

Tong Ming Enterprise Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report

Notice to Readers

For the convenience of readers, this report has been translated into English from the original Chinese version, prepared and used in the Republic of China. The English version has not been audited or reviewed by independent auditors. If there are any discrepancies between the English version and the original Chinese version, or any difference in the interpretation of the two versions, the Chinese-language report shall prevail.

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Tong Ming Enterprise Co., Ltd. and its subsidiaries (collectively, the "Company") as of March 31, 2024 and 2023, the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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 Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Company as of March 31, 2024 and 2023, its consolidated financial performance and its consolidated cash flows for the three months ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 13 , 2024

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,534,145	12	\$ 1,248,093	10	\$ 2,301,017	16
Financial assets at fair value through profit or loss - current (Notes 7 and 28)	88,160	1	-	-	155,520	1
Financial assets at amortized cost - current (Note 9)	588,544	5	265,682	2	39,223	-
Notes receivable, net (Notes 10 and 21)	290,374	2	316,413	3	269,978	2
Accounts receivable, net (Notes 10, 21 and 29)	1,858,913	14	2,020,390	17	2,342,161	17
Other receivables	33,940	-	46,697	-	29,378	-
Current tax assets	12,980	-	12,723	-	16,503	-
Inventories (Note 11)	4,573,825	35	4,424,180	36	5,571,928	39
Prepayments to suppliers (Note 16 and 29)	305,556	3	223,866	2	204,835	2
Other prepayments (Note 16)	145,496	1	163,517	1	100,970	1
Other current assets	2,025	-	1,587	-	2,302	-
Total current assets	<u>9,433,958</u>	<u>73</u>	<u>8,723,148</u>	<u>71</u>	<u>11,033,815</u>	<u>78</u>
NON-CURRENT ASSETS						
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 28)	99,005	1	98,562	1	99,769	1
Investments accounted for using the equity method (Note 13)	55,779	-	52,118	-	43,901	-
Property, plant and equipment (Notes 14 and 26)	2,974,647	23	2,888,182	24	2,403,941	17
Right-of-use assets (Note 15)	151,875	1	150,439	1	157,000	1
Other intangible assets	59,440	1	112,677	1	42,248	-
Deferred tax assets	56,582	-	74,337	1	93,329	1
Prepayments for equipment (Notes 16 and 26)	119,944	1	181,313	1	358,391	2
Refundable deposits	2,600	-	2,570	-	2,417	-
Other non-current assets	2,334	-	2,420	-	1,645	-
Total non-current assets	<u>3,522,206</u>	<u>27</u>	<u>3,562,618</u>	<u>29</u>	<u>3,202,641</u>	<u>22</u>
TOTAL	<u>\$ 12,956,164</u>	<u>100</u>	<u>\$ 12,285,766</u>	<u>100</u>	<u>\$ 14,236,456</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17)	\$ 2,350,100	18	\$ 2,013,714	16	\$ 3,369,918	24
Financial liabilities at fair value through profit or loss - current (Notes 7 and 28)	105	-	7	-	80	-
Contract liabilities - current (Note 21 and 29)	128,152	1	86,650	1	127,416	1
Notes payable	8,504	-	7,984	-	777	-
Accounts payable (Notes 18 and 29)	373,874	3	378,685	3	687,303	5
Other payables (Notes 19 and 29)	278,778	2	424,730	4	332,415	2
Current tax liabilities	6,729	-	4,103	-	16,599	-
Lease liabilities - current (Notes 15 and 29)	7,325	-	6,658	-	8,964	-
Current portion of long-term borrowings (Notes 17)	606,100	5	324,612	3	1,023,561	7
Other current liabilities	281	-	938	-	404	-
Total current liabilities	<u>3,759,948</u>	<u>29</u>	<u>3,248,081</u>	<u>27</u>	<u>5,567,437</u>	<u>39</u>
NON-CURRENT LIABILITIES						
Long-term borrowings (Notes 17)	1,994,938	15	2,064,782	17	1,234,037	9
Deferred tax liabilities	341,906	3	373,429	3	421,463	3
Lease liabilities - non-current (Notes 15 and 29)	2,629	-	2,784	-	1,256	-
Long-term deferred revenue	80,183	1	53,846	-	24,616	-
Total non-current liabilities	<u>2,419,656</u>	<u>19</u>	<u>2,494,841</u>	<u>20</u>	<u>1,681,372</u>	<u>12</u>
Total liabilities	<u>6,179,604</u>	<u>48</u>	<u>5,742,922</u>	<u>47</u>	<u>7,248,809</u>	<u>51</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)						
Share capital	<u>2,012,033</u>	<u>15</u>	<u>2,012,033</u>	<u>16</u>	<u>2,012,033</u>	<u>14</u>
Capital surplus	<u>1,827,293</u>	<u>14</u>	<u>1,827,293</u>	<u>15</u>	<u>1,827,423</u>	<u>13</u>
Retained earnings						
Legal reserve	669,572	5	669,572	6	578,450	4
Special reserve	134,735	1	134,735	1	259,143	2
Unappropriated earnings	2,250,803	18	2,134,248	17	2,391,107	17
Total retained earnings	<u>3,055,110</u>	<u>24</u>	<u>2,938,555</u>	<u>24</u>	<u>3,228,700</u>	<u>23</u>
Others						
Exchange differences on translation of the financial statements of foreign operations	(142,964)	(1)	(261,447)	(2)	(102,645)	(1)
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(497)	-	-	-	-	-
Others	(143,461)	(1)	(261,447)	(2)	(102,645)	(1)
Equity attributable to shareholders of the parent	6,750,975	52	6,516,434	53	6,965,511	49
NON-CONTROLLING INTERESTS	<u>25,585</u>	<u>-</u>	<u>26,410</u>	<u>-</u>	<u>22,136</u>	<u>-</u>
Total equity	<u>6,776,560</u>	<u>52</u>	<u>6,542,844</u>	<u>53</u>	<u>6,987,647</u>	<u>49</u>
TOTAL	<u>\$ 12,956,164</u>	<u>100</u>	<u>\$ 12,285,766</u>	<u>100</u>	<u>\$ 14,236,456</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 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE				
Sales (Notes 21, 29 and 34)	\$ 2,573,386	100	\$ 3,424,435	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 22 and 29)	<u>(2,245,003)</u>	<u>(87)</u>	<u>(3,207,516)</u>	<u>(94)</u>
GROSS PROFIT	<u>328,383</u>	<u>13</u>	<u>216,919</u>	<u>6</u>
OPERATING EXPENSES (Notes 22 and 29)				
Selling and marketing expenses	(111,035)	(5)	(115,253)	(3)
General and administrative expenses	(57,703)	(2)	(66,235)	(2)
Research and development expenses	(5,626)	-	(8,256)	-
Expected credit loss	<u>2,386</u>	<u>-</u>	<u>(2,032)</u>	<u>-</u>
Total operating expenses	<u>(171,978)</u>	<u>(7)</u>	<u>(191,776)</u>	<u>(5)</u>
PROFIT FROM OPERATIONS	<u>156,405</u>	<u>6</u>	<u>25,143</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 29)				
Interest income	6,819	1	8,807	-
Other income	32,046	1	19,451	1
Other gains and losses	808	-	(16,077)	(1)
Finance costs	(44,870)	(2)	(48,654)	(1)
Share of profit of associates and joint ventures (Note 13)	<u>2,660</u>	<u>-</u>	<u>559</u>	<u>-</u>
Total non-operating income and expenses	<u>(2,537)</u>	<u>-</u>	<u>(35,914)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX	153,868	6	(10,771)	-
INCOME TAX BENEFIT (EXPENSE) (Notes 23)	<u>(36,718)</u>	<u>(1)</u>	<u>31,621</u>	<u>1</u>
NET INCOME	<u>117,150</u>	<u>5</u>	<u>20,850</u>	<u>1</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(497)	-	-	-
Exchange differences arising on translation to the presentation currency	121,638	4	28,226	1

