

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

**Consolidated Financial Statements for the
Years Ended December 31, 2025 and 2024 and
Independent Auditors' Report**

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Tong Ming Enterprise Co., Ltd. and its subsidiaries (collectively referred to as the “Group”), which comprise the consolidated balance sheets as of December 31, 2025 and 2024, 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, 2025 and 2024, 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, 2025. 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, 2025 are stated as follows:

The Authenticity of the Recognition of Sales Revenue

The Group primarily engages in the manufacturing and sale of stainless steel fasteners and wire rods. Due to its significance and the Statement of Auditing Standards presumption of significant risk in revenue recognition, we analyzed revenue-related information for each customer and selected those customers meeting specific criteria. Based on the evaluation, the revenue recognition for customers meeting these criteria was assessed to have a higher risk, and therefore, the authenticity of their revenue recognition was classified as 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 of customers meeting specific criteria from the list of sales details, 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, 2025 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 Yi-Hua Peng and Ming-Chung Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 27, 2026

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, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| ASSETS | 2025 | | 2024 | |
|--|----------------------|------------|----------------------|------------|
| | Amount | % | Amount | % |
| CURRENT ASSETS | | | | |
| Cash and cash equivalents (Note 6) | \$ 2,064,511 | 14 | \$ 1,126,780 | 8 |
| Financial assets at fair value through profit or loss - current (Notes 7 and 29) | 4,204 | - | 5,865 | - |
| Financial assets at amortized cost - current (Notes 9 and 31) | 1,236,475 | 9 | 1,063,686 | 8 |
| Notes receivable, net (Notes 10 and 22) | 187,271 | 1 | 585,143 | 4 |
| Accounts receivable, net (Notes 10, 22 and 30) | 2,310,489 | 16 | 2,191,430 | 16 |
| Other receivables | 12,192 | - | 41,298 | - |
| Current tax assets (Note 24) | 1,092 | - | 820 | - |
| Inventories (Note 11) | 5,015,454 | 34 | 4,835,010 | 35 |
| Prepayments to suppliers (Notes 17 and 30) | 313,364 | 2 | 314,903 | 2 |
| Other prepayments (Note 17) | 169,252 | 1 | 203,065 | 1 |
| Other current assets | 1,069 | - | 1,351 | - |
| Total current assets | 11,315,373 | 77 | 10,369,351 | 74 |
| NON-CURRENT ASSETS | | | | |
| Financial assets at fair value through other comprehensive income - non-current (Notes 8 and 29) | 52,154 | - | 51,945 | - |
| Investments accounted for using the equity method (Note 13) | 66,158 | - | 62,452 | - |
| Property, plant and equipment (Notes 14, 27 and 30) | 2,860,220 | 19 | 3,056,417 | 22 |
| Right-of-use assets (Note 15) | 170,364 | 1 | 152,949 | 1 |
| Investment properties, net (Note 16) | 77,138 | 1 | 81,117 | 1 |
| Other intangible assets | 68,616 | 1 | 65,898 | 1 |
| Deferred tax assets (Note 24) | 69,782 | 1 | 76,299 | 1 |
| Prepayments for equipment (Notes 17 and 27) | 25,966 | - | 22,560 | - |
| Refundable deposits | 3,500 | - | 3,777 | - |
| Other non-current assets | 2,037 | - | 4,296 | - |
| Total non-current assets | 3,395,935 | 23 | 3,577,710 | 26 |
| TOTAL | \$ 14,711,308 | 100 | \$ 13,947,061 | 100 |
| LIABILITIES AND EQUITY | | | | |
| CURRENT LIABILITIES | | | | |
| Short-term borrowings (Notes 18, 27 and 31) | \$ 3,149,738 | 21 | \$ 2,989,307 | 21 |
| Financial liabilities at fair value through profit or loss - current (Notes 7 and 29) | 127 | - | - | - |
| Contract liabilities - current (Notes 22 and 30) | 72,777 | - | 88,855 | 1 |
| Notes payable | 6,010 | - | 8,282 | - |
| Accounts payable (Notes 19 and 30) | 535,879 | 4 | 938,134 | 7 |
| Other payables (Notes 20 and 27) | 381,641 | 3 | 351,450 | 3 |
| Current tax liabilities (Note 24) | 34,518 | - | 45,258 | - |
| Lease liabilities - current (Notes 15, 27 and 30) | 10,925 | - | 5,743 | - |
| Current portion of long-term borrowings (Notes 18 and 27) | 1,310,673 | 9 | 474,668 | 3 |
| Other current liabilities | 885 | - | 347 | - |
| Total current liabilities | 5,503,173 | 37 | 4,902,044 | 35 |
| NON-CURRENT LIABILITIES | | | | |
| Long-term borrowings (Notes 18 and 27) | 1,133,599 | 8 | 1,342,602 | 10 |
| Deferred tax liabilities (Note 24) | 385,641 | 3 | 389,236 | 3 |
| Lease liabilities - non-current (Notes 15, 27 and 30) | 17,495 | - | 3,085 | - |
| Long-term deferred revenue (Note 26) | 194,120 | 1 | 164,694 | 1 |
| Total non-current liabilities | 1,730,855 | 12 | 1,899,617 | 14 |
| Total liabilities | 7,234,028 | 49 | 6,801,661 | 49 |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21) | | | | |
| Share capital | 2,012,033 | 14 | 2,012,033 | 14 |
| Capital surplus | 1,827,293 | 12 | 1,827,293 | 13 |
| Retained earnings | | | | |
| Legal reserve | 740,701 | 5 | 682,881 | 5 |
| Special reserve | 38,755 | - | 261,447 | 2 |
| Unappropriated earnings | 2,842,427 | 20 | 2,371,220 | 17 |
| Total retained earnings | 3,621,883 | 25 | 3,315,548 | 24 |
| Exchange differences on translation of the financial statements of foreign operations | (14,191) | - | (38,755) | - |
| Total equity attributable to owners of the Company | 7,447,018 | 51 | 7,116,119 | 51 |
| NON-CONTROLLING INTERESTS | | | | |
| | 30,262 | - | 29,281 | - |
| Total equity | 7,477,280 | 51 | 7,145,400 | 51 |
| TOTAL | \$ 14,711,308 | 100 | \$ 13,947,061 | 100 |

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, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2025 | | 2024 | |
|---|---------------------|-------------|---------------------|-------------|
| | Amount | % | Amount | % |
| OPERATING REVENUE | | | | |
| Sales (Notes 22, 30 and 35) | \$ 12,732,666 | 100 | \$ 12,543,322 | 100 |
| OPERATING COSTS | | | | |
| Cost of goods sold (Notes 11, 23 and 30) | <u>(11,189,200)</u> | <u>(88)</u> | <u>(11,056,456)</u> | <u>(88)</u> |
| GROSS PROFIT | <u>1,543,466</u> | <u>12</u> | <u>1,486,866</u> | <u>12</u> |
| OPERATING EXPENSES (Notes 23 and 30) | | | | |
| Selling and marketing expenses | (513,268) | (4) | (518,720) | (4) |
| General and administrative expenses | (297,996) | (2) | (283,825) | (3) |
| Research and development expenses | (28,872) | - | (29,303) | - |
| Expected credit gain | <u>5,169</u> | <u>-</u> | <u>1,073</u> | <u>-</u> |
| Total operating expenses | <u>(834,967)</u> | <u>(6)</u> | <u>(830,775)</u> | <u>(7)</u> |
| PROFIT FROM OPERATIONS | <u>708,499</u> | <u>6</u> | <u>656,091</u> | <u>5</u> |
| NON-OPERATING INCOME AND EXPENSES (Notes 23 and 30) | | | | |
| Interest income | 37,599 | - | 39,298 | - |
| Other income | 124,527 | 1 | 125,777 | 1 |
| Other gains and losses | (12,077) | - | 34,182 | - |
| Finance costs | (131,609) | (1) | (167,748) | (1) |
| Share of profit of associates and joint ventures (Note 13) | <u>11,237</u> | <u>-</u> | <u>8,470</u> | <u>-</u> |
| Total non-operating income and expenses | <u>29,677</u> | <u>-</u> | <u>39,979</u> | <u>-</u> |
| PROFIT BEFORE INCOME TAX | 738,176 | 6 | 696,070 | 5 |
| INCOME TAX EXPENSE (Note 24) | <u>(126,718)</u> | <u>(1)</u> | <u>(116,458)</u> | <u>(1)</u> |
| NET PROFIT FOR THE YEAR | <u>611,458</u> | <u>5</u> | <u>579,612</u> | <u>4</u> |

(Continued)

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

| | 2025 | | 2024 | |
|---|-------------------|----------|-------------------|----------|
| | Amount | % | Amount | % |
| OTHER COMPREHENSIVE INCOME | | | | |
| Items that will not be reclassified subsequently to profit or loss: | | | | |
| Unrealized gain on investments in equity instruments at fair value through other comprehensive income | \$ - | - | \$ 2,534 | - |
| Exchange differences arising on translation to the presentation currency | 30,304 | - | 229,259 | 2 |
| Items that may be reclassified subsequently to profit or loss: | | | | |
| Exchange differences on translation of the financial statements of foreign operations | <u>(6,022)</u> | <u>-</u> | <u>(6,191)</u> | <u>-</u> |
| Other comprehensive income for the year, net of income tax | <u>24,282</u> | <u>-</u> | <u>225,602</u> | <u>2</u> |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR | <u>\$ 635,740</u> | <u>5</u> | <u>\$ 805,214</u> | <u>6</u> |
| NET PROFIT ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 608,140 | 5 | \$ 575,662 | 5 |
| Non-controlling interests | <u>3,318</u> | <u>-</u> | <u>3,950</u> | <u>-</u> |
| | <u>\$ 611,458</u> | <u>5</u> | <u>\$ 579,612</u> | <u>5</u> |
| TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: | | | | |
| Owners of the Company | \$ 632,704 | 5 | \$ 800,888 | 6 |
| Non-controlling interests | <u>3,036</u> | <u>-</u> | <u>4,326</u> | <u>-</u> |
| | <u>\$ 635,740</u> | <u>5</u> | <u>\$ 805,214</u> | <u>6</u> |
| EARNINGS PER SHARE (Note 25) | | | | |
| Basic | <u>\$ 3.02</u> | | <u>\$ 2.86</u> | |
| Diluted | <u>\$ 3.02</u> | | <u>\$ 2.86</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, 2025 AND 2024
(In Thousands of New Taiwan Dollars)**

