

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

Consolidated Financial Statements for the  
Six Months Ended June 30, 2024 and 2023 and  
Independent Auditors' 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' REPORT**

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

### **Opinion**

We have audited the accompanying consolidated financial statements of Tong Ming Enterprise Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of June 30, 2024 and 2023, the related consolidated statements of comprehensive income for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the six 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").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of June 30, 2024 and 2023, its consolidated financial performance for the three months ended June 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the six months ended June 30, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### **Basis for Opinion**

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

### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the six months ended June 30, 2024. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the six months ended June 30, 2024 are stated as follows:

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

The Group's subsidiary Tong Ming Enterprise (Zhejiang) Co., Ltd. (referred to as the "Tong Ming (Zhejiang)") is the main entity of the Group. The sales revenue of Tong Ming (Zhejiang) accounted for 80% of the Group's sales revenue while sales revenue from its branch offices accounted for 52%. The Revenue contribution of the branch offices has significantly increased. Therefore, we identified the occurrence of sales revenue from Tong Ming Enterprise (Zhejiang)'s branch offices to be a key audit matter. Refer to Note 4 to the consolidated financial statements for details on revenue recognition.

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

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

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Accounting Standards 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

#### **Auditors' Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the six months ended June 30, 2024 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

August 30, 2024

# TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2024		December 31, 2023		June 30, 2023	
	Amount	%	Amount	%	Amount	%
<b>CURRENT ASSETS</b>						
Cash and cash equivalents (Note 6)	\$ 1,606,822	12	\$ 1,248,093	10	\$ 2,359,964	17
Financial assets at fair value through profit or loss - current (Notes 7 and 30)	88,900	1	-	-	171,285	1
Financial assets at amortized cost - current (Note 9)	560,148	4	265,682	2	50,743	-
Notes receivable, net (Notes 10, 22 and 31)	199,100	2	316,413	3	361,558	3
Accounts receivable, net (Notes 10, 22 and 31)	2,109,794	16	2,020,390	17	2,226,963	17
Other receivables	42,523	-	46,697	-	25,458	-
Current tax assets	30	-	12,723	-	-	-
Inventories (Note 11)	4,671,284	35	4,424,180	36	4,837,120	36
Prepayments to suppliers (Note 17 and 30)	326,355	3	223,866	2	109,914	1
Other prepayments (Note 17)	166,861	1	163,517	1	107,415	1
Other current assets	1,799	-	1,587	-	2,180	-
Total current assets	<u>9,773,616</u>	<u>74</u>	<u>8,723,148</u>	<u>71</u>	<u>10,252,600</u>	<u>76</u>
<b>NON-CURRENT ASSETS</b>						
Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 30)	99,435	1	98,562	1	98,040	1
Investments accounted for using the equity method (Note 13)	58,043	-	52,118	-	45,719	-
Property, plant and equipment (Notes 14 and 28)	2,928,557	22	2,888,182	24	2,446,403	18
Right-of-use assets (Note 15)	149,706	1	150,439	1	146,235	1
Investment property, net (Note 16)	82,648	1	-	-	-	-
Other intangible assets	60,541	-	112,677	1	39,163	-
Deferred tax assets	54,936	-	74,337	1	104,723	1
Prepayments for equipment (Notes 17 and 28)	75,895	1	181,313	1	321,928	3
Refundable deposits	2,717	-	2,570	-	2,361	-
Other non-current assets	2,253	-	2,420	-	1,516	-
Total non-current assets	<u>3,514,731</u>	<u>26</u>	<u>3,562,618</u>	<u>29</u>	<u>3,206,088</u>	<u>24</u>
<b>TOTAL</b>	<u>\$ 13,288,347</u>	<u>100</u>	<u>\$ 12,285,766</u>	<u>100</u>	<u>\$ 13,458,688</u>	<u>100</u>
<b>LIABILITIES AND EQUITY</b>						
<b>CURRENT LIABILITIES</b>						
Short-term borrowings (Notes 18 )	\$ 2,506,862	19	\$ 2,013,714	16	\$ 3,033,485	22
Financial liabilities at fair value through profit or loss - current (Notes 7 and 30)	73	-	7	-	125	-
Contract liabilities - current (Note 22 and 31)	125,124	1	86,650	1	91,392	1
Notes payable	12,725	-	7,984	-	7,774	-
Accounts payable (Notes 19 and 31)	385,379	3	378,685	3	498,460	4
Cash dividends payable (Note 20)	201,203	2	-	-	403,434	3
Other payables (Notes 20 and 31)	318,081	2	424,730	4	323,677	2
Current tax liabilities	18,361	-	4,103	-	28,157	-
Lease liabilities - current (Notes 15 and 31)	7,122	-	6,658	-	4,504	-
Current portion of long-term borrowings (Notes 18 )	831,126	6	324,612	3	1,069,644	8
Other current liabilities	985	-	938	-	742	-
Total current liabilities	<u>4,407,041</u>	<u>33</u>	<u>3,248,081</u>	<u>27</u>	<u>5,461,394</u>	<u>40</u>
<b>NON-CURRENT LIABILITIES</b>						
Long-term borrowings (Notes 18)	1,571,018	12	2,064,782	17	1,155,153	9
Deferred tax liabilities	362,799	2	373,429	3	378,400	3
Lease liabilities - non-current (Notes 15 and 31)	768	-	2,784	-	2,539	-
Long-term deferred revenue (Notes 26)	103,730	1	53,846	-	23,496	-
Total non-current liabilities	<u>2,038,315</u>	<u>15</u>	<u>2,494,841</u>	<u>20</u>	<u>1,559,588</u>	<u>12</u>
Total liabilities	<u>6,445,356</u>	<u>48</u>	<u>5,742,922</u>	<u>47</u>	<u>7,020,982</u>	<u>52</u>
<b>EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)</b>						
Share capital	2,012,033	15	2,012,033	16	2,012,033	15
Capital surplus	1,827,293	14	1,827,293	15	1,827,423	14
Retained earnings						
Legal reserve	682,881	5	669,572	6	669,572	5
Special reserve	261,447	2	134,735	1	134,735	1
Unappropriated earnings	2,120,228	16	2,134,248	17	2,094,660	15
Total retained earnings	<u>3,064,556</u>	<u>23</u>	<u>2,938,555</u>	<u>24</u>	<u>2,898,967</u>	<u>21</u>
Exchange differences on translation of the financial statements of foreign operations	( 87,837 )	-	( 261,447 )	( 2 )	( 321,651 )	( 2 )
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	( 497 )	-	-	-	-	-
Equity attributable to shareholders of the parent	6,815,548	52	6,516,434	53	6,416,772	48
<b>NON-CONTROLLING INTERESTS</b>						
	<u>27,443</u>	<u>-</u>	<u>26,410</u>	<u>-</u>	<u>20,934</u>	<u>-</u>
Total equity	<u>6,842,991</u>	<u>52</u>	<u>6,542,844</u>	<u>53</u>	<u>6,437,706</u>	<u>48</u>
<b>TOTAL</b>	<u>\$ 13,288,347</u>	<u>100</u>	<u>\$ 12,285,766</u>	<u>100</u>	<u>\$ 13,458,688</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)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2024	%	2023	%	2024	%	2023	%
OPERATING REVENUE								
Sales (Notes 22, 31 and 36)	\$ 3,201,842	100	\$ 3,633,228	100	\$ 5,775,228	100	\$ 7,057,663	100
OPERATING COSTS								
Cost of goods sold (Notes 11, 23 and 31)	( 2,759,284)	( 86)	( 3,375,863)	( 93)	( 5,004,287)	( 86)	( 6,583,379)	( 93)
GROSS PROFIT	<u>442,558</u>	<u>14</u>	<u>257,365</u>	<u>7</u>	<u>770,941</u>	<u>14</u>	<u>474,284</u>	<u>7</u>
OPERATING EXPENSES (Notes 23 and 31)								
Selling and marketing expenses	( 134,113)	( 4)	( 130,309)	( 4)	( 245,148)	( 4)	( 245,562)	( 4)
General and administrative expenses	( 76,730)	( 3)	( 65,382)	( 2)	( 134,433)	( 3)	( 131,617)	( 2)
Research and development expenses	( 8,640)	-	( 5,751)	-	( 14,266)	-	( 14,007)	-
Expected credit loss	( 812)	-	( 1,280)	-	( 1,574)	-	( 752)	-
Total operating expenses	( 220,295)	( 7)	( 200,162)	( 6)	( 392,273)	( 7)	( 391,938)	( 6)
PROFIT FROM OPERATIONS	<u>222,263</u>	<u>7</u>	<u>57,203</u>	<u>1</u>	<u>378,668</u>	<u>7</u>	<u>82,346</u>	<u>1</u>
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 31)								
Interest income	12,630	-	7,028	-	19,449	-	15,835	-
Other income	49,781	2	7,308	-	81,827	1	26,759	1
Other gains and losses	9,272	-	27,720	1	10,080	-	11,643	-
Finance costs	( 43,823)	( 1)	( 49,338)	( 1)	( 88,693)	( 1)	( 97,992)	( 1)
Share of profit of associates and joint ventures (Note 13)	<u>1,810</u>	<u>-</u>	<u>3,365</u>	<u>-</u>	<u>4,470</u>	<u>-</u>	<u>3,924</u>	<u>-</u>
Total non-operating income and expenses	<u>29,670</u>	<u>1</u>	<u>( 3,917)</u>	<u>-</u>	<u>27,133</u>	<u>-</u>	<u>( 39,831)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	251,933	8	53,286	1	405,801	7	42,515	1
INCOME TAX BENEFIT (EXPENSE) (Notes 24)	( 39,309)	( 2)	20,035	1	( 76,027)	( 1)	51,656	1
NET INCOME	<u>212,624</u>	<u>6</u>	<u>73,321</u>	<u>2</u>	<u>329,774</u>	<u>6</u>	<u>94,171</u>	<u>2</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	56,838	2	( 228,172)	( 6)	178,476	3	( 199,946)	( 3)
Items that may be reclassified subsequently to profit or loss:								
Exchange differences on translation of the financial statements of foreign operations	( 1,828)	-	7,317	-	( 6,403)	-	11,256	-
Other comprehensive income (loss), net of income tax	<u>55,010</u>	<u>2</u>	<u>( 220,855)</u>	<u>( 6)</u>	<u>171,576</u>	<u>3</u>	<u>( 188,690)</u>	<u>( 3)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 267,634</u>	<u>8</u>	<u>( \$ 147,534)</u>	<u>( 4)</u>	<u>\$ 501,350</u>	<u>9</u>	<u>( \$ 94,519)</u>	<u>( 1)</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 210,649	6	\$ 72,674	2	\$ 327,204	6	\$ 93,497	2
Non-controlling interests	<u>1,975</u>	<u>-</u>	<u>647</u>	<u>-</u>	<u>2,570</u>	<u>-</u>	<u>674</u>	<u>-</u>
	<u>\$ 212,624</u>	<u>6</u>	<u>\$ 73,321</u>	<u>2</u>	<u>\$ 329,774</u>	<u>6</u>	<u>\$ 94,171</u>	<u>2</u>
TOTAL COMPREHENSIVE INCOME								
Owners of the Company	\$ 265,776	8	( \$ 146,332)	( 4)	\$ 500,317	9	( \$ 93,418)	( 1)
Non-controlling interests	<u>1,858</u>	<u>-</u>	<u>( 1,202)</u>	<u>-</u>	<u>1,033</u>	<u>-</u>	<u>( 1,101)</u>	<u>-</u>
	<u>\$ 267,634</u>	<u>8</u>	<u>( \$ 147,534)</u>	<u>( 4)</u>	<u>\$ 501,350</u>	<u>9</u>	<u>( \$ 94,519)</u>	<u>( 1)</u>
EARNINGS PER SHARE (Note 25)								
Basic	<u>\$ 1.05</u>		<u>\$ 0.36</u>		<u>\$ 1.63</u>		<u>\$ 0.46</u>	
Diluted	<u>\$ 1.05</u>		<u>\$ 0.36</u>		<u>\$ 1.63</u>		<u>\$ 0.46</u>	

