

Tong Ming Enterprise Co., Ltd.
2023 Annual Report
(Translation)



TONG

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Corporate Website: <http://www.tonggroup.com.tw>

Published April 24, 2024

I. Company Spokesman and Acting Spokesman

Name of Spokesman: Ko, Wen-Ling

Title: President of Winlink Fasteners Co., Ltd

Tel: 886-7-6226977

E-mail: wenling@winlink.com.tw

Name of Acting Spokesman: Yen, Hsien-Ying

Title: Supervisor of Accounting of Tong Ming Enterprise (Zhejiang) Co., Ltd

Tel: 886-7-6226977

E-mail: sam.yen@tongming.com.cn

II. Headquarters, branch office, and factory addresses and telephone numbers

1. Group Headquarters:

Name: Tong Ming Enterprise Co., Ltd.

Address: 2nd Floor, Windward 1, Regatta Office Park, P.O. Box 10338, Grand Cayman KY1-1003, Cayman Islands

Tel: 86-573-8220-3125

2. Major Business Entity

Name: Tong Ming Enterprise (Zhejiang) Co., Ltd.

Address: No. 88 East Changsheng Road, Economic Development Zone, Jiaxing City, Zhejiang Province

Tel: 86-573-8220-3125

3. Samoa Subsidiary

(1) Name: Tong Win International Co., Ltd

Address: Novasage Chambers, PO Box 3018, Level 2, CCCS Building, Beach Road, Apia, Samoa

Tel: 886-7-622-6977

(2) Name : Meta Global Co., Ltd.

Address : Vistra Corporate Services Center, Grond Floor NPF Building, Beach Road, Apia. Samoa

4. R.O.C. Subsidiary

(1) Name: Winlink Fasteners Co., Ltd

Address: 15 F, No. 140, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City

Tel: 886-7-622-6977

(2) Name: Tonglink Enterprise Co., Ltd

Address: 15 F, No. 140, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City

Tel: 886-7-622-6977

5. Hong Kong Subsidiary

(1) Name: Tong Group Limited

Address: Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong

Tel: 86-573-8220-3125

- (2) Name: China Rich International Holding Limited

Address: Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong

Tel: 86-573-8220-3125

6. JAPAN Subsidiary

Name : Fastlink ,Inc.

Address : 7F Honmachiminami Gardencity, 3-6-1 Kitakyuhouji-Machi, Chuou-Ku Osaka, Japan

Tel : 81-6-7639-8731

7. Other Sub-subsidiaries

- (1) Name: Tong Ming Trading Limited

Address: Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong

Tel: 86-573-8220-3125

- (2) Name: Tong Ming Holding Limited

Address: Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong

Tel: 86-573-8220-312

- (3) Name: Shenzhen Easy Fasteners Co., Ltd

Address: No. 126, Building M07, South China International Hardware, Chemical and Plastic Logistics Zone (Phase I), 1# Huanan Avenue, Pinghu Street, Longgang District, Shenzhen

Tel: 86-0755-89630070

- (4) Name: Tong Win International (Jia Xing) Co., Ltd.

Address: Room 502-2, Building 1, Fu'an Plaza, Economic and Technological Development Zone, Jiaxing City, Zhejiang Province

TEL: 86-0573-82227088

- (5) Name : Tong He Enterprise Co.,Ltd.

Address : Chengnan Industrial Park, Heping Town, Changxing County, Huzhou City, Zhejiang Province

TEL:86-573-8220-3125

- (6) Name : Tong Yi Supply Chain Enterprisc Co., Ltd.

Address: Room 309, Building 5, No. 88 East Changsheng Road, Economic Development Zone, Jiaxing City, Zhejiang Province

TEL : 86-573-8220-3125

- (7)Name : Jiaxing Shan Yi Gong Hao Trade Co., Ltd.

Address: No. 827, Jiyang Road, Jiaxing Economic and Technological Development Zone, Jiaxing, Zhejiang Province

8.Branch offices of Tong Ming Enterprise (Zhejiang) Co., Ltd

(1) Name: Wuxi Branch

Address: No. 599 Tongjiang Avenue, Wuxi, No. 813 Tongjiang Avenue, Wuxi

Tel: 86-0510-83140748/82360907

(2) Name: Nanjing Branch

Address: 2049-2060, Building A4, Yuntai Market No. 9, Sanshanji Road, Banqiao, Yuhua District, Nanjing

Tel: 86-025-51833670/51833430

(3) Name: Handan Branch

Address: Warehouse 10, West Area, Standard Parts Industry, Handan City, Hebei Province

Tel: 86-0310-6891828

(4) Name: Hefei Branch

Address: Room 116, Building 4, Block B, Phase I, Anhui Hardware & Electrical Trade Center, Baohe District, Hefei

Tel: 86-0551-67191252

(5) Name: Xiamen Branch

Address: Room 1018, No. 36, Changzhi Road, Huli District, Xiamen

Tel: 86-0592-5811970

(6) Name: Foshan Branch

Address: No. 108, Building D8, Area E, China United Baoding Creative Industries Park, No. 1-3, Ming Ya, Dali Town, Nanhai District, Foshan

Tel: 86-0757-85611590/85611591

(7) Name: Dongguan Branch

Address: Building 5, Room 710, No. 84, Zongli Road, Nancheng District, Dongguan

Tel: 86-0769-21685365/21685366

(8) Name: Beijing Branch

Address: No. 21, Block B, North Chaolong Zone, 131# Chengshousi Road, Chaoyang District, Beijing

Tel: 86-010-67674809/67605191

(9) Name: Qingdao Branch

Address: No. 12 Wan'an Road, Sifang District, Qingdao City, Shandong

Tel: 86-0532-83765392/84991107/84991307

(10) Name: Jinan Branch

Address: No. 16, 1F, East Office Building, Zhaozhuang Residential Committee, Tianqiao District, Jinan

Tel: 86-0531-88672036/88672037

(11) Name: Shenyang Branch

Address: Door 8, No. 3 South Shixi Road, Tiexi District, Shenyang City, Liaoning

Tel: 86-024-25851962

(12) Name: Tianjin Branch

Address: Factory No.5, Yard 1, Yucheng Road, Yangliuqing Industrial Park, Xiqing District, Tianjin

Tel: 86-022-27610646/27699469

(13) Name: Hangzhou Branch

Address: No. 605, Hang Bo Tower, No. 630 Fei Jia Tong Road, New Street, Xiacheng District, Hangzhou City, Zhejiang Province

Tel: 86-0571-85457742/85772119

(14) Name: Shenzhen Branch

Address: Room 710, Building 5, No. 84, Zhongli Road, Nancheng Street, Dongguan City

Tel: 86-0755-27441020

(15) Name: Wuhan Branch

Address: Room 415, Longtan Century Office Building, No. 780 Huian Avenue, Dongxihu District, Wuhan

Tel: 86-027-85412436/85411882

(16) Name: Xi'an Branch

Address: No. A, Building 1, 12th Street, Area E1 of Hardware & Electric Material, Hua Nan Cheng, Baqiao District, Xi'an

Tel: 86-029-86140122

(17) jiang Branch

Address: Building 12, No. 816 Ronghua Road, Chedun Town, Songjiang District, Shanghai

Tel: 86-021-52265982/52265920/57770166/58111458

(18) Name: Wenzhou Branch

Address: No. 29, Yucang West Road, Long Wan District, Wenzhou

Tel: 0577-86650091

(19) Name: Chengdu Branch

Address: No. 1, 1F, Building 6, 669# Limin Road, Xiangfu Town, Qingbaijiang District, Chengdu City, Sichuan

Tel: 028-83680661

(20) Name: Sales branch

Address: Room 306, Building 5, No. 88 East Changsheng Road, Economic Development Zone, Jiaxing City, Zhejiang Province

Tel: 0573-82203125

III. Stock Transfer Institute:

Name: Stock Administration Agent of KGI Securities Co. Ltd.

Website: www.kgi.com.tw

Address: 5F, No. 2, Sec. 1, Chongqing S. Rd., Zhongzheng Dist.,
Taipei City

Tel: 886-2-2314-8800

IV. CPA and CPA Firm for recent financial statements

CPA Firm: Deloitte Touche Tohmatsu Limited

Website: www.deloitte.com.tw

CPA: Hsieh, Ming-Chung & Lu, I-Chen

Tel: 886-2-2725-9988

Address: 20F, No. 100, Songren Rd., Xinyi Dist., Taipei City

V. Name of overseas trading office of listed valuable securities and the method for Inquiring about information of valuable overseas securities: Nil.

VI. Website: <http://www.tonggroup.com.tw>

VII. Board of Directors

Title	Name	Nationality	Education and Business Experience
Director	Tsai, Ching-Tung	R.O.C.	Chiayi County, Puzih Junior High School Chairman of Tong Ming Enterprise Co., Ltd Chairman of Malaysia Penang, Tong Heer Industry Corp., Ltd
Director	Richard International Co., Ltd. Representative: Tsai, Yi-Ting	R.O.C.	B. Sc., Purdue University Assistant President of Tong Heer Fasteners Co. Sdn Bhd Vice President of Tong Heer Resources Berhad
Director	Tong One Holdings Limited Representative: Tsai, Hung-Chuan	R.O.C.	MBA, University of Washington President of Tong Ming Enterprise (Zhejiang) Co., Ltd Director and President of Tong Min Enterprise Co., Ltd Chairman of Winlink Fasteners Co., Ltd
Independent Director	Wang, Shin-Kun	R.O.C.	National Cheng Kung University Institute of Industrial Management Director of Liyi United Accounting Firm
Independent Director	Yang, Po-Min	R.O.C.	MBA, University of Washington Chairman of Hydebo Capital (Shares) Company
Independent Director	Chen, Yung-Lung	R.O.C.	Bachelor of Accounting, Fu Jen Catholic University Chief Executive Officer of Ji Shun Xing (Vietnam) Co., Ltd
Independent Director	Chiu, Joun-Fu	R.O.C.	Chairman of Dongguan Construction Co., Ltd President of Dongsheng Construction Co., Ltd.

VIII. Name, Title, Telephone Number, and E-mail of Domestic Litigant and Non-litigant Agent:

Representative name: Ko, Wen-Ling

Title: President of Winlink Fasteners Co., Ltd.

Telephone: 886-7-622-6977

E-mail: ir@tonggroup.com.tw

Tong Ming Enterprise Co., Ltd.

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I. A Letter to the Shareholders

Dear Shareholders,

I. The Business Performance of 2023

(I) Business plan implementation results

The consolidated revenue of the Company in 2023 was NT\$13 billion, a decrease of 16% compared to 2022, mainly due to the drop of raw material prices. The annual consolidated net income was NT\$13.6 million, a decrease of about 85% compared to 2022, mainly due to the sharp drop of raw material prices throughout the year, affecting the profit. The basic EPS was NT\$0.67. The business performance of the primary operating units listed in the consolidated financial statements are as follows:

A. Tong Ming Enterprise (Zhejiang) Co., Ltd. and Tong He Enterprise Co.,Ltd:

1. The annual total shipment was 107,000 tons, down by about 4.95% compared to 2022.
2. Shipment by business sector: by virtue of the existing advantages of domestic sales and based on the high sales volume in 2022, the shipment of fasteners kept increasing by 5% and the shipment of 66,000 tons accounted for 62% of the total shipment. The export shipment of fasteners decreased by about 31% to about 14,000 tons due to customer stock adjustment and impacts of market competitions. The shipment of wire products decreased by about 8% to 27,000 tons due to the declined market demand. The total shipment decreased by about 4.95% compared with 2022.

B. Winlink Fasteners Co., Ltd. and Tong Win International Co., Ltd. specializes in international trade, and their consolidated revenue decreased by 33% this year due to impacts of price fluctuation and market competitions.

(II) Profitability analysis:

Item	2023	2022
ROA (%)	2.29	8.22
ROE (%)	2.01	13.57
Net Margin (%)	1.05	5.93
Earnings per share(NT\$)	0.67	4.53

(III) Product and service research and development:

The Company is a professional manufacturer of stainless-steel fasteners. We take steady steps to improve production processes and develop new products. To enhance the service quality and increase the product contents, the primary business entity of Tong Ming Enterprise (Zhejiang) Co., Ltd. has obtained ISO 17025 and IATF16949 Lab and auto quality management system certifications.

(IV) Environmental, social, and governance (ESG):

The Company values employee safety and energy conservation and carbon reduction, the primary business entity of Tong Ming Enterprise (Zhejiang) Co., Ltd. has obtained ISO 50001 energy management certification, and the newly-built high-tech factory adopts efficient production equipment and solar power generation equipment and is well-run. To practice social responsibilities, the Company has established the Social Welfare Service Center and calls on local enterprises to participate in community welfare services.

I. Overview of the 2024 Business Plan

(I) Primary business entities - Tong Ming Enterprise (Zhejiang) Co., Ltd.. and Tong He Enterprise Co.,Ltd

1. Domestic sales of fasteners:

It will strengthen the existing sales advantages, and keep optimizing the existing fast-shopping E-commerce platform and value-added service contents of Tong Ming in terms of standard components, and reinforce and improve the service contents by increasing sales products of the E-commerce platform of Tong Ming Square in non-standard components, and enlarge the shipment.

2. export trade of fasteners:

The export trade has witnessed the sign of inventory increase since the fourth quarter of 2023, and the Company will increase the shipment by expanding the product range and production advantages.

3. Wire products

Due to slowing demand in 2023, small and medium-size wire factories existed the market constantly; as a whole, this is conducive to the business development of the Company, and the Company will expand shipments by virtue of its productivity advantages.

(II) Subsidiaries Winlink Fasteners Co., Ltd. and Tong Win International Co., Ltd.

The companies specialize in foreign trade of fastener products. Due to the unstable global economic and political situations in 2023, customers took conservative procurement attitudes, affecting the sales volume. In 2024, the companies will strengthen cooperation with customers in specific industries and focus on maintaining the market share.

Under the context of complex global situations and China's economic growth trend, the global economy remains uncertain in 2024. The primary business entity of the Company will, based on the mature sales networks and platforms, pay attention to opportunities from demand growth of specific industries, increase product products and enhance product quality, and create higher value for customer with perfect value-added services.

Wish you all the best,

Tong Ming Enterprise Co., Ltd.

Best regards

Chairman: Tsai Ching-Tung

General Manager: Tsai Hung-Chuan

Two. Company Profile

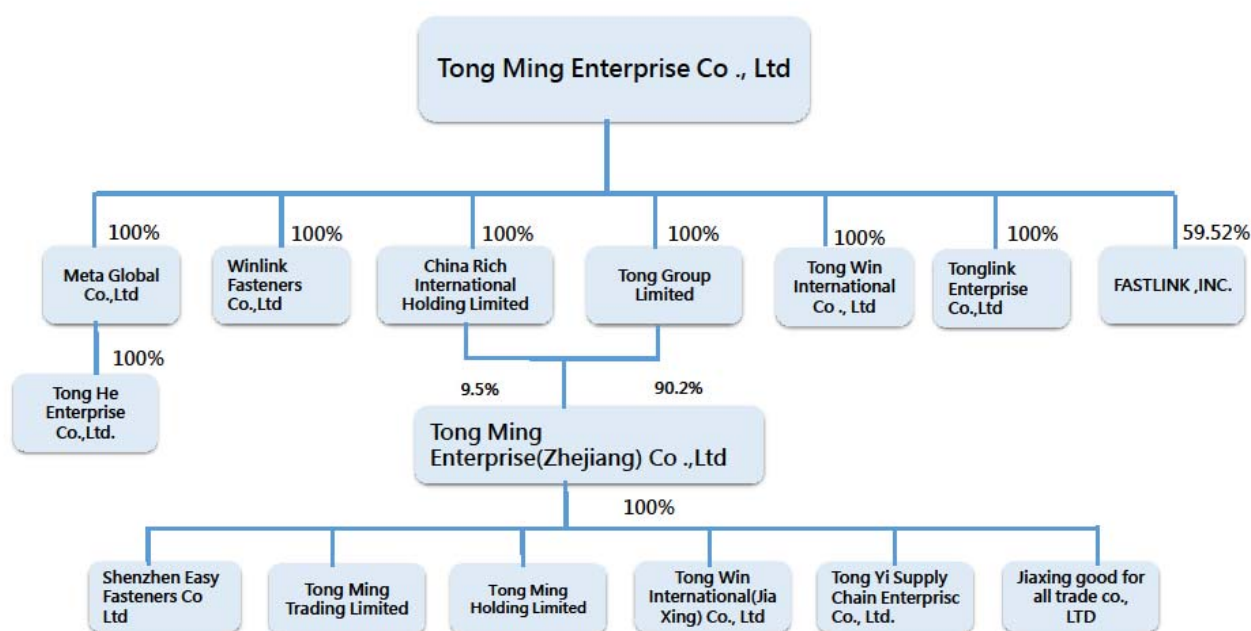
I. Established Date & Company History

Established on November 30, 2009 in the Cayman Islands, Tong Ming Enterprise Co., Ltd. (hereafter called “the Company”) is the first listing application entity of the company. The Company reinvested in mainland China’s Rich International Holding Limited (hereafter called “Zhejiang Tong Ming”) through Tong Group Limited and Tong Ming Enterprise Co., Ltd. As the main business entity of the Company, Zhejiang Tong Ming was founded in December 1995 in the Economic Development Zone of Jiaxing City in the province of Zhejiang, covering an area of 152,000 square meters manufacturing more than 100,000 tons per year, and now expanded to 20 direct sales branch offices throughout China. The main products of the Company are stainless steel fasteners and wires; fasteners, commonly known as such standard industrial products as screws, nuts, and thread rods, have earned the reputation of the “Rice of Industry” since various industrial developments require them in a number of different shapes and sizes. Meanwhile, the stainless steel wire, as the connection between upstream steel mills and downstream hardware producers, is the customized raw material of manufacturing industries for small-sized screws, kitchen supplies, wire belts, redrawing wires, and springs.

Since its establishment in 1995 in mainland China, Zhejiang Tong Ming has actively explored the domestic market and produced stainless steel fasteners and wire-branded “TONG” on a large scale with rigorous working process and excellent management models. Now, it holds the leading position of the domestic market, with around 70 percent of the mainland China market share. Due to the continuous growth of Chinese market demand, the company set up new plants for fasteners and wires production in Zhejiang Province in 2021 and 2022 respectively, the plant for wires production has been completed and put into operation in 2022, and the new plant for fasteners production was put into production in the fourth quarter of 2023

Acquiring 100% equity of Winlink Fastener Co., Ltd (hereafter called “Winlink”) in November 2012 and taking advantage of its geopolitical benefits, the Company strengthened its business and investment in Taiwan and improved its capability to secure orders. The Company further invested in the establishment of Tong Win International Co., Ltd to export stainless steel fasteners and positively extend its overseas market.

II. Organization Chart



III. Company and Group History

Year	Milestones
1995	Tong Ming Industrial (Jiaxing) Co., Ltd, the predecessor of Tong Ming Enterprise (Zhejiang) Co., Ltd, was established in the Economic Development Zone of Zhejiang Province, covering an area of 150,000 square meters.
2008	1. Generally restructured from Sino-foreign joint ventures to a foreign-invested joint-stock company, approved by the Ministry of Commerce, and changed the name to Tong Ming Enterprise Co., Ltd, recognized as National High-tech Enterprises.
2009	1. Zhejiang Tong Ming reinvested RMB 5,498 thousand to Easy Trade (Shanghai) Co., Ltd.
2010	1. Tong Ming Enterprise Co., Ltd restructured its Board of Directors and elected three Independent Directors. 2. For equity decentralization, Tong Hwei Co., Ltd, the director holding 89.5% equity of the Company's capital, transferred its share to four natural person shareholders who actually contributed the capital: Tsai, Ching-Tung, Tsai, Hung-Chuan, Tsai, Ming-Ti, and Tsai, Yi-Ting.
2012	1. Tong Ming invested in Winlink Fasteners Co., Ltd 2. Tong Ming established Tong Win International Co., Ltd.
2013	1. Natural person shareholders of Tong Ming Enterprise Co., Ltd, Tsai, Ching-Tung, Tsai, Hung-Chuan, Tsai, Ming-Ti, and Tsai, Yi-Ting, transferred their equity to Tong One International Co., Ltd and Richard International Co., Ltd without changing the actual control force. 2. The Shareholders' meeting approved the Directors (including three Independent Directors) and Supervisor, with three Independent Directors replacing the Supervisors as members of the Audit Committee. 3. The compensation committee was established. 4. Shenzhen Easy Fasteners Co., Ltd, subsidiary of Zhejiang Tong Ming, was established. 5. Listed on TWSE on December 16.
2016	1. Channel division of Zhejiang Tong Ming was set up. 2. Oracle Enterprise Resource Management System (Oracle JDE ERP) was upgraded. 3. Chairman Tsai, Ching-Tung donated 16.26% equity of the Company's capital to New Star Limited., Capitaland Limited. and Mega Sun Limyted in custody of Chinatrust Commercial Bank on December 5.

Year	Milestones
2018	1. The whole factory of Zhejiang Tong Ming was installed with roof-mounted solar power generation equipment.
2019	1. Tong Ming Enterprise (Zhejiang) established Tong Win Trading (Jaxing) Co., Ltd. in May 2. The launch of “Joint Venture Area” in TongMing.Biz.
2020	1. In November 2020, Cayman Tong Ming invested and established Fastlink Corporation in Japan to engage in trading business in Japan.
2021	1. In March 2021, the board of directors of Cayman Tong Ming resolved to increase the capital by 30,000 thousand shares in cash. 2. From June to August 2021, 3,203,000 shares of convertible corporate bonds were converted. 3. In August 2021, the company completed the cash capital increase of 30,000,000 shares
2022	1. In March 2022, Cayman Tong Ming invested and established Zhejiang Tong He Stainless Steel Materials in China, mainly for the production of wire products. 2. In June 2022, the construction of Zhejiang Tong He Factory was completed and officially put into production of wire rod products. 3. In September 2022, Zhejiang Tong Ming established Tong Yi Supply Chain Company to engage in the online sales platform of non-standard fasteners. 4. In November 2022, Cayman Tong Ming invested in Taiwan and established Tonglink Enterprise Co Ltd., specializing in the trading of stainless steel fasteners and computer programming in Taiwan.
2023	1. In August, 2023, Zhejiang Tong Ming was qualified as a national-level SRDI Enterprise and Little Giant Firm 2. In March, 2023, Zhejiang Tong Ming established Shan Yi Gong Hao Trade Co., Ltd. to jointly promote community welfare activities. 3. In the fourth quarter of 2023, Zhejiang Tong Ming Gaoke Factory was officially put into operation. 4. In November, 2023, Zhejiang Tong Ming was qualified as a provincial-level research institute and provincial-level enterprise technology Center

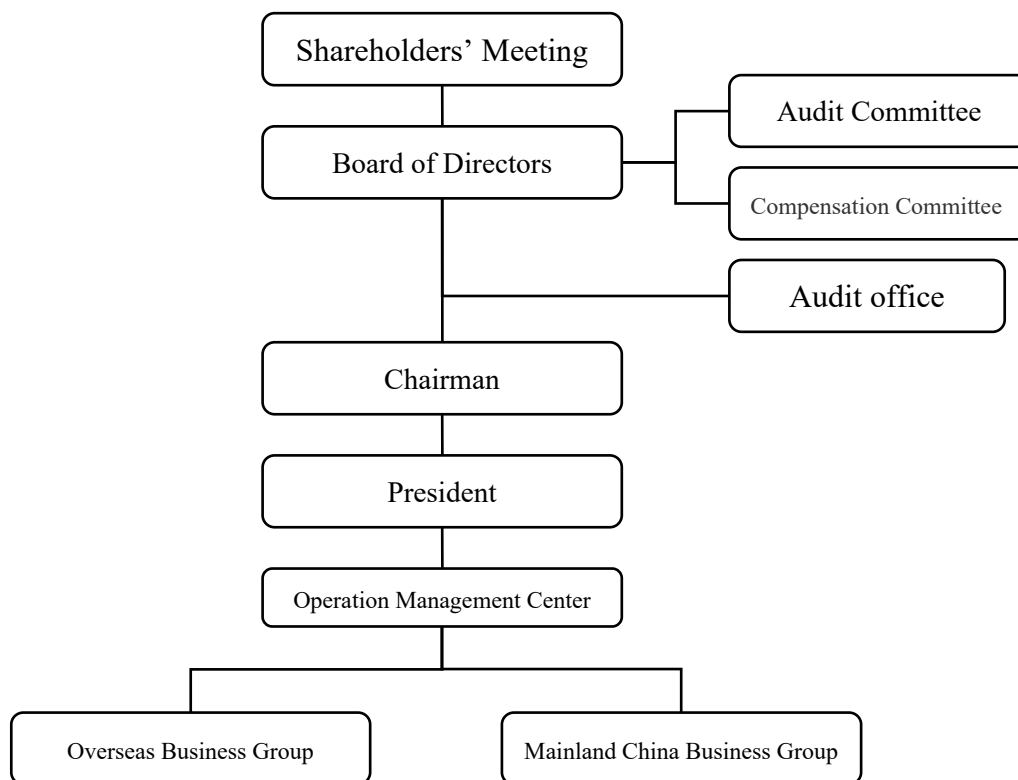
IV. Risk Analysis

Please refer to Sections VI and VII in this report for details.

Three Company Governance

I. Organization

(I) Organization Structure



(II) Functions

Departments		Functions
Board of Directors		Overall strategic planning; promotion, assessment and guidance of corporate business.
Audit Committee		Supervises group business and financial situations, proper financial statements and effective implementation of internal controls.
Compensation Committee		Drafts and regularly reviews policy, system, standards, and structure of performance evaluation and compensation for directors and managers as the basis of payment.
Audit Office		A. Assesses the integrality, rationality, and effectiveness of the internal control and management system. B. Implements internal audits and subsequent corrective actions.
President		Executes resolutions of the Board of Directors and manages all the Company's affairs.
Operation Management Center		Comprehensively handles planning and execution of group finance, accounting, project, tax, and stock affairs.
Mainland China Business Group	Channel Division	Responsible for market development, sales management, customer service, product inspection, storage, and logistics.
	Purchasing	Responsible for purchasing, supplier management, and raw material shipment.
	Production	A. Production scheduling, product manufacturing and shipment, production progress, and technical management. B. Raw material stock-in, requisition, and storage bin planning.
	R&D Center	Planning and implementation of R&D and design.
	HR & Administration	Setup and implementation of HR planning, education and training, administration, and SHE affairs.
	Finance	Responsible for finance, accounting, tax, and stock affairs.
Overseas Business Group	Winlink	Sales and Trading.
	Tong Win	General investment, sales and trading.
	Fastlink Inc.	Sales and trading.
	Tonglink	Sales, trading and computing.

II. Directors, Supervisors, President, Vice Presidents, Assistant Vice Presidents, and Managers of Departments and Branches

(I) Directors and Supervisors

1. Directors (The Company no longer has Supervisors)

As of April 21, 2024

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Select Past Positions	Select Present Positions at Tong Ming and Other Companies	Managers, Directors, or Supervisors Who are Spouses or within Two Degrees of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	Tsai, Ching-Tung	Male 61-70	2019/06/14	3 years	2009/11/30	3,317,625	1.65%	3,317,625	1.65%	—	—	—	—	Chiayi County, Puzih Junior High School Chairman of Tong Ming Enterprise Co., Ltd.	Chairman of Tong Ming Enterprise Co., Ltd. Chairman of Tong Ming Enterprise (Zhejiang) Co., Ltd.	Director Representative and President	Tsai, Hung-Chuan	Father and son
Director	BVI	Richard International Co., Ltd.	-	2019/06/14	3 years	2013/05/13	24,000,000	11.93%	24,000,000	11.93%	—	—	—	—	B. Sc., Purdue University Assistant President of Tong Heer Fasteners Co. Sdn Bhd	President of Tong Heer Resources Berhad Director of Tong Heer Fasteners (Thailand) Co. Ltd. Director of Tong Heer Aluminium Industries Sdn. Bhd.	Chairman	Tsai, Ching-Tung	Uncle and nephew
	R.O.C.	Representative Tsai, Yi-Ting	Male 31-40	2019/06/14	3 years	2017/06/09	—	—	23,15,486	11.49%	—	—	—	—	Vice President of Tong Heer Resources Berhad	Director of Winlink Fasteners Co., Ltd.	Chairman	—	—
Director	Samoa	Tong One Holdings Limited.	—	2019/06/14	3 years	2013/05/13	24,000,000	11.93%	24,000,000	11.93%	—	—	—	—	President of Tong Ming Enterprise Co., Ltd. Legal representative, Director and President of Tong Ming (Zhejiang) Co., Ltd	President of Tong Ming Enterprise Co., Ltd. Legal representative, Director and President of Tong Ming (Zhejiang) Co., Ltd Legal representative, Director and President of Easy Trade(Shanghai)Co., Ltd	Chairman	—	—
	R.O.C.	Representative Tsai, Hung-Chuan	Male 41-50	2019/06/14	3 years	2013/05/13	—	—	—	—	—	—	36,825,474 18.30%	—	MBA, University of Washington President of Tong Ming Enterprise (Zhejiang) Co., Ltd Director and President of Tong Ming Enterprise Co., Ltd.	Director of Tong One Holdings Limited Director of Tong Win International Co., LTD. Chairman of Winlink Fasteners Co., Ltd.	Chairman	Tsai, Ching-Tung	Father and son
Independent Director	R.O.C.	Wang, Shin-Kun	Male 61-70	2022/06/14	3 years	—	—	—	—	—	—	—	—	National Cheng Kung University Institute of Industrial Management Director of Liyi United Accounting Firm	—	—	—	—	—
Independent Director	R.O.C.	Yang, Po-Min	Male 41-50	2022/06/14	3 years	—	—	—	—	—	—	—	—	MBA, University of Washington Chairman of Hydebo Capital Company	Chairman of Qinda Construction Co., Ltd.	—	—	—	—

Title	Nationality or Place of Registration	Name	Gender	Date Elected (Appointed)	Term	Date First Elected	Shareholding When Elected		Current Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Select Past Positions	Select Present Positions at Tong Ming and Other Companies	Managers, Directors, or Supervisors Who are Spouses or within Two Degrees of Kinship to Each Other		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Independent Director	R.O.C.	Chen, Yung-Lung	Male 51-60	2022/06/14	3 years	2022/06/14	—	—	—	—	—	—	—	—	Bachelor of Accounting, Fu Jen Catholic University Chief Executive Officer of Ji Shun Xing (Vietnam) Co., Ltd.	Independent Director of Bing Creation Co., Ltd. Independent Director of Xianshuo Holdings Co., Ltd.	—	—	—
Independent Director	R.O.C.	Chiu, Joum-Fu	Male 61-70	2023/06/07	3 years	2010/12/03	50,000	0.02%	50,000	0.02%	—	—	—	—	Chairman of Dongguan Construction Co., Ltd.	—	—	—	—

2. Principal shareholders of corporate shareholders:
 (1) Principal shareholders of corporate shareholders

As of April 21, 2024

Corporate Shareholders	Principal Shareholders
Tong One Holdings Limited	Tsai, Chen Su-Kan 80% Tsai, Hung-Chuan 20%
Richard International Co., Ltd.	Tsai, Ming-Ti 70% Tsai, Yi-Ting 30%

(2) Principal shareholders of the principal shareholders that are juridical persons in the above table: None.

3. Professional qualifications and independence status of Directors and Supervisors:

condition	Professional qualifications and experience	Independence situation	Number of independent directors of other public companies
Name			
Tsai, Ching-Tung	For the professional qualifications and experience of directors, please refer to this annual report, information on board members (pages 9-10)	na	0
Richard International Co., Ltd.			0
Tsai, Yi-Ting	None of the directors has any of the conditions of Article 30 of the Company Law	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act of the Financial Supervisory Commission and the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed" (Note 2) 2. I (or in the name of others), spouse and minor children do not hold company shares 3. The amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years	0
Tong One Holdings Limited			0
Tsai, Hung-Chuan			0
Wang, Shin-Kun			1
Yang, Po-Min			2
Chen, Yung-Lung			0
Chiu, Joun-Fu			0

Note 1: Professional qualifications and experience: state the professional qualifications and experience of individual directors and supervisors. If they are members of the audit committee and have accounting or financial expertise, their accounting or financial background and work experience should be stated, and whether they have not There are various matters in Article 30 of the Company Law.

Note 2: Independent directors should state their independence, including but not limited to whether they, their spouse, or relatives within the second degree of kin act as directors, supervisors or employees of the company or its affiliated companies; The number and proportion of the company's shares held by relatives (or in the name of others); whether he is a company that has a specific relationship with the company (refer to the establishment of independent directors of public companies and matters to be followed) The amount of remuneration received by the company or its affiliates for business, legal, financial, and other services in the last two years.

