

**Tong Ming Enterprise Co., Ltd. and  
Subsidiaries**

**Consolidated Financial Statements for the  
Years Ended December 31, 2023 and 2022 and  
Independent Auditors' Report**

## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors and Shareholders  
Tong Ming Enterprise Co., Ltd.

### **Opinion**

We have audited the accompanying consolidated financial statements of Tong Ming Enterprise Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a material accounting policy information (collectively referred to as the “consolidated financial statements”).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, 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 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 Auditing and Attestation of Financial Statements by 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 Group 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, 2023. 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.

The key audit matters identified in the Group’s consolidated financial statements for the year ended December 31, 2023 are stated as follows:

#### The Occurrence of Sales Revenue from Tong Ming Enterprise (Zhejiang)’s Branch Offices

The Group’s subsidiary Tong Ming Enterprise (Zhejiang) Co., Ltd. (referred to as the “Tong Ming (Zhejiang)”) is the main entity of the Group. The sales revenue of Tong Ming (Zhejiang) accounted for 76% of the Group’s sales revenue while sales revenue from its branch offices accounted for 51%. The Revenue contribution of the branch offices has significantly increased. Therefore, we identified the occurrence of sales revenue from Tong Ming Enterprise (Zhejiang)’s branch offices to be a key audit matter. Refer to Note 4 to the consolidated financial statements for details on revenue recognition.

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

1. We obtained an understanding of the internal controls and tested the design and operating effectiveness of the key controls over the occurrence of revenue recognition.
2. We selected samples from the list of sales details of Tong Ming Enterprise (Zhejiang), verified the related traded documents such as shipments and cash receipts, and confirmed the occurrence of revenue.

#### **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 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, 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 Group’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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group’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 maintain 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 Group'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 Group'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 Group 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 and appropriate audit evidence regarding the financial information of entities or business activities within the Group 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, 2023 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.

The engagement partners on the audits resulting in this independent auditors' report are Ming-Chung Hsieh and I-Chen Lu.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

March 28, 2024

Notice to Readers

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

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

**TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED BALANCE SHEETS**  
**DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

ASSETS	2023		2022 (Restated)	
	Amount	%	Amount	%
<b>CURRENT ASSETS</b>				
Cash and cash equivalents (Note 6)	\$ 1,248,093	10	\$ 1,651,006	12
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	-	-	242,440	2
Financial assets at amortized cost - current (Note 9)	265,682	2	25,046	-
Notes receivable, net (Notes 10, 21 and 29)	316,413	3	293,437	2
Accounts receivable, net (Notes 10, 21 and 29)	2,020,390	17	2,257,635	17
Other receivables	46,697	-	45,009	-
Current tax assets (Note 23)	12,723	-	13,541	-
Inventories (Note 11)	4,424,180	36	5,596,447	42
Other prepayments (Note 16)	387,383	3	462,177	3
Other current assets	1,587	-	3,239	-
Total current assets	<u>8,723,148</u>	<u>71</u>	<u>10,589,977</u>	<u>78</u>
<b>NON-CURRENT ASSETS</b>				
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 28)	98,562	1	99,502	1
Investments accounted for using the equity method (Note 13)	52,118	-	43,118	-
Property, plant and equipment (Notes 14, 26 and 29)	2,888,182	24	2,156,834	16
Right-of-use assets (Note 15)	150,439	1	160,168	1
Other intangible assets	112,677	1	43,740	1
Deferred tax assets (Notes 4 and 23)	74,337	1	38,091	-
Prepayments for equipment (Notes 16 and 26)	181,313	1	369,665	3
Refundable deposits	2,570	-	2,474	-
Other non-current assets	2,420	-	1,659	-
Total non-current assets	<u>3,562,618</u>	<u>29</u>	<u>2,915,251</u>	<u>22</u>
<b>TOTAL</b>	<u>\$ 12,285,766</u>	<u>100</u>	<u>\$ 13,505,228</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>				
<b>CURRENT LIABILITIES</b>				
Short-term borrowings (Notes 17 and 26)	\$ 2,013,714	16	\$ 3,537,589	26
Financial liabilities at fair value through profit or loss - current (Notes 7 and 28)	7	-	428	-
Contract liabilities - current (Note 21)	86,650	1	130,830	1
Notes payable	7,984	-	1,067	-
Accounts payable (Notes 18 and 29)	378,685	3	611,764	5
Other payables (Notes 19, 26 and 29)	424,730	4	378,206	3
Current tax liabilities (Notes 4 and 23)	4,103	-	11,946	-
Lease liabilities - current (Notes 15, 26 and 29)	6,658	-	9,571	-
Current portion of long-term borrowings (Notes 17 and 26)	324,612	3	1,016,044	7
Other current liabilities	938	-	272	-
Total current liabilities	<u>3,248,081</u>	<u>27</u>	<u>5,697,717</u>	<u>42</u>
<b>NON-CURRENT LIABILITIES</b>				
Long-term borrowings (Notes 17 and 26)	2,064,782	17	443,274	4
Deferred tax liabilities (Notes 4 and 23)	373,429	3	401,180	3
Lease liabilities - non-current (Notes 15, 26 and 29)	2,784	-	3,636	-
Long-term deferred revenue	53,846	-	24,789	-
Total non-current liabilities	<u>2,494,841</u>	<u>20</u>	<u>872,879</u>	<u>7</u>
Total liabilities	<u>5,742,922</u>	<u>47</u>	<u>6,570,596</u>	<u>49</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)</b>				
Share capital	2,012,033	16	2,012,033	15
Capital surplus	1,827,293	15	1,827,423	13
Retained earnings				
Legal reserve	669,572	6	578,450	4
Special reserve	134,735	1	259,143	2
Unappropriated earnings	2,134,248	17	2,370,284	18
Total retained earnings	2,938,555	24	3,207,877	24
Exchange differences on translation of the financial statements of foreign operations	(261,447)	(2)	(134,736)	(1)
Total equity attributable to owners of the Company	6,516,434	53	6,912,597	51
<b>NON-CONTROLLING INTERESTS</b>				
	26,410	-	22,035	-
Total equity	<u>6,542,844</u>	<u>53</u>	<u>6,934,632</u>	<u>51</u>
<b>TOTAL</b>	<u>\$ 12,285,766</u>	<u>100</u>	<u>\$ 13,505,228</u>	<u>100</u>

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

# TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 21, 29 and 35)	\$ 12,966,040	100	\$ 15,428,409	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 22 and 29)	<u>(11,998,060)</u>	<u>(93)</u>	<u>(13,416,559)</u>	<u>(87)</u>
GROSS PROFIT	<u>967,980</u>	<u>7</u>	<u>2,011,850</u>	<u>13</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	(492,704)	(4)	(539,688)	(4)
General and administrative expenses	(279,824)	(2)	(270,082)	(2)
Research and development expenses	(29,518)	-	(22,461)	-
Expected credit loss	<u>(2,846)</u>	<u>-</u>	<u>(3,371)</u>	<u>-</u>
Total operating expenses	<u>(804,892)</u>	<u>(6)</u>	<u>(835,602)</u>	<u>(6)</u>
PROFIT FROM OPERATIONS	<u>163,088</u>	<u>1</u>	<u>1,176,248</u>	<u>7</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 29)				
Interest income	28,572	-	12,160	-
Other income	78,398	1	36,093	-
Other gains and losses	32,351	-	52,260	1
Finance costs	(198,381)	(1)	(162,923)	(1)
Share of profit of associates and joint ventures (Note 13)	<u>9,949</u>	<u>-</u>	<u>9,119</u>	<u>-</u>
Total non-operating income and expenses	<u>(49,111)</u>	<u>-</u>	<u>(53,291)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	113,977	1	1,122,957	7
INCOME TAX BENEFIT (EXPENSE) (Notes 4 and 23)	<u>22,305</u>	<u>-</u>	<u>(208,527)</u>	<u>(1)</u>
NET PROFIT FOR THE YEAR	<u>136,282</u>	<u>1</u>	<u>914,430</u>	<u>6</u>

(Continued)

# TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	%	Amount	%
<b>OTHER COMPREHENSIVE LOSS</b>				
Items that will not be reclassified subsequently to profit or loss:				
Exchange differences arising on translation to the presentation currency	\$ (133,023)	(1)	\$ 156,608	1
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>4,753</u>	<u>-</u>	<u>(32,943)</u>	<u>-</u>
Other comprehensive (loss) income for the year, net of income tax	<u>(128,270)</u>	<u>(1)</u>	<u>123,665</u>	<u>1</u>
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<u>\$ 8,012</u>	<u>-</u>	<u>\$ 1,038,095</u>	<u>7</u>
<b>NET PROFIT ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 135,170	1	\$ 911,223	6
Non-controlling interests	<u>1,112</u>	<u>-</u>	<u>3,207</u>	<u>-</u>
	<u>\$ 136,282</u>	<u>1</u>	<u>\$ 914,430</u>	<u>6</u>
<b>TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:</b>				
Owners of the Company	\$ 8,459	-	\$ 1,035,631	7
Non-controlling interests	<u>(447)</u>	<u>-</u>	<u>2,464</u>	<u>-</u>
	<u>\$ 8,012</u>	<u>-</u>	<u>\$ 1,038,095</u>	<u>7</u>
<b>EARNINGS PER SHARE (Note 24)</b>				
Basic	<u>\$ 0.67</u>		<u>\$ 4.53</u>	
Diluted	<u>\$ 0.67</u>		<u>\$ 4.53</u>	

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

(Concluded)

**TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022  
(In Thousands of New Taiwan Dollars)**

	Equity Attributable to Owners of the Company						Other Equity Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings						
	Shares (In Thousands)	Amount		Reserve	Special Reserve	Unappropriated Earnings				
BALANCE AT JANUARY 1, 2022	201,203	\$ 2,012,033	\$ 1,827,423	\$ 434,135	\$ 234,646	\$ 2,271,724	\$ (259,144)	\$ 6,520,817	\$ 19,571	\$ 6,540,388
Appropriation of 2021 earnings										
Reserve	-	-	-	144,315	-	(144,315)	-	-	-	-
Special reserve	-	-	-	-	24,497	(24,497)	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(643,851)	-	(643,851)	-	(643,851)
Net profit for the year ended December 31, 2022	-	-	-	-	-	911,223	-	911,223	3,207	914,430
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	-	124,408	124,408	(743)	123,665
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	-	911,223	124,408	1,035,631	2,464	1,038,095
BALANCE AT DECEMBER 31, 2022	201,203	2,012,033	1,827,423	578,450	259,143	2,370,284	(134,736)	6,912,597	22,035	6,934,632
Appropriation of 2022 earnings										
Reserve	-	-	-	91,122	-	(91,122)	-	-	-	-
Reversal of special reserve	-	-	-	-	(124,408)	124,408	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(402,407)	-	(402,407)	-	(402,407)
Net profit for the year ended December 31, 2023	-	-	-	-	-	135,170	-	135,170	1,112	136,282
Other comprehensive loss for the year ended December 31, 2023, net of income tax	-	-	-	-	-	-	(126,711)	(126,711)	(1,559)	(128,270)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	-	135,170	(126,711)	8,459	(447)	8,012
Changes in ownership interests of subsidiaries (Note 25)	-	-	(130)	-	-	(2,085)	-	(2,215)	4,822	2,607
BALANCE AT DECEMBER 31, 2023	201,203	\$ 2,012,033	\$ 1,827,293	\$ 669,572	\$ 134,735	\$ 2,134,248	\$ (261,447)	\$ 6,516,434	\$ 26,410	\$ 6,542,844