(Continued)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	<u>(4,575)</u>	<u>-</u>	<u>3,939</u>	<u>-</u>
Other comprehensive income (loss), net of income tax	<u>116,566</u>	<u>4</u>	<u>32,165</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 233,716</u>	<u>9</u>	<u>\$ 53,015</u>	<u>2</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 116,555	5	\$ 20,823	1
Non-controlling interests	<u>595</u>	<u>-</u>	<u>27</u>	<u>-</u>
	<u>\$ 117,150</u>	<u>5</u>	<u>\$ 20,850</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 234,541	9	\$ 52,914	2
Non-controlling interests	<u>(825)</u>	<u>-</u>	<u>101</u>	<u>-</u>
	<u>\$ 233,716</u>	<u>9</u>	<u>\$ 53,015</u>	<u>2</u>
EARNINGS PER SHARE (Note 24)				
Basic	<u>\$ 0.58</u>		<u>\$ 0.10</u>	
Diluted	<u>\$ 0.58</u>		<u>\$ 0.10</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
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company						Other Equity				
	Share Capital		Retained Earnings				Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2023	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
Net income	-	-	-	-	-	20,823	-	-	20,823	27	20,850
Other comprehensive income (loss), net of income tax	-	-	-	-	-	-	32,091	-	32,091	74	32,165
Total comprehensive income (loss)	-	-	-	-	-	20,823	32,091	-	52,914	101	53,015
BALANCE, MARCH 31, 2023	201,203	\$ 2,012,033	\$ 1,827,423	\$ 578,450	\$ 259,143	\$ 2,391,107	(\$ 102,645)	\$ -	\$ 6,965,511	\$ 22,136	\$ 6,987,647
BALANCE AT JANUARY 1, 2024	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
Net income	-	-	-	-	-	116,555	-	-	116,555	595	117,150
Other comprehensive income (loss), net of income tax	-	-	-	-	-	-	118,483	(497)	117,986	(1,420)	116,566
Total comprehensive income (loss)	-	-	-	-	-	116,555	118,483	(497)	234,541	(825)	233,716
BALANCE, MARCH 31, 2024	201,203	\$ 2,012,033	\$ 1,827,293	\$ 669,572	\$ 134,735	\$ 2,250,803	(\$ 142,964)	(\$ 497)	\$ 6,750,975	\$ 25,585	\$ 6,776,560

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	<u>Three Months Ended March 31</u>	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 153,868	(\$ 10,771)
Adjustments for:		
Depreciation expense	76,208	51,804
Amortization expense	2,310	1,725
Expected credit loss recognized on accounts receivable	(2,386)	2,032
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(116)	(3,094)
Interest expense	44,870	48,654
Interest income	(6,819)	(8,807)
Share of profit of associates and joint ventures	(2,660)	(559)
Loss on disposal of property, plant and equipment	426	77
Recognition of inventory write-downs	(140,385)	119,098
Changes in operating assets and liabilities		
Notes receivable	26,039	23,459
Accounts receivable	163,660	(86,514)
Other receivables	14,561	15,925
Inventories	(12,167)	(94,418)
Prepayments	(63,669)	156,372
Other current assets	(438)	937
Contract liabilities	41,502	(3,414)
Notes payable	520	(290)
Accounts payable	(4,811)	75,539
Other payables	20,315	(52,252)
Deferred revenue	26,337	(173)
Other current liabilities	(657)	132
Cash generated from operations	<u>336,508</u>	<u>235,462</u>
Income tax paid	<u>(53,825)</u>	<u>(55,419)</u>
Net cash generated from operating activities	<u>282,683</u>	<u>180,043</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	(322,862)	(14,177)
Purchase of financial assets at fair value through profit or loss	(174,640)	-
Proceeds from sale of financial assets at fair value through profit or loss	87,534	91,141
Payments for property, plant and equipment	(131,393)	(139,239)
Proceeds from disposal of property, plant and equipment	9	1,942
Refundable deposits	(30)	57
Payments for intangible assets	(17,476)	-

(Continued)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

	2024	2023
Decrease in other non-current assets	86	14
Increase in prepayments for equipment	(7,765)	(133,882)
Interest received	<u>5,015</u>	<u>8,513</u>
Net cash used in investing activities	<u>(561,522)</u>	<u>(185,631)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	336,386	-
Repayments of short-term borrowings	-	(167,671)
Proceeds from long-term borrowings	225,015	800,498
Repayments of long-term borrowings	(13,371)	(2,218)
Repayment of the principal portion of lease liabilities	(1,806)	(4,933)
Interest paid	<u>(45,989)</u>	<u>(42,187)</u>
Net cash (used in) generated from financing activities	<u>500,235</u>	<u>583,489</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>64,656</u>	<u>72,110</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	286,052	650,011
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	<u>1,248,093</u>	<u>1,651,006</u>
CASH AND CASH EQUIVALENTS, END OF PERIOD	<u>\$ 1,534,145</u>	<u>\$ 2,301,017</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 THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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 May 13, 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.

- b. 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
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
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.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes in this standard include:

- a. The income statement should divide income and expense items into operating, investment, financing, income tax and closed unit types.
- b. The profit and loss statement should present operating profit and loss, profit and loss before financing and income tax, and the subtotal and total of profit and loss.
- c. Provide guidance to strengthen aggregation and segmentation requirements: Merging companies must identify assets, liabilities, equity, income, expenses, losses and cash flows from individual transactions or other events, and classify and summarize them on the basis of common characteristics so that the main financial Each line item presented in the report has at least one similar characteristic. Items with different characteristics should be broken down in the main financial statements and notes. The merged company will label these items as "other" only if it cannot find a more informative name.
- d. Increase the disclosure of performance measures defined by management: When the combined company conducts public communications outside of financial statements and communicates management's views on a certain aspect of the combined company's overall financial performance to users of financial statements, it should disclose it in a single note to the financial statements. Information related to performance measurement defined by management, including the description of the measurement, how it is calculated, its reconciliation with the subtotal or total specified in IFRS accounting standards, and the impact of income tax and non-controlling interests on related reconciliation items, etc.

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 accompanying consolidated financial statements have been prepared in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34, “Interim Financial Reporting,” endorsed and issued into effect by the FSC. The consolidated financial statements do not present all the disclosures required for a complete set of annual consolidated financial statements prepared under the IFRS Accounting Standards endorsed and issued into effect by the FSC (collectively, the “Taiwan-IFRS Accounting Standards”).

- 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. 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 7 and 8 for detailed information on subsidiaries (including percentages of ownership and main businesses).

d. Description of other significant accounting policies

Except for the following, the accounting policies applied in these consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2023.

1) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. The interim period income tax expense is accrued using the tax rate that would be applicable to expected total annual earnings, that is, the estimated average annual effective income tax rate applied to the pre-tax income of the interim period.

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.

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.

6. CASH AND CASH EQUIVALENTS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Cash on hand	\$ 705	\$ 471	\$ 794
Checking accounts and demand deposits	1,360,088	1,167,406	2,066,604
Cash equivalents with original maturities of 3 months or less			
Time deposits	169,549	77,135	229,572
Other	3,803	3,081	4,047
	<u>\$ 1,534,145</u>	<u>\$ 1,248,093</u>	<u>\$ 2,301,017</u>

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</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 (b)	\$ -	\$ -	\$ 435
Hybrid financial assets			
Structured deposits (a)	88,160	-	155,085
	<u>\$ 88,160</u>	<u>\$ -</u>	<u>\$ 155,520</u>
<u>Financial liabilities at FVTPL - current</u>			
Financial assets mandatorily classified as at FVTPL			
Derivative financial liabilities (not under hedge accounting)			
Foreign exchange forward contracts (b)	\$ 105	\$ 7	\$ 80