4. Board diversity and independence:
- (1) Board Diversity Policy and implementation status of the board of directors
 - A. To implement the Board Diversity Policy of Tong Ming Enterprise Co., Ltd.'s "Corporate Governance Best Practice Principles" states that, in order to create a healthy structure of the Board of Directors, composition of the board of directors shall be determined by taking diversity into consideration and formulating an appropriate policy on diversity based on the company's business operations, operating dynamics, and development needs. It is advisable that the policy include, without being limited to, the following two major aspects of standards:
 - (a) Basic requirements and values: Gender, age, nationality, and culture.
 - (b) Professional knowledge and skills: A professional background (e.g., law, accounting, industry, finance, marketing, technology), professional skills, and industry experience.
 - B. Each board member shall have the necessary knowledge, skill, and experience to perform their duties; the abilities that must be present in the board as a whole are as follows:
 - (a) The ability to make judgments about operations.
 - (b) Accounting and financial analysis ability.
 - (c) Business management ability.
 - (d) Crisis management ability.
 - (e) Knowledge of the industry.
 - (f) An international market perspective.
 - (g) Leadership ability.
 - (h) Decision-making ability.
 - (2) The specific management objectives of the diversity of the board of directors:

The board of directors of the company shall direct company strategies, supervise the management, and be responsible to the company and shareholders. The various procedures and arrangements of its corporate governance system shall ensure that, in exercising its authority, the board of directors complies with laws, regulations, its articles of incorporation, and the resolutions of its shareholders meetings. Specific management objectives are as follows:

 - (a) The Company's Board respects gender equality, where it ensures there is at least one female director on the Board.
 - (b) The Company's Board prioritizes operational decision making, operation management, and crisis management capabilities, where it ensures at least 2/3 of the members of the Board possess relevant core abilities.
 - (c) Independent directors may not serve more than three consecutive terms in order to stay independent.
 - (d) The number of directors who are employees of the Company, its parent, subsidiary or sister company shall be less than (including) 1/3 of the total number of directors for the purpose of supervision.

Diversified projects Director's name	basic component				Industry experience and Professional ability							
	Country of Citizenship	gender	age	Part-time employee of the company	Management	international market	Industry knowledge	Marketing	Environmentally friendly green energy	Accounting	law	Risk Management
Tsai, Ching-Tung Richard International Co., Ltd.	R.O.C.	male	61-70	V	V	V	V	V				V
Tsai, Yi-Ting	R.O.C.	male	31-40	none	V	V	V	V				V
Tong One Holdings Limited Tsai, Hung-Chuan	R.O.C.	male	41-50	V	V	V	V	V				V
Wang, Shin-Kun	R.O.C.	male	61-70	none	V	V	V			V		V
Yang, Po-Min	R.O.C.	male	41-50	none	V	V	V	V				V
Chen, Yung-Lung	R.O.C.	male	51-60	none	V	V	V	V				V
Chiu, Joun-Fu	R.O.C.	male	61-70	none	V	V	V	V		V		V

(1) Diversified Board Members Composition:

The directors of the company shall have the necessary knowledge, skills, accomplishments, industrial decision-making, and management capabilities to perform business, etc. The company also continues to arrange training courses for members of the Board of Directors to improve their capabilities of decision-making and supervision, thereby enhancing the performances of the board of directors.

The Board of Directors has 7 members, including 4 independent directors (accounting for 57.14% of the Board) to ensure the independent nature of the Board of Directors. There is 1 concurrent employee, accounting for 14.29% of the Board.

The Company expects to add one female director in the future to achieve our goal of gender equality.

The members of the Board of Directors are at least 1/3 of the members possess the relevant business execution capabilities for each of the 8 core items, and more than 80% of the members possess core capabilities for each of the 3 keys items including operational judgment, management and crisis management.

(II) President, Vice Presidents, Assistant Vice Presidents, and Managers of Departments and Branches

1. This Company

As of April 21, 2024

Title	Name	Gender	Nationality	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Select Past Positions	Select Present Positions at other Companies	Managers who are Spouses or within Two Degrees of Kinship to Each Other			Comments
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	Tsai, Hung-Chuan	Male 41-50	R.O.C.	2009/11/30	—	—	—	—	36,825,474	18.30%	MBA, University of Washington President of Tong Ming Enterprise (Zhejiang) Co., Ltd	Director of Tong Ming Enterprise Co., Ltd. Legal representative, Director and President of Tong Ming Enterprise (Zhejiang) Co., Ltd Legal representative, Director and President of Easy Trade (Shanghai) Co., Ltd. Director of Tong One Holdings Limited Director of Tong Win International Co., LTD. Chairman of Winlink Fasteners Co., Ltd.	—	—	—	
Operation Management Center Vice President and Supervisor of Finance	Tsai, Cheng-Hsiung	Male 71-80	R.O.C.	2009/11/30	319,000	0.16%	—	—	—	—	MCS, Kaohsiung First University of Science and Technology Finance and Administration Manager of SAMPO CORP. Vice Finance President of Tong Ming Enterprise Co., Ltd	Director of Tong Ming Enterprise (Zhejiang) Co., Ltd Director of Tong Ming Trading Limited Director of Jiaxing Fuan Real Estate Development Co., Ltd. Director of Jiaxing Fudi Real Estate Development Co., Ltd. Director of Jiaxing Fumin Real Estate Development Co., Ltd. Director of Jiaxing Weihong Consulting Co., Ltd. Supervisor of Jiaxing Chunyou Precise Mould Co., Ltd.	—	—	—	
Accounting Supervisor and Corporate Governance Supervisor	Yen, Hsien-Ying	Male 51-60	R.O.C.	2014/08/11	—	—	16,000	0.01%	—	—	Bachelor of Accounting, Fu Jen Catholic University Internal Auditor of Carrefour Co., Ltd. Audit Department Manager of BDO Taiwan	None	—	—	—	
Supervisor of Internal Audit Office	Su, Chia-Yu	Female 41-50	R.O.C.	2014/08/11	8,000	—	—	—	—	—	Business Administration, Pingtung Institute of Commerce Sourcing Specialist of Tong Hwei Enterprise Co., Ltd. Section Manager of Winlink Fasteners Co., Ltd.	None	—	—	—	

2. Tong Ming Enterprise Co., Ltd

As of April 21, 2024

Title	Nationality	Name	Gender	On-Board Date	Shareholding		Spouse and Minor Children		Nominee Arrangement		Education and Select Past Positions	Select Present Positions at other Companies	Managers who are Spouses or within Two Degrees of Kinship to Each Other		Comments		
					Shares	%	Shares	%	Shares	%			Title	Name		Relation	
President	R.O.C.	Tsai, Hung-Chuan	Male 41-50	2009/11/30	-	-	-	-	36,825,474	18.30%	MBA, University of Washington	Director and President of Tong Ming Enterprise Co., Ltd. Director of Tong Ming Enterprise (Zhejiang) Co., Ltd Legal representative, Director, and President of Easy Trade (Shanghai) Co., Ltd. Director of Tong One Holdings Limited Director of Tong Win International Co., LTD. Chairman of Winlink Fasteners Co., Ltd.	Vice President	Tsai, Chia-Yen	Siblings		
Vice President	R.O.C.	Tsai, Cheng-Hsiung	Male 71-80	2009/11/30	319,000	0.16%	-	-	-	-	MCS, Kaohsiung First University of Science and Technology Finance and Administration Manager of SAMPO CORP.	Director of Tong Ming Enterprise Co., Ltd Director of Tong Ming Trading Limited Director of Jiaxing Fuan Real Estate Development Co., Ltd. Director of Jiaxing Fudi Real Estate Development Co., Ltd. Director of Jiaxing Fumin Real Estate Development Co., Ltd. Director of Jiaxing Weihong Consulting Co., Ltd. Supervisor of Jiaxing Chunyou Precise Mould Co., Ltd. Supervisor of Winlink Fasteners Co., Ltd. Operation Management Center Vice President and Finance Supervisor of Tong Ming Enterprise Co., Ltd.	-	-	-	Brother-in-law	
Vice President	R.O.C.	Tsai, Chia-Yen	Female 41-50	2013/5/1	-	-	-	-	10,400,000	5.17%	DM, University of Illinois at Urbana-Champaign	Director of Winlink Fasteners Co., Ltd. Director of Tong Ming Enterprise Co., Ltd	President	Tsai, Hung-Chuan	Siblings		
Vice President	Canada	Michael Patrick Dewar	Male 41-50	2013/5/1	-	-	10,400,000	5.17%	-	-	DM, University of Illinois at Urbana-Champaign Postdoctoral Fellow, Queen's University	None	President	Tsai, Hung-Chuan	Affinity		
													Vice President	Tsai, Chia-Yen	Spouse		

III. Remuneration Paid to Directors, Supervisors, President, and Vice Presidents

1. Remuneration paid to Directors (including independent directors). (1-1) Remuneration paid to Directors and Independent Directors (Individual disclosure of name and method of remuneration)

Unit: NT\$ 1,000

Title	Name	Remuneration to Directors						Compensation Earned by Being an Employee of Tong Ming or Tong Ming's Affiliated Entities						Total of A, B, C, D, E, F and G as a % of Net Income		Receive remuneration from a company other than a subsidiary for reinvestment business or		
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)		Base Compensation, Bonus, Allowances, etc. (E)		Severance Pay and Pensions (F)		Employee Compensation (G)			The Company	From All Consolidated Entities
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	Cash	Stock			
																	Total of A, B, C and D as a % of Net Income	
Chairman	Tsai, Ching-Tung	240	240	0	0	120	120	36	36	396	396	0	0	0	0	396	3,112	0
Director	Richard Representative: Tsai, Yi-Ting	240	240	0	0	120	120	30	30	390	390	0	0	0	0	390	730	0
Director	Tong One Representative: Tsai, Hung-	240	240	0	0	120	120	36	36	396	396	1,200	0	0	0	1,596	5,518	0
Director	Ko, Wen-Ling (Note 1)	120	120	0	0	60	60	24	24	204	204	0	0	0	0	204	3,450	0
Independent Director	Wang, Shin-Kun	240	240	0	0	120	120	36	36	396	396	0	0	0	0	396	396	0
Independent Director	Yang, Po-Min	240	240	0	0	120	120	30	30	390	390	0	0	0	0	390	390	0
Independent Director	Chen, Yung-Lung	240	240	0	0	120	120	36	36	396	396	0	0	0	0	396	396	0
Independent Director	Chiu, Joum-Fu (Note 2)	120	120	0	0	60	60	12	12	192	192	0	0	0	0	192	192	0

1. Please state the policy, system, standards, and structure of independent director remuneration, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.: Reasonable. According to Article 91 of the Company Article state, the director compensation should less than five percent of the rest of the current year pre-tax income subtracts the employee compensation and director compensation.

2. Besides the above disclosure, the directors of the company have received remuneration for services by all companies in the financial report (such as serving as consultants for non-employees) in recent years: None.

(Note 1): Director Ko, Wen-Ling, resigned on June 7, 2023.

(Note 2): Independent Director Chiu, Joum-Fu will take office on June 7, 2023 through a by-election.

(1-2-1) Remuneration paid to Directors and Independent Directors (Individual disclosure of name and aggregated remuneration range)

Unit: NT\$ 1,000

Title	Name	Remuneration to Directors						Compensation Earned by Being an Employee of Tong Ming or Tong Ming's Affiliated Entities						Total of A, B, C, D, E, F and G as a % of Net Income		Receive remuneration from a company other than a subsidiary for reinvestment in business or			
		Base Compensation (A)		Severance Pay and Pensions (B)		Compensation to Directors (C)		Allowances (D)		Total of A, B, C and D as a % of Net Income		Base Compensation, Bonus, Allowances, etc. (E)		Severance Pay and Pensions (F)			Employee Compensation (G)		
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities		The Company	From All Consolidated Entities	The Company
Director	Tsai, Ching-Tung																		
	Richard Representative: Tsai, Yi-Ting																		
	Tong One Representative: Tsai, Hung-Chuan	840	840	0	0	420	420	126	126	1,386	1,386	1,200	11,424	0	0	0	0	2,586	12,810
Independent Director	Ko, Wen-Ling (Note 1)																		
	Wang, Shin-Kun																		
	Yang, Po-Min	840	840	0	0	420	420	114	114	1,374	1,374	0	0	0	0	0	1,374	1,374	
	Chen, Yung-Lung																		
	Chiu, Joun-Fu (Note 2)																		

Please state the policy, system, standards, and structure of independent director remuneration, and describe the relevance to the amount of remuneration according to the responsibilities, risks, time invested, etc.: Reasonable.

According to Article 91 of the Company Article state, the director compensation should less than five percent of the rest of the current year pre-tax income subtracts the employee compensation and director compensation.

3. Besides the above disclosure, the directors of the company have received remuneration for services by all companies in the financial report (such as serving as consultants for non-employees) in recent years: None.

(Note 1): Director Ko, Wen-Ling, resigned on June 7, 2023.

(Note 2): Independent Director Chiu, Joun-Fu will take office on June 7, 2023 through a by-election..

Range of Remuneration to Directors	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	From the Company	From All Consolidated Entities	From the Company	From All Consolidated Entities
NT\$ 999,999 and under	Tsai, Ching-Tung Tsai, Hung-Chuan Tsai, Yi-Ting Ko, Wen-Ling(Noe 1) Wang, Shin-Kun Yang, Po-Min Chen, Yung-Lung Chiu, Joun-Fu (Note 2)	Tsai, Ching-Tung Tsai, Hung-Chuan Tsai, Yi-Ting Ko, Wen-Ling(Noe 1) Wang, Shin-Kun Yang, Po-Min Chen, Yung-Lung Chiu, Joun-Fu (Note 2)	Tsai, Ching-Tung Tsai, Yi-Ting Ko, Wen-Ling(Noe 1) Wang, Shin-Kun Yang, Po-Min Chen, Yung-Lung Chiu, Joun-Fu (Note 2)	Tsai, Yi-Ting Wang, Shin-Kun Yang, Po-Min Chen, Yung-Lung Chiu, Joun-Fu (Note 2)
NT\$ 1,000,000 ~ NT\$ 1,999,999	-	-	Tsai, Hung-Chuan	-
NT\$ 2,000,000 ~ NT\$ 3,499,999	-	-	-	Tsai, Ching-Tung Ko, Wen-Ling(Noe 1)
NT\$ 3,500,000 ~ NT\$ 4,999,999	-	-	-	-
NT\$ 5,000,000 ~ NT\$ 9,999,999	-	-	-	Tsai, Hung-Chuan
NT\$ 10,000,000 ~ NT\$ 14,999,999	-	-	-	-
NT\$ 15,000,000 ~ NT\$ 29,999,999	-	-	-	-
NT\$ 30,000,000 ~ NT\$ 49,999,999	-	-	-	-
NT\$ 50,000,000 ~ NT\$ 99,999,999	-	-	-	-
NT\$ 100,000,000 and above	-	-	-	-
Total	8 persons	8 persons	8 persons	8 persons

(2). Remuneration Paid to Supervisors: This Company no longer has the Supervisor position after overall re-election of the Board of Shareholders on May 13, 2013.

(Note 1): Director Ko, Wen-Ling, resigned on June 7, 2023.

(Note 2): Independent Director Chiu, Joun-Fu will take office on June 7, 2023 through a by-election..

2. Remuneration paid to general manager and deputy general manager in the most recent year
(1-1) Compensation Paid to President and Vice Presidents (Individual disclosure of name and method of remuneration)

Unit: NT\$ 1,000

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonus and Allowances (C)		Employee Compensation (D)				Total of A, B, C and D as a % of Net Income		Receive remuneration from a company other than a subsidiary for reinvestment business or from parent company
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	From All Consolidated Entities		The Company	From All Consolidated Entities			
								Cash	Stock			Cash	Stock	
President	Tsai, Hung-Chuan	1,200	5,122	0	0	0	0	0	0	1,200	5,122	(0.88%)	(3.76%)	0
Vice President	Tsai, Cheng-Hsiung	1,200	2,553	0	0	0	0	0	0	1,200	2,553	(0.88%)	(1.87%)	0
Vice President	Tsai, Chia-Yen	0	1,606	0	0	0	0	0	0	0	1,606	(0.00%)	(1.18%)	0
Vice President	Michael Patrick Dewar	0	1,606	0	0	0	0	0	0	0	1,606	(0.00%)	(1.18%)	0

(1-2) Compensation Paid to President and Vice Presidents (Individual disclosure of name and aggregated remuneration range)

Unit: NT\$ 1,000

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonus and Allowances (C)		Employee Compensation (D)				Total of A, B, C and D as a % of Net Income		Receive remuneration from a company other than a subsidiary for reinvestment business or from parent company
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	From All Consolidated Entities		The Company	From All Consolidated Entities			
								Cash	Stock			Cash	Stock	
President	Tsai, Hung-Chuan													
Vice President	Tsai, Cheng-Hsiung													
Vice President	Tsai, Chia-Yen	2,400	10,887	0	0	0	0	0	0	2,400	10,887	(1.76%)	(7.99%)	0
Vice President	Michael Patrick Dewar													

Ranges	Name of President and Vice Presidents	
	From the Company	From All Consolidated Entities
NT\$ 999,999 and under	Tsai, Chia-Yen Michael Patrick Dewar	—
NT\$ 1,000,000 ~ NT\$ 1,999,999	Tsai, Cheng-Hsiung Tsai, Hung-Chuan	Tsai, Chia-Yen Michael Patrick Dewar
NT\$ 2,000,000 ~ NT\$ 3,499,999	—	Tsai, Cheng-Hsiung
NT\$ 3,500,000 ~ NT\$ 4,999,999	—	—
NT\$ 5,000,000 ~ NT\$ 9,999,999	—	Tsai, Hung-Chuan
NT\$ 10,000,000 ~ NT\$ 14,999,999	—	—
NT\$ 15,000,000 ~ NT\$ 29,999,999	—	—
NT\$ 30,000,000 ~ NT\$ 49,999,999	—	—
NT\$ 50,000,000 ~ NT\$ 99,999,999	—	—
NT\$ 100,000,000 and above	—	—
Total	4 persons	4 persons

(2). Name of Managers granted Employee Compensation and the respective situation: None

(1-3) The remuneration of the top five executives of listed companies

Unit: NT\$ 1,000

Title	Name	Salary (A)		Severance Pay and Pensions (B)		Bonus and Allowances (C)		Employee Compensation (D)				Total of A, B, C and D as a % of Net Income		Receive remuneration from a company other than a subsidiary for reinvestment business or from parent company
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	From All Consolidated Entities		The Company	From All Consolidated Entities			
								The Company	From All Consolidated Entities					
President	Tsai, Hung-Chuan	1,200	5,122	0	0	0	0	0	0	0	0	1,200	5,122	0
President	Ko, Wen-Ling	0	7,546	0	0	0	0	0	0	0	0	0	7,546	0
Vice President	Tsai, Cheng-Hsiung	1,200	2,553	0	0	0	0	0	0	0	0	1,200	2,553	0
Vice President	Tsai, Chia-Yen	0	1,606	0	0	0	0	0	0	0	0	0	1,606	0
Vice President	Michael Patrick Dewar	0	1,606	0	0	0	0	0	0	0	0	0	1,606	0

1.The name of the manager who distributes employee compensation and the situation of distribution:

December 31, 2023; Unit: NTS 1,000

	job title (Note 1)	Name (Note 1)	stock amount	cash amount	cash amount	Proportion of total amount to net profit after tax (%)
manager	President	Tsai, Hung-Chuan	0	0	0	0
	Vice President	Tsai, Cheng-Hsiung				
	Vice President	Tsai, Chia-Yen				
	Vice President	Michael Patrick Dewar				
	Accounting Head	Yen, Hsien-Ying				

Note 1: Individual names and titles should be disclosed, but profit distribution may be disclosed in aggregate.

Note 2: Fill in the amount of employee remuneration (including stock and cash) that was approved by the board of directors to distribute to managers in the most recent year. If it is impossible to estimate, the proposed distribution amount for this year will be calculated in proportion to the actual distribution amount of the previous year. Net profit after tax refers to the net profit after tax of the most recent year; if IFRS has been adopted, net profit after tax refers to the net profit after tax of the individual or individual financial report of the most recent year.

Note 3: The scope of application of managers is as follows:

- (1) General Manager and equivalent
- (2) Deputy general manager and equivalent
- (3) Associate and equivalent level
- (4) Head of the financial department
- (5) Head of Accounting Department
- (6) Others who have the right to manage affairs and sign for the company

Note 4: If the directors, general managers and deputy general managers receive employee remuneration (including stock and cash), they should fill in this table in addition to the attached table 1-2

(IV) Analysis of remuneration and compensation paid to Directors, President, and Vice Presidents by the Company and all consolidated entities in 2021 and 2022 as a percentage of net income and explanation of the remuneration policy, standards, composition, procedures, and the correlation with operation performance and future risks are as follows:

1. Analysis of remuneration and compensation paid to Directors, Supervisors, President, and Vice Presidents in 2022 and 2023 as a percentage of consolidated net income:

Title	Amount of Remuneration and Compensation to Consolidated Net Income (%)			
	2022		2023	
	Amount	%	Amount	%
Director	2,866	0.31	3,960	2.91
Manager	8,287	0.91	10,887	7.99

2. Remuneration policy, standards, composition, procedures, and the correlation with operation performance and future risks:

A. The directors' remuneration of the Company is determined in accordance with Article 64 of the Articles of Incorporation, and their remuneration for duty execution is determined based on individual directors' participation and contributions and with reference to the industry standards; besides, when the Company makes a profit in the current year, no more than 5% of the profit shall be allocated to directors' remuneration in accordance with Article 91 of the Articles of Incorporation. The Company regularly evaluates directors' compensation in accordance with Board of Directors' Performance Evaluation Guidelines, and major evaluation items and ratios for directors' remuneration are as follows, and relevant performance evaluation and remuneration reasonability shall be reviewed by the Remuneration Committee and the Board of Directors:

- (1) Directors' remuneration = Distributable directors' remuneration × Payout ratio from the performance evaluation of the directors

As shown in the performance rating results of the Board of Directors in 2023, directors' self-evaluation in various indexes was between 5 [Very satisfied] and 4 [Satisfied], showing that directors are positive about the operation efficiency and effects of every index. The scores of every aspect are shown in the table below:

Five major aspects of self-evaluation	Evaluation Item	Rating results
Participation in the operation of the company	12	4.50
Improving the quality of board decisions	12	4.50
Board composition and structure	7	4.29
Selection and continuing education of directors	7	4.57
Internal control	7	4.29

- (2) In addition to the fixed monthly remuneration, the directors shall receive a monthly attendance fee based on the actual number of meetings attended.

With respect to managers' remuneration of the Company, various work allowances and bonuses are specified according to the Salary Scheme to show solicitude for and encourage employees' efforts and contributions in work, and relevant bonuses shall be verified and distributed according to the annual operating performance, financial situation, operating status and individual performance; besides, when the Company makes a profit in the current year, the profit ranging from 0% to 0.1% shall be allocated to employees' remuneration in accordance with Article 91 of the Articles of Incorporation.

The Company regards the performance evaluation results executed in accordance with the Performance Management Methods as a reference for the distribution of managers' bonus; managers' performance evaluation items contain: 1, Financial Index: the fulfillment ratio based on each manager's targets; 2, Non-financial Index: the practice of the Company's core values and operation management capacity, and participation in sustainable management; managers' remuneration of operation performance shall be calculated on this basis, and the remuneration system will be duly inspected at any time based on the actual operation situations and in accordance with relevant laws and regulations.

IV. Corporate Governance Implementation

(I) Operation of Board of Directors

1. Directors and Independent Directors Attendance in Person (By Proxy) at Board Meetings

- In total, seven (A) Board Meetings were convened in 2023 and as of the publication of this annual report, with seven seats for Directors, of which four were for Independent Directors. The attendance status of the Directors in the Company is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Comments
Chairman	Tsai, Ching-Tung	7	0	100.00	No
Director	Richard International Co., Ltd. Representative: Tsai, Yi-Ting	4	3	57.14	No
Director	Tong One Holdings Limited Representative: Tsai, Hung-Chuan	6	1	85.71	No
Director	Ko, Wen-Ling	2	1	66.67	(Note 1)
Independent Director	Wang Shin-Kun	7	0	100.00	No
Independent Director	Yang Po-Min	6	1	85.71	No
Independent Director	Chen Yung-Lung	7	0	100.00	No
Independent Director	Chiu, Joun-Fu	3	1	75.00	(Note 2)

Notes:

- I. If any Board Meeting had any of the following cases, the date and session of the Board meeting, contents of motions, all Independent Directors' opinions, and actions taken by the Company regarding the opinions shall be specified:
- II.
- III.
- (I) Matters specified in Article 14-3 of the Securities Exchange Act:
- (1) Approved by the 7th 4th Board of Directors Meeting on March 14, 2023:
- (a) Amendment to the Articles of Association.
- (b) Amendment to the "Procedures for the Acquisition or Disposal of Assets".
- (c) Amendment to the "Code of Practice for Corporate Social Sustainability".
- (d) Revision of the "Code of Corporate Governance Practices", "Key Points to Observe in the Establishment and Exercise of Board of Directors' Functions", and "Self-assessment and Inspection Practices". The Company
- (e) Establishment of the "Code of Conduct for Financial Operations between Related Parties"
- Resolution: The motions listed above were approved by the Board of Directors.
- (2) Approved by the 7th 8th Board of Directors Meeting on November 08, 2023
- (a) Amendments to "Key Points to be Observed in the Establishment and Exercise of the Functions of the Board of Directors"
- Resolution: The motions listed above were approved by the Board of Directors.
- (3) Approved by the 7th 9th Board of Directors Meeting on March 14, 2024:
- (a) Amendment to the "Rules of Procedure for Shareholders' Meetings", "Rules for Board of Directors Meetings", "Company Code of Integrity Management" case
- (b) Amendments to the "Board of Directors Performance Evaluation Methods" case.
- Resolution: The motions listed above were approved by the Board of Directors.
- (II) Cept for the items specified above, other resolutions on which an Independent Director expressed an objection or reservation, either by recorded statement or in writing: None. The number of times to attend is 2.
- (III) All Independent Directors' opinions and actions taken by the Company regarding such opinions: None. The number of attendances should be 5 times.
- IV. For situations where Directors recuse themselves from any motion due to a conflict of interest, the Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified: None.
- V. Objectives of strengthening the functionality of the Board of Directors (i.e. To establish the Audit Committee and increase the information transparency) in the current year and the most recent year and evaluation of the execution thereof:
- The Company approved the establishment of the Audit Committee and Compensation Committee on June 10, 2013 and created the "Charter of the Audit Committee" and "Charter of the Compensation Committee" to strengthen the function of the Board of Directors, while the auditors of the Company shall periodically submit the audit report to Directors to increase the information transparency and disclose related information on the website pursuant to laws and regulations.
- (Note 1): Director Ko, Wen-Ling, resigned on June 7, 2023.
- (Note 2): Independent Director CHIU, JOUN-FU will take office on June 7, 2023 through a by-election.

2.Evaluation of Board of Directors

Evaluation Frequency	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Content
Performed every three years	2023/1/1~ 2023/12/31	Performance evaluation of the Board of Directors, individual Board members and functional committees.	<p>According to the provisions of the Company's "Board of Directors' Performance Evaluation Guidelines", the performance evaluation of the Board of Directors shall be conducted at least every three years by an external professional and independent organization or a team of external experts and scholars</p> <p>The external evaluation was executed by the "Chinn Management Consultant Co." in 2023, and the association and the executive experts have no business dealings with the Company and are independent.</p> <p>The former association conducted self-assessment by the company through an open questionnaire, and after the evaluation committee reviewed the relevant documents provided by the company, three evaluation committee members were appointed to conduct a video interview with the Chairman of the Board of Directors, Convener of the Functional Committee of the Board of Directors, General Manager, Corporate Governance Director, and Audit Director of our Company on March 14, 2024.</p>	<p>The operation of our Company's board of directors are reviewed from eight major aspects: composition of the board of directors, guidance of the board of directors, authorization of the board of directors, supervision of the board of directors, communication of the board of directors, internal control and risk management, self-discipline of the board of directors, and other aspects such as board meetings and support systems.</p> <p>The results of the Board of Directors' performance evaluation were presented to the 9th meeting of the 7th session of the Board of Directors on March 14, 2024 as a basis for review and improvement. The contents of the evaluation, the method of evaluation, the status of implementation and the results of the evaluation have been disclosed on the Company's website at https://www.tonggroup.com.tw</p>
Once per year	2023/1/1~ 2023/12/31	Performance evaluation of the Board of Directors, individual Board members and functional committees.	<p>Performance evaluation by internal board self-evaluation, self-evaluation by board members, self-evaluation by peers, appointment of external professional bodies, experts or other appropriate means.</p>	<p>(I) The evaluation aspects of board members include: There are 23 items in 6 major categories: mastery of corporate goals and tasks, awareness of directors' responsibilities, participation in corporate operations, internal relations and communication, professionalism and continuing education of directors, as well as internal control.</p> <p>(II) The evaluation aspects of each functional committee include: There are 23-24 items in 5 major categories: participation in the company's operation, awareness of functional committee responsibilities, improvement of the quality of functional committee decisions, composition and selection of functional committee members, and internal control.</p> <p>(III) The evaluation aspects of board of director include: There are 45 items in 5 major categories: participation in company operations, improving the quality of board decisions, board composition and structure, selection and continuing education of directors, and internal control.</p> <p>The results of the Board of Directors' performance evaluation were presented to the 9th meeting of the 7th session of the Board of Directors on March 14, 2024 as a basis for review and improvement. The contents of the evaluation, the method of evaluation, the status of implementation and the results of the evaluation have been disclosed on the Company's website at https://www.tonggroup.com.tw</p>

3. Continuing Education of Directors and Supervisors

Title	Name	Date of Study	Organizer	Course	Hours
Director	Tsai, Ching-Tung	2023/08/22	Taiwan Corporate Governance Association	From CSR to ESG corporate management thinking	3.0
Corporate Director Representative	Tsai, Hung-Chuan	2023/08/22	Taiwan Corporate Governance Association	From CSR to ESG corporate management thinking	3.0
Corporate Director Representative	Tsai, Yi-Ting	2023/08/22	Taiwan Corporate Governance Association	From CSR to ESG corporate management thinking	3.0
Independent Director	Wang Shin-Kun	2023/08/22	Taiwan Corporate Governance Association	From CSR to ESG corporate management thinking	3.0
Independent Director	Yang Po-Min	2023/08/22	Taiwan Corporate Governance Association	From CSR to ESG corporate management thinking	3.0
Independent Director	Chen Yung-Lung	2023/08/22	Taiwan Corporate Governance Association	From CSR to ESG corporate management thinking	3.0
Independent Director	Chiu, Joun-Fu	2023/08/22	Taiwan Corporate Governance Association	From CSR to ESG corporate management thinking	3.0
Director	Tsai, Ching-Tung	2023/11/08	Taiwan Corporate Governance Association	Corporate sustainability and performance reward practices	3.0
Corporate Director Representative	Tsai, Hung-Chuan	2023/11/08	Taiwan Corporate Governance Association	Corporate sustainability and performance reward practices	3.0
Corporate Director Representative	Tsai, Yi-Ting	2023/11/08	Taiwan Corporate Governance Association	Corporate sustainability and performance reward practices	3.0
Independent Director	Wang Shin-Kun	2023/11/08	Taiwan Corporate Governance Association	Corporate sustainability and performance reward practices	3.0
Independent Director	Yang Po-Min	2023/11/08	Taiwan Corporate Governance Association	Corporate sustainability and performance reward practices	3.0
Independent Director	Chen Yung-Lung	2023/11/08	Taiwan Corporate Governance Association	Corporate sustainability and performance reward practices	3.0
Independent Director	Chiu, Joun-Fu	2023/11/08	Taiwan Corporate Governance Association	Corporate sustainability and performance reward practices	3.0

(II) Operation of Audit Committee

- In total, Seven (A) Audit Committee meetings were convened in 2023 and as of the publication of this annual report, and the attendance status is as follows:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Comments
Independent Director	Wang Shin-Kun	7	0	100.00	No
Independent Director	Yang Po-Min	6	1	85.71	No
Independent Director	Chen Yung-Lung	7	0	100.00	No
Independent Director	Chiu, Joun-Fu	3	1	75.00	(Note)

Notes:

1. If the Audit Committee has any of the following cases, the date and session of the Board meeting, contents of motions, resolution of the Audit Committee, and actions taken by the Company regarding the opinions of the Audit Committee shall be specified:
 - (1) Matters specified in Article 14-5 of the Securities Exchange Act:
 - (1).Approved by the 7th 4th Board of Directors Meeting on March 14, 2023:
 - (a) Amendment to the Articles of Association.
 - (b) Amendment to the "Procedures for the Acquisition or Disposal of Assets".
 - (c) Amendment to the "Code of Practice for Corporate Social Sustainability".
 - (d) Revision of the "Code of Corporate Governance Practices," "Key Points to be Observed in the Establishment of the Board of Directors and the Exercise of its Functions and Powers," and "Self-assessment and Inspection Practices.
 - (e) Establishment of the "Code of Conduct for Financial Operations between Related Parties".
 Resolution: The motions listed above were approved by the Board of Directors.
 - (2) Approved by the 7th 8th Board of Directors Meeting on November 08, 2023
 - (a) Amendments to "Key Points to be Observed in the Establishment and Exercise of the Functions of the Board of Directors".
 Resolution: The motions listed above were approved by the Board of Directors.
 - (3) Approved by the 7th 9th Board of Directors Meeting on March 14, 2024:
 - (a) Amendment to the "Rules of Procedure for Shareholders' Meetings", "Rules for Board of Directors Meetings", "Company Code of Integrity Management" case
 - (b) Amendments to the ""Board of Directors Performance Evaluation Methods" case.
 Resolution: The motions listed above were approved by the Board of Directors.
 - (2) Except for the aforementioned items, resolutions that were not approved by the Audit Committee but were approved by two-thirds or more of all Directors: None.
 - (3) Actions taken by the Company regarding such opinions of the Audit Committee: None.
2. For situations where Independent Directors recuse themselves from any motion due to a conflict of interest, the Independent Directors' names, contents of motions, causes for the recusal, and participation in voting shall be specified: None.
3. Communications between the Independent Directors, the internal audit supervisor, and CPAs (including important issues concerning the finance and business of the Company and the means and outcomes of communication).
 - (1) In addition to regularly communicating with the members of the Audit Committee for the results of audit reports, the internal audit supervisor shall report the internal audit status in the Audit Committee meeting on a quarterly basis and will also report to the members of the Audit Committee in a timely manner in the case of any special circumstances. No such special circumstances occurred in 2023
 - (2) CPAs of the Company shall report the audit results of financial statements in the Audit Committee meeting on a quarterly basis and will also report to the members of the Audit Committee in a timely manner in the case of any special circumstances. No such special circumstances occurred in 2023

(Note 1): Director Ko, Wen-Ling, resigned on June 7, 2023.