| | Equity Attributable to Owners of the Company | | | | | | Other Equity | | Total | Non-controlling Interests | Total Equity |
|--|--|--------------|-----------------|-------------------|-----------------|-------------------------|--|---|--------------|---------------------------|--------------|
| | Share Capital | | Capital Surplus | Retained Earnings | | | Exchange Differences on Translation the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income | | | |
| | Shares (In Thousands) | Amount | | Reserve | Special Reserve | Unappropriated Earnings | | | | | |
| BALANCE ON JANUARY 1, 2024 | 201,203 | \$ 2,012,033 | \$ 1,827,293 | \$ 669,572 | \$ 134,735 | \$ 2,134,248 | \$ (261,447) | \$ - | \$ 6,516,434 | \$ 26,410 | \$ 6,542,844 |
| Appropriation of 2023 earnings | | | | | | | | | | | |
| Reserve | - | - | - | 13,309 | - | (13,309) | - | - | - | - | - |
| Special reserve | - | - | - | - | 126,712 | (126,712) | - | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (201,203) | - | - | (201,203) | - | (201,203) |
| Net profit for the year ended December 31, 2024 | - | - | - | - | - | 575,662 | - | - | 575,662 | 3,950 | 579,612 |
| Other comprehensive income for the year ended December 31, 2024, net of income tax | - | - | - | - | - | - | 222,692 | 2,534 | 225,226 | 376 | 225,602 |
| Total comprehensive income for the year ended December 31, 2024 | - | - | - | - | - | 575,662 | 222,692 | 2,534 | 800,888 | 4,326 | 805,214 |
| Cash dividends distributed to non-controlling interests | - | - | - | - | - | - | - | - | - | (1,455) | (1,455) |
| Disposed of investments in equity instruments designated as at fair value through other comprehensive income | - | - | - | - | - | 2,534 | - | (2,534) | - | - | - |
| BALANCE ON DECEMBER 31, 2024 | 201,203 | 2,012,033 | 1,827,293 | 682,881 | 261,447 | 2,371,220 | (38,755) | - | 7,116,119 | 29,281 | 7,145,400 |
| Appropriation of 2024 earnings | | | | | | | | | | | |
| Reserve | - | - | - | 57,820 | - | (57,820) | - | - | - | - | - |
| Reversal of special reserve | - | - | - | - | (222,692) | 222,692 | - | - | - | - | - |
| Cash dividends distributed by the Company | - | - | - | - | - | (301,805) | - | - | (301,805) | - | (301,805) |
| Net profit for the year ended December 31, 2025 | - | - | - | - | - | 608,140 | - | - | 608,140 | 3,318 | 611,458 |
| Other comprehensive income (loss) for the year ended December 31, 2025, net of income tax | - | - | - | - | - | - | 24,564 | - | 24,564 | (282) | 24,282 |
| Total comprehensive income for the year ended December 31, 2025 | - | - | - | - | - | 608,140 | 24,564 | - | 632,704 | 3,036 | 635,740 |
| Cash dividends distributed to non-controlling interests | - | - | - | - | - | - | - | - | - | (2,055) | (2,055) |
| BALANCE AT DECEMBER 31, 2025 | 201,203 | \$ 2,012,033 | \$ 1,827,293 | \$ 740,701 | \$ 38,755 | \$ 2,842,427 | \$ (14,191) | \$ - | \$ 7,447,018 | \$ 30,262 | \$ 7,477,280 |

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, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| | 2025 | 2024 |
|---|------------------|-----------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Income before income tax | \$ 738,176 | \$ 696,070 |
| Adjustments for: | | |
| Depreciation expense | 321,485 | 326,174 |
| Amortization expense | 11,397 | 9,878 |
| Expected credit loss reversed on accounts receivable | (5,169) | (1,073) |
| Net gain on fair value changes of financial assets designated as at fair value through profit or loss | (1,457) | (4,170) |
| Interest expense | 131,609 | 167,748 |
| Interest income | (37,599) | (39,298) |
| Dividend income | (140) | - |
| Share of profit of associates and joint ventures | (11,237) | (8,470) |
| Loss on disposal of property, plant and equipment | 1,669 | 387 |
| Property, plant and equipment transferred to expenses | 6,881 | - |
| Reversal of write-downs of inventory | (80,297) | (105,856) |
| Amortization of deferred revenue | (12,655) | (8,087) |
| Changes in operating assets and liabilities | | |
| Notes receivable | 397,872 | (268,730) |
| Accounts receivable | (113,738) | (170,381) |
| Other receivables | 28,857 | 11,353 |
| Inventories | (97,645) | (312,339) |
| Prepayments | 35,352 | (130,585) |
| Other current assets | 282 | 236 |
| Contract liabilities | (16,078) | 2,205 |
| Notes payable | (2,272) | 298 |
| Accounts payable | (402,255) | 559,449 |
| Other payables | 26,614 | 113,637 |
| Other current liabilities | 538 | (591) |
| Cash generated from operations | <u>920,190</u> | <u>837,855</u> |
| Income tax paid | <u>(140,797)</u> | <u>(60,191)</u> |
| Net cash generated from operating activities | <u>779,393</u> | <u>777,664</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Disposal of financial assets at fair value through other comprehensive income | - | 50,903 |
| Purchase of financial assets at amortized cost | (172,789) | (798,004) |
| Purchase of financial assets at fair value through profit or loss | (12,424) | (284,469) |
| Proceeds from sale of financial assets at fair value through profit or loss | 15,576 | 282,764 |
| Payments for property, plant and equipment | (90,164) | (396,764) |
| Proceeds from disposal of property, plant and equipment | 2,528 | 2,357 |
| Refundable deposits | - | (1,207) |
| Decrease in refundable deposits | 277 | - |
| Payments for intangible assets | (16,040) | (30,837) |

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TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024 (In Thousands of New Taiwan Dollars)

| | 2025 | 2024 |
|---|---------------------|---------------------|
| Increase in other non-current assets | - | (1,876) |
| Decrease in other non-current assets | 2,259 | - |
| Increase in prepayments for equipment | (22,157) | (20,729) |
| Interest received | 37,848 | 33,344 |
| Dividends received | 8,048 | - |
| Increase in deferred revenue | <u>40,376</u> | <u>116,472</u> |
| Net cash used in investing activities | <u>(206,662)</u> | <u>(1,048,046)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Proceeds from short-term borrowings | 160,431 | 975,593 |
| Proceeds from long-term borrowings | 2,519,790 | 787,848 |
| Repayments of long-term borrowings | (1,892,788) | (1,359,972) |
| Repayment of the principal portion of lease liabilities | (10,204) | (11,816) |
| Dividends paid to owners of the Company | (301,805) | (201,203) |
| Interest paid | (131,433) | (171,318) |
| Dividends paid to non-controlling interests | <u>(2,055)</u> | <u>(1,455)</u> |
| Net cash generated from financing activities | <u>341,936</u> | <u>17,677</u> |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES | <u>23,064</u> | <u>131,392</u> |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | 937,731 | (121,313) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR | <u>1,126,780</u> | <u>1,248,093</u> |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR | <u>\$ 2,064,511</u> | <u>\$ 1,126,780</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, 2025 AND 2024 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

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 11, 2026.

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)

Amendments to IAS 21 “Lack of Exchangeability”

The initial application of the Amendments to IAS 21 “Lack of Exchangeability” did not have a material impact on the Group’s accounting policies.

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2026

| <u>New, Amended and Revised Standards and Interpretations</u> | <u>Effective Date Announced by IASB</u> |
|---|---|
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments” | January 1, 2026 |
| Amendments to IFRS 9 and IFRS 7 “Contracts Referencing Nature-dependent Electricity” | January 1, 2026 |
| Annual Improvements to IFRS Accounting Standards - Volume 11 | January 1, 2026 |
| IFRS 17 “Insurance Contracts” (including the 2020 and 2021 amendments to IFRS 17) | January 1, 2023 |

Amendments to IFRS 9 and IFRS 7 “Amendments to the
Classification and Measurement of Financial Instruments”

1) The amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

- a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,
 - In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
 - In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.
- b) To clarify that a financial asset has non-recourse features if an entity’s ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.
- c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

2) The amendments to the application guidance of derecognition of financial liabilities

The amendments mainly stipulate that a financial liability is derecognized on the settlement date. However, when settling a financial liability in cash using an electronic payment system, the Group can choose to derecognize the financial liability before the settlement date if, and only if, the Group has initiated a payment instruction that resulted in:

- The Group having no practical ability to withdraw, stop or cancel the payment instruction;
- The Group having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

Except for the above impact, 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 18 “Presentation and Disclosure in Financial Statements” | January 1, 2027 (Note 2) |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures” (including the 2025 amendments to IFRS 19) | January 1, 2027 |
| Amendments to IAS 21 “Translation to a Hyperinflationary Presentation Currency” | January 1, 2027 |

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: On September 25, 2025, the FSC announced that IFRS 18 will take effect starting from January 1, 2028. Domestic entities could elect to apply IFRS 18 for an earlier period after the endorsement of IFRS 18 by the FSC.

IFRS 18 “Presentation and Disclosure in Financial Statements” and consequential amendments

IFRS 18 will supersede IAS 1 “Presentation of Financial Statements”. The main changes comprise:

- To classify items of income and expenses presented in the statement of profit or loss into the operating, investing, financing, income taxes and discontinued operations categories, the Group shall assess whether it has specified main business activities of investing in particular types of assets and providing financing to customers.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as “other” only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management’s view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

In addition, the following consequential amendments have been made to IAS 7 “Statement of Cash Flows”:

- The Group shall use operating profit or loss as the starting point when presenting cash flows from operating activities under the indirect method.

- Interest and dividends received by the Group shall be classified as investing activities, while interest and dividends paid shall be classified as financing activities. However, if, after assessment, the Group has a specific main operating activity, it shall determine how to classify dividends received, interest received and interest paid in the statement of cash flows by referring to how it classifies dividend income, interest income and interest expense in the statement of profit or loss. The total of each of these cash flows shall be classified in a single category in the statement of cash flows.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the other impacts of the above amended 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, other regulations 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 the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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 7 and 8 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's 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. Investment properties

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

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

Depreciation is recognized using the straight-line method.

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

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

j. 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.

k. 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.

1. 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 29: 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 30.

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.

m. 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.

n. 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.

o. 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.

p. 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.

q. 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.

r. 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 US reciprocal tariffs 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.

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>2025</u> | <u>2024</u> |
| Cash on hand | \$ 630 | \$ 570 |
| Checking accounts and demand deposits | 2,050,791 | 1,029,553 |
| Cash equivalents with original maturities of 3 months or less | | |
| Time deposits | 6,701 | 91,109 |
| Others | <u>6,389</u> | <u>5,548</u> |
| | <u>\$ 2,064,511</u> | <u>\$ 1,126,780</u> |

The market rate intervals of time deposits at the end of the year were as follows:

| | <u>December 31</u> | |
|---------------|--------------------|-------------|
| | <u>2025</u> | <u>2024</u> |
| Time deposits | 3.83% | 1.05%-4.75% |

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

| | <u>December 31</u> | |
|---|--------------------|-----------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Financial assets at FVTPL - current</u> | | |
| Financial assets mandatorily classified as at FVTPL | | |
| Non-derivative financial assets | | |
| Domestic listed shares and emerging market shares | \$ 753 | \$ 5,865 |
| Listed stocks - overseas | 2,602 | - |
| Fund beneficiary certificates | 804 | - |
| Hybrid financial assets | | |
| Structured deposits (a) | <u>45</u> | <u>-</u> |
| | <u>\$ 4,204</u> | <u>\$ 5,865</u> |

Financial liabilities at FVTPL - current

Financial liabilities mandatorily classified as at FVTPL

| | | |
|---|---------------|-------------|
| Derivative financial liabilities (not under hedge accounting) | | |
| Foreign exchange forward contracts (b) | <u>\$ 127</u> | <u>\$ -</u> |

- a. As of December 31, 2025, the Group held financial product contracts issued by China Zheshang Bank with contract amounts of RMB10 thousand.
- b. 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, 2025</u> | | | |
| Sell | NTD/USD | 2026.02.04-2026.07.07 | NTD10,876/USD352 |

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> | |
|-------------------|--------------------|------------------|
| | 2025 | 2024 |
| <u>Noncurrent</u> | | |
| Unlisted shares | <u>\$ 52,154</u> | <u>\$ 51,945</u> |

The Group acquired ordinary shares of 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.