- a. As of March 31, 2024, December 31, 2023, and March 31, 2023 the Group held financial product contracts issued by Lujiazui Trust Co., Ltd. with contract amounts of RMB20,000 thousand, RMB 0 thousand and RMB35,000 thousand.
- b. At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	<u>Currency</u>	<u>Maturity Date</u>	<u>Notional Amount (In Thousands)</u>		
<u>March 31, 2024</u>					
Sell	NTD/USD	2024.04.08~ 2024.07.08	NTD	5,139 / USD	165
<u>December 31, 2023</u>					
Sell	NTD/USD	2024.02.26~ 2024.02.27	NTD	7,607 / USD	250
<u>March 31, 2023</u>					
Sell	NTD/USD	2023.05.08~ 2023.08.28	NTD	6,130 / USD	205
Sell	JPY/USD	2023.04.06~ 2023.04.10	JPY	12,973 / USD	100
Sell	RMB/USD	2023.04.07~ 2023.06.16	RMB	20,643 / USD	3,000
Purchase	NTD/USD	2023.05.08	NTD	6,118 / USD	200

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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Noncurrent</u>			
Unlisted shares	<u>\$ 99,005</u>	<u>\$ 98,562</u>	<u>\$ 99,769</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Current</u>			
Time deposits with original maturity of more than 3 months (a)	<u>\$ 588,544</u>	<u>\$ 265,682</u>	<u>\$ 39,223</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.60%-5.67% 、 1.7%-5.67% and 4.60%-5.25% per annum as of March 31, 2024 、 December 31, 2023 and March 31, 2023.
- 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 290,374	\$ 316,716	\$ 270,288
Less: Allowance for impairment loss	<u>-</u>	<u>(303)</u>	<u>(310)</u>
	<u>\$ 290,374</u>	<u>\$ 316,413</u>	<u>\$ 269,978</u>

Aging analysis of notes receivable

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Not past due	\$ 290,374	\$ 316,413	\$ 269,978
Over 180 days	-	303	310
Less: Allowance for impairment loss	<u>-</u>	<u>(303)</u>	<u>(310)</u>
	<u>\$ 290,374</u>	<u>\$ 316,413</u>	<u>\$ 269,978</u>

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

	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$ 303	\$ 309
Amounts written off	(303)	-
Foreign exchange gains and losses	<u>-</u>	<u>1</u>
Balance, end of period	<u>\$ -</u>	<u>\$ 310</u>

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 1,865,462	\$ 2,026,120	\$ 2,349,396
Less: Allowance for impairment loss	<u>(10,135)</u>	<u>(12,318)</u>	<u>(11,813)</u>
	1,855,327	2,013,802	2,337,583
At fair value through other comprehensive income	<u>3,586</u>	<u>6,588</u>	<u>4,578</u>
	<u>\$ 1,858,913</u>	<u>\$ 2,020,390</u>	<u>\$ 2,342,161</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.

March 31, 2024

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0%~0.02%	0%~1.54%	0.02%~10.93%	0.47%~35.53%	100%	
Gross carrying amount	\$ 1,743,169	\$ 78,512	\$ 31,930	\$ 3,073	\$ 8,778	\$ 1,865,462
Loss allowance (lifetime ECL)	<u>(266)</u>	<u>(256)</u>	<u>(362)</u>	<u>(473)</u>	<u>(8,778)</u>	<u>(10,135)</u>
Amortized cost	<u>\$ 1,742,903</u>	<u>\$ 78,256</u>	<u>\$ 31,568</u>	<u>\$ 2,600</u>	<u>\$ -</u>	<u>\$ 1,855,327</u>

December 31, 2023

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
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>

March 31, 2023

	Not Past Due	Less than 60 Days	61 to 120 Days	121 to 180 Days	Over 181 Days	Total
Expected credit loss rate	0%~0.08%	0%~3.85%	0%~17.38%	0.59%~26.52%	100%	
Gross carrying amount	\$ 2,248,996	\$ 75,399	\$ 14,301	\$ 4,512	\$ 6,188	\$ 2,349,396
Loss allowance (lifetime ECL)	<u>(1,629)</u>	<u>(842)</u>	<u>(2,228)</u>	<u>(1,170)</u>	<u>(5,944)</u>	<u>(11,813)</u>
Amortized cost	<u>\$ 2,247,367</u>	<u>\$ 74,557</u>	<u>\$ 12,073</u>	<u>\$ 3,342</u>	<u>\$ 244</u>	<u>\$ 2,337,583</u>

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

	Three Months Ended March 31	
	2024	2023
Balance, beginning of period	\$ 12,318	\$ 9,739
Provision (Reversal)	(2,386)	2,032
Foreign exchange gains and losses	<u>203</u>	<u>42</u>
Balance, end of period	<u>\$ 10,135</u>	<u>\$ 11,813</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.

March 31, 2024

	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%	0%	
Gross carrying amount	\$ 3,586	\$ -	\$ -	\$ -	\$ -	\$ 3,586
Loss allowance (lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 3,586</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,586</u>

December 31, 2023

	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%	0%	
Gross carrying amount	\$ 6,588	\$ -	\$ -	\$ -	\$ -	\$ 6,588
Loss allowance (lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 6,588</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,588</u>

March 31, 2023

	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	\$ 4,578	\$ -	\$ -	\$ -	\$ -	\$ 4,578
Loss allowance (lifetime ECL)	-	-	-	-	-	-
Amortized cost	<u>\$ 4,578</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,578</u>

11. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Finished goods	\$ 2,702,194	\$ 2,608,802	\$ 3,466,923
Raw materials and supplies	<u>1,871,631</u>	<u>1,815,378</u>	<u>2,105,005</u>
	<u>\$ 4,573,825</u>	<u>\$ 4,424,180</u>	<u>\$ 5,571,928</u>

The cost of goods sold is as follows:

	<u>Three Months Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Cost of inventories sold	\$ 2,385,388	\$ 3,088,418
Write-downs/(reversal of write-downs) of inventories	<u>(140,385)</u>	<u>119,098</u>
	<u>\$ 2,245,003</u>	<u>\$ 3,207,516</u>

12. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			March 31, 2024	December 31, 2023	March 31, 2023	
Tong Ming Enterprise Co., Ltd. (Cayman)	Tong Group	Investment	100%	100%	100%	
	China Rich	Investment	100%	100%	100%	
	Winlink Fasteners Co., Ltd.	Selling and marketing of fasteners and wires	100%	100%	100%	
	Tong Win	Selling and marketing of fasteners and wires	100%	100%	100%	
	Fast Link	Selling and marketing of fasteners and wires	59.52%	59.52%	83.33%	1、2
Tong Group	Meta	Investment	100%	100%	100%	1
	Tonglink Enterprise Co., Ltd.	Purchase and sale of screws, etc. and computer programming	100%	100%	100%	1
China Rich	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	90.2%	90.2%	90.2%	
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	9.5%	9.5%	9.5%	
	Tong Ming Trading Limited	Buying and selling raw materials	100%	100%	100%	1
	Tong Ming Holding Limited	Investment	100%	100%	100%	1
	Shenzhen Yiqin Industrial Fastener Co., Ltd.	Selling and marketing of fasteners and wires	100%	100%	100%	1
	Tong Win Trading (Jiaxing) Co., Ltd.	Selling and marketing of fasteners and wires	100%	100%	100%	1
Meta	Tong Yi Enterprise (Zhejiang) Co., Ltd.	E-commerce platform	100%	100%	100%	1
	Tong Ho Enterprise (Zhejiang) Co., Ltd.	Stainless steel wire manufacturing and other hardware business	100%	100%	100%	

- 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

	March 31, 2024	December 31, 2023	March 31, 2023
Associates that are not individually material	<u>\$ 55,779</u>	<u>\$ 52,118</u>	<u>\$ 43,901</u>

