Yung Kao considered the Company's claim to be in violation of the law, and on June 12, 2023, a certificate of deposit was issued to request the Company to pay the tail of NTD 13,650 thousand. As of the date of the parent company only financial statements released in 2024, the Company and Yung Kao are still under negotiation. The Company recognized an impairment loss of NTD 59,920 thousand in 2024.

4. Please refer to Note 8 for information on guarantees for property, plant and equipment.

(VII) Lease agreements - lessee

1. Right-of-use assets

(1) The information on the book value of the right-of-use assets and the recognized depreciation expense is as follows:

	December 31, 2024	December 31, 2023
Carrying amount of the right-of-use assets		
Buildings	$ 2,706	$ 4,467
Transportation equipment	2,541	3,242
Total	$ 5,247	$ 7,709

	2024	2023
Depreciation expense on right-of-use assets		
Buildings	$ 1,761	$ 4,115
Transportation equipment	1,625	4,497
Total	$ 3,386	$ 8,612

(2) The increases in the Company's right-of-use assets in 2024 and 2023 were NT$924 thousand and NT$6,494 thousand, respectively.

(3) Except for the addition of depreciation expenses listed above, the Company's right-of-use assets did not have any significant sublease or impairment in 2024 and 2023.

2. Lease liabilities

	December 31, 2024	December 31, 2023
Carrying amount of lease liability		
Current	$ 3,138	$ 3,317
Non-current	$ 2,176	$ 4,440

The range of discount rates for lease liabilities is as follows:

	December 31, 2024	December 31, 2023
Buildings	2.04%	2.04%
Transportation equipment	1.54%～2.51%	1.54%～2.04%

3. Important leasing activities and terms

The assets leased by the Company include land, property, and company vehicles, and the lease terms usually range from 1 to 5 years. The lease agreements are negotiated individually and contain various terms and conditions, and no other restrictions are imposed except that the assets leased shall not be used as guarantees for loan.

4. Other leasing information

	2024	2023
Short-term lease expenses	$ 559	$ 535
Low-value asset lease expenses	$ —	$ 545
Total cash outflow from leases	$ 4,052	$ 9,974

The Company has elected to apply the recognition exemption for land, buildings, and transportation equipment eligible for short-term leases and office equipment leases eligible for low-value asset leases, and, thus, did not recognize said leases in right-of-use assets and lease liabilities.

(VIII) Lease Agreements – Lessor

1. The assets leased by the Company include land and buildings. The lease agreements have durations ranging from less than one year to one year. These lease agreements are individually negotiated and contain various terms and conditions. To ensure the use of the leased assets, it is usual to request the lessee not to sublease, sublease and pledge all or part of the underlying assets and to restrict and stipulate other matters.

2. The gains recognized by the Company based on the operating lease contract are as follows:

	2024	2023
Rental income	$ 6,634	$ 2,877

3. The maturity analysis of the total amount of lease payments receivable from operating leases is as follows:

	December 31, 2024	December 31, 2023
First year	$ 260	$ 3,460
Second year	–	200
Total	$ 260	$ 3,660

(IX) Intangible assets

	2024				
Item	Opening balance	Addition	Disposal	Reclassification	Ending balance
Cost					
Computer software	$ 117,638	$ –	$ –	$ –	$ 117,638
Accumulated amortization					
Computer software	111,381	2,616	–	–	113,997
Net amount	$ 6,257	$ (2,616)	$ –	$ –	$ 3,641

	2023				
Item	Opening balance	Addition	Disposal	Reclassification	Ending balance
Cost					
Computer software	$ 117,058	$ –	$ –	$ 580	$ 117,638
Accumulated amortization					
Computer software	106,839	4,542	–	–	111,381
Net amount	$ 10,219	$ (4,542)	$ –	$ 580	$ 6,257

1. Amortization expense of intangible assets with finite useful life above is depreciated on a straight-line basis over the estimated useful lives below:

Computer software 2–5 years

2. The details of amortization expenses of intangible assets are as follows:

	2024	2023
Management expense	$ 2,616	$ 4,542

(X) Other non-current assets

	December 31, 2024	December 31, 2023
Unamortized expense	$ —	$ 300
Land held for sale	2,006,740	1,706,901
Total	$ 2,006,740	$ 1,707,201

Other non-current assets held for sale - land held for sale

On February 10, 2023, the Company's Board of Directors resolved to pre-sell certain rezoned land acquired through the land readjustment completed by the Company and its subsidiaries, Rongcheng and Fu Cheng, and authorized the chairmen of the Company and the respective subsidiaries engaging the land to handle matters related to the pre-sale and tender planning. On March 14, 2023, the Board of Directors of the Company resolved to entrust the Hong Kong business, Cushman & Wakefield Limited, Taiwan Branch, to handle the public bidding procedure and related matters. The public bidding for the sale was held on April 24, 2023, and the winning bidder was Bai Feng Construction Co., Ltd. with a bid amount of NT$2,140,080 thousand. The transfer and conveyance will take place after the completion of the urban land readjustment. The Company signed the real estate sales contract on May 12, 2023, and has agreed to receive payments in installments. As of December 31, 2024, NT$1,070,040 thousand has been collected, which is listed under other non-current liabilities. Pursuant to the aforementioned real estate sales contract, the Company agreed to provide Bai Feng Construction Co., Ltd. with a maximum mortgage on the Zhongli Plant land owned by its subsidiary, Taixin, as security for indemnity claims. The mortgage amount is capped at 1.2 times the total sum of the first to third installment payments under the contract. As the land held by the Company in a self-initiated urban land readjustment zone must be sold only after the completion of the readjustment process—which is expected to take more than two years—the related land and plant held for sale were reclassified as other non-current assets in the first quarter of 2023. Additionally, depreciation expenses in the amount of NT$12,362 thousand were recognized.

(XI) Short-term borrowings

	December 31, 2024	December 31, 2023
Bank unsecured borrowings	$ 282,000	$ 200,000
Bank secured borrowings	399,000	200,000
Total	$ 681,000	$ 400,000
Interest rate range	2.325%～2.530%	2.10%～2.40%

Please refer to Note 8 for the information on the assets pledged as collateral for short-term borrowings.

(XII) Accounts payable

	December 31, 2024	December 31, 2023
Accounts payable	$ 30,781	$ 25,816

Please refer to Note 6(28) for disclosures about the Company's payables and other payables that are exposed to exchange rate and liquidity risks.

(XIII) Other payables

	December 31, 2024	December 31, 2023
Salary and bonus payable	$ 4,719	$ 7,221
Interest payable	3,073	2,623
Taxes payable	5,270	5,414
Insurance premiums Payable	436	766
Claims Recoverable from Reinsurers	—	20,312
Others	6,841	11,917
Total	$ 20,339	$ 48,253

1. An employee of the Company was involved in a work-related accident on June 14, 2022. A labor dispute mediation between the employee and the Company was conducted on May 31, 2023. The employee claimed occupational injury compensation in the amount of NT$20,312 thousand, which the Company accrued and recognized in its 2023 accounts. The two parties reached a mediation agreement on March 13, 2024, and the mediation was established. The Company paid NTD 10,724 thousand of compensation. The date of the establishment of the mediation is the date of termination of the labor contract between the two parties.
2. Other payables are mainly composed of service expenses, utilities, pensions, and transportation allowances.

(XIV) Provision

	2024		
	Warranty liabilities	Liabilities pending for the final decision of the legal proceedings	Total
Current			
Opening balance	$ 29,491	$ 62,557	$ 92,048
Unused amount reversed in this period	—	(52,838)	(52,838)
Drawn in this period	(643)	(9,719)	(10,362)
Ending balance	$ 28,848	$ —	$ 28,848

	2023		
	Warranty liabilities	Liabilities pending for the final decision of the legal proceedings	Total
Current			
Opening balance	$ 30,923	$ 62,557	$ 93,480
Increase in this period	388	—	388
Drawn in this period	(1,820)	—	(1,820)
Ending balance	$ 29,491	$ 62,557	$ 92,048

1. Warranty liabilities

The provision for the Company's warranty liabilities is mainly related to the sales of tire products, and is the present value of the management's best estimate of the future cash outflow from the warranty obligations. Such an estimate is based on historical warranty experience and adjusted as per new raw materials, process changes, or other factors that affect product quality.

2. Liabilities pending conclusion of the legal proceedings

The Company was sued by Jose Eduardo Gonzalez in the U.S. on

January 6, 2015 as Jose Eduardo Gonzalez believed that the rear wheel of the vehicle he was in experienced a sudden failure and caused an accident, so he filed a lawsuit against the Company for compensation.

On July 31, 2014, the Company was sued in the United States by Jeramy Truhlar. The plaintiff and his insurance company claimed that a defect in the tire sold by the Company caused a vehicle accident, and therefore filed a lawsuit seeking compensation from the Company.

The insurance company providing the Company's product liability coverage agreed on December 20, 2022, to a joint settlement proposal submitted by the plaintiffs' attorneys in both cases. The proposed settlement was based on utilizing the remaining coverage limit under the Company's product liability insurance policy as the settlement amount. Jose Eduardo Gonzalez reached a settlement with the Company and withdrew the lawsuit on October 3, 2023. Jeramy Truhlar also reached a settlement and withdrew the lawsuit on December 18, 2023. The scope of the above-mentioned settlements did not include claims from co-defendants in the cases for indemnification against any potential future liabilities or for reimbursement of defense costs already incurred or to be incurred. Additionally, although the lawsuits have been withdrawn, the former co-defendants may still seek reimbursement from the Company for defense costs previously incurred.

The co-defendant in the Jeramy Truhlar case, Tire Club USA, Inc., has reached a settlement with the plaintiff and has filed a lawsuit against the Company, seeking compensation for the settlement amount paid as well as the legal defense costs incurred. The Company has recognized a provision for the estimated potential loss, and as of December 31, 2023, the amount was recorded as a liability provision of NT$62,557 thousand.

A settlement was reached between both parties on June 26, 2024, under which the Company paid NT$9,719 thousand in compensation. The remaining provision of NT$52,838 thousand was reclassified under other income.