(Note 2): Independent Director Chiu, Joun-Fu will take office on June 7, 2023 through a by-election.

(III) Important resolutions of the Shareholders' Meeting and Board Meetings and their implementation status

1. Important resolutions of the shareholders' meeting and their implementation status

The Annual General Meeting was held on June 07, 2023, and the approved items and the implementation status of the resolutions were as follows.

· Recognition of the Company's 2022 operating report and financial statements

Implementation status: Recognition of 2022 financial statements, full year consolidated operating revenue of NT\$15,428,409 thousand, profit after tax of NT\$914,430 thousand and earnings per share of NT\$4.53.

· Acknowledgement of the Company's 2022 Annual Earnings Allocation.

Implementation status: Approved a cash dividend of NT2.0 per common share. An ex-dividend date of July 04, 2023 was set and a cash dividend was paid on July 25, 2023.

· Amendment to the "Articles of Association"

Implementation status: The resolution was approved and has been executed in accordance with the resolution of the shareholders' meeting

· Amendment to the "Procedures for the Acquisition or Disposal of Assets"

Implementation status: The resolution was approved and has been executed in accordance with the resolution of the shareholders' meeting

· Amendment to the "Code of Practice for Sustainable Development "

Implementation status: The resolution was approved and has been executed in accordance with the resolution of the shareholders' meeting

· Amendment to the "Rules of the Shareholders' Meeting".

Implementation status: The resolution was approved and has been executed in accordance with the resolution of the shareholders' meeting

· Amendments to the "Rules of Procedure for Meetings of the Board of Directors"

Implementation status: The resolution was approved and has been executed in accordance with the resolution of the shareholders' meeting

· By-election of independent directors of the Company.

Implementation status: The resolution was approved and has been executed in accordance with the resolution of the shareholders' meeting

2. Important Resolutions of the Board

(1) Board of Directors Meeting on March 14, 2023 :

· 2022 Annual Report on Operations and Consolidated Financial Statements

Execution: Resolution adopted. Report to the shareholders' meeting for resolution.

· 2022 Distribution of the earnings

Execution: Resolution adopted. Report to the shareholders' meeting for resolution.

· Statement of the Company's Internal Control System

Execution: Resolution adopted.

· Adjustment of KGI Bank's Credit Facility and Cayman Tong Ming Endorsement Guarantee

Execution: Resolution adopted.

· Revision of the "Articles of Association" case.

Execution: The resolution is passed and submitted to the shareholders meeting for resolution.

· Amendment to the "Procedures for Acquisition or Disposal of Assets".

Execution: The resolution is passed and submitted to the shareholders meeting for resolution

· Revised the "Code of Practice for Sustainable Development".

Execution: The resolution is passed and submitted to the shareholders meeting for resolution

· Revised the "Corporate Governance Code of Practice", "Main Points of Matters to Be Followed in

Establishing the Board of Directors and Exercising Powers", and "Self-Assessment and Inspection Operation".

Execution: Resolution passed.

· Newly drafted the "Related Operating Standards for Financial Business among Related Parties".

Execution: Resolution passed.

· Employee remuneration and director remuneration distribution case in 2022.

Execution: The resolution is passed and submitted to the shareholders meeting for resolution

· The Company proposes to call the 2024 Annual General Meeting of Shareholders.

Execution: Resolution passed.

(2) Board of Directors on March 29, 2023:

· By-election of independent directors of the company.

Execution: The resolution is passed and submitted to the shareholders meeting for resolution

· The Company proposes to call the 2024 Annual General Meeting of Shareholders.

Execution: Resolution passed.

(3) The Board of Directors on March 12, 2023:

· Cayman Tong Ming New Endorsement Guarantee Case.

Execution: Resolution passed.

(4) The Board of Directors on August 22, 2023:

· It is proposed to pass the consolidated financial statements for the second quarter of 2023.

Execution: Resolution adopted.

(5) The Board of Directors on November 8, 2023:

· Drafted the company's 2024 annual operating plan (annual budget).

Execution: Resolution adopted.

· To formulate the company's 2024 annual audit plan.

Execution: Resolution adopted.

· "The key points to be observed in the establishment and exercise of powers of the board of directors" amendment.

Execution: Resolution adopted.

·The new appointment of the company's information security manager and information security personnel.

Execution: Resolution adopted.

·It is planned to formulate a general principle plan for the company's pre-approval of non-confidential service policies.

Execution: Resolution adopted.

·Review case regarding the company's "Director's Remuneration and Attendance Fee Payment Method"

Execution: Resolution adopted.

(6) The Board of Directors on March 14, 2024:

·The company's 2023 annual business report and consolidated financial statements.

Execution situation: The resolution is passed and submitted to the shareholders' meeting for resolution.

·The Company's 2023 earnings distribution proposal.

Execution situation: The resolution is passed and submitted to the shareholders' meeting for resolution. ·The company's internal control system statement.

Execution: Resolution adopted.

·Cayman Dongming's endorsement guarantee limit is adjusted.

Execution: Resolution adopted.

·Proposal to amend the "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board of Directors" and "Company Code of Integrity Management"

Execution situation: The resolution is passed and submitted to the shareholders' meeting for resolution.

·Revision of the "Board of Directors Performance Evaluation Methods".

Execution: Resolution adopted.

·112 year employee compensation and director compensation distribution plan.

Execution situation: The resolution is passed and submitted to the shareholders' meeting for resolution.

·It is proposed to convene the 2024 Annual General Meeting of Shareholders of the Company.

Execution: Resolution adopted.

(7) The Board of Directors on March 13, 2024:

·It is proposed to pass the consolidated financial statements for Q1 of 2024.

Execution: Resolution adopted.

·Cayman Dongming's endorsement guarantee limit is adjusted.

Execution: Resolution adopted.

·Amendments to the "Articles of Association of the Audit Committee" and the "Act on the Determination of the Exercise of Functions and Powers of the Audit Committee"

Execution: Resolution adopted.

·Evaluation of the Independence and Suitability of Certified Public Accountants and Appointment of Remuneration Case

Execution: Resolution adopted.

·Appointment of Deputy General Manager of Operations Management Center of the Company

Execution: Resolution adopted.

·The case of Ms. Tsai, Chia-Yen dismissal from the manager's non-competition ban.

Execution: Resolution adopted.

(IV) Implementation of Corporate Governance Practices and Non-compliance with Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and Reasons

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
I. Does the Company follow "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" to establish and disclose its corporate governance practices?	V		The Company has formulated the Corporate Governance Principles and Practice according to the "Corporate Governance Best-Practice Principles for TWSE- TPEX-listed Companies", and were disclosed on the Company's website.	No major non-compliance
II. Ownership structure and shareholders' rights (1) Does the Company have internal operation procedures to handle shareholders' suggestions, concerns, disputes, and litigations? If yes, have these procedures been implemented accordingly? (2) Does the Company possess a list of major shareholders and ultimate owners of these major shareholders? (3) Has the Company created and executed a risk management system and firewall between itself and affiliates? (4) Does the Company have internal rules to prevent insiders from using undisclosed information to trade securities?	V V V V		(1) The Company has entrusted a dedicated stock affair agent in Taiwan for related issues and a spokesman and acting spokesman for shareholders' proposals. (2) The Company properly knows the shareholding situation of Directors, managers, and major shareholders holding 10% or more of the shares. (3) The assets, rights, and liabilities of financial management are independent for each affiliated company. The Company has established related management rules with affiliated companies for it. (4) The company has formulated the "Internal Material Information Processing and Insider Trading Prevention Management Operation Procedures" to strengthen the corporate culture and insider stock trading control measures to prevent insider trading.	No major non-compliance
III. Composition and duties of the Board of Directors (1) Has the Company established a diversification policy for the composition of its Board of Directors and has it been implemented accordingly? (2) Other than the Compensation and Audit Committees, which are required by law, does the Company plan to set up other functional committees?	V V		(1) The company advocates and respects the policy of director diversity. In order to strengthen corporate governance and promote the sound development of the composition and structure of the board of directors, it is believed that the diversity policy will help improve the company's overall performance. The members of the board of directors are selected based on the principle of meritocracy and have diverse and complementary capabilities across industry fields, including basic composition (such as age, gender, nationality, etc.), and each has industry experience and related skills (such as: finance, accounting, Law, information technology and public welfare, etc.), as well as business judgment, business management, leadership decision-making and crisis management capabilities. In order to strengthen the functions of the board of directors and achieve the ideal goals of corporate governance, Article 20 of the company's "Corporate Governance Code" clearly states the capabilities that the entire board of directors should possess. For relevant explanations, please see Director Diversity and Independence on page 10-12. (2) The Company has set up the Audit and Compensation Committee, each of which consists of three Independent Directors. As for other functional committees, the Board of Direction will authorize to set them up separately as per request in the future.	No major non-compliance

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
(3) Does the Company establish a Board of Directors' performance evaluation rule and its evaluation method, conduct performance evaluation annually and regularly, and report the results of performance evaluation to the Board of Directors, and use individual directors' remuneration and nomination as reference?	V		(3) In order to improve our corporate governance, the Company's Regulations for the Board of Directors' Performance Appraisal stipulates that the Board of Directors of the Company shall conduct a performance evaluation at least once a year using questionnaires for self-evaluation, and report the results of the performance evaluation to the board of directors and disclose them on the company's website.	
(4) Does the Company periodically evaluate the independence of its CPAs?	V		(4) Before the company selects an accountant every year, its independence and suitability must be reviewed and resolved by the audit committee and the board of directors. In addition, the certified accountant is required to provide a "Declaration of Detachment of Independence" and "Audit Quality Indicators (AQIs)". The company confirms that the accountant has no other financial interests and business relationships with the company except for visa and financial tax case fees. The accountant's family The appointment and fees of accountants can only be reviewed after members have not violated independence requirements. Accountant independence assessment items include Note 1 and Note 2	
IV. Has the Company established an exclusively (or concurrently) dedicated corporate governance unit or personnel to handle matters pertaining to corporate governance (including but not limited to providing information required for business execution by directors and supervisors, handling matters relating to board meetings and shareholders' meetings according to laws and regulations, handling corporate registration and amendment registration, producing minutes of board meetings and shareholders' meeti	V		On March 16, 2021, the Company's Board of Directors appointed the Head of Corporate Governance to be responsible for corporate governance-related matters and to coordinate with other departments on corporate governance matters. In addition, the shareholder affairs department is responsible for matters related to the board of directors' and shareholders' meetings, registration of companies and changes in registration, and preparation of minutes of board of directors' and shareholders' meetings.	No major non-compliance
V. Has the Company established a communication channel with its stakeholders (including but not limited to shareholders, employees, customers, and suppliers) and created a stakeholder section on the Company's website to respond to their questions on corporate social responsibilities?	V		The Company has a spokesman and acting spokesman, as well as a litigation and non-litigation agent in the R.O.C. to inquire about the operation status or related rights issues with its stakeholders as investors. A stakeholder section has also been created on the website, and stakeholders can contact the Company via telephone, paper, fax, and e-mail at any time.	No major non-compliance
VI. Has the Company appointed a professional registrar to organize the Shareholders' Meetings?	V		The Company has appointed the stock management service department of KGI Securities to manage issues related to shareholders and has assigned professional personnel to handle stock affairs.	No major non-compliance
VII. Information disclosure (1) Does the Company have a website that discloses financial business and corporate governance information?	V		(1) The Company discloses corporate information through the website in Chinese, and information about finances,	No major non-compliance

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
			business, and corporate governance can be queried on MOPS.	
(2) Does the Company use other information disclosure methods (e.g., setting up an English website, designating a person to collect and disclose company information, implementing a spokesperson system, placing the Company's website in the process of the institutional investor conference, etc.)? (3) Does the Company announce and report its annual financial report within two months after the end of the fiscal year, and announce and report its first, second and third quarter financial reports and operating status for each month well in advance of the required deadline?	V		(2)The Company has a spokesman and acting spokesman for information collection and disclosure and as a bridge of external communication and irregularly holds investor conferences to increase information transparency. The content of such investor conferences will be placed on the Company's official website and MOPS website. (3) The Company announces and reports its financial reports for each period in accordance with the requirements of the competent authorities.	
VIII. Does the Company have other important information to facilitate a better understanding of the Company's corporate governance practices (including but not limited to employees' rights and welfare, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and insurance for directors and supervisors provided by the Company)?	V		(1) Employees' rights and welfare: Excellent employees are the Company's most valuable asset. The Company expects every employee to endeavor toward the development of the Company with a high sense of responsibility while creating a good work environment for the employees and providing them with welfare, training, and opportunities for advancement. (2) Investor relations: The Company has setup a spokesman system and a litigant and non-litigant agent in the R.O.C. to get information about company operations and issues related to rights for investors, customers, suppliers, and stakeholders. Meanwhile, the Company discloses significant financial information on the MOPS website as regulated, as well as such information that may influence the decision-making of investors. (3) Stakeholder rights: The Company maintains smooth communication with the dealing banks, employees, customers, and suppliers, respecting and ensuring their due legal rights. In addition to setting up a spokesman system and litigant and non-litigant agent, the Company also honestly discloses highly transparent financial information for the stakeholders pursuant to regulations. (4) Continuing education of Directors and Supervisors: The Company has appointed Taiwan Corporate Governance Association and invites securities underwriters to give corporate governance lessons, as well as applies the Security Act of the R.O.C. to the Directors and Supervisors for a better understanding of their own responsibilities. (5) Risk management policy and risk measurement standards: The Company has set up an internal control system and relevant regulations and implements the policy and regulations accordingly. (6) Customer policy implementation: The Company has set	No major non-compliance

Assessment Item	Status			Non-compliance and Reasons
	Yes	No	Description	
			<p>up a customer service department with designated personnel for after-sales service, and customers can submit complains via paper, e-mail, or telephone, which will be tracked and managed to ensure their rights and benefits.</p> <p>(7) The Company has bought liability insurance for all directors and key persons with a cumulative liability limit of US\$2 million. The Company no longer has the Supervisor position.</p>	
IX. The improvement status for the outcome of Corporate Governance Evaluation announced by Taiwan Stock Exchange Corporate Governance Center and the priority of pending issues.	V		<p>(1) In 2021, the Company establishes a corporate governance officer to be responsible for corporate governance-related matters and will explain the operation and execution of this unit in the annual report and on the Company's website.</p> <p>(2) In 2021, the Company will publish significant information in Chinese and simultaneously in English.</p>	

Note 1 : Items for assessment of the CPA's independence

Appraisal Items	Results	Compliant with Independence?
The CPA and/or any of his/her family members has/have no direct or indirect significant financial interest in the Company.	YES	YES
The CPA and/or any of his/her family members has/have no financing or guarantee relations with the Company or its directors.	YES	YES
The CPA and/or any of his/her family members has/have no commercial relations with the Company, or any of its directors or managers.	YES	YES
Currently or in the most recent two years, the CPA does/did not hold any posts in the Company, such as the director, manager or any post which significantly influences the auditing work, neither did company promise its CPA any foregoing post.	YES	YES
The CPA did not receive from the Company or its directors, managers, or major shareholders any offer or gift, the value of which exceeds the usual social etiquette standards.	YES	YES
The CPA's audit team has implemented the necessary procedures regarding independence/conflicts of interests without any violation of the independence or any unsettled conflict of interests	YES	YES
Note: Family members: They mean the CPA's spouse (or cohabitant), minors or other dependents. Audit period: It usually begins from the date on which the members of the audit team start auditing and ends on the date when the audit report is issued. If the audit case is cyclical, the cycle period belongs to the audit period.		

Note 2 : Qualification Assessment Form for Independent Auditor:

Appraisal Items	Results
The independent auditor completed the company's financial reports for each period as scheduled and verified the accuracy of the report and preparation	YES
Whether the independent auditor interacts frequently with company management personnel (internal auditors, etc.) and leaves records	YES
Whether the independent auditor interacts frequently with company management personnel (internal auditors, etc.) and leaves records Whether the accountant has appropriate interactions with the audit committee and keeps records before audit planning and issuing audit opinions	YES
Whether the independent auditor makes positive suggestions on the company's system and internal control audit and leaves records	YES
Regularly proactively update the company on tax and securities regulations and update and revise IFRS accounting standards	YES
Communication and responses to questions asked	YES
Assist in communication and coordination with competent authorities	YES

(V) In case the Company has a Compensation Committee, the composition, duties, and operation shall be disclosed.

1. Members of the Compensation Committee

separate Name		condition	Professional qualifications and experience	Independence situation	Number of independent directors of other public companies
independent director	Wang Shin-Kun		For the professional qualifications and experience of directors, please refer to this annual report, information on board members (pages9-10)	All independent directors meet the following conditions: 1. Comply with the relevant provisions of Article 14-2 of the Securities and Exchange Act of the Financial Supervisory Commission and the "Regulations on the Establishment of Independent Directors of Public Offering Companies and Matters to Be Followed" (Note 2) 2. I (or in the name of others), spouse and minor children do not hold company shares 3. The amount of remuneration received from providing business, legal, financial, accounting and other services to the company or its affiliates in the last two years	0
independent director	Yang Po-Min		None of the directors has any of the conditions of Article 30 of the Company Law		1
independent director	Chen Yung-Lung				2
independent director	Chiu, Joun-Fu				0

Note 2: Please tick the corresponding boxes that apply to all members the two years prior to being elected or during the term of office.

- (1) Not an employee of the Company or any of its associates.
- (2) Not a director or supervisor of the Company or any of its associates. (Not applicable in cases where the person is also an independent director of the Company, its parent company, or any subsidiary in which the Company holds following the Act or the laws and regulations of the local country.)
- (3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
- (4) Not a manager in subparagraph (1), a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three subparagraphs.
- (5) A director, supervisor or employee of a corporate shareholder who does not directly hold 5% or more of the Company's total outstanding shares, who holds the top five shares, or who has appointed a representative as a director or supervisor in accordance with Article 27, paragraph 1 or 2, of the Company Act (Not applicable in cases where the person is also an independent director of the Company, its parent company, or any subsidiary in which the Company holds following the Act or the laws and regulations of the local country.)
- (6) If a majority of the company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. (Not applicable in cases where the person is also an independent director of the Company, its parent company, or any subsidiary in which the Company holds following the Act or the laws and regulations of the local country.)
- (7) If the chairperson, general manager, or person holding an equivalent position of the company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution. (Not applicable in cases where the person is also an independent director of the Company, its parent company, or any subsidiary in which the Company holds following the Act or the laws and regulations of the local country.)
- (8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. (Not applicable in cases where the person is also an independent director of the Company, its parent company, or any subsidiary in which the Company holds following the Act or the laws and regulations of the local country.)
- (9) A professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, does not provide auditing services to the company or any affiliate of the company, or that provides commercial, legal, financial, accounting or related services to the company or any affiliate of the company for which the provider in the past 2 years has received cumulative compensation exceeding NT\$500,000, or a spouse thereof; provided, this restriction does not apply to a member of the remuneration committee, public tender offer review committee, or special committee for merger/consolidation and acquisition, who exercises powers pursuant to the Securities and Exchange Act or to the Business Mergers and Acquisitions Act or related laws or regulations.
- (10) Not been a person of any conditions defined in Article 30 of the Company Law.

Note 3: If a member is a director, please state whether he/she meets the requirements of Article 6, Paragraph 5 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange"

2. Operation of the Compensation Committee

(1) The Company's Compensation Committee comprises Four members.

(2) Term: June 14, 2022~ June 13, 2025. The Compensation Committee held four (A) Member qualifications and attendance status are as follows:

Title	Name	Attendance In Person (B)	By Proxy	Actual Attendance Rate (%) (B/A) (Note)	Comments
Convener	Wang Shin-Kun	4	0	100%	No
Member	Yang Po-Min	3	1	75.00%	No
Member	Chen Yung-Lung	4	0	100%	No
Member	Chiu, Joun-Fu	2	1	66.67%	(Note)

Notes:

I. The date and session of the Board Meeting, contents, resolution, and implemented measures concerning the recommendation of the Compensation Committees shall be stated if the recommendation of the Compensation Committee is not adopted or is revised by the Board of Directors (For example, if the compensation passed by the Board of Directors is higher than the recommendation of the Compensation Committee, the discrepancy and reason therefor shall be stated): N/A.

II. The date and session of the Compensation Committee meeting, contents, opinions of all members, and implemented measures shall be stated if any objections or opinion indicates reservations about the resolution of the meeting with records or stated in writing: N/A.

Note : Independent Director Chiu, Joun-Fu will take office on June 7, 2023 through a by-election

(VI) Implementation of promoting sustainable development and differences and reasons from the code of practice for sustainable development of listed companies

Promotion items	Actual Implementation (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
I. Has the Company established a governance structure to promote sustainable development and set up a dedicated (or part-time) unit to promote sustainable development, which unit is handled by senior management as authorized by the Board of Directors? And how does the board of directors supervise the same?	V		<p>The Company has established the ESG Committee, the Deputy General Manager serves as the Director and colleagues from other departments inside the Group are members, and there are functional groups in the Committee; through jointly inspecting the Company's operational strategies and capacities with senior supervisors in different fields, the ESG Committee sets medium-term and long-term sustainable development plans.</p> <p>The ESG Committee reports the sustainability implementation achievements and future work plans to the Board of Directors at least once every year, and the proposal contents include (1) identifying sustainability</p>	No major non-compliance

Promotion items	Actual Implementation (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor									
	Yes	No	Summary description										
			<p>issues that require attention and formulating corresponding action plans; (2) goals and policy revisions of sustainability-related issues; (3) supervising the implementation of sustainable management matters and evaluating the implementation. The Board of Directors will also evaluate the success of the strategies and the progress of the implementation, and will urge for adjustments when necessary.</p> <p>The Board of Directors inspects the strategies and target progress irregularly, and urges the Company to adjust direction when necessary to meet stakeholders' expectations and be aligned with the global community.</p>										
II. Does the Company conduct risk assessments of environmental, social and corporate governance issues related to the Company's operations and formulate relevant risk management policies or strategies in accordance with the principle of materiality? (Note 2)		V	Please refer to Schedule 1 for details.	No major non-compliance									
III. Environmental Issues	V		(1) When promoting environmental protection business, our company must not only comply with relevant laws and regulations, but also be in line with international development trends. In response to international trends and customer requirements, the company's business units have established environmental management systems, obtained ISO14001 certification, and continue to promote the company's environmentally sustainable development	No major non-compliance									
(1) Has the Company established a proper environmental management system based on the characteristics of its industry?													
(2) Has the company made efforts to improve the efficiency of resources utilization and use recycled materials which have a low impact	V		(2) The company systematically manages the group's energy use by introducing the ISO50001 energy management system and passing third-party verification, and continuously improves the utilization efficiency of various resources and the recycling and reuse of raw materials.	No major non-compliance									
(3) Has the company assessed the current and future potential risks and opportunities of climate change for the business and taken measures to address climate related issues?	V		(3) The company follows the TCFD proposal framework to assess the risks and opportunities of climate change for the company. Details can be found in the environmental chapter of the company's sustainability report and the company's website.	No major non-compliance									
(4) Has the Company compiled statistics on greenhouse gas (GHG) emissions, water consumption and total weight of waste in the past two years, and formulated policies on energy conservation, carbon reduction, GHG reduction, water consumption reduction or other waste management?	V		<p>(4) The Company's statistics are as follows:</p> <p><u>Greenhouse gas emissions:</u>(Unit: metric tons CO₂e)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>Area I</th> <th>Area II</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>1,425</td> <td>12,912</td> </tr> <tr> <td>2022</td> <td>1,487</td> <td>14,550</td> </tr> </tbody> </table> <p>Short-term target: The greenhouse gas emission from unit energy consumption declines by 1~2% (Scope 1 + Scope 2)</p>	Year	Area I	Area II	2023	1,425	12,912	2022	1,487	14,550	No major non-compliance
Year	Area I	Area II											
2023	1,425	12,912											
2022	1,487	14,550											

Promotion items	Actual Implementation (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor															
	Yes	No	Summary description																
			<p>Long-term targets:</p> <p>1. The cumulative greenhouse gas emission from unit energy consumption declines by 5~10% Carbon neutrality is forecast to be the target in the future.</p> <p><u>water consumption</u></p> <p style="text-align: right;">(Unit : ML)</p> <table border="1"> <thead> <tr> <th>Year</th> <th>water intake</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>172,528</td> </tr> <tr> <td>2022</td> <td>172,976</td> </tr> </tbody> </table> <p>Short-term target: the unit water consumption of fastener products declines by 3%, and the water consumption target is 1.27 ton/ton of fasteners</p> <p>Long-term targets:</p> <p>1. The ratio of reclaimed water reaches 15%; The total water discharge is no more than 190,000 tons.</p> <p><u>Waste Generation (Unit: tons)</u></p> <table border="1"> <thead> <tr> <th>Year</th> <th>Stretching Powder</th> <th>Hazardous waste</th> </tr> </thead> <tbody> <tr> <td>2023</td> <td>28</td> <td>1,806</td> </tr> <tr> <td>2022</td> <td>73</td> <td>2,264</td> </tr> </tbody> </table> <p>Short-term targets:</p> <p>1. The hazardous waste disposal rate is 100% 2. The recycling rate of waste oil is 93%</p> <p>Long-term targets:</p> <p>1. Waste oil recycling. 2. The sludge per tone of waste water declines by 20~25%.</p>	Year	water intake	2023	172,528	2022	172,976	Year	Stretching Powder	Hazardous waste	2023	28	1,806	2022	73	2,264	
Year	water intake																		
2023	172,528																		
2022	172,976																		
Year	Stretching Powder	Hazardous waste																	
2023	28	1,806																	
2022	73	2,264																	
IV. Social Issues																			
(1) Has the Company established its management policies and procedures in accordance with relevant laws, regulations, as well as international conventions regarding human rights?	V		(1)The company abides by the laws and regulations of each operating base around the world, is committed to safeguarding the basic human rights of employees, and protecting the legitimate rights and interests of employees. It supports and abides by the United Nations Universal Declaration of Human Rights, the United Nations Global Covenant, the International Labor Convention and other internationally recognized laws and regulations. Human rights conventions and standards establish the spirit of treating and respecting all employees fairly, reasonably, and kindly, and treating and respecting all colleagues with dignity, including full-time employees, temporary employees, immigrant employees, interns, contracted personnel, etc., and will This spirit is extended to partners.	No major non-compliance															
(2) Has the company established and implemented reasonable employee benefit measures (including compensation, vacation and other benefits) and properly reflected	V		(2)The company has always treated its employees with sincerity and established a good relationship of mutual trust and mutual dependence with its employees through a welfare system that enriches and stabilizes employees' lives and a good education	No major non-compliance															

Promotion items	Actual Implementation (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and reasons therefor
	Yes	No	Summary description	
operating performance or results in employee compensation?			and training system. The company complies with relevant labor laws and regulations, protects the reasonable rights and interests of employees, provides employees with a safe and healthy working environment, and appropriately reflects operating performance in employee remuneration.	
(3) Has the company provided a safe and healthy work environment for employees and provided education on safety and health for employees on a regular basis?	V		(3) The company establishes occupational safety and health policies, regulations and plans, pursues zero injuries, zero occupational diseases, and zero accidents, and introduces the ISO 45001 occupational safety and health management system for verification.	No major non-compliance
(4) Has the company established an effective career development and capability training program for its employees?	V		(4) The company has formulated education and training methods and encourages employees to cooperate with the company's operational development and perform relevant functional training.	No major non-compliance
(5) Does the Company comply with relevant regulations and international standards regarding customer health and safety, customer privacy, marketing and labeling of its products and services, and has it formulated relevant policies and complaint procedures to protect consumer rights?	V		(5) The company's marketing and labeling of products are carried out in accordance with relevant laws, regulations and international standards.	No major non-compliance
(6) Does the company have a supplier management policy requiring suppliers to comply with relevant regulations governing environmental protection, occupational safety and health, or human rights in the workplace, and how is it implemented?	V		(6) The company has always adhered to the belief of sustainable management to grow together with its supplier partners, continue to deepen cooperative relationships, and promote concepts such as environmental protection, health and safety, and ethics to be extended to the upstream and downstream of the supply chain; with the power of purchasers exert a positive influence on suppliers and jointly create a high-quality business model that takes into account various corporate social responsibilities. When facing suppliers, in addition to basic quality and delivery requirements, we also hope that manufacturers can pay attention to and implement labor, health and safety, environmental protection, ethics, and management systems to jointly create a green supply chain and excellent labor environment.	No major non-compliance
V. Did the Company make reference to international standards or guidelines for the preparation of reports in preparing its sustainability reports and other reports that disclose non-financial information about the Company? Did the Company obtain a third-party certification agency's confirmation or assurance opinion on said reports?	V		The company's sustainability report is prepared with reference to the Global Reporting Initiative (GRI) GRI-Standard Sustainability Reporting Standards. The aforementioned report will be confirmed by a third-party verification unit depending on the situation in the future.	No major non-compliance

Promotion items	Actual Implementation (Note 1)			Deviation from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons therefor
	Yes	No	Summary description	
VI. If your company has established sustainable development principles based on "Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies", please describe differences between the principles and their implementation: No major non-compliance.				
VII. Other key information useful for explaining the promotion and execution of sustainable development:				
<ol style="list-style-type: none"> 1. Environmental protection: The company's production process has complete regulations on quality management, safety and health, environmental protection, etc., and complies with the inspection standards and environmental protection regulations of the competent authorities. 2. Community participation: In addition to focusing on business development, the company also responds to charitable activities for disadvantaged social groups from time to time, and actively participates in related activities such as community relations and good neighborliness. It also has a professional mobile optometry van that goes to various places to provide vision examinations and various vision health lectures. , and fulfill the company's social responsibilities, such as consumer rights and social welfare, etc. 3. Social welfare: regular and irregular feedback and donations to local villages and charitable groups. 4. Consumer rights: Each branch of the company has a customer service unit with full-time personnel to handle customer after-sales service. Customers can make complaints in writing, email or over the phone. There is a tracking and management mechanism for customer responses and feedback. , to ensure customer rights. 5. Human rights and safety and health: The company handles five insurances and one fund for employees in accordance with the law; in addition, in accordance with the formulation of safety and health work-related codes, it conducts safety and health education and training, promotes safety and health regulations, and holds employee health examinations every year. 				

Note 1: When the implementation status is [Yes], please describe the important policies, strategies and measures adopted and the implementation status; when the implementation status is [No], please describe the discrepancies and reasons thereof in the column for Deviations from Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies and reasons thereof, and explain the future plans for adopting relevant policies, strategies and measures. In terms of the Assessment Items I & II, the TWSE/TPEX listed companies shall describe their governance and stewardship framework for sustainable development, including but not limited to establishing management policies, strategies and goals, reviewing measures, etc. Additionally, the companies shall describe their risk management policies or strategies of issues relating to the environment, society and corporate governance in the Company's operations and risk evaluation.

Note 2: The materiality principle means any issues relating to the environment, society or corporate governance which have significant impacts on the Company's investors or other stakeholders.

Note 3: For disclosure, Please refer to the examples for Best Practice Principles on the website of Corporate Governance Center of Taiwan Stock Exchange (TWSE).

