Nankang Rubber Tire Corp., Ltd.
Minutes of the 2025 Annual General Shareholders' Meeting

Meeting Method: Physical Shareholders' Meeting

Date: May 22, 2025 (Thursday), 9:00 AM

Location: Nankang Rubber Tire Corp. Ltd. – Xinfeng Plant (No. 399, Xinxing Road, Xinfeng Township, Hsinchu County)

Shares Represented: A total of 461,733,764 shares were represented by attending shareholders and proxies (including 64,526,340 shares voted electronically), accounting for 55.36% of the total 833,934,904 issued shares.

Directors Present: Chairman Kuo Lin-Liang, Director Chen Heng-Kuan, Director Huang Chia-Ying, Director Chen Meng-Hsiu, Independent Director Wu Ssu-I, and Independent Director Wu Pei-Chun — 6 directors in total were present.

Chairperson: Chairman Kuo Lin-Liang

Attendees: Legal Counsel: Attorney Chiang Meng-Chen, Chiang & Partners Attorneys-at-Law、Auditor: CPA Peng Li-Chen, Baker Tilly Clock & Co、Deputy General Manager Kuo Mei-Hang, Finance Department、Deputy General Manager Wu Yuan-Sheng, Design Department、Assistant Manager Hsu Wen-Bin, Audit Department、Deputy General Manager Hung Yi-Chih, Nanrong Development & Construction Co., Ltd.

Minutes Recorded by: Chen Yin-Feng

I. Call to Order： The meeting was called to order upon confirmation that the total number of shares represented had reached the statutory quorum, in accordance with the law.

II.Chairman’s Remarks： (Omitted)

III.Reports：

i. 2024 Business Operations Report (Refer to Attachment 1)

Proceedings: No questions were raised by shareholders.

ii. 2024 Audit Committee Review Report (Refer to Attachment 2)

Proceedings: No questions were raised by shareholders.

iii. 2024 Report on Loans to Others and Endorsements/Guarantees (Refer to Attachment 3)

Proceedings: No questions were raised by shareholders.

iv. 2024 Employee Compensation Report

Explanation:

1. The company’s pre-employee compensation profit for 2024 was NT$3,072,914,434. After offsetting accumulated losses of NT$869,591,951, the remaining profit was NT$2,203,322,483. In accordance with Article 21 of the Articles of Incorporation, 0.1% (NT$2,203,322) was allocated for employee compensation, to be distributed in cash.
2. The recipients of the employee compensation are limited to full-time employees of the company and its subsidiaries. The method of distribution and related matters are fully authorized to the Chairman.

Proceedings: No questions were raised by shareholders.

v. 2024 Directors’ Remuneration Report (Refer to Attachment 4)

Explanation:

1. The company's policy on directors' remuneration is based on the "Articles of Incorporation" and the "Regulations Governing Salaries, Remuneration, and Bonuses of Directors and Managers". For the detailed policies, individual compensation arrangements, and amounts, please refer to Attachment 4.
2. The directors’ remuneration for the year 2024 was NT$3,900,565 (excluding compensation received concurrently as employees), accounting for approximately 0.13% of net profit after tax.

Proceedings: No questions were raised by shareholders.

vi. 2024 Earnings Distribution Report (Refer to Attachment 5)

Proceedings: No questions were raised by shareholders.

IV.Matters for Acknowledgment:

(Note: The proportions of votes in favor, against, abstained, invalid, and not voted are calculated by rounding down to the second decimal place. As a result, minor rounding differences may cause the total not to equal exactly 100.00%.)

Proposal 1

Proposal: Approval of the Company’s 2024 Financial Statements
(Proposed by the Board of Directors)

Explanation:

i. The Company’s financial statements for the year 2024 (including individual and consolidated financial statements) have been completed and audited with an unqualified opinion by Li-Chen Peng and Hsin-Liang Wu, Certified Public Accountants of Baker Tilly Clock & Co.

ii. The 2024 Business Report, Earnings Distribution Table, CPA Audit Reports (individual and consolidated), and Financial Statements (individual and consolidated) are provided in Attachments 1 and 5–7.

Proceedings: No questions were raised by shareholders.

Resolution: The proposal was approved as submitted after voting.

The voting results are as follows:

Total Voting Rights	Votes in Favor	Votes Against	Abstained/Not Voted	Invalid Votes
461,733,764	447,443,642	1,864,555	12,425,567	0
	96.90%	0.40%	2.69%	0.00%

V. Matters for Discussion:

(Note: The proportions of votes in favor, against, abstained, invalid, and not voted are calculated by rounding down to the second decimal place. As a result, minor rounding differences may cause the total not to equal exactly 100.00%.)

Proposal 1

Proposal: Proposal for Capital Reduction in Cash and Return of Capital to Shareholders (Proposed by the Board of Directors)

Explanation：

i. To enhance shareholders' equity and earnings per share (EPS), the Company proposes a capital reduction in cash to return capital to shareholders.

ii. The Company's authorized capital is NT$10,000,000,000. The paid-in capital is NT$8,339,349,040, with a par value of NT$10 per share, and a total of 833,934,904 shares issued.

iii. The proposed amount of capital reduction is NT$1,000,000,000 by canceling 100,000,000 shares, representing approximately 11.9913436% of the paid-in capital. After the capital reduction, the new paid-in capital will be NT$7,339,349,040, divided into 733,934,904 shares at NT$10 par value per share.

iv. Based on shareholders' holdings as recorded on the capital reduction record date, each 1,000 shares will be exchanged for 880.086564 new shares (i.e., a reduction of 119.913436 shares per 1,000 shares), and NT$1.19913436 in cash will be returned per share. Amounts will be rounded down to the nearest whole dollar. For fractional shares resulting from the capital reduction, shareholders may apply to the Company's stock affairs agent to consolidate shares within five days prior to the suspension of share transfer. Any remaining fractional shares not consolidated into one full share will be paid in cash based on par value (after deducting any applicable fees for centralized custody or dematerialization). The Chairman is authorized to negotiate with specific parties for subscription at par value.

All shares after the capital reduction will be issued in dematerialized form.

v. Upon approval of this proposal by the shareholders' meeting and subsequent approval by the competent authority, the Chairman is authorized to determine the capital reduction record date, share exchange record date, and the capital reduction and share exchange plan.

If changes in the Company's capital subsequently affect the number of outstanding shares and require adjustment of the above-mentioned capital reduction ratio, the shareholders' meeting is requested to authorize the Chairman with full authority to handle such matters.

vi. Should any changes or amendments be required due to revisions in laws or as mandated by the competent authority, the shareholders' meeting is requested to authorize the Chairman with full authority to handle the relevant matters.

vii. The rights and obligations of the new shares issued in exchange after the capital reduction will be identical to those of the original shares.