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

**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										
	Share Capital		Retained Earnings				Other Equity				
	Shares (In Thousands)	Amount	Capital Surplus	Reserve	Special Reserve	Unappropriated 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
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
Appropriations of earnings											
Reserve	-	-	-	91,122	-	( 91,122)	-	-	-	-	-
Special reserve	-	-	-	-	( 124,408)	124,408	-	-	-	-	-
Cash dividends to shareholders	-	-	-	-	-	( 402,407)	-	-	( 402,407)	-	( 402,407)
Net income	-	-	-	-	-	93,497	-	-	93,497	674	94,171
Other comprehensive income (loss), net of income tax	-	-	-	-	-	-	( 186,915)	-	( 186,915)	( 1,775)	( 188,690)
Total comprehensive income (loss)	-	-	-	-	-	93,497	( 186,915)	-	( 93,418)	( 1,101)	( 94,519)
BALANCE, JUNE 30, 2023	201,203	\$ 2,012,033	\$ 1,827,423	\$ 669,572	\$ 134,735	\$ 2,094,660	( \$ 321,651)	\$ -	\$ 6,416,772	\$ 20,934	\$ 6,437,706
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
Appropriations of earnings											
Reserve	-	-	-	13,309	-	( 13,309)	-	-	-	-	-
Special reserve	-	-	-	-	126,712	( 126,712)	-	-	-	-	-
Cash dividends to shareholder	-	-	-	-	-	( 201,203)	-	-	( 201,203)	-	( 201,203)
Net income	-	-	-	-	-	327,204	-	-	327,204	2,570	329,774
Other comprehensive income (loss), net of income tax	-	-	-	-	-	-	173,610	( 497)	173,113	( 1,537)	171,576
Total comprehensive income (loss)	-	-	-	-	-	327,204	173,610	( 497)	500,317	1,033	501,350
BALANCE, JUNE 30, 2024	201,203	\$ 2,012,033	\$ 1,827,293	\$ 682,881	\$ 261,447	\$ 2,120,228	( \$ 87,837)	( \$ 497)	\$ 6,815,548	\$ 27,443	\$ 6,842,991

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>Six Months Ended June 30</u>	
	2024	2023
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Income before income tax	\$ 405,801	\$ 42,515
Adjustments for:		
Depreciation expense	154,702	105,987
Amortization expense	4,701	3,423
Expected credit loss recognized on accounts receivable	(1,574)	752
Net (gain) loss on fair value changes of financial assets designated as at fair value through profit or loss	(951)	(3,772)
Interest expense	88,693	97,992
Interest income	(19,449)	(15,835)
Share of profit of associates and joint ventures	(4,470)	(3,924)
Loss on disposal of property, plant and equipment	470	1,506
Recognition of inventory write-downs	(198,482)	106,161
Changes in operating assets and liabilities		
Notes receivable	171,313	(68,112)
Accounts receivable	(88,147)	29,613
Other receivables	12,143	20,444
Inventories	(53,339)	657,812
Prepayments	(105,833)	244,848
Other current assets	(212)	1,059
Contract liabilities	38,474	(39,438)
Notes payable	4,741	6,707
Accounts payable	6,694	(113,304)
Other payables	66,451	(59,703)
Deferred revenue	49,884	(1,293)
Other current liabilities	47	470
Cash generated from operations	<u>477,657</u>	<u>1,013,908</u>
Income tax paid	<u>(48,648)</u>	<u>(8,004)</u>
Net cash generated from operating activities	<u>429,009</u>	<u>1,005,904</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Financial assets at fair value through other comprehensive income	-	(25,697)
Purchase of financial assets at amortized cost	(294,466)	-
Purchase of financial assets at fair value through profit or loss	(264,720)	(242,915)
Proceeds from sale of financial assets at fair value through profit or loss	177,497	313,255
Payments for property, plant and equipment	(167,999)	(194,018)
Proceeds from disposal of property, plant and equipment	93	2,166
Refundable deposits	(147)	113
Payments for intangible assets	(20,628)	-

(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	167	143
Increase in prepayments for equipment	(19,516)	(214,375)
Interest received	<u>11,480</u>	<u>14,942</u>
Net cash used in investing activities	<u>(578,239)</u>	<u>(346,386)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from short-term borrowings	493,148	-
Repayments of short-term borrowings	-	(504,104)
Proceeds from long-term borrowings	622,300	1,143,264
Repayments of long-term borrowings	(609,550)	(377,785)
Repayment of the principal portion of lease liabilities	(4,019)	(8,035)
Interest paid	<u>(90,504)</u>	<u>(95,732)</u>
Net cash (used in) generated from financing activities	<u>411,375</u>	<u>157,608</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>96,584</u>	<u>(108,168)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	358,729	708,958
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>\$ 1,606,822</u>	<u>\$ 2,359,964</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 SIX MONTHS ENDED JUNE 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

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

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

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on August 22, 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 endorsed by the FSC for application starting from 2025

<u>New Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB</u>
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 1)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, 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.

#### Amendments to IAS 21 “Lack of Exchangeability”

The amendment stipulates that a currency is convertible when an enterprise is able to exchange one currency for another currency through an exchange transaction with enforceable rights and obligations established through the market or exchange mechanism within the time frame of normal administrative

delays. When currencies are not convertible on the measurement date, the combined company should estimate spot exchange rates to reflect the exchange rates that would be used by market participants to conduct orderly transactions on the measurement date, taking into account prevailing economic conditions. In such cases, the combined company should also disclose information that enables users of financial statements to assess how the lack of currency convertibility has affected or is expected to affect its results of operations, financial position and cash flows.