Risk category	Risk description	Risk management strategies (Countermeasures)
Sustainable environment	Continuous increase in greenhouse gas emissions	1. Establish the ESG Committee with the Deputy General Manager as the Director, hold meetings regularly every year, inspect power-saving and carbon emission targets and improvement measures, etc., and report results to the higher level.
	Failure of effective energy conservation	2. Establish the greenhouse gas inventory mechanism which meets stakeholders' requirements. 3. Improvement measures include phase-out and replacement of old energy-consuming equipment within factories in accordance with relevant government rules, installation of solar panels, and phase-out EER-3 motors by replacing with EER-2 motors; solutions to some emission during the electrostatic machine production process.
	Continuous increase in waste water discharge	1. Manage water of productive use in production lines and reduce water resource consumption and reduce waste water disposal volume. 2. Knock out and update old pipelines in plants to avoid water leakage, cause additional consumption, and also reduce disposal volume of ineffective waste water. 3. Rebuild waste water disposal stations, reach reuse of reclaimed water to 15%, and lower waste water discharge.
	Increase in the mass of waste disposal/decrease in recycling rate	1. Risk management organization: the waste reduction management unit is the Environmental Safety Section. 2. Risk identification process: the Environmental Safety Section makes monthly statistics of waste-to-output ratios, provides statistical results to relevant units for reference, and requests relevant units to formulate waste reduction measures based on the statistical results. 3. Risk countermeasures and effectiveness: use improving agents and central oil grooves to reduce the use of oil products, further reducing sludge production.
	Water and power shortage	1. Monitor daily water and electricity consumption and ask relevant units to conduct independent management. 2. Self-generated solar power in factories is used for production.
	Typhoons and floods	After Central Weather Bureau issues maritime typhoon warnings, the Environmental Safety Section announces the typhoon messages, reminds all units concerned of being prepared well for typhoons, and announces updated typhoon trends in due time according to the CWB's time-phased news.
	Violations of environmental protection laws and regulations	1. Risk management organization: the environmental protection regulation management unit is the Environmental Safety Section. 2. Risk identification process: do reporting at environmental safety meetings, explicitly inform required units of how to implement statutory

		<p>required units of how to implement statutory requirements in order to avoid violations of environmental protection laws and regulations.</p> <p>3. Risk countermeasures and effectiveness: there is no violation of environmental protection laws and regulations in the most recent year, and continuous monitoring will be done in the future.</p>
Employees	Occupational disasters (Including impacts from the COVID-19 Pandemic)	<p>1. Hold safety meetings regularly every month to inspect the status quo of occupational safety and health of the Company.</p> <p>2. Hold supervisor meeting every month to review short-term target effects and inspect any deficiencies and improvements.</p> <p>3. The Environmental Safety Section inspects cases of work-related injuries and material damages inside and outside factories, and makes announcements to keep all employees informed.</p>
	Overwork (Working long hours)	<p>1. Employees having physical examinations fill in the information at annual physical examinations, and arrange professional physicians to inspect health reports for employees working at high risk and with high workload during site services</p> <p>2. Hold safety meetings regularly every month to inspect the status quo of occupational safety and health of the Company.</p>
	High turnover rate (Labor shortage)	The turnover rate is 2.9% in the most recent year, and the Company will recruit new employees if there are any job vacancies, and every unit also makes work arrangements and adjustments, without prejudice to production and business operation.
Business performance	Ethical and integrity risks	The Company establishes integrity management policies, compiles the Integrity Management Principles, and discloses them on its website and annual reports. To implement the integrity management policy and actively prevent dishonest behaviors, the Company discloses its integrity management operation status and principles on its website to establish good corporate governance and risk control mechanisms and create the management environment of sustainable development.
	Insufficient information disclosure transparency	<p>1. Hold investor conference presentations every year; the Spokesman officiates presentations and explains the Company's business status and future outlook.</p> <p>2. Announce material messages to the public in cases of any events having material impacts on the financials and business of the Company.</p> <p>3. Contact the Spokesman or Acting Spokesman of the Company if you have any concerns about company information disclosure.</p> <p>4. Information on management performance and corporate governance is disclosed on the Company's website, as well we stakeholders' contact information.</p>
	Waning market competitiveness	1. Develop new sales channels, visit relevant customers for product reference and recommendation.

		2. Cultivate and educate the management team, and establish effect manager capacities and supervisor performance indexes.
	Cyber security incidents	<ol style="list-style-type: none"> 1. Determine whether it is a cyber security incident, the category and severity. 2. Report the incident to the higher level based on the incident severity. In cases of emergency, report back by phone/via email. Where the incident has affected users' operation, the Information Department notifies relevant units. 3. Take measures to lower the extent of injury, and properly keep incident evidence when necessary in case of any legal liabilities. 4. In case of cyber security incident, review the causes and results and handling process of the incident, and work out an improvement mechanism.
	Product liabilities (Recall/off-the-shelf)	<ol style="list-style-type: none"> 1. Optimize the product quality control, return and exchange mechanism. 2. Strengthen agreements and communication with customers to fully understand their expectations. 3. If any one customer has specific requirements, the Company shall comply with and meet customer requirements. 4. In case of material product abnormalities, report such situation to the management and execute the directives made by the management.
	Supply chain disruption	<ol style="list-style-type: none"> 1. Short-term risk: demand hike and tightened supply. 2. Countermeasure: precisely master changes in and trends of leadtime and inventory to respond to the risk of material shortage in advance. 3. Medium-term and long-term risks: spread of the COVID-19 pandemic, lockdown control, delay of starting production, etc., impacted production and material supply. countermeasure: increase the inventory, and make purchases from multiple sources to lower independence on a single supplier and enhance the overall elasticity.

Climate-related information of TWSE/TPEX Listed Companies

1 Implementation status of climate-related information

Assessment Item	Implementation status
1. Describe the supervision over and governance of climate-related risks and opportunities from the Board of Directors and the Management.	1. Implement relevant checks in accordance with Corporate Governance 3.0 Roadmap.
2. Describe how the recognizable climate risks and opportunities affect the (long-term, medium-term and long-term) business, strategies and financials of the Company.	2. Implement in accordance with law in the place where the primary business entity of the company is located in, no significant influence factors discovered. Will keep following relevant regulations.
3. Describe impacts on financials from extreme climate events and transformation actions.	3. Till now, extreme climate has had no significant impacts on the business of the Company, will keep following impacts from climate on the Company.
4. Describe how to integrate the climate risk recognition, evaluation and management process into the integrated risk management system.	4. Same as 3
5. Please explain the use scenarios, parameters, assumptions, analysis factors and main financial impacts while using situational analysis to evaluate the resilience of facing climate change risks.	5. None
6. If there is any transformation plan to respond to manage climate-related risks, please explain the plan contents, and indicators and objectives used for recognizing and managing physical risks and transformation risks.	6. None
7. If the internal carbon pricing is used as a planning tool, please explain the price-setting bases.	7. None.
8. If any climate-related goals are set, please explain the activities, greenhouse gas emission category and planning period, annual achievement progress, etc.; if carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, please explain the sources and quantity offset carbon reduction or the number of renewable energy certificates (RECs).	8. None.
9. Greenhouse gas check and verification (Fill out in 1-1).	9. Please refer to 1-1 and 1-2.

1-1 Company's Greenhouse Gas Inventory and Confirmation in the Last Two Years

1-1-1 Greenhouse Gas Inventory Information

The most recent two years of GHG emissions (metric tons of CO₂e), intensity (metric tons of CO₂e per million), and the scope of the data are described.

The data coverage of the Company are five business entities of Tong Ming Enterprise Co., Ltd., WINLINK FASTENERS CO., LTD., Tongwin, Zhejiang Tong Ming and Zhejiang Tong He.

The emissions and intensity (the output metric tons are the base) under Scope 1 and Scope 1 during the most recent two years:

In 2022, 16,035 metric tons of CO₂e and intensity at 0.142872.

In 2023, 14,337 metric tons of CO₂e and intensity at 0.142701.

Note 1: Direct emissions (Scope 1, i.e., emissions directly from sources owned or controlled by the company), indirect emissions from energy (Scope 2, i.e., indirect GHG emissions from inputs of electricity, heat or steam) and other indirect emissions (Scope 3, i.e., emissions from company activities that are not attributable to the company's activities).

(Scope 2, i.e., indirect GHG emissions from inputs of electricity, heat or steam) and other indirect emissions (Scope 3, i.e., emissions from the Company's activities that are not indirect energy emissions but come from the Company's activities).

(Scope 3, i.e., emissions from corporate activities that are not indirect energy emissions, but come from sources owned or controlled by other companies).

Note 2: The scope of information on direct emissions and indirect emissions from energy sources shall be handled in accordance with the timetable set by the order stipulated in paragraph 2 of Article 10 of this Standard, while information on other indirect emissions shall be disclosed on a voluntary basis.

Other indirect emissions information may be disclosed voluntarily.

Note 3: Greenhouse gas inventory standard: Greenhouse Gas Protocol (GHG Protocol) or International Organization for Standard- ing (IOS).

(Note 3: GHG inventory standard: Greenhouse Gas Protocol (GHG Protocol) or ISO 14064-1 issued by the International Organization for Standard-ization (ISO).

Note 4: The intensity of GHG emissions can be calculated per unit of product/service or turnover, but at least the data calculated by turnover (NT\$ million) should be stated.

1-1-2 Greenhouse Gas Confirmation Information

A description of the status of assurance for the two most recent years ended on the date of printing of the annual report, including the scope of assurance, the assurance organization, the assurance criteria and the opinion of the assurance.

Confirmation scope: the greenhouse gas confirmation scope is dominated by Tong Ming Enterprise Co., Ltd., WINLINK FASTENERS CO., LTD. (Office)

Confirmation agency: Legendary & Steadfast Accountancy (LSA)

Confirmation principle: ISO14064-1

Confirmation opinion: Limited Confirmation Report obtained in May 2024

Note 1: In accordance with the timetable set out in the order stipulated in Paragraph 2 of Article 10 of these Guidelines, if the company has not obtained a complete and conclusive opinion on greenhouse gases by the printing date of the annual report, the company should state that "complete and conclusive information will be disclosed in the sustainability report".

If the company does not obtain a complete GHG opinion by the publication date of the annual report, it shall state "The complete information will be disclosed in the sustainability report", or if the company does not prepare a sustainability report, it shall state "The complete information will be disclosed in the public information observatory".

If the company does not prepare a perpetual report, the company should state "the complete confirmatory information will be disclosed in the public information observatory" and disclose the complete confirmatory information in the next annual report.

Note 2: The confirming organization should comply with the requirements for confirming sustainability reports established by the Taiwan Stock Exchange Corporation and the Over-the-Counter Securities Trading Center of the Republic of China.

Note 3: The contents of the disclosure can be found in the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

1-2 GHG Reduction Goals, Strategies and Specific Action Plans

Describe the base year of GHG reduction and its data, reduction targets, strategies and specific action plans and achievement of reduction targets
<p>Greenhouse gas emission reduction base year: 2023 and its data 14,337 tons of CO₂e (Scope 1 and Scope 2)</p> <p>Reduction targets/strategies and specific action plans/achievement of reduction targets are as follows:</p> <p>Reduction targets: Short-term target-> The greenhouse gas emission from unit energy consumption declines by 1~2% (Scope 1 + Scope 2)</p> <p>Medium-term and long-term targets->The cumulative greenhouse gas emission from unit energy consumption declines by 5~10%; Carbon neutrality is the target.</p> <p>Strategies and specific action plans/achievement of reduction targets:</p> <ol style="list-style-type: none">1. Install solar power facilities2. Check and repair sewage equipment regularly3. Replace energy-saving transformers4. Import the smart energy system to effectively manage electricity consumption5. Constantly replace electric fork lift trucks to lower factories' carbon emissions6. Have completed the comprehensive replacement of EER-2 motor devices <p>->Various sewage indexes (VOC and ozone concentration) were up to standard</p>

Note 1: This shall be done in accordance with the time schedule set by the order as stipulated in Paragraph 2 of Article 10 of these Guidelines.

Note 2: The base year shall be the year of completing the inventory based on the boundary of the consolidated financial report. For example, according to the order stipulated in Paragraph 2 of Article 10 of this Standard, a company with a capital of more than \$10 billion shall complete the inventory of the consolidated financial report in 2024, so the base year shall be 2024.

For example, according to the order of Article 10, paragraph 2 of this standard, a company with capitalization of more than 10 billion RMB should complete the inventory of the consolidated financial statements for the year 2023 in 2024, so the base year is 2023.

If the company has completed the inventory of consolidated financial reports earlier, the earlier year can be used as the base year, and the data of the base year can be calculated as a single year or the average of several years

Note 3: The contents of the disclosure can be found in the best practice reference examples on the website of the Corporate Governance Center of the Taiwan Stock Exchange.

(VII) Implementation status of ethical corporate management and discrepancies between the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and the reasons for such discrepancies

Assessment Items	Status (Note 1)			Non-compliance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	Yes	No	Description	
I. Establishment of ethical management policies and implementation measures				
(1) Does the Company have an ethical corporate management policy approved by the Board of Directors and express in its regulations and external documents the policy and practice of ethical corporate management and the commitment of the Board of Directors and management to actively implement the corporate management policy?	V		(1) The Company has explicitly expressed its ethical management policy in its regulations and contracts. Both the Board of Directors and management team are committed to its execution and implementation in internal operations and external business activities.	No major non-compliance
(2) Has the Company established an assessment mechanism for the risk of unethical conduct, regularly analyzed and evaluated the business activities in the scope of business with a higher risk of unethical conduct, and formulated a plan to prevent unethical conduct, covering at least the preventive measures in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	V		(2) The Company upholds the principles of fairness, honesty, trustworthiness and transparency in all business activities. To prevent unethical behaviors, the Confidentiality and Non-compete Agreement signed between the management team of the Company and the employees include a clause for confidentiality responsibility. The working rules of the Company also have disciplinary measures for unethical conduct.	No major non-compliance
(3) Has the company defined and implemented the operating procedures, conduct guidelines, disciplinary and complaint systems to prevent unethical conduct in the program, and regularly reviewed the revised foreclosure program?	V		(3) The Company strengthens the publicity of moral sense internally and encourages employees to report if any behaviors violating the laws and decrees or internal behavior regulations are suspected or actually occurred to the management team.	No major non-compliance
II. Implementation of ethical management				
(1) Does the Company review the counterparty’s history of ethical conduct and include the compliance of business ethics as a clause in the contract?	V		(1) The Company conducts business transactions in a fair and transparent manner and ensures the confidentiality of business information, respecting the business and intellectual assets of both customers and partners.	No major non-compliance
(2) Does the Company have a responsible unit under the Board of Directors to promote unethical corporate management and report to the Board of Directors on a regular basis (at least once a year) on its unethical corporate management policy and program to prevent unethical conduct and monitor its	V		(2) The Company appoints the HR Division and personnel to work together to formulate and monitor the execution of ethical policies. The division shall communicate with the Board of Directors as they deem necessary. The Board of Directors will supervise and review the implementation status and continuous improvement in a timely manner with	No major non-compliance

Assessment Items	Status (Note 1)			Non-compliance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	Yes	No	Description	
implementation status?			adequate care to ensure the execution of ethical management policies. Furthermore, the Directors or managers are accountable to the Shareholders’ Meeting or Board of Directors for their behaviors within the scope of ethical management of the Company.	
(3) Has the Company established policies to prevent conflicts of interest, provide appropriate communication channels, and thoroughly implement the policies?	V		(3) The “Rules of Procedure for Board Meetings” include the prevention of conflicts of interest system for directors. In case the resolutions of the Board of Directors are related to a director’s own interests and in conflict with the interests of the Company, the director can participate in commenting and answering but neither in discussions nor voting and must avoid situations of executing any other voting rights for any other Board members.	No major non-compliance
(4) Has the Company established an effective accounting system and internal control system for the implementation of ethical corporate management, and has the internal audit unit drawn up an audit plan based on the assessment of the risk of unethical conduct, in order to verify compliance status with the plan for the prevention of unethical conduct, or has it engaged an accountant to perform the audit?	V		(4) The Company has established an effective accounting and internal control system, which will be reviewed in a timely manner to ensure that the design and implementation of the system continues to be effective, and the internal auditor irregularly audits the execution and compliance and submits the audit report accordingly to the Board of Directors.	No major non-compliance
(5) Does the Company regularly hold internal and external training sessions of business ethics?	V		(5) The Company regularly holds internal and external training for its relevant management team as per actual business requirements and advocates business ethics internally.	No major non-compliance
III. Implementation of the whistle blowing system	V		(1) The Company has provided proper channels for reporting and complaining and established clear disciplinary measures in the HR regulations for unethical conduct. The title, name, date of violation, content, and result will be announced internally for unethical conduct.	No major non-compliance
(1) Has the Company established specific whistle blowing and reward systems, set up conveniently accessible complaint channels, and designated responsible individuals to handle the complaints received?				
(2) Does the company have a standard operating procedure for the investigation of the matters to be investigated, follow-up measures to be taken after the completion of the investigation, and relevant confidentiality mechanisms?	V		(2) The Company has designated a division to receive complaints and investigate and review the matters concerned without delay to reduce the possibility of them happening again, and such complaints shall be handled in a confidential manner.	No major non-compliance
(3) Has the Company established measures to protect whistleblowers from retaliation?	V		(3) The Company takes measures to protect whistleblowers from retaliation.	No major non-compliance

Assessment Items	Status (Note 1)			Non-compliance with “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies” and Reasons
	Yes	No	Description	
IV. Enhancement on information disclosure Does the Company disclose its business ethics principles and information about implementation of such guidelines on its website and MOPS?	V		The Company discloses its management guidelines, important information, and corporate culture on the website and has a designated department for collecting and posting information. The Company also has a spokesman and acting spokesman for consistent external statements.	No major non-compliance
V. If the Company has established ethical conduct policies based on “Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies”, please specify any discrepancy between the policies and their implementation: The Company runs various business activities in accordance with the ethical management principles; it has set up three Independent Directors and an internal audit division, as well as the Audit Committee. Currently, is the Company has no major non-compliance regarding ethical management.				
VI. Other important information to facilitate a better understanding of the Company’s ethical conduct practices (e.g., the Company reviews and revises its Business Ethics Principles, etc.): The Company follows ethical guidelines for all business transactions and encourages business partners to do the same. Furthermore, the Company holds meetings and provides employee training to advocate the ethical management practices and create a corporate culture with high integrity.				

(VIII) Access shall be disclosed for companies with guidelines and regulations on corporate governance:

The Company has no Corporate Governance Practices but does have the 『Rules of Procedure for Shareholders’ Meetings』, 『Rules of Procedure for Board Meetings』, and 『Charter for the Audit Committee』 and implements regulations related to corporate governance in the principle of company management. The Company will increase information transparency, strengthen the function of the Board of Directors, and promote corporate governance by revising its regulations in the future.

For more about the Company’s Corporate Governance, please refer to the Company’s website: <http://www.tonggroup.com.tw> (Corporate Governance Section) or MOPS: <http://newmops.twse.com.tw>.

(IX) Other important information to facilitate a better understanding of the Company’s corporate governance: None

(X) Internal Control System Execution Status:

1. Statement of Internal Control System

Tong Ming Enterprise Co., Ltd.

Statement of Internal Control System

Date: March 14, 2024

Based on the findings of a self-assessment, Tong Ming Enterprise Co., Ltd. (Tong Ming) states the following with regard to its internal control system during the year 2023:

- I. Tong Ming's Board of Directors and management are responsible for establishing, implementing, and maintaining an internal control system. Our internal control system provides a process designed to provide reasonable assurance over the effectiveness and efficiency of the operations (including profitability, performance, and safeguarding of assets); reliability, timeliness, and transparency of financial statements; and compliance with applicable laws and regulations.
- II. Any internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can only provide reasonable assurance of accomplishing the three aforementioned objectives. Furthermore, the effectiveness of an internal control system may be subject to environmental or circumstantial changes. Nevertheless, our internal control system contains self-monitoring mechanisms, and Tong Ming will take immediate corrective actions in response to any deficiencies identified.
- III. Tong Ming evaluates the design and operation effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereafter called the "Regulations"). The criteria adopted by the Regulations identify five key components of internal control based on the process of management: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring. Each component contains several sub-items. Please refer to the Regulations for details of the above criteria.
- IV. Tong Ming has evaluated the design and operation effectiveness of its internal control system according to the aforementioned criteria.
- V. Based on the findings of the evaluation mentioned in the preceding paragraph, Tong Ming believes that, as of December 31, 2023, its internal control system (including its supervision of subsidiaries), as well as its internal controls to monitor the achievement of its objectives concerning operational effectiveness and efficiency; reliability, timeliness, and transparency of financial reports; and compliance with applicable laws and regulations, has been effective in design and operation and has reasonably assured the achievement of the previously mentioned objectives.
- VI. This Statement will be an essential part of the Company's Annual Report and Prospectus and shall be publicly disclosed. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
- VII. This Statement was passed by the Board of Directors in their meeting held on March 14, 2024, with 0 of the 7 attending Directors objecting and the remainder all affirming the content of this Statement.

Tong Ming Enterprise Co., Ltd.

Chairman: Tsai, Ching-Tung Signature:

President: Tsai, Hung-Chuan Signature:

2. Where CPAs are retained to audit the internal control system, please disclose the CPAs' audit report: None.

(XI) Any penalties imposed upon the Company or internal personnel by law, or punishment imposed by the Company or internal personnel for violating the Company's internal control system regulations, and the major defects and corrective actions thereof in 2023 and as of the publication of this annual report: None.

(XII) Major resolutions of Shareholders' Meetings and Board Meetings in 2023 and as of the publication of this annual report:

1. Major resolutions of Board Meetings in 2023:

Date	Major resolutions
2023/06/07	<ol style="list-style-type: none"> 1. Approved the recognition of the 2022 Annual Business Report and Financial Statement. Status of the resolution: proposal was approved as proposed. 2. Approved the recognition of the 2022 Surplus Distribution. Status of the resolution: proposal was approved as proposed. 3. Amendment to the Articles of Association. Resolution status: Passed as proposed. 4. Amendments to the "Procedures for Acquisition or Disposal of Assets". Resolution status: Passed as proposed. 5. Proposal on amending the "Code of Practice for Sustainable Development". Resolution status: Passed as proposed. 6. Proposal to amend the "Shareholders' Meeting Rules". Resolution status: Passed as proposed. 7. Proposal to amend the "Rules of Procedures of the Board of Directors" Resolution status: Passed as proposed. 8. By-election of independent directors of the company. Resolution status: Passed as proposed.

2. Resolutions of Board Meeting in 2023 and as of the publication of the annual report:

Date	Major resolutions
2023/03/14	<ol style="list-style-type: none"> 1. The company's 2022 annual business report and consolidated financial statements. Resolution: passed as proposed and submitted to the shareholders meeting. 4. The Company's 2022 earnings distribution proposal. Resolution: passed as proposed and submitted to the shareholders meeting. 5. Statement of the company's internal control system. Resolution: passed as the case was. 6. Adjustment of KGI Bank's credit line and Cayman Dongming's endorsement guarantee line. Resolution: passed as the case was. 7. Amendment to the Articles of Association.. Resolution: passed as proposed and submitted to the shareholders meeting. 8. Revision of the "Procedures for Acquisition or Disposal of Assets". Resolution: passed as proposed and submitted to the shareholders

	<p>meeting.</p> <p>9. Amendments to the "Code of Practice for Sustainable Development". Resolution: passed as the case was.</p> <p>8. Revise the "Corporate Governance Code of Practice", "Main Points to be Followed in the Establishment of the Board of Directors and the Exercise of Powers", and "Self-Assessment and Inspection Operation". Resolution: passed as the case was.</p> <p>9. Newly formulated the "Related Operating Standards for Financial Business among Related Parties".Resolution: passed as the case was.</p> <p>10. 2022employee remuneration and distribution of director remuneration.Resolution: passed as the case was.</p> <p>11. It is planned to convene the company's 2023 annual shareholders' meeting. Resolution: passed as the case was.</p>
2023/03/29	<p>1. y-election of independent directors of the company. Resolution: Passed as proposed.</p> <p>2. proposal to convene the 2024 annual general meeting of the Company Resolution: Passed as proposed.</p>
2023/05/12	<p>1 Cayman Tong Ming New Endorsement Guarantee Case. Resolution: Passed as proposed.</p>
2023/08/22	<p>1 It is proposed to pass the consolidated financial statements for the second quarter of 2023. Resolution: passed as the case was.</p>
2023/11/08	<p>1 It is recommended to adopt the consolidated financial statements for the third quarter of 2023 Resolution: passed as the case was</p> <p>2 To formulate the company's 2024 operating plan (annual budget). Resolution: passed as the case was.</p> <p>3. Formulate the company's 2024 audit plan. Resolution: passed as the case was.</p> <p>4. Amendments to "Key Points to be Observed in the Establishment and Exercise of the Functions of the Board of Directors Resolution: passed as the case was.</p> <p>5. new appointments of the Company's head of information security and information security personnel Resolution: passed as the case was.</p> <p>6. Proposed general principles for the Company's pre-approved non-confidence service policy Resolution: passed as the case was.</p> <p>7. in relation to the audit of the Company's "Regulations Governing the Payment of Directors' Remuneration and Attendance Fees" Resolution: passed as the case was.</p>
2024/03/14	<p>1 The company's 2023 annual business report and consolidated financial statements. Resolution: passed as proposed and submitted to the shareholders meeting.</p> <p>2 The Company's 2023 earnings distribution proposal. Resolution: passed as proposed and submitted to the shareholders meeting.</p>

	<p>3. Statement of the company's internal control system. Resolution: passed as the case was.</p> <p>4. Cayman Dongming's endorsement guarantee line. Resolution: passed as the case was.</p> <p>5. to amend the "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board of Directors' Meetings", and the "Code of Business Conduct with Integrity of the Company" Resolution: passed as the case was.</p> <p>6. The revision of the "Board of Directors Performance Evaluation Method". Resolution: passed as the case was.</p> <p>7. 2023employee remuneration and distribution of director remuneration.Resolution: passed as the case was.</p> <p>8. It is planned to convene the company's 2024 annual shareholders' meeting. Resolution: passed as the case was.</p>
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3. Resolutions of the Audit Committee of the Company for 2023to the date of publication of the Annual Report:

Date	Major resolutions
2023/03/14	<p>1 The company's 2022annual business report and consolidated financial statements. Resolution situation: passed according to the resolution and submitted to the board of directors.</p> <p>2 The Company's 2022 earnings distribution proposal. Resolution situation: passed according to the resolution and submitted to the board of directors.</p> <p>3 Statement of the company's internal control system. Resolution situation: passed according to the resolution and submitted to the board of directors.</p> <p>4 Adjustment of KGI Bank's credit line and Cayman Dongming's endorsement guarantee line. Resolution situation: passed according to the resolution and submitted to the board of directors.</p> <p>5 Amendment to the Articles of Association.. Resolution situation: passed according to the resolution and submitted to the board of directors.</p> <p>6 Revision of the "Procedures for Acquisition or Disposal of Assets". Resolution situation: passed according to the resolution and submitted to the board of directors.</p> <p>7. Amendments to the "Code of Practice for Sustainable Development". Resolution situation: passed according to the resolution and submitted to the board of directors.</p> <p>8. Revise the "Corporate Governance Code of Practice", "Main Points to be Followed in the Establishment of the Board of Directors and the Exercise of Powers", and "Self-Assessment and Inspection Operations". Resolution situation: passed according to the resolution and submitted to the board of directors.</p> <p>9. Newly formulated the "Related Operational Standards for</p>

	Financial Business between Related Parties". Resolution situation: passed according to the resolution and submitted to the board of directors.
2023/03/29	1 By-election of independent directors of the company. Resolution situation: passed according to the resolution and submitted to the board of directors.
2023/05/12	1. Cayman Tong Ming New Endorsement Guarantee Case. Resolution: Passed as proposed.
2023/08/22	1 It is proposed to pass the consolidated financial statements for the second quarter of 2023. Resolution: passed as the case was.
2023/11/08	1 It is recommended to adopt the consolidated financial statements for the third quarter of 2023 Resolution: passed as the case was 2 To formulate the company's 2024 operating plan (annual budget). Resolution: passed as the case was. 3 Formulate the company's 2024 audit plan. Resolution: passed as the case was. 4 Amendments to "Key Points to be Observed in the Establishment and Exercise of the Functions of the Board of Directors Resolution: passed as the case was. 5 New appointments of the Company's head of information security and information security personnel Resolution: passed as the case was. 6 Proposed General Principles for Developing the Company's Pre-Approved Non-Confidence-Based Services Policy. Resolution: passed as the case was.
2024/03/14	1 The company's 2022 annual business report and consolidated financial statements. Resolution situation: passed according to the resolution and submitted to the board of directors. 2 The Company's 2022 earnings distribution proposal. Resolution situation: passed according to the resolution and submitted to the board of directors. 3 Statement of the company's internal control system. Resolution situation: passed according to the resolution and submitted to the board of directors. 4 The Cayman Tommie Endorsement Guarantee Line Adjustment Case. Resolution situation: passed according to the resolution and submitted to the board of directors. 5 Amendments to the "Rules of Procedure for Shareholders' Meetings", "Rules of Procedure for Board of Directors' Meetings", and the "Code of Conduct for the Company's Integrity". Resolutions: Passed as presented. 6. Amendments to the "Regulations Governing the Evaluation of the Performance of the Board of Directors". Resolutions: Passed as proposed.

4. Resolution of the Compensation Committee of the Company for 2023 to the date of publication of the annual report:

Date	Major resolutions
2023/03/14	1 2022 Employees' Compensation and Directors' Compensation Distribution Resolution:Resolution adopted. Report to the shareholders' meeting for resolution.
2023/08/22	1. in relation to the audit of the Company's "Regulations Governing the Payment of Directors' Remuneration and Attendance Fees" Resolution: passed as the case was.
2024/03/14	1 2023 Employees' Compensation and Directors' Compensation Distribution Resolution:Resolution adopted. Report to the shareholders' meeting for resolution.

(XIII) Different opinions expressed by Directors or the Audit Committee regarding major resolutions, either by recorded statement or in writing, in 2023 and as of the publication of this annual report: None.

(XIV) Resignation or discharge of the Chairman, President, or Supervisors of Accounting, Finance, Internal Audit, or R&D in 2023 and as of the publication of this annual report: None

V. Audit Fees for CPA

(I) Audit fees for CPA

Range of Audit Fees for CPA

Accounting Firm	Name of Accountant		Period of Audit	Comments
Deloitte Touche Tohmatsu Limited	Hsieh,Ming-Chung	Lu, I-Chen	2023	-

Unit: In Thousands of NT\$

Fee range		Fee items	Audit Fee	Non-audit Fee	Total
1	NT\$ 1,999 and under				
2	NT\$ 2,000 ~ NT\$ 3,999				
3	NT\$ 4,000 ~ NT\$ 5,999		v		v
4	NT\$ 6,000 ~ NT\$ 7,999				
5	NT\$ 8,000 ~ NT\$ 9,999				
6	NT\$ 10,000 and above				

1. In case non-audit fees paid to CPAs, the CPAs' accounting firms, and their affiliates exceeding 25% of the audit fees, please disclose the amount of audit fees and non-audit fees and the content of the non-audit services: None.
2. In case the change of accounting firms with audit fee paid in the year of change is less than the previous year, please disclose the amount of audit fees paid before and after the change and the reasons: None.
3. In case of more than a 15% decrease in the audit fees on a year-to-year basis, please disclose the amount decreased, proportion, and reason: None.

VI. Change of CPA: None.

VII. Chairman, President, or Managers in Charge of Finance or Accounting Holding a Position in the CPA's Firm or Its Affiliates in 2023 please disclose the name, position, and period in charge:None.

VIII. Changes in Shareholding and Shares Pledged by Directors, Supervisors, Managers, and Shareholders with 10% Shareholdings or More in 2023and as of the Publication of This Annual Report In case of changes in shareholding and shares pledged by Directors, Supervisors, Managers, and Shareholders with 10% shareholdings or more in 2023 and as of the publication of this annual report and the counterpart of changes in shareholding and shares pledge is a related party, please disclose the name of the counterpart and its relations to the Company, Director, Supervisor, and Shareholders with 10% shareholdings or more and the number of shares transferred or pledged.