Supplementary Explanation: Pursuant to the letter No. 1140000924 dated March 25, 2025, from the Securities and Futures Investors Protection Center (SFIPC), the Company is required to provide the following explanation:

i. Reasons, Necessity, and Rationality for the Proposed Capital Reduction in Cash:

The Company currently has no major capital expenditure plans in the short term. After considering factors such as investor interests, working capital requirements, and the scale of the Company's paid-in capital, the Board of Directors resolved to propose a capital reduction in cash to return capital to shareholders. The purpose is to adjust the capital structure and enhance shareholders' return on equity.

ii. Source of Funds for the Proposed Capital Reduction in Cash, and Its Impact on the Company's Financial Position, Business Operations, and Capital Structure Stability:

The capital reduction will be funded using the Company's own funds. It will not adversely affect the Company's future financial condition or normal business operations, nor will it have a material impact on the stability of the Company's capital structure.

iii. Whether the Company Has Any Plans to Raise Capital or Issue Bonus Shares in the Current or Following Fiscal Year, and the Necessity and Rationality of Such Plans:

The Company does not expect to conduct any capital raising activities or issue bonus shares in 2025 (ROC Year 114) or the following fiscal year.

Proceedings: No questions were raised by shareholders.

Resolution: The proposal was approved as submitted after voting.

The voting results are as follows:

Total Voting Rights	Votes in Favor	Votes Against	Abstained/Not Voted	Invalid Votes
461,733,764	446,829,362	2,617,488	12,286,914	0
	96.77%	0.56%	2.66%	0.00%

Proposal 2

Proposal: Amendment to Certain Articles of the Company's Articles of Incorporation (Proposed by the Board of Directors)

Explanation:

i. In accordance with FSC Order No. 1130385442 and Article 14, Paragraph 6 of the Securities and Exchange Act, companies listed on the stock exchange or traded on the OTC market must specify in their Articles of Incorporation the allocation of a certain percentage of annual earnings for the purpose of salary adjustment or compensation distribution to grassroots employees. This proposal is to amend the Company’s Articles of Incorporation accordingly.

ii. “Grassroots employees” refer to those who are not managerial personnel and whose salary levels fall below a specified threshold. The said "threshold" shall be determined by the Company based on its operational conditions and industry characteristics, but shall not be lower than the salary level defined for grassroots employees under the "Regulations Governing the Tax Deduction for Salary Increases of Employees in SMEs."

The scope of grassroots employees must be resolved by the Board of Directors and periodically evaluated for potential adjustments. These provisions must also be incorporated into the Company’s internal control system.

The definition of managerial personnel shall be based on the FSC Order No. 1120384295 dated October 4, 2023.

iii. A comparison of the original and amended articles is provided below:

Article	Before Amendment	After Amendment	Explanation
Article 20	At the end of each fiscal year, the Board of Directors shall prepare the following statements and reports and submit them to the shareholders’ meeting for approval: 1. Business Report. 2. Financial Statements. 3. Proposal for Earnings Distribution or Loss Offsetting. ~~The distribution of earnings or offsetting of losses may be conducted semi-annually.~~	At the end of each fiscal year, the Board of Directors shall prepare the following statements and reports and submit them to the shareholders’ meeting for approval: 1. Business Report. 2. Financial Statements. 3. Proposal for Earnings Distribution or Loss Offsetting.	The content was merged into Article 21.

Article	Before Amendment	After Amendment	Explanation
Article 21	(Content regarding profit definition, employee compensation allocation, earnings distribution and capital surplus utilization; includes detailed allocation sequence and Board authorization for cash or stock dividends.)	In addition to the original content, added: “At least 30% of the employee compensation shall be allocated to grassroots employees.”	1. Aligned with regulatory amendments. 2. Adjusted content structure.
Article 21-1	In accordance with Article 241 of the Company Act, the Company may distribute all or part of its legal reserve and capital reserve as stock dividends or cash in proportion to shareholders’ existing shareholdings. For cash distributions, the Board of Directors is authorized to resolve with at least two-thirds of directors present and a majority of those present in favor, and report to the shareholders’ meeting.	In accordance with Articles 240-5 and 241 of the Company Act, the Board of Directors is authorized to resolve, with at least two-thirds of directors present and a majority of those present in favor, to distribute cash dividends (which may include surplus earnings and all or part of legal and capital reserves), and report to the shareholders’ meeting.	Adjusted content.
第廿四條	(Omitted)... Last amended on May 18, 2022 (55th amendment), effective upon shareholders’ approval.	(Omitted)... Last amended on May 18, 2022 (55th amendment), amended again on May 22, 2025 (56th amendment), effective upon shareholders’ approval.	Amendment date added.

Proceedings: No questions were raised by shareholders.

Resolution: The proposal was approved as submitted after voting.

The voting results are as follows:

Total Voting Rights	Votes in Favor	Votes Against	Abstained/Not Voted	Invalid Votes
461,733,764	447,178,927	2,113,040	12,441,797	0
	96.84%	0.45%	2.69%	0.00%

VI. Extraordinary Motions: None.

Proceedings:

i. Shareholder Remarks:

1. Shareholder Account No. 283761: Inquired about the remaining permit acquisition timeline for the "World Pearl" project, emphasized the importance of protecting shareholder interests during the capital reduction, and asked about the progress of treasury stock buyback and commercial property leasing plans.
2. Shareholder Account No. 266106: Asked whether the estimated total sales of the "World Pearl" project had increased compared to the initial projection, its impact on EPS (Earnings Per Share), and the expected project completion date.

ii. Responses from the Chairman and Designated Personnel:

1. The capital reduction was thoroughly evaluated considering the Company's financial status. It will not adversely affect future financial or business operations, nor have a significant impact on capital stability.
2. The usage permit for the "World Pearl" project is being processed according to actual operational progress.
3. As of now, NT$32.1 billion in total sales have been achieved for the "World Pearl" project, with 159 residential units sold and 78 units remaining.
4. For the commercial portion, decisions on sales or leasing will depend on actual market conditions; fluctuations from initial sales projections are primarily due to this segment.
5. EPS (Earnings Per Share) figures shall be based on the CPA-audited financial reports and official public disclosures.

VII. Adjournment: 9:34 AM on the same day.

Note: These minutes contain only the key points and outcomes of the meeting. Detailed content, procedures, and shareholder remarks are based on the official video recording of the meeting.