(XV) Long-term borrowings

	December 31, 2024	December 31, 2023
Bank secured borrowings	$ 3,827,003	$ 3,944,103
Less: Current portion	(117,100)	(117,100)
Long-term borrowings	$ 3,709,903	$ 3,827,003
Interest rate range	1.925%～2.575%	1.80%～2.45%

1. The Company re-signed a long-term loan agreement with Hua Nan Commercial Bank, Ltd. in January 2018 over a period of 20 years with a total facility of NT$3,250,000 thousand and took out a loan of NT$3,250,000 thousand. As of December 31, 2024 and 2023, the outstanding amount was NT$3,044,816 thousand and NT$3,097,656 thousand; the principal was repaid in installments as agreed.

   The Company signed a long-term incremental borrowing agreement with Hua Nan Commercial Bank, Ltd. in June 2020 over a period of 7–10 years with a total facility of NT$2,541,000 thousand. As of December 31, 2024 and 2023, the outstanding amounts were NT$182,187 thousand and NT$246,447 thousand; the principal was repaid in installments as agreed.

   The Company signed a mid-term loan contract with Hua Nan Commercial Bank, Ltd. in December 2022. The contract period is 5 years, and the total amount is NTD 2,400,000 thousand. The loan is secured by the land of the Zhongli Plant of the subsidiary, Taixin. As of December 31, 2024 and 2023, the outstanding amount was both NTD

600,000 thousand. The principal is paid in installments according to the agreed terms.

2. Please refer to Note 8 for the information on the assets pledged as collateral for long-term borrowings.

(XVI) Pension

1. Defined contribution plans

Since July 1, 2005, the Company has established the defined contribution retirement regulations in accordance with the Labor Pension Act, which are applicable to employees with the ROC nationality. For the pension plan under the Labor Pension Act chosen by the employees, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages. Based on the employee's individual pension accounts and the amount of accumulated income from the annual investment and utilization plan, the payment of employee pension is made on a monthly basis or in a lump sum. The Company recognized pension expenses related to the defined contribution plan in the amounts of NT$2,192 thousand and NT$11,350 thousand for the years ended December 31, 2024 and 2023, respectively.

2. Defined benefit plan

The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all full-time employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company makes a contribution equal to 10% and 4% of the total salaries every month, respectively, as a pension fund and deposit it to the designated account in the name of the Labor Pension Funds Supervisory Committee at the Bank of Taiwan. Also, the Company would assess the balance in the aforementioned account by the end of every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make a contribution to compensate the deficit in a lump sum by next March. The pension account is managed by the Bureau of Labor Funds, Ministry of Labor; the Group has no right to influence its investment management strategy.

Due to the implementation of the final anti-dumping duty rates in the United States, along with the impact of the pandemic, inflation, and the interest rate hikes driven by the U.S. Federal Reserve's tightening monetary policy, the Company’s operations have been adversely affected. In order to adapt to the current situation and ensure the Company’s sustainable operations while considering the best interests of the Company and its shareholders, the Board of Directors resolved on February 10, 2023, to temporarily suspend all production at the Guanyin Plant. Full production stoppage began in early March 2023. In compliance with legal requirements, the Company has reported the large-scale employee layoffs to the competent authority and is handling the related procedures in accordance with labor laws. The Company has settled the pension in accordance with the Labor Standards Act and the employees who have reached the consent to receive the defined benefit plan. As of December 31, 2023, the Company has no employees who are entitled to the defined benefit plan.

Changes in net defined benefit liability are as follows:

	Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance on January 1, 2023	$ (76,631)	$ 47,282	$ (29,349)
Service cost			
Interest income	—	769	769
liquidation gain or loss	18,106	—	18,106
Recognized in profit or loss	18,106	769	18,875
Contributions to pension	—	2,685	2,685
Pension paid	40,842	(33,053)	7,789
Pension fund to be refunded	17,683	(17,683)	—
Balance on December 31, 2023	$ —	$ —	$ —

(XVII) Equity

1. Ordinary share capital

	December 31, 2024	December 31, 2023
Authorized Capital	$ 10,000,000	$ 10,000,000
Outstanding shares	$ 4,733,292	$ 4,733,292

As of December 31, 2024 and 2023, the Company's authorized capital stock was both 1,000,000 thousand shares, with a par value of NTD 10 per share, and the number of issued shares was both 473,329 thousand shares.

2. Capital reserve

	2024			
	Ordinary shares at a premium	Treasury stock transactions	Donated assets received	Total
Balance on January 1, 2024	$ 37,860	$ 115,192	$ 11,169	$ 164,221
Return of donated assets	—	—	(7)	(7)
Balance on December 31, 2024	$ 37,860	$ 115,192	$ 11,162	$ 164,214

	2023			
	Ordinary shares at a premium	Treasury stock transactions	Donated assets received	Total
Balance on January 1, 2023	$ 37,860	$ 107,735	$ 11,169	$ 156,764
reorganization	—	7,457	—	7,457
Balance on December 31, 2023	$ 37,860	$ 115,192	$ 11,169	$ 164,221

(1) Pursuant to the Company Act, capital reserve arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover cumulative deficit or to issue new stocks or cash to shareholders in proportion to their shareholding, provided that the Company has no cumulative deficit. Further, the Securities and Exchange Act requires that the amount of capital reserve to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserve should not be used to cover cumulative deficit unless the legal reserve is insufficient.

(2) Donated assets received are dividends that have not been collected by shareholders, overdue for more than five years

3. Retained earnings and dividend policy

(1) According to the Company's Articles of Incorporation, the Company's earnings distribution or deficit compensation may be

made after the end of each semi-annual fiscal year. If there is any surplus in the semi-annual and annual final accounts, after deducting the taxes and covering the losses of previous years, setting aside 10% of the legal reserve, and setting aside special reserve according to the regulations, if there is still a balance, the dividends distributable to the preferred shares for the year will be distributed first, and then the remaining balance and the undistributed earnings at the beginning of the period (including the adjustment of undistributed earnings) will be distributed by the Board of Directors. If the Company decides to distribute cash dividends, the distribution shall be approved by a majority of the Directors present at a meeting of the Board of Directors attended by two-thirds of the total number of Directors. The results shall be reported to the Shareholders Meeting. If the Company decides to issue new shares, the distribution shall be approved by a majority of the Shareholders present at a meeting of the Board of Directors attended by two-thirds of the total number of Directors.

(2) The Company's industry is currently in a developed stage. Considering future capital needs, a financial plan, and shareholders' interests, the Board of Directors, depending on the business performance, drafts a profit distribution proposal in a percentage from 5% to 100% and submit it to the general shareholders' meeting. The Company shall give priority to cash dividends for earnings distribution and may distribute stock dividends not higher than 80% of the total dividends to be distributed in principle. However, if there

are significant investment plans, future development, and other factors, the earnings may be retained.

(3) The legal reserve shall not be used except for compensation for the Company's losses and issue of new shares or cash in proportion to the shareholders' original shares. However, new shares or cash shall only be paid out to the extent that such reserve exceeds 25% of the paid-in capital.

(4) Special reserve

	2024			
	Unrealized revaluation increment	Exchange differences on translation of the financial statements of foreign operations	Investment property recognized at fair value	Total
The balance on January 1, 2024 and the balance on December 31, 2024	$ 1,545,548	$ 361,927	$ 5,341	$ 1,912,816

	2023			
	Unrealized revaluation increment	Exchange differences on translation of the financial statements of foreign operations	Investment property recognized at fair value	Total
Balance on January 1, 2023	$ 1,545,841	$ 361,927	$ 5,341	$ 1,913,109
Reversal of disposal of property	(293)	—	—	(293)
Balance on December 31, 2023	$ 1,545,548	$ 361,927	$ 5,341	$ 1,912,816

Upon first-time adoption of IFRSs, the special reserve was set aside per Letter Jin-Guan-Zheng-Fa No. 1010012865 dated April 6, 2012. When the Company subsequently uses, disposes of, or reclassifies relevant assets, the original proportion of the special reserve shall be reversed. The portion of the aforementioned assets related to land shall be reversed upon disposal or reclassification, while for property other than the land, it shall be reversed phase by phase during the period of use. When the earnings are distributed, the special reserve shall be provided for the difference between the net deduction of other equity and the special reserve provided for the first adoption of IFRSs on the balance sheet date of the year. When the net deduction of other equity is reversed subsequently, the special reserve shall be reversed for the part reversed for distribution of earnings.

(5) The Company’s Board of Directors passed a resolution on March 3, 2025 on the 2024 deficit proposal. Please visit the MOPS for relevant information.

(6) The Company’s general shareholders’ meeting passed a resolution on March 24, 2024 on the 2023 deficit proposal. Please visit the MOPS for relevant information.

(7) The Company's 2022 loss was approved by the shareholders' meeting on June 13, 2023. For the status of the shareholders' meeting resolution, please visit the MOPS website of the Taiwan Stock Exchange.

4. Other equity items

	Exchange differences on translation of the financial statements of foreign operations	Property Revaluation Surplus	Total
Balance on January 1, 2024	$ (188,814)	$ 4,923,199	$ 4,734,385
Generated in this period			
Exchange differences on translation of the financial statements	18,349	—	18,349
Balance on December 31, 2024	$ (170,465)	$ 4,923,199	$ 4,752,734

	Exchange differences on translation of the financial statements of foreign operations	Property Revaluation Surplus	Total
Balance on January 1, 2023	$ (196,728)	$ —	$ (196,728)
Generated in this period			
Exchange differences on translation of the financial statements	7,914	—	7,914
The revaluation increment of the property of the subsidiaries accounted for using the equity method	—	4,923,199	4,923,199
Balance on December 31, 2023	$ (188,814)	$ 4,923,199	$ 4,734,385

5. Treasury stock

(1) Reasons for the redemption of shares and changes in the number:

(Unit: In thousand shares)

	2024			
Reason for redemption	Number of shares at the beginning of the period	Increase in this period	Decrease in this period	Number of shares at the end of the period
Acquisition through merger	13,755	—	—	13,755

	2023			
Reason for redemption	Number of shares at the beginning of the period	Increase in this period	Decrease in this period	Number of shares at the end of the period
Parent company’s shares held by subsidiaries	7,842	—	(7,842)	—
Acquisition through merger	5,913	7,842	—	13,755
	13,755	7,842	(7,842)	13,755

(2) The Company's Board of Directors approved the short-form merger with the subsidiary, Rixiang Leasing, which held 100% of the Company's shares on June 13, 2023 in accordance with the Company Act and the Business Mergers And Acquisitions Act. The Company is the surviving company and the record date for the merger is August 31, 2023. The dissolution of the Rixiang Leasing was completed on October 3, 2023. The Company received 7,842 thousand shares of the Company on August 31, 2023. The information on treasury stock is stated as following:

	December 31, 2024		
Reason for redemption	No. of Shares (thousand)	Book value of treasury stock	Market price of treasury stock
Acquisition through merger	13,755	$ 183,035	$ 260,669

	December 31, 2023		
Reason for redemption	No. of Shares (thousand)	Book value of treasury stock	Market price of treasury stock
Acquisition through merger	13,755	$ 183,035	$ 270,985

(3) The treasury shares held by the Company shall not be pledged, nor shall they be entitled to rights, such dividends and voting rights, in accordance with the Securities and Exchange Act.