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

	Three Months Ended March 31	
	2024	2023
The Group's share of:		
Profit from continuing operations	<u>\$ 2,660</u>	<u>\$ 559</u>
Total comprehensive income for the year	<u>\$ 2,660</u>	<u>\$ 559</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 Equipmen	Property under Construction and Equipments pending acceptance	Total
Cost							
Balance at January 1, 2024	\$ 1,745	\$ 2,049,819	\$ 2,497,115	\$ 52,732	\$ 339,816	\$ 109,991	\$ 5,051,218
Additions	-	5,750	6,367	-	7,940	16,244	36,301
Disposals	-	-	(3,871)	-	(400)	-	(4,271)
Reclassification	-	16,256	80,662	-	24,339	(52,123)	69,134
Effects of foreign currency exchange differences	-	38,388	47,545	737	6,564	1,714	94,948
Balance at Mrrch 31, 2024	<u>\$ 1,745</u>	<u>\$ 2,110,213</u>	<u>\$ 2,627,818</u>	<u>\$ 53,469</u>	<u>\$ 378,259</u>	<u>\$ 75,826</u>	<u>\$ 5,247,330</u>
Accumulated depreciation and impairment							
Balance at January 1, 2024	\$ -	\$ 460,922	\$ 1,439,572	\$ 37,711	\$ 224,831	\$ -	\$ 2,163,036
Depreciation expense	-	25,437	34,084	956	12,300	-	72,777
Disposals	-	-	(3,484)	-	(352)	-	(3,836)
Effects of foreign currency exchange differences	-	8,740	27,243	487	4,236	-	40,706
Balance at Mrrch 31, 2024	<u>\$ -</u>	<u>\$ 495,099</u>	<u>\$ 1,497,415</u>	<u>\$ 39,154</u>	<u>\$ 241,015</u>	<u>\$ -</u>	<u>\$ 2,272,683</u>
Carrying amounts at Mrrch 31, 2024	<u>\$ 1,745</u>	<u>\$ 1,615,114</u>	<u>\$ 1,130,403</u>	<u>\$ 14,315</u>	<u>\$ 137,244</u>	<u>\$ 75,826</u>	<u>\$ 2,974,647</u>
Carrying amounts at January 1, 2024	<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>
Cost							
Balance at January 1, 2023	\$ 1,745	\$ 749,360	\$ 2,158,068	\$ 52,997	\$ 321,486	\$ 885,215	\$ 4,168,871
Additions	-	20,648	30,668	1,942	3,394	82,649	139,301
Disposals	-	-	-	-	(3,966)	-	(3,966)
Reclassification	-	178,489	144,364	-	792	(178,489)	145,156
Effects of foreign currency exchange differences	-	3,391	10,853	199	1,652	4,842	20,937
Balance at Mrrch 31, 2023	<u>\$ 1,745</u>	<u>\$ 951,888</u>	<u>\$ 2,343,953</u>	<u>\$ 55,138</u>	<u>\$ 323,358</u>	<u>\$ 794,217</u>	<u>\$ 4,470,299</u>
Accumulated depreciation and impairment							
Balance at January 1, 2023	\$ -	\$ 428,739	\$ 1,364,113	\$ 37,167	\$ 182,018	\$ -	\$ 2,012,037
Depreciation expense	-	5,255	27,648	925	12,160	-	45,988
Disposals	-	-	-	-	(1,947)	-	(1,947)
Effects of foreign currency exchange differences	-	2,191	7,054	130	905	-	10,280
Balance at Mrrch 31, 2023	<u>\$ -</u>	<u>\$ 436,185</u>	<u>\$ 1,398,815</u>	<u>\$ 38,222</u>	<u>\$ 193,136</u>	<u>\$ -</u>	<u>\$ 2,066,358</u>
Carrying amounts at Mrrch 31, 2023	<u>\$ 1,745</u>	<u>\$ 515,703</u>	<u>\$ 945,138</u>	<u>\$ 16,916</u>	<u>\$ 130,222</u>	<u>\$ 794,217</u>	<u>\$ 2,403,941</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 three month ended March 31, 2024 and 2023.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Carrying amount</u>			
Land	\$ 140,346	\$ 138,655	\$ 144,716
Buildings	<u>11,529</u>	<u>11,784</u>	<u>12,284</u>
	<u>\$ 151,875</u>	<u>\$ 150,439</u>	<u>\$ 157,000</u>
	Three month Ended March 31		
	2024		2023
Additions to right-of-use assets	<u>\$ 2,114</u>		<u>\$ 1,807</u>
Depreciation charge for right-of-use assets			
Land	\$ 896		\$ 912
Buildings	<u>2,535</u>		<u>4,904</u>
	<u>\$ 3,431</u>		<u>\$ 5,816</u>

b. Lease liabilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Carrying amount</u>			
Current	<u>\$ 7,325</u>	<u>\$ 6,658</u>	<u>\$ 8,964</u>
Non-current	<u>\$ 2,629</u>	<u>\$ 2,784</u>	<u>\$ 1,256</u>

Range of discount rates for lease liabilities was as follows:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Land	-	-	-
Buildings	1.945%~4.03%	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

	<u>Three month Ended March 31</u>	
	<u>2024</u>	<u>2023</u>
Expenses relating to short-term leases	\$ <u>1,150</u>	\$ <u>1,921</u>
Total cash outflow for leases	\$ <u>(3,029)</u>	\$ <u>(6,922)</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:

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Lease commitments	\$ <u>1,983</u>	\$ <u>1,984</u>	\$ <u>1,436</u>

16. OTHER ASSETS

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Current</u>			
Prepayments			
Prepayments to suppliers	\$ 305,556	\$ 223,866	\$ 204,835
Prepaid expense	59,307	66,399	22,116
Other prepayments	3,401	28,081	22,375
Tax allowance	<u>82,788</u>	<u>69,037</u>	<u>56,479</u>
	<u>\$ 451,052</u>	<u>\$ 387,383</u>	<u>\$ 305,805</u>
<u>Non-current</u>			
Prepayment for equipment	<u>\$ 119,944</u>	<u>\$ 181,313</u>	<u>\$ 358,391</u>

17. BORROWINGS

a. Short-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 2,350,100</u>	<u>\$ 2,013,714</u>	<u>\$ 3,369,918</u>

The range of weighted average effective interest rates on bank loans was 2.8%-3.65% · 2.8%-3.85% and 3.15%-4.15% per annum as of March 31,2024, December 31, 2023 and March 31,2023, respectively.

b. Long-term borrowings

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 2,601,038	\$ 2,389,394	\$ 2,257,598
Less: Current portion	<u>(606,100)</u>	<u>(324,612)</u>	<u>(1,023,561)</u>
	<u>\$ 1,994,938</u>	<u>\$ 2,064,782</u>	<u>\$ 1,234,037</u>

The effective annual interest rate is 3.3%-3.85%、3.3%-3.75% and 3.7%-4.65% as of March 31,2024, December 31, 2023 and March 31,2023, 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 25th 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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Other payables			
Payables for salaries or bonuses	\$ 41,629	\$ 81,660	\$ 53,896
Payables for insurance	189,207	181,301	174,497
Payables for business tax	56	-	17,094
Payables for remuneration of directors	840	840	840
Payables for interest	5,143	6,335	3,390
Payables for equipment	20,303	115,395	8,827
Payables for dividends	1,455	-	-
Others	20,145	39,199	73,871
	<u>\$ 278,778</u>	<u>\$ 424,730</u>	<u>\$ 332,415</u>

20. EQUITY

a. Share capital

Ordinary shares

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Number of shares authorized (in thousands)	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
Shares authorized	<u>\$ 2,500,000</u>	<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>	<u>201,203</u>
Shares issued	<u>\$ 2,012,033</u>	<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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</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	\$ 993,530
Conversion of bonds	129,903	129,903	129,903
Organization restructured	703,860	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>-</u>	<u>130</u>
	<u>\$ 1,827,293</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 appropriation of earnings for 2023 which were proposed by the Company's board of directors on March 14, 2024 were as follows:

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

	Appropriation of Earnings	
	For the Year Ended December 31	
	2023	2022
Reserve	<u>\$ 13,309</u>	<u>\$ 91,122</u>
(Reserved) special reserve	<u>\$ 126,711</u>	<u>\$ (124,408)</u>
Cash dividends	<u>\$ 201,203</u>	<u>\$ 402,407</u>
Cash dividends per share (NT\$)	<u>\$ 1.0</u>	<u>\$ 2.0</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

	Three month Ended March 31	
	2024	2023
<u>Revenue</u>		
Revenue from contracts with customers		
Revenue from sale of goods	<u>\$ 2,573,386</u>	<u>\$ 3,424,435</u>

Contract Balance

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>	<u>January 1, 2023</u>
Trade receivables (Note 10)	<u>\$ 2,149,287</u>	<u>\$ 2,336,803</u>	<u>\$ 2,612,139</u>	<u>\$ 2,551,072</u>
Contract liabilities				
Sales of goods	<u>\$ 128,152</u>	<u>\$ 86,650</u>	<u>\$ 127,416</u>	<u>\$ 130,830</u>

Refer to Note 34 for information on disaggregation of revenue.