2024 Business Operations Report

1. Consolidated Production and Sales Report:

(1) Production – Tires: In 2024, the actual tire production volume was 6,499,000 units, representing a 6.89% increase compared to 6,080,000 units in the previous year. The production value reached NT$6,705,290 thousand, up 7.06% from NT$6,263,329 thousand in the previous year. 。

(2) Consolidated Sales:

A. Domestic Tire Sales: The domestic tire sales amount for 2024 was NT$923,800 thousand, an increase of 10.67% compared to NT$834,771 thousand in 2023.

B. Export Tire Sales: The export tire sales amount for 2024 was NT$7,939,843 thousand, up 14.60% from NT$6,928,174 thousand in the previous year.

C. Subtotal – Consolidated Tire Sales: The total domestic and export tire sales in 2024 amounted to NT$8,998,019 thousand, showing a 14.60% increase from NT$7,851,974 thousand in 2023.

(3) Sales – Construction: Starting from the second half of 2024, the Company’s subsidiary, Nan Rong Development, gradually completed several units. Total construction sales for the year amounted to NT$6,225,500 thousand, covering 15 units.

(4) Total Consolidated Sales (Tires + Construction):In 2024, the total consolidated sales reached NT$15,223,519 thousand, representing a significant 93.88% increase compared to NT$7,851,974 thousand in the previous year.

2. Summary Financial Information Report

Unit: NT$ Thousands

item	Standalone – 2024		Consolidated – 2024	
	Amount	%	Amount	%
Operating Revenue	4,626,694	100	15,223,519	100
Gross Profit	881,095	19	4,888,762	32
Operating Expenses	(798,358)	(17)	(1,375,920)	(9)
Operating Profit (Loss)	82,737	2	3,512,842	23
Profit (Loss) Before Tax	3,070,711	67	3,359,170	22
Income Tax Benefit (Expense)	(122,827)	(3)	(411,286)	(3)
Net Profit (Loss) After Tax	2,947,884	64	2,947,884	19
Earnings (Loss) Per Share (EPS)	3.53 元		3.53 元	
Total Assets	22,966,130		44,138,273	
Total Liabilities	9,400,934		30,573,077	
Total Shareholders' Equity	13,565,196		13,565,196	

Audit Committee Report for the 2024 Fiscal Year

Audit Committee Review Report

The Board of Directors has submitted the 2024 Business Report, Financial Statements (including individual and consolidated financial statements), and the Earnings Distribution Proposal. The financial statements (including individual and consolidated financial statements) have been audited by Peng, Li-Chen CPA and Wu, Hsin-Liang CPA from Baker Tilly Clock & Co. Zhengfeng United Accounting Firm, and audit reports have been issued. The aforementioned business report, financial statements, and earnings distribution proposal have been reviewed by the Audit Committee, and no discrepancies were found. Therefore, this report has been issued in accordance with relevant laws and regulations.

Respectfully Submitted,

Nankang Rubber Tire Corporation, Ltd.

Chairperson of the Audit Committee: Wu, Si-yi

吳思儀

Date: March 4, 2025

Report on Funds Loaned to Others and Endorsement Guarantees for 2024

Explanation: The summary report for funds loaned to others and endorsement guarantees for 2024 (including subsidiaries) is as follows:

(1) Details of Funds Loaned：

Unit: (NTD/Thousands)

Loaning Company	Loaned To	Loan Balance		Actual Disbursement		Loan Reason	Remarks
		Highest Amount	Ending Balance	Highest Amount	Ending Balance		
Nankang Rubber Tire Corp.	Nanrong Development Construction Co., Ltd.	700,000	700,000	450,000	200,000	Operating Turnover	
Company Total			**700,000**		**200,000**		
Nankang International Corp.	Nankang Rubber Tire Corp.	558,195	557,345	541,778	540,953	Operating Turnover	
Nankang (Zhangjiagang Free Trade Zone) Rubber Industrial Co., Ltd.	Nankang Rubber Tire Corp.	328,350	327,850	328,350	0	Operating Turnover	
Nankang International Corp.	Nanrong Development Construction Co., Ltd.	327,850	327,850	189,900	147,533	Operating Turnover	
Subsidiaries Total			**1,213,045**		**688,486**		

Note: The highest amount of funds loaned to external parties by the company is NTD 5,426,078 thousand.

(1)Details of Endorsement Guarantees:

(2) Unit: (NTD/Thousands)

Endorsing Company	Endorsement Guaranteed To	Endorsement Guarantee Amount		Actual Disbursement		Remarks
		Highest Amount	Ending Balance	Highest Amount	Ending Balance	
Nankang Rubber Tire Corp.	Nankang International Corp.	718,614	681,651	650,000	619,000	
Nankang Rubber Tire Corp.	Nanrong Development Construction Co., Ltd.	1,900,000	1,900,000	450,000	450,000	
Nankang Rubber Tire Corp.	Zhikai Development Co., Ltd.	33,350	33,350	33,350	33,350	
Nankang Rubber Tire Corp.	Yuan Rui Development Enterprise Co., Ltd.	16,650	16,650	16,650	16,650	
Company Total			**2,631,651**		**1,119,000**	
Nanrong Development Construction Co., Ltd.	Nankang Rubber Tire Corp.	7,000,000	7,000,000	7,000,000	7,000,000	
Subsidiaries Total			**7,000,000**		**7,000,000**	

Note: The highest endorsement guarantee amount provided by the company to external parties is NTD 13,565,196 thousand..