(XVIII) Loss per share

	2024	2023
Basic loss per share (NTD)	$ (1.01)	$ (3.76)

The weighted average number of ordinary shares used to calculate the basic loss per share is as follows:

	2024	2023
Net loss (NTD thousand)	$ (465,154)	$ (1,729,299)
Weighted average number of common shares (in thousands) for the computation of basic loss per share	459,574	459,574
Basic loss per share (NTD)	$ (1.01)	$ (3.76)

(XIX) Operating revenue

	2024	2023
Revenue from customer contracts		
Revenue from sale of goods	$ 246,734	$ 464,632
Lease income	6,634	—
Total	$ 253,368	$ 464,632

1. Please refer to Note 4(13) for the description of the Company's income.

2. Contract balance

	December 31, 2024		December 31, 2023	
Notes and accounts receivable (Note 6(3))	$	63,506	$	46,708
Contract liabilities - current				
Sale of goods	$	24,672	$	21,972

The contract liabilities at the beginning of the period recognized as operating revenue were NTD 1,367 thousand and NTD 1,579 thousand in 2024 and 2023, respectively.

(XX) Interest income

	2024		2023	
Interest on bank deposits	$	23,088	$	11,939
Other interest		8,279		7,135
Total	$	31,367	$	19,074

(XXI) Other income

	2024		2023	
Rental income	$	–	$	2,877
Provisions reclassified to income		52,838		–
Others		6,232		8,408
Total	$	59,070	$	11,285

(XXII) Other gains and losses

	2024	2023
Loss on disposal of property, plant and equipment	$ —	$ (9,217)
Lease modification gain	—	257
Foreign currency exchange gain (loss)	43,446	(20,011)
Impairment loss on property, plant and equipment	(183,262)	(530,612)
Depreciation	(146,201)	—
Others	8,798	(39,932)
Total	$ (277,219)	$ (599,515)

(XXIII) Financial costs

	2024	2023
Interest expense		
Bank borrowings	$ 94,284	$ 98,656
Lease liabilities	126	284
Loans from related party	—	677
Others	12	4
Total	$ 94,422	$ 99,621

(XXIV) Income tax

1. The Company's income tax expenses recognized in profit or loss in 2024 and 2023 are as follows:

	2024	2023
Income tax calculated at statutory tax rate for pre-tax income loss	$ (88,787)	$ (345,286)
Effect of income tax on items excluded as per tax law	(12,421)	118,173
Tax-exempt gain on sales of land	—	(84)
Effect of income tax on loss carryforwards	101,208	227,197
Effect of temporary differences in this period	21,239	2,746
Under(over)-estimated income tax in previous years	(20)	25
Land Value Increment Tax	—	98
Income tax expense	$ 21,219	$ 2,869

The main components of income tax expense recognized in profit or loss are as follows:

	2024	2023
Current income tax		
Generated in this period	$ (20)	$ 123
Deferred tax		
Occurrence and reversal of temporary differences	21,239	2,746
Income tax expense recognized in profit or loss	$ 21,219	$ 2,869

2. Current income tax assets

	December 31, 2024	December 31, 2023
Tax refund receivable	$ 3,463	$ 1,343

3. Deferred tax assets and liabilities

(1) The analysis of deferred tax assets is as follows:

	2024		
	Opening balance	Recognized in profit or loss	Ending balance
Temporary difference			
Unrealized exchange loss	$ 897	$ (897)	$ —
Amount in excess of allowance for bad debts	7,915	(6,666)	1,249
Estimated product warranty expense	5,898	(129)	5,769
Year-end bonus unpaid	309	(204)	105
Unrealized asset impairment	54,399	7,331	61,730
Provision for litigation claims	12,511	(12,511)	—
	$ 81,929	$ (13,076)	$ 68,853

	2023		
	Opening balance	Recognized in profit or loss	Ending balance
Temporary difference			
Unrealized exchange loss	$ —	$ 897	$ 897
Unrealized inventory valuation losses	28,561	(28,561)	—
Pension withdrawal in excess of contribution	16,848	(16,848)	—
Amount in excess of allowance for bad debts	6,641	1,274	7,915
Estimated product warranty expense	6,185	(287)	5,898
Bonus for not on leave	2,289	(2,289)	—
Year-end bonus unpaid	203	106	309
Unrealized asset impairment	17,896	36,503	54,399
Provision for litigation claims	12,511	—	12,511
Others	544	(544)	—
	$ 91,678	$ (9,749)	$ 81,929

(2) The analysis of deferred tax liabilities is as follows:

	2024		
	Opening balance	Recognized in profit or loss	Ending balance
Temporary difference			
Provision for land value increment tax	$ 428,412	$ —	$ 428,412
Unrealized exchange gains	—	8,163	8,163
	$ 428,412	$ 8,163	$ 436,575

	2023		
	Opening balance	Recognized in profit or loss	Ending balance
Temporary difference			
Provision for land value increment tax	$ 428,412	$ —	$ 428,412
Unrealized exchange gains	7,003	(7,003)	—
	$ 435,415	$ (7,003)	$ 428,412

4. Items not recognized as deferred tax assets

	December 31, 2024	December 31, 2023
Loss carryforwards	$ 5,236,998	$ 4,734,201
Temporary difference	$ 2,244,745	$ 2,054,528

The last valid year for the Company's loss carryforwards is 2034.

5. The Company’s profit-seeking enterprise income tax returns up to 2022 have been approved by the tax authority. In accordance with the Income Tax Act, the losses from the previous ten years as approved by the tax authority may be deducted from the current year’s net income, for which an income tax will then be levied. The losses carryforwards have not been used by the Company and the last valid year as of December 31, 2024 are as follows:

Year	Amount filed/approved	Last valid year	Loss carryforwards
2017	Approved amount	2027	$ 144,915
2018	Approved amount	2028	378,220
2019	Approved amount	2029	469,305
2021	Approved amount	2031	1,627,622
2022	Approved amount	2032	978,154
2023	Amount filed	2033	1,132,743
2024	Estimated amount	2034	506,039
			$ 5,236,998

(XXV) Additional information on the nature of expenses

1. Employee benefits and depreciation and amortization expenses incurred in this period are summarized as follows:

By function / By nature	2024			
	Operating costs	Operating expenses	Non-operating expenses	Total
Employee benefits				
Salary and wages	$ —	$ 36,606	$ —	$ 36,606
Post-employment benefits	—	536	—	536
Labor and health insurance	—	4,273	—	4,273
Pension	—	2,192	—	2,192
Remuneration to directors	—	4,220	—	4,220
Other employee benefits	—	2,101	—	2,101
Depreciation expense	—	36,081	146,201	182,282
Amortization expense	—	2,916	—	2,916

By function / By nature	2023		
	Operating costs	Operating expenses	Total
Employee benefits			
Salary and wages	$ 46,723	$ 67,178	$ 113,901
Post-employment benefits	—	266,971	266,971
Labor and health insurance	7,078	8,132	15,210
Pension	462	(7,987)	(7,525)
Remuneration to directors	—	3,645	3,645
Other employee benefits	4,725	4,199	8,924
Depreciation expense	238,128	76,738	314,866
Amortization expense	3,171	7,877	11,048

(1) The average number of the Company's employees in 2024 and 2023 was 56 and 223, respectively, of which the number of directors who were serving as employees concurrently was 8 and7.

(2) The Company's average employee benefit expenses in 2024 and 2023 were NT$952 thousand and NT$1,840 thousand, respectively, and the average employee salary expenses were NT$763 thousand and NT$527 thousand, respectively. The adjustment to and changes in the average employee salary expenses are 44.78%.

(3) In 2024 and 2023, the Company adopted the Audit Committee to replace the supervisors, so there was no supervisors' remuneration.

(4) The Company's salary and remuneration policy is as follows:

A. The overall salary and remuneration of employees is determined based on the consideration for external competitiveness and internal fairness, to effectively attract and retain talents.

B. Employees' salaries and remuneration are connected with the performance management system, to motivate employees and facilitate the Company’s positive development.

C. The Company's long-term and short-term goals are connected with the time contributed by the individuals, the position held, and the overall work performance to motivate employees.

D. A remuneration committee is established to effectively measure directors’ and managers’ remuneration.

2. Employee benefits

(1) As per the Company's Articles of Incorporation, If the Company makes a profit in the year (referring to the income before tax before the remuneration to employees and directors is subtracted), it shall allocate no less than 0.1%–1% of the balance as employee remuneration and no more than 3% as directors’ remuneration. However, profits must first be reserved to offset against the cumulative deficit, if applicable. Employee remuneration can be paid in stock or cash, and the recipients of the payment include employees of subsidiaries who met the criteria set by the Board of Directors. The director's remuneration in the preceding paragraph can only be paid in cash. Employee remuneration and directors’ remuneration shall be decided by the Board of Directors and reported to the shareholders' meeting.

(2) The Company incurred losses for the years ended December 31, 2024 and 2023, and therefore did not recognize provisions for employee remuneration or directors' remuneration.