In November 2024, the Group adjusted its investment portfolio to diversify risk and sold common shares of Tung Mung Development Co., Ltd. at a fair value of NT\$50,903 thousand. The unrealized fair value gains and losses on financial assets measured at fair value through other comprehensive income amounting to NT\$2,534 thousand were transferred to retained earnings.

9. FINANCIAL ASSETS AT AMORTIZED COST

| | <u>December 31</u> | |
|--|---------------------|---------------------|
| | 2025 | 2024 |
| <u>Current</u> | | |
| Time deposits with original maturity of more than 3 months (a) | \$ 561,715 | \$ 250,730 |
| Restricted asset (b) | 674,760 | 678,616 |
| Structured deposit (c) | - | 134,340 |
| | <u>\$ 1,236,475</u> | <u>\$ 1,063,686</u> |

- a. The ranges of interest rates for time deposits with original maturities of more than 3 months were approximately 3.77%-4.17% and 1.25%-5.31% per annum as of December 31, 2025 and 2024, respectively.

- b. Restricted assets are mainly deposited with restricted uses, with interest rates ranging from 0.04%-1.00% and 1.00%-4.70% per annum as of December 31, 2025 and 2024, respectively. For information on related pledges, please refer to Note 31.
- c. As of December 31, 2024, the annual interest rates on structured deposits purchased by the consolidated entity ranged from 1.20%-2.18%.

10. NOTES AND ACCOUNTS RECEIVABLE

| | <u>December 31</u> | |
|--|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Notes receivable</u> | | |
| At amortized cost | | |
| Gross carrying amount | \$ 187,271 | \$ 585,143 |
| Less: Allowance for impairment loss | <u>-</u> | <u>-</u> |
| | <u>\$ 187,271</u> | <u>\$ 585,143</u> |
| <u>Accounts receivable</u> | | |
| At amortized cost | | |
| Gross carrying amount | \$ 2,308,189 | \$ 2,196,175 |
| Less: Allowance for impairment loss | <u>(6,338)</u> | <u>(11,659)</u> |
| | 2,301,851 | 2,184,516 |
| At fair value through other comprehensive income | <u>8,638</u> | <u>6,914</u> |
| | <u>\$ 2,310,489</u> | <u>\$ 2,191,430</u> |

Note Receivables

Aging analysis of notes receivables

| | <u>December 31</u> | |
|-------------------------------|--------------------|-------------------|
| | <u>2025</u> | <u>2024</u> |
| Not past due | \$ 187,271 | \$ 585,143 |
| Over 180 days | - | - |
| Allowance for impairment loss | <u>-</u> | <u>-</u> |
| | <u>\$ 187,271</u> | <u>\$ 585,143</u> |

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

| | <u>For the Year Ended December 31</u> | |
|-------------------------------------|---------------------------------------|-------------|
| | <u>2025</u> | <u>2024</u> |
| Balance on January 1 | \$ - | \$ 303 |
| Net remeasurement of loss allowance | - | (303) |
| Foreign exchange gains and losses | <u>-</u> | <u>-</u> |
| Balance on December 31 | <u>\$ -</u> | <u>\$ -</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, 2025

| | Not Past Due | Less than 60 Days | 61 to 120 Days | 121 to 180 Days | Over 181 Days | Total |
|-------------------------------|---------------------|-------------------|-----------------|-----------------|---------------|---------------------|
| Expected credit loss rate | 0%-0.01% | 0%-1.34% | 0%-5.54% | 0.11%-30.81% | 100% | |
| Gross carrying amount | \$ 2,224,062 | \$ 65,227 | \$ 9,349 | \$ 3,922 | \$ 5,629 | \$ 2,308,189 |
| Loss allowance (lifetime ECL) | (519) | (73) | (27) | (90) | (5,629) | (6,338) |
| Amortized cost | <u>\$ 2,223,543</u> | <u>\$ 65,154</u> | <u>\$ 9,322</u> | <u>\$ 3,832</u> | <u>\$ -</u> | <u>\$ 2,301,851</u> |

December 31, 2024

| | Not Past Due | Less than 60 Days | 61 to 120 Days | 121 to 180 Days | Over 181 Days | Total |
|-------------------------------|---------------------|-------------------|-----------------|-----------------|---------------|---------------------|
| Expected credit loss rate | 0%-0.02% | 0%-2.21% | 0%-10.41% | 0.11%-41.92% | 100% | |
| Gross carrying amount | \$ 2,080,265 | \$ 94,625 | \$ 7,356 | \$ 3,222 | \$ 10,707 | \$ 2,196,175 |
| Loss allowance (lifetime ECL) | (506) | (255) | (14) | (177) | (10,707) | (11,659) |
| Amortized cost | <u>\$ 2,079,759</u> | <u>\$ 94,370</u> | <u>\$ 7,342</u> | <u>\$ 3,045</u> | <u>\$ -</u> | <u>\$ 2,184,516</u> |

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

| | For the Year Ended December 31 | |
|-------------------------------------|---------------------------------------|------------------|
| | 2025 | 2024 |
| Balance on January 1 | \$ 11,659 | \$ 12,318 |
| Net remeasurement of loss allowance | (5,169) | (1,073) |
| Foreign exchange gains and losses | <u>(152)</u> | <u>414</u> |
| Balance on December 31 | <u>\$ 6,338</u> | <u>\$ 11,659</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, 2025

| | 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 | \$ 8,638 | \$ - | \$ - | \$ - | \$ - | \$ 8,638 |
| Loss allowance (lifetime ECL) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Amortized cost | <u>\$ 8,638</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 8,638</u> |

December 31, 2024

| | Not Past Due | Less than 60 Days | 61 to 120 Days | 120 to 180 Days | Over 180 Days | Total |
|-------------------------------|-----------------|-------------------|----------------|-----------------|---------------|-----------------|
| Expected credit loss rate | 0% | 0% | 0% | 0% | 0% | |
| Gross carrying amount | \$ 6,914 | \$ - | \$ - | \$ - | \$ - | \$ 6,914 |
| Loss allowance (lifetime ECL) | - | - | - | - | - | - |
| Amortized cost | <u>\$ 6,914</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 6,914</u> |

11. INVENTORIES

| | <u>December 31</u> | |
|----------------------------|---------------------|---------------------|
| | 2025 | 2024 |
| Finished goods | \$ 2,932,772 | \$ 2,931,591 |
| Raw materials and supplies | <u>2,082,682</u> | <u>1,903,419</u> |
| | <u>\$ 5,015,454</u> | <u>\$ 4,835,010</u> |

The cost of goods sold is as follows:

| | <u>December 31</u> | |
|--------------------------------|----------------------|----------------------|
| | 2025 | 2024 |
| Cost of inventories sold | \$ 11,262,014 | \$ 11,162,312 |
| Inventory write-downs | 7,483 | - |
| Inventory write-downs reversed | <u>(80,297)</u> | <u>(105,856)</u> |
| | <u>\$ 11,189,200</u> | <u>\$ 11,056,456</u> |

The inventory write-down reversal gain for the years ended December 31, 2025 and 2024 was primarily due to the liquidation of inventory.

12. SUBSIDIARIES

Subsidiaries Included in Consolidated Financial Statements

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | |
|---|--|--|-----------------------------|--------|
| | | | <u>December 31</u> | |
| | | | 2025 | 2024 |
| 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 | 59.52 |
| | Meta | Investment | 100.00 | 100.00 |
| | Tonglink Enterprise Co., Ltd. | Purchase and sale of screws, etc. and computer programming | 100.00 | 100.00 |
| | Tong Ming Fasteners Co., Ltd. | Selling and marketing of fasteners and wires | 100.00 | - |

(Continued)

| Investor | Investee | Nature of Activities | Proportion of Ownership (%) | |
|---|--|--|-----------------------------|--------|
| | | | December 31 | |
| | | | 2025 | 2024 |
| Tong Group Limited | Tong Ming Enterprise (Zhejiang) Co., Ltd. | Manufacturing, selling and marketing of fasteners and wires | 90.20 | 90.20 |
| 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 |
| | Tong Ming Holding Limited | Investment | 100.00 | 100.00 |
| | Shenzhen Yiqin Industrial Fastener Co., Ltd. | Selling and marketing of fasteners and wires | 100.00 | 100.00 |
| | Tong Win Trading (Jiaxing) Co., Ltd. | Selling and marketing of fasteners and wires | 100.00 | 100.00 |
| | Tong Yi Enterprise (Zhejiang) Co., Ltd. | E-commerce platform | 100.00 | 100.00 |
| Meta | Tong Ho Enterprise (Zhejiang) Co., Ltd. | Stainless steel wire manufacturing and other hardware business | 100.00 | 100.00 |

(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

a. Investments in associates

| | December 31 | |
|---|------------------|------------------|
| | 2025 | 2024 |
| Associates that are not individually material | <u>\$ 66,158</u> | <u>\$ 62,452</u> |

b. Aggregate information of associates that are not individually material

| | For the Year Ended December 31 | |
|---|--------------------------------|-----------------|
| | 2025 | 2024 |
| The Group's share of: | | |
| Profit from continuing operations | <u>\$ 11,237</u> | <u>\$ 8,470</u> |
| Total comprehensive income for the year | <u>\$ 11,237</u> | <u>\$ 8,470</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 |
|--|-------------------|---------------------|-------------------------|--------------------------|--------------------------------------|---|---------------------|
| | | | | | | | |
| <u>Cost</u> | | | | | | | |
| Balance on January 1, 2025 | \$ 180,643 | \$ 2,129,020 | \$ 2,777,618 | \$ 53,322 | \$ 389,607 | \$ 54,812 | \$ 5,585,022 |
| Additions | - | 18,353 | 68,871 | 4,026 | 2,020 | 620 | 93,890 |
| Disposals | - | - | (19,078) | (3,116) | (2,769) | - | (24,963) |
| Reclassification | - | 30,745 | 24,787 | (18) | 6,160 | (49,804) | 11,870 |
| Effects of foreign currency exchange differences | - | 10,363 | 13,972 | 236 | 1,750 | (1,629) | 24,692 |
| Balance on December 31, 2025 | <u>\$ 180,643</u> | <u>\$ 2,188,481</u> | <u>\$ 2,866,170</u> | <u>\$ 54,450</u> | <u>\$ 396,768</u> | <u>\$ 3,999</u> | <u>\$ 5,690,511</u> |