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

# TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 113,977	\$ 1,122,957
Adjustments for:		
Depreciation expense	226,985	187,645
Amortization expense	8,813	6,755
Expected credit loss recognized on accounts receivable	2,846	3,371
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(8,163)	11,780
Interest expense	198,381	162,923
Interest income	(28,572)	(12,160)
Share of profit of associates and joint ventures	(9,949)	(9,119)
Loss on disposal of property, plant and equipment	1,971	321
Net gain on disposal of investment	(517)	-
Recognition of inventory write-downs	208,584	12,620
Changes in operating assets and liabilities		
Notes receivable	(22,970)	265,091
Accounts receivable	234,616	(25,399)
Other receivables	1,487	37,091
Inventories	967,372	(980,508)
Prepayments	74,794	(237,532)
Other current assets	1,652	(3,046)
Contract liabilities	(44,180)	(32,898)
Notes payable	6,917	(10,010)
Accounts payable	(233,079)	112,019
Other payables	(56,651)	26,424
Deferred revenue	29,057	24,789
Other current liabilities	666	(441)
Cash generated from operations	<u>1,674,037</u>	<u>662,673</u>
Income tax paid	<u>(42,766)</u>	<u>(293,051)</u>
Net cash generated from operating activities	<u>1,631,271</u>	<u>369,622</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of financial assets at fair value through other comprehensive income	-	(57,502)
Purchase of financial assets at amortized cost	(240,636)	-
Proceeds from sale of financial assets at amortized cost	-	147,137
Purchase of financial assets at fair value through profit or loss	(366,415)	(1,058,545)
Proceeds from sale of financial assets at fair value through profit or loss	616,007	1,119,251
Payments for property, plant and equipment	(585,608)	(704,858)
Proceeds from disposal of property, plant and equipment	3,098	1,124
Refundable deposits	(96)	(128)
Payments for intangible assets	(79,665)	(3,264)

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# TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

	2023	2022
Increase in other non-current assets	\$ (761)	\$ -
Decrease in other non-current assets	-	718
Increase in prepayments for equipment	(114,618)	(313,895)
Interest received	<u>25,397</u>	<u>11,654</u>
Net cash used in investing activities	<u>(743,297)</u>	<u>(858,308)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	-	773,059
Repayments of short-term borrowings	(1,523,875)	-
Proceeds from long-term borrowings	3,369,856	397,175
Repayments of long-term borrowings	(2,439,780)	-
Decrease in financial liabilities at fair value through profit or loss	(69)	-
Repayment of the principal portion of lease liabilities	(17,058)	(18,401)
Dividends paid to owners of the Company	(402,407)	(643,851)
Interest paid	(201,442)	(164,702)
Subsidiary's increase capital in cash	<u>2,607</u>	<u>-</u>
Net cash (used in) generated from financing activities	<u>(1,212,168)</u>	<u>343,280</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(78,719)</u>	<u>100,594</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(402,913)	(44,812)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,651,006</u>	<u>1,695,818</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,248,093</u>	<u>\$ 1,651,006</u>

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

(Concluded)

# **TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES**

## **NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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### **1. GENERAL INFORMATION**

Tong Ming Enterprise Co., Ltd. (Cayman) (the “Company”) was incorporated in the Cayman Islands in November 2009. The Company was established mainly to restructure the organization for public listing on the Taiwan Stock Exchange (TWSE). The Company has been the holding company of all its subsidiaries. The Company and its subsidiaries (collectively referred to as the “Group”) mainly manufacture and sell fasteners and wires.

The Company’s shares have been listed on TWSE since December 16, 2013.

The functional currency of the Company is the renminbi. For greater comparability and consistency of financial reporting, the consolidated financial statements are presented in New Taiwan dollars since the Company’s shares are listed on the Taiwan Stock Exchange.

### **2. APPROVAL OF FINANCIAL STATEMENTS**

The consolidated financial statements were approved by the Company’s board of directors on March 14, 2024.

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

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

Except for the following, the initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have any material impact on the Group’s accounting policies.

#### 1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refer to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- The Group may consider the accounting policy information material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments since January 1, 2023, which defines that accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

3) Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”

The amendments clarify that the initial recognition exemption under IAS 12 does not apply to transactions in which equal taxable and deductible temporary differences arise on initial recognition. The Group applied the amendments and recognized a deferred tax asset (to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized) and a deferred tax liability for all deductible and taxable temporary differences associated with leases and decommissioning obligations on January 1, 2022. The Group shall apply the amendments prospectively to transactions other than leases and decommissioning obligations that occur on or after January 1, 2022. Upon initial application of the amendments to IAS 12, the Group recognized the cumulative effect of retrospective application in retained earnings on January 1, 2022, and restated comparative information.

Had the Group applied the original IAS 12 in the current year, the following adjustments should be made to reflect the line items and balances under the amendments to IAS 12.

Impact on assets, liabilities and equity for the current year

	<b>December 31, 2023</b>
Increase in deferred tax assets	<u>\$ 3,651</u>
Increase in deferred tax liabilities	<u>\$ 3,651</u>

Upon initial application of the amendments to IAS 12, the impact for the prior year is summarized below:

Impact on assets, liabilities and equity for the prior year

	<b>As Originally Stated</b>	<b>Adjustments Arising from Initial Application</b>	<b>Restated</b>
<u>December 31, 2022</u>			
Deferred tax assets	\$ 34,372	\$ 3,719	\$ 38,091
Total effect on assets	\$ 13,533,591	\$ 3,719	\$ 13,537,310
Deferred tax liabilities	\$ 429,543	\$ 3,719	\$ 433,262
Total effect on liabilities	\$ 6,598,959	\$ 3,719	\$ 6,602,678
<u>January 1, 2022</u>			
Deferred tax assets	\$ 26,474	\$ 3,665	\$ 30,139
Total effect on assets	\$ 11,886,588	\$ 3,665	\$ 11,890,253
Deferred tax liabilities	\$ 343,589	\$ 3,665	\$ 347,254
Total effect on liabilities	\$ 5,346,200	\$ 3,665	\$ 5,349,865

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”	January 1, 2024 (Note 3)

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

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the Group’s financial position and financial performance.

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

<u>New Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

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

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

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

Current assets include:

- 1) Assets held primarily for the purpose of trading;
- 2) Assets expected to be realized within 12 months after the reporting period; and
- 3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 12, Tables 8 and 9 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

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

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction (i.e., not retranslated).

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries, associates, joint ventures and branches in other countries that use currencies which are different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate). The exchange differences accumulated in equity, which resulted from the translation of the assets and liabilities of the entities in the Group into the presentation currency, are not subsequently reclassified to profit or loss.

f. Inventories

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

g. Investments in associates

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. The Group uses the equity method to account for its investments in associates.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of the equity of associates attributable to the Group.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

The entire carrying amount of an investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is not allocated to any asset, including goodwill, that forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increases.

When the Group transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the Group' consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant and equipment

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

The depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. Each significant part is depreciated separately. If the lease terms are shorter than their useful lives, such assets are depreciated over their lease terms. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

j. Impairment of property, plant and equipment, right-of-use asset and intangible assets other than goodwill

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

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

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset, cash-generating unit or assets related to contract costs is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset, cash-generating unit or assets related to contract costs in prior years. A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in debt instruments and equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 28: Financial Instruments.

ii. Financial assets at amortized cost

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

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

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

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

- i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and
- ii) Financial assets that are not credit-impaired on purchase or origination but have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

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

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and
- ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI, lease receivables, as well as contract assets.

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

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

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company's own equity instruments.

### 3) Financial liabilities

#### a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

##### Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when such financial liabilities are either held for trading or designated as at FVTPL.

Financial liabilities held for trading are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividends paid on such financial liability. Fair value is determined in the manner described in Note 28.

#### b) Derecognition of financial liabilities

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

### 4) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date on which the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument; in which event, the timing of the recognition in profit or loss depends on the nature of the hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets that is within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative; their risks and characteristics are not closely related to those of the host contracts; and the host contracts are not measured at FVTPL.

### 1. Revenue recognition

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

#### Revenue from the sale of goods

Revenue from the sale of goods comes from sales of fasteners and wires. Sales of fasteners and wires are recognized as revenue when the goods are delivered to the customer's specific location or the goods are shipped because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Sales and trade receivables are recognized concurrently.

m. Leases

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

1) The Group as lessor

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

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

2) The Group as lessee

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

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

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

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

n. Borrowing costs

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

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

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

o. Government grants

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

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

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

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

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

### 3) Current and deferred taxes for the year

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

## **5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

When developing material accounting estimates, the Group considers the possible impact of the economic environment on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

### **Material Accounting Judgments**

There were none.

## The Main Sources of Uncertainty in Estimates and Assumptions

### Write-down of inventories

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

## 6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 471	\$ 590
Checking accounts and demand deposits	1,170,487	1,381,013
Cash equivalents with original maturities of 3 months or less		
Time deposits	<u>77,135</u>	<u>269,403</u>
	<u>\$ 1,248,093</u>	<u>\$ 1,651,006</u>

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Financial assets at FVTPL - current</u>		
Financial assets mandatorily classified as at FVTPL		
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (c)	\$ -	\$ -
Hybrid financial assets		
Structured deposits (a-b)	<u>-</u>	<u>242,440</u>
	<u>\$ -</u>	<u>\$ 242,440</u>

### Financial liabilities at FVTPL - current

Financial assets mandatorily classified as at FVTPL		
Derivative financial liabilities (not under hedge accounting)		
Foreign exchange forward contracts (c)	<u>\$ 7</u>	<u>\$ 428</u>

- a. As of December 31, 2022, the Group held financial product contracts issued by Lujiazui Trust Co., Ltd. with contract amounts of RMB35,000 thousand.
- b. On December 31, 2022, the Group and CTBC Bank Co., Ltd. signed an open non-guaranteed floating income commodity contract with a contract amount of RMB20,000 thousand.

- c. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<b>Currency</b>	<b>Maturity Date</b>	<b>Notional Amount (In Thousands)</b>
<u>December 31, 2023</u>			
Sell	NTD/USD	2024.02.26-2024.02.27	NTD7,607/USD250
<u>December 31, 2022</u>			
Sell	NTD/USD	2023.01.18-2023.08.28	NTD3,440/USD115
Sell	JPY/USD	2023.01.16-2023.01.31	JPY44,322/USD320
Purchase	NTD/USD	2023.01.19	NTD1,413/USD44

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Noncurrent</u>		
Unlisted shares	<u>\$ 98,562</u>	<u>\$ 99,502</u>

The Group acquired ordinary shares of TUNG MUNG DEVELOPMENT CO., LTD. and SHANGHAI ELITESLAND SOFTWARE SYSTEM CO., LTD for medium- to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

	<u>December 31</u>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Time deposits with original maturity of more than 3 months (a)	<u>\$ 265,682</u>	<u>\$ 25,046</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.7%-5.67% and 2.03%-5.25% per annum as of December 31, 2023 and 2022, respectively.
- b. Time deposits with original maturity of more than 3 months as stated above were not pledged as security at the end of the reporting period.