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

<b>New Amended and Revised Standards and Interpretations</b>	<b>Effective Date Announced by IASB (Note 1)</b>
IFRS Accounting Standards 「 Annual Improvements—Volume 11 」	January 1, 2026
Amendments to IFRS 9 and IFRS 7 「 Amendments to the Classification and Measurement of Financial Instruments 」	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 Subsidiaries without Public Accountability: Disclosures	January 1, 2027

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

#### IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will 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) Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation. Investment properties include right-of-use assets and properties under construction that meet the definition of investment properties. Investment properties also include land held for a currently undetermined future use.

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss.

Investment properties acquired through leases are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made on or before the commencement date, plus initial direct costs incurred and an estimate of costs needed to restore the underlying assets, less any lease incentives received. These investment properties are subsequently measured at cost less accumulated depreciation and accumulated impairment loss and adjusted for any remeasurement of the lease liabilities.

Depreciation is recognized using the straight-line method.

For a transfer of classification from property, plant and equipment and right-of-use assets to investment properties, the deemed cost of an item of property for subsequent accounting is its carrying amount at the end of owner-occupation.

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

2) 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.

3) 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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Cash on hand	\$ 634	\$ 471	\$ 450
Checking accounts and demand deposits	1,523,410	1,167,406	2,119,669
Cash equivalents with original maturities of 3 months or less			
Time deposits	79,237	77,135	236,097
Other	<u>3,541</u>	<u>3,081</u>	<u>3,748</u>
	<u>\$ 1,606,822</u>	<u>\$ 1,248,093</u>	<u>\$ 2,359,964</u>

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

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 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)	\$ -	\$ -	\$ 5
Hybrid financial assets			
Structured deposits (a)	<u>88,900</u>	<u>-</u>	<u>171,280</u>
	<u>\$ 88,900</u>	<u>\$ -</u>	<u>\$ 171,285</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)	<u>\$ 73</u>	<u>\$ 7</u>	<u>\$ 125</u>

- a. As of June 30, 2024, December 31, 2023, and June 30, 2023, the Group held financial product contracts issued by Lujiazui Trust Co., Ltd. with contract amounts of RMB20,000 thousand, RMB 0 thousand

and RMB40,000 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>June 30, 2024</u>					
Sell	NTD/USD	2024.07.08~ 2024.10.21	NTD	2,677 /USD	85
<u>December 31, 2023</u>					
Sell	NTD/USD	2024.02.26~ 2024.02.27	NTD	7,607 /USD	250
<u>June 30, 2023</u>					
Sell	NTD/USD	2023.08.28~ 2023.10.06	NTD	4,507 /USD	150
Purchase	NTD/USD	2023.08.30~ 2023.10.02	NTD	4,077 /USD	132

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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Noncurrent</u>			
Unlisted shares	\$ <u>99,435</u>	\$ <u>98,562</u>	\$ <u>98,040</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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Time deposits with original maturity of more than 3 months (a)	\$ 560,148	\$ 265,682	\$ 50,269
Restricted asset (b)	-	-	474
	\$ <u>560,148</u>	\$ <u>265,682</u>	\$ <u>50,743</u>

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 1.60%-5.67%、1.70%-5.67% and 4.70%-5.5% per annum as of June 30,2024 , December 31, 2023,and June 30,2023.
- 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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Notes receivable</u>			
At amortized cost			
Gross carrying amount	\$ 199,100	\$ 316,716	\$ 361,858
Less: Allowance for impairment loss	<u>-</u>	<u>( 303 )</u>	<u>( 300 )</u>
	<u>\$ 199,100</u>	<u>\$ 316,413</u>	<u>\$ 361,558</u>
 <u>Accounts receivable</u>			
At amortized cost			
Gross carrying amount	\$ 2,113,195	\$ 2,026,120	\$ 2,228,959
Less: Allowance for impairment loss	<u>( 11,061 )</u>	<u>( 12,318 )</u>	<u>( 10,184 )</u>
	2,102,134	2,013,802	2,218,775
At fair value through other comprehensive income	<u>7,660</u>	<u>6,588</u>	<u>8,188</u>
	<u>\$ 2,109,794</u>	<u>\$ 2,020,390</u>	<u>\$ 2,226,963</u>

### Notes Receivables

#### Aging analysis of notes receivable

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Not past due	\$ 199,100	\$ 316,413	\$ 361,558
Over 180 days	-	303	300
Less: Allowance for impairment loss	<u>-</u>	<u>( 303 )</u>	<u>( 300 )</u>
	<u>\$ 199,100</u>	<u>\$ 316,413</u>	<u>\$ 361,558</u>

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

	<u>Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>
Balance, beginning of period	\$ 303	\$ 309
Amounts written off	(308)	-
Foreign exchange gains and losses	<u>5</u>	<u>( 9 )</u>
Balance, end of period	<u>\$ -</u>	<u>\$ 300</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.

June 30, 2024

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 181 Days</b>	<b>Total</b>
Expected credit loss rate	0%~0.02%	0%~2.05%	0%~11.62%	0.21%~36.98%	100%	
Gross carrying amount	\$ 1,994,500	\$ 72,129	\$ 21,093	\$ 15,754	\$ 9,719	\$ 2,113,195
Loss allowance (lifetime ECL)	<u>(405)</u>	<u>(156)</u>	<u>(141)</u>	<u>(640)</u>	<u>(9,719)</u>	<u>(11,061)</u>
Amortized cost	<u>\$ 1,994,095</u>	<u>\$ 71,973</u>	<u>\$ 20,952</u>	<u>\$ 15,114</u>	<u>\$ -</u>	<u>\$ 2,102,134</u>

December 31, 2023

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

June 30, 2023

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 120 Days</b>	<b>121 to 180 Days</b>	<b>Over 181 Days</b>	<b>Total</b>
Expected credit loss rate	0%~0.11%	0%~7.27%	0%~15.39%	0.05%~37.18%	100%	
Gross carrying amount	\$ 2,122,505	\$ 86,294	\$ 12,294	\$ 3,884	\$ 3,982	\$ 2,228,959
Loss allowance (lifetime ECL)	<u>(1,835)</u>	<u>(2,551)</u>	<u>(1,671)</u>	<u>(154)</u>	<u>(3,973)</u>	<u>(11,813)</u>
Amortized cost	<u>\$ 2,120,670</u>	<u>\$ 83,743</u>	<u>\$ 10,623</u>	<u>\$ 3,730</u>	<u>\$ 9</u>	<u>\$ 2,218,775</u>

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

	<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>
Balance, beginning of period	\$ 12,318	\$ 9,739
Provision (Reversal)	(1,574)	752
Foreign exchange gains and losses	<u>317</u>	<u>( 307)</u>
Balance, end of period	<u>\$ 11,061</u>	<u>\$ 10,184</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.

June 30, 2024

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 120 Days</b>	<b>120 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	0%	0%	
Gross carrying amount	\$ 7,660	\$ -	\$ -	\$ -	\$ -	\$ 7,660
Loss allowance (lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 7,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,660</u>

December 31, 2023

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

June 30, 2023

	<b>Not Past Due</b>	<b>Less than 60 Days</b>	<b>61 to 120 Days</b>	<b>120 to 180 Days</b>	<b>Over 180 Days</b>	<b>Total</b>
Expected credit loss rate	0%	0%	0%	0%	100%	
Gross carrying amount	\$ 8,188	\$ -	\$ -	\$ -	\$ -	\$ 8,188
Loss allowance (lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 8,188</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 8,188</u>

**11. INVENTORIES**

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Finished goods	\$ 2,782,623	\$ 2,608,802	\$ 2,818,353
Raw materials and supplies	<u>1,888,661</u>	<u>1,815,378</u>	<u>2,018,767</u>
	<u>\$ 4,671,284</u>	<u>\$ 4,424,180</u>	<u>\$ 4,837,120</u>

The cost of goods sold is as follows:

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Cost of inventories sold	\$ 2,817,381	\$ 3,388,800	\$ 5,202,769	\$ 6,477,218
Write-downs/(reversal of write-downs) of inventories	( <u>58,097</u> )	( <u>12,937</u> )	( <u>198,482</u> )	<u>106,161</u>
	<u>\$ 2,759,284</u>	<u>\$ 3,375,863</u>	<u>\$ 5,004,287</u>	<u>\$ 6,583,379</u>

## 12. SUBSIDIARIES

### Subsidiaries Included in Consolidated Financial Statements

Investor	Investee	Nature of Activities	Proportion of Ownership			Remark
			June 30, 2024	December 31, 2023	June 30, 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
	Meta	Investment	100%	100%	100%	1
	Tonglink Enterprise Co., Ltd.	Purchase and sale of screws, etc. and computer programming	100%	100%	100%	1
Tong Group	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	90.2%	90.2%	90.2%	
China Rich	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	9.5%	9.5%	9.5%	
Tong Ming Enterprise (Zhejiang) Co., Ltd.	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
	Tong Yi Enterprise (Zhejiang) Co., Ltd.	E-commerce platform	100%	100%	100%	1
	Meta	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

	June 30, 2024	December 31, 2023	June 30, 2023
Associates that are not individually material	<u>\$ 58,043</u>	<u>\$ 52,118</u>	<u>\$ 45,719</u>

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



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

<b>Buildings</b>	
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 six month ended June 30, 2024 and 2023.