22. PROFIT FOR THE YEAR

a. Interest income

	Three month Ended March 31	
	2024	2023
Bank deposits	\$ 3,603	\$ 6,644
Financial assets at amortized cost	3,031	438
Others	<u>185</u>	<u>1,725</u>
	<u>\$ 6,819</u>	<u>\$ 8,807</u>

b. Other income

	Three month Ended March 31	
	2024	2023
Income from government grants	\$ 19,623	\$ 6,350
Input tax plus deduction	11,080	-
Others	<u>1,343</u>	<u>13,101</u>
	<u>\$ 32,046</u>	<u>\$ 19,451</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 2024 of RMB2,538 thousand.

c. Other gains and losses

	Three month Ended March 31	
	2024	2023
Net foreign exchange gains(loss)	\$ 1,301	(\$ 15,249)
Loss on disposal of property, plant and equipment	(426)	(77)
Gain (Loss) on fair value changes of financial assets designated as at FVTPL	116	3,094
Others	<u>(183)</u>	<u>(3,845)</u>
	<u>\$ 808</u>	<u>(\$ 16,077)</u>

d. Finance costs

	Three month Ended March 31	
	2024	2023
Interest on bank loans	\$ (44,977)	\$ (48,286)
Interest on lease liabilities	<u>(73)</u>	<u>(68)</u>
	<u>\$ (44,870)</u>	<u>\$ (48,654)</u>

Information about capitalized interest was as follows:

	Three month Ended March 31	
	2024	2023
Capitalized interest	\$ -	\$ 4,560
Capitalization rate	-%	3.72%

e. Depreciation and amortization

	Three month Ended March 31	
	2024	2023
An analysis of depreciation by function		
Operating cost	\$ 55,747	\$ 26,873
Operating expense	<u>20,461</u>	<u>24,931</u>
	<u>\$ 76,208</u>	<u>\$ 51,804</u>

An analysis of amortization by function

Operating expense	\$ <u>2,310</u>	\$ <u>1,725</u>
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f. Employee benefits expense

	Three month Ended March 31	
	2024	2023
Post-employment benefits		
Defined contribution plans	\$ 268	\$ 268
Other employee benefits	<u>144,812</u>	<u>150,873</u>
	<u>\$ 145,080</u>	<u>\$ 151,141</u>
An analysis of employee benefits expense by function		
Operating cost	\$ 86,028	\$ 98,256
Operating expense	<u>59,052</u>	<u>52,885</u>
	<u>\$ 145,080</u>	<u>\$ 151,141</u>

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 three month ended March 31, 2024 and 2023, which were approved by the Company's board of directors on March 14, 2024 and March 14, 2023, respectively, are as follows:

Accrual rate

	Three month Ended March 31	
	2024	2023
Compensation of employees	-	-
Remuneration of directors	0.07%	0.07%

Amount

	Three month Ended March 31	
	2024	2023
	Cash	Cash
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, 2023 and 2022.

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

h. Gains or losses on foreign currency exchange

	Three month Ended March 31	
	2024	2023
Foreign exchange gains	\$ 16,029	\$ 3,670
Foreign exchange losses	<u>(14,728)</u>	<u>(18,919)</u>
	<u>\$ 1,301</u>	<u>(\$ 15,249)</u>

23. INCOME TAXES

a. Income tax recognized in profit or loss

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

	Three month Ended March 31	
	2024	2023
Current tax		
In respect of the current period	\$ 55,922	\$ 5,191
Income tax on unappropriated earnings	<u>-</u>	<u>129</u>
	55,922	5,320
Deferred tax		
In respect of the current period	(19,204)	(28,444)
Tax rate changes	<u>-</u>	<u>(8,497)</u>
Income tax (benefit) expense recognized in profit or loss	<u>\$ 36,718</u>	<u>(\$31,621)</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. 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

	Three month Ended March 31	
	2024	2023
Basic earnings per share		
From continuing operations	<u>\$ 0.58</u>	<u>\$ 0.10</u>
Diluted earnings per share		
From continuing operations	<u>\$ 0.58</u>	<u>\$ 0.10</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

	Three month Ended March 31	
	2024	2023
Earnings used in the computation of basic earnings per share	<u>\$ 116,555</u>	<u>\$ 20,823</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 116,555</u>	<u>\$ 20,823</u>

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

	Three month Ended March 31	
	2024	2023
Weighted average number of ordinary shares used in the computation of basic 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.

	Fast Link
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 three month ended March 31, 2024 and 2023, 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 \$69,134 thousand as property, plant and equipment in 2024 (refer to Note 14).
 - 2) The Group reclassified prepayment for equipment with an aggregated value of \$145,156 thousand as property, plant and equipment in 2023 (refer to Note 14).
 - 3) In 2024, the Group acquired property, plant and equipment of \$36,301 thousand, with a cash payment of \$131,393 thousand and an offset of \$95,092 thousand was decreased from other payables (refer to Note 14).
 - 4) In 2023, the Group acquired property, plant and equipment of \$139,301 thousand, with a cash payment of \$139,239 thousand and an offset of \$62 thousand was increased from other payables (refer to Note 14).
- b. Changes in liabilities arising from financing activities

For the three month ended March 31, 2024

	Operating Balance	Cash Flows	Non-cash Changes		Closing Balance
			Acquisition	Others	
Short-term borrowings	\$2,013,714	\$ 336,386	\$ -	\$ -	\$2,350,100
Long-term borrowings	2,389,394	211,644	-	-	2,601,038
Lease liabilities	<u>9,442</u>	<u>(1,806)</u>	<u>2,114</u>	<u>204</u>	<u>9,954</u>
	<u>\$4,412,550</u>	<u>\$ 546,224</u>	<u>\$ 2,114</u>	<u>\$ 204</u>	<u>\$4,961,092</u>

For the three month ended March 31, 2023

	Operating Balance	Cash Flows	Non-cash Changes		Closing Balance
			Acquisition	Others	
Short-term borrowings	\$3,537,589	(\$167,671)	\$ -	\$ -	\$3,369,918
Long-term borrowings	1,459,318	798,280	-	-	2,257,598
Lease liabilities	<u>13,207</u>	<u>(4,933)</u>	<u>1,807</u>	<u>139</u>	<u>10,220</u>
	<u>\$5,010,114</u>	<u>\$ 625,676</u>	<u>\$ 1,807</u>	<u>\$ 139</u>	<u>\$5,637,736</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 a 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

March 31, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 99,005</u>	\$ <u> 99,005</u>
Financial assets at FVTPL				
Non-principal structured deposits	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 88,160</u>	\$ <u> 88,160</u>
Financial liabilities at FVTPL				
Derivative				
Forward exchange contracts	\$ <u> -</u>	\$ <u> 105</u>	\$ <u> -</u>	\$ <u> 105</u>

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>

March 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 99,769</u>	\$ <u> 99,769</u>
Financial assets at FVTPL				
Non-principal structured deposits	\$ <u> -</u>	\$ <u> -</u>	\$ <u> 155,085</u>	\$ <u> 155,085</u>
Derivative				
Forward exchange contracts	\$ <u> -</u>	\$ <u> 435</u>	\$ <u> -</u>	\$ <u> 435</u>
Financial liabilities at FVTPL				
Derivative				
Forward exchange contracts	\$ <u> -</u>	\$ <u> 80</u>	\$ <u> -</u>	\$ <u> 80</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 three month ended March 31, 2024