## 10. NOTES AND ACCOUNTS RECEIVABLE

	<u>December 31</u>	
	2023	2022
<u>Notes receivable</u>		
At amortized cost		
Gross carrying amount	\$ 316,716	\$ 293,746
Less: Allowance for impairment loss	<u>(303)</u>	<u>(309)</u>
	<u>\$ 316,413</u>	<u>\$ 293,437</u>
<u>Aging analysis of notes receivable</u>		
Not past due	\$ 316,413	\$ 293,437
Over 180 days	303	309
Less: Allowance for impairment loss	<u>(303)</u>	<u>(309)</u>
	<u>\$ 316,413</u>	<u>\$ 293,437</u>

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

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 309	\$ 1,173
Net remeasurement of loss allowance	-	(886)
Foreign exchange gains and losses	<u>(6)</u>	<u>22</u>
Balance at December 31	<u>\$ 303</u>	<u>\$ 309</u>

	<u>December 31</u>	
	2023	2022
<u>Accounts receivable</u>		
At amortized cost		
Gross carrying amount	\$ 2,026,120	\$ 2,263,145
Less: Allowance for impairment loss	<u>(12,318)</u>	<u>(9,739)</u>
	2,013,802	2,253,406
At fair value through other comprehensive income	<u>6,588</u>	<u>4,229</u>
	<u>\$ 2,020,390</u>	<u>\$ 2,257,635</u>

### Trade Receivables

#### a. At amortized cost

The average credit period of sales of goods was 90-120 days. No interest was charged on trade receivables.

In order to minimize credit risk, the management of the Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over 180 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2023

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 181 Days</b>	<b>Total</b>
Expected credit loss rate	0%-0.04%	0%-3.12%	0.02%-11.32%	0.47%-33%	100%	
Gross carrying amount	\$ 1,883,585	\$ 106,449	\$ 23,661	\$ 5,745	\$ 6,680	\$ 2,026,120
Loss allowance (lifetime ECL)	<u>(763)</u>	<u>(2,496)</u>	<u>(1,005)</u>	<u>(1,374)</u>	<u>(6,680)</u>	<u>(12,318)</u>
Amortized cost	<u>\$ 1,882,822</u>	<u>\$ 103,953</u>	<u>\$ 22,656</u>	<u>\$ 4,371</u>	<u>\$ -</u>	<u>\$ 2,013,802</u>

December 31, 2022

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 181 Days</b>	<b>Total</b>
Expected credit loss rate	0%-5.97%	0%-6.07%	0%-7.88%	0.59%-33.5%	100%	
Gross carrying amount	\$ 2,065,711	\$ 165,260	\$ 21,862	\$ 2,546	\$ 7,766	\$ 2,263,145
Loss allowance (lifetime ECL)	<u>(5,550)</u>	<u>(246)</u>	<u>(881)</u>	<u>(51)</u>	<u>(3,011)</u>	<u>(9,739)</u>
Amortized cost	<u>\$ 2,060,161</u>	<u>\$ 165,014</u>	<u>\$ 20,981</u>	<u>\$ 2,495</u>	<u>\$ 4,755</u>	<u>\$ 2,253,406</u>

The movements of the loss allowance of trade receivables were as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Balance at January 1	\$ 9,739	\$ 5,449
Net remeasurement of loss allowance	2,846	4,257
Amounts written off	(50)	(5)
Foreign exchange gains and losses	<u>(217)</u>	<u>38</u>
Balance at December 31	<u>\$ 12,318</u>	<u>\$ 9,739</u>

b. At FVTOCI

For trade receivables that are sold, the Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

The average credit period of sales of goods was 75 days. No interest was charged on trade receivables.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g., when the debtor has been placed under liquidation, or when the trade receivables are over 180 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

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

December 31, 2023

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 120 Days</b>	<b>120 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 6,588	\$ -	\$ -	\$ -	\$ -	\$ 6,588
Loss allowance (lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 6,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,588</u>

December 31, 2022

	Not Past Due	Less than 60 Days	61 to 120 Days	120 to 180 Days	Over 180 Days	Total
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	\$ 4,229	\$ -	\$ -	\$ -	\$ -	\$ 4,229
Loss allowance (lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 4,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,229</u>

## 11. INVENTORIES

	<u>December 31</u>	
	2023	2022
Finished goods	\$ 2,608,802	\$ 3,417,912
Raw materials and supplies	<u>1,815,378</u>	<u>2,178,535</u>
	<u>\$ 4,424,180</u>	<u>\$ 5,596,447</u>

The cost of goods sold is as follows:

	<u>December 31</u>	
	2023	2022
Cost of inventories sold	\$ 11,789,476	\$ 13,403,939
Write-downs of inventories	<u>208,584</u>	<u>12,620</u>
	<u>\$ 11,998,060</u>	<u>\$ 13,416,559</u>

## 12. SUBSIDIARIES

### Subsidiaries Included in Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			<u>December 31</u>		
			2023	2022	
Tong Ming Enterprise Co., Ltd. (Cayman)	Tong Group Limited	Investment	100.00	100.00	
	China Rich International Holding Limited	Investment	100.00	100.00	
	Winlink Fasteners Co., Ltd.	Selling and marketing of fasteners and wires	100.00	100.00	
	Tong Win International Co., Ltd.	Selling and marketing of fasteners and wires	100.00	100.00	
	Fast Link	Selling and marketing of fasteners and wires	59.52	83.33	a and b
	Meta	Investment	100.00	100.00	a
	Tonglink Enterprise Co., Ltd.	Purchase and sale of screws, etc. and computer programming	100.00	100.00	a
Tong Group Limited	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	90.20	90.20	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Remark
			December 31		
			2023	2022	
China Rich International Holding Limited	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	9.50	9.50	
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ming Trading Limited	Buying and selling raw materials	100.00	100.00	a
	Tong Ming Holding Limited	Investment	100.00	100.00	a
	Shenzhen Yiqin Industrial Fastener Co., Ltd.	Selling and marketing of fasteners and wires	100.00	100.00	a
	Tong Win Trading (Jiaxing) Co., Ltd.	Selling and marketing of fasteners and wires	100.00	100.00	a
	Tong Yi Enterprise (Zhejiang) Co., Ltd.	E-commerce platform	100.00	100.00	a
Meta	Tong Ho Enterprise (Zhejiang) Co., Ltd.	Stainless steel wire manufacturing and other hardware business	100.00	100.00	

(Concluded)

- a. The entity is not a major subsidiary; its financial statements have not been audited. Management believes that there will not be a significant impact on the Group's consolidated financial statements had the financial statements of the above-mentioned non-essential subsidiaries been audited.
- b. Fast Link Co., Ltd. increased its capital in cash in the fourth quarter of 2023 and the Group did not increase its capital in proportion to its shareholding, resulting in a change in the percentage of the Group's shareholding.

### 13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

- a. Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 52,118</u>	<u>\$ 43,118</u>

- b. Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2023	2022
The Group's share of:		
Profit from continuing operations	<u>\$ 9,949</u>	<u>\$ 9,119</u>
Total comprehensive income for the year	<u>\$ 9,949</u>	<u>\$ 9,119</u>

Investments were accounted for using the equity method and the share of profit or loss and other comprehensive income of those investments were calculated based on financial statements which have not been audited. Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of which has not been audited.

## 14. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment and Other Equipment	Property under Construction and Equipments pending acceptance	Total
<b>Cost</b>							
Balance at January 1, 2023	\$ 1,745	\$ 749,360	\$ 2,158,068	\$ 52,997	\$ 321,486	\$ 885,215	\$ 4,168,871
Additions	-	355,805	189,109	6,890	25,957	114,477	692,238
Disposals	-	-	(12,184)	(6,423)	(2,934)	-	(21,541)
Reclassification	-	979,186	207,816	-	1,504	(885,536)	302,970
Effects of foreign currency exchange differences	-	(34,532)	(45,694)	(732)	(6,197)	(4,165)	(91,320)
Balance at December 31, 2023	<u>\$ 1,745</u>	<u>\$ 2,049,819</u>	<u>\$ 2,497,115</u>	<u>\$ 52,732</u>	<u>\$ 339,816</u>	<u>\$ 109,991</u>	<u>\$ 5,051,218</u>
<b>Accumulated depreciation and impairment</b>							
Balance at January 1, 2023	\$ -	\$ 428,739	\$ 1,364,113	\$ 37,167	\$ 182,018	\$ -	\$ 2,012,037
Depreciation expense	-	40,572	112,091	5,024	49,318	-	207,005
Disposals	-	-	(9,963)	(4,003)	(2,506)	-	(16,472)
Effects of foreign currency exchange differences	-	(8,389)	(26,669)	(477)	(3,999)	-	(39,534)
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ 460,922</u>	<u>\$ 1,439,572</u>	<u>\$ 37,711</u>	<u>\$ 224,831</u>	<u>\$ -</u>	<u>\$ 2,163,036</u>
Carrying amounts at December 31, 2023	<u>\$ 1,745</u>	<u>\$ 1,588,897</u>	<u>\$ 1,057,543</u>	<u>\$ 15,021</u>	<u>\$ 114,985</u>	<u>\$ 109,991</u>	<u>\$ 2,888,182</u>
<b>Cost</b>							
Balance at January 1, 2022	\$ 1,745	\$ 689,796	\$ 1,893,628	\$ 51,923	\$ 265,186	\$ 414,845	\$ 3,317,123
Additions	-	49,672	131,145	5,820	55,169	466,908	708,714
Disposals	-	-	(5,572)	(5,285)	(2,738)	-	(13,595)
Reclassification	-	-	111,280	-	57	-	111,337
Effects of foreign currency exchange differences	-	9,892	27,587	539	3,812	3,462	45,292
Balance at December 31, 2022	<u>\$ 1,745</u>	<u>\$ 749,360</u>	<u>\$ 2,158,068</u>	<u>\$ 52,997</u>	<u>\$ 321,486</u>	<u>\$ 885,215</u>	<u>\$ 4,168,871</u>
<b>Accumulated depreciation and impairment</b>							
Balance at January 1, 2022	\$ -	\$ 399,989	\$ 1,253,112	\$ 36,386	\$ 143,155	\$ -	\$ 1,832,642
Depreciation expense	-	23,016	97,762	5,266	39,304	-	165,348
Disposals	-	-	(4,923)	(4,858)	(2,369)	-	(12,150)
Effects of foreign currency exchange differences	-	5,734	18,162	373	1,928	-	26,197
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ 428,739</u>	<u>\$ 1,364,113</u>	<u>\$ 37,167</u>	<u>\$ 182,018</u>	<u>\$ -</u>	<u>\$ 2,012,037</u>
Carrying amounts at December 31, 2022	<u>\$ 1,745</u>	<u>\$ 320,621</u>	<u>\$ 793,955</u>	<u>\$ 15,830</u>	<u>\$ 139,468</u>	<u>\$ 885,215</u>	<u>\$ 2,156,834</u>

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

Buildings	
Main buildings	20-35 years
Renovation	5-20 years
Machinery and equipment	10 years
Transportation equipment	5-10 years
Office equipment and other equipment	5-10 years