(Continued)

| | Land | Buildings | Machinery and Equipment | Transportation Equipment | Office Equipment and Other Equipment | Property under Construction and Equipments Pending Acceptance | Total |
|--|-------------------|---------------------|-------------------------|--------------------------|--------------------------------------|---|---------------------|
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance on January 1, 2025 | \$ - | \$ 574,127 | \$ 1,627,047 | \$ 40,838 | \$ 286,593 | \$ - | \$ 2,528,605 |
| Depreciation expense | - | 93,726 | 163,280 | 2,823 | 42,025 | - | 301,854 |
| Disposals | - | - | (15,714) | (2,699) | (2,353) | - | (20,766) |
| Reclassification | - | - | - | 2 | (2) | - | - |
| Effects of foreign currency exchange differences | - | 5,783 | 12,092 | 111 | 2,612 | - | 20,598 |
| Balance on December 31, 2025 | <u>\$ -</u> | <u>\$ 673,636</u> | <u>\$ 1,786,705</u> | <u>\$ 41,075</u> | <u>\$ 328,875</u> | <u>\$ -</u> | <u>\$ 2,830,291</u> |
| Carrying amounts on December 31, 2025 | <u>\$ 180,643</u> | <u>\$ 1,514,845</u> | <u>\$ 1,079,465</u> | <u>\$ 13,375</u> | <u>\$ 67,893</u> | <u>\$ 3,999</u> | <u>\$ 2,860,220</u> |
| <u>Cost</u> | | | | | | | |
| Balance on January 1, 2024 | \$ 1,745 | \$ 2,049,819 | \$ 2,497,115 | \$ 52,732 | \$ 339,816 | \$ 109,991 | \$ 5,051,218 |
| Additions | 178,898 | 27,038 | 10,701 | 1,693 | 12,803 | 53,958 | 285,091 |
| Disposals | - | - | (17,035) | (2,471) | (2,112) | - | (21,618) |
| Reclassification | - | 66,257 | 198,658 | - | 27,226 | (112,659) | 179,482 |
| Reclassified to investment property | - | (85,303) | - | - | - | - | (85,303) |
| Effects of foreign currency exchange differences | - | 71,209 | 88,179 | 1,368 | 11,874 | 3,522 | 176,152 |
| Balance on December 31, 2024 | <u>\$ 180,643</u> | <u>\$ 2,129,020</u> | <u>\$ 2,777,618</u> | <u>\$ 53,322</u> | <u>\$ 389,607</u> | <u>\$ 54,812</u> | <u>\$ 5,585,022</u> |
| <u>Accumulated depreciation and impairment</u> | | | | | | | |
| Balance on January 1, 2024 | \$ - | \$ 460,922 | \$ 1,439,572 | \$ 37,711 | \$ 224,831 | \$ - | \$ 2,163,036 |
| Depreciation expense | - | 97,201 | 151,670 | 4,129 | 55,589 | - | 308,589 |
| Disposals | - | - | (15,167) | (1,906) | (1,801) | - | (18,874) |
| Reclassification to Investment properties | - | (355) | - | - | - | - | (355) |
| Effects of foreign currency exchange differences | - | 16,359 | 50,972 | 904 | 7,974 | - | 76,209 |
| Balance on December 31, 2024 | <u>\$ -</u> | <u>\$ 574,127</u> | <u>\$ 1,627,047</u> | <u>\$ 40,838</u> | <u>\$ 286,593</u> | <u>\$ -</u> | <u>\$ 2,528,605</u> |
| Carrying amounts on December 31, 2024 | <u>\$ 180,643</u> | <u>\$ 1,554,893</u> | <u>\$ 1,150,571</u> | <u>\$ 12,484</u> | <u>\$ 103,014</u> | <u>\$ 54,812</u> | <u>\$ 3,056,417</u> |

(Concluded)

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, 2025 and 2024.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

| <u>Carrying amount</u> | <u>December 31</u> | |
|------------------------|--------------------|-------------------|
| | <u>2025</u> | <u>2024</u> |
| Land | \$ 138,751 | \$ 139,818 |
| Buildings | 29,868 | 13,131 |
| Transportation | <u>1,745</u> | <u>-</u> |
| | <u>\$ 170,364</u> | <u>\$ 152,949</u> |

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2025 | 2024 |
| Additions to right-of-use assets | <u>\$ 29,494</u> | <u>\$ 10,662</u> |
| Depreciation charge for right-of-use assets | | |
| Land | \$ 3,811 | \$ 3,656 |
| Buildings | 10,941 | 9,664 |
| Transportation | <u>730</u> | <u>-</u> |
| | <u>\$ 15,482</u> | <u>\$ 13,320</u> |

Except for the recognition of depreciation expense, the Group did not have significant sublease or impairment of right-of-use assets for the years ended December 31, 2025 and 2024.

b. Lease liabilities

| | December 31 | |
|------------------------|--------------------|-----------------|
| | 2025 | 2024 |
| <u>Carrying amount</u> | | |
| Current | <u>\$ 10,925</u> | <u>\$ 5,743</u> |
| Non-current | <u>\$ 17,495</u> | <u>\$ 3,085</u> |

Range of discount rates for lease liabilities was as follows:

| | December 31 | |
|----------------|--------------------|---------------|
| | 2025 | 2024 |
| Buildings | 2.455%-4.030% | 2.685%-4.030% |
| Transportation | 2.200%-2.933% | - |

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 | |
|--|---------------------------------------|--------------------|
| | 2025 | 2024 |
| Expenses relating to short-term leases | <u>\$ 7,815</u> | <u>\$ 4,088</u> |
| Total cash outflow for leases | <u>\$ (18,344)</u> | <u>\$ (16,185)</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.

16. INVESTMENT PROPERTIES

| | Investment Properties |
|--|----------------------------------|
| <u>Cost</u> | |
| Balance on January 1, 2025 | \$ 85,763 |
| Effects of foreign currency exchange differences | <u>345</u> |
| Balance on December 31, 2025 | <u>\$ 86,108</u> |
| <u>Accumulated depreciation and impairment</u> | |
| Balance on January 1, 2025 | \$ 4,646 |
| Depreciation expense | 4,149 |
| Effects of foreign currency exchange differences | <u>175</u> |
| Balance on December 31, 2025 | <u>\$ 8,970</u> |
| Carrying amounts on December 31, 2025 | <u>\$ 77,138</u> |
| <u>Cost</u> | |
| Balance on January 1, 2024 | \$ - |
| Reclassification | 85,303 |
| Effects of foreign currency exchange differences | <u>460</u> |
| Balance on December 31, 2024 | <u>\$ 85,763</u> |
| <u>Accumulated depreciation and impairment</u> | |
| Balance on January 1, 2025 | \$ - |
| Depreciation expense | 4,265 |
| Reclassification | 355 |
| Effects of foreign currency exchange differences | <u>26</u> |
| Balance on December 31, 2024 | <u>\$ 4,646</u> |
| Carrying amounts on December 31, 2024 | <u>\$ 81,117</u> |

The fair value of the investment real estate of the combined company as of December 31, 2025 and 2024 were NT\$94,641 thousand and NT\$94,262 thousand, respectively.

The fair value as of December 31, 2025 was determined by an independent appraisal company, Zhejiang Hecheng Real Estate Appraisal Co., Ltd., based on market evidence of similar real estate transaction prices as of February 13, 2025.

The fair value as of December 31, 2024 was determined by an independent appraisal company, Jiaying Zhongruixin Real Estate Appraisal Co., Ltd. based on market evidence of similar real estate transaction prices as of August 24, 2023.

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

| | |
|---------------------------------|----------|
| Investment property - buildings | |
| Main buildings | 20 years |

17. OTHER ASSETS

| | <u>December 31</u> | |
|--------------------------|--------------------|-------------------|
| | 2025 | 2024 |
| <u>Current</u> | | |
| Prepayments | | |
| Prepayments to suppliers | \$ 313,364 | \$ 314,903 |
| Prepaid expense | 54,083 | 78,572 |
| Other prepayments | 4,065 | 10,855 |
| Tax allowance | <u>111,104</u> | <u>113,638</u> |
| | <u>\$ 482,616</u> | <u>\$ 517,968</u> |
| <u>Non-current</u> | | |
| Prepayment for equipment | <u>\$ 25,966</u> | <u>\$ 22,560</u> |

Prepaid payments mainly represent advance payments for the purchase of raw materials.

18. BORROWINGS

a. Short-term borrowings

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | 2025 | 2024 |
| <u>Unsecured borrowings</u> | | |
| Line of credit borrowings (a) | \$ 1,666,058 | \$ 958,363 |
| Bank borrowings for supplier financing arrangements (1) | <u>215,808</u> | <u>550,794</u> |
| | <u>1,881,866</u> | <u>1,509,157</u> |
| <u>Guaranteed borrowings (Note 31)</u> | | |
| Bank loans (1) | - | 24,800 |
| Bank loans under supplier finance arrangements (2) | <u>1,267,872</u> | <u>1,455,350</u> |
| | <u>\$ 3,149,738</u> | <u>\$ 2,989,307</u> |

1) The range of weighted average effective interest rates on bank loans was 1.35%-2.17% and 1.86%-3.20% per annum as of December 31, 2025 and 2024, respectively.

- 2) Tong Ming Enterprise (Zhejiang) Co., Ltd. negotiated with financial institutions, and the bank paid the supplier in advance to settle the accounts payable of the merged company. The merged company paid the bank 180 days after the bank payment date. Related transactions occurred, and the actual interest rates of interest expenses were 0.48%-0.99% and 0.57%-1.69% as of December 31, 2025 and 2024, respectively, which were borne by the Group. For information on related pledges, please refer to Note 31.

b. Long-term borrowings

| | <u>December 31</u> | |
|-----------------------------|---------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Unsecured borrowings</u> | | |
| Line of credit borrowings | \$ 2,444,272 | \$ 1,817,270 |
| Less: Current portion | <u>(1,310,673)</u> | <u>(474,668)</u> |
| | <u>\$ 1,133,599</u> | <u>\$ 1,342,602</u> |

The maturity dates of the long-term loans from May 28, 2026 to December 16, 2027. The effective annual interest rates were 0.90%-2.90% and 1.4%-3.5% as of December 31, 2025 and 2024, respectively, and were adjusted on a 12-month basis.

19. TRADE PAYABLE

The average credit period on purchases of certain goods was 1 month and was expected to be paid on the 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.