(I) Changes in shareholding by Directors, Supervisors, Managers, and Principal Shareholders:

Unit: NTS/1000 Shares

Title	Name	2023		2024, as of April 19		Comments
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged	
Chairman	Tsai, Ching-Tung	—	—	—	—	—
		—	—	—	—	—
Director	Richard International Co., Ltd. Representative: Tsai, Yi-Ting	—	—	—	—	—
Director	Tong One Holdings Limited Representative: Tsai, Hung-Chuan	—	—	—	—	—
Independent Director	Wang Shin-Kun	—	—	—	—	—
Independent Director	Yang Po-Min	—	—	—	—	—
Independent Director	Chen Yung-Lung	—	—	—	—	—
Independent Director	Chiu, Joun-Fu	—	—	—	—	—
President and shareholder with 10% shareholdings or more	Tsai, Hung-Chuan	—	—	—	—	—
Operation Management Center Vice President and Supervisor of Finance	Tsai, Cheng-Hsiung	456	—	—	—	—
Supervisor of Accounting	Yen, Hsien-Ying	(3,000)	—	—	—	—
Supervisor of Internal Audit	Su, Chia-Yu	—	—	—	—	—
Shareholder with 10% shareholdings or more	Tsai, Yi-Ting	—	—	—	—	—

(II) Stock transferred to related parties: None

(III) Stock pledged to be transferred to related parties: None

IX. Top 10 Shareholders Who Are Related Parties, Spouses, or within Two Degrees of Kinship to Each Other

As of April 21, 2024; Unit: shares

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders Who Are Related Parties, Spouses, or within Two Degrees of Kinship to Each Other		Comments
	Shares	%	Shares	%	Shares	%	Name	Relation	
Capital and Limited Representative: Tsai, Hung-Chuan	36,825,474	18.30%	—	—	—	—	Tong One Holdings Limited Representative: Tsai, Hung-Chuan Oriental Union Chemical Corp., in custody of Chinatrust Commercial Bank New Star Limited Representative: Tsai, Chia-Yen Mega Sun Limited Representative: Tsai, Chen-Jung	Director of the Company Sibling relationship with a Director of the Company Sibling relationship with a Director of the Company Sibling relationship with a Director of the Company	—
Tong One Holdings Limited Representative: Tsai, Hung-Chuan	24,000,000	11.93%	—	—	—	—	Oriental Union Chemical Corp., in custody of Chinatrust Commercial Bank New Star Limited Representative: Tsai, Chia-Yen Capital and Limited Representative: Tsai, Hung-Chuan Mega Sun Limited Representative: Tsai, Chen-Jung	Sibling relationship with a Director of the Company Sibling relationship with a Director of the Company Director of the Company Sibling relationship with a Director of the Company	—
Richard International Co., Ltd. Representative: Tsai, Yi-Ting	24,000,000	11.93%	—	—	—	—	Tsai, Yi-Ting Tsai, Ming-Ti Aetek Co., Ltd. in custody of Chinatrust Commercial Bank	Director of the Company Father and son Sibling relationship with a Director of the Company	—
Tsai, Yi-Ting	23,115,486	11.49%	—	—	—	—	Tsai, Ming-Ti Richard International Co., Ltd. Representative: Tsai, Yi-Ting Tsai, Ming-Ti Aetek Co., Ltd. in custody of Chinatrust Commercial Bank	Father and son Father and son with a Director of the Company Sibling relationship with a Director of the Company	—
Tsai, Ming-Ti	19,129,556	9.51%	—	—	—	—	Tsai, Yi-Ting Richard International Co., Ltd. Representative: Tsai, Yi-Ting Aetek Co., Ltd. in custody of Chinatrust Commercial Bank	Father and son Director of the Company Father and daughter with a Director of the Company	—
Oriental Union Chemical Corp., in custody of Chinatrust Commercial Bank	11,349,410	5.64%	—	—	—	—	Tong One Holdings Limited Representative: Tsai, Hung-Chuan New Star Limited Representative: Tsai, Chia-Yen Capital and Limited Representative: Tsai, Hung-Chuan Mega Sun Limited Representative: Tsai, Chen-Jung	Sibling relationship with a Director of the Company Sisters with a Director of the Company Sibling relationship with a Director of the Company Director of the Company	—

Name	Shareholding		Spouses, Minor Children		Nominee Arrangement		Names and Relationship of Top 10 Shareholders Who Are Related Parties, Spouses, or within Two Degrees of Kinship to Each Other		Comments
	Shares	%	Shares	%	Shares	%	Name	Relation	
New Star Limited	10,400,000	5.17%	—	—	—	—	Tong One Holdings Limited Representative: Tsai, Hung-Chuan Oriental Union Chemical Corp., in custody of Chinatrust Commercial Bank Capital and Limited Representative: Tsai, Hung-Chuan Mega Sun Limited Representative: Tsai, Chen-Jung	Sibling relationship with a Director of the Company Sisters with a Director of the Company Sibling relationship with a Director of the Company Sisters with a Director of the Company	—
Mega Sun Limited	10,400,000	5.17%	—	—	—	—	Tong One Holdings Limited Representative: Tsai, Hung-Chuan Oriental Union Chemical Corp., in custody of Chinatrust Commercial Bank New Star Limited Representative: Tsai, Chia-Yen Capital and Limited Representative: Tsai, Hung-Chuan	Sibling relationship with a Director of the Company Director of the Company Sisters with a Director of the Company Sibling relationship with a Director of the Company	—
Aetek Co., Ltd. in custody of Chinatrust Commercial Bank	7,443,000	3.70%	—	—	—	—	Tsai, Ming-Ti Tsai, Yi-Ting Richard International Co., Ltd. Representative : Tsai, Yi-Ting	Father and daughter Siblings Sibling relationship with a Director of the Company	—
Zonghui Investment Co., Ltd.	6,160,000	3.06%	—	—	—	—			
Person in Charge: Tsai Tsung-Yao	0	—	—	—	—	—			

X. Number of Shares Held and Shareholding Percentage of the Company, the Company's Directors, Supervisors, Managers, and Directly or Indirectly Controlled Entities in the Same Investee

Unit: Shares; %

Investee	Investment by the Company		Investment by Directors, Supervisors, Managers, and Directly or Indirectly Controlled Entities		Total	
	Shares	%	Shares	%	Shares	%
Tong Group Limited	1,000,000	100.00	—	—	1,000,000	100.00
China Rich International Holding Limited	10,000	100.00	—	—	10,000	100.00
Winlink Fasteners Co., Ltd.	1,500,000	100.00	—	—	1,500,000	100.00
Tong Win International CO. LTD.	500,000	100.00	—	—	500,000	100.00
Fast Link Inc.	500	59.52	—	—	500	59.52
Tong Ming Enterprise Co., Ltd (Note 1)	466,596,000	99.70	—	—	466,596,000	99.70
Tong Ming Trading Limited	50,000	100.00	—	—	50,000	100.00
Tong Ming Holding Ltd.	50,000	100.00	—	—	50,000	100.00
Shenzhen Easy Fasteners Co., Ltd.	N/A (Note 2)	100.00	—	—	N/A(Note 2)	100.00
Tong Win Trading (Jiaxing) Co., Ltd	N/A (Note2)	100.00	—	—	N/A(Note 2)	100.00
Tonglink Enterprise Co.,Ltd	1,000,000	100.00			1,000,000	100.00
Tong Yi Supply Chain Enterprise Co., Ltd.	N/A(Note 2)	100.00	—	—	N/A(註 2)	100.00
Meta GLOBAL CO.,LTD	N/A(Note 2)	100.00	—	—	N/A(註 2)	100.00
Tong He Enterprise Co.,Ltd.	N/A(Note 2)	100.00	—	—	N/A(註 2)	100.00

Note 1: It is jointly owned by Tong Group Limited and Tong Ming Enterprise Co., Ltd, holding 90.2% and 9.5%, respectively, as of March 31, 2018.

Note 2: The mainland China subsidiaries are limited companies without shares.

Four Capital Overview

I. Capital and Shares

(I) Source of Capital:

1. History of Capital

As of April 21, 2024; Unit: NT\$/Share

Month and Year	Issue Price	Authorized Capital		Paid-in Capital		Comments		
		Shares	Amount	Shares	Amount	Source	Capital Increase by Assets Other than Cash	Others
November 2009	NT\$ 10	250,000,000	2,500,000,000	1	10	Set up Capital	NA	Note 1
December 2009	NT\$ 10	250,000,000	2,500,000,000	148,500,000	1,485,000,000	New issue	NA	Note 2
January 2010	NT\$ 10	250,000,000	2,500,000,000	150,000,000	1,500,000,000	New issue	NA	Note 3
December 2013	NT\$ 22	250,000,000	2,500,000,000	168,000,000	1,680,000,000	SPO	NA	NA
June 2021	NT\$ 10	250,000,000	2,500,000,000	168,473,212	1,684,732,120	SPO	NA	NA
July 2021	NT\$ 10	250,000,000	2,500,000,000	170,138,372	1,701,383,720	SPO	NA	NA
August 2021	NT\$ 10	250,000,000	2,500,000,000	171,203,333	1,712,033,330	SPO	NA	NA
August 2021	NT\$ 10	250,000,000	2,500,000,000	201,203,333	2,012,033,330	SPO	NA	NA

Note 1: To list in Taiwan, Apex Glory Limited transferred 1 share to Marcia Donaldson, the company sponsor, and established Tong Ming Enterprise Co., Ltd.

Note 2: The Company increased, issuing 148,499,999 shares on December 28, 2009, which was subscribed 7,424,999 shares, 8,167,500 shares, and 132,907,500 shares, respectively, by Apex Glory Limited, Go Link Limited, and Tong Hwei Co., Ltd. with equity.

Note 3: To improve the equity structure further, the Company increased, issuing 1,500,000 shares on January 29, 2010, which was subscribed by MaxTeam Investment Limited with equity.

2. Type of shares

As of April 21, 2024; Unit: Share

Type	Authorized Capital			Comments
	Outstanding	Unissued Shares	Total	
Common Shares	201,203,333	48,796,667	250,000,000	Listed Common Shares

3. Shelf Registration: None.

(II) Shareholder Composition

As of April 21, 2024; Unit: Share

Qty \ Type	Government Agencies	Financial Institutions	Other Juridical Persons	Natural Persons	Foreign Institutions and Natural Persons	Total
	Number of Shareholders	0	0	22	1,416	25
Shares	0	0	10,863,089	65,494,514	124,845,730	201,203,333
%	0	0	5.40	32.55	62.05	100.00

Note: The shareholding ratio of mainland China funded companies is 0.

(III) Shareholding Distribution

1. Common Shares:

As of April 21, 2024

Shareholding	Number of Shareholders	Shares	%
1~999	288	34,296	0.02
1,000~5,000	828	1,519,328	0.76
5,001~10,000	126	1,007,705	0.50
10,001~15,000	47	611,972	0.30
15,001~20,000	34	612,200	0.30
20,001~30,000	32	817,153	0.41
30,001~40,000	19	664,144	0.33
40,001~50,000	13	595,017	0.30
50,001~100,000	32	2,333,115	1.16
100,001~200,000	16	2,175,515	1.08
200,001~400,000	7	2,337,304	1.16
400,001~600,000	2	1,200,000	0.60
600,001~800,000	2	1,423,000	0.71
800,001~1,000,000	2	1,994,000	0.99
Over 1,000,001	15	183,878,584	91.38
Holds less than one-thousandth of the shares	1,435	10,370,445	5.15
Total	1,463	201,203,333	100.00

2. Preference share: None.

(IV) Major shareholders

1. The name, number of shares, and shareholding percentage of shareholders with holdings equal to or exceeding 5% or the top 10 shareholders:

As of April 21, 2024; Unit: Share

Major Shareholders	Shareholding	Shares	%
CAPITALAND LIMITED		36,825,474	18.30%
Richard International Co., Ltd.		24,000,000	11.93%
Tong One Holdings Limited		24,000,000	11.93%
Tsai, Yi-Ting		23,115,486	11.49%
Tsai, Ming-Ti		19,129,556	9.51%
Oriental Union Chemical Corp., in custody of Chinatrust Commercial Bank		11,349,410	5.64%
NEW STAR LIMITED		10,400,000	5.17%
MEGA SUN LIMITED		10,400,000	5.17%
Aetek Co., Ltd. in custody of Chinatrust Commercial Bank		7,443,000	3.70%
Zonghui Investment Co., Ltd.		6,160,000	3.06%

(V) Market Price, Net Worth, Earnings, and Dividends Per Share for 2022 and 2023

Unit: NT\$/1000 Shares

Items		Fiscal Year	2022	2023	As of March 31, 2024
Market Price per Share	Highest		67.90	47.25	35.60
	Lowest		40.20	31.40	31.30
	Average		48.58	37.67	32.97
Net Worth per Share	Before Distribution		34.47	32.39	33.55
	After Distribution		32.47	31.39	—
Earnings per Share	Weighted Average Shares		201,203	201,203	201,203
	Earnings per Share		4.53	0.67	0.58
Dividends per Share	Cash Dividends		2.00	1.00	—
	Stock Dividends	Earnings	—	—	—
		Capital Surplus	—	—	—
	Accumulated Undistributed Dividend		—	—	—
Return on Investment	Price/Earnings Ratio		10.72	56.22	—
	Price/Dividend Ratio		24.29	37.67	—
	Cash Dividend Yield		4.12	2.65	—

* If there is a capital increase allotment from surplus or capital reserve, the market price and cash dividend information retrospectively adjusted according to the number of issued shares shall be disclosed.

Note 1: The highest and lowest market prices of ordinary shares in each year are listed, and the average market price in each year is calculated based on the transaction value and transaction volume in each year.

Note 2: Please refer to the number of issued shares at the end of the year and fill in the information according to the resolution of the board of directors or the shareholders' meeting of the following year.

Note 3: If retrospective adjustment is required due to free allotment, etc., the earnings per share before and after adjustment shall be listed.

Note 4: If the conditions for the issuance of equity securities stipulate that the undistributed dividends in the current year shall be accumulated and distributed in the year with surplus, the accumulated and unpaid dividends up to the current year shall be disclosed separately.

Note 5: P/E ratio = average closing price per share for the year/earnings per share.

Note 6: Cost-to-earnings ratio = average closing price per share for the year/cash dividend per share.

Note 7: Cash dividend yield = cash dividend per share/average closing price per share for the year.

Note 8: The net value per share and earnings per share should be filled with the information checked (reviewed) by the accountants in the latest quarter up to the printing date of the annual report; other fields should be filled in as of the annual report Information for the year ending on the date of publication.

(VI) Dividend Policy and Its Execution Status

1. Dividend policy:

The main provisions for dividend payment during the listing period of the Taiwan Securities Exchange as stipulated in the Company's Articles of Incorporation are as follows:

- (1) When the Company makes a profit at the end of a fiscal year, the compensation to employees shall be zero thousandths to one thousandth of the balance and paid in the form of stock or cash based on a Board resolution. Parties eligible to receive said compensation shall include employees in affiliated companies who meet certain conditions set by the Board. In the same case, the remuneration to the directors shall not be greater than five percent of the balance based on a Board resolution. The distribution plan of compensation to employees and remuneration to directors and supervisors shall be submitted to the shareholders' meeting. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors and supervisors using the aforementioned ratios.
- (2) If there is a surplus by the end of a fiscal year (including the surplus for the previous years), the Company shall first pay taxes and offset past deficits (including the deficits for the previous years), and then allocate a certain amount of the surplus to the legal reserve (if necessary) and special reserve (if any). For the remaining surplus (hereinafter referred to as the distributable surplus), a dividend distribution proposal with no less than 10% of the remaining distributable surplus distributed to shareholders in proportion to shareholding shall be resolved by over two-thirds of the directors present and a majority of the directors present at the Board meetings, and shall be reported to the shareholders. The total distribution amount of cash dividends shall not be less than 10% of the total proposed amount of Shareholders' dividends.
- (3) New Taiwan Currency shall be used for distributing the dividend, bonuses, or other benefits to the shareholders.

2. Earnings distribution proposal for this year:

The 2023 earnings distribution plan approved by the Board of Directors' Meeting on March 14, 2024 shall distribute a cash dividend equal to NT\$ 1.0 per share and NT\$201,203 thousands in total. The proposal is pending approval by the regular Shareholders' Meeting.

(VII) Impact of Stock Dividends on Operation Performance and Earnings per Share: Not applicable.

(VIII) Compensation to Employees, Directors, and Supervisors (The Company upon longer has the Supervisor position):

1. The percentage or range of compensation to employees and remuneration to directors in the Articles of Incorporation shall be as follows:

- (1) When the Company makes a profit at the end of a fiscal year, the compensation to employees shall be zero thousandths to one thousandth of the balance and paid in the form of stock or cash based on the Board's resolution. Parties eligible to receive the said compensation shall include employees in affiliated companies who meet certain conditions set by the Board. In the same case, the remuneration to directors shall not be greater than five percent of the balance based on the Board's resolution. The distribution plan of compensation to employees and remuneration to directors and supervisors shall be submitted to the shareholders' meeting. However, if the Company has an accumulated deficit, the profit shall cover the deficit before it can be used for compensation to employees and remuneration to directors and supervisors based on the aforementioned ratios.

- (2) As stipulated in Article 64 of the Articles of Incorporation, the remuneration of Directors shall vary and be evaluated by the Board of Directors with the Company's authorization every year, regardless of gain or loss, based on (a) the involvement of Directors in the business operations of the Company; (b) the contribution of Directors to the Company; (c) the remuneration standards of the industry; and (d) other relevant factors.
 2. The estimation basis of compensation to employees and remuneration to Directors and Supervisors, calculation basis for number of shares distributed as stock dividends, and accounting treatments for differences between estimated and actual payment amounts shall be as follows:
 - (1) Please refer to (6)- 1. Dividend policy: for the estimation basis of compensation to employees and remuneration to Directors and Supervisors.
 - (2) The calculation basis for number of shares distributed as stock dividends: The Company did not distribute shares as stock dividends in 2023.
 - (3) Accounting treatments for differences between estimates and actual payment amounts: The big difference of the amount resolved to be distributed by the Board of Directors was recognized as operating expense of the original year; the difference as of the resolution date of the Shareholders' Meeting shall be recognized as changes in accounting estimation and adjusted to book in the following year.
 3. Proposed compensation approved by the Board:
 - (1) Compensation to employees and remuneration of Directors: It is proposed not to distribute compensation to employees but NT\$ 840 thousand to the Directors, which is pending approval by the regular Shareholders' Meeting.
 - (2) The amount of stock distributed as employee compensation and as a percentage to net income of the parent company only or individual financial statements and aggregate compensation to employees is zero.
 - (3) There is no difference between the employee and director remuneration approved by the board of directors and the estimated employee and director remuneration amount.
 4. Payment of compensation to employees and remuneration to directors and supervisors with earnings in the previous fiscal year:
 - (1) Compensation to employees: The actual cash dividend distributed to employees of zero was the same amount approved in the Board Meeting.
 - (2) Remuneration to Directors and Supervisors: The actual cash dividend distributed to Directors of NT\$ 840 thousands was the same amount approved in the Board Meeting.
- (IX) Buyback of Common Shares: None

II. Corporate Bonds (including Overseas Corporate Bonds)

- (I) Inland corporate bonds: N/A
- (II) Convertible Bonds: N/A
- (III) Overseas Corporate Bonds: N/A.
- (IV) Exchangeable Bonds: N/A.
- (V) Shelf Registration for Issuing Bonds: N/A.
- (VI) Corporate Bonds with Warrants: N/A.

III. Preferred Shares:None.

IV. Global Depositary Shares:None.

V. Employee Stock Options and Employee Restricted Stock: None.

VI. New Share Issuance in Connection with Mergers and Acquisitions: None.

VII. Financing Plans and Implementation: None.

Five. Operational Highlights

I. Business

(I) Business Scope

1. Major Products/Services

The Company is mainly engaged in the researching, developing, manufacturing and selling of stainless steel fastener and wire.

2. Major Products and Percentage to Revenue

Unit: NTS 1,000

Product	Year	2022		2023	
		Amount	%	Amount	%
Stainless steel fastener		12,706,607	82.36	10,746,741	82.88
Stainless steel wire		2,650,662	17.18	2,179,403	16.81
Other(note)		71,140	0.46	39,896	0.31
Total		15,428,409	100.00	12,966,040	100.00

(Note) It refers to other types of products from merged subsidiaries like Winlink and Tong Win.

3. Major Products/Services

The stainless steel product is composed of long profile and sheet profile, and the stainless steel fastener and wire of the Company is mainly used for long profile. Currently the products of Tong Ming are:

A. Stainless steel fastener

Commonly known as standard industry components like screw, nut and threaded rod, the fastener is a basic mechanical part and awarded with a good reputation as “Rice of Industry”, which is widely used in the field of construction, machinery, energy, communication, food and transportation. Our products are premium with good corrosion resistance, high intensity, environmental friendliness and perfect appearance. While the stainless steel fastener can also be categorized into three types of screw, nut and threaded rod.

B. Stainless steel wire

As another application of stainless steel long profile, it can be produced and processed into various products with different intensity and thickness, featuring with good corrosion resistance, high intensity, environmental friendliness, perfect appearance and wide application also.

C. Others

Mainly trade products of the operating entity Zhejiang Tong Ming, and other types of products of the consolidated subsidiaries (including WINLINK FASTENERS CO., LTD, Tong Win, Shenzhen Yiqin, Tong Ming Trading (Jiaxing) and Fastklink), all of which are of a trade nature.

4. Development of New Products and Technology

A. Stainless steel high-strength heatproof bolt

High-intensity heatproof bolts are widely applied in aerospace, energy, chemical industries and highly demanded. The research and application of high-intensity bolts can meet the demands for high-intensity connectors from engineering construction, equipment manufacturing and other fields, and such bolts enjoy a vast market application prospect. The products are with high value-added and market competitiveness, and can generate good economic benefit and commercial value. At the same time, the use of high-intensity heatproof bolts can improve the safety and reliability of projects and equipment, and lower the maintenance and replacement costs.

B. One-off thread-rolling technology for threads at two ends of stainless steel threaded rods

The photovoltaic power industry, as an emerging industry which uses the clean and renewable solar energy, is highly supported by the Government and under vigorous development. The majority of equipment for special photovoltaic power generation projects, such as photovoltaic power panel racks, are exposed to external environment for a long time, and has high requirements for corrosion and impact resistance of the materials of fasteners used; stainless steel is one of the ideal fastener materials for the photovoltaic power industry and boasts a vast industry prospect. The one-off tread-rolling technology of stainless steel photovoltaic double-end bars can improve product quality and performance, enhance processing efficiency significantly, lower costs, and has good economic benefit and promotion potential.

C. Eccentric vibration and stringing technology for stainless steel wires

The eccentric vibration and tightening technology can keep the stable stretching status of wires, reduce the bending and twisting of wires, lower the occurrence of bending, collapse and other wire defects caused by transfer or transport, and further enhance product quality and reliability. The efficient tightening approach adopted in the new technology is energy-saving and environmentally-friendly by reducing packaging material waste and consumption. The research and application of the technology will innovate the field of stainless steel wire production, and support the development of relevant industries.

(II) Industry Overview

1. Industry Status and Development

Stainless steel fasteners are used in a wide range of applications, including construction, transportation facilities, marine transportation, home appliances, consumer electronics, automobiles, aviation, industrial facilities such as nuclear power plants, hydroelectric power generation, solar power generation, and tooling machinery, etc. In terms of wire processing, the main products are wire mesh, straight rods, and stainless steel wire of smaller diameter, which are supplied to downstream small screw factories and downstream factories of wire and apparel. The main raw

materials of stainless steel fasteners are coiled wire and nickel and zinc, etc. In terms of international nickel price trend, the Indonesian government announced a ban on the export of nickel ore in 2008, resulting in tight nickel production capacity. The price of nickel on the LME rose from US\$13,950/ton at the end of 2019 to US\$16,554/ton at the end of 2020, an increase of 18.67%. Between 2020 to early 2023, demands were volatile affected the COVID-19, and transactions returned to normal after Mainland China was unlocked in 2023. however, the complex international situation impacts the global economy, it is generally believed that the global economy is certain till the fourth quarter of 2024.

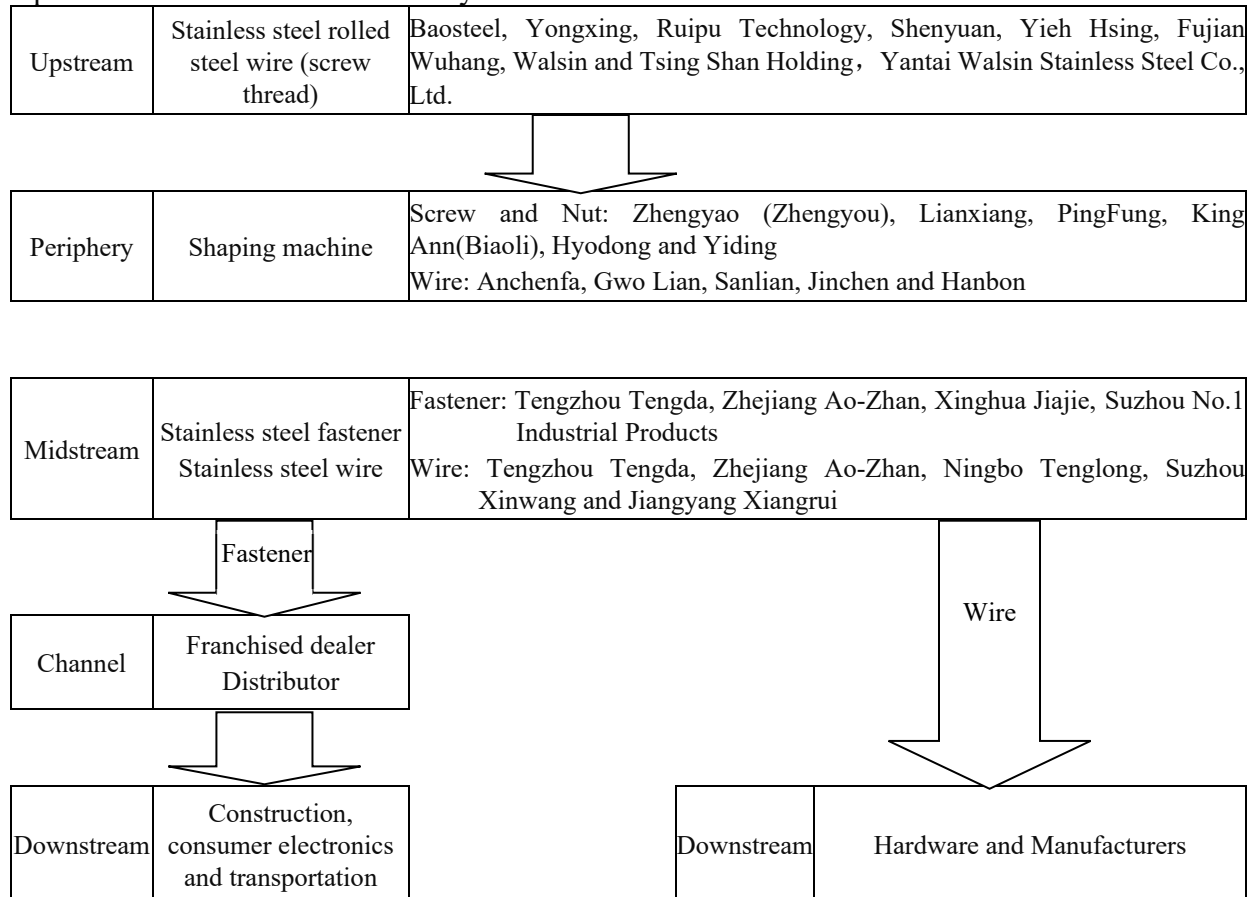
With the development of the economy and the improvement of stainless steel smelting technology, the global stainless steel production and demand have maintained a relatively stable growth trend. However, from 2020 to 2023, under the influence of the impact of the New Crown Epidemic and the interaction of the international situation becoming more and more complicated, the raw material price of the stainless steel market is more volatile, and it is estimated that the global political and economic situation will be clearer in the fourth quarter of 2024, and the policy of Mainland China to support the specific industries in 2024 and the continuous investment in infrastructure is expected to increase the demand for tightening fixtures of stainless steel.

2. Supply Chain

The upstream of stainless steel fastener industry is the stainless steel maker that is normally subject to special steel industry and produces stainless steel plate and bar; the former is used for furniture, electric appliance and carriage and the latter is for pipe, rod and rolled steel wire and part of rolled steel wire is specially used for fastener. At present, the rolled steel wire produced in mainland China meet the requirement of quality step by step, reducing the need of imported ones which was required by fastener producers in the past and also becoming an important raw material source for fastener.

There are not too much large enterprises specially producing stainless steel fastener and wire in the midstream, among which most are located at the coastal provinces like Hebei, Yangtze River Delta and Pearl River Delta due the property of industry clustering. And the downstream are mainly distributors and direct customers, as for distribution, the number of subsidiary of stainless steel fastener producer directly managing the distribution channel are less than 5, among which only Zhejiang Tong Ming has established several subsidiaries in mainland China, while others are still selling through distributors and franchised dealers; as for professional dealers, there are not more than 25 chain enterprises with largest scale throughout the mainland China while the number of fastener dealers are over 10000. The stainless steel fastener has wide applications; producers should accept the reasonable margin required by distributors under the mode of providing products and services to direct customers through downstream distributors and entrusting franchised dealers for sales, which will reduce the profit as a result. Hereby please find the upstream and downstream chain map of mainland China stainless steel fastener and wire as below:

Upstream and Downstream Industry Chain of Mainland China Stainless Steel Fastener and Wire



Note: the name inside the the bracket refers to the affiliates in Taiwan.

3. Industry Development Trend

Industry Development Trend

Stainless steel fasteners are widely used in all industries. Fasteners are not only for connection, fastening and sealing, but more importantly for safety. With the rapid development of aviation and aerospace, high-speed railroads, motor vehicles, electronic appliances and other industries, the performance and reliability of fasteners are becoming more and more demanding. In addition, due to the change of time and space environment, the process from the acquisition of raw materials to the production of final products and the delivery of products to consumers is cycled through the global network, and the future development trend of the industry is described as follows:

A. Towards the development of high-value products

As the continuous changes in technology and industrial structure around the world, the quality requirements for fastener products (such as fasteners) have become more and more stringent in recent years. Therefore, in order to improve profitability and enhance competitive advantage, the industry has to strengthen the research and development of high technology level, special materials and high unit price products. The sophistication and refinement of industries in advanced countries and the industrial infrastructure in the third world, developing and undeveloped countries require a large supply of high-quality and reasonably priced products. In the future, the use of various special steel materials (such as stainless steel) to produce advanced products for defense, automotive, aerospace, electronic technology and major infrastructure industries can be expected. We will develop a product structure with better quality and higher added value.

B. Integration of production, sales and network to construct a complete channel network

In the case of manufacturing industries, intermediate profits are often consumed in the process of being handed over to importers and exporters, large and medium-sized distributors and wholesalers, while those who have the ability to establish channels are able to earn profits from them. The purpose of the alliance between production and sales enterprises is to promote the sale of products, while the essence of the channel is to transfer products from producers to consumers, mainly to eliminate various barriers between producers and consumers in terms of time, place and ownership. Because of the vast expanse of China, each region has a different level of development and different consumer habits, which makes cooperation with the channel even more important. In addition to understanding the consumer habits of the market, channel partners in different regions are more effective and quicker in obtaining changes in market demand. By choosing the right channel to cooperate with, and according to the business profile to do the differentiation and pricing strategy, and cooperation mode, we can successfully recommend products to manufacturers or customers through distribution partners who are familiar with the market. In an increasingly competitive channel environment, companies must respond more quickly to the needs of upstream and downstream customers. Many companies are starting to integrate their business distribution

functions, and through joint planning and operations, they are exchanging operational and strategic information with each other to form a highly integrated supply chain channel system, resulting in a significant increase in overall channel performance. In addition, the information management system has been introduced to enhance the added value of the products. The analysis of huge amount of data or massive amount of data will be one of the main trends in the future. Using the analysis technology, we can gradually establish the usage habits of our own manufacturers' customers by focusing on their past usage records and habits, and then customize the goods and services for them with a full understanding of their needs.

4. Competition

Stainless steel fastener is high-value added product in the industry of fastener, which requires more investment of technical research and patent. At present, producers of stainless steel fastener with annual output over 10000 tons are not too much while most of them are under 3000 tons. However, those with over 10000 ton annual output occupied about 70 percent of the market share, that means more centralized competition than carbon steel fastener producers.

The finish products of stainless steel fastener are easier to be transported than raw material, so the distribution network will be set up at where the customers are. Zhejiang Tong Ming insisted on the operation mode with branches and actively builds its own sales channel over the past years. It has established large shipment warehouses at East, South and North China and middle sized warehouses in different regions in recent years and built the e-commerce platform as well, becoming an enterprise with brand advantage and both production and sales channels of its own. Being different from the sales mode of its peer, Zhenjiang Tong Ming mainly promotes for sales relying on franchised dealers.

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(III) Technology and R&D

1. Technology Level and R&D

Because stainless steel fastener belongs to standard parts, the key of competition is the production management capability and distribution efficiency. Zhejiang Tong Ming is now the leading company of stainless steel fastener and wire in mainland China based on the advantages below.

(A) Production Experiences over 30 Years

The major shareholders of Tong Ming came from Gangshan area of Kaohsiung in Taiwan, where is the important production base of fastener, so the Company has already accumulated rich experiences before establishing factory in mainland China. Introducing advanced forming technology and numerous facilities made in Taiwan since 1995 together with years of production experiences of major operating teams, Zhejiang Tong Ming has highly decision-making power in the planning and adjusting of production process.

(B) Scale Advantage of Productive Means

With a production plant area of 152,000 square metres and an annual production capacity of up to 120,000 tonnes of stainless steel fasteners and wire products, Zhejiang Tong Ming has a highly competitive production economy of scale advantage. The Zhejiang Tong Ming wire plant has been put into operation in the third quarter of FY2022, and the Zhejiang Tong Ming Hi-Tech plant has been put into operation from the fourth quarter of FY2023 onwards, and the annual production capacity is set to be further increased.

(C) Several Industry-leading Production Management Systems and Perfect Distribution Channels

The Company has introduced Oracle Enterprise Resource Planning System (ORACLE ERP) since year 2005 and upgraded it in 2016 for more efficient production scheduling and equipment management which can produce nearly 20000 products, it also runs automatic production equipment and automatic central warehousing system together with WMS (warehouse management system) and established warehouses in East China, South China and North China to improve overall logistics efficiency and built e-commerce platform, this kind of production management and perfect distribution channel enable Zhejiang Tong Ming the leader in this industry.