The Group did not recognize any impairment loss for the years ended December 31, 2023 and 2022.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>December 31</u>	
	2023	2022
<u>Carrying amount</u>		
Land	\$ 138,655	\$ 144,869
Buildings	<u>11,784</u>	<u>15,299</u>
	<u>\$ 150,439</u>	<u>\$ 160,168</u>
	<b><u>For the Year Ended December 31</u></b>	
	2023	2022
Additions to right-of-use assets	<u>\$ 13,074</u>	<u>\$ 4,643</u>
Depreciation charge for right-of-use assets		
Land	\$ 3,609	\$ 5,416
Buildings	<u>16,371</u>	<u>16,881</u>
	<u>\$ 19,980</u>	<u>\$ 22,297</u>

### b. Lease liabilities

	<u>December 31</u>	
	2023	2022
<u>Carrying amount</u>		
Current	<u>\$ 6,658</u>	<u>\$ 9,571</u>
Non-current	<u>\$ 2,784</u>	<u>\$ 3,636</u>

Range of discount rates for lease liabilities was as follows:

	<u>December 31</u>	
	2023	2022
Land	-	-
Buildings	1.945%-4.03%	1.945%-4.03%

### c. Material lease-in activities and terms

The Group leases certain land and buildings for the use of plant and offices with lease terms of 1 to 44 years. The lease contract for land located in China is prepaid land use rights for 50 years. The Group does not have bargain purchase options to acquire the leasehold land and buildings at the end of the lease term. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying asset without the lessor's consent.

d. Other lease information

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Expenses relating to short-term leases	<u>\$ 9,212</u>	<u>\$ 9,313</u>
Total cash outflow for leases	<u>\$ (26,664)</u>	<u>\$ (28,491)</u>

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

All lease commitments with lease terms commencing after the balance sheet dates are as follows:

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Lease commitments	<u>\$ 1,984</u>	<u>\$ 2,434</u>

**16. OTHER ASSETS**

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Current</u>		
Prepayments		
Prepayments to suppliers	\$ 223,866	\$ 377,965
Prepaid expense	66,399	14,934
Other prepayments	28,081	26,016
Tax allowance	<u>69,037</u>	<u>43,262</u>
	<u>\$ 387,383</u>	<u>\$ 462,177</u>
<u>Non-current</u>		
Prepayment for equipment	<u>\$ 181,313</u>	<u>\$ 369,665</u>

**17. BORROWINGS**

a. Short-term borrowings

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Unsecured borrowings</u>		
Line of credit borrowings	<u>\$ 2,013,714</u>	<u>\$ 3,537,589</u>

The range of weighted average effective interest rates on bank loans was 2.8%-3.85% and 3.15%-4.10% per annum as of December 31, 2023 and 2022, respectively.

b. Long-term borrowings

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>Unsecured borrowings</u>		
Line of credit borrowings	\$ 2,389,394	\$ 1,459,318
Less: Current portion	<u>(324,612)</u>	<u>(1,016,044)</u>
	<u>\$ 2,064,782</u>	<u>\$ 443,274</u>

The effective annual interest rate is 3.3%-3.75% and 3.75%-4.65% as of December 31, 2023 and 2022 respectively, which is adjusted on a 12-month basis. According to the provisions of the loan contract, the mainland subsidiary of the Group obtained a loan amount of RMB200,000 thousand in December 2021, which was only used to purchase plant and equipment.

**18. TRADE PAYABLE**

The average credit period on purchases of certain goods was 1 month and was expected to be paid on the 25<sup>th</sup> of the next month. The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

**19. OTHER LIABILITIES - CURRENT**

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Other payables		
Payables for salaries or bonuses	\$ 81,660	\$ 98,284
Payables for insurance	181,301	160,269
Payables for business tax	-	1,356
Payables for remuneration of directors	840	840
Payables for interest	6,335	9,789
Payables for equipment	115,395	8,765
Others (commissions, professional service fees and others)	<u>39,199</u>	<u>98,903</u>
	<u>\$ 424,730</u>	<u>\$ 378,206</u>

**20. EQUITY**

a. Share capital

Ordinary shares

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>
Shares authorized	<u>\$ 2,500,000</u>	<u>\$ 2,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>201,203</u>	<u>201,203</u>
Shares issued	<u>\$ 2,012,033</u>	<u>\$ 2,012,033</u>

A holder of issued ordinary shares with par value of NT\$10 per share is entitled to vote and to receive dividends.

b. Capital surplus

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>		
Issuance of ordinary shares	\$ 993,530	\$ 993,530
Conversion of bonds	129,903	129,903
Organization restructured	703,860	703,860
<u>May not be used for any purpose</u>		
From share of changes in equities of subsidiaries (2)	<u>-</u>	<u>130</u>
	<u>\$ 1,827,293</u>	<u>\$ 1,827,423</u>

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effects of changes in ownership interests in subsidiaries resulting from equity transactions other than actual disposals or acquisitions or from changes in capital surplus of subsidiaries accounted for using the equity method.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-(g).

The Company appropriates and reverses special surplus reserves in accordance with the letter No. 1010012865, Letter No. 1010047490, Letter No. 1030006415, and the "Q&As for the application of special surplus reserve after adopting the International Financial Reporting Standards (IFRS Accounting Standards)".

The appropriations of earnings for 2023 and 2022 were approved in the shareholders' meetings on June 7, 2023 and June 14, 2022, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2022</b>	<b>2021</b>
Reserve	<u>\$ 91,122</u>	<u>\$ 144,315</u>
(Reserved) special reserve	<u>\$ (124,408)</u>	<u>\$ 24,497</u>
Cash dividends	<u>\$ 402,407</u>	<u>\$ 643,851</u>
Cash dividends per share (NT\$)	<u>\$ 2.0</u>	<u>\$ 3.2</u>

The appropriation of earnings for 2023 which were proposed by the Company's board of directors on March 14, 2024 were as follows:

	<b>For the Year Ended December 31, 2023</b>
Reserve	<u>\$ 13,309</u>
Remeasurement of special reserve	<u>\$ 126,711</u>
Cash dividends	<u>\$ 201,203</u>
Cash dividend per share (NT\$)	<u>\$ 1</u>

The appropriation of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held on June 19, 2024.

## 21. REVENUE

	<b>For the Year Ended December 31</b>		
	<b>2023</b>	<b>2022</b>	
<u>Revenue</u>			
Revenue from contracts with customers			
Revenue from sale of goods	<u>\$ 12,966,040</u>	<u>\$ 15,428,409</u>	
<b>Contract Balance</b>			
	<b>December 31, 2023</b>	<b>December 31, 2022</b>	<b>January 1, 2022</b>
Trade receivables (Note 10)	<u>\$ 2,336,803</u>	<u>\$ 2,551,072</u>	<u>\$ 2,794,075</u>
Contract liabilities			
Sales of goods	<u>\$ 86,650</u>	<u>\$ 130,830</u>	<u>\$ 163,728</u>

The amount recognized as income from the contract liabilities at the beginning of the year in the current year is as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
From contract liabilities at the start of the year		
Contract liabilities	<u>\$ 130,830</u>	<u>\$ 163,728</u>

Refer to Note 35 for information on disaggregation of revenue.

## 22. PROFIT FOR THE YEAR

### a. Interest income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Bank deposits	\$ 21,101	\$ 6,016
Financial assets at amortized cost	4,831	1,193
Others	<u>2,640</u>	<u>4,951</u>
	<u>\$ 28,572</u>	<u>\$ 12,160</u>

### b. Other income

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Income from government grants	\$ 17,214	\$ 30,650
Input tax plus deduction	52,324	-
Others	<u>8,860</u>	<u>5,443</u>
	<u>\$ 78,398</u>	<u>\$ 36,093</u>

In accordance with the “Policy Announcement of Additional Deduction of Value Added for Advanced Manufacturing Enterprises” promulgated by the Mainland Ministry of Finance and the State Administration of Taxation of Mainland, Tong Ming Enterprise (Zhejiang) Co., Ltd. will have an additional 5% deduction of the value-added tax payable in 2023 of RMB11,903 thousand.

### c. Other gains and losses

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Net foreign exchange gains	\$ 31,022	\$ 70,518
Loss on disposal of property, plant and equipment	(1,971)	(321)
Gain (Loss) on fair value changes of financial assets designated as at FVTPL	8,163	(11,780)
Gain on disposal of investment	517	-
Others	<u>(5,380)</u>	<u>(6,157)</u>
	<u>\$ 32,351</u>	<u>\$ 52,260</u>

d. Finance costs

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Interest on bank loans	\$ (197,987)	\$ (162,146)
Interest on lease liabilities	<u>(394)</u>	<u>(777)</u>
	<b><u>\$ (198,381)</u></b>	<b><u>\$ (162,923)</u></b>

Information about capitalized interest was as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Capitalized interest	\$ 2,940	\$ 16,861
Capitalization rate	4.6%-4.65%	4.15%

e. Depreciation and amortization

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
An analysis of depreciation by function		
Operating cost	\$ 134,609	\$ 101,816
Operating expense	<u>92,376</u>	<u>85,829</u>
	<b><u>\$ 226,985</u></b>	<b><u>\$ 187,645</u></b>
An analysis of amortization by function		
Operating expense	<u>\$ 8,813</u>	<u>\$ 6,755</u>

f. Employee benefits expense

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Post-employment benefits		
Defined contribution plans	\$ 1,050	\$ 770
Other employee benefits	<u>629,692</u>	<u>706,679</u>
	<b><u>\$ 630,742</u></b>	<b><u>\$ 707,449</u></b>
An analysis of employee benefits expense by function		
Operating cost	\$ 404,261	\$ 449,783
Operating expense	<u>226,481</u>	<u>257,666</u>
	<b><u>\$ 630,742</u></b>	<b><u>\$ 707,449</u></b>

g. Compensation of employees and remuneration of directors

According to the Articles of Incorporation of the Company, the Company accrued compensation of employees and remuneration of directors at rates of no less than 0% and no higher than 0.1% and no higher than 5%, respectively, of net profit before income tax, compensation of employees and remuneration of directors.