## 15. LEASE ARRANGEMENTS

### a. Right-of-use assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Carrying amount</u>			
Land	\$ 140,612	\$ 138,655	\$ 138,971
Buildings	<u>9,094</u>	<u>11,784</u>	<u>7,264</u>
	<u>\$ 149,706</u>	<u>\$ 150,439</u>	<u>\$ 146,235</u>

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Additions to right-of-use assets			\$ <u>2,136</u>	\$ <u>1,942</u>
Depreciation charge for right-of-use assets				
Land	\$ 915	\$ 883	\$ 1,811	\$ 1,795
Buildings	<u>2,537</u>	<u>4,879</u>	<u>5,072</u>	<u>9,783</u>
	<u>\$ 3,452</u>	<u>\$ 5,762</u>	<u>\$ 6,883</u>	<u>\$ 11,578</u>

### b. Lease liabilities

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Carrying amount</u>			
Current	\$ <u>7,122</u>	\$ <u>6,658</u>	\$ <u>4,504</u>
Non-current	<u>\$ 768</u>	<u>\$ 2,784</u>	<u>\$ 2,539</u>

Range of discount rates for lease liabilities was as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Expenses relating to short-term leases	\$ 1,056	\$ 1,843	\$ 2,206	\$ 3,764
Total cash outflow for leases			(\$ 6,365)	(\$ 11,914)

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

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

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Lease commitments	\$ 1,667	\$ 1,984	\$ 1,315

## 16. Investment properties

	<b>Investment properties</b>
<u>Cost</u>	
Balance at January 1, 2024	\$ -
Reclassification	84,499
Effects of foreign currency exchange differences	<u>631</u>
Balance at June 30, 2024	<u>\$ 85,130</u>
<u>Accumulated depreciation and impairment</u>	
Balance at January 1, 2024	\$ -
Depreciation expense	2,112
Reclassification	352
Effects of foreign currency exchange differences	<u>18</u>
Balance at June 30, 2024	<u>\$ 2,482</u>
Carrying amounts at June 30, 2024	<u>\$ 82,648</u>

The fair value of the investment real estate of the combined company as of June 30, 2024 is 88,896 thousand, which was determined by the independent appraisal company Jiaxing Zhongruixin Real Estate Appraisal Co., Ltd. based on market evidence of similar real estate transaction prices on August 24, 2023.

The investment real estate of the merged company is depreciated on a straight-line basis over the following useful lives.

<b>Investment properties</b>	
Buildings	20 years

## 17. OTHER ASSETS

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Prepayments			
Prepayments to suppliers	\$ 326,355	\$ 223,866	\$ 109,914
Prepaid expense	68,900	66,399	30,978
Other prepayments	5,473	28,081	23,611
Tax allowance	<u>92,488</u>	<u>69,037</u>	<u>52,826</u>
	<u>\$ 493,216</u>	<u>\$ 387,383</u>	<u>\$ 217,329</u>
 <u>Non-current</u>			
Prepayment for equipment	<u>\$ 75,895</u>	<u>\$ 181,313</u>	<u>\$ 321,928</u>

## 18. BORROWINGS

### a. Short-term borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	<u>\$ 2,506,862</u>	<u>\$ 2,013,714</u>	<u>\$ 3,033,485</u>

The range of weighted average effective interest rates on bank loans was 2.12%-3.55%、2.8%-3.85% and 3.30%-3.90% per annum as of June 30,2024, December 31, 2023 and June 30,2023, respectively.

### b. Long-term borrowings

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Unsecured borrowings</u>			
Line of credit borrowings	\$ 2,402,144	\$ 2,389,394	\$ 2,224,797
Less: Current portion	<u>( 831,126 )</u>	<u>( 324,612 )</u>	<u>( 1,069,644 )</u>
	<u>\$ 1,571,018</u>	<u>\$ 2,064,782</u>	<u>\$ 1,155,153</u>

The maturity date of long-term loans is from September 7, 2023 to June 20, 2025. The effective annual interest rate is 3.15%-3.55%、3.3%-3.75% and 3.7%-4.65% as of June 30,2024, December 31, 2023 and June 30,2023, respectively, which is adjusted on a 12-month basis.

## 19. TRADE PAYABLE

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

## 20. OTHER LIABILITIES - CURRENT

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other payables			
Payables for salaries or bonuses	\$ 54,844	\$ 81,660	\$ 68,760
Payables for insurance	208,413	181,301	170,756
Payables for business tax	1,321	-	28,358
Payables for remuneration of directors	840	840	840
Payables for interest	4,238	6,335	7,644
Payables for equipment	14,966	115,395	12,821
Payables for dividends	201,203	-	403,434
Others	<u>33,459</u>	<u>39,199</u>	<u>34,498</u>
	<u>\$ 519,284</u>	<u>\$ 424,730</u>	<u>\$ 727,111</u>

## 21. EQUITY

### a. Share capital

#### Ordinary shares

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 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 23-(g).

The appropriations of earnings for 2023 and 2022 were approved in the shareholders' meetings on June 19, 2024 and June 7, 2023, respectively, were as follows:

	<b>Appropriation of Earnings</b>	
	<b>For the Year Ended December 31</b>	
	<b>2023</b>	<b>2022</b>
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\$)	\$ 1.0	\$ 2.0

## 22. REVENUE

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Revenue from contracts with customers				
Revenue from sale of goods	<u>\$ 3,201,842</u>	<u>\$ 3,633,228</u>	<u>\$ 5,775,228</u>	<u>\$ 7,057,633</u>

### Contract Balance

	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>	<b>January 1, 2023</b>
	Trade receivables	<u>\$ 2,308,894</u>	<u>\$ 2,336,803</u>	<u>\$ 2,588,521</u>
Contract liabilities				
Sales of goods	<u>\$ 125,124</u>	<u>\$ 86,650</u>	<u>\$ 91,392</u>	<u>\$ 130,830</u>

Refer to Note 36 for information on disaggregation of revenue.

## 23. PROFIT FOR THE YEAR

### a. Interest income

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Bank deposits	\$ 4,727	\$ 7,017	\$ 8,330	\$ 13,661
Financial assets at amortized cost	7,370	840	10,401	1,278
Others	533	( 829 )	718	896
	<u>\$ 12,630</u>	<u>\$ 7,028</u>	<u>\$ 19,449</u>	<u>\$ 15,835</u>

### b. Other income

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Income from government grant	\$ 27,370	\$ 4,336	\$ 46,993	\$ 22,147
Input tax plus deduction	13,379	-	24,459	-
Compensation	4,765	-	4,765	-
Rent	672	-	672	-
Others	3,595	2,972	4,938	4,612
	<u>\$ 49,781</u>	<u>\$ 7,308</u>	<u>\$ 81,827</u>	<u>\$ 26,759</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 RMB5,544 thousand.

c. Other gains and losses

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Net foreign exchange gains(loss)	\$ 10,891	\$ 29,007	\$ 12,192	\$ 13,758
Loss on disposal of property, plant and equipment	( 44 )	( 1,429 )	( 470 )	( 1,506 )
Gain (Loss) on fair value changes of financial assets designated as at FVTPL	835	678	951	3,772
Others	( <u>2,410</u> )	( <u>536</u> )	( <u>2,593</u> )	( <u>4,381</u> )
	<u>\$ 9,272</u>	<u>\$ 27,720</u>	<u>\$ 10,080</u>	<u>\$ 11,643</u>

d. Finance costs

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Interest on bank loans	( \$ 67 )	( \$ 47 )	( \$ 140 )	( \$ 115 )
Interest on lease liabilities	( <u>43,756</u> )	( <u>49,291</u> )	( <u>88,553</u> )	( <u>97,877</u> )
	( <u>\$ 43,823</u> )	( <u>\$ 49,338</u> )	( <u>\$ 88,693</u> )	( <u>\$ 97,992</u> )

Information about capitalized interest was as follows:

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Capitalized interest	\$ -	\$ 5,183	\$ -	\$ 9,743
Capitalization rate	-%	3.30%~4.65%	-%	3.30%~4.65%

e. Depreciation and amortization

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
An analysis of depreciation by function				
Operating cost	\$ 54,118	\$ 31,862	\$ 109,865	\$ 58,735
Operating expense	<u>24,376</u>	<u>22,321</u>	<u>44,837</u>	<u>47,252</u>
	<u>\$ 78,494</u>	<u>\$ 54,183</u>	<u>\$ 154,702</u>	<u>\$ 105,987</u>
An analysis of amortization by function				
Operating expense	<u>\$ 2,391</u>	<u>\$ 1,698</u>	<u>\$ 4,701</u>	<u>\$ 3,423</u>

f. Employee benefits expense

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Post-employment benefits				
Defined contribution plans	\$ 290	\$ 243	\$ 558	\$ 511
Other employee benefits	<u>208,469</u>	<u>177,992</u>	<u>353,281</u>	<u>328,865</u>
	<u>\$ 208,759</u>	<u>\$ 178,235</u>	<u>\$ 353,839</u>	<u>\$ 329,376</u>
An analysis of employee benefits expense by function				
Operating cost	\$ 145,691	\$ 118,523	\$ 231,719	\$ 216,779
Operating expense	<u>63,068</u>	<u>59,712</u>	<u>122,120</u>	<u>112,597</u>
	<u>\$ 208,759</u>	<u>\$ 178,235</u>	<u>\$ 353,839</u>	<u>\$ 329,376</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

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

Amount

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

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

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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Foreign exchange gains	\$ 3,928	\$ 10,124	\$ 19,957	\$ 13,794
Foreign exchange losses	<u>6,963</u>	<u>18,883</u>	<u>( 7,765 )</u>	<u>( 36 )</u>
	<u>\$ 10,891</u>	<u>\$ 29,007</u>	<u>\$ 12,192</u>	<u>\$ 13,758</u>

## 24. INCOME TAXES

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

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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Current tax				
In respect of the				
current period	\$ 21,087	\$ 37,894	\$ 77,009	\$ 43,085
Income tax on				
unappropriated				
earnings	1,438	2,406	1,438	2,406
Adjustments for				
prior periods	( 2,993 )	( 16,047 )	( 2,993 )	( 15,918 )
	<u>19,532</u>	<u>24,253</u>	<u>75,454</u>	<u>29,573</u>
Deferred tax				
In respect of the				
current period	19,777	( 44,288 )	573	( 72,732 )
Tax rate changes	-	-	-	( 8,497 )
Income tax (benefit)				
expense recognized				
in profit or loss	<u>\$ 39,309</u>	<u>( \$ 20,035 )</u>	<u>\$ 76,027</u>	<u>( \$ 51,656 )</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.

## 25. EARNINGS PER SHARE

Unit: NT\$ Per Share

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Basic earnings per share				
From continuing				
operations	<u>\$ 1.05</u>	<u>\$ 0.36</u>	<u>\$ 1.63</u>	<u>\$ 0.46</u>
Diluted earnings per share				
From continuing				
operations	<u>\$ 1.05</u>	<u>\$ 0.36</u>	<u>\$ 1.63</u>	<u>\$ 0.46</u>

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

### Net Profit for the Year

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Earnings used in the computation of basic earnings per share	<u>\$ 210,649</u>	<u>\$ 72,674</u>	<u>\$ 327,204</u>	<u>\$ 93,497</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 210,649</u>	<u>\$ 72,674</u>	<u>\$ 327,204</u>	<u>\$ 93,497</u>

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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Weighted average number of ordinary shares used in the computation of basic earnings per share	<u>201,203</u>	<u>201,203</u>	<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.

## 26. INCOME FROM GOVERNMENT GRANT

- 1) The Group received government subsidies of RMB 6,000 thousand and RMB 11,373 thousand in 2024 and 2023 respectively due to the capital increase to build Zhejiang Dongming high-end stainless steel fastener digital factory and technological transformation. It is a government subsidy related to assets, so it is recorded as deferred income, and is calculated based on the useful life of the buildings and machinery and equipment from April 1 to June 30 in 2013 and January 1 in 2012. As of June 30, deferred income of 1,801 thousand, 294 thousand, 3,565 thousand and 597 thousand were recognized respectively.
- 2) The Group received a subsidy of RMB 5,700 thousand in 2024 from Zhejiang Dongming's high-end stainless steel fastener digital factory renovation project. Government subsidies are asset-related government subsidies, so they are recorded as deferred income and will be recognized as income after the renovation project is completed.
- 3) The Group received other government subsidies for manufacturing transformation demonstration, technology research and development and municipal research and development expenses from April 1 to June 30 in 2024 and 2023 and from January 1 to June 30 in 2024 and 2023. Revenues of RMB 25,569 thousand, RMB 4,042 thousand, RMB 43,428 thousand and RMB 21,550 thousand were recognized respectively.

## 27. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

## 28. CASH FLOW ACTIVITY

For the six month ended June 30, 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) In 2024, the Group acquired property, plant and equipment of \$67,570 thousand, with a cash payment of \$167,999 thousand and an offset of \$100,429 thousand was decreased from other payables (refer to Note 14).
- 2) The Group reclassified prepayment for equipment with an aggregated value of \$124,934 thousand as property, plant and equipment in 2024 (refer to Note 14).
- 3) In 2023, the Group acquired property, plant and equipment of \$198,074 thousand, with a cash payment of \$194,018 thousand and an offset of \$4,056 thousand was increased from other payables (refer to Note 14).
- 4) The Group reclassified prepayment for equipment with an aggregated value of \$262,112 thousand as property, plant and equipment in 2023 (refer to Note 14).
- 5) The cash dividends allotted by the resolution of the shareholders' meeting have not yet been distributed as of June 30, 2024 and 2023 (refer to Note 21)

### b. Changes in liabilities arising from financing activities

For the six month ended June 30, 2024

	Operating Balance	Cash Flows	Non-cash Changes		Closing Balance
			Acquisition	Others	
Short-term borrowings	\$2,013,714	\$ 493,148	\$ -	\$ -	\$2,506,862
Long-term borrowings	2,389,394	12,750	-	-	2,402,144
Lease liabilities	<u>9,442</u>	<u>( 4,019)</u>	<u>2,136</u>	<u>331</u>	<u>7,890</u>

	<u>\$4,412,550</u>	<u>\$ 501,879</u>	<u>\$ 2,136</u>	<u>\$ 331</u>	<u>\$4,916,896</u>
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For the six month ended June 30, 2023

	<b>Operating Balance</b>	<b>Cash Flows</b>	<b>Non-cash Changes</b>		<b>Closing Balance</b>
			<b>Acquisition</b>	<b>Others</b>	
Short-term borrowings	\$3,537,589	( \$504,104)	\$ -	\$ -	\$3,033,485
Long-term borrowings	1,459,318	765,479	-	-	2,224,797
Lease liabilities	<u>13,207</u>	<u>( 8,035)</u>	<u>1,942</u>	<u>( 71)</u>	<u>7,043</u>
	<u>\$5,010,114</u>	<u>\$ 253,340</u>	<u>\$ 1,942</u>	<u>(\$ 71)</u>	<u>\$5,265,325</u>

## 29. CAPITAL MANAGEMENT

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

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

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

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

## 30. 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

June 30, 2024

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 99,435</u>	<u>\$ 99,435</u>
Financial assets at FVTPL				
Non-principal structured deposits	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,900</u>	<u>\$ 88,900</u>

Financial liabilities at FVTPL				
Derivative				
Forward exchange contracts	\$ <u>          -</u>	\$ <u>          73</u>	\$ <u>          -</u>	\$ <u>          73</u>

December 31, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
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>

June 30, 2023

	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets at FVTPL				
Non-principal structured deposits	\$ -	\$ -	\$ 171,280	\$ 171,280
Derivative				
Forward exchange contracts	<u>          -</u>	<u>          5</u>	<u>          -</u>	<u>          5</u>
	\$ <u>          -</u>	\$ <u>          5</u>	\$ <u> 171,280</u>	\$ <u> 171,285</u>

Financial assets at FVTOCI				
Investments in equity instruments				
Unlisted shares	\$ <u>          -</u>	\$ <u>          -</u>	\$ <u>  98,040</u>	\$ <u>  98,040</u>

Financial liabilities at FVTPL				
Derivative				
Forward exchange contracts	\$ <u>          -</u>	\$ <u>        125</u>	\$ <u>          -</u>	\$ <u>        125</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 six month ended June 30, 2024

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Financial Assets at FVTPL Financial Product</b>
Balance at January 1, 2024	\$ 98,562	\$ -
Purchases	-	264,720
Sales/settlements	-	(177,497)
Recognized in profit or loss (included in other gains and losses)	-	1,017
Recognized in other comprehensive income or loss	(497)	-

Effects of exchange rates	<u>1,370</u>	<u>660</u>
Balance at June 30, 2024	<u>\$ 99,435</u>	<u>\$ 88,900</u>

For the six month ended June 30, 2023

<b>Financial Assets</b>	<b>Financial Assets at FVTOCI Equity Instruments</b>	<b>Financial Assets at FVTPL Financial Product</b>
Balance at January 1, 2023	\$ 99,502	\$ 242,440
Purchases	-	242,915
Sales/settlements	-	(313,255)
Recognized in profit or loss (included in other gains and losses)	-	3,462
Effects of exchange rates	( 1,492)	( 4,282)
Balance at June 30, 2023	<u>\$ 98,040</u>	<u>\$ 171,280</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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Financial assets at FVTPL			
Mandatorily classified as at FVTPL	\$ 88,900	\$ -	\$ 171,285
Financial assets at amortized cost (1)	4,510,727	3,890,687	5,016,498
Financial assets at FVTOCI			
Debt instruments	7,660	6,588	8,188
Equity instruments	99,435	98,562	98,040
<u>Financial liabilities</u>			
Financial assets at FVTPL			
Held for trading	73	7	125
Financial liabilities at amortized cost (2)	5,770,710	5,132,007	6,422,027

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 19% of the Group's sales is denominated in currencies other than the functional currency of the Group making the sale, whilst almost 19% 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.