附件四：113 年度董事酬金報告

Remuneration received by directors (including independent directors) in 2024

職稱	姓名	董事酬金								A、B、 C及D等四項總額占稅後純益之比例		兼任員工領取相關酬金								A、B、C、D、E、F及G等七項總額占稅後純益之比例		領取來自子公司以外轉投資事業或母公司酬金(註11)
		報酬(A)(註2)		退職退休金(B)		董事酬勞(C)(註3)		業務執行費用(D)(註4)		(註10)		薪資、獎金及特支費等(E)(註5)		退職退休金(F)		員工酬勞(G)(註6)				(註10)		
		本公司	財務報告內所有公司(註7)	本公司	財務報告內所有公司(註7)	本公司	財務報告內所有公司(註7)	本公司	財務報告內所有公司(註7)	本公司	財務報告內所有公司(註7)	本公司	財務報告內所有公司(註7)	本公司	財務報告內所有公司(註7)	本公司		財務報告內所有公司(註7)		本公司	財務報告內所有公司(註7)	
																現金金額	股票金額	現金金額	股票金額			
董事長	詮暉投資(股)公司 代表人：郭林諒	240,000	360,000	0	0	0	0	60,000	80,490	0.01%	0.01%	3,131,265	3,131,265	0	0	0	0	0	0	0.12%	0.12%	無
董事	詮暉投資(股)公司 代表人：林君穎	240,000	240,000	0	0	0	0	54,000	74,490	0.01%	0.01%	1,407,192	1,407,192	65,502	65,502	0	0	0	0	0.06%	0.06%	無
董事	詮暉投資(股)公司 代表人：陳恒寬	253,655	373,655	0	0	0	0	54,000	54,000	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	無
董事	詮暉投資(股)公司 代表人：黃佳盈	253,655	253,655	0	0	0	0	54,000	54,000	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	無
董事	詮暉投資(股)公司 代表人：陳孟秀	168,930	168,930	0	0	0	0	18,000	18,000	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	無
董事	詮暉投資(股)公司 代表人：張景溢	172,930	172,930	0	0	0	0	24,000	24,000	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	無
董事	崇神開發實業(股)公司 陳學聖	44,725	44,725	0	0	0	0	6,000	6,000	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	無
董事	崇神開發實業(股)公司 黃銘祐	44,725	44,725	0	0	0	0	6,000	6,000	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	無
獨立董事	吳思儀	613,655	613,655	0	0	0	0	60,000	60,000	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	無
獨立董事	陳孟秀	204,725	204,725	0	0	0	0	18,000	18,000	0.01%	0.01%	0	0	0	0	0	0	0	0	0.01%	0.01%	無
獨立董事	許妙靜	104,725	104,725	0	0	0	0	6,000	6,000	0.00%	0.00%	0	0	0	0	0	0	0	0	0.00%	0.00%	無
獨立董事	吳珮君	428,930	428,930	0	0	0	0	30,000	30,000	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	無
獨立董事	巫立宇	428,930	428,930	0	0	0	0	30,000	30,000	0.02%	0.02%	0	0	0	0	0	0	0	0	0.02%	0.02%	無

一、請敘明獨立董事酬金給付政策、制度、標準與結構，並依所擔負之職責、風險、投入時間等因素敘明與給付酬金數額之關聯性：依本公司章程第十五條之一，全體董事之報酬，不論盈虧均支給之，董事長報酬上限不得超過總經理薪資1.5倍，副董事長報酬上限不得超過總經理薪資1倍，其餘董事報酬依同業水準支給之，惟獨立董事報酬得略高於非獨立董事報酬，本公司並為董事購買責任保險以降低董事因依法執行職務致被股東或其他關係人控訴之風險。

二、除上表揭露外，最近年度公司董事為財務報告內所有公司提供服務(如擔任非屬員工之顧問等)領取之酬金：

1.獨立董事吳思儀兼任審計及薪酬委員，酬金144仟元。
2.獨立董事陳孟秀兼任審計及薪酬委員，酬金52仟元。
3.獨立董事許妙靜兼任審計及薪酬委員，酬金26仟元。
4.獨立董事吳珮君兼任審計及薪酬委員，酬金92仟元。
5.獨立董事巫立宇兼任審計及薪酬委員，酬金92仟元。

附件五：113 年度盈餘分派報告

Profit Distribution Report for 2024

Explanation：The company’ s profit distribution for the 2024 fiscal year is as follows:

Nankang Rubber Tire Corporation, Ltd.

Profit Distribution Table for 2024

Unit: (NTD)

Beginning balance of unappropriated earnings	(869,591,951)
Add: Net profit for the year after tax	2,947,884,447
Add: Reversal of special earnings reserve	145,885,177
Add: 2024 actuarial gain/loss from employee welfare plan	17,718,842
Available distributable earnings	2,241,896,515
分配項目：	
一、Allocation to legal reserve (10%)	224,189,652
二、Cash dividend distribution (NTD 0.5 per share)	416,967,452
三、Retained earnings	1,600,739,411
Total	2,241,896,515

Note1: The cash dividend per share is calculated based on the current issued share capital of 833,934,904 shares.

Note2: The cash dividends will be distributed in full after the board approves and sets the distribution date.

Chairman：　　Manager：：　　Accounting Supervisor：

INDEPENDENT AUDITORS' REPORT

NO.00031130ECA

To the Board of Directors of Nankang Rubber Tire Corp., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of Nankang Rubber Tire Corp., Ltd. and its subsidiaries (collectively referred to as “the Company”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company's consolidated financial statements for the year ended December 31,2024 are explained as follows:

Inventory valuation

The inventory of the Company as of December 31, 2024 was NT$25,771,797 thousand , which accounted for 59% of the total assets, in which the inventory of tire manufacturing was NT$1,711,173 thousand and the construction in progress of the construction and development was NT$24,060,624 thousand. Regarding the accounting policies for the inventory, please refer to Note 4(11) of the Consolidated Financial Report.

The inventory valuation of the company is measured at the cost and net realizable value. The profitability of the tire industry is directly influenced by the price fluctuation of the main material, the natural rubber. There are still uncertain factors in the external economic environment raw material costs and product selling prices may fluctuate significantly, resulting in a higher risk that the net realizable value of inventories will fall below the carrying value and become stagnant. In addition, the construction division of the subsidiary was still under development and the amount of construction in progress accounted for 93% of the consolidated inventory, resulted in the decrease in the consolidated inventory turnover. However, the valuation of the inventory's net realizable value is relevant to the major judgments and estimates and the inventory amount is significant to the consolidated report. Thus, we believe that the inventory valuation of the company shall be listed as one of the most important matters for audit in this year.

The corresponding audit process we perform mainly for the above key audit matters is as follows:

1.Assess the reasonableness regarding the inventory valuation and the allowance policy for inventory devaluation and obsolescence loss of the Consolidated Company.

2.Confirm the reasonableness of the net realizable value by the random checking and calculating the inventory valuation of the Consolidated Company based on the information.

3.Confirm the completeness of the allowance for inventory devaluation and obsolescence loss of the Consolidated Company by assessing the inventory conditions of the annual inventory and aging inventory analysis.

4.Aim at the investment in the construction in progress to conduct sampling inspection for relevant costs and confirm the appropriate attribute and classification to understand the progress of the construction and the reasonableness of the construction investment. Also assess the reasonableness regarding the book value of the land and construction in progress which has no impairment.

Impairment of property, plant and equipment

The property, plant and equipment of the Company as of December 31, 2024 was NT$7,046,625 thousand, which accounted for 16% of the total assets. Regarding the accounting policies for the impairment of the non-financial assets, please refer to Note 4(18) to the consolidated financial report.