The compensation of employees and the remuneration of directors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 14, 2024 and March 14, 2023, respectively, are as follows:

Accrual rate

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Compensation of employees	-	-
Remuneration of directors	0.07%	0.07%

Amount

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
	<b>Cash</b>	<b>Cash</b>
Compensation of employees	\$ -	\$ -
Remuneration of directors	840	840

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

There is no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

h. Gains or losses on foreign currency exchange

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Foreign exchange gains	\$ 49,302	\$ 97,255
Foreign exchange losses	<u>(18,280)</u>	<u>(26,737)</u>
	<u>\$ 31,022</u>	<u>\$ 70,518</u>

## 23. INCOME TAXES

### a. Income tax recognized in profit or loss

Major components of income tax (benefit) expense are as follows:

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax		
In respect of the current period	\$ 49,743	\$ 156,484
Income tax on unappropriated earnings	2,423	868
Adjustments for prior periods	<u>(16,261)</u>	<u>9,700</u>
	<u>35,905</u>	<u>167,052</u>
Deferred tax		
In respect of the current period	<u>(58,210)</u>	<u>41,475</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (22,305)</u>	<u>\$ 208,527</u>

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

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Profit before tax	<u>\$ 113,977</u>	<u>\$ 1,122,957</u>
Income tax expense calculated at the statutory rate (15%)	\$ 17,097	\$ 168,443
Deductible gains in determining taxable income	(37,501)	(46,638)
Income tax on unappropriated earnings	2,423	868
Deferred tax effect of earnings of subsidiaries	(25,567)	79,284
Unrecognized deductible temporary differences	35,060	842
Effects of different tax rates of entities in the Group operating in other jurisdictions	2,444	(3,972)
Adjustments for prior years' tax	<u>(16,261)</u>	<u>9,700</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ (22,305)</u>	<u>\$ 208,527</u>

- 1) The applicable tax rate used by Tong Ming Enterprise Co., Ltd. in China is 15% from 2023 to 2025, due to their status as holders of high-tech enterprise certificates.
- 2) The applicable tax rate used by Tong Ho Enterprise (Zhejiang) Co., Ltd. and Shenzhen Easy Fasteners Co., Ltd. in China is 25%.
- 3) In 2023, the applicable corporate income tax rate used by the Group in the ROC is 20%.

### b. Current tax assets and liabilities

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Current tax assets		
Tax refund receivable	<u>\$ 12,723</u>	<u>\$ 13,541</u>
Current tax liabilities		
Income tax payable	<u>\$ 4,103</u>	<u>\$ 11,946</u>

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Accrued insurance	\$ 23,898	\$ 2,404	\$ (476)	\$ 25,826
Unrealized loss on Inventory	3,380	31,287	(552)	34,115
Expected credit loss	973	-	(18)	955
Temporary differences on sales	1,252	(226)	-	1,026
Other	<u>8,588</u>	<u>4,040</u>	<u>(213)</u>	<u>12,415</u>
	<u>\$ 38,091</u>	<u>\$ 37,505</u>	<u>\$ (1,259)</u>	<u>\$ 74,337</u>
<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Unappropriated earnings of subsidiaries	\$ (376,988)	\$ 25,567	\$ 6,526	\$ (344,895)
Associates	(17,375)	(5,013)	398	(21,990)
Interest capitalized	(2,408)	261	40	(2,107)
Unrealized expense	(583)	(170)	13	(740)
Others	<u>(3,826)</u>	<u>60</u>	<u>69</u>	<u>(3,697)</u>
	<u>\$ (401,180)</u>	<u>\$ 20,705</u>	<u>\$ 7,046</u>	<u>\$ (373,429)</u>

For the year ended December 31, 2022

<b>Deferred Tax Assets</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Accrued insurance	\$ 19,472	\$ 4,217	\$ 209	\$ 23,898
Unrealized loss on Inventory	1,548	1,843	(11)	3,380
Expected credit loss	471	504	(2)	973
Temporary differences on sales	1,144	110	(2)	1,252
Other	<u>3,839</u>	<u>4,711</u>	<u>38</u>	<u>8,588</u>
	<u>\$ 26,474</u>	<u>\$ 11,385</u>	<u>\$ 232</u>	<u>\$ 38,091</u>

<b>Deferred Tax Liabilities</b>	<b>Opening Balance</b>	<b>Recognized in Profit or Loss</b>	<b>Exchange Differences</b>	<b>Closing Balance</b>
Temporary differences				
Unappropriated earnings of subsidiaries	\$ (325,290)	\$ (47,202)	\$ (4,496)	\$ (376,988)
Associates	(13,854)	(3,379)	(142)	(17,375)
Interest capitalized	(2,606)	241	(43)	(2,408)
Unrealized expense	(1,002)	442	(23)	(583)
Others	<u>(837)</u>	<u>(2,962)</u>	<u>(27)</u>	<u>(3,826)</u>
	<u>\$ (343,589)</u>	<u>\$ (52,860)</u>	<u>\$ (4,731)</u>	<u>\$ (401,180)</u>

d. Income tax examination

- 1) The income tax returns through 2022 of Winlink Fasteners Co., Ltd. have been assessed by the tax authorities in the ROC. The companies in other jurisdictions have been examined according to their local laws.
- 2) Tong Group Limited and China Rich International Holding Limited used 10% of China's statutory tax rate of earnings remittance to estimate the subsidiaries' remittance tax of earning in China.

## 24. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Basic earnings per share		
From continuing operations	<u>\$ 0.67</u>	<u>\$ 4.53</u>
Diluted earnings per share		
From continuing operations	<u>\$ 0.67</u>	<u>\$ 4.53</u>

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

### Net Profit for the Year

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Earnings used in the computation of basic earnings per share	<u>\$ 135,170</u>	<u>\$ 911,223</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 135,170</u>	<u>\$ 911,223</u>

The weighted average number of ordinary shares outstanding (in thousand shares) is as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>201,203</u>	<u>201,203</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>201,203</u>	<u>201,203</u>

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

## 25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On December 19, 2023, the Group did not subscribe to the cash capital increase of Fast Link's subsidiaries in proportion to its shareholding, resulting in a decrease in its shareholding from 83.33% to 59.52%. Since the above transaction did not change the Group's control over these subsidiaries, the Group treated it as an equity transaction.

	<b>Fast Link</b>
Consideration received	\$ 2,607
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	<u>(4,822)</u>
Differences recognized from equity transactions	<u>\$ (2,215)</u>
<u>Line items adjusted for equity transactions</u>	
Capital surplus - changes in percentage of ownership interests in subsidiaries	\$ (130)
Retained earnings	<u>(2,085)</u>
	<u>\$ (2,215)</u>

## 26. CASH FLOW ACTIVITY

For the years ended December 31, 2023 and 2022, the Group entered into the following non-cash investing and financing activities which were not reflected in the consolidated statements of cash flows:

### a. Non-cash transaction

- 1) The Group reclassified prepayment for equipment with an aggregated value of \$302,970 thousand as property, plant and equipment in 2023 (refer to Note 14).
- 2) The Group reclassified prepayment for equipment with an aggregated value of \$111,337 thousand as property, plant and equipment in 2022 (refer to Note 14).

- 3) In 2023, the Group acquired property, plant and equipment of \$692,238 thousand, with a cash payment of \$585,608 thousand and an offset of \$106,630 thousand was increased from other payables (refer to Note 14).
- 4) In 2022, the Group acquired property, plant and equipment of \$708,714 thousand, with a cash payment of \$704,858 thousand and an offset of \$3,856 thousand was increased from other payables (refer to Note 14).

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

	Operating Balance	Cash Flows	Non-cash Changes		Closing Balance
			Acquisition	Others	
Short-term borrowings	\$ 3,537,589	\$ (1,523,875)	\$ -	\$ -	\$ 2,013,714
Long-term borrowings	1,459,318	930,076	-	-	2,389,394
Lease liabilities	<u>13,207</u>	<u>(17,058)</u>	<u>13,074</u>	<u>219</u>	<u>9,442</u>
	<u>\$ 5,010,114</u>	<u>\$ (610,857)</u>	<u>\$ 13,074</u>	<u>\$ 219</u>	<u>\$ 4,412,550</u>

For the year ended December 31, 2022

	Operating Balance	Cash Flows	Non-cash Changes		Closing Balance
			Acquisition	Others	
Short-term borrowings	\$ 2,764,530	\$ 773,059	\$ -	\$ -	\$ 3,537,589
Long-term borrowings	1,062,143	397,175	-	-	1,459,318
Lease liabilities	<u>25,789</u>	<u>(18,401)</u>	<u>4,643</u>	<u>1,176</u>	<u>13,207</u>
	<u>\$ 3,852,462</u>	<u>\$ 1,151,833</u>	<u>\$ 4,643</u>	<u>\$ 1,176</u>	<u>\$ 5,010,114</u>

## 27. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, reserves, retained earnings, other equity and non-controlling interests).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on an annual basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 28. FINANCIAL INSTRUMENTS

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

The management of the Group considers the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements to be approximate amounts of their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>98,562</u>	\$ <u>98,562</u>
Financial liabilities at FVTPL				
Derivative				
Forward exchange contracts	\$ <u>-</u>	\$ <u>7</u>	\$ <u>-</u>	\$ <u>7</u>

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	\$ <u>-</u>	\$ <u>-</u>	\$ <u>99,502</u>	\$ <u>99,502</u>
Financial assets at FVTPL				
Non-principal structured deposits	\$ <u>-</u>	\$ <u>-</u>	\$ <u>242,440</u>	\$ <u>242,440</u>
Financial liabilities at FVTPL				
Derivative				
Forward exchange contracts	\$ <u>-</u>	\$ <u>428</u>	\$ <u>-</u>	\$ <u>428</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

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

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments	Financial Assets at FVTPL Financial Product
Balance at January 1, 2023	\$ 99,502	\$ 242,440
Purchases	-	366,415
Sales/settlements	-	(616,007)
Recognized in profit or loss (included in other gains and losses)	-	7,812
Effects of exchange rates	<u>(940)</u>	<u>(660)</u>
Balance at December 31, 2023	<u>\$ 98,562</u>	<u>\$ -</u>

For the year ended December 31, 2022

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI</b>	<b>Financial Assets at FVTPL</b>
	<b>Equity Instruments</b>	<b>Financial Product</b>
Balance at January 1, 2022	\$ 42,000	\$ 304,080
Purchases	57,502	1,038,868
Sales/settlements	-	(1,119,071)
Recognized in profit or loss (included in other gains and losses)	-	14,303
Effects of exchange rates	-	4,260
Balance at December 31, 2022	<u>\$ 99,502</u>	<u>\$ 242,440</u>

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

The fair values of financial instruments at FVTPL are determined by net asset value method.

c. Categories of financial instruments

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ -	\$ 242,440
Financial assets at amortized cost (1)	3,890,687	4,267,904
Financial assets at FVTOCI		
Debt instruments	6,588	4,229
Equity instruments	98,562	99,502
<u>Financial liabilities</u>		
Financial liabilities at FVTPL		
Held for trading	7	428
Financial liabilities at amortized cost (2)	5,132,007	5,888,820

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, debt investments, and notes receivable, accounts receivable and other receivables.

2) The balances include financial liabilities at amortized cost, which comprise short-term loans, short-term bills payable, trade payables and other payables, long-term loans payable - current portion, and long-term borrowings.

d. Financial risk management objectives and policies

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

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below). The Group entered into a variety of derivative financial instruments to manage its exposure to foreign currency risk and interest rate risk, including: Foreign exchange forward contracts to hedge the exchange rate risk arising on the export of products.

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

a) Foreign currency risk

Several subsidiaries of the Group have foreign currency sales and purchases, which expose the Group to foreign currency risk. Approximately 18% of the Group's sales is denominated in currencies other than the functional currency of the Group making the sale, whilst almost 13% of costs is denominated in the Group's functional currency. Exchange rate exposures are managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group is mainly exposed to the U.S. dollar.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other equity associated with the New Taiwan dollar strengthening 1% against the relevant currency. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit and other equity, and the balances below would be negative.

	<b>Impact on Profit</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
USD	\$ 3,627	\$ 5,917

This was mainly attributable to the exposure outstanding on U.S. dollar Bank deposits, receivables and payables, which were not hedged at the end of the reporting period.