<b>Impact on Profit</b>	
<b>Six month ended June 30</b>	
<b>2024</b>	<b>2023</b>

USD \$ 7,731 \$ 6,311

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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Fair value interest rate risk			
Financial liabilities	\$ 7,890	\$ 9,442	\$ 7,043
Cash flow interest rate risk			
Financial assets	2,166,336	1,513,304	2,410,257
Financial liabilities	4,909,006	4,403,108	5,258,282

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 six month ended June 30, 2024 and 2023 would have decreased by \$13,713 thousand and \$14,240 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 the six month ended June 30, 2024 and 2023.

The Group's concentration of credit risk by geographical locations was mainly in mainland China, which accounted for both 96%、97% and 96% of total trade receivables as of June 30, 2024, December 31, 2023 and June 30, 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 June 30, 2024, December 31, 2023 and June 30, 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.

#### June 30, 2024

	<b>Weighted Average Effective Interest Rate</b>	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing Lease liabilities	1.945%~4.03%	\$ 6,574 908	\$ 646,717 1,373	\$ 208,413 4,860	\$ - 885	\$ - -
Variable interest rate liabilities	2.12%~3.55%	-	314,820	3,212,535	1,654,160	-
		<u>\$ 7,482</u>	<u>\$ 962,910</u>	<u>\$ 3,425,808</u>	<u>\$ 1,655,045</u>	<u>\$ -</u>

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

	<b>Less than 1 Year</b>	<b>1-5 Years</b>	<b>5-10 Years</b>	<b>10-15 Years</b>	<b>15-20 Years</b>	<b>20+ Years</b>
Lease liabilities	<u>\$ 7,141</u>	<u>\$ 885</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

#### December 31, 2023

	<b>Weighted Average Effective Interest Rate</b>	<b>On Demand or Less than 1 Month</b>	<b>1-3 Months</b>	<b>3 Months to 1 Year</b>	<b>1-5 Years</b>	<b>5+ Years</b>
Non-interest bearing Lease liabilities	1.945%-4.03%	\$ 4,240 839	\$ 543,358 1,677	\$ 181,301 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	\$ 8,583	\$ 3,168	\$ -	\$ -	\$ -	\$ -

June 30, 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%	\$ 3,290	\$ 989,699	\$ 170,756	\$ -	\$ -
Variable interest rate liabilities	3.3%~4.65%	-	2,046,378	2,219,073	1,203,997	-
		\$ 4,798	\$ 3,037,459	\$ 2,392,218	\$ 1,206,643	\$ -

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	\$ 5,279	\$ 2,646	\$ -	\$ -	\$ -	\$ -

b) Financing facilities

	June 30, 2024	December 31, 2023	June 30, 2023
Unsecured bank overdraft facilities, reviewed annually and payable on demand:			
Amount used	\$ 4,909,006	\$ 4,403,108	\$ 5,258,282
Amount unused	3,410,942	3,954,702	3,729,857
	\$ 8,319,948	\$ 8,357,810	\$ 8,988,139
Secured bank overdraft facilities, received annually			
Amount used	\$ -	\$ -	\$ -
Amount unused	693,251	671,584	823,027
	\$ 693,251	\$ 671,584	\$ 823,027

c. Transfers of financial assets

Factored trade receivables for the six month ended June 30, 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.	\$ 13,675 (US\$ 421,426)	\$ 6,015 (US\$ 185,368)	\$ 7,660 (US\$ 236,085)	\$ -	-	US\$ 1,000,000
<u>2023</u>						
CTBC Bank Co., Ltd.	\$ 15,257 (US\$ 489,930)	\$ 7,069 (US\$ 226,997)	\$ 8,188 (US\$ 262,933)	\$ -	-	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 June 30,2024, December 31, 2023 and June 30,2023, the carrying amount of these trade receivables that have been transferred but not derecognized was \$7,660 thousand , \$6,588 thousand and \$8,188 thousand, respectively.

For the six month ended June 30, 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 June 30,2024, December 31, 2023 and June 30,2023, the carrying amount of these banker's acceptance bills that have been transferred but not derecognized was \$100,070 thousand, \$151,119 thousand and \$161,630 thousand, respectively.

### 31. 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

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Sales	Associate	\$ 26,333	\$ 23,174	\$ 41,647	\$ 43,891
	Other related parties	17,479	10,404	31,211	21,775
	Related party in substance				
	Brighton-Best International (Taiwan) Inc.	<u>119,024</u>	<u>415,737</u>	<u>277,460</u>	<u>919,697</u>
		<u>\$ 162,836</u>	<u>\$ 449,315</u>	<u>\$ 350,318</u>	<u>\$ 985,363</u>
Other	Associate	<u>\$ -</u>	<u>\$ 41</u>	<u>\$ -</u>	<u>\$ 41</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

<u>Related Party Category/Name</u>	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Associate	\$ 4,097	\$ 5,252	\$ 6,004	\$ 10,781
Other related parties				
Tong Heer Fasteners (Thailand) Co., Ltd.	56,168	279,307	137,811	576,714
Tong Heer Fasteners Co., Sdn Bhd.	3,739	-	15,901	-
Other	<u>-</u>	<u>28,697</u>	<u>-</u>	<u>88,884</u>
	<u>\$ 64,004</u>	<u>\$ 313,256</u>	<u>\$ 159,716</u>	<u>\$ 676,379</u>

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

d. Manufacturing overhead - material consumption

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
		<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Manufacturing overhead - material consumption	Associate				
	Others	<u>\$ 12,278</u>	<u>\$ 6,301</u>	<u>\$ 19,686</u>	<u>\$ 11,917</u>

e. Contract liabilities

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Contract liabilities	Related party in substance			
	Brighton-Best International (Taiwan) Inc.	<u>\$ 46,776</u>	<u>\$ -</u>	<u>\$ -</u>

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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Notes receivable	Associate	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,173</u>
Accounts receivable	Associate	\$ 29,575	\$ 26,328	\$ 21,518
	Other related parties	6,974	5,543	4,076
	Related party in substance	<u>19,647</u>	<u>28,900</u>	<u>28,262</u>
		<u>\$ 56,196</u>	<u>\$ 60,771</u>	<u>\$ 53,856</u>

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

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Accounts payable	Associate	\$ 4,387	\$ 4,327	\$ 3,468
	Other related parties	<u>1,054</u>	<u>14,643</u>	<u>15,743</u>
		<u>\$ 5,441</u>	<u>\$ 18,970</u>	<u>\$ 19,211</u>
Others payable	Key management personnel	<u>\$ 6</u>	<u>\$ -</u>	<u>\$ -</u>

The balance of outstanding amounts payable to related parties is not guaranteed.

h. Prepayments

<b>Line Item</b>	<b>Related Party Category/Name</b>	<b>June 30, 2024</b>	<b>December 31, 2023</b>	<b>June 30, 2023</b>
Prepayments to suppliers	Other related parties			
	Tong Heer Fasteners (Thailand) Co., Ltd.	\$ 35,861	\$ -	\$ -
	Tong Heer Fasteners Co., Sdn Bhd.	<u>\$ 3,166</u>	<u>-</u>	<u>-</u>
		<u>\$ 39,027</u>	<u>\$ -</u>	<u>\$ -</u>

i. Lease arrangements

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Lease liabilities	Key management personnel			
	Others	\$ <u>212</u>	\$ <u>418</u>	\$ <u>210</u>

  

<u>Line Item</u>	<u>Related Party Category/Name</u>	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Interest expense	Key management personnel				
	Others	\$ <u>1</u>	\$ <u>3</u>	\$ <u>3</u>	\$ <u>7</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>Line Item</u>	<u>Related Party Category/Name</u>	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
		<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Other expense	Other related parties	\$ <u>3</u>	\$ <u>110</u>	\$ <u>158</u>	\$ <u>110</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>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Key management personnel			
Amount endorsed	\$ <u>693,251</u>	\$ <u>671,584</u>	\$ <u>823,027</u>

l. Compensation of key management personnel

	<u>Three Months Ended June 30</u>		<u>Six Months Ended June 30</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
Short-term employee benefits	\$ <u>6,293</u>	\$ <u>5,513</u>	\$ <u>12,272</u>	\$ <u>11,221</u>

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

### 32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY:

As of June 30, 2023, the company's pledged deposits as bank performance guarantees amounted to 474 thousand,, which were recorded under the current item of financial assets measured at amortized cost.