The management of the Company regularly assesses whether the property, plant and equipment has any sign of impairment. Given the recoverable amount of each cash-generating unit measured during the impairment assessment involves many assumptions and estimates, the estimation method may have direct impact on and change the result of the recoverable amount measurement. Also, the amount of the property, plant and equipment is significant to the consolidated report, therefore we believe that the impairment assessment for the property, plant and equipment of the Company shall be listed as one of the most important matters for auditing this year.

The corresponding audit process we perform mainly for the above key audit matters is as follows:

1. Understand, analyze, and assess the reasonableness regarding the cash-generating unit identified by the management of the Company and the subsidiaries which has no sign of impairment.

2. Assess and analyze the assumptive data of the impairment test, including the cash flow forecast and discount rate, to confirm the appropriateness of each assumptive data.

Other Matter

We have also audited the parent company only financial statements of Nankang Rubber Tire Corp., Ltd as of and for the years ended December 31, 2024 and 2023 on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company’s financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly Clock & Co

Li-Chen Peng, CPA

Hsin-Liang Wu, CPA

March 4, 2025

Notes to Readers

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

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

NANKANG RUBBER TIRE CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2024		December 31,2023	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6	$ 1,925,324	5	$ 1,797,401	4
Financial assets at fair value through profit or loss-current	7	195,451	—	196,419	—
Notes receivable,net	8	446,016	1	566,203	1
Accounts receivable,net	8	1,398,669	3	944,749	2
Other receivables		44,544	—	29,178	—
Current tax assets		1,999	—	1,904	—
Inventories	9	25,771,797	59	22,664,024	55
Prepayments		919,022	2	847,441	2
Other current financial assets	10	363,148	1	1,108,165	3
Other current assets,others	11	1,424,845	3	1,393,945	4
Total current assets		32,490,815	74	29,549,429	71
NONCURRENT ASSETS					
Investment accounted for using equity method	12	3,855,000	9	3,934,328	10
Property, plant and equipment	13	7,046,625	16	7,347,371	18
Right-of-use assets	14	179,318	—	182,929	—
Investment property,net	15	331,231	1	331,260	1
Intangible assets		1,623	—	1,875	—
Deferred tax assets	25	119,258	—	140,641	—
Prepayments for business facilities		47,076	—	73,513	—
Refundable deposits		52,768	—	57,095	—
Net defined benefit assets	21	14,559	—	—	—
Total noncurrent assets		11,647,458	26	12,069,012	29
TOTAL		$ 44,138,273	100	$ 41,618,441	100

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

(Continued)

NANKANG RUBBER TIRE CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2024		December 31,2023	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Short-term borrowings	16	$ 7,332,982	17	$ 7,410,309	18
Short-term notes and bills payable	17	769,230	2	399,263	1
Contract liability	23	6,895,983	16	9,130,956	22
Notes payable		1,152	—	1,358	—
Accounts payable		1,422,697	3	342,922	1
Other payables	18	617,004	1	521,741	1
Current tax liabilities		52,212	—	33,958	—
Provisions-current	19	10,800	—	10,900	—
Lease liabilities-current	14	14,185	—	13,982	—
Current portion of long-term borrowings	20	—	—	550,000	1
Other current liabilities,others		16,063	—	31,090	—
Total current liabilities		17,132,308	39	18,446,479	44
NONCURRENT LIABILITIES					
Long-term borrowings	20	12,581,220	28	11,977,436	29
Deferred tax liabilities-land value increment tax	25	720,629	2	733,196	2
Deferred tax liabilities-income tax	25	131,645	—	66,227	—
Lease liabilities-noncurrent	14	6,622	—	11,994	—
Net defined pension liabilities	21	—	—	23,876	—
Other non-current liabilities		653	—	746	—
Total noncurrent liabilities		13,440,769	30	12,813,475	31
Total liabilities		30,573,077	69	31,259,954	75
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Capital stock	22(1)	8,339,349	19	8,339,349	20
Capital surplus	22(2)	293,222	1	293,224	1
Retained earnings	22(3)				
Legal reserve		176,641	—	176,641	—
Special reserve		2,157,011	5	2,302,896	6
Unappropriated earnings		2,241,896	5	(869,592)	(2)
Other equity	22(4)	357,077	1	115,969	—
Total equity attributable to owners of the Company		13,565,196	31	10,358,487	25
NON-CONTROLLING INTERESTS		—	—	—	—
Total equity		13,565,196	31	10,358,487	25
TOTAL		$ 44,138,273	100	$ 41,618,441	100

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

NANKANG RUBBER TIRE CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED ON DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

DESCRIPTION	NOTE	2024		2023	
		Amount	%	Amount	%
OPERATING REVENUES	23	$ 15,223,519	100	$ 7,851,974	100
OPERATING COSTS	9	(10,334,065)	(68)	(6,298,380)	(80)
GROSS PROFIT BEFORE UNREALIZED GROSS		4,889,454	32	1,553,594	20
UNREALIZED PROFIT FROM SALES	28	(1,214)	—	(522)	—
REALIZED PROFIT ON FROM SALES		522	—	285	—
GROSS PROFIT FROM OPERATIONS		4,888,762	32	1,553,357	20
OPERATING EXPENSES					
Selling and marketing expenses		(904,440)	(6)	(646,339)	(8)
General and administrative expenses		(389,808)	(2)	(387,146)	(5)
Research and development expenses		(87,160)	(1)	(77,711)	(1)
Expected credit impairment losses		5,488	—	(204)	—
Total operating expenses		(1,375,920)	(9)	(1,111,400)	(14)
INCOME FROM OPERATIONS		3,512,842	23	441,957	6
NON-OPERATING INCOME AND EXPENSES					
Interest income		26,087	—	28,190	—
Other income	24(1)	37,208	—	32,597	—
Other gains and losses	24(2)	45,001	—	162,333	2
Finance costs	24(3)	(177,567)	(1)	(177,804)	(2)
Share of profits of associates accounted for using equity method		(84,401)	—	(288,836)	(3)
Total non-operating income and expenses		(153,672)	(1)	(243,520)	(3)
INCOME BEFORE INCOME TAX		3,359,170	22	198,437	3
INCOME TAX (EXPENSE) BENEFIT	25	(411,286)	(3)	(64,426)	(1)
NET INCOME		2,947,884	19	134,011	2
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	21	22,149	—	(4,390)	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	25	(4,430)	—	878	—
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		235,340	2	(88,020)	(1)
Share of the other comprehensive income (loss) of associates accounted for using the equity method		5,768	—	2,487	—
Other comprehensive (loss) income, net of income tax		258,827	2	(89,045)	(1)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		$ 3,206,711	21	$ 44,966	1
NET INCOME ATTRIBUTABLE TO：					
Shareholders of the parent		$ 2,947,884	19	$ 134,011	2
Non-controlling interests		—	—	—	—
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO：					
Shareholders of the parent		$ 3,206,711	21	$ 44,966	1
Non-controlling interests		—	—	—	—
EARNING PER SHARE (NT$)	26				
Basic		$ 3.53		$ 0.16	
Diluted		$ 3.53		$ 0.16	