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite ensuring the most cost-effective hedging strategies are applied.

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

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Fair value interest rate risk		
Financial liabilities	\$ 9,442	\$ 13,207
Cash flow interest rate risk		
Financial assets	1,513,304	1,675,462
Financial liabilities	4,403,108	4,996,907

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year. The 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have decreased by \$28,898 thousand and \$33,214 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its variable-rate bank borrowings.

2) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the end of the reporting period, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, arose from the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group defines counterparties as having similar characteristics if they are related entities. Concentration of credit risk to any other counterparty did not exceed 5% of gross monetary assets at any time during 2023 and 2022.

The Group's concentration of credit risk by geographical locations was mainly in mainland China, which accounted for both 97% of total trade receivables as of December 31, 2023 and 2022.

The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

### 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities set out in (b) below.

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

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

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

#### December 31, 2023

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 4,240	\$ 543,358	\$ 181,301	\$ -	\$ -
Lease liabilities	1.945%-4.03%	839	1,677	6,067	3,168	-
Variable interest rate liabilities	2.80%-3.85%	-	929,234	1,570,301	2,121,988	-
		<u>\$ 5,079</u>	<u>\$ 1,474,269</u>	<u>\$ 1,757,669</u>	<u>\$ 2,125,156</u>	<u>\$ -</u>

#### Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 8,583</u>	<u>\$ 3,168</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2022

	Weighted Average Effective Interest Rate	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing		\$ 1,067	\$ 730,594	\$ 160,252	\$ -	\$ -
Lease liabilities	1.945%-4.03%	1,478	2,955	6,924	4,326	-
Variable interest rate liabilities	3.95%-4.65%	-	797,609	4,243,917	482,878	-
		<u>\$ 2,545</u>	<u>\$ 1,531,158</u>	<u>\$ 4,411,093</u>	<u>\$ 487,204</u>	<u>\$ -</u>

#### Additional information on the maturity analysis for lease liabilities

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	<u>\$ 11,357</u>	<u>\$ 4,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:		
Amount used	\$ 4,403,108	\$ 4,996,907
Amount unused	<u>3,954,702</u>	<u>4,717,881</u>
	<u>\$ 8,357,810</u>	<u>\$ 9,714,788</u>
Secured bank overdraft facilities, received annually		
Amount used	\$ -	\$ -
Amount unused	<u>671,584</u>	<u>906,916</u>
	<u>\$ 671,584</u>	<u>\$ 906,916</u>

c. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2023 and 2022 were as follows:

Counterparties	Receivables Sold	Amounts Collected	Amounts Uncollected Year End	Advances Received Year End	Interest Rates on Advances Received (%)	Credit Line
<u>2023</u>						
CTBC Bank Co., Ltd.	\$ 29,250 (US\$ 952,600)	\$ 22,662 (US\$ 738,061)	\$ 6,588 (US\$ 214,539)	\$ -	-	US\$ 1,000,000
<u>2022</u>						
CTBC Bank Co., Ltd.	\$ 33,996 (US\$ 1,106,989)	\$ 29,767 (US\$ 969,286)	\$ 4,229 (US\$ 137,703)	\$ -	-	US\$ 1,000,000

The above credit lines may be used on a revolving basis.

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks.

As of December 31, 2023 and 2022, the carrying amount of these trade receivables that have been transferred but not derecognized was \$6,588 thousand and \$4,229 thousand, respectively.

For the years ended December 31, 2023 and 2022, the Group transferred a portion of its banker's acceptance bills in mainland China to some of its suppliers in order to settle the trade payables to these suppliers. As the Group has transferred substantially all risks and rewards relating to these bills receivable, it derecognized the full carrying amount of the bills receivable and the associated trade payables. However, if the derecognized bills receivable are not paid at maturity, the suppliers have the right to request that the Group pay the unsettled balance; therefore, the Group still has continuing involvement in these bills receivable.

As of December 31, 2023 and 2022, the carrying amount of these banker's acceptance bills that have been transferred but not derecognized was \$151,119 thousand and \$99,426 thousand, respectively.

## 29. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Group, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows.

### a. Related party name and category

<u>Related Party Name</u>	<u>Related Party Category</u>
Tong Heer Fasteners Co., Sdn Bhd.	Other related party
Tong Heer Fasteners (Thailand) Co., Ltd.	Other related party
Tong Yi Qin (Shanghai) Co., Ltd.	Associate
Tong You Co., Ltd. (Jiaxing)	Associate
Jiaxing Chun You Co., Ltd. (Jiaxing)	Associate
Jiaxing Famous Hotel Management Co., Ltd.	Other related party
Jiaxing Fudi Properties Co., Ltd.	Other related party
Tsai, Ching-Tung	Key management personnel
Tsai, Hung-Chuan	Key management personnel
Tian-I Foundation	Other related party
Brighton-Best International (Taiwan) Inc.	Related party in substance

### b. Sales of goods

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Sales	Associate	\$ 85,205	\$ 108,007
	Other related parties	40,305	90,730
	Related party in substance		
	Brighton-Best International (Taiwan) Inc.	<u>1,303,954</u>	<u>2,091,800</u>
		<u>\$ 1,429,464</u>	<u>\$ 2,290,537</u>

The sales prices and payment terms to related parties were not significantly different from those of sales to third parties.

### c. Purchases of goods

<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Associate	\$ 18,513	\$ 20,214
Other related parties		
Tong Heer Fasteners (Thailand) Co., Ltd.	804,176	1,202,720
Tong Heer Fasteners Co., Sdn Bhd.	<u>101,330</u>	<u>243,403</u>
	<u>\$ 924,019</u>	<u>\$ 1,446,337</u>

The sales prices and payment terms to related parties were not significantly different from those of purchased from third parties.

d. Manufacturing overhead - material consumption

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>For the Year Ended December 31</b>	
		<b>2023</b>	<b>2022</b>
Manufacturing overhead - material consumption	Associate Others	<u>\$ 25,355</u>	<u>\$ 40,843</u>

e. Receivables from related parties (excluding loans to related parties and contract assets)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Notes receivable	Associate	<u>\$ -</u>	<u>\$ 4,155</u>
Accounts receivable	Associate	\$ 26,328	\$ 25,387
	Other related parties	5,543	6,936
	Related party in substance	<u>28,900</u>	<u>27,239</u>
		<u>\$ 60,771</u>	<u>\$ 59,562</u>

f. Acquired property, plant and equipment

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Buildings and Structures	Other related parties	<u>\$ 82,871</u>	<u>\$ -</u>

On September 6, 2023, Tong Ming Enterprise (Zhejiang) Co., Ltd. has purchased real estate from other related parties, Jiaxing Fudi Properties Co., Ltd., and the case was approved by the board of directors on September 6, 2023.

g. Payables to related parties (excluding loans from related parties)

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Accounts payable	Associate	\$ 4,327	\$ 4,788
	Other related parties	<u>14,643</u>	<u>4,989</u>
		<u>\$ 18,970</u>	<u>\$ 9,777</u>
Others payable	Related party in substance	\$ -	\$ 387
	Other related parties	-	5
	Key management personnel	<u>-</u>	<u>2</u>
		<u>\$ -</u>	<u>\$ 394</u>

h. Lease arrangements

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Lease liabilities	Key management personnel		
	Others	\$ <u>418</u>	\$ <u>409</u>

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Interest expense	Key management personnel		
	Others	\$ <u>13</u>	\$ <u>21</u>

The Group leased office from related parties. The lease terms and prices were both determined in accordance with mutual agreements. The rental expense were paid to related parties per annum.

i. Others

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>December 31</b>	
		<b>2023</b>	<b>2022</b>
Other income	Other related parties	\$ 1,332	\$ 142
	Associate	<u>148</u>	<u>-</u>
		\$ <u>1,480</u>	\$ <u>142</u>
Other expense	Other related parties	\$ 577	\$ 5,856
	Key management personnel	<u>24</u>	<u>-</u>
		\$ <u>601</u>	\$ <u>5,856</u>

The Group provide equipment and office to associate. The lease terms and prices were both determined in accordance with mated agreements. The rental expense was paid to associated per mensem and annum.

j. Endorsements and guarantees

Endorsements given by related parties

<b>Related Party Category/Name</b>	<b>December 31</b>	
	<b>2023</b>	<b>2022</b>
Key management personnel		
Amount endorsed	\$ <u>671,584</u>	\$ <u>906,619</u>

k. Compensation of key management personnel

	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
Short-term employee benefits	\$ <u>24,992</u>	\$ <u>23,924</u>

The remuneration of directors and key executives was determined by the remuneration committee based on the performance of individuals and market trends.

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY: NONE

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Acquisition of property, plant and equipment	<u>\$ 222,605</u>	<u>\$ 273,524</u>

### 32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

In order to enrich the working capital of the subsidiary, Tong Ho Steel Enterprise Co., Ltd., the Group's board of directors resolved to increase the capital of Tong Ho Steel Enterprise Co., Ltd. in March 2024. The capital increase is expected to be US\$3,000 thousand, which is equivalent to RMB 21,600 thousand. The capital increase is still in under review by the Investment Review Department of the Ministry of Finance.

### 33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,721	7.0827 (USD:RMB)	\$ 205,990
USD	5,153	30.705 (USD:NTD)	158,208
USD	15	141.3674 (USD:JPY)	470
EUR	519	7.853 (EUR:RMB)	17,624
JPY	140,303	0.0071 (JPY:USD)	30,474
<u>Financial liabilities</u>			
Monetary items			
USD	63	30.705 (USD:RMB)	1,929
NTD	3,962	0.2311 (NTD:RMB)	3,962

December 31, 2022

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 18,079	6.9646 (USD:RMB)	\$ 555,013
USD	1,231	30.710 (USD:NTD)	37,817
USD	20	132.143 (USD:JPY)	611
EUR	717	7.4229 (EUR:RMB)	23,464
JPY	102,386	0.0076 (JPY:USD)	23,794
<u>Financial liabilities</u>			
Monetary items			
USD	58	6.9646 (USD:RMB)	1,778

For the years ended December 31, 2023 and 2022, realized and unrealized net foreign exchange gains were \$31,022 thousand and net foreign exchange gains were \$70,518 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of the Group.

#### **34. SEPARATELY DISCLOSED ITEMS**

a. Information on significant transactions and investees:

- 1) Financing provided to others (Table 1)
- 2) Endorsements/guarantees provided (Table 2)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (Table 4)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 6)
- 9) Trading in derivative instruments (None)
- 10) Intercompany relationships and significant intercompany transactions (Table 7)

- b. Information on investees: (Table 8)
- c. Information on investments in mainland China
  - 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 9)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 7):
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes
    - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds (Table 1)
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 10)

### 35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. The Group's principal geographical areas is China.

- a. Revenue from major products and services

The following is an analysis of the Group's revenue from continuing operations from its major products and services.