(3) If there is a change in the amount after the publication date of the

annual financial report, it will be treated as a change in accounting estimates and adjusted and recognized in the following year.

(4) Information on employee remuneration and directors' remuneration approved by the Board of Directors is available on the MOPS.

(XXVI) Information on cash flow

1. Investing activities that affect both cash and non-cash items

Property, plant and equipment

	2024	2023
Increase in this period	$ 1,755	$ 47,084
Add: Business facilities payable at the beginning of the period	—	19,308
Less: Prepayments for business facilities reclassified	—	(6,671)
Cash paid in this period	$ 1,755	$ 59,721

	2024	2023
Current period disposal	$ —	$ 54,465
Add: Business facilities receivable at the beginning of the period	—	53
Cash received in the period	$ —	$ 54,518

2. Changes in liabilities from financing activities

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Lease liabilities	Total liabilities from financing activities
January 1, 2024	$ 400,000	$ 3,944,103	$ 2,489	$ 7,757	$ 4,354,349
Changes in financing cash flow	281,000	(117,100)	669	(3,367)	161,202
Changes in lease liabilities	—	—	—	924	924
December 31, 2024	$ 681,000	$ 3,827,003	$ 3,158	$ 5,314	$ 4,516,475

	Short-term borrowings	Long-term borrowings	Guarantee deposits received	Other payables - related parties	Lease liabilities	Total liabilities from financing activities
January 1, 2023	$ 1,174,805	$ 3,810,069	$ 1,707	$ 31,061	$ 23,369	$ 5,041,011
Changes in financing cash flow	(774,805)	134,034	782	(31,738)	(8,610)	(680,337)
Changes in lease liabilities	—	—	—	—	(7,002)	(7,002)
Interest expense	—	—	—	677	—	677
December 31, 2023	$ 400,000	$ 3,944,103	$ 2,489	$ —	$ 7,757	$ 4,354,349

(XXVII) Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concerns and maintain an optimal capital structure to reduce cost of capital, while providing return to stakeholders. In order to maintain or adjust capital structure, the Company may adjust dividend distribution, return capital to shareholders, issue new shares, or dispose of assets to reduce debts. The Company manages its capital through the debt-to-equity ratio that is the ratio of net debts to total capital. The net debt is equal to total borrowings (including "current and non-current borrowings" on the standalone balance sheet), less cash and cash equivalents. Total capital is the "equity" stated on the standalone balance sheet plus net debt. The Company's debt-to-equity ratios as of December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Total borrowings	$ 4,508,003	$ 4,344,103
Less: Cash and cash equivalents	(371,998)	(316,750)
Net debt	4,136,005	4,027,353
Total equity	6,742,811	7,189,623
Total capital	$ 10,878,816	$ 11,216,976
Debt-to-equity	38%	36%

(XXVIII) Financial instruments

1. Types of financial instruments

	December 31, 2024	December 31, 2023
Financial assets		
Cash and cash equivalents	$ 371,998	$ 316,750
Financial assets at amortized cost - current	24,016	394,491
Notes receivable	11,279	5,351
Accounts receivable	52,227	41,357
Other receivables	288,815	297,954
Guarantee deposits paid	34,140	35,105
Financial liabilities		
Short-term borrowings	681,000	400,000
Accounts payable	30,781	25,816
Other payables	9,573	13,896
Long-term borrowings (including the current portion)	3,827,003	3,944,103
Guarantee deposits received	3,158	2,489

2. Financial risk management policy

The Company's financial risks mainly arise from investments in financial products. The Company has adopted the strictest control standards for the financial risks of various financial product investments. It undergoes a comprehensive assessment of the potential market risk, credit risk, liquidity risk, and cash flow risks of any financial investments and operations and chooses the one with a lower risk.

3. Market risk

(1) Foreign currency exchange rate risk

The Company operates its business transnationally, so it is subject to the exchange rate risk arising from transactions in currencies different from the functional currencies (mainly USD) used by the Company. The exchange rate risk arises from future business transactions and assets and liabilities recognized.

A. The Company’s business involves a number of non-functional currencies. Therefore, it is affected by exchange rate fluctuations. Information on foreign currency assets and liabilities with significant exchange rate fluctuations is as follows:

Unit: In thousands of dollars for foreign currencies; NTD thousand

	December 31, 2024					
				Sensitivity analysis		
(foreign currency: functional currency)	Foreign currency	Exchange rate	Carrying amount (NTD)	Degree of change	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary item						
USD: NTD	$ 14,019	32.785	$ 459,597	1%	$ 4,596	$ –
Non-monetary items						
USD: NTD	1,063	31.3844	33,350			
Financial liabilities						
Monetary item						
USD: NTD	703	32.755	23,021	1%	230	–
Non-monetary items						
USD: NTD	896	32.7391	29,324			

(foreign currency: functional currency)	December 31, 2023					
				Sensitivity analysis		
	Foreign currency	Exchange rate	Carrying amount (NTD)	Degree of change	Effect on profit or loss	Effect on other comprehensive income
Financial assets						
Monetary item						
USD: NTD	$ 7,561	30.7064	$ 232,161	1%	$ 2,322	$ —
Non-monetary items						
USD: NTD	249	31.0446	7,720			
Financial liabilities						
Monetary item						
USD: NTD	563	32.2166	18,146	1%	181	—
Non-monetary items						
USD: NTD	829	30.5265	25,306			

B. The aggregated total amounts of all exchange losses) (including realized and unrealized) recognized for 2024 and 2023 due to the significant impact of exchange rate fluctuations on the Company's monetary items were NT$43,446 thousand and NT$(20,011) thousand, respectively.

(2) Interest rate risk

Interest rate risk refers to the risk of changes in cash flows or fair value of financial instruments due to fluctuations in market interest rates. The Company's interest rate risk mainly arises from long-term borrowings. Loans taken out at floating interest rates expose the Company to interest rate risk arsing from cash flows. Part of the risk is offset by cash and cash equivalents held at floating interest rates, and loans taken out at fixed interest rates expose the Company to interest rate risk arising from fair value. In 2024 and 2023, the

Company's borrowings at floating interest rates were denominated in NTD and when the market interest rate increased by 1%, the increased cash outflows would have been NT$43,814 thousand and NT$47,504 thousand, respectively.

4. Credit risk management

The credit risk of the Company is the risk of financial loss suffered by the Company arising from the failure of clients or counterparties of financial instruments to fulfill contractual obligations. It mainly comes from counterparties' inability to settle accounts receivable in accordance with the payment terms. The Company has established credit risk management from the Group's perspective. For banks and financial institutions with whom it is dealing, only those with an independent credit rating of at least "A" can be accepted as transaction counterparties. In accordance with the internal credit policy, each operating entity within the Group must conduct management and credit risk analysis of each new client before deciding payment and delivery terms and conditions. The internal risk control system evaluates the credit quality of clients by considering their financial positions, past experience, and other factors. Individual risk limits are set by the board of directors based on internal or external ratings, and the drawdown of credit limits is regularly monitored. When the Company sells goods, it has already assessed the transaction counterparty's credit rating and expected that the transaction counterparty will not be in default, so the chance of credit risk is extremely low.

5. Liquidity risk management

(1) The cash flow forecast is the forecast of the Company's demand for working capital by the Finance Department of the Company, to ensure that it has sufficient funds to meet operational needs.

(2) The remaining cash held by each operating entity will be transferred back to the finance department when it is not needed as working capital. The Company’s finance department invests surplus cash in interest-bearing demand deposit, time deposits, and money market deposits and securities, choosing instruments with appropriate durations or sufficient liquidity to provide sufficient head-room as determined by the above-mentioned forecasts. As of December 31, 2024 and 2023, the Company’s money market positions were in the amounts of NT$371,998 thousand and NT$316,750 thousand, respectively, and financial assets measured by amortized cost - current were NT$0 thousand and NT$382,486 thousand, respectively, expected to generate cash flows immediately to manage liquidity risk.

(3) The details of the Company’s undrawn borrowing facilities are as follows:

	December 31, 2024	December 31, 2023
Floating rate		
Due after more than one year	$ 1,800,000	$ 1,800,000

(4) The table below shows the Company’s non-derivative financial liabilities, which are grouped according to relevant maturity dates.

Non-derivative financial liabilities are analyzed based on the remaining period from the balance sheet date to the contract maturity date. The contract cash flows disclosed in the table below are undiscounted amounts.

	December 31, 2024				
	Less than 1 year	2–3 years	4–5 years	5 years or more	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 686,815	$ —	$ —	$ —	$ 686,815
Accounts payable	30,781	—	—	—	30,781
Other payables	9,573	—	—	—	9,573
Lease liabilities (including non-current)	3,218	2,202	—	—	5,420
Long-term borrowings (including the current portion)	118,307	830,117	970,338	2,412,399	4,331,161
Total	$ 848,694	$ 832,319	$ 970,338	$ 2,412,399	$ 5,063,750

	December 31, 2023				
	Less than 1 year	2–3 years	4–5 years	5 years or more	Total
Non-derivative financial liabilities					
Short-term borrowings	$ 403,728	$ —	$ —	$ —	$ 403,728
Accounts payable	25,816	—	—	—	25,816
Other payables	13,896	—	—	—	13,896
Lease liabilities (including non-current)	3,439	4,429	85	—	7,953
Long-term borrowings (including the current portion)	118,237	707,020	1,099,134	2,551,766	4,476,157
Total	$ 565,116	$ 711,449	$ 1,099,219	$ 2,551,766	$ 4,927,550

(XXIX) Fair value information

1. The carrying amounts of financial instruments at amortized cost (including cash and cash equivalents, financial assets at amortized cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, accounts payable, notes payable

and other payables, long-term borrowings, and guarantee deposits received) are reasonable approximations of the fair values.

2. The fair value levels of the financial instruments and non-financial instruments measured using the valuation technique are defined as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

Level 3 inputs are not based on observable inputs for the asset or liability.