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

NANKANG RUBBER TIRE CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

DESCRIPTION	Equity attributable to the owners of the Company							Non-controlling interests	Total equity
	Capital Stock	Capital surplus	Retained earnings			Other equity	Subtotal		
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations			
BALANCE, JANUARY 1, 2023	$ 8,339,349	$ 290,880	$ 176,641	$ 2,302,896	$ (1,000,091)	$ 201,502	$ 10,311,177	$ —	$ 10,311,177
Net income in 2023	—	—	—	—	134,011	—	134,011	—	134,011
Other comprehensive income in 2023, net of income tax	—	—	—	—	(3,512)	(85,533)	(89,045)	—	(89,045)
Total comprehensive income (loss) in 2023	—	—	—	—	130,499	(85,533)	44,966	—	44,966
Changes in equity of associates and joint ventures accounted for using equity method	—	2,344	—	—	—	—	2,344	—	2,344
BALANCE, DECEMBER 31, 2023	8,339,349	293,224	176,641	2,302,896	(869,592)	115,969	10,358,487	—	10,358,487
Reversal of special reserve	—	—	—	(145,885)	145,885	—	—	—	—
Net income in 2024	—	—	—	—	2,947,884	—	2,947,884	—	2,947,884
Other comprehensive loss in 2024, net of income tax	—	—	—	—	17,719	241,108	258,827	—	258,827
Total comprehensive income (loss) in 2024	—	—	—	—	2,965,603	241,108	3,206,711	—	3,206,711
Changes in equity of associates and joint ventures accounted for using equity method	—	(2)	—	—	—	—	(2)	—	(2)
BALANCE, DECEMBER 31, 2024	$ 8,339,349	$ 293,222	$ 176,641	$ 2,157,011	$ 2,241,896	$ 357,077	$ 13,565,196	$ —	$ 13,565,196

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

NANKANG RUBBER TIRE CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

DESCRIPTION	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,359,170	$ 198,437
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	696,082	729,598
Amortization expense	402	381
Expected credit impairment loss (income)	(5,488)	204
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	435	(92,883)
Interest expense	177,567	177,804
Interest income	(26,087)	(28,190)
Dividend income	(11,657)	(7,743)
Share of profit of associates accounted for using equity method	84,401	288,836
Loss (gain) on disposal or retirement of property, plant and equipment, net	(157)	10,204
Unrealized profit from sale	1,214	522
Realized profit on from sale	(522)	(285)
Changes in operating assets and liabilities		
Notes receivable	135,504	(250,728)
Notes receivable from related parties	3,445	162
Accounts receivable	(412,259)	(30,350)
Accounts receivable from related parties	108	(30,801)
Other receivables	(14,722)	(831)
Inventories	(3,074,116)	(4,837,567)
Prepayments	(50,151)	(205,973)
Other current assets	(4,553)	3,814
Net defined benefit assets	7,590	—
The incremental cost of obtaining the contract	(26,366)	(27,936)
Contract liability	(2,236,393)	1,449,535
Notes payable	(206)	398
Accounts payable	1,067,129	89,718
Other payables	75,459	32,454
Provisions	(100)	3,700
Other current liabilities	(15,178)	(1,530)
Net defined pension liabilities	(23,877)	(15,013)
Cash used in operations	(293,326)	(2,544,063)
Interest received	38,969	27,906
Interest paid	(193,741)	(176,571)
Income taxes paid	(324,739)	(89,247)
Net cash used in operating activities	(772,837)	(2,781,975)

(Continued)

NANKANG RUBBER TIRE CORP., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

DESCRIPTION	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	(16,120)	(16,240)
Proceeds from disposal of financial assets at fair value through profit or loss	16,653	14,061
Payments for property, plant and equipment	(329,250)	(248,032)
Proceeds from disposal of property, plant and equipment	70,986	6,287
Increase in Refundable Deposits	(3,253)	(9,270)
Decrease in Refundable Deposits	8,903	17,302
Purchase of Intangible Assets	(56)	(207)
Decrease (increase) in other financial assets	748,395	780,894
Increase in prepayments for business facilities	(247,985)	(225,892)
Decrease in prepayments for business facilities	274,423	224,985
Dividends received from other investment	11,657	7,743
Net cash generated from investing activities	534,353	551,631
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(82,408)	(41,308)
Increase (decrease) in short-term notes and bills payable	369,967	69,720
Increase in long-term borrowings	3,780,000	2,932,000
Repayment of long-term borrowings	(3,743,780)	(293,993)
Increase in guarantee deposits received	300	—
Decrease in guarantee deposits received	(425)	(657)
Repayment of the principal portion of lease liabilities	(16,346)	(16,233)
Net cash generated from financing activities	307,308	2,649,529
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	59,099	(35,544)
NET INCREASE IN CASH AND CASH EQUIVALENTS	127,923	383,641
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	1,797,401	1,413,760
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 1,925,324	$ 1,797,401

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

INDEPENDENT AUDITORS' REPORT

NO.00031130EA

To the Board of Directors of Nankang Rubber Tire Corp., Ltd.

Opinion

We have audited the accompanying parent company only financial statements of Nankang Rubber Tire Corp., Ltd. (collectively referred to as “the Company”), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Company’s parent company only financial statements for the year ended December 31,2024 are explained as follows:

<u>Inventory valuation</u>

The inventory amount of the Company’s as of December 31, 2024 was NT$836,795 thousand. Regarding the accounting policies for the inventory, please refer to Note 4(10) to the Parent Company Only Financial Report.

The inventory valuation of the Company’s is measured at cost and net realizable value. However, the valuation of the inventory’s net realizable value is relevant to the major judgments and estimates, and the profitability of the tire industry is directly influenced by the price fluctuation of the main material, the natural rubber. There are still uncertain factors in the external economic environment , raw material costs and product selling prices may fluctuate significantly, resulting in a higher risk that the net realizable value of inventories will fall below the carrying value and become stagnant. Thus, we believe that the inventory valuation of the Company shall be listed as one of the most important matters for audit in this year.