### 33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Acquisition of property, plant and equipment	<u>\$ 125,321</u>	<u>\$ 222,605</u>	<u>\$ 280,832</u>

### 34. 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:

June 30, 2024

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 19,212	7.1268 (USD:RMB)	\$ 608,625
USD	5,130	32.45 (USD:NTD)	166,478
EUR	1,354	7.8088(EUR:RMB)	47,012
JPY	140,304	0.0063 (JPY:USD)	28,299

Financial liabilities

Monetary items			
NTD	206,999	0.2250 (NTD:RMB)	206,999

December 31, 2023

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

Financial liabilities

Monetary items			
USD	63	30.705 (USD:RMB)	1,929
NTD	3,962	0.2311 (NTD:RMB)	3,962

June 30, 2023

	<b>Foreign Currency</b>	<b>Exchange Rate</b>	<b>Carrying Amount (NTD)</b>
<u>Financial assets</u>			
Monetary items			
USD	\$ 15,482	7.2258(USD:RMB)	\$ 479,017
USD	5,084	31.14(USD:NTD)	158,306
EUR	945	7.8958(EUR:RMB)	31,959
JPY	140,302	0.0069(NTD: RMB)	30,165
<u>Financial liabilities</u>			
Monetary items			
USD	194	30.14(USD:NTD)	6,046
USD	297	44. (USD:JPY)	9,234
NTD	407,615	0.2311 (NTD:RMB)	407,615

For the three months and the six months ended June 30, 2024 and 2023, respectively, realized and unrealized net foreign exchange gains were \$10,891 thousand, \$29,007 thousand, \$12,192 thousand, and \$13,758 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.

### **35. 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)

### 36. SEGMENT INFORMATION

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

- a. Revenue from major products and services

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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Fasteners	\$ 2,580,996	\$ 2,909,927	\$ 4,670,698	\$ 5,779,959
Wire	605,487	712,877	1,076,755	1,255,712
Others	<u>15,359</u>	<u>10,424</u>	<u>27,775</u>	<u>21,992</u>

\$ 3,201,842      \$ 3,633,228      \$ 5,775,228      \$ 7,057,663

c. Geographical information

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
China	\$ 2,491,899	\$ 2,535,576	\$ 4,353,310	\$ 4,771,264
America	329,600	508,443	552,679	1,031,738
Asia	236,135	394,310	559,932	839,878
Others	144,208	194,899	309,307	414,783
	<u>\$ 3,201,842</u>	<u>\$ 3,633,228</u>	<u>\$ 5,775,228</u>	<u>\$ 7,057,663</u>

d. Information on major customers

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

	<b>Three Months Ended June 30</b>		<b>Six Months Ended June 30</b>	
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
Brighton-Best International (Taiwan) Inc.	<u>\$ 119,024</u> 3.72	<u>\$ 415,737</u> 11.44	<u>\$ 277,460</u> 4.8	<u>\$ 919,697</u> 13.03

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

FINANCING PROVIDED TO OTHERS  
FOR THE SIX MONTHS ENDED JUNE 30, 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	\$ 2,667	\$ 2,667	\$ -	4.35	1	\$ 24,546	-	\$ -	None	\$ -	\$ 24,546	\$ 2,537,425	
		He Xu Enterprise Co., Ltd. (Huizhou)	Other receivables	No	2,223	2,223	-	4.35	1	21,658	-	-	None	-	21,658	2,537,425	
		Jian Yue Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	4,445	4,445	2,431	4.35	1	32,098	-	-	None	-	32,098	2,537,425	
		Fan Yi Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	2,356	2,356	-	4.35	1	24,791	-	-	None	-	24,791	2,537,425	
		Dong Xin Enterprise Co., Ltd. (Shenzhen)	Other receivables	No	4,445	4,445	3,233	4.35	1	55,540	-	-	None	-	55,540	2,537,425	
		Dong Gu Enterprise Co., Ltd. (Dongguan)	Other receivables	No	1,111	1,111	-	4.35	1	11,513	-	-	None	-	11,513	2,537,425	
		Dao Qin Enterprise Co., Ltd. (Jinan)	Other receivables	No	2,000	2,000	1,245	4.35	1	21,171	-	-	None	-	21,171	2,537,425	
		Fan Xing Enterprise Co., Ltd. (Jinan)	Other receivables	No	1,111	1,111	-	4.35	1	10,710	-	-	None	-	10,710	2,537,425	
		Wan Jie Tong Enterprise Co., Ltd. (Qingdao)	Other receivables	No	3,112	3,112	-	4.35	1	28,794	-	-	None	-	28,794	2,537,425	
		Nan Hai Tai Feng Enterprise Co., Ltd. (Foshan)	Other receivables	No	667	667	667	4.35	1	5,494	-	-	None	-	5,494	2,537,425	
		Te Er Si Enterprise Co., Ltd. (Guangzhou)	Other receivables	No	667	667	590	4.35	1	4,489	-	-	None	-	4,489	2,537,425	
		Shaanxi Xirui Metal Products Co., Ltd.	Other receivables	No	489	489	-	4.35	1	3,498	-	-	None	-	3,498	2,537,425	
		Guangdong Dongyu Hardware Products Co., Ltd.	Other receivables	No	4,445	4,445	4,445	4.35	1	51,131	-	-	None	-	51,131	2,537,425	
		Qunlilai Hardware Co., Ltd. (Foshan)	Other receivables	No	889	889	667	4.35	1	6,136	-	-	None	-	6,136	2,537,425	
		Mei Zhi Enterprise Co., Ltd. (Guangdong)	Other receivables	No	311	311	-	4.35	1	1,858	-	-	None	-	1,858	2,537,425	
		Tao Yue Enterprise Co., Ltd. (Shanghai)	Other receivables	No	1,867	1,867	-	4.35	1	19,797	-	-	None	-	19,797	2,537,425	
		Jian Chi Enterprise Co., Ltd. (Guangdong)	Other receivables	No	356	356	-	4.35	1	1,935	-	-	None	-	1,935	2,537,425	
		Yongxing Technology Co., Ltd. (Guangdong)	Other receivables	No	533	533	-	4.35	1	4,045	-	-	None	-	4,045	2,537,425	
		Finexpress Fastener Co., Ltd. (Shanghai)	Other receivables	No	2,667	2,667	-	4.35	1	14,454	-	-	None	-	14,454	2,537,425	
		Yuanchi Machine Hardware Enterprise Co., Ltd. (Guangdong)	Other receivables	No	2,223	2,223	2,223	4.35	1	14,199	-	-	None	-	14,199	2,537,425	
		Kuai Kou Enterprise Co., Ltd. (Changsha)	Other receivables	No	1,334	1,334	371	4.35	1	4,853	-	-	None	-	4,853	2,537,425	

		Gao Zhiqiang Hardware Enterprise Co., Ltd. (Jiangmen)	Other receivables	No	1,778	1,763	1,005	4.35	1	5,702	—	-	None	-	5,702	2,537,425
		Dongguan Jinsheng Hardware Co., Ltd.	Other receivables	No	311	309	-	4.35	1	3,335	—	-	None	-	3,335	2,537,425
		Ding Shang Enterprise Co., Ltd. (Chongqing)	Other receivables	No	978	970	356	4.35	1	10,017	—	-	None	-	10,017	2,537,425
		Longsheng Hardware Products Co., Ltd. (Jiangmen)	Other receivables	No	1,334	1,322	265	4.35	1	7,657	—	-	None	-	7,657	2,537,425
		Ao Ke Enterprise Co., Ltd. (Shenyang)	Other receivables	No	311	309	-	4.35	1	2,898	—	-	None	-	2,898	2,537,425
		Ring Buckle Hardware Co., Ltd. (Foshan)	Other receivables	No	2,223	2,204	-	4.35	1	21,242	—	-	None	-	21,242	2,537,425
		Minwei Hardware Products Co., Ltd.	Other receivables	No	1,778	1,763	-	4.35	1	17,730	—	-	None	-	17,730	2,537,425
		Tonglink Enterprise Co., Ltd (Suzhou)	Other receivables	No	667	661	661	4.35	1	6,906	—	-	None	-	6,906	2,537,425
		Xiamen Kebid Metal Products Co., Ltd.	Other receivables	No	356	-	-	4.35	1	2,237	—	-	None	-	2,237	2,537,425
		Foshan City established Hardware Trading Co., Ltd.	Other receivables	No	667	661	377	4.35	1	4,720	—	-	None	-	4,720	2,537,425
		Zhongneng Fasteners Co., Ltd. (Guangzhou)	Other receivables	No	445	441	-	4.35	1	2,360	—	-	None	-	2,360	2,537,425
		Guangdong Xinhongao Hardware Fastener Co., Ltd.	Other receivables	No	667	661	150	4.35	1	5,768	—	-	None	-	5,768	2,537,425
2	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	Other receivables related party	Yes	191,135	191,135	146,685	3.2	2	-	Operational turnover	-	None	-	2,537,425	2,537,425