Financial Assets	Financial Assets at FVTOCI Equity Instruments	Financial Assets at FVTPL Financial Product
Balance at January 1, 2024	\$ 98,562	\$ -
Purchases	-	174,640
Sales/settlements	-	(87,534)
Recognized in profit or loss (included in other gains and losses)	-	214
Recognized in other comprehensive income or loss	(497)	-
Effects of exchange rates	<u>940</u>	<u>840</u>
Balance at March 31, 2024	<u>\$ 99,005</u>	<u>\$ 88,160</u>

For the three month ended March 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	-	-
Sales/settlements	-	(91,141)
Recognized in profit or loss (included in other gains and losses)	-	2,315
Effects of exchange rates	<u>267</u>	<u>1,471</u>
Balance at March 31, 2023	<u>\$ 99,769</u>	<u>\$ 155,085</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

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 88,160	\$ -	\$ 155,520
Financial assets at amortized cost (1)	4,302,330	3,890,687	4,977,179
Financial assets at FVTOCI			
Debt instruments	3,586	6,588	4,578
Equity instruments	99,005	98,562	99,769
<u>Financial liabilities</u>			
Financial assets at FVTPL			
Held for trading	105	7	80
Financial liabilities at amortized cost (2)	5,569,825	5,132,007	6,593,275

- 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 25% of the Group's sales is denominated in currencies other than the functional currency of the Group making the sale, whilst almost 23% 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 32.

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.

	Impact on Profit	
	Three month ended March 31,	
	2024	2023
USD	\$ 7,849	\$ 5,788

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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Fair value interest rate risk			
Financial liabilities	\$ 9,954	\$ 9,442	\$ 10,220
Cash flow interest rate risk			
Financial assets	2,121,984	1,513,304	2,339,446
Financial liabilities	4,951,138	4,403,108	5,627,516

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 three month ended March 31, 2024 and 2023 would have decreased by \$7,073 thousand and \$8,220 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 2024 and 2023.

The Group's concentration of credit risk by geographical locations was mainly in mainland China, which accounted for both 97%、97% and 95% of total trade receivables as of March 31, 2024, December 31, 2023 and March 31, 2023.

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 March 31, 2024, December 31, 2023 and March 31, 2023, 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.

March 31, 2024

	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		\$ 6,343	\$ 423,137	\$ 189,207	\$ -	\$ -
Lease liabilities	1.945%-4.03%	922	1,752	5,280	2,157	-
Variable interest rate liabilities	2.80%-3.85%	-	152,024	2,988,652	2,059,228	-
		<u>\$ 7,265</u>	<u>\$ 576,913</u>	<u>\$ 3,183,139</u>	<u>\$ 2,061,385</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>\$ 7,954</u>	<u>\$ 2,157</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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>

March 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 Lease liabilities	1.945%~4.03%	\$ 777	\$ 790,485	\$ 174,497	\$ -	\$ -
Variable interest rate liabilities	3.15%~4.65%	1,614	3,063	4,499	3,379	-
		<u>-</u>	<u>1,273,961</u>	<u>3,727,027</u>	<u>1,293,264</u>	<u>-</u>
		<u>\$ 2,391</u>	<u>\$ 2,067,509</u>	<u>\$ 3,906,023</u>	<u>\$ 1,296,643</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>\$ 9,176</u>	<u>\$ 3,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

b) Financing facilities

	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 4,951,138	\$ 4,403,108	\$ 5,627,516
Amount unused	<u>3,298,486</u>	<u>3,954,702</u>	<u>3,815,890</u>
	<u>\$ 8,249,624</u>	<u>\$ 8,357,810</u>	<u>\$ 9,443,406</u>
Secured bank overdraft facilities, received annually			
Amount used	\$ -	\$ -	\$ -
Amount unused	<u>684,770</u>	<u>671,584</u>	<u>899,930</u>
	<u>\$ 684,770</u>	<u>\$ 671,584</u>	<u>\$ 899,930</u>

c. Transfers of financial assets

Factored trade receivables for the three month ended March 31, 2024 and 2023 were as follows:

Counterparties	Receivables Sold	Amounts Collected	Amounts Uncollected Year End	Advances Received Year End	Interest Rates on Advances Received (%)	Credit Line
<u>2024</u>						
CTBC Bank Co., Ltd.	<u>\$ 3,586</u> (US\$ 112,050)	<u>\$ -2</u> (US\$ -)	<u>\$ 3,586</u> (US\$ 112,050)	<u>\$ -</u>	-	US\$ 1,000,000
<u>2023</u>						
CTBC Bank Co., Ltd.	<u>\$ 4,578</u> (US\$ 150,334)	<u>\$ 29,767</u> (US\$ -)	<u>\$ 4,578</u> (US\$ 150,334)	<u>\$ -</u>	-	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 March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of these trade receivables that have been transferred but not derecognized was \$3,586 thousand, \$6,588 thousand and \$4,578 thousand, respectively.

For the three month ended March 31, 2024 and 2023, 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 March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of these banker's acceptance bills that have been transferred but not derecognized was \$80,787 thousand, \$151,119 thousand and \$115,727 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

Line Item	Related Party Category/Name	Three Months Ended March 31	
		2024	2023
Sales	Associate	\$ 15,314	\$ 20,717
	Other related parties	13,732	11,371
	Related party in substance		
	Brighton-Best International (Taiwan) Inc.	<u>158,436</u>	<u>503,960</u>
		<u>\$ 187,482</u>	<u>\$ 536,048</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

Related Party Category/Name	Three Months Ended March 31	
	2024	2023
Associate	\$ 1,907	\$ 5,529
Other related parties		
Tong Heer Fasteners (Thailand) Co., Ltd.	81,643	297,407
Tong Heer Fasteners Co., Sdn Bhd.	<u>12,162</u>	<u>60,187</u>
	<u>\$ 95,712</u>	<u>\$ 363,123</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

Line Item	Related Party Category/Name	Three Months Ended March 31	
		2024	2023
Manufacturing overhead - material consumption	Associate Others	\$ 7,408	\$ 5,616

e. Contract liabilities

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Contract liabilities	Related party in substance			
	Brighton-Best International (Taiwan) Inc.	\$ 50,040	\$ -	\$ -

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

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable	Associate	\$ 20,208	\$ 26,328	\$ 20,282
	Other related parties in substance	4,918	5,543	5,868
		16,574	28,900	52,684
		\$ 41,700	\$ 60,771	\$ 78,834

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

Line Item	Related Party Category/Name	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	Associate	\$ 2,999	\$ 4,327	\$ 5,417
	Other related parties	4,617	14,643	26,989
		\$ 7,616	\$ 18,970	\$ 32,406
Others payable	Related party in substance	\$ -	\$ -	\$ 325
	Other related parties	-	-	-
	Key management personnel	114	-	-
		\$ 114	\$ -	\$ 325

h. Prepayments

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Prepayments to suppliers	Other related parties			
	Tong Heer Fasteners (Thailand) Co., Ltd.	\$ 40,295	\$ -	\$ -
	Tong Heer Fasteners Co., Sdn Bhd.	<u>\$ 3,490</u>	<u>-</u>	<u>-</u>
		<u>\$ 43,785</u>	<u>\$ -</u>	<u>\$ -</u>

i. Lease arrangements

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Lease liabilities	Key management personnel			
	Others	<u>\$ 106</u>	<u>\$ 418</u>	<u>\$ 104</u>

		<u>Three Months Ended March 31</u>	
<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>2024</u>	<u>2023</u>
Interest expense	Key management personnel		
	Others	<u>\$ 2</u>	<u>\$ 4</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.

j. Others

		<u>Three Months Ended March 31</u>	
<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>2024</u>	<u>2023</u>
Other expense	Other related parties	<u>\$ 155</u>	<u>\$ -</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.

k. Endorsements and guarantees

Endorsements given by related parties

<u>Related Party Category/Name</u>	<u>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Key management personnel			
Amount endorsed	<u>\$ 684,770</u>	<u>\$ 671,584</u>	<u>\$ 899,930</u>