20. OTHER LIABILITIES - CURRENT

| | <u>December 31</u> | |
|--|--------------------|-------------------|
| | <u>2025</u> | <u>2024</u> |
| Other payables | | |
| Payables for salaries or bonuses | \$ 104,092 | \$ 95,054 |
| Payables for insurance | 189,595 | 197,476 |
| Payables for business tax | 17,792 | 1,628 |
| Payables for remuneration of directors | 960 | 840 |
| Payables for interest | 2,334 | 2,483 |
| Payables for equipment | 7,448 | 3,722 |
| Others | <u>59,420</u> | <u>50,247</u> |
| | <u>\$ 381,641</u> | <u>\$ 351,450</u> |

21. EQUITY

a. Share capital

Ordinary shares

| | <u>December 31</u> | |
|---|---------------------|---------------------|
| | <u>2025</u> | <u>2024</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>2025</u> | <u>2024</u> |
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital* | | |
| Issuance of ordinary shares | \$ 993,530 | \$ 993,530 |
| Conversion of bonds | 129,903 | 129,903 |
| Organization restructured | <u>703,860</u> | <u>703,860</u> |
| | <u>\$ 1,827,293</u> | <u>\$ 1,827,293</u> |

* 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).

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors in Note 23-(g).

The appropriations of earnings for 2024 and 2023 were approved in the shareholders' meetings on June 19, 2025 and 2024, respectively, were as follows:

| | Appropriation of Earnings | |
|---|---------------------------------------|-------------------|
| | For the Year Ended December 31 | |
| | 2024 | 2023 |
| Reserve | <u>\$ 57,820</u> | <u>\$ 13,309</u> |
| (Reserved) remeasurement of special reserve | <u>\$ (222,692)</u> | <u>\$ 126,712</u> |
| Cash dividends | <u>\$ 301,805</u> | <u>\$ 201,203</u> |
| Cash dividends per share (NT\$) | <u>\$ 1.5</u> | <u>\$ 1.0</u> |

The appropriation of earnings for 2025 which were proposed by the Company's board of directors on March 11, 2026 were as follows:

| | For the Year Ended December 31, 2025 |
|--------------------------------|---|
| Reserve | <u>\$ 60,814</u> |
| Reserved of special reserve | <u>\$ (24,564)</u> |
| Cash dividends | <u>\$ 301,805</u> |
| Cash dividend per share (NT\$) | <u>\$ 1.5</u> |

The appropriation of earnings for 2025 are subject to the resolution of the shareholders' meeting to be held on June 16, 2026.

d. Non-controlling interests

| | For the Year Ended December 31 | |
|--|---------------------------------------|------------------|
| | 2025 | 2024 |
| Balance on January 1 | \$ 29,281 | \$ 26,410 |
| Share in profit for the year | 3,318 | 3,950 |
| Other comprehensive income during the year | | |
| Exchange differences on translating the financial statements of foreign entities | (282) | 376 |
| Cash dividends paid to non-controlling interests | <u>(2,055)</u> | <u>(1,455)</u> |
| Balance on December 31 | <u>\$ 30,262</u> | <u>\$ 29,281</u> |

22. REVENUE

| | For the Year Ended December 31 | |
|---------------------------------------|---------------------------------------|----------------------|
| | 2025 | 2024 |
| <u>Revenue</u> | | |
| Revenue from contracts with customers | | |
| Revenue from sale of goods | <u>\$ 12,732,666</u> | <u>\$ 12,543,322</u> |

Contract Balance

| | December 31, 2025 | December 31, 2024 | January 1, 2024 |
|-----------------------------|----------------------|----------------------|---------------------|
| Trade receivables (Note 10) | <u>\$ 2,497,760</u> | <u>\$ 2,776,573</u> | <u>\$ 2,336,803</u> |
| Contract liabilities | | | |
| Sales of goods | <u>\$ 72,777</u> | <u>\$ 88,855</u> | <u>\$ 86,650</u> |

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

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|------------------|
| | 2025 | 2024 |
| From contract liabilities at the start of the year | | |
| Contract liabilities | <u>\$ 88,855</u> | <u>\$ 86,650</u> |

Refer to Note 35 for information on disaggregation of revenue.

23. PROFIT FOR THE YEAR

a. Interest income

| | <u>For the Year Ended December 31</u> | |
|------------------------------------|---------------------------------------|------------------|
| | 2025 | 2024 |
| Bank deposits | \$ 19,390 | \$ 15,528 |
| Financial assets at amortized cost | 15,997 | 22,613 |
| Others | <u>2,212</u> | <u>1,157</u> |
| | <u>\$ 37,599</u> | <u>\$ 39,298</u> |

b. Other income

| | <u>For the Year Ended December 31</u> | |
|--|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Income from government grants (Note 26) | \$ 62,820 | \$ 59,881 |
| Input tax plus deduction | 52,301 | 51,763 |
| Compensation | - | 4,810 |
| Rent | 4,851 | 1,477 |
| Dividend income | | |
| Gain on fair value changes of financial assets designated as at FVTPL | 140 | - |
| Others | <u>4,415</u> | <u>7,846</u> |
| | <u>\$ 124,527</u> | <u>\$ 125,777</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, Tong Ming Enterprise (Zhejiang) Co., Ltd. will have an additional 5% deduction of the value-added tax payable for 2025 and 2024.

c. Other gains and losses

| | For the Year Ended December 31 | |
|---|---------------------------------------|------------------|
| | 2025 | 2024 |
| Net foreign exchange gains | \$ (6,397) | \$ 32,970 |
| Loss on disposal of property, plant and equipment | (1,669) | (387) |
| Gain on fair value changes of financial assets designated as at FVTPL | 1,457 | 4,170 |
| Others | <u>(5,468)</u> | <u>(2,571)</u> |
| | <u>\$ (12,077)</u> | <u>\$ 34,182</u> |

d. Finance costs

| | For the Year Ended December 31 | |
|-------------------------------|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Interest on bank loans | \$ 131,284 | \$ 167,467 |
| Interest on lease liabilities | <u>325</u> | <u>281</u> |
| | <u>\$ 131,609</u> | <u>\$ 167,748</u> |

e. Depreciation and amortization

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| An analysis of depreciation by function | | |
| Operating cost | \$ 235,040 | \$ 238,326 |
| Operating expense | <u>86,445</u> | <u>87,848</u> |
| | <u>\$ 321,485</u> | <u>\$ 326,174</u> |
| An analysis of amortization by function | | |
| Operating expense | <u>\$ 11,397</u> | <u>\$ 9,878</u> |

f. Employee benefits expense

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Post-employment benefits | | |
| Defined contribution plans | \$ 1,387 | \$ 1,173 |
| Other employee benefits | <u>717,515</u> | <u>719,688</u> |
| | <u>\$ 718,902</u> | <u>\$ 720,861</u> |
| An analysis of employee benefits expense by function | | |
| Operating cost | \$ 480,346 | \$ 463,037 |
| Operating expense | <u>238,556</u> | <u>257,824</u> |
| | <u>\$ 718,902</u> | <u>\$ 720,861</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, 2025 and 2024, which were approved by the Company's board of directors on March 11, 2026 and March 14, 2025, respectively, are as follows:

Accrual rate

| | <u>For the Year Ended December 31</u> | |
|---------------------------|---------------------------------------|-------------|
| | <u>2025</u> | <u>2024</u> |
| Compensation of employees | - | - |
| Remuneration of directors | 0.16% | 0.15% |

Amount

| | <u>For the Year Ended December 31</u> | |
|---------------------------|---------------------------------------|-------------|
| | <u>2025</u> | <u>2024</u> |
| | <u>Cash</u> | <u>Cash</u> |
| Compensation of employees | \$ - | \$ - |
| Remuneration of directors | 960 | 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, 2024 and 2023.

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>2025</u> | <u>2024</u> |
| Foreign exchange gains | \$ 36,130 | \$ 57,063 |
| Foreign exchange losses | <u>(42,527)</u> | <u>(24,093)</u> |
| | <u>\$ (6,397)</u> | <u>\$ 32,970</u> |

24. INCOME TAXES

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

| | For the Year Ended December 31 | |
|---|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Current tax | | |
| In respect of the current period | \$ 123,482 | \$ 114,906 |
| Income tax on unappropriated earnings | 834 | 1,438 |
| Adjustments for prior periods | <u>798</u> | <u>(3,223)</u> |
| | <u>125,114</u> | <u>113,121</u> |
| Deferred tax | | |
| In respect of the current period | <u>1,604</u> | <u>3,337</u> |
| Income tax expense recognized in profit or loss | <u>\$ 126,718</u> | <u>\$ 116,458</u> |

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

| | For the Year Ended December 31 | |
|--|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Profit before tax | <u>\$ 738,176</u> | <u>\$ 696,070</u> |
| Income tax expense calculated at the statutory rate (15%) | \$ 110,726 | \$ 104,411 |
| Deductible gains in determining taxable income | (34,265) | (33,664) |
| Income tax on unappropriated earnings | 834 | 1,438 |
| Deferred tax effect of earnings of subsidiaries | (10,979) | 4,434 |
| Unrecognized deductible temporary differences | 58,568 | 39,964 |
| Effects of different tax rates of entities in the Group operating in other jurisdictions | 1,036 | 3,098 |
| Adjustments for prior years' tax | <u>798</u> | <u>(3,223)</u> |
| Income tax expense recognized in profit or loss | <u>\$ 126,718</u> | <u>\$ 116,458</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 Win Trading (Jiaxing) Co., Ltd., Shenzhen Yiqin Industrial Fasteners Co., Ltd. and Tong Ho Enterprise (Zhejiang) 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 | |
|-------------------------|---------------------------------------|------------------|
| | 2025 | 2024 |
| Current tax assets | | |
| Tax refund receivable | <u>\$ 1,092</u> | <u>\$ 820</u> |
| Current tax liabilities | | |
| Income tax payable | <u>\$ 34,518</u> | <u>\$ 45,258</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, 2025

| Deferred Tax Assets | Opening Balance | Recognized in Profit or Loss | Exchange Differences | Closing Balance |
|---|----------------------------|---|---------------------------------|----------------------------|
| Temporary differences | | | | |
| Accrued insurance | \$ 28,529 | \$ (516) | \$ 95 | \$ 28,108 |
| Unrealized loss on inventory | 20,164 | (12,800) | (400) | 6,964 |
| Expected credit loss | 292 | (154) | (5) | 133 |
| Temporary differences on sales | 967 | (318) | - | 649 |
| Other | <u>26,347</u> | <u>7,206</u> | <u>375</u> | <u>33,928</u> |
| | <u>\$ 76,299</u> | <u>\$ (6,582)</u> | <u>\$ 65</u> | <u>\$ 69,782</u> |
| Deferred Tax Liabilities | Opening Balance | Recognized in Profit or Loss | Exchange Differences | Closing Balance |
| Temporary differences | | | | |
| Unappropriated earnings of subsidiaries | \$ (361,390) | \$ 10,979 | \$ (1,040) | \$ (351,451) |
| Associates | (23,185) | (3,825) | (237) | (27,247) |
| Interest capitalized | (1,939) | 233 | - | (1,706) |
| Unrealized expense | (1,526) | 129 | (6) | (1,403) |
| Others | <u>(1,196)</u> | <u>(2,538)</u> | <u>(100)</u> | <u>(3,834)</u> |
| | <u>\$ (389,236)</u> | <u>\$ 4,978</u> | <u>\$ (1,383)</u> | <u>\$ (385,641)</u> |