The corresponding audit process we perform mainly for the above key audit matters is as follows:

1.Assess the reasonableness regarding the inventory valuation and the allowance policy for inventory devaluation and obsolescence loss of the Company.

2.Confirm the reasonableness of the net realizable value by the random checking and calculating the inventory valuation of the Company based on the information.

3.Confirm the completeness of the allowance for inventory devaluation and obsolescence loss by assessing the inventory conditions of the annual inventory and aging inventory analysis.

<u>Impairment of property, plant and equipment</u>

The property, plant and equipment of the Company as of December 31, 2024 was NT$5,019,308 thousand. Regarding the accounting policies for the impairment of the non-financial assets, please refer to Note 4(15) to the Parent Company Only Financial Report.

The management of the Company regularly assesses whether the property, plant and equipment has any sign of impairment. Given the recoverable amount of each cash-generating unit measured during the impairment assessment involves many assumptions and estimates, the estimation method may have direct impact on and change the result of the recoverable amount measurement. Thus, we believe that the impairment assessment for the property, plant and equipment of the Company shall be listed as one of the most important matters for audit in this year.

The corresponding audit process we perform mainly for the above key audit matters is as follows:

1. Understand, analyze and assess the reasonableness regarding the cash-generating unit identified by the management of the Company which has no sign of impairment.

2. Assess and analyze the assumptive data of the impairment test, including the cash flow forecast and discount rate, to confirm the appropriateness of each assumptive data.

Responsibilities of Management and Those Charged with Governance for the Parent company only Financial Statements

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

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

Those charged with governance (including members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent company only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Baker Tilly Clock & Co

Li-Chen Peng, CPA

Hsin-Liang Wu, CPA

March 4, 2025

Notes to Readers

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

The auditors' report and the accompanying parent company only financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and parent company only financial statements, the Chinese version shall prevail.

NANKANG RUBBER TIRE CORP., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

ASSETS	NOTES	December 31,2024		December 31,2023	
		Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6	$ 209,493	1	$ 102,417	1
Financial assets at fair value through profit or loss-current	7	195,451	1	196,419	1
Notes receivable from related parties, net	8,26	4,758	—	10,680	—
Accounts receivable, net	8	362,889	2	241,806	1
Accounts receivables from related parties, net	8,26	254,037	1	247,604	1
Other receivables		17,719	—	18,648	—
Other receivables from related parties	26	455,993	2	2,044	—
Current tax assets		44	—	175	—
Inventories	9	836,795	4	825,508	4
Prepayments		15,373	—	21,075	—
Other current financial assets	27	328	—	307	—
Other current assets, others		41,941	—	40,894	—
Total current assets		2,394,821	11	1,707,577	8
NONCURRENT ASSETS					
Investments accounted for using equity method	10	15,019,672	65	12,837,210	63
Property, plant and equipment	11	5,019,308	22	5,283,270	26
Right-of-use assets	12	7,211	—	13,861	—
Investment property, net	13	331,231	1	331,260	2
Deferred tax assets	23	119,258	1	139,316	1
Prepayments for business facilities		47,076	—	73,513	—
Refundable deposits		12,994	—	13,030	—
Net defined benefit assets	19	14,559	—	—	—
Total noncurrent assets		20,571,309	89	18,691,460	92
TOTAL		$ 22,966,130	100	$ 20,399,037	100

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

(Continued)

NANKANG RUBBER TIRE CORP., LTD.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2024 and 2023

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	NOTES	December 31,2024		December 31,2023	
		Amount	%	Amount	%
CURRENT LIABILITIES					
Short-term borrowings	14	$ 7,222,191	31	$ 7,314,229	36
Short-term notes and bills payable	15	189,528	1	179,611	1
Contract liability	21	63,605	—	53,289	—
Notes payable		1,152	—	1,358	—
Accounts payable		68,752	—	94,702	—
Accounts payable to related parties	26	153,389	1	144,416	1
Other payables	16	337,618	2	287,859	1
Current tax liabilities		20,906	—	100	—
Provisions-current	17	10,800	—	10,900	—
Lease liabilities-current	12	6,652	—	7,147	—
Current portion of long-term borrowings	18	—	—	550,000	3
Other current liabilities, others		13,513	—	28,607	—
Total current liabilities		8,088,106	35	8,672,218	42
NONCURRENT LIABILITIES					
Long-term borrowings	18	540,953	2	631,633	3
Deferred tax liabilities-land value increment tax		639,709	3	639,709	3
Deferred tax liabilities-income tax	23	131,645	1	66,227	1
Lease liabilities-noncurrent	12	461	—	6,827	—
Net defined pension liabilities	19	—	—	23,876	—
Guarantee deposit received		60	—	60	—
Total noncurrent liabilities		1,312,828	6	1,368,332	7
Total liabilities		9,400,934	41	10,040,550	49
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY					
Capital stock	20(1)	8,339,349	36	8,339,349	41
Capital surplus	20(2)	293,222	1	293,224	1
Retained earnings	20(3)				
Legal reserve		176,641	1	176,641	1
Special reserve		2,157,011	9	2,302,896	11
Unappropriated earnings		2,241,896	10	(869,592)	(3)
Other equity	20(4)	357,077	2	115,969	—
Total equity		13,565,196	59	10,358,487	51
TOTAL		$ 22,966,130	100	$ 20,399,037	100

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

NANKANG RUBBER TIRE CORP., LTD.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED ON DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