2. Education Level of Research and Development Personnel

Unit: number of people; %

Education \ Year	2022		2023		2024 End of March	
	Number	Percent	Number	Percent	Number	Percent
Ph.D.	2	3	-	-	-	-
Master	-	-	-	-	-	-
Bachelor	32	52	61	69	61	69
Senior High School	28	45	27	31	27	31
Total	62	100	88	100	88	100

3. R&D Expenses as a Percentage to Net Operating Revenue in Year 2022 and 2023 and As of Most Recent Date

Unit: NT\$ 1,000

Items	2022	2023	2024End of March
Consolidated R&D Expenses	22,461	29,518	5,626
Consolidated Net Operating Revenue	15,428,409	12,966,040	2,573,386
Ratio of R&D Expenses to Net Operating Revenue	0.15%	0.23%	0.22%

4. R&D Achievements in Year 2022and 2023and as of Most Recent Date

Year	Achievements
2021	New washing and polishing technology of stainless steel hexagon bolts
	High strength rivet nut
	Stainless steel column guide combination screw
	Stainless steel weak magnetic hexagon screw
	Cold forming stainless steel bolts with large diameter
	Six-station molding stainless steel nylon nut
2022	Large conveyor with stainless steel tooth-protected bolts
	Stainless steel reverse-cut carriage bolt
	Milling equipment with hexagon bolt die
	Stainless steel up-and-down tapped anti-bevel nut
	Small flange nut tapping machine
	Stainless steel threaded rod two-end facing attachment
	Stainless steel long-beam screw wire
Large-diameter stainless steel flange screw wire	
2023	Stainless steel high-strength heatproof bolt
	New automatic thread-rolling technology for stainless steel bolts
	One-off thread-rolling technology for threads at two ends of stainless steel threaded rods
	New efficient thread-rolling de-oiling technology of stainless steel bars
	New water-saving technology for polishing stainless steel nuts
	Eccentric vibration and stringing technology for stainless steel wires

(IV) Business Development Plan

1. Short-term Business Development Plan

A. Marketing Strategy

(A)Price Strategy and diversified products category

For regular products, the Company will respond quickly to market price to boost overall sales volume and market share on the basis of raw material purchasing advantages. For high-end products, the Company will allocate more resources for high profitable one and increase the sales percentage of non-self-made products and diversify the profile of stainless steel related products.

(B)Promote Logistics and Distribution Channel

The domestic market in mainland China will continuously grow under the situation of more fierce competition and the proportion of domestic sale will increase with it. Since the warehouses in East, South and North China are running well, the Company is planning to expedite the establishment of warehouses in Midwest China and other regions and upgrade the warehouse management system for higher shipping efficiency and quicker distribution to our customers throughout the mainland China.

(C)Strengthen Customer relations and E-commerce

Cooperate with financing institutions under the existing E-commerce mode to diversify our services available and enhance the business ability of subsidiaries, focus on better customer services and explore more new customers and build a more effective distribution platform for hardware products.

B. Production Strategy

(A)Keep Optimum Inventory Level and Lower Stock-out Rate

The inventory of Tong Ming is at the lowest level of this industry (about 4 months), however, the production and marketing strategy in domestic market is to made by stock and the sales and purchasing prices are easy to be affected by the change of international nickel price, therefore the inventory level will impact the Company's profitability and Tong Ming will still commit itself to keep optimum level of inventory.

Although there are over 20000 kinds of products in Tong Ming, they can be adjusted based on the established production capacity and timely market information from perfect network of self distribution. And the inventory level can be lowered with the production and marketing information integrated via ERP system and different customer requirements can be satisfied to make Tong Ming "a distribution company with factory background". The existing products categories are rich enough to meet one-stop shopping requirement of customers, which will bring more convenience for customers and increase their dependency on us.

(B)Implement Quality Control for Better Quality

The Company will intensify the implementation of ISO system and carry out the test of products so as to improve the quality.

(C)Product Development Direction

As for stainless steel fastener, the Company will strengthen developing the special non-standard products and stainless steel to expand the niche market and build more complete product and intellectual right system.

And for stainless steel wire, the Company will invest more for developing production technology of 400 series stainless steel wire which is not easy to be affected by the price fluctuation of raw material, and increase the application of stainless steel wire related products to expand the scale of production and marketing further.

(D) Operation and financial management

The Company will make budget based on overall operating target and pay close attention to preferential policies in mainland China and of financial institutions home and abroad so as to reduce the operating capital cost and achieve the development plans.

2. Long-term Business Development Plan

A. Marketing Strategy

The Company will integrate distribution channels inside and outside mainland China. For inside, the Company, as an industrial leader with self brand and complete sales platform, will expand the stainless steel related products profile on the basis of its distribution divisions. And for outside, the situation will be clear since the Sino-US trade will reach an agreement, the Company will extend the value of distribution channel and achieve the business plan of global distribution with the policies of mainland China for expanding Eurasian economy and construction.

B. Production Strategy

(A) Continuously promote equipment replacement and production process improvement for higher production efficiency, and take low waste discharge and high environmental protection as target.

(B) Collaborate with large plants home and abroad to build information platform for timely monitoring on production schedule and delivery time, closely keep up with the demand of major customers.

C. Product Development Direction

Due to limited global resources and rising environmental protection and consumer safety awareness, the Company will make a target for long-term research and development of environmental friendly material and production process together with innovation of technology. The existing stainless steel fastener and wire is now our sales products, and the Company will intensify the concept of sales and services for stainless steel fastener and wire to make Tong Ming a more advanced leader and an outstanding enterprise in this industry.

D. Operation and Financial Management

(A) Complying with the change of operating environment and updating of information product, the Company will introduce better information system and regulations to keep strong competitiveness.

(B) Cooperating with the development of distribution channel, the Company will actively provide training for related personnel so as to promote internationalized management capability for the Company's growth in the future.

II. Market and Sales Overview

(I) Market Analysis

1. Sales Distribution by Region

Unit: NT\$ 1,000; %

Region	Year	2022		2023	
		Amount	Ratio (%)	Amount	Ratio (%)
Mainland China		9,773,196	63.35	9,224,269	71.14
America		2,568,240	16.65	1,587,446	12.24
Asia		1,974,369	12.80	1,486,226	11.46
Others		1,112,604	7.20	668,099	5.16
Total		15,428,409	100.00	12,966,040	100.00

2. Market Share

The Company mainly produces and sells stainless steel fastener and wire with wide application, among which 300 series stainless steel fastener is the leading product in the market. The stainless steel fastener market of mainland China in 2023 were evenly split by standard and non-standard parts and the quantity demand of 300 series stainless steel fastener accounts for about 50% of standard ones. About 66000 tons 300 series standard fastener of Zhejiang Tong Ming was sold within mainland China, contributing to over 30 percent of the market share.

3. Future Supply and Demand and Market Growth

A. Supply and Demand

(A) Demand

The company is mainly oriented to China's domestic market, and about 70% of the stainless steel fasteners and wires produced are sold in Chinese mainland. With the continuous upgrading of China's consumption structure, the demand for high quality products is also gradually increasing. The application of stainless steel in the fields of construction, decoration, automobile and petrochemical has gradually been popularized, and the demand for stainless steel fasteners has greatly increased. In addition, the "National New Urbanization Planning" in mainland China clearly defines the trend of urbanization. The new urbanization construction will take population urbanization as the core, urban agglomerations as the main form, and comprehensive bearing capacity as the support, so as to fully improve the quality and level of urbanization. In terms of the urbanization of migrant workers, efforts will be made to promote the settlement of agricultural migrants who have transferred to urban employment, as well as the urbanization of permanent residents who are able to work and live in urban areas. With the increasing urbanization rate in mainland China, the future demand can still be expected for the stainless steel fastener manufacturers. °

(B) Supply

The raw material for stainless steel fasteners is rolled steel wire, which was previously imported from Japan, Korea and Taiwan. In recent years, the capacity of this raw material in mainland China has been growing and the quality has been improving. The capacity of

the steel manufacturers in Taiwan, Japan and Korea has not increased greatly, so those in mainland China have become the main suppliers to the stainless steel fastener producers, and the above-mentioned steel manufacturers are all large scale leading enterprises with a stable supply performance.

B. Future Market Growth

With the increase of income and an improvement in living standards in emerging countries, fastener products are required to be good in appearance and strong in durability. These countries have become markets with big growth potential, where the demand for stainless steel fasteners per capita has been increasing in consideration of price and other comprehensive factors. Due to the strong promotion of construction, the market demand in mainland China and overseas has been on the rise over the past year. Driven by favorable policies and increasing income, the growth rate in emerging countries will be higher than those in developed countries, and as a huge market, the overall percentage of stainless steel fasteners and the demand in mainland China will keep rising even though the growth of the economy here is slowing down.

4. Competitive Advantage

A. The Perfect Sales Channel and Timely Logistics Services

Stainless steel fasteners and wire are commonly sold through three channels: dealer (retailer), own distribution store and network. Tong Ming has successfully integrated these three and applied them to their business home and abroad. Integrating their warehouse management system and large scale shipment warehouse setting, the Company has an excellent online and offline distribution channel that can provide timely services for “Order today, Arrival next day” to all major business regions.

B. Economy of Scale Production Capacity and High Efficient Production Management

With a large team with over 30 years’ production experience and a manufacturing base of 152,000 square meters, the Company is confident of delivering a year-to-year delivery increase. Besides, by upgrading the Oracle ERP system which is continuously updated and optimized, introducing an advanced production schedule method, and integrating the warehouse management system, the overall production efficiency of the Company has been noticeably improved.

C. Price Setter in Mainland China Market

The Company has engaged in the production and sales of stainless steel fasteners in mainland China for more than 20 years and has become the industry leader with a high-quality, diversified product and excellent sales services. It is also the indicator enterprise for operating modes and pricing strategy.

D. Scale Advantage of Raw Material Acquisition, Corporate Value of Honest in Material Use

The Company has established good relationships with large steel manufacturers domestic and overseas obtain first-hand information about price fluctuations and the supply status of raw

material. Due to its large purchase quantity, the Company has a big power of price negotiation for the purchasing of roller steel wire. So with the aforementioned, the Company is ahead of its peers in lead times, the price and the quality of the raw material.

E. Outstanding Researching and Development Capability of Product and Process

Since its establishment, Zhejiang Tong Ming has introduced advanced manufacturing processes and mould design from Taiwan, and continues to invest in the improvement of the production process and the development of the product. The Company established an R&D center in 2004 to move forward with the standardization of the R&D process and methods, and it has been certified as a High-Tech Enterprise, provincial-level Technical Center and provincial-level R&D Center. Furthermore, it has successfully transferred its R&D achievements into proprietary intellectual property rights and obtained various patents, which will facilitate the development of advanced manufacturing technology in a steady and sustainable way.

Favorable and Unfavorable Factors for Long-term Development and Solutions

A. Favorable Factors:

(A) Stricter Environmental Enforcement and Beneficial Tax Reductions

After the rapid growth in the economy, mainland China's government pays more and more attention to environmental protection and the enforcement of environmental law is becoming stricter and stricter. Tong Ming's major business entity has complete environmental protection equipment for production waste in accordance with national environmental rules, and it will still allocate more investment to the new environmental protection equipment and the improvement of its existing ones for the purpose of increasing its output but reducing its emissions. In addition, China will continue to implement various burden alleviation measures in 2023 due to the development of the new Covid-19 epidemic. Additionally, the IRS and local tax bureaus in mainland China were combined a series of tax reduction measures and subsidy policies were rolled out. The overall business environment in the future will be quite favorable to the Company.

(B) Increased Demand Driven by Industrialization, Urbanization and Eurasian Economic Policies

Along with the boom in public construction and basic industries in mainland China, the domestic market is still growing. The equipment manufacturing industry has been emphasized in the National Independent Innovation Ability Improvement Plan, which will promote the development of the fastener industry. Meanwhile, local governments are continuously working on urbanization inside mainland China and pushing the development of the Eurasian economy outside it, creating plenty of business opportunities.

(C) Value-raised and Collectivized Market Order

Going through a survival of fitness in 2012, the stainless steel fastener and wire market was then purified by the continuous drop in prices of raw materials in 2015, when the producers competing

at a low price were weeded out. The whole market tends to be under fairer competition after the tax reform, and the companies are becoming better service providers. For example, they now provide services to end users directly. The key to competition in enterprise resources integration and distribution channel arrangement is to provide a one-stop service and reduce the stock-out rate. Under the influence of the COVID-19 in 2020, small manufacturers are greatly affected, and the group enterprises will develop towards improving services and providing customers with one-stop services. In the future, the competition in enterprise resource integration efficiency and distribution channel arrangement will increase the entry threshold, which is conducive to the sound development of the industry.

B. Unfavorable Factors and Solutions

(A) Intensifying Competition in Mainland China Market

Countermeasure

As a leading producer of fastener with own brand in mainland China, the Company has been developing its distribution platform over the past years. With online and offline integrated production and marketing services, it established large scale shipment warehouses in East, South and North China; and the Company will keep improving the logistics services quality in the future based on more than 27 branches and online sales platform; moreover it will also cooperate with financial institutions to enrich e-commerce platform services and diversify customer services, which will raise the industry entry threshold and difficulty of simulating by its competitors.

(B) Increasing Labor Cost

Countermeasure

The Company will continuously update with advanced production equipment to improve the product quality and production efficiency so as to reduce the impact of increasing labor cost. And the Company will lower staff turnover through good industrial relations, which will reduce the training cost and make good use of the skilled staffs.

(C) Complex international situation

Countermeasure

At the beginning of 2012, China has released the management of the new crown epidemic. However, due to the increasingly complex international situation, the company will continue to monitor the impact of trade and tariff measures in major sales markets on the market, and make appropriate production adjustments within the group to reduce the impact.

(D) Impact of Raw Material Price Fluctuation on Gross Profit

Countermeasure

Aiming at this operating property of stainless steel industry, the Company has established corresponding sales pricing strategy, raw material purchasing strategy and inventory

management system.

A. Pricing Strategy of Sales

Referring to the price announce at the beginning of each month by steel makers, the Company will adjust the monthly sales price with its own calculation formula based on market supply and demand to keep strong transfer ability of impact caused by raw material price fluctuation.

B. Acquisition Strategy of Raw Material

To ensure quality and lead time of raw material, the Company builds long-term cooperation with Tier-one steel makers in mainland China for the acquisition of rolled steel wire. The purchasing quantity and price will be adjusted as per market demand, international upstream raw material price and supplying status in mainland China so as to keep the flexibility of raw material acquisition and reduce the impact of raw material price fluctuation on gross profit.

C. Management Rules of Inventory

The Company has set up complete inventory management system to cope with fluctuation of raw material price, please see briefs as below:

- a. The market division sets up reports and meeting in category of “Immediately”, “Weekly”, “Monthly”, “Quarterly” and “Yearly” based on the rank and responsibility of business staffs to monitor the changes of raw material and market information.
- b. Considering product profile, sales mode, shortage and sales forecast, the Company determines the monthly safety stock with the calculation formula of ERP system, and reviews and adjusts the inventory at a certain frequency.

(II) Main Applications and Production Process for Key Products

1. Main Application for Key Products

The Company mainly produces stainless steel fastener and wire. The fastener is divided into screw, nut and threaded rod, which are widely used in the field of mechanical engineer, energy, communication and construction as an absolutely necessary element. And the stainless steel wire, as the connection between upstream steel makers and downstream hardware producers, is the customized raw material of manufacturing industries for small sized screw, kitchen supplies, wire belt, redrawing wire and spring, these two are both one of the supplementary raw materials for basic industry products.

2. Production Process

The production process of our products are different, please see the details as below.

A. Screw (Fastener)

Coation: coat a layer of oxalic acid film on the surface of rolled steel wire to reduce the damage of mould and material.

Shaping: change roller steel wire to threadless screw through the pressing of mould.

Thread rolling: squeeze through the mould and roll the desired length to qualified thread

Cleaning: remove the oil and film on the surface of rolled thread to restore the original brightness of stainless steel.

B. Nut (Fastener)

Shaping: shape the rolled steel wire to threadless nut through heating and repeated punching and forging of mould.

Polishing: remove the carbon deposit and oil on the product surface through mutual friction and reagents reaction to ensure successful tapping.

Tapping: squeeze the shaped and polished semi-finished nut through the mould to desired specification of internal thread.

Cleaning: remove the oil and film on the tapped surface to restore the original brightness of stainless steel.

C. Threaded rod (Fastener)

Coation: coat a layer of oxalic acid film on the surface of rolled steel wire to reduce the damage on mould and material.

Drawing: draw the roller steel wire to desired diameter through the squeezing of mould and increase the intensity of it.

Cutting: cut the wire after drawing with desired length to threadless rod

Thread rolling: squeeze the threadless rod through the mould to desired specification of external thread.

D. Wire

Pc coating and drawing: same process as fastener, coat a layer of film on the rolled steel wire and draw it to desired diameter.

Annealing: heat different sized wires after drawing inside the furnace for certain time and then cool them gradually to adjust the crystal structure and reduce the wire hardness, which will improve the processability of wire.

(III) Supply of Key Raw Materials

Raw Material	Main suppliers	Supply performance
Rolled steel wire	Yongxing, Ruipu Technology, Baosteel, Shenyuan, Fujian WUhang, Walsin and Tsing Shan Holding, Yantai Walsin Stainless Steel Co., Ltd.	Good

(IV) Key Suppliers/Customers

1. Suppliers account for 10% or more of the Company's total purchase in any one of year 2022 and 2023, purchasing amount and percentage, reason of increasing and decreasing:

Unit: NT\$ 1,000

Rank	2022				2023				2024 as of March 31			
	Name	Amount	%	Relation with the Company	Name	Amount	%	Relation with the Company	Name	Amount	%	Relation with the Company
1	A	7,359,847	52.86	None	A	6,414,780	62.50	None	A	1,259,836	63.65	None
2	Tong heer	1,456,345	10.46	None	Tong heer	905,506	8.82	None	Tong heer	93,805	4.74	None
3	C	705,687	5.07	Other related persons (Note)	C	2,943,753	28.68	Other related persons (Note)	C	625,665	31.61	Other related persons (Note)
	other	4,401,739	31.61	-	other	2,943,753	28.68	-	other	625,665	31.61	-
	total	13,923,618	100.00		C	10,264,039	100.00		C	1,979,306	100.00	

(Note) Tsai, Ching-Tung and Tsai,Hung-Chuan as directors of Tong Heer

Variance Analysis:

2. The Company's main suppliers are large steel mills in PRC. In recent years, the supply of stainless steel coils has been stable with no significant changes. The products purchased from TONG HE industry are mainly fasteners exported to the United States by the company.
3. Customers account for 10% or more of the Company's total revenue in any one of year 2022 and 2023, sales amount and percentage, reason of increasing and decreasing:

Rank	2022				2023				2024 as of March 31			
	Name	Amount	%	Relation with the Company	Name	Amount	%	Relation with the Company	Name	Amount	%	Relation with the Company
1	A	2,091,800	13.56	Substantial related person	A	1,303,954	10.10	Substantial related person	A	158,436	6.16	Substantial related person
	other	13,336,609	86.44	-	other	11,622,086	89.90	-	other	2,414,950	93.84	-
	total	15,428,409	100.00		total	12,966,040	100.00		total	2,573,386	100.00	

It is not analyzed since no any individual customer account for 10% of the Company's total revenue in year 2022and 2023.

(V) Production in 2022and 2023:

Unit: Ton; NT \$1,000

Year Key Products	2022			2023		
	Capacity	Output	Amount	Capacity	Output	Amount
Fastener	86,100	77,751	7,490,775	94,600	69,260.25	6,296,840
Wire	42,000	34,482	2,928,902	42,000	31,208.75	2,347,222
Total	128,100	112,233	10,419,677	136,600	100,469	8,644,062

(VI) Sales in 2022and 2023

Unit: Ton; NT \$1,000

Year Key Products	2022				2023			
	Domestic		Overseas		Domestic		Overseas	
	Quantity	Amount	Quantity	Amount	Quantity	Amount	Quantity	Amount
Fastener	62,448	6,755,915	41,737	5,950,692	65,787	8,674,646	30,759	2,072,095
Wire	28,890	2,478,294	1,740	172,368	27,936	2,044,555	1,671	134,848
Others	0	0	92	71,140	0	0	52	39,896
Total	91,339	9,234,209	43,569	6,194,200	93,723	10,719,021	32,482	2,246,1839

III. Human Resources in the past two years and as of the Publishing Date of this Annual Report

Unit: No. of people

Year		2022	2023	2024as of March 31
No. of Employees	Manager	19	18	18
	Direct	584	556	554
	Indirect	585	560	563
	Total	1,188	1,134	1,135
Average Age		37	37	40
Average Year of Service		5.3	5.3	7
Education	Ph.D.	2	2	2
	Master's Degree	2	2	3
	Bachelor's Degree	381	380	377
	Senior High School	287	279	283
	Below Senior High School	516	462	461

IV. Expenditure Related to Environmental Protection

- (I) Companies that should apply for Pollution Facility Installation Permit or Waste Discharge Permit, and Pay the Swage Discharge Fee or Assign Designated Unit and Personnel Pursuant to Laws and Regulations, Status of Applying, Paying or Assigning should be explained:

Main factory of the Company is located at Jiaxing of Zhejiang province, small amount of waste gas, water and oil will be generated during the production. Besides purchasing waste gas and water treatment equipment for purification and reduction, the Company assigns qualified waste recycling companies to recycle solid waste. As per the environmental protection law and regulations locally and in mainland China, companies must go through the formalities of declaration and registration of water pollutants and only those not exceed National and Local Emission Standards and Total Emission Index of Pollutants from Enterprises and Institutions as stipulated by the State will be issued the Waste Discharge Permit by environmental protection administration. The Company has obtained Waste Discharge Permit of Zhejiang province (Zhe 91330000609457369N001Q)) on December 14, 2023 and taken associated environmental protection measures regulated by Zhejiang Environmental Protection Bureau. In the past three years, the Company has paid the sewage discharge fee in full. Furthermore, all the factories were mounted with solar power generation equipments on the roof in year 2017 to practice green energy and carbon reduction, and provide a healthy work environment for our employees. New wastewater treatment stations have been completed for operation in 2019, while completing the goal of increasing capacity and reducing emissions.

(II) Investment of main equipment on prevention of environmental pollution, purpose and prospected benefit:

March 31, 2023; Unit: NT\$ 1,000

Items	Qty	Date of Acquisition	Cost of Investment	Unreduced Balance	Purpose and Prospected Benefit
Improvement of film acid pickling waste gas at north phase I plant and smoke waste gas purifying of 3+4 production line at east phase I plant	1	2013-11-01	2,337	235	Air pollution prevention equipment
Wastewater disposal and sludge filter press replacement	4	2015-05-21	1,945	413	reduce sludge weight
Automatic oil throwing machine	24	2017-01-01	3,013	1,117	Throw away oil on products
Smoke purifier of stainless steel forming	2	2017-02-01	271	99	Purify smoke at nut production
Oil throwing machine	26	2017-05-01	3,408	1,245	Throw away oil on products
Smoke purifier of stainless steel forming	24	2017-05-01	2,459	899	Waste gas treatment
Photovoltaic Power Generation	1	2017-06-01	104,564	41,836	Solar Power
Ultrasonic cleaner	1	2017-06-01	203	75	Clean plate electrode of smoke purifier
Smoke purifier of stainless steel forming	13	2017-06-01	1,342	500	Waste gas treatment
Ultrasonic cleaner	1	2017-08-01	199	77	Clean plate electrode of smoke purifier
Automatic oil throwing machine	25	2017-08-01	3,277	1,226	Throw away oil on products
Automatic oil throwing machine (for single machine)	3	2017-08-01	1,444	576	Throw away oil on products
Vibrating spray cleaning machine	1	2017-08-01	994	396	Cleaning the electrode plate of the smoke purifier
Electrostatic machine	34	2017-08-01	2,664	1070	Waste gas treatment
Sludge filter press	1	2017-10-01	540	50	Filter water inside sludge
Electrostatic machine	1	2017-10-01	328	136	Waste gas treatment
Electrostatic machine	20	2017-11-01	2,478	1,084	Waste gas treatment
Smoke purifier	20	2017-12-01	2,776	1,596	Waste gas treatment
Electrostatic machine	16	2017-12-01	1,372	591	Waste gas treatment
Automatic oil throwing machine	15	2018-03-01	1,966	856	Throw away oil on products
Electrostatic machine EC35 (12 pole plate)	2	2018-05-01	203	95	Waste gas treatment
Automatic oil throwing machine	4	2018-07-01	504	243	Throw away oil on products
Electrostatic machine	53	2018-07-01	5,020	2,417	Waste gas treatment
Electrostatic machine	2	2018-10-01	146	74	Waste gas treatment
Electrostatic machine	2	2018-11-01	447	228	Waste gas treatment
Automatic oil throwing machine LX-200	10	2019-04-01	1,210	696	Throw off the oil in the products.
Electrostatic machine	11	2019-06-01	1,133	701	Waste gas treatment
Electrostatic machine exhaust gas discharge pipe (at the third stage small screw)	1	2019-06-01	1,321	736	Waste gas treatment
Smart high-speed automatic centrifuge	4	2019-09-01	1,260	729	Separate impurities from oil
Roof-mounted photovoltaics	1	2019-05-01	43,607	27,050	Solar power
Electrostatic machine 4poles	5	2019-11-01	557	342	Waste gas treatment
Electrostatic machine 12 poles	4	2019-12-01	585	351	Waste gas treatment
Electrostatic machine with 12 poles	2	2020-01-01	284	178	Waste gas treatment
Automatic oil shaking machine	1	2020-01-01	352	223	Throw off the oil in the products.

Items	Qty	Date of Acquisition	Cost of Investment	Unreduced Balance	Purpose and Prospected Benefit
Roof-mounted photovoltaics in old office building	1	2020-01-01	2,021	522	Solar power
Cleaning machine (oil throwing + vibrating steel plate) and modification	2	2020-05-05	341	223	Cleaning of smoke purifier electrode plate
Electrostatic machine 4 poles	2	2020-06-01	143	95	Waste gas treatment
Cleaning production line and exhaust gas collection	1	2020-06-01	6,878	2,379	Waste gas treatment
Electrostatic machine LEP-312-CFT	5	2020-08-01	759	517	Waste gas treatment
Electrostatic machine with 12 poles	2	2020-08-01	284	193	Waste gas treatment
Oil throwing machine (for 32B.36B cold photo)	4	2020-09-01	1,452	994	Throw off the oil in the products.
Vibratory spray cleaning machine	1	2020-09-01	965	661	Cleaning of smoke purifier electrode plate
Electrostatic machine (LEP-208-CFT)	5	2020-09-01	664	455	Waste gas treatment
Vertical exhaust gas washing tower	6	2020-10-02	5,500	3,806	Waste gas treatment
Electrostatic machine (LEP-312-ct) Grade II energy-efficient motor	2	2020-10-02	304	210	Waste gas treatment
Electrostatic machine 6 poles	13	2020-10-02	1,167	808	Waste gas treatment
New waste water tower	1	2020-10-01	30,707	25,064	Wastewater treatment
Electrostatic machine 12 poles	12	2021-01-01	1,583	1,114	Wastewater treatment
Electrostatic machine 8 poles	16	2021-01-01	1,561	1,083	Waste gas treatment
Electrostatic machine 6 poles	7	2021-01-01	540	374	Waste gas treatment
Electrostatic machine 4 poles	5	2021-01-01	359	249	Waste gas treatment
Oil throwing machine LX-200	3	2021-02-01	395	278	Throw off the oil in the products.
Wastewater disposal operation and monitoring system in central control room of sewage plant	1	2021-07-01	346	129	Wastewater treatment
Automatic oil throwing machine LX-200	4	2021-08-01	519	392	Throw off the oil in the products.
Automatic oil throwing machine LX-200	5	2021-09-01	939	716	Throw off the oil in the products.
Electrostatic machine	2	2021-11-01	307	235	Waste gas treatment
Electrostatic machine	8	2021-12-01	828	570	Waste gas treatment
Electrostatic machine	5	2022-02-01	384	302	Waste gas treatment
Electrostatic machine	7	2022-05-01	1,008	828	Waste gas treatment
Electrostatic machine	5	2022-06-01	671	555	Waste gas treatment
Electrostatic machine	7	2022-09-01	644	547	Waste gas treatment
New chemicals warehouse in sewage plant	1	2022-09-01	517	376	Wastewater treatment
New project of nitrogen process and RO (reverse osmosis) reuse water in sewage plant	1	2022-11-01	15,502	11,932	Wastewater treatment
		2022-11-01	3,771	3,375	
Cleaning equipment and exhaust gas collection	1	2022-12-01	8,450	6,504	Waste gas treatment
Electrostatic machine	21	2023-01-01	3,381	2,973	Waste gas treatment
Oil throwing machine	1	2023-02-01	362	289	Throw off the oil in the products.
Electrostatic machine	22	2023-03-01	3,235	2,892	Waste gas treatment
Oil throwing machine	1	2023-03-01	130	116	Throw off the oil in the products.
Static motor (left inlet) Grade 2 energy-efficient motor (with oil pan)	2	2023-04-01	217	200	Waste gas treatment

Items	Qty	Date of Acquisition	Cost of Investment	Unreduced Balance	Purpose and Prospected Benefit
Oil throwing machine	2	2023-05-01	237	220	Throw off the oil in the products.
Electrostatic machine	4	2023-05-01	1,883	1,849	Waste gas treatment
Ultrasonic Cleaning Machine (LD-100AF 3-side vibration)	2	2023-06-01	344	322	Cleaning of Smoke Cleaner Electrode Plates
Electrostatic machine	3	2023-06-01	367	342	Waste gas treatment
Electrostatic machine	3	2023-07-01	394	387	Waste gas treatment
Electrostatic machine	5	2023-09-01	476	457	Waste gas treatment
Electrostatic machine	9	2023-10-01	1,011	977	Waste gas treatment
Oil throwing machine	43	2023-10-01	5,142	5,011	Throw off the oil in the products.
Oil throwing machine	2	2023-10-01	1,953	1,888	Throw off the oil in the products.
Oil throwing machine	1	2023-11-01	636	630	Throw off the oil in the products.
Electrostatic machine	2	2023-12-01	255	250	Waste gas treatment
Wastewater disposal operation and monitoring system in central control room of sewage plant	1	2024-03-01	22,446	22,446	Wastewater treatment
Exhaust Gas Collection and Treatment Project - North West 4 sets	1	2024-03-01	13,894	13,894	Waste gas treatment
Cleaning production line and exhaust gas collection	1	2024-03-01	3,940	3,940	Waste gas treatment
Oil throwing machine	53	2024-03-01	6,669	6,669	Throw off the oil in the products.
Exhaust Gas Collection and Treatment Project	1	2024-03-01	10,472	10,472	Waste gas treatment

(III) Process of improving environmental pollution in year 2022 and 2023 and as of the publishing date of the public statement, process of treatment if any pollution dispute: None.

(IV) Loss or penalty caused by environmental pollution in year 2022 and 2023 and as of the publishing date of the public statement, countermeasures and possible cost in the future: None

(V) Impact of pollution status and improvement on the Company's earnings and competitive position, estimated major expenditure of environmental protection in the following two years:

Small amount of industrial pollution will be generated during the production, which is mainly that from product cleaning and machine running. Measures for waste treatment of the Company are to outsource with qualified waste treatment supplier and purchase pollution control machine for using, storing and disposing of the waste. Therefore it is estimated there will have no major expenditure of environmental protection, and no impact of environmental protection matters on the Company's earnings and competitive position.

V. Industrial Relations

- (I) Employees' welfare, education, training and pension and implementation status, industrial relations agreement and protection of employees' rights.

1. Employee Welfare and Implementation

The company has always treated its employees with sincerity and established a good relationship of mutual trust and mutual dependence with its employees through a welfare system that enriches and stabilizes employees' lives and a good education and training system. The company complies with relevant labor laws and regulations, protects the reasonable rights and interests of employees, provides employees with a safe and healthy working environment, and has established employee feedback and grievance regulations. The following are the specific measures taken by our company to commit to harmonious labor-management relations:

- (A) The company allocates employee remuneration to employees in accordance with the law; performance bonuses are calculated and paid to employees based on indicators every month; year-end bonuses and profit sharing/special bonuses are also paid based on business interests every year.
- (B) Every year, we organize various levels of education and training, various professional courses and certificate examination subsidies, as well as bonuses for employees to improve their academic qualifications.
- (C) Our company applies to the relevant systems of Taiwan's "Labor Pension Ordinance" and "Labor Standards Law", as well as the mainland's "Labor Law" and "Social Insurance Law"
- (D) The company has a canteen in mainland China and provides lunch and overtime meals for each employee; lunch is provided in Taiwan, and it also provides high-security group insurance, emergency relief loans, marriage, childbirth, miscarriage, funeral, hospitalization condolences, official injury condolences, High-temperature subsidies and scholarships and bursaries for employees' children; in addition to employee birthday gifts, various annual gifts are also provided to employees.
- (E) The company has a diverse cultural and recreational center (including a library, fitness equipment, billiards room, canteen and training room) and subsidizes various clubs to organize diverse activities inside and outside the company, such as: outdoor hiking, mountaineering tours, yoga courses, Various ball games inside and outside the company, condolence activities for charity groups and many other activities are held from time to time, and employees and their families are open to participate.

Note: statistics of employees' parental leaves:

Parental leave	Taiwan	Mainland China
Number of employees entitled to parental leave	3 persons	26 persons
Number of employees applying for parental leave	1 person	26 persons
Number of employees being reinstated from parental leave	0 person	26 persons
Reinstatement rate	0%	100%

2. Employee Education and Training

To keep the employee competitive and competent for their job, the Company has set up rules of education and training for employees in all affiliates.

(A). On-board training: The Company will carry out factory-level training before on-board, including basic information like company profile, administrative organization, employee discipline and company regulations.

(B). On-job training: The Company will make the annual planning of open courses at the end of each year, including internal training taught by internal trainer or hired external experts, and external training executed by special institutions.