For the year ended December 31, 2024

| Deferred Tax Assets | Opening Balance | Recognized in Profit or Loss | Exchange Differences | Closing Balance |
|--------------------------------|----------------------------|---|---------------------------------|----------------------------|
| Temporary differences | | | | |
| Accrued insurance | \$ 25,826 | \$ 1,793 | \$ 910 | \$ 28,529 |
| Unrealized loss on inventory | 34,115 | (15,060) | 1,109 | 20,164 |
| Expected credit loss | 955 | (692) | 29 | 292 |
| Temporary differences on sales | 1,026 | (59) | - | 967 |
| Other | <u>12,415</u> | <u>13,443</u> | <u>489</u> | <u>26,347</u> |
| | <u>\$ 74,337</u> | <u>\$ (575)</u> | <u>\$ 2,537</u> | <u>\$ 76,299</u> |

| Deferred Tax Liabilities | Opening Balance | Recognized in Profit or Loss | Exchange Differences | Closing Balance |
|--|---------------------|---------------------------------|-------------------------|---------------------|
| Temporary differences | | | | |
| Unappropriated earnings of subsidiaries | \$ (344,895) | \$ (4,436) | \$ (12,059) | \$ (361,390) |
| Associates | (21,990) | (424) | (771) | (23,185) |
| Interest capitalized | (2,107) | 239 | (71) | (1,939) |
| Unrealized expense | (740) | (757) | (29) | (1,526) |
| Others | <u>(3,697)</u> | <u>2,616</u> | <u>(115)</u> | <u>(1,196)</u> |
| | <u>\$ (373,429)</u> | <u>\$ (2,762)</u> | <u>\$ (13,045)</u> | <u>\$ (389,236)</u> |

d. Income tax examination

- 1) The income tax returns through 2023 of Winlink Fasteners Co., Ltd. have been assessed by the tax authorities in the ROC. The companies in other jurisdictions have been examined according to their local laws.
- 2) Tong Group Limited and China Rich International Holding Limited used 10% of China's statutory tax rate of earnings remittance to estimate the subsidiaries' remittance tax of earning in China.

25. EARNINGS PER SHARE

Unit: NT\$ Per Share

| | <u>For the Year Ended December 31</u> | |
|----------------------------|---------------------------------------|----------------|
| | 2025 | 2024 |
| Basic earnings per share | | |
| From continuing operations | <u>\$ 3.02</u> | <u>\$ 2.86</u> |
| Diluted earnings per share | | |
| From continuing operations | <u>\$ 3.02</u> | <u>\$ 2.86</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> | |
|--|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Earnings used in the computation of basic earnings per share | <u>\$ 608,140</u> | <u>\$ 575,662</u> |
| Earnings used in the computation of diluted earnings per share | <u>\$ 608,140</u> | <u>\$ 575,662</u> |

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

| | <u>For the Year Ended December 31</u> | |
|--|--|--------------------|
| | <u>2025</u> | <u>2024</u> |
| Weighted average number of ordinary shares used in the computation of earnings per share | <u>201,203</u> | <u>201,203</u> |

26. GOVERNMENT GRANTS

The Group received government subsidies of RMB9,318 thousand and RMB10,000 thousand in 2025 and 2024 respectively due to the capital increase to build Tong Ming Enterprise (Zhejiang) Co., Ltd high-end stainless steel fastener digital factory and technological transformation. It is a government subsidy related to assets, so it is recorded as deferred income, and based on the useful life of the building and machinery and equipment from December 31 in 2025 and 2024 deferred income of NT\$12,655 thousand and NT\$8,087 thousand were recognized respectively.

27. CASH FLOW ACTIVITY

For the years ended December 31, 2025 and 2024, 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 NT\$18,751 thousand as property, plant and equipment in 2025 (refer to Note 14).
- 2) The Group reclassified prepayment for equipment with an aggregated value of NT\$179,482 thousand as property, plant and equipment in 2024 (refer to Note 14).
- 3) In 2025, the Group acquired property, plant and equipment of NT\$93,890 thousand, with a cash payment of NT\$90,164 thousand and an offset of NT\$3,726 thousand was increased from other payables (refer to Note 14).
- 4) In 2024, the Group acquired property, plant and equipment of NT\$285,091 thousand, with a cash payment of NT\$396,764 thousand and an offset of NT\$111,673 thousand was decreased from other payables (refer to Note 14).
- 5) For the year ended December 31, 2025, the Group's accounts payable, which were directly settled by banks to suppliers through supplier financing arrangement, amounted to NT\$1,483,680 thousand (refer to Note 18).
- 6) For the year ended December 31, 2024, the Group's accounts payable, which were directly settled by banks to suppliers through supplier financing arrangement, amounted to NT\$2,006,144 thousand (refer to Note 18).

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2025

| | Operating Balance | Cash Flows | Non-cash Changes | | Closing Balance |
|-----------------------|------------------------------|---------------------|-------------------------|---------------------|------------------------|
| | | | Acquisition | Others | |
| Short-term borrowings | \$ 2,989,307 | \$ 682,895 | \$ - | \$ (522,464) | \$ 3,149,738 |
| Long-term borrowings | 1,817,270 | 627,002 | - | - | 2,444,272 |
| Lease liabilities | <u>8,828</u> | <u>(10,204)</u> | <u>29,494</u> | <u>302</u> | <u>28,420</u> |
| | <u>\$ 4,815,405</u> | <u>\$ 1,299,693</u> | <u>\$ 29,494</u> | <u>\$ (522,162)</u> | <u>\$ 5,622,430</u> |

For the year ended December 31, 2024

| | Operating Balance | Cash Flows | Non-cash Changes | | Closing Balance |
|-----------------------|------------------------------|-----------------------|-------------------------|---------------------|------------------------|
| | | | Acquisition | Others | |
| Short-term borrowings | \$ 2,013,714 | \$ (1,030,551) | \$ - | \$ 2,006,144 | \$ 2,989,307 |
| Long-term borrowings | 2,389,394 | (572,124) | - | - | 1,817,270 |
| Lease liabilities | <u>9,442</u> | <u>(11,816)</u> | <u>10,662</u> | <u>540</u> | <u>8,828</u> |
| | <u>\$ 4,412,550</u> | <u>\$ (1,614,491)</u> | <u>\$ 10,662</u> | <u>\$ 2,006,684</u> | <u>\$ 4,815,405</u> |

28. 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.

29. 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, 2025

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------|----------------|----------------|-----------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Investments in equity instruments | | | | |
| Domestic listed shares and emerging market shares | \$ 753 | \$ - | \$ - | \$ 753 |
| Listed stocks - overseas | 2,602 | - | - | 2,602 |
| Fund beneficiary certificates | 804 | - | - | 804 |
| Structured deposits | <u>-</u> | <u>-</u> | <u>45</u> | <u>45</u> |
| | <u>\$ 4,159</u> | <u>\$ -</u> | <u>\$ 45</u> | <u>\$ 4,204</u> |

Financial assets at FVTOCI

| | | | | |
|-----------------------------------|-------------|-------------|------------------|------------------|
| Investments in equity instruments | | | | |
| Unlisted shares | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 52,154</u> | <u>\$ 52,154</u> |

Financial liabilities at FVTPL

| | | | | |
|----------------------------|-------------|---------------|-------------|---------------|
| Derivative | | | | |
| Forward exchange contracts | <u>\$ -</u> | <u>\$ 127</u> | <u>\$ -</u> | <u>\$ 127</u> |

December 31, 2024

| | Level 1 | Level 2 | Level 3 | Total |
|---|-----------------|----------------|------------------|------------------|
| <u>Financial assets at FVTPL</u> | | | | |
| Domestic listed shares and emerging market shares | <u>\$ 5,865</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,865</u> |
| <u>Financial liabilities at FVTOCI</u> | | | | |
| Investments in equity instruments | | | | |
| Unlisted shares | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 51,945</u> | <u>\$ 51,945</u> |

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

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

For the year ended December 31, 2025

| Financial Assets | Financial Assets at FVTOCI Equity Instruments | Financial Assets at FVTPL Financial Product |
|--|--|--|
| Balance on January 1, 2025 | \$ 51,945 | \$ - |
| Purchases | - | 43 |
| Recognized in other comprehensive income | - | - |
| Effects of exchange rates | <u>209</u> | <u>2</u> |
| Balance on December 31, 2025 | <u>\$ 52,154</u> | <u>\$ 45</u> |

For the year ended December 31, 2024

| Financial Assets | Financial Assets at FVTOCI Equity Instruments |
|------------------------------|--|
| Balance on January 1, 2024 | \$ 98,562 |
| Sales/settlements | (48,369) |
| Effects of exchange rates | <u>1,752</u> |
| Balance on December 31, 2024 | <u>\$ 51,945</u> |

3) Valuation techniques and inputs applied for Level 2 fair value measurement

| Financial Instrument | Valuation Technique and Inputs |
|--|--|
| Derivatives - foreign exchange forward contracts | Discounted cash flow. Future cash flows are estimated based on observable forward exchange rates at the end of the year and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties. |

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

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

c. Categories of financial instruments

| | <u>December 31</u> | |
|---|--------------------|-------------|
| | <u>2025</u> | <u>2024</u> |
| <u>Financial assets</u> | | |
| Financial assets at FVTPL | | |
| Mandatorily classified as at FVTPL | \$ 4,204 | \$ 5,865 |
| Financial assets at amortized cost (1) | 5,805,800 | 5,001,423 |
| Financial assets at FVTOCI | | |
| Debt instruments | 8,638 | 6,914 |
| Equity instruments | 52,154 | 51,945 |
| <u>Financial liabilities</u> | | |
| Financial liabilities at FVTPL | | |
| Held for trading | 127 | - |
| Financial liabilities at amortized cost (2) | 6,412,488 | 6,008,549 |

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, financial assets at amortized cost-current, notes receivable, accounts receivable, other receivables and refundable deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term loans, notes 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 14% 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 | |
| | 2025 | 2024 |
| USD | \$ 7,508 | \$ 5,058 |

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 | |
|-------------------------------|--------------------|--------------|
| | 2025 | 2024 |
| Fair value interest rate risk | | |
| Financial liabilities | \$ 1,512,100 | \$ 2,014,972 |
| Cash flow interest rate risk | | |
| Financial assets | 3,300,356 | 2,189,896 |
| Financial liabilities | 4,110,330 | 2,800,433 |

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, 2025 and 2024 would have decreased by NT\$8,100 thousand and NT\$6,105 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 2025 and 2024.

The Group's concentration of credit risk by geographical locations was mainly in mainland China, which accounted for 96% and 95% of total trade receivables as of December 31, 2025 and 2024.