VII. Related party transaction

(I) Names of related parties and relations

Name of related party	Relationship with the Company
Taixin Construction Co., Ltd. (Taixin)	Subsidiary
Rongcheng Development Co., Ltd. (Rongcheng)	Subsidiary
Fu Cheng Development Co., Ltd. (Fu Cheng)	Subsidiary
Federal International Holdings Inc. (FIH)	Subsidiary
Federal Tyre North America LLC. (FTNA)	Sub-subsidiary
Amberg Investments Pte.Ltd. (Amberg)	Sub-subsidiary
Hong Kong Karroy Development Limited (KDL)	Sub-subsidiary
Federal Tire (Jiangxi) Co., Ltd. (Federal Tire (Jiangxi))	Sub-subsidiary
Nankang Rubber Tire Corp., Ltd. (Nankang Rubber Tire)	Investor with material influence
Nangang International Co., Ltd. (Nangang International)	Other related party (subsidiary of investor with significant influence)

(II) Significant transactions with related parties

1.Operating revenue

Recognized items	Name of related party	2024	2023
Net sales	FTNA	$ –	$ 8,671
Lease income	Taixin	$ 24	$ –
Lease income	Rong Cheng	24	–
Lease income	Fu Cheng	24	–
		$ 72	$ –

The price of the Group's sales to related parties is not significantly different from that of regular distributors, except that discounts are offered to related parties based on the sales volume and types. The credit period for related parties is net 120 to 150 days at the end of the month, while net 30 to 120 days at the end of the month for regular customers.

2. Operating cost

Recognized items	Name of related party	2024	2023
Deduction from operating costs – proceeds from sale of raw materials	Nankang Rubber Tire	$ 1,174	$ 9,622
Net procurement	Nankang Rubber Tire	$ 107,462	$ 7,075
Net procurement	Nangang International	$ –	$ 3,249

The Company's sale of raw materials to the aforementioned related parties had no comparable transactions under similar circumstances; purchases from the aforementioned related parties were conducted under normal purchase terms.

3. Other income - rent income

Name of related party	2024	2023
Taixin	$ —	$ 24
Rong Cheng	—	24
Fu Cheng	—	24
Total	$ —	$ 72

4. Other receivables - loans to others

Name of related party	December 31, 2024			
	Amount drawn	Interest rate range	Interest income	Interest receivable at the end of the period
FTNA	$ 79,706	2.5% ~ 3.5%	$ 3,208	$ 2,574
Taixin	200,000	2.25%	4,390	2,613
	$ 279,706		$ 7,598	$ 5,187

Name of related party	December 31, 2023			
	Amount drawn	Interest rate range	Interest income	Interest receivable at the end of the period
FTNA	$ 106,813	3.50% ~ 4.54%	$ 4,525	$ 1,289
Taixin	180,000	2.25%	2,261	2,261
	$ 286,813		$ 6,786	$ 3,550

5. Accounts payable

Name of related party	December 31, 2024	December 31, 2023
Nankang Rubber Tire	$ 7,045	$ 5,548

6. Other payables

Financing

Name of related party	December 31, 2023			
	Amount drawn	Interest rate range	Interest expense	Interest payable at the end of the period
Amberg	$ -	3.58%	$ 677	$ -

7. Unearned rental income

Name of related party	December 31, 2024	December 31, 2023
Taixin	$ 18	$ 18
Rong Cheng	18	18
Fu Cheng	18	18
Total	$ 54	$ 54

8. Disposal of property, plant and equipment

Name of related party	2023	
	Disposal proceeds	Disposal gain
Nankang Rubber Tire	$ 3,000	$ 1,100

9. Obtaining endorsement or guarantee

Name of related party	December 31, 2024	
	Guaranteed amount	Amount drawn
Taixin	$ 2,880,000	$ 600,000

Name of related party	December 31, 2023	
	Guaranteed amount	Amount drawn
Taixin	$ 2,880,000	$ 600,000

(III) Remuneration for key management personnel

Information on remuneration for directors and other key management personnel is as follows:

	2024	2023
Salary and other short-term benefits	$ 8,627	$ 8,977
Post-retirement benefits	149	44
Total	$ 8,776	$ 9,021

VIII. Assets pledged

Item	Content	Carrying amount	
		December 31, 2024	December 31, 2023
Financial assets at amortized cost - current	Bank deposits - reserve account	$ 24,016	$ 12,005
Property, plant and equipment	Collateral to financial institutions for loans	2,558,231	2,580,990
Guarantee deposits paid	For participation in bidding, lease deposit, electricity fee deposit, and customs deposit	34,140	35,105
Total		$ 2,616,387	$ 2,628,100

IX. Material contingent liabilities and unrecognized contractual commitments

Except for described in Note 6(14) other notes, the Company's material commitments and contingencies on the balance sheet date are as follows:

(I) The total contract price for the equipment purchased by the Company, after deducting the payments already made, amounted to NTD13,650 thousand as of December 31, 2024, and December 31, 2023.

(II) As of December 31, 2024 and 2023, the Company had signed contracts and issued letters of credit for the purchase of raw materials, goods, and machinery and equipment, with the unpaid payments of NT$20,832 thousand and NT$17,319 thousand, respectively

(III) On February 8, 2018, the Company was sued by 176 plaintiffs including Wu Cheng-Kuei. These plaintiffs claimed that a fire accident broke out in the Company's Zhongli Plant on January 17, 2017, which caused a huge impact on the health of local residents, and thus filed a civil lawsuit against the Company. The case is still under trial, and it is difficult to evaluate its impact on the Company. If there is any additional impact caused by this case in the future, the Company will evaluate and account for it as per accounting principles and disclose it in the financial report.

(IV) For a lawsuit filed by Yuanta Commercial Bank (hereinafter referred to as "Yuanta Bank".) against New Site Industries., Inc. (hereinafter referred to as "New Site") and Hsieh, Kuo-Ching et al. (hereinafter referred to as the "New Site case"), Yuanta Bank, on October 19, 2020, filed a civil lawsuit against the Company as it believed that Hsieh, Kuo-Ching was an employee of the Company, which should be liable for joint and several damages and pay NT$39,550 thousand, plus an interest of 5% per annum, from the day after the petition is served. The Company believes that New Site and such persons, without the consent of the company, engaged in false transactions since 2016 in the name of the Company and falsely claimed that they had receivables from the company and applied for a loan from Yuanta Bank, prompting it to file a civil lawsuit against the Company. Therefore, the Company, on May 6, 2021, filed a civil complaint against New Site and Hsieh, Kuo-Ching and among other 9 persons involved in the New Site case, demanding a payment of NT$39,550 thousand, plus an interest of 5% per annum, from the day after the petition is served. As this case is still in court, it is difficult to assess the impact on the Company. If there is any additional impact caused by this case in the future, the Company will evaluate and account for it as per accounting principles and disclose it in the financial report.

X. Losses due to major disasters: None.

XI. Material events after the balance sheet date

On March 3, 2025, the Company's board of directors passed a resolution to waive the receivables of NT$82,280 thousand (USD 2,509,693.37) from its 100% invested sub-subsidiary, Federal Tire North America LLC.

XII. Others

Suspension of production at Guanyin Plant

Except for the impact of the implementation of the tariff rate in the 2021 U.S. anti-dumping case on the Company's U.S. market, the Company's operations were also impacted by the pandemic, inflation, and the U.S. Fed's tightening monetary policy. In order to cope with the current changes and pursue the Company's sustainable operations while taking into account the maximum interests of the Company and its shareholders, the Company's Board of Directors resolved on February 10, 2023 to temporarily suspend the production of the Guanyin Plant. The relevant impact of the Guanyin Plant's shutdown and the Company's countermeasures are as follows:

(I) The Company has suspended the production of the Guanyin Plant since March 2023, and has filed a mass discharge plan to the competent authority on February 15, 2023. In addition, the Company held a labor-management meeting on February 22, 2023, and reached an agreement to reduce various expenses.

(II) As the temporary shutdown of production will affect the consolidated operating revenue and profit or loss, the countermeasures are as follows:

1. The Company will significantly adjust its order-taking policy, and focus on profitable orders. The orders from existing customers are first used to increase inventory, so that the Company can deliver on time without affecting customer rights and interests. The Company will also optimize its organization and simplify its manpower to reduce costs.

2. The shutdown period can reduce operating expenses and cash outflows. However, the Company will continue to undertake other OEMs in the short period to maintain customers and maintain the normal operation of the Company.

3. In the next 2 years, the Company will continue to control the channel resources. When customers have strong demand, the production supply from Guanyin Plant will be resumed again.

(III) The Company has sought overseas OEM cooperation for production planning, and is actively negotiating with willing factories to gradually restore sales in the U.S. The Company temporarily suspended production and continued to sell inventory to other manufacturers for OEM or parallel input. The Company also cooperated with overseas OEMs to execute production.

The Company has entered into contract manufacturing agreements with XT TYRE (Vietnam), S.R. Tyres Co., Ltd. (Thailand), and Nankang Rubber Tire Corp., Ltd. (collectively referred to as the "contract manufacturers"). tires produced by the contract manufacturers will be sold to the U.S. and neighboring Southeast Asian markets. The OEMs will manufacture the Company's products according to the Company's order instructions and operation specifications. In terms of quality agreement, they must comply with the Company's quality requirements and audit rights. In terms of business technology, they are responsible for confidentiality and do not infringe intellectual property rights. They must also ensure after-sales service for the products. In addition, without the consent of the Company, it is prohibited to transfer the Company's order to third parties for manufacturing and production.

The Company has signed a cooperation agreement with Qingdao OTO (Qingdao OTO) to have the brand, trademark and product name authorized to Qingdao OTO for production, and only sold to the territories of China, but not overseas. In terms of quality agreement, it must comply with the quality standards of both parties, and the after-sales service of the products must be guaranteed.

The Company considers the future product diversification development, timeliness, sales order growth, and long-term stable supply of tires. It also seeks other overseas OEM factories and continues to contact potential cooperating manufacturers in the future to stabilize supply, reduce trade barriers, and reduce quality and price competitiveness.