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Fasteners	\$ 10,746,741	\$ 12,706,607
Wire	2,179,403	2,650,662
Others	<u>39,896</u>	<u>71,140</u>
	<b><u>\$ 12,966,040</u></b>	<b><u>\$ 15,428,409</u></b>

b. Geographical information

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
China	\$ 9,224,269	\$ 9,773,196
America	1,587,446	2,568,240
Asia	1,486,226	1,974,369
Others	<u>668,099</u>	<u>1,112,604</u>
	<b><u>\$ 12,966,040</u></b>	<b><u>\$ 15,428,409</u></b>

c. Information on major customers

Single customers contributing 10% or more to the Group's revenue were as follows:

	<b><u>For the Year Ended December 31</u></b>	
	<b>2023</b>	<b>2022</b>
Brighton-Best International (Taiwan) Inc.	<u>\$ 1,303,954</u>	<u>\$ 2,091,800</u>

## TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
1	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Fan Yi Enterprise Co., Ltd. (Guangzhou)	Other receivables	No	\$ 2,596	\$ 2,596	\$ 2,164	4.35	1	\$ 26,656	-	\$ -	None	\$ -	\$ 26,656	\$ 2,526,676	
		He Xu Enterprise Co., Ltd. (Huizhou)	Other receivables	No	2,164	2,164	1,249	4.35	1	21,396	-	-	None	-	21,396	2,526,676	
		Jian Yue Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	4,327	4,327	-	4.35	1	33,544	-	-	None	-	33,544	2,526,676	
		Fan Yi Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	2,423	2,293	-	4.35	1	24,133	-	-	None	-	24,133	2,526,676	
		Dong Xin Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	4,327	4,327	-	4.35	1	54,065	-	-	None	-	54,065	2,526,676	
		Dong Gu Enterprise Co., Ltd. (Dongguan)	Other receivables	No	1,082	1,082	-	4.35	1	11,207	-	-	None	-	11,207	2,526,676	
		Dao Qin Enterprise Co., Ltd. (Jinan)	Other receivables	No	2,380	1,947	1,493	4.35	1	20,609	-	-	None	-	20,609	2,526,676	
		Fan Xing Enterprise Co., Ltd. (Jinan)	Other receivables	No	1,514	1,082	-	4.35	1	10,426	-	-	None	-	10,426	2,526,676	
		Wan Jie Tong Enterprise Co., Ltd. (Qingdao)	Other receivables	No	3,029	3,029	2,234	4.35	1	28,030	-	-	None	-	28,030	2,526,676	
		Nan Hai Tai Feng Enterprise Co., Ltd. (Foshan)	Other receivables	No	649	649	384	4.35	1	5,349	-	-	None	-	5,349	2,526,676	
		Hua Yuan Guang Mao Enterprise Co., Ltd. (Shijiazhuang)	Other receivables	No	216	-	-	4.35	1	2,053	-	-	None	-	2,053	2,526,676	
		Te Er Si Enterprise Co., Ltd. (Guangzhou)	Other receivables	No	649	649	603	4.35	1	4,370	-	-	None	-	4,370	2,526,676	
		Shaanxi Xirui Metal Products Co., Ltd.	Other receivables	No	476	476	-	4.35	1	4,613	-	-	None	-	4,613	2,526,676	
		Guangdong Dongyu Hardware Products Co., Ltd.	Other receivables	No	4,327	4,327	4,327	4.35	1	52,760	-	-	None	-	52,760	2,526,676	
		Qunlilai Hardware Co., Ltd. (Foshan)	Other receivables	No	649	649	-	4.35	1	5,629	-	-	None	-	5,629	2,526,676	
		Mei Zhi Enterprise Co., Ltd. (Guangdong)	Other receivables	No	303	303	303	4.35	1	1,792	-	-	None	-	1,792	2,526,676	
		Tao Yue Enterprise Co., Ltd. (Shanghai)	Other receivables	No	2,639	1,817	-	4.35	1	19,272	-	-	None	-	19,272	2,526,676	
		Dong Wei Enterprise Co., Ltd. (Changzhou)	Other receivables	No	995	-	-	4.35	1	4,311	-	-	None	-	4,311	2,526,676	
		Lei En Enterprise Co., Ltd. (Kunshan)	Other receivables	No	260	-	-	4.35	1	2,742	-	-	None	-	2,742	2,526,676	
		Jian Chi Enterprise Co., Ltd. (Guangdong)	Other receivables	No	346	346	-	4.35	1	1,866	-	-	None	-	1,866	2,526,676	
		Yongxing Technology Co., Ltd. (Guangdong)	Other receivables	No	519	519	-	4.35	1	3,938	-	-	None	-	3,938	2,526,676	
		Finexpress Fastener Co., Ltd. (Shanghai)	Other receivables	No	2,596	2,596	-	4.35	1	25,126	-	-	None	-	25,126	2,526,676	
		Yuanchi Machine Hardware Enterprise Co., Ltd. (Guangdong)	Other receivables	No	1,125	1,125	1,030	4.35	1	11,694	-	-	None	-	11,694	2,526,676	
		Jiasheng Technology Enterprise Co., Ltd. (Zhuzhou)	Other receivables	No	1,731	-	-	4.35	1	16,604	-	-	None	-	16,604	2,526,676	
		Long Solid Materials Co., Ltd. (Nanyang)	Other receivables	No	2,164	-	-	4.35	1	3,265	-	-	None	-	3,265	2,526,676	
		Kuai Kou Enterprise Co., Ltd. (Changsha)	Other receivables	No	1,298	476	320	4.35	1	4,733	-	-	None	-	4,733	2,526,676	
		Gao Zhiqiang Hardware Enterprise Co., Ltd. (Jiangmen)	Other receivables	No	1,731	1,731	531	4.35	1	5,551	-	-	None	-	5,551	2,526,676	
		Matnes Technology Co., Ltd. (Tianjin)	Other receivables	No	563	-	-	4.35	1	5,672	-	-	None	-	5,672	2,526,676	
		Tight Wins Enterprise Co., Ltd. (Dongguan)	Other receivables	No	303	303	69	4.35	1	3,217	-	-	None	-	3,217	2,526,676	
		Ding Shang Enterprise Co., Ltd. (Chongqing)	Other receivables	No	952	952	401	4.35	1	9,751	-	-	None	-	9,751	2,526,676	
Kuaiyou Hardware Products Co., Ltd. (Guangzhou)	Other receivables	No	649	-	-	4.35	1	4,766	-	-	None	-	4,766	2,526,676			
Longsheng Hardware Products Co., Ltd. (Jiangmen)	Other receivables	No	1,298	1,298	246	4.35	1	7,384	-	-	None	-	7,384	2,526,676			

(Continued)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period	Ending Balance	Actual Borrowing Amount	Interest Rate (%)	Nature of Financing (Note 2)	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower	Aggregate Financing Limit	Note
													Item	Value			
		Ao Ke Enterprise Co., Ltd. (Shenyang)	Other receivables	No	\$ 303	\$ 303	\$ -	4.35	1	\$ 2,821	-	\$ -	None	\$ -	\$ 2,821	\$ 2,526,676	
		Ring Buckle Hardware Co., Ltd. (Foshan)	Other receivables	No	2,164	2,164	718	4.35	1	18,238	-	-	None	-	18,238	2,526,676	
		Zhangchen Trading Co., Ltd. (Zhongshan)	Other receivables	No	216	-	-	4.35	1	2,329	-	-	None	-	2,329	2,526,676	
		Minwei Hardware Products Co., Ltd. (Guangzhou)	Other receivables	No	1,731	1,731	-	4.35	1	15,386	-	-	None	-	15,386	2,526,676	
		Tonglink Enterprise Co., Ltd. (Suzhou)	Other receivables	No	909	649	447	4.35	1	6,723	-	-	None	-	6,723	2,526,676	
		Xiamen Kebid Metal Products Co., Ltd.	Other receivables	No	346	346	-	4.35	1	2,210	-	-	None	-	2,210	2,526,676	
		Guangzhou Public Standard Hardware Co., Ltd.	Other receivables	No	1,947	-	-	4.35	1	17,511	-	-	None	-	17,511	2,526,676	
		Foshan City established Hardware Trading Co., Ltd.	Other receivables	No	649	649	480	4.35	1	5,211	-	-	None	-	5,211	2,526,676	
		Zhongneng Fasteners Co., Ltd. (Guangzhou)	Other receivables	No	443	443	143	4.35	1	2,771	-	-	None	-	2,771	2,526,676	
		Zhangjiagang Free Trade Zone Vero Trade Co., Ltd.	Other receivables	No	2,164	-	-	4.35	1	13,925	-	-	None	-	13,925	2,526,676	
		Junsheng Industrial Products Suzhou Co., Ltd.	Other receivables	No	995	-	-	4.35	1	10,499	-	-	None	-	10,499	2,526,676	
		Foshan FineQua Industrial Fastener Co., Ltd.	Other receivables	No	2,596	-	-	4.35	1	26,441	-	-	None	-	26,441	2,526,676	
		Guangdong Xinhongao Hardware Fastener Co., Ltd.	Other receivables	No	649	649	216	4.35	1	5,615	-	-	None	-	5,615	2,526,676	
		Minwei Hardware Products Co., Ltd. (Guangdong)	Other receivables	No	1,731	1,731	1,514	4.35	1	17,259	-	-	None	-	17,259	2,526,676	
		Foshan Derchi Youpin Hardware Co., Ltd.	Other receivables	No	346	-	-	4.35	1	3,538	-	-	None	-	3,538	2,526,676	
2	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	Other receivables related party	Yes	129,810	121,156	121,156	3.20	2	-	Operational turnover	-	None	-	2,526,676	2,526,676	
	Tong Ming Trading Limited	Fast Link	Other receivables related party	Yes	15,353	-	-	2.00	2	-	Operational turnover	-	None	-	19,236	19,236	

Note 1: Financing provided to others are numbered as follows:

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: The nature for the financing is as follows:

- No. 1 represents the business contact.
- No. 2 represents the need for short-term financing.

Note 3: The limit amount is calculated as follows:

- The total amount for lending to a company for funding for a short-term period shall not exceed  $\$6,516,434 \times 40\% = \$2,606,574$  (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- There were business transactions: The total loan to borrower shall not exceed  $\$6,516,434 \times 40\% = \$2,606,574$  (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- There need for short term financing: The total loan to borrower shall not exceed  $\$6,516,434 \times 40\% = \$2,606,574$  (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- There need for short term financing: The total loan to borrower shall not exceed  $\$6,316,691 \times 40\% = \$2,526,676$  (in thousands) of the net worth of Jiaxing Tong Ming Enterprise Co., Ltd.
- There need for short term financing: The total loan to borrower shall not exceed  $\$48,090 \times 40\% = \$19,236$  (in thousands) of the net worth of Tong Ming Trading Limited.

(Concluded)

## TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Tong Ming Enterprise Co., Ltd.	Winlink Fasteners Co., Ltd.	b	\$ 1,303,287	\$ 90,600	\$ 90,600	\$ -	\$ -	1.39	\$ 3,258,217	Y	N	N	
		TongWin International Co., Ltd.	b	1,303,287	93,650 (US\$ 3,050)	93,650 (US\$ 3,050)	-	-	1.44	3,258,217	Y	N	N	
		Fast Link	b	1,303,287	61,410 (US\$ 2,000)	61,410 (US\$ 2,000)	9,765 (JPY 45,000)	-	0.94	3,258,217	Y	N	N	
		Tonglink Enterprise Co., Ltd.	b	1,303,287	28,000	28,000	-	-	0.43	3,258,217	Y	N	N	

Note 1: Number should be noted in number column.