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

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

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

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

Note 3: The limit amount is calculated as follows:

- The total amount for lending to a company for funding for a short-term period shall not exceed  $\$6,815,548 \times 40\% = \$2,726,219$  (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- There were business transactions: The total loan to borrower shall not exceed  $\$6,815,548 \times 40\% = \$2,726,219$  (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- There need for short term financing: The total loan to borrower shall not exceed  $\$6,815,548 \times 40\% = \$2,726,219$  (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd.
- There need for short term financing: The total loan to borrower shall not exceed  $\$6,343,563 \times 40\% = \$2,537,425$  (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 SIX MONTHS ENDED JUNE 30, 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	\$ 1,363,110	\$ 90,600	\$ -	\$ -	\$ -	-	\$ 3,407,774	Y	N	N	
		TongWin International Co., Ltd.	b	1,363,110	98,973 (US\$ 3,050)	-	-	-	-	3,407,774	Y	N	N	
		Fast Link	b	1,363,110	64,900 (US\$ 2,000)	64,900 (US\$ 2,000)	9,077 (JPY\$45,000)	-	0.95	3,407,774	Y	N	N	
		Tonglink Enterprise Co., Ltd	b	1,363,110	28,000	28,000	2,500	-	0.41	3,407,774	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 \$6,815,548 × 50% = \$3,407,774 (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 \$6,815,548 × 20% = \$1,363,110 (in thousands).

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

## MARKETABLE SECURITIES HELD

JUNE 30, 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	-	\$ 88,900 (RMB 20,000)	-	\$ 88,900 (RMB 20,000)	
	<u>Unlisted stock</u> Shanghai Elitesland Software System Co., Ltd.	None	Financial assets at FVTOCI - non-current	1,318	51,563 (RMB 11,600)	2.31%	51,563 (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 SIX MONTHS ENDED JUNE 30, 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.	Tong Heer Fasteners (Thailand) Co., Ltd.	Other related parties	Purchase	136,851	36.55%	T/T after shipment	-	-	-	-%	
Tong Win International Co., Ltd.	Brighton-Best International (Taiwan) Inc.	Related party in substance	Sale	234,151	59.25%	T/T at sight 5 days of B/L copy	-	-	11,416	74.44%	
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	Affiliated company	Sale	303,190	6.37%	Paid quarterly	-	-	170,438	8.33%	

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**

**JUNE 30, 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	\$ 149,670 (RMB 33,672)	Note	\$ -	-	\$ -	\$ -
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	Subsidiary	170,438 (RMB 38,344)	147 Days	-	-	79,897 (RMB 17,975)	-

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 SIX MONTHS ENDED JUNE 30, 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	\$ 94,325	T/T at sight	1.63%
2	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Sales revenue	303,190	Paid quarterly	5.25%
3	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Trade receivables from related parties	170,438	Paid quarterly	1.28%
4	Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ho Steel Enterprise Co., Ltd.	c	Other receivables from related parties	149,670	-	1.13%

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 SIX MONTHS ENDED JUNE 30, 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 June 30, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				June 30, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
Tong Ming Enterprise Co., Ltd. (Cayman)	Tong Group Limited	Hong Kong	Investment	\$ 1,909,095 (RMB 429,493)	\$ 1,909,095 (RMB 429,493)	1,000,000	100	\$ 5,417,605	\$ 279,643	\$ 279,643	Note 1
	China Rich International Holding Limited	Hong Kong	Investment	201,010 (RMB 45,222)	201,010 (RMB 45,222)	10,000	100	570,588	29,452	29,452	Note 1
	Winlink Fasteners Co., Ltd.	Taiwan	Selling and marketing of fasteners and wires	15,989	15,989	1,500,000	100	214,768	12,602	12,602	Note 1
	Tong Win International Co., Ltd.	Samoa	Selling and marketing of fasteners and wires	-	-	500,000	100	94,262	25,128	25,128	Note 1
	Fast Link	Japan	Selling and marketing of fasteners and wires	5,042 (JPY 25,000)	5,042 (JPY 25,000)	500	59.52	12,368	3,859	2,297	
	Meta Global Co., Ltd.	Samoa	Investment	384,937 (RMB 86,600)	288,925 (RMB 65,000)	13,000,000	100	265,685	( 15,350)	( 15,350)	
Tong Link Enterprise Co., Ltd.	Taiwan	Selling and marketing of fasteners and wires	10,000	10,000	1,000,000	100	8,580	668	668		
Tong Ming Enterprise (Zhejiang) Co., Ltd.	Tong Ming Trading Limited	Hong Kong	Buying and selling raw materials	1,584 (US\$ 50)	1,584 (US\$ 50)	50,000	100	45,890	( 3,780)	( 3,780)	
	Tong Ming Holding Ltd.	Hong Kong	Investment	-	-	50,000	100	(55)	-	-	

Note 1: The carrying amount was based on the net assets of the investee whose financial statements were reviewed as of June 30, 2024.

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

Note 3: The exchange rate was US\$1=NT\$31.6786; RMB1=NT\$4.445; JPY1=NT\$0.2017 as of June 30, 2024.

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

INFORMATION ON INVESTMENTS IN MAINLAND CHINA  
FOR THE SIX MONTHS ENDED JUNE 30, 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 June 30, 2024	Net Income (Loss) of the Investee	% Ownership of Direct or Indirect Investment	Investment Gain (Loss)	Carrying Amount as of Balance as of June 30, 2024	Accumulated Inward Remittance of Earnings as of June 30, 2024	Note
					Outward	Inward							
Tong Group Limited Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	\$ 3,138,170 (RMB 706,000)	Direct investment	\$ -	\$ -	\$ -	\$ -	\$ 340,718	90.2%	\$ 307,327	\$ 5,721,894	\$ -	Note 1
China Rich International Holding Limited Tong Ming Enterprise (Zhejiang) Co., Ltd.	Manufacturing, selling and marketing of fasteners and wires	3,138,170 (RMB 706,000)	Direct investment	-	-	-	-	340,718	9.5%	32,368	602,638	-	Note 1
Tong Ming Enterprise Co., Ltd. (Zhejiang) Shanghai Dongyiqin Industrial Fastener Co., Ltd.	Selling of marketing of fasteners and wires	2,222 (RMB 500)	Direct investment	-	-	-	-	8,340	40%	3,336	20,420	-	Note 2
Jiaxing Spring You Precise Mold Co., Ltd.	Manufacturing and selling of molds	25,288 (RMB 5,689)	Direct investment	-	-	-	-	616	47.5%	293	24,480	-	Note 2
Jiaxing Toyou Hardware Co., Ltd.	Selling of marketing of fasteners and wires	8,890 (RMB 2,000)	Direct investment	-	-	-	-	2,103	40%	841	13,143	-	Note 2
Shenzhen Yiqin Industrial Fastener Co., Ltd.	Selling of marketing of fasteners and wires	13,335 (RMB 3,000)	Direct investment	-	-	-	-	( 5,464 )	100%	( 5,464 )	67,415	-	Note 2
Tong Win Trading (Jiaxing) Co., Ltd.	Selling of marketing of fasteners and wires	6,668 (RMB 1,500)	Direct investment	-	-	-	-	664	100%	664	32,496	-	Note 2
Zhejiang Dongyi Supply Chain Technology Co., Ltd.	E-Commerce Platform	4,445 (RMB 1,000)	Direct investment	-	-	-	-	( 493 )	100%	( 493 )	2,565	-	Note 2
Meta Global Co., Ltd. Tong Ho Steel Enterprise Co., Ltd.	Stainless steel wire manufacturing and other hardware business	384,937 (RMB 86,600)	Direct investment	-	-	-	-	( 15,350 )	100%	( 15,350 )	265,685	-	Note 1

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

Note 1: The carrying amount was based on the net assets of the investee whose financial statements were audited as of June 30, 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  
JUNE 30, 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.