1. Compensation of key management personnel

	<u>Three Months Ended March 31</u>	
	2024	2023
Short-term employee benefits	\$ <u>5,979</u>	\$ <u>5,708</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>March 31, 2024</u>	<u>December 31, 2023</u>	<u>March 31, 2023</u>
Acquisition of property, plant and equipment	\$ <u>84,603</u>	\$ <u>222,605</u>	\$ <u>275,990</u>

32. 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:

March 31, 2024

	Foreign Currency	Exchange Rate	Carrying Amount (NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 20,311	7.0948 (USD:RMB)	\$ 635,202
USD	4,685	32.000 (USD:NTD)	149,936
EUR	923	7.8176 (EUR:RMB)	31,815
JPY	140,303	0.0071 (JPY:USD)	29,674
<u>Financial liabilities</u>			
Monetary items			
NTD	3,459	0.2269 (NTD:RMB)	3,459

December 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount (NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,721	7.0827 (USD:RMB)	\$ 205,990
USD	5,153	30.705 (USD:NTD)	158,208
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

March 31, 2023

	Foreign Currency	Exchange Rate	Carrying Amount (NTD)
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,962	6.8717(USD:RMB)	\$ 486,018
USD	3,295	30.450(USD:NTD)	100,345
EUR	624	7.4814(EUR:RMB)	20,671
JPY	1,777	0.2257(NTD: RMB)	1,777
<u>Financial liabilities</u>			
Monetary items			
USD	61	30.450(USD:NTD)	1,846
USD	204	133.086 (USD:JPY)	6,199

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gains were \$1,301 thousand and net foreign exchange losses were \$15,249 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.

33. 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 (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (Table 6)
- b. Information on investees: (Table 7)
- 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 8)
 - 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 6):
 - 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 9)

34. 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.

	Three Months Ended March 31	
	2024	2023
Fasteners	\$ 2,089,702	\$ 2,870,032
Wire	471,268	542,835
Others	<u>12,416</u>	<u>11,568</u>
	<u>\$ 2,573,386</u>	<u>\$ 3,424,435</u>

b. Geographical information

	Three Months Ended March 31	
	2024	2023
China	\$ 1,861,411	\$ 2,235,688
America	223,079	523,295
Asia	323,797	445,568
Others	<u>165,099</u>	<u>219,884</u>
	<u>\$ 2,573,386</u>	<u>\$ 3,424,435</u>

c. Information on major customers

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

	Three Months Ended March 31	
	2024	2023
Brighton-Best International (Taiwan) Inc.	<u>\$ 156,436</u>	<u>\$ 503,960</u>

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 2,645	\$ 2,645	\$ -	4.35	1	\$ 27,155	-	\$ -	None	\$ -	\$ 27,155	\$ 2,434,678	
		He Xu Enterprise Co., Ltd. (Huizhou)	Other receivables	No	2,204	-	-	4.35	1	21,658	-	-	None	-	21,658	2,434,678	
		Jian Yue Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	4,408	4,408	3,208	4.35	1	34,172	-	-	None	-	34,172	2,434,678	
		Fan Yi Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	2,336	2,336	-	4.35	1	24,585	-	-	None	-	24,585	2,434,678	
		Dong Xin Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	4,408	4,408	4,408	4.35	1	55,077	-	-	None	-	55,077	2,434,678	
		Dong Gu Enterprise Co., Ltd. (Dongguan)	Other receivables	No	1,102	1,102	-	4.35	1	11,417	-	-	None	-	11,417	2,434,678	
		Dao Qin Enterprise Co., Ltd. (Jinan)	Other receivables	No	1,984	1,984	1,984	4.35	1	20,995	-	-	None	-	20,995	2,434,678	
		Fan Xing Enterprise Co., Ltd. (Jinan)	Other receivables	No	1,102	1,102	-	4.35	1	10,621	-	-	None	-	10,621	2,434,678	
		Wan Jie Tong Enterprise Co., Ltd. (Qingdao)	Other receivables	No	3,086	3,086	2,571	4.35	1	28,554	-	-	None	-	28,554	2,434,678	
		Nan Hai Tai Feng Enterprise Co., Ltd. (Foshan)	Other receivables	No	661	661	661	4.35	1	5,449	-	-	None	-	5,449	2,434,678	
		Te Er Si Enterprise Co., Ltd. (Guangzhou)	Other receivables	No	661	661	585	4.35	1	4,452	-	-	None	-	4,452	2,434,678	
		Shaanxi Xirui Metal Products Co., Ltd.	Other receivables	No	485	485	-	4.35	1	3,469	-	-	None	-	3,469	2,434,678	
		Guangdong Dongyu Hardware Products Co., Ltd.	Other receivables	No	4,408	4,408	4,408	4.35	1	50,705	-	-	None	-	50,705	2,434,678	
		Qunlilai Hardware Co., Ltd. (Foshan)	Other receivables	No	661	661	661	4.35	1	5,734	-	-	None	-	5,734	2,434,678	
		Mei Zhi Enterprise Co., Ltd. (Guangdong)	Other receivables	No	309	309	250	4.35	1	1,826	-	-	None	-	1,826	2,434,678	
		Tao Yue Enterprise Co., Ltd. (Shanghai)	Other receivables	No	1,851	1,851	-	4.35	1	19,632	-	-	None	-	19,632	2,434,678	
		Jian Chi Enterprise Co., Ltd. (Guangdong)	Other receivables	No	353	353	-	4.35	1	1,901	-	-	None	-	1,901	2,434,678	
		Yongxing Technology Co., Ltd. (Guangdong)	Other receivables	No	529	529	-	4.35	1	4,012	-	-	None	-	4,012	2,434,678	
		Finexpress Fastener Co., Ltd. (Shanghai)	Other receivables	No	2,645	1,366	-	4.35	1	14,333	-	-	None	-	14,333	2,434,678	
		Yuanchi Machine Hardware Enterprise Co., Ltd. (Guangdong)	Other receivables	No	2,204	2,204	1,145	4.35	1	14,081	-	-	None	-	14,081	2,434,678	
		Kuai Kou Enterprise Co., Ltd.	Other receivables	No	1,322	1,322	-	4.35	1	4,812	-	-	None	-	4,812	2,434,678	

		(Changsha)															
		Gao Zhiqiang Hardware Enterprise Co., Ltd. (Jiangmen)	Other receivables	No	1,763	1,763	1,005	4.35	1	5,655	—	-	None	-	5,655	2,434,678	
		Dongguan Jinsheng Hardware Co., Ltd.	Other receivables	No	309	309	-	4.35	1	3,277	—	-	None	-	3,277	2,434,678	
		Ding Shang Enterprise Co., Ltd. (Chongqing)	Other receivables	No	970	970	356	4.35	1	9,933	—	-	None	-	9,933	2,434,678	
		Longsheng Hardware Products Co., Ltd. (Jiangmen)	Other receivables	No	1,322	1,322	265	4.35	1	7,522	—	-	None	-	7,522	2,434,678	
		Ao Ke Enterprise Co., Ltd. (Shenyang)	Other receivables	No	309	309	-	4.35	1	2,874	—	-	None	-	2,874	2,434,678	
		Ring Buckle Hardware Co., Ltd. (Foshan)	Other receivables	No	2,204	2,204	-	4.35	1	18,579	—	-	None	-	18,579	2,434,678	
		Minwei Hardware Products Co., Ltd.	Other receivables	No	1,763	1,763	-	4.35	1	17,582	—	-	None	-	17,582	2,434,678	
		Tonglink Enterprise Co., Ltd (Suzhou)	Other receivables	No	661	661	661	4.35	1	6,848	—	-	None	-	6,848	2,434,678	
		Xiamen Kebid Metal Products Co., Ltd.	Other receivables	No	353	-	-	4.35	1	2,237	—	-	None	-	2,237	2,434,678	
		Foshan City established Hardware Trading Co., Ltd.	Other receivables	No	661	661	377	4.35	1	5,308	—	-	None	-	5,308	2,434,678	
		Zhongneng Fasteners Co., Ltd. (Guangzhou)	Other receivables	No	441	441	-	4.35	1	2,823	—	-	None	-	2,823	2,434,678	
		Guangdong Xinhongao Hardware Fastener Co., Ltd.	Other receivables	No	661	661	150	4.35	1	5,720	—	-	None	-	5,720	2,434,678	
2	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	Other receivables related party	Yes	189,544	189,544	145,464	3.2	2	-	Operational turnover	-	None	-	2,434,678	2,434,678	