XIII. Notes Disclosure

(I) Information on significant transactions:

1. Loan to Others: Table 1.

2. Endorsements/Guarantees Provided to Others: None.

3. Securities Held at the End of the Period: None.

4. Securities Acquired or Sold at Costs or Prices at Least NT$300 million or 20% of the Paid-in Capital: None.

5. Acquisition of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.

6. Disposal of Individual Property at Costs 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 3.
8. Receivables from Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: Table 4.
9. Trading in Derivative Instruments: None.
10. Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts: Table 5.

(II) Information on investees:

1. Names, locations, and other information on investees: Table 6.
2. Loan to Others: Table 1.
3. Endorsements/guarantees for others: Table 2.
4. Securities Held at the End of the Period: None.
5. Securities Acquired or Sold at Costs or Prices at Least NT$300 million or 20% of the Paid-in Capital: None.
6. Acquisition of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.
7. Disposal of Individual Property at Costs of at Least NT$300 million or 20% of the Paid-in Capital: None.
8. Total Purchases from or Sales to Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: Table 3.
9. Receivables from Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital: Table 4.
10. Trading in Derivative Instruments: None.

(III) Information on investments in the Mainland Area:

1. Information on investees in mainland China, including the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, percentage of ownership, investment income or loss, carrying amount of the investment at the end of the period, repatriation of investment income, and the maximum amount of investment in the mainland China area: Table 7
2. Any of the material transactions with investees in mainland China, either directly or indirectly through a third region, and the price,

payment term, unrealized gains or losses, and other relevant information that facilitates the understanding of the impact of such investments on financial reporting: None.

(IV) Information on major shareholders:

Information on major shareholders: The name of shareholders with a shareholding of 5% or more, and the number and percentage of shares held: Table 8.

XIV. Department information

Please refer to the 2024 Consolidated Financial Report.

Table 1

Loan to others

Unit: NTD thousand

No. (Note 1)	Lender	Borrower	Account title (Note 2)	Related party status	Highest balance for the period (Note 3)	Ending balance (Note 8)	Amount drawn	Interest rate range	Nature of the loan (Note 4)	Business transaction amount (Note 5)	Reason for short-term financing (Note 6)	Allowance for bad debt	Collateral		Maximum amount for each borrower (Note 7, 9, 10)	Aggregate maximum amount (Note 7, 9, 10)
													Name	Value		
0	The Company	Federal Tire North America LLC.	Other receivables	Yes	$ 157,900	$ 131,140	$ 79,706	2.50%~ 3.50%	The need for short-term financing	$ —	For working capital	$ —	N/A	N/A	$ 1,348,562	$ 2,697,124
0	The Company	Taixin Construction Co., Ltd.	Other receivables	Yes	400,000	200,000	200,000	2.25%	The need for short-term financing	—	For working capital	—	N/A	N/A	1,348,562	2,697,124

Note 1: The description of the No. column is as follows:

A. The Company is coded "0".

B. The investees are coded sequentially beginning from "1" by each individual company.

Note 2: Accounts receivable from associates, receivables from related parties, transactions with shareholder, prepayments, temporary debits, etc., should be entered in this field if they are of a loan nature.

Note 3: The highest balance of loans to others in the year.

Note 4: The nature of loans shall be listed as a business transaction or a need for short-term financing.

Note 5: If the nature of a loan is for business transaction, the business transaction amount shall be entered. The business transaction amount refers to the business transaction amount between the lender and the borrower within the year preceding the transaction.

Note 6: If the nature of a loan is for a need for short-term financing, the reasons for the need for the loan and the purpose of the loan shall be specified, such as repayment of a loan, purchase of equipment, or working capital.

Note 7: The maximum amount for each borrower and the aggregate maximum amount set as per the loan to others procedures shall be indicated and the calculation method of the loan to each borrower and the maximum amount shall be indicated in the remarks column.

Note 8: If a publicly listed company submits a loan case to the Board of Directors for a resolution on a case-by-case basis in accordance with Article 14, paragraph 1 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even though the loan has not been provided, the amount resolved by the Board of Directors shall be announced to disclose the risk borne; however, with subsequent repayment of the loan, the balance after repayment shall be disclosed to reflect the adjusted risk. If the publicly listed company has authorized the Chairperson to appropriate funds for a loan multiple times over the course of one year or in a revolving line of credit as resolved by the board of directors in accordance with Article 14, paragraph 2 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the loan amount approved by the Board of Directors shall still be announced. Although the loan will be repaid later, considering the possibility of provision of another loan, the loan amount approved by the Board of Directors should still be adopted for announcement.

Note 9: The Company's operational procedures for loaning funds to others are as follows:

The total amount of loans by the Company to others shall not exceed 40% of the Company's net worth. The maximum amount for each borrower is as follows:

A. When there is a need for short-term financing to a subsidiary, the maximum amount shall not exceed 20% of the Company's net worth.

B. The company or bank with business dealings with the Company: The maximum amount shall not exceed 20% of the borrower's net worth and shall not exceed the total amount of business transactions between both parties in the last year (the business transaction amount refers to the amount of purchases or sales between both parties, whichever is higher).

C. If the Company provides a loan to its subsidiary not in excess of 10% of the Company's net worth as per the most recent financial statements, the Chairperson may be authorized to appropriate funds for the loan multiple times or in a revolving line of credit during the loan period.

The total amount of loans between foreign companies, in which the Company directly or indirectly hold 100% of their voting shares, shall not exceed 200% of the borrower’s net worth as per the most recent financial statements, either for the needs for capital or for business transactions.

Table 2

Endorsements/guarantees provided to others:

Unit: NTD thousand

No. (Note 1)	Endorser or guarantor company name	Endorsed/guaranteed party		Limit of endorsements/ guarantees for a single enterprise (Note 3, Note 8)	Highest endorsement/guarantee balance (Note 4)	Endorsement and guarantee balance at the end of the period (Note 5)	Amounts actually used (Note 6)	Amount of property collateral for endorsements/ guarantees	Ratio of accumulated endorsements and guarantees to net worth in the most recent financial statements (%)	Maximum Limit on Endorsements and Guarantees (Note 3, Note 8)	Endorsements and Guarantees Provided by the Parent Company for Subsidiaries (Note 7)	Endorsements and Guarantees Provided by Subsidiaries for the Parent Company (Note 7)	Endorsements and guarantees in China (Note 7)
		Company name	Affiliation (Note 2)										
1	Taixin Construction Co., Ltd.	The Company	3	$ 53,477,700	$ 2,880,000	$ 2,880,000	$ 799,000	$ 2,880,000	53.85%	$ 53,477,700	–	Y	–

Note 1: The description of the No. column is as follows:

A. The Company is coded “0”.

B. The investees are coded sequentially beginning from “1” by each individual company.

Note 2: There are 7 types of relationships between the endorsing/guaranteeing and the endorsed/guaranteed party as follows:

1. Companies with business transactions.
2. The company in which the company directly and indirectly holds more than 50% of the voting shares.
3. A company directly or indirectly holds more than 50% of the voting rights of the company.
4. Companies where the company directly or indirectly holds more than 90% of the voting shares.
5. The peer guarantor for each other by the contract based on the need for contracting construction projects.
6. The company for which the endorsement/guarantee is made by all shareholders of the Company based on their shareholding ratio due to a joint investment relationship.
7. The performance guarantee for the pre-sale house sales contract is jointly guaranteed by the industry peers in accordance with the regulations of the Consumer Protection Act.

Note 3: The Company should specify the individual endorsement guarantee limits and the maximum endorsement guarantee limits for each party, as set forth in the Company's procedures for providing endorsements and guarantees. The calculation methods for the individual party limits and the total maximum endorsement guarantee limits should be explained in the remarks section.

Note 4: The maximum balance of endorsements/guarantees for others in the current year.

Note 5: Amounts approved by the Board of Directors should be disclosed. However, the amount authorized by the board of directors to be decided by the Chairperson in accordance with Item 8, Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies refers to the amount decided by the Chairperson.

Note 6: The actual amount drawn by the endorsed company within the remaining balance of the endorsement guarantee should be input.

Note 7: For endorsement guarantees provided by a listed parent company to its subsidiary, by a subsidiary to its listed parent company, or by a company in mainland China, it is required to enter "Y".

Note 8: The endorsement and guarantee procedures of Taixin Construction Co., Ltd. are as follows:

The total amount of the Company's external endorsements and guarantees is limited to ten times the Company's most recent financial statement net value; the endorsement and guarantee limits for a single enterprise are as follows:

A. For the parent company holding 100% of the Company's shares, the limit is not to exceed ten times the Company's most recent financial statement net value.

B. For other affiliated companies, the endorsement and guarantee limit is not to exceed the Company's most recent financial statement net value.

C. For non-affiliated companies with business transactions, the endorsement and guarantee limit is not to exceed the total business transaction amount between the two parties in the most recent year, and also not to exceed the Company's most recent financial statement net value (the term "business transaction amount" refers to the higher of the purchase or sales amount between the two parties).

Table 3

Transactions with related parties for purchases and sales that amount to NT$100 million or 20% or more of the paid-in capital

Unit: NTD thousand

Company	Transaction counterparty	Relationship	Transaction details				The circumstances and reasons for the terms and conditions of the transactions (Note 1)		Notes or accounts receivable (payable)		Remark (Note 2)
			Purchase (sale)	Amount	As a percentage of total purchases (sales)	Credit period	Unit price	Credit period	Balance	As a percentage of total notes and accounts receivable (payable)	
The Company	Nankang Rubber Tire Corp., Ltd.	Affiliated enterprise	Monetary amount of procurement	$ 107,462	53%	Payment by wire transfer after 120 days from the 1st day of the following month	Determined depending on purchase situation	The general credit term is net 30 to 120 days after the end of the month	$ 7,045	30%	

Note 1: If the transaction term with related parties are different from the general transaction ones, the situation and reasons for the difference shall be specified in the column of unit price and credit period.

Note 2: If there is an advance receipt (prepayment), the reason, contract terms, amount, and the difference from the general transaction type shall be specified in the remarks column.

Note 3: Paid-in capital refers to the parent company's paid-in capital. If the issuer's stock is no-par-value stock or the par value per share is not NT$10, criterion for the transaction amount of 20% of the paid-in capital shall be based on the 10% of equity attributable to the owner of the parent company on the balance sheet.