- "0" for the Company.
- Subsidiaries are numbered from "1".

Note 2: Relationship information of endorser and endorsee should be noted.

- Trading partner.
- Majority owned subsidiary.
- The Company and subsidiary own over fifty percent (50%) ownership of the investee company.
- Directly or through subsidiaries owned over fifty percent (50%) of the Company's ordinary shares.
- Guaranteed by the Company according to the construction contract.
- An investee company of which the guarantees were provided based on the Company's proportionate share in the investee company.

Note 3: The limit amount is calculated as follows:

- The total amount of guarantee shall not exceed 50% of the net worth of Tong Ming Enterprise Co., Ltd. which is  $\$6,516,434 \times 50\% = \$3,258,217$  (in thousands).
- The total amount of guarantee provided by Tong Ming Enterprise Co., Ltd. to any individual entity shall not exceed 20% of the net worth of Tong Ming Enterprise Co., Ltd. which is  $\$6,516,434 \times 20\% = \$1,303,287$  (in thousands).

**TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**MARKETABLE SECURITIES HELD**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Tong Ming Enterprise (Zhejiang) Co., Ltd.	<u>Unlisted stock</u> Shanghai Elitesland Software System Co., Ltd.	None	Financial assets at FVTOCI - non-current	1,318	\$ 50,193 (RMB 11,600)	2.31	\$ 50,193 (RMB 11,600)	
Winlink Fasteners Co., Ltd.	<u>Unlisted stock</u> Tung Mung Development Co., Ltd.	None	Financial assets at FVTOCI - non-current	4,607	48,396	1.11	48,396	

Note 1: Marketable securities are shares, bonds and beneficiary certificates within the scope of IFRS 9.

Note 2: Refer to information of subsidiary, associate and joint venture in Tables 8 and 9.

## TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Type and Name of Marketable Securities (Note 1)	Financial Statement Account	Counterparty (Note 2)	Relationship (Note 2)	Beginning Balance		Acquisition (Note 3)		Disposal (Note 3)				Ending Balance	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Shares	Amount (Note 4)
Tong Ming Enterprise (Zhejiang) Co., Ltd.	CITCI financial management's co-management stable Tian Tian Li public financial products	Financial assets at FVTPL - current	-	-	-	\$ 88,160 (RMB 20,000)	-	\$ 263,321 (RMB 60,000)	-	\$ 351,596 (RMB 80,026)	\$ 351,481 (RMB 80,000)	\$ 115 (RMB 26)	-	\$ - (RMB -)

Note 1: Marketable Securities in this table include shares, bonds, beneficiary certificates and derivative products.

Note 2: Fill in the two columns if marketable securities are accounted for using equity method.

Note 3: The accumulated amount of acquisition/disposal were calculated separately.

Note 4: Paid-in capital is the paid-in capital of the parent company. Shares of issuers without par value or not NT\$10 per share are calculated according to 10% of total equity attributable to owners of the Company regarding the regulation on transaction amount of 20% of paid-in capital.

## TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL  
FOR THE YEAR ENDED DECEMBER 31, 2023

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

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Tong Win International Co., Ltd.	Tong Heer Fasteners (Thailand) Co., Ltd.	Other related parties	Purchase	\$ 802,499	57.68	T/T after shipment	\$ -	-	\$ 13,570	66.71	
	Tong Heer Fasteners Co., Sdn Bhd.	Other related parties	Purchase	100,926	7.25	T/T after shipment	-	-	1,073	5.28	
	Brighton-Best International (Taiwan) Inc.	Related party in substance	Sale	1,048,912	71.22	T/T at sight 5 days of B/L copy	-	-	22,097	82.77	
Winlink Fasteners Co., Ltd.	Brighton-Best International (Taiwan) Inc.	Related party in substance	Sale	255,042	36.42	T/T days after B/L date	-	-	6,803	27.38	
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Win International Co., Ltd.	Affiliated company	Sale	217,619	2.14	T/T at sight	-	-	8,499	0.36	
	Tong Ho Steel Enterprise Co., Ltd.	Affiliated company	Sale	306,889	3.02	Paid quarterly	-	-	316,431	15.08	

Note: The prices and payments to related parties were not significantly different from those of purchases/sales from third parties.

**TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES**

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

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate	Overdue		Amount Received in Subsequent Period	Allowance for Impairment Loss
					Amount	Actions Taken		
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	Subsidiary	\$ 121,819 (RMB 28,153)	Note	\$ -	-	\$ -	\$ -
	Tong Ho Steel Enterprise Co., Ltd.	Subsidiary	316,431 (RMB 73,129)	177 Days	-	-	-	-

Note: The ending balance is primarily consisted of other receivable, which is not applicable for the calculation of turnover days.

## TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollars)

No. (Note 1)	Investee Company	Counterparty	Relationship (Note 2)	Transaction Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
1	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Win International Co., Ltd.	c	Sales revenue	\$ 217,619	T/T at sight	1.68
2	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Sales revenue	306,889	Paid quarterly	2.37
3	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Other receivables from related parties	121,819	-	0.99
4	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Trade receivables from related parties	316,431	Paid quarterly	2.57

Note 1: Intercompany relationships and significant intercompany transactions information are noted within the number column as follows:

Number 0 represents the parent company.  
 Number 1 represents subsidiaries.

Note 2: Parties involved in the transaction have a direct relationship noted by the following:

Note "a" represents transactions from parent company to subsidiary.  
 Note "b" represents transactions from subsidiary to parent company.  
 Note "c" represents transactions between subsidiaries.

Note 3: The amounts of asset and liability are calculated as a percentage of the combined total assets. The amounts of income are calculated as a percentage of the combined total sales.

Note 4: Balance and transactions between the Company and subsidiaries, which are related parties of the Company, have been eliminated on consolidation.

## TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEEES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
Tong Ming Enterprise Co., Ltd. (Cayman)	Tong Group Limited	Hong Kong	Investment	\$ 1,858,415 (RMB 429,493)	\$ 1,858,415 (RMB 429,493)	1,000,000	100.00	\$ 5,385,662	\$ 86,156	\$ 86,156	Note 1
	China Rich International Holding Limited	Hong Kong	Investment	195,674 (RMB 45,222)	195,674 (RMB 45,222)	10,000	100.00	567,224	9,072	9,072	Note 1
	Winlink Fasteners Co., Ltd.	Taiwan	Selling and marketing of fasteners and wires	15,989	15,989	1,500,000	100.00	202,662	31,953	31,953	Note 1
	Tong Win International Co., Ltd.	Samoa	Selling and marketing of fasteners and wires	-	-	500,000	100.00	158,963	78,528	78,528	Note 1
	Fast Link	Japan	Selling and marketing of fasteners and wires	5,525 (JPY 25,000)	5,525 (JPY 25,000)	500	59.52	10,970	4,761	4,761	
	Meta Global Co., Ltd.	Samoa	Investment	281,255 (RMB 65,000)	281,255 (RMB 65,000)	1,000,000	100.00	180,223	(67,883)	(67,883)	
Tong Link Enterprise Co., Ltd.	Taiwan	Selling and marketing of fasteners and wires	10,000	10,000	1,000,000	100.00	7,913	(1,720)	(1,720)		
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ming Trading Limited	Hong Kong	Buying and selling raw materials	1,532 (US\$ 50)	1,532 (US\$ 50)	50,000	100.00	48,090	(1,466)	(1,466)	
	Tong Ming Holding Ltd.	Hong Kong	Investment	-	-	50,000	100.00	(53)	-	-	

Note 1: The carrying amount was based on the net assets of the investee whose financial statements were not audited as of December 31, 2023.

Note 2: For information of investments in mainland China, refer to Table 9.

Note 3: The exchange rate was US\$1=NT\$30.705; RMB1=NT\$4.327; JPY1=NT\$0.221 as of December 31, 2023.

## TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of December 31, 2023	Accumulated Repatriation of Investment Income as of December 31, 2023	Note
					Outward	Inward							
Tong Group Limited Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	\$ 3,054,862 (RMB 706,000)	Direct investment	\$ -	\$ -	\$ -	\$ -	\$ 105,007	90.2	\$ 94,717	\$ 5,697,655	\$ -	Note 1
China Rich International Holding Limited Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	3,054,862 (RMB 706,000)	Direct investment	-	-	-	-	105,007	9.5	9,976	600,086	-	Note 1
Tong Ming Enterprise Co., Ltd. (Zhejiang) Shanghai Dongyiqin Industrial Fastener Co., Ltd.	Selling of marketing of fasteners and wires	2,164 (RMB 500)	Direct investment	-	-	-	-	11,379	40.0	4,552	16,606	-	Note 2
Jiaxing Spring You Precise Mold Co., Ltd.	Manufacturing and selling of molds	24,614 (RMB 5,689)	Direct investment	-	-	-	-	6,091	47.5	2,893	23,543	-	Note 2
Jiaxing Toyou Hardware Co., Ltd.	Selling of marketing of fasteners and wires	8,654 (RMB 2,000)	Direct investment	-	-	-	-	6,259	40.0	2,504	11,969	-	Note 2
Shenzhen Yiqin Industrial Fastener Co., Ltd.	Selling of marketing of fasteners and wires	12,981 (RMB 3,000)	Direct investment	-	-	-	-	14,637	100.0	14,637	70,984	-	Note 2
Tong Win Trading (Jiaxing) Co., Ltd.	Selling of marketing of fasteners and wires	6,491 (RMB 1,500)	Direct investment	-	-	-	-	10,751	100.0	10,751	30,981	-	Note 2
Zhejiang Dongyi Supply Chain Technology Co., Ltd.	E-Commerce platform	4,327 (RMB 1,000)	Direct investment	-	-	-	-	(448)	100.0	(448)	2,981	-	Note 2
Meta Global Co., Ltd. Tong Ho Steel Enterprise Co., Ltd.	Stainless steel wire manufacturing and other hardware business	281,255 (RMB 65,000)	Direct investment	-	-	-	-	(67,883)	100.0	(67,883)	180,223	-	Note 1

Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2023	Investment Amount Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
N/A	N/A	N/A

Note 1: The carrying amount was based on the net assets of the investee whose financial statements were audited as of December 31, 2021.

Note 2: The significant transactions with investee companies in mainland, either directly or indirectly through a third party: None.

Note 3: The condition of negotiable instrument endorsements or guarantees or pledges of collateral with investee companies in mainland, either directly or indirectly through a third party: None.

Note 4: The condition of financing of funds with investee companies in mainland, either directly or indirectly through a third party: None.

Note 5: Other transactions that have a material effect on the profit or loss for the year or on the financial position with investee companies in mainland, either directly or indirectly through a third party: None.

**TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES**

**INFORMATION OF MAJOR SHAREHOLDERS  
DECEMBER 31, 2023**

Name of Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Capitaland Limited	36,825,474	18.30
Tong One Holdings Limited	24,000,000	11.92
Richard Internation	24,000,000	11.92
Tsai, Yi-Ting	23,115,486	11.48
Tsai, Ming-Ti	19,129,556	9.50
Oriental Union Chemical Corp., in custody of Chinatrust Commercial Bank	11,343,410	5.63
New Star Limited	10,400,000	5.16
Mega Sun Limited	10,400,000	5.16

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

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