(Continued)

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

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

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

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

Note 3: The limit amount is calculated as follows:

- a. The total amount for lending to a company for funding for a short-term period shall not exceed $\$6,750,975 \times 40\% = \$2,700,390$ (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- b. There were business transactions: The total loan to borrower shall not exceed $\$6,750,975 \times 40\% = \$2,700,390$ (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- c. There need for short term financing: The total loan to borrower shall not exceed $\$6,750,975 \times 40\% = \$2,700,390$ (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- d. There need for short term financing: The total loan to borrower shall not exceed $\$6,086,694 \times 40\% = \$2,434,678$ (in thousands) of the net worth of Jiaying Tong Ming Enterprise Co., Ltd.

(Concluded)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2024

(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	\$ 1,350,195	\$ 90,600	\$ -	\$ -	\$ -	-	\$ 3,375,488	Y	N	N	
		TongWin International Co., Ltd.	b	1,350,195	97,600 (US\$ 3,050)	-	-	-	-	3,375,488	Y	N	N	
		Fast Link	b	1,350,195	64,000 (US\$ 2,000)	64,000 (US\$ 2,000)	9,540 (JPY\$45,000)	-	0.95	3,375,488	Y	N	N	
		Tonglink Enterprise Co., Ltd	b	1,350,195	28,000	28,000	-	-	0.41	3,375,488	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 $\$6,750,975 \times 50\% = \$3,375,488$ (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 $\$6,750,975 \times 20\% = \$1,350,195$ (in thousands).

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2024

(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	March 31, 2024				Note
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	
Tong Ming Enterprise (Zhejiang) Co., Ltd.	<u>Structured deposits</u> Lujiazui Trust Co., Ltd. - Hongyu Financial City No. 1 wealth investment product	None	Financial assets at FVTPL - current	-	\$ 88,160 (RMB 20,000)	-	\$ 88,160 (RMB 20,000)	
	<u>Unlisted stock</u> Shanghai Elitesland Software System Co., Ltd.	None	Financial assets at FVTOCI - non-current	1,318	51,133 (RMB 11,600)	2.31%	51,133 (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	47,872	1.11%	47,872	

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 7 and 8.

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 THREE MONTHS ENDED MARCH 31, 2024
(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.	Brighton-Best International (Taiwan) Inc.	Related party in substance	Sale	138,977	64.63%	T/T at sight 5 days of B/L copy	-	-	9,904	65.87%	
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	Affiliated company	Sale	155,117	7.42%	Paid quarterly	-	-	176,968	9.63%	

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

MARCH 31, 2024

(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	\$ 147,248 (RMB 33,405)	Note	\$ -	-	\$ -	\$ -
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	Subsidiary	176,968 (RMB 40,147)	195Days	-	-	108,431 (RMB 24,599)	-

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 THREE MONTHS ENDED MARCH 31, 2024
(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	\$ 40,086	T/T at sight	1.56%
2	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Sales revenue	155,117	Paid quarterly	6.02%
3	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Trade receivables from related parties	176,968	Paid quarterly	1.37%
4	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Other receivables from related parties	147,248	-	1.14%

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 THREE MONTHS ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Tong Ming Enterprise Co., Ltd. (Cayman)	Tong Group Limited	Hong Kong	Investment	\$ 1,893,203 (RMB 429,493)	\$ 1,893,203 (RMB 429,493)	1,000,000	100	\$ 5,205,008	\$ 111,007	\$ 111,007	Note 1
	China Rich International Holding Limited	Hong Kong	Investment	199,337 (RMB 45,222)	199,337 (RMB 45,222)	10,000	100	548,197	11,691	11,691	Note 1
	Winlink Fasteners Co., Ltd.	Taiwan	Selling and marketing of fasteners and wires	15,989	15,989	1,500,000	100	210,544	8,379	8,379	Note 1
	Tong Win International Co., Ltd.	Samoa	Selling and marketing of fasteners and wires	-	-	500,000	100	79,506	11,317	11,317	Note 1
	Fast Link	Japan	Selling and marketing of fasteners and wires	5,197 (JPY 25,000)	5,197 (JPY 25,000)	500	59.52	10,770	471	280	
	Meta Global Co., Ltd.	Samoa	Investment	286,520 (RMB 65,000)	286,520 (RMB 65,000)	10,000,000	100	167,264	(16,177)	(16,177)	
Tong Link Enterprise Co., Ltd.	Taiwan	Selling and marketing of fasteners and wires	10,000	10,000	1,000,000	100	7,771	(142)	(142)		
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ming Trading Limited	Hong Kong	Buying and selling raw materials	1,564 (US\$ 50)	1,564 (US\$ 50)	50,000	100	47,587	(1,476)	(1,476)	
	Tong Ming Holding Ltd.	Hong Kong	Investment	-	-	50,000	100	(54)	-	-	

Note 1: The carrying amount was based on the net assets of the investee whose financial statements were reviewed as of March 31, 2024.

Note 2: For information of investments in mainland China, refer to Table 8.

Note 3: The exchange rate was US\$1=NT\$32; RMB1=NT\$4.408; JPY1=NT\$0.212 as of March 31, 2024.

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2024
(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, 2024	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of March 31, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of Balance as of March 31, 2024	Accumulated Inward Remittance of Earnings as of March 31, 2024	Note
					Outward	Inward							
Tong Group Limited Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	\$ 3,112,048 (RMB 706,000)	Direct investment	\$ -	\$ -	\$ -	\$ -	\$ 135,249	90.2%	\$ 121,995	\$ 5,490,198	\$ -	Note 1
China Rich International Holding Limited Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	3,112,048 (RMB 706,000)	Direct investment	-	-	-	-	135,249	9.5%	12,849	578,236	-	Note 1
Tong Ming Enterprise Co., Ltd. (Zhejiang) Shanghai Dongyiqin Industrial Fastener Co., Ltd.	Selling of marketing of fasteners and wires	2,204 (RMB 500)	Direct investment	-	-	-	-	5,216	40%	2,086	19,024	-	Note 2
Jiaxing Spring You Precise Mold Co., Ltd.	Manufacturing and selling of molds	25,075 (RMB 5,689)	Direct investment	-	-	-	-	561	47.5%	266	24,252	-	Note 2
Jiaxing Toyou Hardware Co., Ltd.	Selling of marketing of fasteners and wires	8,816 (RMB 2,000)	Direct investment	-	-	-	-	769	40%	308	12,503	-	Note 2
Shenzhen Yiqin Industrial Fastener Co., Ltd.	Selling of marketing of fasteners and wires	13,224 (RMB 3,000)	Direct investment	-	-	-	-	(6,959)	100%	(6,959)	65,286	-	Note 2
Tong Win Trading (Jiaxing) Co., Ltd.	Selling of marketing of fasteners and wires	6,612 (RMB 1,500)	Direct investment	-	-	-	-	184	100%	184	31,747	-	Note 2
Zhejiang Dongyi Supply Chain Technology Co., Ltd.	E-Commerce Platform	4,408 (RMB 1,000)	Direct investment	-	-	-	-	913	100%	913	3,959	-	Note 2
Meta Global Co., Ltd. Tong Ho Steel Enterprise Co., Ltd.	Stainless steel wire manufacturing and other hardware business	286,520 (RMB 65,000)	Direct investment	-	-	-	-	(16,177)	100%	(16,177)	167,264	-	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 reviewed as of March 31, 2024.

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.

TABLE 9**TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES****INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024**

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	11,349,410	5.64%
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.