Table 4

Receivables from Related Parties Amounting to at Least NT$100 million or 20% of the Paid-in Capital

Unit: NTD thousand

Company with accounts receivable	Transaction counterparty	Relationship	Balance of receivables from related parties (Note 1)	Turnover (times)	Overdue receivables from related parties		Amount recovered from related party after the balance sheet date	Allowance for bad debt
					Amount	Response method		
The Company	Taixin Construction Co., Ltd.	Parent company to subsidiary	Other receivables NTD 202,613	—	$ —	—	$ —	$ —
Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	Subsidiary to subsidiary	Receivable for capital decrease NTD 183,597	—	$ —	—	$ —	$ —

Note 1: Please enter accounts receivable, notes receivable, other receivables, etc. separately.

Note 2: Paid-in capital refers to the parent company’s paid-in capital. If the issuer's stock is no-par-value stock or the par value per share is not NT$10, criterion for the transaction amount of 20% of the paid-in capital shall be based on the 10% of equity attributable to the owner of the parent company on the balance sheet.

Table 5

Business Relations and Important Transactions Between Parent Company and Subsidiaries and Among Subsidiaries and Amounts

From January 1 to December 31, 2024

Unit: NTD thousand

No. (Note 1)	Company	Transaction counterparty	Relations with transaction counterparty (Note 2)	Transaction details				Remark
				Account title	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%) (Note 3, 4)	
0	The Company	Federal Tire North America LLC.	1	Other receivables	$ 82,280	Note 5	1%	
				Interest income	3,140	Note 5	1%	
		Taixin Construction Co., Ltd.	1	Other receivables	202,613	Note 5	2%	
				Interest income	4,390	Note 5	2%	
1	Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	3	Other receivables	183,597	Note 6	1%	

Table 5-1

Business relationships and significant transactions between the parent company and subsidiaries, and between subsidiaries: Amounts involved

From January 1 to December 31, 2023

Unit: NTD thousand

No. (Note 1)	Company	Transaction counterparty	Relations with transaction counterparty (Note 2)	Transaction details				Remark
				Account title	Amount	Transaction terms	As a percentage of consolidated total revenue or total assets (%) (Note 3, 4)	
0	The Company	Federex Marketing Co., Ltd.	1	Sales income	$ 100,211	Payment by wire transfer after 120 days from the 1st day of the following month	21%	
				Monetary amount of procurement	4,327	Payment by wire transfer after 30 days after the end of the month	1%	
0	The Company	Taixin Construction Co., Ltd.	1	Other receivables	182,261	Note 5	1%	
0	The Company	Federal Tire North America LLC.	1	Other receivables	108,102	Note 5	1%	
				Sales income	8,671	The credit period is net 120–150 days after the end of the month	2%	
				Interest income	4,525	Note 5	1%	
1	Amberg Investments Pte. Ltd.	Federal Tire (Jiangxi) Co., Ltd.	3	Other receivables	171,949	Note 6	1%	

Note 1: The information on the business transactions between the parent company and its subsidiaries shall be indicated in the No. column. The code shall be entered as follows:
1. The parent company is coded “0”.
2. The subsidiaries are coded sequentially beginning from “1” by each individual company.

Note 2: There are three types of relations with the counterparty, just indicate the code (If it is the same transaction between parent and subsidiary or between subsidiaries, it does not need to be disclosed repeatedly. For example, if the parent company has disclosed a transaction between it and a subsidiary, the subsidiary does not need to disclose the same transaction again; if a subsidiary has disclosed a transaction between it and another subsidiary, the other subsidiary does not need to disclose the same transaction again):
1. Parent company to subsidiary
2. Subsidiary to parent company
3. Between subsidiaries

Note 3: Regarding the transaction amount as a percentage of the consolidated total revenue or assets, if it is recognized in the balance sheet account, it is shown with the ending balance as a percentage of the consolidated total assets; if it is in the profit or loss account, it is shown with the cumulative amount throughout the period as a percentage of the consolidated total revenue.

Note 4: Any transaction amount that does not reach 1% of the consolidated total revenue or consolidated total assets will not be disclosed; instead, it will be disclosed in the aspects of assets and income.

Note 5: The transaction is mainly a loan; therefore it is not applicable.

Note 6: The transaction is primarily of the nature of receivables from capital reduction; therefore it is not applicable.

Table 6

Names, Locations, and Other Information on Investees (Not Including Investees in Mainland China)

Unit: NTD thousand

	Name of investee (Note 1, 2)	Location	Principal business	Initial investment amount		End of the period			Income (loss) on investee in this period (Note 2(2))	Investment income (loss) recognized in this period (Note 2 (3))	Remark
				End of this period	End of last year	Number	%	Carrying amount			
The Company	Taixin Construction Co., Ltd.	Taiwan	Contracting of builders to build residential and commercial buildings for lease and sale	$ 330,000	$ 330,000	33,000,000	100%	$ 5,347,780	$ 57,272	$ 57,272	Subsidiary
〃	Rongcheng Development Co., Ltd.	Taiwan	Contracting of builders to build residential and commercial buildings for lease and sale	10,000	10,000	1,000,000	100%	170,584	(372)	(372)	Subsidiary
〃	Fu Cheng Development Co., Ltd.	Taiwan	Contracting of builders to build residential and commercial buildings for lease and sale	8,000	8,000	800,000	100%	84,391	(56)	(56)	Subsidiary
〃	Federal International Holding Inc.	Cayman Islands	General investment	1,641,825	1,625,627	49,900,000	100%	528,525	(35,969)	(35,969)	Subsidiaries (Note 3)
Federal International Holding Inc.	Amberg Investments Pte. Ltd.	Singapore	General investment	1,716,239	1,716,239	85,762,738	100%	554,785	(28,381)	(28,381)	Sub-subsidiary
〃	Federal Tire North America LLC.	USA	Distribution of tires	25,427	6,437	—	100%	(73,200)	(5,338)	(5,338)	Sub-subsidiary (Note 4)
〃	Karroy Development Limited	Hong Kong	Commercial building rental business	74,566	74,566	2,000,000	100%	43,041	(2,690)	(2,690)	Sub-subsidiary

Note 1: If a publicly listed company has a foreign holding company and uses consolidated financial statements as its main financial report in accordance with local laws and regulations, the information on the foreign investee may only be limited to the holding company.

Note 2: For cases other than those mentioned in Note 1, enter information according to the following rules:

(1) The columns of "Investee", "Location", "Principal business", "Initial investment amount", and "End of the period" shall be based on the investment situation of the (publicly listed) company and the investment by each directly or indirectly controlled investee, and the relations between each investee company and the (publicly listed) company shall be indicated in the remarks column (e.g., a subsidiary or a sub-subsidiary company).

(2) Enter the current income or loss on each investee company in the "Income (loss) on investee in this period" column.

(3) Enter the income or loss on the direct investment in each subsidiary recognized by this (publicly listed) company and on each investee valuated using the equity method in the “Investment income (loss) recognized in this period” column, and the rest is exempted. Confirm that the income or loss on each subsidiary for this period has included the investment income or loss on recognized that shall be recognized in accordance with the regulations when entering information in “Income or loss on the direct investment in each subsidiary recognized”.

Note3: On June 25, 2024, the management resolved to inject capital in cash amounting to USD 500,000 into Federal International Holding Inc., and the capital change registration was completed on June 26, 2024.

Note 4: Regarding Federal Tire North America LLC., a cash capital increase of USD 600,000 was approved by a written resolution of the board of directors on August 26, 2024.

Table 7

Information on investment in China

Unit: NTD thousand

Investee	Principal business	Paid-in capital	Investment method	Cumulative investment remitted from Taiwan, beginning of this period	The investment amount remitted from Taiwan or recovered in this period		Cumulative investment remitted from Taiwan, end of this period	Shareholding ratio in direct or indirect investment	Investment gain or loss recognized in the period (Note 2)	Book value of investments at the end of the period	Cumulative repatriation of investment income as of the end of this period
					Outward	Inward					
Federal Tire (Jiangxi) Co., Ltd.	Production and sales of various tires and rubber products	$ 1,752,068	Note1	$ 1,752,068	$ —	$ —	$ 1,752,068	100%	$ (34,361)	$ 347,641	$ —

Cumulative outward remittances for investment in mainland China as of the end of this period	Investment amount approved by Investment Commission, MOEA	Limit on investment amount stipulated by Investment Commission, MOEA(Note 3)
$ 1,752,068	$ 1,752,068	$ 4,045,687

Note 1: Invested in China through Amberg Investments Pte. Ltd.

Note 2: Based on the investees' financial reports for the same period audited by the CPAs of the parent company in Taiwan.

Note 3: As per the Principles for the Review of Investments or Technical Cooperation in Mainland China released by the Investment Commission, MOEA, the cumulative amount of the investments in businesses in mainland China limited to NT$80 million or 60% of the net worth or the consolidated net worth, whichever is higher.

Table 8

Information on major shareholders

Shares / Major shareholders	Number of shares held (shares)	Percentage of Shares Held
Nankang Rubber Tire Corp., Ltd.	148,768,000	31.43％
Zhikai Development Co., Ltd.	26,928,000	5.68％
Taifu Investment Co., Ltd.	25,590,991	5.40％

Note 1: The major shareholders in this table are shareholders holding more than 5% of the ordinary and preference shares with registration of dematerialized securities completed (including treasury shares) on the last business day of each quarter calculated by the Taiwan Depository & Clearing Corporation. Share capital indicated in the Company's financial report may differ from the actual number of shares that have been issued and delivered with registration of dematerialized securities completed as a result of different basis of preparation.

Note 2: If a shareholder delivers its shareholding information to the trust, the aforesaid information shall be disclosed by the individual trustee who opened the trust account. For information on shareholders, who declare to be insiders holding more than 10% of shares in accordance with the Securities and Exchange Act, and their shareholdings including their shareholdings plus their delivery of trust and shares with the right to make decisions on trust property, please refer to MOPS.