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, 2025 and 2024, 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, 2025

| | 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 | | \$ 3,111 | \$ 626,732 | \$ 189,595 | \$ - | \$ - |
| Lease liabilities | 2.20%-4.03% | 911 | 1,821 | 8,197 | 23,339 | - |
| Variable interest rate liabilities | 0.90%-2.90% | <u>513,096</u> | <u>1,242,838</u> | <u>2,772,857</u> | <u>1,157,988</u> | <u>-</u> |
| | | <u>\$ 517,118</u> | <u>\$ 1,871,391</u> | <u>\$ 2,970,649</u> | <u>\$ 1,181,327</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>\$ 10,929</u> | <u>\$ 23,339</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

December 31, 2024

| | Weighted Average Effective Interest Rate | On Demand or Less than 1 Month | 1-3 Months | 3 Months to 1 Year | 1-5 Years | 5+ Years |
|------------------------------------|--|--------------------------------|---------------------|---------------------|---------------------|-------------|
| Non-interest bearing | | \$ 1,989 | \$ 1,002,507 | \$ 197,476 | \$ - | \$ - |
| Lease liabilities | 2.685%-4.03% | 782 | 1,550 | 4,369 | 3,937 | - |
| Variable interest rate liabilities | 1.86%-3.50% | <u>-</u> | <u>159,333</u> | <u>1,368,563</u> | <u>1,383,455</u> | <u>-</u> |
| | | <u>\$ 2,771</u> | <u>\$ 1,163,390</u> | <u>\$ 1,570,408</u> | <u>\$ 1,387,392</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>\$ 6,701</u> | <u>\$ 3,937</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

b) Financing facilities

| | <u>December 31</u> | |
|---|----------------------|---------------------|
| | <u>2025</u> | <u>2024</u> |
| Unsecured bank overdraft facilities, reviewed annually and payable on demand: | | |
| Amount used | \$ 4,326,138 | \$ 3,326,427 |
| Amount unused | <u>6,015,206</u> | <u>6,242,676</u> |
| | <u>\$ 10,341,344</u> | <u>\$ 9,569,103</u> |
| Secured bank overdraft facilities, received annually | | |
| Amount used | \$ 1,267,872 | \$ 1,480,150 |
| Amount unused | <u>263,039</u> | <u>136,129</u> |
| | <u>\$ 1,530,911</u> | <u>\$ 1,616,279</u> |

c. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2025 and 2024 were as follows:

| Counterparties | Receivables Sold | Amounts Collected | Amounts Uncollected Year End | Advances Received Year End | Interest Rates on Advances Received (%) | Credit Line |
|---------------------|------------------------------------|------------------------------------|-----------------------------------|----------------------------|---|----------------|
| <u>2025</u> | | | | | | |
| CTBC Bank Co., Ltd. | <u>\$ 27,289</u> (US\$ 868,253) | <u>\$ 18,651</u> (US\$ 593,418) | <u>\$ 8,638</u> (US\$ 274,835) | <u>\$ -</u> | - | US\$ 1,000,000 |
| <u>2024</u> | | | | | | |
| CTBC Bank Co., Ltd. | <u>\$ 29,282</u> (US\$ 893,149) | <u>\$ 22,368</u> (US\$ 682,252) | <u>\$ 6,914</u> (US\$ 210,897) | <u>\$ -</u> | - | US\$ 1,000,000 |

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

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

As of December 31, 2025 and 2024, the carrying amount of these trade receivables that have been transferred but not derecognized was NT\$8,638 thousand and NT\$6,914 thousand, respectively.

For the years ended December 31, 2025 and 2024, 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, 2025 and 2024, the carrying amount of these banker's acceptance bills that have been transferred but not derecognized was NT\$92,107 thousand and NT\$515,135 thousand, respectively.

30. 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 |
| Tiansheng Social Welfare Foundation | Other related party |
| Brighton-Best International (Taiwan) Inc. | Related party in substance |
| Ta Chen Stainless Pipe Co., Ltd. | Related party in substance |

b. Sales of goods

| Line Item | Related Party Category/Name | For the Year Ended December 31 | |
|------------------|--|---------------------------------------|-------------------|
| | | 2025 | 2024 |
| Sales | Associate | \$ 96,482 | \$ 94,692 |
| | Other related parties | 46,679 | 62,950 |
| | Related party in substance | | |
| | Brighton-Best International (Taiwan) Inc. | 1,151,255 | 820,217 |
| | Others | <u>200</u> | <u>-</u> |
| | | <u>\$ 1,294,616</u> | <u>\$ 977,859</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 | |
|--|---------------------------------------|-------------------|
| | 2025 | 2024 |
| Associate | \$ 7,222 | \$ 10,297 |
| Other related parties | | |
| Tong Heer Fasteners (Thailand) Co., Ltd. | 571,168 | 502,739 |
| Tong Heer Fasteners Co., Sdn Bhd. | <u>169,414</u> | <u>44,633</u> |
| | <u>\$ 747,804</u> | <u>\$ 557,669</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 | |
|---|-----------------------------|--------------------------------|------------------|
| | | 2025 | 2024 |
| Manufacturing overhead - material consumption | Associate Others | \$ <u>30,978</u> | \$ <u>41,806</u> |

e. Contract liabilities

| Line Item | Related Party Category/Name | December 31 | |
|----------------------|--|-------------|------------------|
| | | 2025 | 2024 |
| Contract liabilities | Related party in substance Brighton-Best International (Taiwan) Inc. | \$ <u>-</u> | \$ <u>10,860</u> |

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

| Line Item | Related Party Category/Name | December 31 | |
|---------------------|-----------------------------|------------------|-------------------|
| | | 2025 | 2024 |
| Accounts receivable | Associate | \$ 25,312 | \$ 33,616 |
| | Other related parties | 2,315 | 6,742 |
| | Related party in substance | <u>52,728</u> | <u>62,468</u> |
| | | \$ <u>80,355</u> | \$ <u>102,826</u> |

The outstanding receivables from related parties are not secured by guarantees. As of December 31, 2025 and 2024, no allowance for doubtful accounts has been provided for the receivables from related parties.

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

| Line Item | Related Party Category/Name | December 31 | |
|------------------|-----------------------------|------------------|------------------|
| | | 2025 | 2024 |
| Accounts payable | Associate | \$ 2,634 | \$ 4,591 |
| | Other related parties | <u>25,780</u> | <u>27,309</u> |
| | | \$ <u>28,414</u> | \$ <u>31,900</u> |

h. Prepayments

| Line Item | Related Party Category/Name | December 31 | |
|--------------------------|---|-------------|-----------------|
| | | 2025 | 2024 |
| Prepayments to suppliers | Other related parties | | |
| | Tong Heer Fasteners (Thailand) Co., Ltd. | \$ - | \$ 6,130 |
| | Tong Heer Fasteners Co., Sdn Bhd. | <u>-</u> | <u>510</u> |
| | | \$ <u>-</u> | \$ <u>6,640</u> |

i. Disposal of property, plant and equipment

| Related Party Category/Name | Disposal Price | | Gain (Loss) on Disposal | |
|-----------------------------|-----------------------------------|-------|-----------------------------------|-------|
| | For the Year Ended December 31 | | For the Year Ended December 31 | |
| | 2025 | 2024 | 2025 | 2024 |
| Other related parties | \$ - | \$ 30 | \$ - | \$ 29 |

j. Lease arrangements

| Line Item | Related Party Category/Name | December 31 | |
|-------------------|--|-------------|--------|
| | | 2025 | 2024 |
| Lease liabilities | Key management personnel | | |
| | Others | \$ 377 | \$ 426 |
| Interest expense | Key management personnel | | |
| | Others | \$ 54 | \$ 4 |
| Leases expense | Key management personnel | | |
| | Others | \$ 24 | \$ 24 |
| | Other related parties Tong Heer Fasteners (Thailand) Co., Ltd. | 1,144 | - |
| | | \$ 1,168 | \$ 24 |

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.

k. Others

| Line Item | Related Party Category/Name | December 31 | |
|---------------|-----------------------------|-------------|--------|
| | | 2025 | 2024 |
| Other expense | Other related parties | \$ 152 | \$ 392 |

l. Endorsements and guarantees

Endorsements given by related parties

| Related Party Category/Name | December 31 | |
|---|-------------|------------|
| | 2025 | 2024 |
| Key management personnel Amount endorsed | \$ 721,631 | \$ 953,983 |

m. Compensation of key management personnel

| | For the Year Ended December 31 | |
|------------------------------|--------------------------------|-----------|
| | 2025 | 2024 |
| Short-term employee benefits | \$ 10,639 | \$ 24,998 |

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

31. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The Group's pledged deposits provided for banker's acceptance bill guarantees and performance guarantees were as follows:

| | <u>December 31</u> | |
|--|--------------------|-------------------|
| | 2025 | 2024 |
| Financial assets at amortized cost - current | <u>\$ 674,760</u> | <u>\$ 678,616</u> |

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unrecognized commitments were as follows:

| | <u>December 31</u> | |
|--|--------------------|------------------|
| | 2025 | 2024 |
| Acquisition of property, plant and equipment | <u>\$ 6,969</u> | <u>\$ 18,397</u> |

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, 2025

| | Foreign Currency | Exchange Rate | Carrying Amount (NTD) |
|------------------------------|---------------------|-------------------|-----------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 21,970 | 7.0288 (USD:RMB) | \$ 694,287 |
| USD | 1,352 | 31.4300 (USD:NTD) | 42,496 |
| USD | 686 | 31.3704 (USD:THB) | 21,554 |
| EUR | 1,415 | 8.2073 (EUR:RMB) | 52,224 |
| JPY | 140,318 | 0.0064 (JPY:USD) | 28,176 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 114 | 31.4300 (USD:NTD) | 3,596 |
| USD | 126 | 31.3704 (USD:THB) | 3,970 |
| NTD | 5,002 | 0.2224 (NTD:USD) | 5,002 |

December 31, 2024

| | Foreign Currency | Exchange Rate | Carrying Amount (NTD) |
|------------------------------|-----------------------------|----------------------|--------------------------------------|
| <u>Financial assets</u> | | | |
| Monetary items | | | |
| USD | \$ 13,973 | 7.1884 (USD:RMB) | \$ 449,775 |
| USD | 1,786 | 32.785 (USD:NTD) | 58,540 |
| EUR | 2,052 | 7.6239 (EUR:RMB) | 70,068 |
| JPY | 140,305 | 0.0065 (JPY:USD) | 29,450 |
| <u>Financial liabilities</u> | | | |
| Monetary items | | | |
| USD | 77 | 32.785 (USD:NTD) | 2,536 |
| NTD | 4,902 | 0.2233 (NTD:RMB) | 4,902 |
| NTD | 3,344 | 0.0305 (NTD:USD) | 3,344 |

For the years ended December 31, 2025 and 2024, realized and unrealized net foreign exchange losses were NT\$6,397 thousand and gains NT\$32,970 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) Significant marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)
- 4) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 4)
- 5) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 5)
- 6) Intercompany relationships and significant intercompany transactions (Table 6)

b. Information on investees: (Table 7)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area (Table 8)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses (Table 6):
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year
 - 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 year and the purposes
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the 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

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 | |
|--------------------|---------------------------------------|----------------------|
| | 2025 | 2024 |
| Fasteners | \$ 8,444,790 | \$ 8,632,545 |
| Wire | 2,198,775 | 2,058,799 |
| Strategic products | 1,789,240 | 1,542,314 |
| Others | <u>299,861</u> | <u>309,664</u> |
| | <u>\$ 12,732,666</u> | <u>\$ 12,543,322</u> |

b. Geographical information

| | For the Year Ended December 31 | |
|---------|---------------------------------------|----------------------|
| | 2025 | 2024 |
| China | \$ 8,823,399 | \$ 9,104,833 |
| America | 1,745,309 | 1,491,233 |
| Asia | 1,530,275 | 1,195,888 |
| Others | <u>633,683</u> | <u>751,368</u> |
| | <u>\$ 12,732,666</u> | <u>\$ 12,543,322</u> |

c. Information on major customers

No other single customers contributed 10% or more to the Group's revenue for both 2025 and 2024.