3. Retirement System and Implementation:

The company's retirement system is as follows:

Taiwan: The new pension system contributes 6% of salary every month to employees' personal pension accounts, and employees can also pay according to their individual pension accounts. The employee is willing to allocate 0%~6% of salary to the personal pension account every month, and the company will pay the employee's salary on a monthly basis. The amount of the withdrawal will be withheld from the capital.

Mainland China: Implemented in accordance with Mainland China's retirement regulations. Employees who have paid in statutory social insurance for 15 years can receive monthly pensions after retirement. The retirement age is stipulated in the labor law: the retirement age for male employees is 60 years old, the retirement age for female cadres is 55 years old, and the retirement age for female employees is 50 years old.

4. Industrial Relations and Employees' Welfare:

The Company has Human Resources division as the window to interact with employees and holds the meetings related to industrial relations periodically so that both parties can communicate timely and keep good relations.

5. Work environment and employee safety protection measures

The company identifies hazard sources and conducts risk assessments in accordance with the "HS01 Hazard Source Identification, Risk Assessment and Control Procedures" and proposes improvement measures. At the same time, the company conducts work-related injury accident handling procedures in accordance with the "HSM034 Work Injury Treatment and Management Measures". After an accident occurs, the company abides by the "Four Four Deal with it according to the principle of "don't let go". The operating entity Zhejiang Dongming has introduced the "ISO 45001 Occupational Safety and Health Management System" and passed the certification of Rheinland Technology (Shanghai) Co., Ltd. All regions carry out industrial safety and environmental inspections in accordance with local government regulations, and conduct employee education, training and health examinations to provide employees with a good working environment.

6. Ethical Conduct Standards

The Company engages in business activities based on the principles of fairness, honesty, trustworthiness and transparency. In order to prevent dishonest behavior, the Company's management and employees have signed trade secret protection and competition restriction contracts that cover the scope of confidentiality responsibilities. The Company's work rules also include penalties for breach of integrity.

In addition, the Company reinforces the promotion of ethical concepts within the Company and encourages employees to report to the Company's management when they suspect or discover any violations of laws and regulations or internal rules governing conduct. The Board of Directors and the management actively implement the policy of honest management as stated in the regulations and contracts, and the policy is actually implemented in internal management and external business activities.

(II) Loss incurred due to industrial disputes, estimated amount at present or in the future and actions taken in 2024 and as of the publishing date of this annual report, if can't be estimated, reason shall be disclosed.

1. The Company always pays attention on industrial relations; there has been no industrial dispute in the history of Tong Ming and no loss due to the dispute.
2. Estimated amount at present or in the future and actions taken: There has been no loss caused by industrial dispute and no potential of industrial dispute in year 2022 and 2023. The Company has been positively striving to implement the welfare policy of employees, it is estimated there will have no loss caused by industrial dispute in the future.

VI. Security management of information and communication:

1. Explain the security risk management structure, security policy, specific management scheme and resources invested in security management of information and communication.

(1) Information security risk management framework

Though the company has not yet established an cross-department information security committee, the head of the information department is currently responsible for information security related affairs.

(2) Security policy of information and communication

1. Regularly check the list of personal data of information assets, carry out risk management according to risk assessment of information security and personal data, and implement various control measures.
2. Irregularly hold the education, training and publicity of information security and personal data protection. New employees must sign the security and confidentiality agreement of information and communication.
3. The outsourcing manufacturer shall sign a confidentiality agreement to ensure that the people who use the information services provided by the company or perform relevant information business have the responsibility and obligation to protect the information assets obtained or used

- by them, so as to prevent unauthorized access, modification, destruction or improper disclosure.
4. Important information systems or equipment have established appropriate backup or monitoring mechanisms, which shall be practiced regularly to maintain their availability.
 5. All personal computers are installed with anti-virus software, the update of virus code are regularly checked, and unauthorized software are prohibited.
 6. Everyone is required to keep and use the account number, password and authority properly, and change the password regularly.
 7. Establish a business continuous operation management mechanism, and regularly test and practice to maintain its applicability.
 8. Conduct internal audit regularly every year to ensure the effectiveness of information security and personal data protection management system.
- (3) Specific management scheme and management resources invested in security of information and communication
1. List the inspection and control of information security and personal data protection as annual audit items, and the audit unit shall conduct audit at least once a year; In addition, the company shall conduct self-inspection according to the internal control system every year, submit the summary of the implementation effect of internal control to the board of directors for review and confirmation, and issue an internal control statement according to the evaluation results.
 2. List the losses, possible impacts and countermeasures of major security incidents of information and communication in the most recent year and as of the date of publication of the annual report. If it cannot be reasonably estimated, the fact that it cannot be reasonably estimated shall be stated: none.

VII.Important Contracts

Type	Counterparty	Duration	Description	Covenant
Credit loan	Tong Ming Enterprise and China Trust Bank	2023/07/01-2024/06/30	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ABC	2023/03/01-2025/02/28	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ABC	2023/05/09-2025/05/05	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ABC	2023/07/17-2024/07/16	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ABC	2023/08/29-2026/08/26	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ABC	2023/11/28-2025/11/26	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ABC	2024/01/01-2025/12/30	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and CITIC Bank	2023/12/25-2024/06/24	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and CITIC Bank	2024/01/11-2024/07/10	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and Bank of China	2023/12/12-2024/12/11	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and Bank of China	2023/12/19-2024/12/18	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and Bank of China	2024/01/04-2025/01/01	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and construction bank	2022/11/22-2024/11/21	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and construction bank	2023/06/05-2024/06/04	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and construction bank	2023/06/09-2025/06/08	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and China Everbright Bank	2024/03/05-2025/03/03	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and China Everbright Bank	2024/03/12-2025/03/03	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and Zheshang Bank	2023/01/07-2024/02/09	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and Zheshang Bank	2023/02/07-2024/02/17	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and Zheshang Bank	2023/12/27-2024/12/20	Electricity Billing Certificate (Domestic Letter of Credit)	Note
	Zhejiang Tong Ming and HSBC	2024/03/19-2025/03/18	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and HSBC	2024/03/26-2025/03/25	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and HSBC	2024/04/02-2025/04/01	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and HSBC	2024/04/16-2025/04/15	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and HSBC	2024/04/23-2025/04/23	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ICBC	2023/05/31-2026/05/28	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ICBC	2023/10/17-2026/10/15	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ICBC	2023/11/14-2026/11/12	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ICBC	2023/12/05-2026/12/03	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ICBC	2024/04/09-116/04/08	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ICBC	2024/04/16-116/04/08	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and ICBC	2024/04/23-116/04/22	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and Yushan Bank	2024/01/24-2025/01/24	Loan Contract of Working Capital	Note
	Zhejiang Tong Ming and Yushan Bank	2024/03/19-2025/03/19	Loan Contract of Working Capital	Note
Zhejiang Tong Ming and Mega Bank	2023/08/22-2024/08/16	Loan Contract of Working Capital	Note	
Zhejiang Tong Ming and Mega Bank	2023/11/07-2025/11/01	Loan Contract of Working Capital	Note	
Zhejiang Tong Ming and Bank of Ningbo	2023/11/22-2024/12/20	Loan Contract of Working Capital	Note	
Zhejiang Tong Ming and Bank of Ningbo	2023/12/19-2025/01/19	Loan Contract of Working Capital	Note	
Zhejiang Tong Ming and SinoFung Bank	2023/07/25-2024/07/24	Loan Contract of Working Capital	Note	
Zhejiang Tong Ming and SinoFung Bank	2023/10/31-2024/10/30	Loan Contract of Working Capital	Note	

Note: For the significant contracts of credit loans disclosed, short-term loans are those contracts valued RMB10 million or more, while long-term contracts are all disclosed.

Six. Financial Highlights

I. Condensed Financial Statement from 2019 to 2023

(I) Condensed Balance Sheet and Statement of Comprehensive Income - International Financial Reporting Standards:

1. Condensed Balance Sheet

Unit: NTS 1000

Fiscal Year		2019	2020	2021	2022	2023	First Quarter of 2024
Items							
Current Assets		6,088,003	7,578,647	9,906,384	10,589,977	8,723,148	9,433,958
Property, Plant and Equipment		1,004,208	1,052,947	1,484,481	2,156,834	2,888,182	2,974,647
Intangible Assets		35,360	38,295	46,550	43,740	112,677	59,440
Other Assets		201,827	185,539	449,173	714,677	561,759	488,119
Total Assets		7,329,398	8,855,428	11,886,588	13,505,228	12,285,766	12,956,164
Current Liabilities	Before Distribution	2,580,675	3,378,859	3,983,909	5,697,717	3,248,081	3,759,948
	After Distribution	2,832,675	3,681,259	4,627,759	6,100,124	3,449,284	3,961,151
Non-Current Liabilities		862,747	1,299,458	1,362,291	872,879	2,494,841	2,419,656
Total Liabilities	Before Distribution	3,443,422	4,678,317	5,346,200	6,750,596	5,742,922	6,179,604
	After Distribution	3,695,422	4,980,717	5,990,050	6,973,003	5,944,125	6,380,807
Equity Attributable to Shareholders of the Parent		3,872,908	4,162,010	6,520,817	6,912,597	6,516,434	6,750,975
Capital		1,680,000	1,680,000	2,012,033	2,012,033	2,012,033	2,012,033
Capital Surplus		916,905	916,905	1,827,423	1,827,423	1,827,293	1,827,293
Retained Earnings	Before Distribution	1,558,193	1,799,751	2,940,505	3,207,877	2,938,555	3,055,110
	After Distribution	1,306,193	1,497,351	2,296,655	2,805,470	2,737,352	2,853,907
Other Components of Equity		(282,190)	(234,646)	(259,144)	(134,736)	(261,447)	(143,461)
Treasury Shares		—	—	—	—	—	—
Non-controlling Interests		13,068	15,101	19,571	22,035	26,410	25,585
Total Equity	Before Distribution	3,885,976	4,177,111	6,540,388	6,934,632	6,542,844	6,776,560
	After Distribution	3,633,976	3,874,711	5,896,538	6,532,225	6,341,641	6,575,357

Note: The consolidated financial statements of year 2019~2023 have been audited by CPAs.

2. Condensed Statement of Comprehensive Income.7

Unit: NT\$ 1,000

Item \ Year	2019	2020	2021	2022	2023	First Quarter of 2024
Operating revenues	8,807,059	9,171,338	13,235,516	15,428,409	12,966,040	2,573,386
Gross profit	1,221,920	1,273,041	2,700,990	2,011,850	967,980	328,383
Operating income	654,299	693,083	1,964,277	1,176,248	163,088	156,405
Non-operating income	(65,824)	(102,48)	(171,631)	(53,291)	(49,111)	(2,537)
Income Before Tax	588,475	590,599	1,792,646	1,122,957	113,977	153,868
Income before income tax in continued department	467,504	494,824	1,447,912	914,430	136,282	117,150
Income in Unconfined Unit	—	—	—	—	—	—
Net benefits(loss)	467,504	494,824	1,447,912	914,430	136,282	117,150
Other Comprehensive Income(Post-tax)	(135,614)	47,747	(24,786)	123,665	(128,270)	116,566
Total Comprehensive Income	331,890	542,571	1,423,126	1,038,095	8,012	233,716
Profit attributable to owners of the parent	466,098	493,558	1,443,154	911,223	135,170	116,555
Profit attributable to non-controlling interest	1,406	1,266	4,758	3,207	1,112	595
Comprehensive income attributable to owners of	331,026	541,102	1,418,656	1,035,631	8,459	234,541
Comprehensive income attributable to Non-	864	1,469	4,470	2,464	(447)	(825)
Earnings per share(NT\$)	2.77	2.94	8.00	4.53	0.67	0.58

Note: The consolidated financial statements of year 2019~2023 have been audited by CPAs.

(III)Independent Auditor's Report from 2019to 2023

Year	CPA Firm	CPA	Audit Opinion
2019	Deloitte Touche Tohmatsu Limited	Hsieh, Ming-Chung 、 Lu, I-Chen	Unqualified opinion
2020	Deloitte Touche Tohmatsu Limited	Hsieh, Ming-Chung 、 Lu, I-Chen	Unqualified opinion
2021	Deloitte Touche Tohmatsu Limited	Hsieh, Ming-Chung 、 Lu, I-Chen	Unqualified opinion
2022	Deloitte Touche Tohmatsu Limited	Hsieh, Ming-Chung 、 Lu, I-Chen	Unqualified opinion
2023	Deloitte Touche Tohmatsu Limited	Hsieh, Ming-Chung 、 Lu, I-Chen	Unqualified opinion

II. Financial Analysis from 2019 to 2023

(1) Financial Statements Prepared Applying IFRS Standards

Items for Analysis		Fiscal Year (Note 1)						First Quarter of 2024
		2019	2020	2021	2022	2023		
Financial Structure (%)	Debt-asset ratio	46.98	52.83	44.98	48.76	46.74	47.70	
	Ratio of long-term capital to property, plant and equipment	471.58	518.68	532.35	363.30	312.92	309.15	
Solvency (%)	Current ratio	235.91	224.30	248.66	186.43	268.56	250.91	
	Quick ratio	128.70	129.78	127.71	81.57	125.46	121.13	
	Interest coverage ratio	5.97	6.91	13.70	7.89	1.57	4.43	
Operating Ability	Receivables turnover rate (times)	5.13	4.84	5.52	5.77	5.31	4.59	
	Average collection days for receivables	71.15	75.41	66.12	63.25	68.8	79.54	
	Inventory turnover rate (times)	2.73	2.77	2.76	2.62	2.34	1.93	
	Payables turnover rate (times)	19.95	23.39	26.76	23.88	24.01	23.35	
	Average days for sale	133.91	131.76	132.24	139.31	156.22	189.32	
	Property, plant and equipment turnover rate (times)	9.21	8.92	10.43	8.47	5.14	3.51	
	Total asset turnover rate (times)	1.18	1.13	1.28	1.21	1.01	0.82	
Profitability	Return on assets (%)	7.67	7.16	15.05	8.22	2.29	4.85	
	Return on equity (%)	12.06	12.29	27.02	13.57	2.01	7.03	
	Ratio of income before tax to paid-in capital (%)	35.03	35.15	89.10	55.81	5.66	30.59	
	Profit margin before tax (%)	5.38	5.40	10.94	5.93	1.05	4.55	
	Earnings per share(NT\$)	2.77	2.94	8.00	4.53	0.67	0.58	
Cash Flow	Cash flow ratio (%)	27.17	0.15	(3.29)	6.49	50.22	7.52	
	Cash flow adequacy ratio (%)	60.72	41.52	10.53	20.98	35.76	31.22	
	Cash flow reinvestment ratio (%)	5.78	(4.02)	(4.45)	(2.78)	10.97	2.46	
Leverage	Operating leverage	1.97	1.96	1.42	1.80	6.76	2.46	
	Financial leverage	1.22	1.17	1.08	1.16	(4.62)	1.40	

Note 1: The consolidated financial statements of year 2019~2023 have been audited by CPAs.

Note 2: The calculation formulas are as below:

1. Financial Structure

(1) Debt-asset ratio = total liabilities / total assets

(2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment

2. Solvency

(1) Current ratio = current assets / current liabilities

(2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities

(3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses

3. Operating ability

- (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
 - (2) Average collection days for receivables = 365 / receivables turnover rate
 - (3) Inventory turnover rate = cost of sales / average inventory
 - (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
 - (5) Average days of sale = 365 / inventory turnover rate
 - (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
 - (7) Total asset turnover rate = net sales / average total assets
4. Profitability
- (1) Return on assets = (Net benefits + Interest Expenses (1- Tax Rate)) / Average Total Assets
 - (2) Return on equity = net benefits / average total equity
 - (3) Profit margin before tax = net benefits / net sales
 - (4) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares
5. Cash flow
- (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
 - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital
6. Leveraging
- (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income
 - (2) Financial leverage = operating income / (operating income / interest expenses)

Difference explanation:

1. Decrease in current ratio: was mainly due to the decrease in current liabilities because of Company's adjustment of loan liquidity and use long-term loans to support short-term ones to cooperate with its business requirements.
2. Increase in quick ratio: was mainly due to the decrease in current liabilities.
3. Decrease in interest coverage ratio: was mainly due to the unrecovered consumption energy and wild fluctuation of raw material costs considering the continuously sluggish international and Chinese domestic markets in 2023. As a result, the decline in gross profit and sharp decline in operating revenue, net profit before tax and after tax caused therefrom resulted in the decrease in interest coverage ratio.
4. Decrease in property, plant and equipment turnover rate: was mainly due to the unrecovered consumption energy considering the continuously sluggish international and Chinese domestic markets in 2023 and continuous capital expenditures in the most recent two years.
5. Decrease in return on assets: was mainly due to the decrease in net profit after tax in 2023.
6. Decrease in return on equity: was mainly due to the decrease in net profit after tax in 2023.
7. Decrease in ratio of income before tax to paid-in capital: was mainly due to the decrease in net profit before tax in 2023.
8. Decrease in net profit ratio: was mainly due to the decrease in net profit after tax in 2023.
9. Decrease in EPS: was mainly due to the decrease in net profit after tax in 2023.
10. Increase in cash flow ratio: was mainly due to active de-inventory and decreased inventory expenditures in 2023 resulting in huge net cash inflow from operating activities and the decrease in current liabilities.
11. Increase in net cash flow adequacy ratio: was mainly due to the increase in net cash flow from the operating activities during the most recent five years from 2023 compared with that from 2022.
12. Increase in cash flow reinvestment ratio: was mainly due to the great net cash inflow from operating activities in 2023.
13. Increase in operating leverage: was mainly due to the decrease in operating revenue in 2023.
14. Decrease in financial leverage: was mainly due to the decrease in operating revenue in 2023.

Tong Ming Enterprise Co., Ltd.

Audit Committee's Review Report

Hereby

The Board of Directors has prepared the Company's 2023 operations report and consolidated financial statement. The consolidated financial statement was audited by independent auditors, Hsieh, Ming-Chung and Lu, I-Chen, of Deloitte and Touche Tohmatsu Limited, with independent auditors' reports issued. The above-mentioned operations report and consolidated financial statement prepared by the Board of Directors has been reviewed and determined to be accurate by the Audit Committee. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, we hereby submit this report.

2024 Regular Shareholders' Meeting of the Company

Convener of the Audit Committee: Wang , Shin-Kun

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IV. Audited Consolidated Financial Statement for the 2022 Please refer to page 85 to 152

V. Audited Parent Company Only Financial Statement for 2022: Na

VI. Financial Difficulties Experienced by the Company and Its Affiliates in 2022 and as of the Publishing Date of this Annual Report, and Their Impact on the Company's Financial Position: None.

INDEPENDENT AUDITORS' REPORT

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

Opinion

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

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

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

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

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

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

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

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

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

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

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

Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 28, 2024

Notice to Readers

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

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

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

(Continued)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

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

(Concluded)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

Refer to Note 4 for related accounting policy information.

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

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

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

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

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

Impact on assets, liabilities and equity for the current year

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

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

Impact on assets, liabilities and equity for the prior year

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

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

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

Current assets include:

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

Current liabilities include:

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

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

d. Basis of consolidation

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

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

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

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

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

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

e. Foreign currencies

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

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

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

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

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

f. Inventories

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

g. Investments in associates

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

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

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

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

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

h. Property, plant and equipment

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

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

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

i. Intangible assets

1) Intangible assets acquired separately

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

2) Derecognition of intangible assets

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

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

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

i. Financial assets at FVTPL

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

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

ii. Financial assets at amortized cost

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

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

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

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

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

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

iii. Investments in debt instruments at FVTOCI

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

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

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

iv. Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets and contract assets

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

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

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

3) Financial liabilities

a) Subsequent measurement

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

Financial liabilities at FVTPL

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

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

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

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

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

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

1. Revenue recognition

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

Revenue from the sale of goods

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

m. Leases

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

1) The Group as lessor

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

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

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

2) The Group as lessee

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

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

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

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

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

n. Borrowing costs

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

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

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

o. Government grants

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

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

Material Accounting Judgments

There were none.

The Main Sources of Uncertainty in Estimates and Assumptions

Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

Financial liabilities at FVTPL - current

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

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

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

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

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

9. FINANCIAL ASSETS AT AMORTIZED COST

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

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

10. NOTES AND ACCOUNTS RECEIVABLE

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

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

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

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

Trade Receivables

a. At amortized cost

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

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

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

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

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

December 31, 2023

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

December 31, 2022

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

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

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

b. At FVTOCI

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

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

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

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

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

December 31, 2023

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

December 31, 2022

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

11. INVENTORIES

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

The cost of goods sold is as follows:

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

12. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

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

(Continued)

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

(Concluded)

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

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

- a. Investments in associates

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

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

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

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

14. PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

15. LEASE ARRANGEMENTS

a. Right-of-use assets

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

b. Lease liabilities

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

Range of discount rates for lease liabilities was as follows:

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

c. Material lease-in activities and terms

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

d. Other lease information

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

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

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

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

16. OTHER ASSETS

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

17. BORROWINGS

a. Short-term borrowings

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

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

b. Long-term borrowings

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

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

18. TRADE PAYABLE

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

19. OTHER LIABILITIES - CURRENT

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

20. EQUITY

a. Share capital

Ordinary shares

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

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

b. Capital surplus

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

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

c. Retained earnings and dividends policy

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

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

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

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

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

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

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

21. REVENUE

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

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

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

Refer to Note 35 for information on disaggregation of revenue.

22. PROFIT FOR THE YEAR

a. Interest income

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

b. Other income

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

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

c. Other gains and losses

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

d. Finance costs

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

Information about capitalized interest was as follows:

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

e. Depreciation and amortization

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

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Post-employment benefits		
Defined contribution plans	\$ 1,050	\$ 770
Other employee benefits	<u>629,692</u>	<u>706,679</u>
	<u>\$ 630,742</u>	<u>\$ 707,449</u>
An analysis of employee benefits expense by function		
Operating cost	\$ 404,261	\$ 449,783
Operating expense	<u>226,481</u>	<u>257,666</u>
	<u>\$ 630,742</u>	<u>\$ 707,449</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 years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 14, 2024 and March 14, 2023, respectively, are as follows:

Accrual rate

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

Amount

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

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

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

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

h. Gains or losses on foreign currency exchange

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

23. INCOME TAXES

a. Income tax recognized in profit or loss

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

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

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

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

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

b. Current tax assets and liabilities

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

c. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

d. Income tax examination

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

24. EARNINGS PER SHARE

Unit: NT\$ Per Share

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

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

Net Profit for the Year

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

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

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

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

25. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

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

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

26. CASH FLOW ACTIVITY

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

a. Non-cash transaction

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

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

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

27. CAPITAL MANAGEMENT

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

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

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

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

28. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2023

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

December 31, 2022

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

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

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

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

c. Categories of financial instruments

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

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

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

d. Financial risk management objectives and policies

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

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

1) Market risk

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

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

a) Foreign currency risk

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

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

Sensitivity analysis

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

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

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

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

b) Interest rate risk

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

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

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

Sensitivity analysis

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

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

2) Credit risk

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

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

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

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

3) Liquidity risk

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

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

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

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

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

December 31, 2023

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

Additional information on the maturity analysis for lease liabilities

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

December 31, 2022

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

Additional information on the maturity analysis for lease liabilities

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

b) Financing facilities

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

c. Transfers of financial assets

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

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

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

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

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

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

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

29. TRANSACTIONS WITH RELATED PARTIES

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

a. Related party name and category

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

b. Sales of goods

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

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

c. Purchases of goods

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

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

d. Manufacturing overhead - material consumption

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

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

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

f. Acquired property, plant and equipment

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

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

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

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

h. Lease arrangements

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

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

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

i. Others

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

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

j. Endorsements and guarantees

Endorsements given by related parties

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

k. Compensation of key management personnel

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

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

30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY: NONE

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

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

32. SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

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

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

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

December 31, 2022

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

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

34. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and investees:

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

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

35. SEGMENT INFORMATION

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

- a. Revenue from major products and services

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

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

b. Geographical information

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

c. Information on major customers

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

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

TABLE 1

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

(Continued)

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

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

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

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

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

Note 3: The limit amount is calculated as follows:

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

(Concluded)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

Note 1: Number should be noted in number column.

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

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

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

Note 3: The limit amount is calculated as follows:

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2023

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

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

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

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED AT COSTS OR PRICES OF AT LEAST NTS300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

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

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

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

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

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

Note 4: Paid-in capital is the paid-in capital of the parent company. Shares of issuers without par value or not NTS10 per share are calculated according to 10% of total equity attributable to owners of the Company regarding the regulation on transaction amount of 20% of paid-in capital.

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

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

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

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

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

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

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023		Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%			
Tong Ming Enterprise Co., Ltd. (Clayman)	Tong Group Limited	Hong Kong	Investment	\$ 1,858,415 (RMB 4,294,953)	\$ 1,858,415 (RMB 4,294,953)	1,000,000	100.00	\$ 86,156	\$ 86,156	Note 1
	China Rich International Holding Limited	Hong Kong	Investment	195,674 (RMB 45,222)	195,674 (RMB 45,222)	10,000	100.00	9,072	9,072	Note 1
	Winlink Fasteners Co., Ltd.	Taiwan	Selling and marketing of fasteners and wires	15,989	15,989	1,500,000	100.00	31,953	31,953	Note 1
	Tong Win International Co., Ltd.	Samoa	Selling and marketing of fasteners and wires	-	-	500,000	100.00	78,528	78,528	Note 1
	Fast Link	Japan	Selling and marketing of fasteners and wires	5,225	5,225	500	59.52	4,761	4,761	Note 1
	Meta Global Co., Ltd.	Samoa	Investment	25,000 (JPY 25,000)	25,000 (JPY 25,000)	1,000,000	100.00	(67,883)	(67,883)	
	Tong Link Enterprise Co., Ltd.	Taiwan	Selling and marketing of fasteners and wires	281,255 (RMB 65,000)	281,255 (RMB 65,000)	1,000,000	100.00	(1,720)	(1,720)	
	Tong Ming Trading Limited	Hong Kong	Buying and selling raw materials	1,532 (US\$ 50)	1,532 (US\$ 50)	50,000	100.00	48,090	(1,466)	
	Tong Ming Holding Ltd.	Hong Kong	Investment	-	-	50,000	100.00	-	-	
									(53)	

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

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

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

TABLE 9

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

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

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

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

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

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

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

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

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

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

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

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

Seven. Review and Analysis of Financial Position and Performance and Associated Risks

I. Financial Position

Unit: NT\$ 1,000

Items	Fiscal Year	2022	2023	Difference	
				Amount	%
Current Assets		10,589,977	8,723,148	(1,866,829)	(17.63%)
Fixed Assets		2,156,834	2,888,182	731,348	33.91%
Other Assets		758,417	674,436	(83,981)	(11.07%)
Total Assets		13,505,228	12,285,766	(1,219,462)	(9.03%)
Current Liabilities		5,697,717	3,248,081	(2,449,636)	(42.99%)
Long-Term Liabilities		443,274	2,064,782	1,621,508	365.80%
Other Liabilities		429,605	430,059	454	0.11%
Total Liabilities		6,570,596	5,742,922	(827,674)	(12.60%)
Capital		2,012,033	2,012,033	-	-
Capital Surplus		1,827,423	1,827,293	(130)	(0.01%)
Retained earnings		3,207,877	2,938,555	(269,322)	(8.40%)
Exchange differences on translation of foreign financial statements		(134,736)	(261,447)	(126,711)	94.04%
Total Stockholders' Equity		6,934,632	6,542,844	(391,788)	(5.65%)

Reason and impact for varying over 20% and amount changed up to NT\$ 10,000 thousand from 2022 to 2023 are as follows:

- (1) Increase in property, plant and equipment: was mainly due to newly-built plants and structures and purchase of machines and equipment to respond to the future production capacity demands.
- (2) Decrease in current liabilities: was mainly due to the Company's adjustment of loan liquidity and use long-term loans to support short-term ones to cooperate with its business requirements.
- (3) Increase in long-term liabilities: was mainly due to the Company's adjustment of loan liquidity and use long-term loans to support short-term ones to cooperate with its business requirements.
- (4) Decrease in exchange differences on translation of foreign financial statements: was mainly due to the negative exchange influence from the translation of the functional currency RMB into NTD because of the exchange depreciation while converting RMB to NTD.

II. Financial Performance

(I) Reasons and Impact of Significant Changes in Asset, Liability and Equity

Unit: NT\$ 1,000

Items	Fiscal Year	2022	2023	Increase(Decrease)	Variable ratio (%)
				Amount	
Net Operating Revenue		15,428,409	12,966,040	(2,462,369)	(15.96%)
Operating Cost		13,416,559	11,998,060	(1,418,499)	(10.57%)
Gross profit		2,011,850	967,980	(1,043,870)	(51.89%)
Operating Expenses		835,602	804,892	(30,710)	(3.68%)
Operating Profit		1,176,248	163,088	(1,013,160)	(86.13%)
Non-operating income		(53,291)	(49,111)	4,180	(7.84%)
Income Before Tax		1,122,957	113,977	(1,008,980)	(89.85%)

Income Tax Benefit (expense)	(208,527)	22,305	230,832	(110.70%)
Net benefits	914,430	136,282	(778,148)	(85.10%)

Reason and impact for varying over 20% and amount changed up to NT\$ 10,000 thousand from 2022 to 2023 are as follows:

- (1) Decrease in gross profit and operating revenue: was mainly due to the wild fluctuation of raw material costs considering the sluggish international and Chinese steel markets in 2023, and a huge inventory falling price loss due caused by the substantial decline in raw material prices in the fourth quarter. So the gross profit rate declined compared with that in 2022, resulting in the decrease in gross profit and operating revenue.
- (2) Decrease in income before tax: was mainly due to the decrease in gross profit in 2023.
- (3) Decrease in income tax expense: was mainly due to the decrease in profits gained by business entities in 2023.
- (4) Decrease net benefits after tax: was mainly due to the decrease in gross profit in 2023.

(II) Expected Sales Volume with Basis, and Its Impact on the Company's Finance and Business and Action Plan:

The Company makes the target of annual delivery with the expected sales volume which is based on the effective sales in previous year and the demand estimated with economy growth prospect of the market where the major business entities in, plus the situation and lead time of raw material. And the Company dedicates itself to the stable increasing of performance with numbers of high-quality products and diversified sales channel and platform. The Company will continue to optimize the unique e-commerce business model that integrates production and channels in China, with a variety of sales channels and platforms, in order to maintain steady growth in performance.

III. Cash Flow

(I) Variance Analysis of Cash Flows in 2023:

Unit: NT\$ 1,000

Item	Year		Increase (Decrease) Amount	Increase (Decrease) Ratio (%)
	2022	2023		
Net cash generated by operating activities:	369,622	1,631,271	1,261,649	341.33%
Net cash used in investing activities:	(858,308)	(743,297)	115,011	(13.40%)
Net cash generated by financing activities:	343,280	(1,212,168)	(1,555,448)	(453.11%)

Reason and impact for varying over 20% and amount changed up to NT\$ 10,000 thousand from 2022 to 2023 are as follows:

- (1) Great increase in the cash inflow from operating activities was mainly due to active de-inventory and decreased inventory expenditures in 2023.
- (2) Great increase in the cash inflow from financing activities was mainly due to repayment of loans borrowed in 2022 in 2023.

The cash balance of the the Company and its subsidiaries ended the first quarter of 2024 is NT\$1,534,145, 000 and it is expected to sufficiently cover the dividend payment of NT\$201,203,000 and cash outflow for other future investing activities when there are continuous net cash inflow from its future operating activities and the short-term and long-term bank loans are rationally applied.

IV. Major Capital Expenditures in 2023 and Their Impacts on the Company's Finance and Operation

The Company spent total \$779,891 thousand for fixed assets in 2023, that was, the production equipment for increasing output and hardware of warehouse management system for accelerating shipment and improving efficiency. The amount was not so big and will not impact the normal running of the Company's finance and operation.

V. Reinvestment Policies of 2023, Main Reasons for Investment Gains or Losses, Improvement Plans, and Investment Plans of 2024

(1). Reinvestment Policies

The Company's reinvestment policies focuses on this industry and will not involve into non-related ones; except the regulation of investment cycle in internal control system, the Company has established the "Rules for Business Group, Specific Companies and Affiliates", "Procedures for Acquisition and Disposal of Assets" and "Rules for Supervision and Management of Subsidiaries", which has been approved by the Board of Directors or Shareholders' Meeting. And it will also assist the reinvested companies to set up proper internal control system in consideration of the local laws and regulations and their actual operating status.