DESCRIPTION	NOTE	2024		2023	
		Amount	%	Amount	%
OPERATING REVENUES	21	$ 4,626,694	100	$ 4,207,945	100
OPERATING COSTS	9	(3,740,148)	(81)	(3,548,852)	(84)
GROSS PROFIT BEFORE UNREALIZED GROSS		886,546	19	659,093	16
UNREALIZED PROFIT FROM SALES	26	(15,689)	—	(10,238)	—
REALIZED PROFIT FROM SALES		10,238	—	2,759	—
GROSS PROFIT FROM OPERATIONS		881,095	19	651,614	16
OPERATING EXPENSES					
Selling and marketing expenses		(448,397)	(10)	(366,871)	(9)
General and administrative expenses		(262,651)	(5)	(272,388)	(6)
Research and development expenses		(87,160)	(2)	(77,711)	(2)
Expected credit impairment losses		(150)	—	—	—
Total operating expenses		(798,358)	(17)	(716,970)	(17)
INCOME (LOSS) FROM OPERATIONS		82,737	2	(65,356)	(1)
NON-OPERATING INCOME AND EXPENSES					
Interest income		963	—	572	—
Other income	22(1)	29,542	1	42,915	1
Other gains and losses	22(2)	42,282	1	115,584	2
Finance costs	22(3)	(173,573)	(4)	(167,055)	(4)
Share of profits of subsidiaries and associates		3,088,760	67	190,038	5
Total non-operating income and expenses		2,987,974	65	182,054	4
INCOMEBEFORE INCOME TAX		3,070,711	67	116,698	3
INCOME TAX (EXPENSE) BENEFIT	23	(122,827)	(3)	17,313	—
NET INCOME		2,947,884	64	134,011	3
OTHER COMPREHENSIVE INCOME (LOSS)					
Items that will not be reclassified subsequently to profit or loss					
Remeasurement of defined benefit obligation	19	22,149	—	(4,390)	—
Income tax benefit (expense) related to items that will not be reclassified subsequently	23	(4,430)	—	878	—
Subtotal		17,719	—	(3,512)	—
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		235,340	5	(88,020)	(2)
Share of the other comprehensive income (loss) of associates accounted for using the equity method		5,768	—	2,487	—
Subtotal		241,108	5	(85,533)	(2)
Other comprehensive income (loss), net of income tax		258,827	5	(89,045)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE YEAR		$ 3,206,711	69	$ 44,966	1
EARNINGS PER SHARE (NT$)	24				
Basic		$ 3.53		$ 0.16	
Diluted		$ 3.53		$ 0.16	

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

NANKANG RUBBER TIRE CORP., LTD.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

DESCRIPTION	Capital Stock	Capital surplus	Retained earnings			Other equity	Total equity
			Legal reserve	Special reserve	Unappropriated earnings	Exchange differences on translation of foreign operations	
BALANCE, JANUARY 1, 2023	$ 8,339,349	$ 290,880	$ 176,641	$ 2,302,896	$ (1,000,091)	$ 201,502	$ 10,311,177
Net income in 2023	–	–	–	–	134,011	–	134,011
Other comprehensive income (loss) in 2023, net of income tax	–	–	–	–	(3,512)	(85,533)	(89,045)
Total comprehensive income (loss) in 2023	–	–	–	–	130,499	(85,533)	44,966
Changes in equity of associates and joint ventures accounted for using equity method		2,344	–	–	–	–	2,344
BALANCE, DECEMBER 31, 2023	8,339,349	293,224	176,641	2,302,896	(869,592)	115,969	10,358,487
Reversal of special reserve	–	–	–	(145,885)	145,885	–	–
Net income in 2024	–	–	–	–	2,947,884	–	2,947,884
Other comprehensive income (loss) in 2024, net of income tax	–	–	–	–	17,719	241,108	258,827
Total comprehensive income (loss) in 2024	–	–	–	–	2,965,603	241,108	3,206,711
Changes in equity of associates and joint ventures accounted for using equity method	–	(2)	–	–	–	–	(2)
BALANCE, DECEMBER 31, 2024	$ 8,339,349	$ 293,222	$ 176,641	$ 2,157,011	$ 2,241,896	$ 357,077	$ 13,565,196

Note 1: The employee remunerations of the Company were NT$ 2,203 thousand and NT$ 0 thousand from January 1 to December 31 in 2024 and 2023 respectively, which has been separately deducted from the consolidated statements of comprehensive income in each period.

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

NANKANG RUBBER TIRE CORP., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

DESCRIPTION	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 3,070,711	$ 116,698
Adjustments for:		
Income and expense (loss) items		
Depreciation expense	456,068	470,295
Expected credit impairment loss	150	—
Net loss (gain) on financial assets and liabilities at fair value through profit or loss	435	(92,870)
Interest expense	173,573	167,055
Interest income	(963)	(572)
Dividend income	(11,657)	(7,743)
Share of profit of subsidiaries and associates	(3,088,760)	(190,038)
Gain on disposal of property, plant and equipment	(12,479)	(1,202)
Unrealized profit from sales	15,689	10,238
Realized profit on from sales	(10,238)	(2,759)
Realized (unrealized) revenue form related parties	11,560	—
Changes in operating assets and liabilities		
Notes receivable from related parties	5,922	(1,861)
Accounts receivable	(121,233)	(35,743)
Accounts receivables from related parties	(6,433)	(79,281)
Other receivables	929	(5,039)
Inventories	(11,286)	91,879
Prepayments	5,702	(4,232)
Other current assets	(1,047)	2,338
Net defined benefit assets	7,590	—
Contract liability	10,318	15,590
Notes payable	(206)	398
Accounts payable	(25,950)	37,714
Accounts payables to related parties	8,973	58,015
Other payables	37,939	20,634
Other payables from related parties	2,748	—
Provisions	(100)	3,700
Other current liabilities	(15,094)	(101)
Net defined benefit liabilities	(23,876)	(15,013)
Cash generated from operations	478,985	558,100
Interest received	963	572
Interest paid	(177,286)	(166,071)
Income taxes paid	(20,844)	(37,682)
Net cash generated from operating activities	$ 281,818	$ 354,919

(Continued)

NANKANG RUBBER TIRE CORP., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED ON DECEMBER 31, 2024 AND 2023

(In Thousands of New Taiwan Dollars)

DESCRIPTION	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through profit or loss	$ (16,120)	$ (16,240)
Proceeds from disposal of financial assets at fair value through profit or loss	16,653	14,061
Return of capital on investments accounted for using equity method	723,913	—
Dividends received from investment accounted for using equity method	217,716	24,000
Payments for property, plant and equipment	(230,636)	(157,805)
Proceeds from disposal of property, plant and equipment	67,186	2,112
Increase in Refundable Deposits	(769)	(2,180)
Decrease in Refundable Deposits	805	17,302
Decrease (increase) in other receivables due from related parties	(215,930)	12,392
Decrease (increase) in other financial assets	(21)	—
Increase in prepayments for business facilities	(247,986)	(225,892)
Decrease in prepayments for business facilities	274,423	224,986
Dividends received from other investment	11,657	7,743
Net cash generated from (used in) investing activities	600,891	(99,521)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in short-term borrowings	(103,056)	(577,935)
Increase (decrease) in short-term notes and bills payable	9,917	(149,932)
Increase in long-term borrowings	—	815,625
Repayment of long-term borrowings	(675,000)	(293,992)
Repayment of the principal portion of lease liabilities	(7,494)	(8,069)
Net cash used in financing activities	(775,633)	(214,303)
NET INCREASE IN CASH AND CASH EQUIVALENTS	107,076	41,095
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE PERIOD	102,417	61,322
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	$ 209,493	$ 102,417

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