Federal Corporation
Table of Contents of Statements of Important Accounting Titles
2024

(Unit: In NTD thousands, unless stated otherwise)

Note 6(23) ....Financial cost
Note 6(25) ....Summary table of employee benefits, depreciation, depletion, and amortization by function for the period

Statement of Cash and Cash Equivalents

December 31, 2024

Statement 1

Item	Summary	Amount
Bank deposits		
Checking deposit		$ 12
Demand deposit		29,763
Foreign-currency demand deposit	USD 110,390.99	3,619
Cash equivalents		
Foreign-currency time deposit	The maturity dates range from January 11, 2025 to March 23, 2025. The interest rates range from 4.44% to 4.89%. The amount is USD 10,178,000.00.	333,686
Notes under repurchase agreement	The maturity date is January 7, 2025. The interest rate is 4.55%. The amount is USD 150,000.00.	4,918
Total		$ 371,998

Exchange rate (USD): 32.785

Statement of accounts receivable

December 31, 2024

Statement 2

Client	Summary	Amount	Remark
Non-related party:			
Company A		$ 10,186	
Company B		7,912	
Company C		6,470	
Company D		3,304	
Company E		2,886	
Others	(Each with an amount accounting for less than 5%)	28,416	
Total		59,174	
Less: Allowance for losses		(6,947)	
Net amount		$ 52,227	

Statement of other receivables

December 31, 2024

Statement 3

Item	Summary	Amount
Non-related party:		
Business tax refundable		$ 337
Interest receivable		1,856
Other receivables - others		1,729
Subtotal		3,922
Related party:		
Federal Tire North America LLC.		82,280
Taixin Construction Co., Ltd.		202,613
Subtotal		284,893
Total		$ 288,815

<u>Statement of inventory</u>

December 31, 2024

Statement 4

Item	Summary	Amount		Remark
		Cost	Net realizable value	
Finished goods		$ 10,153	$ 7,355	
Raw materials		24,166	—	
Supplies		61,906	—	
Merchandise inventories		32,492	35,080	
Subtotal		128,717	$ 42,435	
Allowance for valuation loss		(97,025)		
Total		$ 31,692		

<u>Statement of prepayments</u>

December 31, 2024

Statement 5

Item	Summary	Amount
Prepayment for insurance	Liability insurance of TransGlobe Life Insurance Inc.	$ 9,071
Other prepayments	Others	2,319
Input tax		6,400
Tax credit		18,397
Total		$ 36,187

<u>Statement of changes in investment under equity method</u>

From January 1 to December 31, 2024

Statement 6

Name	Opening balance		Increase (decrease) in this period		Investment income or loss recognized using the equity method	Exchange loss recognized using the equity method	Others	Ending balance			Market price or net equity		Collateral or pledge	Remark
	Number	Amount	Number	Amount				Number	Percentage of Shares Held	Amount	Unit price (NTD)	Total		
Taixin Construction Co., Ltd.	33,000,000	$ 5,290,508	–	$ –	$ 57,272	$ –	$ –	33,000,000	100%	$ 5,347,780	–	$ 5,347,780	N/A	
Rongcheng Development Co., Ltd.	1,000,000	170,956	–	–	(372)	–	–	1,000,000	100%	170,584	–	170,584	〃	
Fu Cheng Development Co., Ltd.	800,000	84,447	–	–	(56)	–	–	800,000	100%	84,391	–	84,391	〃	
Federal International Holdings Inc.	49,400,000	529,947	500,000	16,198	(35,969)	18,349	–	49,400,000	100%	528,525	–	528,525	〃	Note
Total		$ 6,075,858		$ 16,198	$ 20,875	$ 18,349	$			$ 6,131,280		$ 6,131,280		

Note: On June 25, 2024, the management resolved to inject capital in cash amounting to USD 500,000 into Federal International Holding Inc., and the capital change registration was completed on June 26, 2024.

Statement of Changes in Right-of-use Assets

From January 1 to December 31, 2024

Statement 7

Item	Opening balance	Addition	Disposal	Reclassification	Ending balance
Cost:					
Buildings	$ 5,277	$ —	$ —	$ —	$ 5,277
Transportation equipment	6,551	924	(1,950)	—	5,525
Subtotal	11,828	924	(1,950)	—	10,802
Accumulated depreciation:					
Buildings	810	1,761	—	—	2,571
Transportation equipment	3,309	1,625	(1,950)	—	2,984
Subtotal	4,119	3,386	(1,950)	—	5,555
Net amount	$ 7,709	$ (2,462)	$ —	$ —	$ 5,247

Statement of short-term borrowings

December 31, 2024

Statement 8

Type of borrowings	Creditor	Ending balance	Repayment deadline for the amount drawn	Interest rate range	Financing facility	Mortgage or collateral	Remark
Unsecured borrowings	Taiwan Business Bank	$ 132,000	2025.6.8	2.475%	$ 150,000		
〃	Taiwan Cooperative Bank	50,000	2025.11.15	2.325%	50,000		
〃	Land Bank of Taiwan	50,000	2025.1.23	2.525%	150,000		
〃	Land Bank of Taiwan	50,000	2025.1.23	2.525%	150,000		
Secured borrowings	Hua Nan Commercial Bank	10,000	2025.3.13	2.528%	800,000	Note 8	
〃	Hua Nan Commercial Bank	72,000	2025.4.9	2.52%	800,000	Note 8	
〃	Hua Nan Commercial Bank	60,000	2025.4.9	2.53%	800,000	Note 8	
〃	Hua Nan Commercial Bank	150,000	2025.5.15	2.53%	200,000	Note 8	
〃	Hua Nan Commercial Bank	30,000	2025.4.9	2.53%	800,000	Note 8	
〃	Hua Nan Commercial Bank	50,000	2025.5.15	2.53%	200,000	Note 8	
〃	Hua Nan Commercial Bank	27,000	2025.4.9	2.53%	800,000	Note 8	
	Total	$ 681,000					

Statement of Accounts Payable

December 31, 2024

Statement 9

Client	Summary	Amount	Remark
Related party:			
Nankang Rubber Tire Corp., Ltd.		$ 7,045	
Non-related party:			
Company A		22,995	
Others	Payments to suppliers (Each with an amount accounting for less than 5%)	741	
Total		$ 30,781	

Statement of Lease Liabilities

December 31, 2024

Statement 10

Item	Lease term	Discount rate	Amount
Buildings	3 years	2.04%	$ 2,746
Transportation equipment	3–5 years	1.54%～2.51%	2,568
Total			5,314
Less: Recognized as current			(3,138)
Lease liabilities - non-current			$ 2,176

Statement of Long-term Borrowings

December 31, 2024

Statement 11

Creditor	Amount of borrowings	Contract period	Interest rate	Mortgage or collateral	Remark
Hua Nan Commercial Bank					
Medium- and long-term secured borrowings	$ 3,044,816	The principal is amortized and repaid every 3 months from November 22, 2022, and the interest is accrued and paid on a monthly basis.	2.125%～2.165%	Property, plant and equipment	
Plant mortgage loan	48,555	The principal will be amortized and repaid every month from June 15, 2023, and the interest is paid on a monthly basis.	1.925%	〃	
Secured loan for machinery and equipment	133,632	The principal will be amortized and repaid every month from June 15, 2023, and the interest is paid on a monthly basis.	1.925%	〃	
Medium-term secured borrowings	600,000	Starting from January 19, 2026, 5% of the principal will be repaid every 3 months. The remaining principal will be fully repaid in the final installment.	2.575%	Land of Zhongli Plant of the subsidiary Taixin	
Subtotal	3,827,003				
Less: Long-term borrowings - current portion	(117,100)				
Total	$ 3,709,903				

Statement of Other Non-Current Liabilities

December 31, 2024

Statement 12

Item	Summary	Amount
Advance sales receipts for land		
Advance sales receipts for land		$ 1,070,040
Public tender service fee		(8,400)
Land mortgage registration fees		(1,541)
Total		$ 1,060,099

Statement of Operating Revenue

From January 1 to December 31, 2024

Statement 13

Item	Summary	Amount	Remark
Revenue from sale of goods	Outer cover tire	$ 245,049	
	Inner tire	245	
	Chafing strip	78	
	Lubricant	8	
	Others	1,354	
Lease income	Real estate	6,634	
Total		$ 253,368	

Statement of Operating Costs

From January 1 to December 31, 2024

Statement 14

Item	Amount	Remark
Goods at the beginning of the period	$ 30,556	
Add: Net purchases in this period	201,909	
Less: Goods at the end of the period	(32,492)	
Reclassified to expenses	(96)	
Inventory loss	(313)	
Others	(42)	
Cost of sales and purchases	199,522	
Direct consumption of raw materials		
Raw materials at the beginning of the period	33,532	
Less: Inventory at the end of the period	(24,166)	
Inventory loss	(4)	
Raw materials sold	(8,505)	
Scrapped	(853)	
Others	(4)	
	—	
Indirect material consumption		
Inventory at beginning of period	61,912	
Add: Net purchases in this period	43	
Less: Inventory at the end of the period	(61,906)	
Others	(49)	
	—	
Cost of finished goods		
Add: Finished goods at the beginning of the period	35,115	
Less: Finished goods at the end of the period	(10,153)	
Inventory loss	(35)	
Others	(3)	
Cost of sales of self-made goods	24,924	
Inventory valuation losses	7,638	
Inventory overage	352	
Inventory scrap	858	
Inventory loss from sales	5,660	
Operating cost	$ 238,954	

Statement of Operating Expenses

From January 1 to December 31, 2024

Statement 15

Item	Summary	Marketing expense	Management expense	R&D expense	Expected credit impairment gain	Remark
Salary and wages		$ 9,119	$ 26,508	$ 7,956	$ —	
Freight		11,084	—	—	—	
Utilities expense		57	10,458	—	—	
Insurance		15,724	13,214	855	—	
Taxation		—	12,597	—	—	
Depreciation		22,058	5,043	8,980	—	
Service expenses		902	13,855	116	—	
Expected credit impairment gain	Accounts receivable	—	—	—	(2,275)	
Other expenses	(Each with an amount accounting for less than 5%)	8,011	27,542	6,216	—	
Total		$ 66,955	$ 109,217	$ 24,123	$ (2,275)	