(2). Main Reasons for Reinvestment Gains or Losses in 2023

Unit: NTS 1,000

Reinvestment	Net profit in 2023	Status
Tong Group Limited	86,156	Good operating condition
Tong Ming Enterprise Co., Ltd	9,072	Good operating condition
Winlink Fasteners Co., Ltd.	31,953	Good operating condition
Tong Win International Co., Ltd.	78,528	Good operating condition
FastLink Inc	4,761	Early stage of establishment
Meta Global Co., Ltd.	(67,883)	Early stage of establishment
Tonglink Enterprise Co.,Ltd	(1,720)	Early stage of establishment
Tong Ming Enterprise Co., Ltd	105,007	Good operating condition
Jiaxing Chunyou Precision Mould Co., Ltd.	6,091	Good operating condition
Tong Ming Trading Limited	(1,466)	due to less sales
Shanghai Dongqin Trading Co., Ltd.	11,379	Good operating condition
Tong Ming Holding Limited	-	No business activities
Jiaxing Dongyou Hardware Co., Ltd.	6,259	Good operating condition

Reinvestment	Net profit in 2023	Status
Shenzhen Easy Fasterner Co., Ltd.	14,637	Good operating condition
Tong Win International(Jia Xing) Co., Ltd	10,751	Good operating condition
Tong Yi Supply Chain Enterprisc Co., Ltd.	(448)	Early stage of establishment
Tong He Enterprise Co.,Ltd.	(67,883)	Early stage of establishment

(4) Investment plan in following year: NA

VI. Risk Analysis and Assessment in 2023 and as of the Publishing Date of this Annual Report

(1) The impact of the Fluctuation in Interest Rates, Foreign Exchange Rates and Inflation on the Company's Profitability, and Associated Action Plans

A. Interest Rate Fluctuation

(a) The Impact on the Company's Revenue and Profit

The interest income of the Company in 2022 and 2023 was NT\$ 12,160,000 and NT\$ 28,572,000 respectively, accounting for 0.08% and 0.22% of the consolidated net operating income of the same year respectively. In addition, the interest expense was NT\$ 162,923,000 and NT\$ 198,381,000 respectively, accounting for 1.06% and 1.53% of the consolidated net operating income of the same year respectively. On the whole, since the ratio of interest income and interest expense to the consolidated net operating income in 2022 and 2023 is not high, the risk of affecting the Company's profit and loss is still controllable.

(b) Action Plans

The Company has always had good relationships with the corresponding banks, and the financing policy is mainly used for short-term working capital and loans for material acquisitions. Going forward, it will actively maintain these good relationships with the banks, not only to secure more favorable interest rates, but to also closely watch the changes to the financial regulations inside and outside of mainland China, and the fluctuation in the interest rates so as to best make use of these regulations and reduce the risk of interest rate fluctuation.

B. Foreign Exchange Rates Fluctuation

(a) The Impact on the Company's Revenue and Profit

The Company's sales and procurement outside China are mainly quoted in US dollars, and sales and procurement in China are quoted in RMB. Since the overseas sales and purchases amount is about the same, the natural hedging method is mainly used to avoid exchange rate fluctuations. The Company's exchange gain in 2022 was NT\$ 70,518,000 and that in 2023 was

NT\$ 31,022,000, accounting for 0.46% and 0.24% of the net consolidated operating income of the current period, and 6.28% and 27.22% of the net consolidated profit before tax of the current period. The proportion of exchange gains and losses in operating income and net profit before tax is not high, so the change of exchange rate has a little impact on the company's revenue and profit.

The main functional currency of the Company is RMB and there has been no significant risk of foreign exchange rates until now.

(b) Action Plans

The Company will continue to strengthen awareness in their financial staff for exchange hedging, analyzing trends in the exchange rate using a real-time, online system and by keeping in close contact with financial institutions to provide a reference for exchange settlement. Moreover, natural hedging will still be used as a major strategy for risk control, with assets and liabilities in foreign currencies adjusted properly to reduce the risk of exchange rate fluctuations.

C. Inflation

(1) Inflation did not have a significant impact on the Company's profitability in 2022 and 2023.

According to the announcement made by National Bureau of Statistics of China, the Consumer Price Index decreased at an annual rate of 0.1% YoY, in March 2024, indicating that there is no significant inflationary trend in China.

Although the price of roller steel wire, the primary raw material the Company uses, is easily impacted by the fluctuation of international Nickel prices (which is a special pricing property of the stainless steel industry) there is no direct causality with inflation. Moreover, due to floating adjustment of raw material purchasing and product sales, the Company not only closely watches the fluctuation of the regional economy and market prices of raw material and terminal products but it also maintains good relationships with its suppliers and customers. Therefore, any estimated inflation or deflation has no significant impact on the Company's profitability.

(2) The policies, main reasons for gains or losses, and action plans with respect to high-risk, highly-leveraged investment, lending funds to other parties, endorsements and guarantee and derivative trading in 2022:

In maintaining the principle of being steady and practical, the Company did not engage in any high-risk or highly-leveraged investments, and it did not endorse or offer guarantees for other companies. Meanwhile, the Company has established the "Management of Lending and Endorsement Guarantee" as the basis of such operations and deals, with a forward contract for the sole purpose of avoiding the risk of exchange rate fluctuation. For efficient use of funds, the Company purchase open-end non-principal-protected floating-income instruments from local correspondent banks to obtain a better return than normal deposits. The Company has also

set up the “Procedures for Acquisition and Disposal of Assets (including the “Procedure for Derivative Trading”)” for itself and its affiliates. Capital loans to others follow the “Procedures for Lending Funds to Other Parties”, and there has been no significant impact on the Company’s finances and business.

(3) Future Research and Development Plans and Estimated Expenses:

The Company has been committed to the development of new products and the improvement of the production process over the years. For the development of new products, besides continuing to develop new model standard parts to meet the market requirement, the Company also works hard on special non-standard products and materials to extend the application of products. For the improvement of the production process, the Company pays more attention to improving the processes and upgrading the facilities. The R&D center staff not only collaborate with upstream facility suppliers on new production technology and technology transformation applications but also apply for patents for their own R&D achievements.

The ratio of R&D expenses to net operating revenue in 2022 and 2023 was 0.15% and 0.23%, respectively. Although the figures were not high, the Company has over 20 years production experience in the field of stainless steel fasteners and is a leader in the speed of product R&D and the improvement of the production process, with a National High-Tech Enterprise certification. It will continuously invest in research and development to enhance the Company’s technical strength and industrial competitiveness.

(4) The Impact of Changes in Major Domestic and Overseas Policies and Regulations on the Company’s Finances and Business, and Associated Action Plans:

The company is registered in the Cayman Islands and operates primarily in mainland China. The Cayman Island’s major economic activities are financial services, and mainland China has become the major economy in the world. The Company’s business of stainless steel fasteners and wire does not belong to the franchising industry, which is heavily regulated both home and abroad. The Company keeps a close watch on policy trends and any changes to the regulations, along with any variations in the market so as to take proper action. Therefore, changes to major domestic and overseas policies and regulations have no significant impact on the Company’s finances and business.

(5) The Impact of Changes in Technology (including information security risks) and Industry on the Company’s Finances and Business, and Associated Action Plans:

Furthermore, online shopping is increasingly popular and the platform is perfect in mainland China where the major business is located. The Company has set up a complete sales mechanism for this distribution channel, so there is no impact of changes in technology and industry on the Company’s finances and business.

The company has formulated computerized information system management measures and

implemented an information security management system in accordance with Article 9 of the "Guidelines for the Establishment of Internal Control Systems for Publicly Issued Companies" to standardize the company's information market security and capital market protection measures. At the same time, regular Information security risk assessment and operation review, internal and external information security audit operations, etc., to ensure the effectiveness of the information management system and compliance with laws and regulations.

The management department is responsible for the information security management of the company. Information security-related management focuses such as: personnel security and management, education and training, computer system security management, computer storage media security management, network security management, system access control, information asset security management, system development and maintenance security management , physical and environmental security management, information security audit.

In the most recent year and as of the publication date of the annual report, no major cyber attacks or incidents have been discovered, which have or may have a major adverse impact on the company's business and operations, and have not been involved in any related legal cases or regulatory adjustments. Therefore, there is no significant operational risk in assessing information security. However, the company cannot guarantee complete network and computer security protection measures, which can safely and completely avoid any third-party network attacks that paralyze the system. In the future, our company will keep in close contact with professional insurance companies to learn about information related to information security insurance, and will consider whether to purchase insurance in the future based on demand.

(6) The Impact of Changes to the Corporate Image on Corporate Risk Management, and the Associated Action Plans:

As a professional producer of stainless steel fasteners and wire, Zhejiang Tong Ming has been focusing on its operation since it was established, achieving remarkably and establishing a good reputation with more than ten year's hard work. There is no impact to our business on changes to our corporate image.

(7) Expected Benefits and Risks Relating to Mergers and Acquisitions, and the Associated Action Plans:

The Company has established a procedure for the internal restructure and integration of resources for the purpose of listing on the TWSE. It has not undertaken any other mergers and acquisitions. In the event of a merger in the future, the Company shall carefully evaluate and consider the combined effect of the merger to ensure the shareholders' rights and interests.

(8) The Expected Benefits and Risks Relating to Plant Expansion, and the Associated Action Plans:

One business entity of the Company established the High-tech factory in Jiaxing, Zhejiang in 2021, and main production equipment was officially put into operation in the fourth quarter of

2023 and other production equipment will be installed gradually, and the annual production capacity could reach 50,000 tons. The Company established Zhejiang Donghe Stainless Steel Materials in Pinghu, Zhejiang, which mainly produces stainless steel wire products, and it was put into operation in 2022 with the estimate annual production capacity of about 24,000 tons. Increase in production capacity might encounter raw material capital outflow and market risks, and the Company could master information on market trends and prices in a timely manner and properly respond to relevant risks by cooperating with bank financing or public fundraising.

(9) The Risks of Concentrated Sources of Sales or Purchases, and the Associated Action Plans:

A. Risk of purchases:

Considering the quality and the lead time of receiving raw materials, the Company will give priority to Tier-one steel manufacturers for the purchase of rolled steel wire and will build long-term relationships with them. Although the purchasing of raw materials has been consolidated to the first three suppliers, they are all Tier-one steel manufacturers with a monthly opening price base. Since other suppliers keep growing in both technology and their scale of operations, the Company can transfer orders to them if there is any supply disruption. There is no significant risk of centralized purchasing of raw materials since the Company has the right to decide the supplier based on our purchasing scale advantage.

B. Risk of sales:

The Company primarily sells stainless steel fasteners and wire to distributors of all sizes to key direct customers in various industries due to the wide application of our products. Therefore, there is no significant risk of sales concentration since our customers are scattered and order large quantities, and the ratio of the sales volume of individual customers to overall revenue is less than 20%.

(10) The Impact and Risk of the Sale or Transfer of a Significant Number of Shares by the Directors, Supervisors or Shareholders with Over 10% Shareholding, and the Associated Action Plans: None.

(11) The Impact and Risk of a Change in Management, and the Associated Action Plans: None.

(12) The Significant Impact of Litigations or Non-litigations on the Interests of Shareholders or Share Prices:

(a) Major convictions or ongoing Litigations, Non-litigations, or Administrative Disputes in 2021 and 2022 with a Significant Impact on the Interests of Shareholders or Share Prices: None.

(b) Major convictions or ongoing Litigations, Non-litigations, or Administrative Disputes in 2021 and 2022 which Involve the Directors, Supervisors, President, De Facto Responsible Person, Major Shareholders with Over 10% Shareholding and Affiliates having a

Significant Impact on the Interests of Shareholders or Share Prices: None.

- (c) Any Events in 2021 and 2022 as stated in Article 157 of the Securities and Exchange Act by the Directors, Supervisors, Managers and Shareholders with Over 10% Shareholding: None

(13) Other Significant Risks and Associated Action Plans:

- (a) The Risk of Overall Economic, Political and Economic Environment, Foreign Exchange and Laws and Regulations.

The Company is registered in the Cayman Islands and the primary business is in mainland China, so the overall economy, changes to the political environment and any fluctuation to the foreign exchange will all have an impact on the Company's operations.

- (b) The Risk of Shareholders' Rights and Protection of Interests

There are many differences between the laws and regulations of the Cayman Islands and Taiwan, and the Company amends the Articles of Incorporation as per the "Checklist on the Protection of Shareholders' Rights and Interests at the Registered Place of Foreign Issuers" of the Taiwan Stock Exchange without contradiction to Cayman's laws and regulations.

VII. Other Significant Matters: None.

Eight. Special Notes

I. Consolidated Business Report of the Affiliates:

It is same as the financial statement, please refer to page 85~152.

(1)Chart of Affiliates: Refer to page 5.

(2)Basic Information on Affiliates:

Company Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
Tong Ming Enterprise Co., Ltd	Nov. 1995	No. 88 East Changsheng Road, Economic Development Zone, Jiaxing City, Zhejiang Province	RMB 706,000 thousand	Production and sales of SUS fastener and wire, including hardware like SUS screw, threaded rod, wire and nut.
Tong Group Limited	Feb. 2008	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	RMB 429,493 thousand	Investment
China Rich International Holding Limited	Feb. 2008	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	RMB 45,222 thousand	Investment
Tong Ming Trading Limited	May 2011	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	US\$ 50 thousand	Transaction and sales of SUS products
Tong Ming Holding Limited	Jul. 2012	Room 2702-03, CC Wu Building, 302-8 Hennessy Road, Wanchai, Hong Kong	Registered capital of US\$ 50 thousand (Not available yet)	Investment
Shenzhen Easy Fasteners Co., Ltd.	Dec. 2013	No. 126, Building M07, South China International Hardware, Chemical and Plastic Logistics Zone (Phase I), 1# Huanan Avenue, Pinghu Street, Longgang District, Shenzhen	RMB 3,000 thousand	R&D and sales of SUS fastener and standard parts
Winlink Fasteners Co., Ltd.	Jun. 1996	15 F, No. 140, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City	NT\$ 15,000 thousand	Domestic and overseas transaction of screw, nut and mechanical parts
Tong Win International Co., Ltd.	Aug. 2012	Novasage Chambers, PO Box 3018, Level 2, CCCS Building, Beach Road, Apia, Samoa	Registered capital of US\$ 500 thousand (Not available yet)	Import and export of standard fastener
Tong Win Trading (Jiaxing) Co., Ltd	May. 2019	Room 502-2, Building 1, Fu'an Plaza, Economic and Technological Development Zone, Jiaxing City, Zhejiang Province	RMB 42,000 thousand	Domestic and overseas transaction of screw, nut and mechanical parts
FastLink Inc	Dec. 2020	7F Honhachiminami Gardencity, 3-6-1 Kitakyuhouji-Machi, Chuou-Ku Osaka, Jspan	JPY 42,000 thousand	Import and export of standard fastener
Meta Global Co., Ltd.	Jan.2022	Vistra Corporate Services Center, Grond Floor NPF Building, Beach Road, Apia. Samoa	RMB 65,000 thousand	invest

Company Name	Date of Incorporation	Address	Paid-in Capital	Main Business / Products
TONG HE ENTERPRISE CO.,LTD.	Feb.2022	Chengnan Industrial Park, Heping Town, Changxing County, Huzhou City, Zhejiang Province	RMB 65,000 thousand	Production and sales of stainless steel wire
Tong Yi Supply Chain Enterprise Co., Ltd.	Jun. 2022	Room 309, 3rd Floor, Building 5, No. 88 East Changsheng Road, Economic Development Zone, Jiaxing City, Zhejiang Province	RMB 1,000 thousand	E-commerce platform
Tonglink Enterprise Co.,Ltd	Nov 2022	3F, No. 140, Zhongshan N. Rd., Gangshan Dist., Kaohsiung City	NT\$ 10,000 thousand	Trading of screws, etc. and computer programming

- (3) The Company and its affiliates are principally engaged in the manufacture, processing and sale of stainless steel fasteners and wires. Zhejiang Tong Ming manufactures and sells stainless steel fasteners and wire products in Zhejiang Province; the Shanghai Yiqin and Shenzhen Yiqin Industrial Fasteners Co., Ltd. are engaged in the trading of fasteners in Shanghai and Guangdong, respectively, and some of the products are supplied by the operating entity. Ganshan Tong Ying , Tong Win International Co., Ltd., and Tong Ming Trading (Jiaxing) Co., Ltd. are mainly engaged in the trading of fasteners for the European and American markets, and Tong Ming Trading Limited purchases some of the production materials on behalf of the operating entity is mainly engaged in the trading of fasteners for the Japanese market. Zhejiang TONG HE ENTERPRISE CO.,LTD.. will produce and sell stainless steel wire products. Tong Yi Supply Chain Enterprise Co., Ltd. sells stainless steel wire products on E-commerce platforms. Tonglink Enterprise Co., Ltd. Is mainly engaged in the trading of screws, etc. and computer programming.
- (4) Shareholders in Common of Tong Ming and Its Affiliates with Deemed Control and Subordination: None

(5) Operational Highlights of Affiliates:

Unit: NT\$ 1000

Company Name	Capital Stock	Total Assets	Total Liabilities	Net Value	Operating revenues	Operating Profit	Net benefits	Earnings per share(NT\$)
Tong Ming Enterprise Co., Ltd	RMB 706,000 thousand	11,542,123	5,225,432	6,316,691	10,177,818	89,194	105,007	0.15
Tong Group Limited	RMB 429,493 thousand	5,697,693	312,031	5,385,662	-	-	86,156	-
China Rich International Holding Limited	RMB 45,222 thousand	600,088	32,864	567,224	-	-	9,072	-
Tong Ming Trading Limited	US\$ 50 thousand	48,090	-	48,090	-	(47)	(1,466)	-
Tong Ming Holding Limited	-	-	53	(53)	-	-	-	-
Shenzhen Easy Fasteners Co., Ltd.	RMB 3,000 thousand	110,041	39,057	70,984	117,708	16,224	14,637	-
Winlink Fasteners Co., Ltd.	NT\$ 15,000 thousand	240,902	38,240	202,662	698,853	38,101	31,953	21.30
Tong Win International Co., Ltd.	-	198,563	39,600	158,963	1,484,962	70,767	78,528	--
FastLink Inc	JPY\$ 42,000 thousand	42,939	24,509	18,430	131,372	4,736	4,761	5667.86
Tong Win Trading (Jiaxing) Co., Ltd	RMB 1,500 thousand	35,623	4,642	30,981	100,863	10,451	10,751	-
Meta Global Co., Ltd.	RMB	180,223	-	180,223	-	-	(67,883)	-

Company Name	Capital Stock	Total Assets	Total Liabilities	Net Value	Operating revenues	Operating Profit	Net benefits	Earnings per share(NT\$)
	65,000 thousand							
Tong He Enterprise Co.,Ltd.	RMB 65,000 thousand	760,792	580,569	180,223	704,871	(50,692)	(67,883)	-
Tonglink Enterprise Co.,Ltd	NT\$ 10,000 thousand	10,780	2,847	7,913	11,307	(1,777)	(1,720)	-
Tong Yi Supply Chain Enterprise Co., Ltd.	RMB 1,000 thousand	3,519	538	2,981	1,059	(448)	(448)	-

(6) Information of the Directors, Supervisors and Presidents of the Affiliates:

Company Name	Title	Name or Representative	Shares held	Shareholding
Tong Ming Enterprise Co., Ltd	Director	Tsai, Ching-Tung	-	-
	Director	Tsai, Ming-Ti	-	-
	Director	Tsai, Chia-Yen	-	-
	Director	Tsai, Hung-Chuan	-	-
	Director	Tsai, Cheng-Hsiung		
	Supervisor	Tsai, Chen-Jung	-	-
	Supervisor	Tsai Chen, Su-Kan	-	-
	Supervisor	Chang, Sheng-Chieh	-	-
	President	Tsai, Hung-Chuan	-	-
Tong Group Limited	Director	Tsai, Ching-Tung	-	-
China Rich International Holding Limited	Director	Tsai Chen, Su-Kan	-	-
Tong Ming Trading Limited	Director	Tsai, Cheng-Hsiung	-	-
Tong Ming Holding Limited	Director	Tsai, Ching-Tung	-	-
EASY TRADE(SHANGHAI)CO., LTD	Director	Tsai, Hung-Chuan	-	-
	Supervisor	Tsai, Cheng-Hsiung	-	-
Shenzhen Easy Fasteners Co., Ltd.	Director	Ko, Hsin	-	-
	President	Chen, Peng	-	-
Winlink Fasteners Co., Ltd.	Director	Tsai, Hung-Chuan		
	Director	Tsai, Yi-Ting		
	President	Ko, Wen-Ling		
Tong Win International Co., Ltd	Director	Tsai, Hung-Chuan		
Tong Win Trading (Jiaxing) Co., Ltd	Director	Tsai, Cheng-Hsiung		
	President	Ko, Wen-Ling		
Fastlink Inc.	Director	Tsai, Hung-Chuan	-	-
	President	Kenji Tsukada	-	-
Meta Global Co., Ltd.	Director	Tsai, Hung-Chuan		
Tong He Enterprise Co.,Ltd.	Director	Tsai, Cheng-Hsiung		
	Supervisor	Lo, Shu-Nan		

(7) Consolidated Financial Statements of Affiliates: it is same as consolidate Financial Statements, refer to page 70~144

(8) Statement of Consolidated Financial Statements of Affiliates: N/A

- II. Private Placement of Securities in 2022 and as of the Publishing Date of this Annual Report: None
- III. The Company's Shares Held or Disposed of by Subsidiaries in 2022 and as of the Publishing Date of this Annual Report: None.
- IV. Other Necessary Supplement: None.
- V. Any Events in 2022 and as of the Publishing Date of this Annual Report that had Significant Impacts on Shareholders' Right or Security Prices as Stated in Subparagraph 2 of Paragraph 3 of Article 36 of the Securities and Exchange Act: None.
- VI. Major difference with Shareholder Rights Protection Provisions of our Country

Difference	The Company's Law of the Cayman Island and Interpretation	Articles of Incorporation and Interpretation
<p>“Special Resolution” means: a resolution passed by a majority of the Members, as being entitled to do so, voting in Person or, where proxies are allowed at a general meeting, with such members holding two-thirds or more of the total number of outstanding Shares of the Company attending that meeting; or if the total number of Shares represented by the Members of Public Companies present at a general meeting is not sufficient to meet the criteria specified in the preceding paragraph, the resolution made thereby may be passed by two-thirds or more of the Members, as being entitled to do so, voting in Person or, where proxies are allowed at a general meeting, such Members holding a majority of the total number of outstanding shares of the Company attending that meeting.</p>	<p>Subject to the Company's Laws of the Cayman Islands, a Special Resolution means in theory that the resolution is passed by two-thirds or more of the Members, as being entitled to do so, voting in Person or, where proxies are allowed at a general meeting, and the quorum of the meeting of Members shall be the Members holding a majority of the total number of outstanding shares of the Company attending that meeting</p>	<p>Subject to Letter Tai-Zheng-Shang-Zi No. 0991701319 of TWSE on April 13, 2010, Article 31 and Article 2(1) in the Articles of Incorporation, a special resolution means a resolution passed by two-thirds or more of the Members, as being entitled to do so, voting in Person or, in the case such Members are corporations, by their respective duly authorized representative, or where proxies are allowed, by proxy at a general meeting, which shall also comply with the stipulation in the Company's Law of the Cayman Islands and Company Act of Taiwan for the number of members of a Public Company entitled to vote.</p>
<p>1. When the Company decreases the share capital, without a resolution passed by the meeting of Members, its share shall not be cancelled; the share capital shall be decreased in proportion to the capital paid on the Shares held by the Members.</p> <p>2. The decreased Share capital shall be returned with properties other than cash and the returned property and the amount compensated shall be approved by a resolution of the meeting of the Members and agreed by the shareholder receiving the properties.</p> <p>3. The value of the property and the aforementioned compensated amount shall be submitted to the CPA of the</p>	<p>Articles 14 to 18 of the Company Law of the Cayman Islands provide strict procedural and physical regulations for the reduction of a company's capital, and such regulations are mandatory and may not be changed by the Articles.</p>	<p>Articles 14 to 18 of the Cayman Islands Company Law provide for strict procedures and physical regulations for capital reduction, and the relevant regulations are mandatory and cannot be changed by the Articles of Association. For the avoidance of doubt, with the advice of Cayman Islands counsel, The Company hereby enact Article 12 of the Company's Articles of Incorporation, which stipulates that the Company's capital reduction shall be carried out in accordance with the procedures and conditions set forth in the Cayman Islands Law and the Listing (OTC) Regulations. As for the requirements for capital reduction in</p>

Difference	The Company's Law of the Cayman Island and Interpretation	Articles of Incorporation and Interpretation
<p>ROC for review and certification before the convening of the meeting of the Members.</p>		<p>accordance with the Checklist for the Protection of Shareholders' Rights and Interests, Article 19-1(1) of the Company's Articles of Incorporation stipulates that the shares shall be bought back in proportion to the shareholders' shareholding.</p>
<p>A company that adopts shares without par value shall not be converted into shares with par value.</p>	<p>In accordance with the provisions of the last paragraph of Section 8(1) of the Cayman Islands Companies Law: Provided further that no exempted company shall divide its capital into both shares of a fixed amount and shares without nominal or par value. In the opinion of Cayman Islands counsel, in accordance with the above provisions and taking into account the practical share issuance process, Cayman Islands exempted companies are not allowed to convert par value shares into non-par value shares and vice versa.</p>	<p>Since the Company's issued shares are all par value shares, the requirements of the leftmost column are not applicable to the Company. For the avoidance of doubt, I would like to refer to the purpose of the regulation, and in accordance with the current status of the Company, in Article 7(5) of the Company's Articles of Association: "The Company shall not issue or convert par value shares into par value shares.</p>
<p>1. If a shareholders' meeting is held outside of the ROC, it should be reported to the stock exchange for approval within two days after the board of directors has resolved or the shareholders have obtained permission from the competent authority to convene the meeting. 2. When a shareholders' meeting is held outside of the ROC, the Company shall appoint a professional stock proxy in the ROC to handle the shareholders' voting.</p>	<p>There is no requirement that the meeting of the Members shall be convened with the territory of the Cayman Islands.</p>	<p>The first paragraph of Article 27 of the Company's Articles of Incorporation provides that "During the listing period, all meetings of shareholders of the Company shall be held in the ROC. Therefore, there is no need to separately regulate the procedures for permitting or reporting shareholders' meetings to be held outside of the ROC. In addition, all shareholders' meetings will be held in the ROC during the listing period, but the Company will still appoint a professional stock agent in the ROC to handle the shareholders' voting and other related matters.</p>
<p>Any one or more Members continuously holding in the aggregate of three percent (3%) or more of the paid-up share capital of the Company for a period of one (1) year or longer may, by issuing a written notice setting forth therein the subjects for discussion and the reasons, request the Board to convene an extraordinary general meeting of the Members. If the Board fails to give notice to the Members for convening such meeting within 15 days after the filing of such requisition notice, the requisitionists themselves may, after obtaining approval from the competent authority, convene a special meeting of the Members on his/their own in the same manner.</p>	<p>There is no local competent authority in the Cayman Islands responsible for reviewing whether shareholders can convene shareholders' meetings by themselves.</p>	<p>Since the Company is incorporated under the Companies Law of the Cayman Islands and there is no local authority in the Cayman Islands responsible for examining whether shareholders may convene a shareholders' meeting on their own, the Company refers to letter no.0091701319 issued by TWSE on Apr.13, 2010, establishing Article 28 of Articles of Incorporation, stipulating that "A shareholder who has held more than 3% of the total number of issued shares for more than one year may request the Board of Directors to convene an extraordinary shareholders' meeting by stating in writing the reasons for the request and the reasons for the request. A shareholder who has held more than 3% of the total number of issued shares for more than one year may request the Board of Directors to convene an interim meeting of shareholders by stating in writing the reasons for the request and the reasons for the request. If the Board of Directors does not give notice of the</p>

Difference	The Company's Law of the Cayman Island and Interpretation	Articles of Incorporation and Interpretation
		shareholders' meeting within 15 days after receiving such request, the requesting shareholder may convene a shareholders' meeting on his or her own. No permission from the competent authority is required.
A member who exercises his voting power at a general meeting in writing or by way of electronic transmission shall be deemed to have attended and voted in person at the general meeting.	According to the legal opinions of the Cayman Islands lawyers, shareholders who exercise their voting rights in writing or electronically shall not be deemed to be present in person, but shall be interpreted as appointing the chairman of the shareholders meeting as a proxy.	Article 51(3) of the Company's Articles of Incorporation provides that "A shareholder who exercises his or her voting rights in writing or electronically shall be deemed to have appointed the chairman of the general meeting as his or her proxy to exercise his or her voting rights in accordance with these Articles of Incorporation and the Cayman Law in respect of the contents contained in the written or electronic documents. The chairman of the shareholders' meeting shall not vote as a proxy on matters not mentioned or indicated in the written or electronic documents or on amendments to the original motion. A shareholder who exercises his or her voting rights in writing or electronically shall be deemed to have abstained from voting on the provisional motion and the amendment to the original motion for that meeting of shareholders. This Article does not differ significantly from the provisions of the R.O.C. Law in actual operation, except that the Chairman of the shareholders' meeting is interpreted as a proxy for those shareholders who vote in writing or electronically, in order to comply with the requirement of the Cayman Islands Law that a resolution of a shareholders' meeting must be voted by the participating shareholders in person or by proxy at the same time.
<ol style="list-style-type: none"> 1. The Company's Articles of Incorporation may specify that the appropriation of earnings or loss shall be made quarterly or semi-annually after the end of the fiscal year. 2. A proposal for the distribution of earnings or appropriation of losses for the first three quarters or the first half of the fiscal year shall be submitted to the supervisor or the audit committee for examination and approval by the board of directors, together with the business report and financial statements. 3. When the Company distributes earnings in accordance with the preceding paragraph, the Company shall first estimate and retain taxable contributions, make up for losses in accordance with the law, and set aside legal reserve. However, the legal reserve shall not be 	The Cayman Islands law has no relevant regulations.	In accordance with Article 91(2) of the Company's Articles of Incorporation, the Company adopts an annual earnings distribution system and does not adopt an interim earnings distribution system; therefore, the regulation requirements in the leftmost column are not applicable to the Company.

Difference	The Company's Law of the Cayman Island and Interpretation	Articles of Incorporation and Interpretation
<p>used when the legal reserve has reached the amount of paid-in capital.</p> <p>4. If the Company distributes earnings in accordance with the second paragraph by issuing new shares, the attendance of shareholders representing at least two-thirds of the total number of outstanding shares shall be required, and the approval of a majority of the shareholders present shall be required. If the total number of shares present is less than the aforementioned quotas, the Company may do so by the presence of shareholders representing more than half of the total number of outstanding shares and the approval of more than two-thirds of the voting power of the shareholders present.</p> <p>5. The Company shall distribute earnings or make up losses in accordance with the provisions of the preceding four paragraphs in accordance with the financial statements audited or reviewed by an accountant.</p>		
<p>1. If the company has a supervisor, the shareholders' meeting shall elect the supervisor, and at least one of the supervisors must have a residence in the country.</p> <p>2. The term of office of the supervisor shall not exceed three years. However, they may be re-elected for a second term.</p> <p>3. If all the supervisors are dismissed, the board of directors shall convene an interim meeting of shareholders to elect them within 60 days.</p> <p>4. The Supervisor shall supervise the execution of the Company's business, and may at any time investigate the Company's business and financial condition, examine, copy or transcribe bookkeeping documents, and request the Board of Directors or the Manager to make a report.</p> <p>5. The Supervisor shall examine the various forms prepared by the Board of Directors for the shareholders' meeting and report the opinion to the shareholders' meeting.</p> <p>6. The Supervisor may appoint an accountant or attorney to review the audit on behalf of the Company.</p> <p>7. The supervisor may attend the board of directors' meeting to present opinions. If the Board of Directors or a director performs business in violation of the law, the Articles of Incorporation or a resolution of the shareholders' meeting,</p>	<p>The Cayman Islands law has no relevant regulations.</p>	<p>Since the Company adopts the audit committee system and does not have a supervisor, the requirements of the leftmost column are not applicable to the Company.</p>

Difference	The Company's Law of the Cayman Island and Interpretation	Articles of Incorporation and Interpretation
<p>the Supervisor shall immediately notify the Board of Directors or the director to cease such action.</p> <p>8. Each of the supervisors may exercise the supervisory power alone.</p> <p>9. The supervisor shall not be a director, manager or other employee of the Company.</p>		
<p>1.A shareholder who continues to hold more than one percent of the Company's outstanding shares for more than six months may request in writing that the Supervisor initiate a lawsuit for the Company against a director, and the Taipei District Court shall be the court of first instance.</p> <p>2.If the supervisor does not file a lawsuit within 30 days after the shareholder's request, the shareholder may file a lawsuit on behalf of the Company and the Taipei District Court shall be the court of first instance.</p>	<p>The Cayman Islands law has no relevant regulations.</p>	<p>Since the Company adopts the audit committee system and does not have a supervisor, in accordance with Article 14-4, Paragraph 3 of the Securities and Exchange Act and the Ministry of Economic Affairs' Letter No. 10000533380 dated March 1, 2011, the independent directors shall replace the supervisory function in the left-hand column. Article 77 of the Company's Articles of Incorporation stipulates that shareholders who continue to hold more than one percent of the total number of outstanding shares for more than six months may request in writing the independent directors of the audit committee to act for the Company before a court of competent jurisdiction (including the Taipei District Court). A shareholder who holds more than one percent of the total number of outstanding shares as provided in Article 77 of the Company's Articles of Incorporation may request in writing that a member of the Audit Committee, who is an independent director, bring an action for the Company in a court of competent jurisdiction (including the Taipei District Court) against a director who has performed his or her duties to the detriment of the Company or who has violated the Cayman Act, the Listing Rules or these Articles of Incorporation. If the independent director does not file a lawsuit within 30 days from the date of receipt of the aforementioned request, the requesting shareholder may file a lawsuit in accordance with the applicable laws and regulations, as permitted by the Cayman Act.</p>

Tong Ming Enterprise Co., Ltd.

Tsai Ching-Tung