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2025
(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. | He Xu Enterprise Co., Ltd. (Huizhou) | Other receivables | No | \$ 2,248 | \$ - | \$ - | 3.5 | 1 | \$ 19,662 | - | \$ - | None | \$ - | \$ 19,662 | \$ 2,646,069 | |
| | | Jian Yue Enterprise Co., Ltd. (Shenzhen) | Other receivables | No | 4,496 | - | - | 3.5 | 1 | 29,542 | - | - | None | - | 29,542 | 2,646,069 | |
| | | Dong Xin Enterprise Co., Ltd. (Shenzhen) | Other receivables | No | 4,496 | - | - | 3.5 | 1 | 50,428 | - | - | None | - | 50,428 | 2,646,069 | |
| | | Dao Qin Enterprise Co., Ltd. (Jinan) | Other receivables | No | 2,248 | - | - | 3.5 | 1 | 19,739 | - | - | None | - | 19,739 | 2,646,069 | |
| | | Fan Xing Enterprise Co., Ltd. (Jinan) | Other receivables | No | 1,124 | - | - | 3.5 | 1 | 10,872 | - | - | None | - | 10,872 | 2,646,069 | |
| | | Wan Jie Tong Enterprise Co., Ltd. (Qingdao) | Other receivables | No | 3,147 | - | - | 3.5 | 1 | 24,978 | - | - | None | - | 24,978 | 2,646,069 | |
| | | Te Er Si Enterprise Co., Ltd. (Guangzhou) | Other receivables | No | 674 | - | - | 3.5 | 1 | 4,557 | - | - | None | - | 4,557 | 2,646,069 | |
| | | Guangdong Dongyu Hardware Products Co., Ltd. | Other receivables | No | 4,496 | - | - | 3.5 | 1 | 52,603 | - | - | None | - | 52,603 | 2,646,069 | |
| | | Dong Gu Enterprise Co., Ltd. (Dongguan) | Other receivables | No | 1,484 | - | - | 3.5 | 1 | 15,553 | - | - | None | - | 15,553 | 2,646,069 | |
| | | Tao Yue Enterprise Co., Ltd. (Shanghai) | Other receivables | No | 1,888 | - | - | 3.5 | 1 | 21,208 | - | - | None | - | 21,208 | 2,646,069 | |
| | | Finexpress Fastener Co., Ltd. (Shanghai) | Other receivables | No | 1,394 | - | - | 3.5 | 1 | 14,870 | - | - | None | - | 14,870 | 2,646,069 | |
| | | Yuanchi Machine Hardware Enterprise Co., Ltd. (Guangdong) | Other receivables | No | 2,248 | - | - | 3.5 | 1 | 14,608 | - | - | None | - | 14,608 | 2,646,069 | |
| | | Gao Zhiqiang Hardware Enterprise Co., Ltd. (Jiangmen) | Other receivables | No | 1,798 | - | - | 3.5 | 1 | 5,788 | - | - | None | - | 5,788 | 2,646,069 | |
| | | Ding Shang Enterprise Co., Ltd. (Chongqing) | Other receivables | No | 1,349 | - | - | 3.5 | 1 | 7,207 | - | - | None | - | 7,207 | 2,646,069 | |
| | | Yongxing Technology Co., Ltd. (Guangdong) | Other receivables | No | 360 | - | - | 3.5 | 1 | 2,356 | - | - | None | - | 2,356 | 2,646,069 | |
| | | Kuai Kou Enterprise Co., Ltd. (Changsha) | Other receivables | No | 1,349 | - | - | 3.5 | 1 | 4,992 | - | - | None | - | 4,992 | 2,646,069 | |
| | | Qunlilai Hardware Co., Ltd. (Foshan) | Other receivables | No | 899 | - | - | 3.5 | 1 | 5,648 | - | - | None | - | 5,648 | 2,646,069 | |
| | | Ring Buckle Hardware Co., Ltd. (Foshan) | Other receivables | No | 2,248 | - | - | 3.5 | 1 | 19,550 | - | - | None | - | 19,550 | 2,646,069 | |
| | | Nan Hai Tai Feng Enterprise Co., Ltd. (Foshan) | Other receivables | No | 674 | - | - | 3.5 | 1 | 5,184 | - | - | None | - | 5,184 | 2,646,069 | |
| | | Shaanxi Xirui Metal Products Co., Ltd. | Other receivables | No | 495 | - | - | 3.5 | 1 | 3,599 | - | - | None | - | 3,599 | 2,646,069 | |
| | | Tonglink Enterprise Co., Ltd. (Suzhou) | Other receivables | No | 1,124 | - | - | 3.5 | 1 | 6,758 | - | - | None | - | 6,758 | 2,646,069 | |
| | | Foshan City established Hardware Trading Co., Ltd. | Other receivables | No | 674 | - | - | 3.5 | 1 | 4,344 | - | - | None | - | 4,344 | 2,646,069 | |
| | | Zhongneng Fasteners Co., Ltd. (Guangzhou) | Other receivables | No | 360 | - | - | 3.5 | 1 | 2,172 | - | - | None | - | 2,172 | 2,646,069 | |
| Guangdong Xinhongao Hardware Fastener Co., Ltd. | Other receivables | No | 450 | - | - | 3.5 | 1 | 3,447 | - | - | None | - | 3,447 | 2,646,069 | | | |
| Minwei Hardware Products (Guangdong) Co., Ltd. | Other receivables | No | 1,798 | - | - | 3.5 | 1 | 18,142 | - | - | None | - | 18,142 | 2,646,069 | | | |
| Dongguan Jinxin Hardware Co., Ltd. | Other receivables | No | 719 | - | - | 3.5 | 1 | 7,048 | - | - | None | - | 7,048 | 2,646,069 | | | |
| Foshan Hengyu Import & Export Trading Co., Ltd. | Other receivables | No | 1,349 | - | - | 3.5 | 1 | 13,196 | - | - | None | - | 13,196 | 2,646,069 | | | |
| 2 | Tong Ming Enterprise (Zhejiang) Co., Ltd. | Tong Ho Enterprise (Zhejiang) Co., Ltd. | Other receivables related party | Yes | 175,344 | - | - | 2.5-3.20 | 2 | - | Operational turnover | - | None | - | 2,646,069 | 2,646,069 | |

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 $NT\$7,447,018 \times 40\% = NT\$2,978,807$ (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd. (Cayman).
- There were business transactions: The total loan to borrower shall not exceed $NT\$7,447,018 \times 40\% = NT\$2,978,807$ (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd. (Cayman).
- There need for short term financing: The total loan to borrower shall not exceed $NT\$7,447,018 \times 40\% = NT\$2,978,807$ (in thousands) of the net worth of Tong Ming Enterprise Co., Ltd. (Cayman).
- There need for short term financing: The total loan to borrower shall not exceed $NT\$6,615,172 \times 40\% = NT\$2,646,069$ (in thousands) of the net worth of Tong Ming Enterprise (Zhejiang) Co., Ltd.

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

| No. (Note 1) | Endorser/Guarantor | Endorsee/Guarantee | | Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 3) | 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 (Note 3) | 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 (Note 2) | | | | | | | | | | | |
| 0 | Tong Ming Enterprise Co., Ltd. (Cayman) | Tonglink Enterprise Co., Ltd. | b | \$ 1,489,404 | \$ 28,000 | \$ 28,000 | \$ 3,500 | \$ - | 0.38 | \$ 3,723,509 | Y | N | N | |
| | | Winlink Fasteners Co., Ltd. | b | 1,489,404 | 61,430 | - | - | - | - | 3,723,509 | Y | N | N | |
| | | Fast Link | b | 1,489,404 | 62,860 | 62,860 | 5,020 | - | 0.84 | 3,723,509 | Y | N | N | |
| | | | | | (US\$ 2,000) | (US\$ 2,000) | (JPY 25,000) | | | | | | | |

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. (Cayman) which is NT\$7,447,018 × 50% = NT\$3,723,509 (in thousands).
- The total amount of guarantee provided by Tong Ming Enterprise Co., Ltd. (Cayman) to any individual entity shall not exceed 20% of the net worth of Tong Ming Enterprise Co., Ltd. (Cayman) which is NT\$7,447,018 × 20% = NT\$1,489,404 (in thousands).

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

SIGNIFICANT MARKETABLE SECURITIES HELD

DECEMBER 31, 2025

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

| Holding Company Name | Type and Name of Marketable Securities (Note 1) | Relationship with the Holding Company | Financial Statement Account | December 31, 2025 | | | | Note |
|--|--|---|--|---------------------|---------------------------|--------------------------------|---------------------------|------|
| | | | | Number of Shares | Carrying Amount | Percentage of Ownership (%) | Fair Value | |
| Tong Ming Enterprise (Zhejiang) Co., Ltd. | Shanghai Elitesland Software System Co., Ltd. | None | Financial assets at FVTOCI - non-current | 1,318 | \$ 52,154 (RMB 11,600) | 2.31 | \$ 52,154 (RMB 11,600) | |

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

Note 2: Refer to information of subsidiary, associate and joint venture in Tables 7 and 8.

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2025

(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 | \$ 544,964 | 43.67 | T/T after shipment | \$ - | - | \$ 19,645 | 44.96 | |
| | Tong Heer Fasteners Co., Sdn Bhd. | Other related parties | Purchase | 152,668 | 12.24 | T/T after shipment | - | - | 3,132 | 7.17 | |
| | Brighton-Best International (Taiwan) Inc. | Related party in substance | Sale | 1,001,071 | 72.11 | T/T at sight 5 days of B/L copy | - | - | 37,328 | 83.27 | |
| Winlink Fasteners Co., Ltd. | Brighton-Best International (Taiwan) Inc. | Related party in substance | Sale | 150,184 | 36.40 | T/T days after B/L date | - | - | 15,400 | 36.01 | |
| Tong Ming Enterprise (Zhejiang) Co., Ltd. | Tong Win International Co., Ltd. | Affiliated company | Sale | 272,580 | 2.70 | T/T at sight | - | - | 26,702 | 1.18 | |
| | Tong Ho Enterprise (Zhejiang) Co., Ltd. | Affiliated company | Sale | 870,355 | 8.66 | Paid quarterly | - | - | 257,846 | 11.39 | |

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 NTS\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2025

(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 Enterprise (Zhejiang) Co., Ltd. | Associate | \$ 257,846 (RMB 57,350) | 98 days | \$ - | - | \$ 184,429 (RMB 41,021) | \$ - |

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

**INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025
(In Thousands of New Taiwan Dollars)**

| No. (Note 1) | Investee Company | Counterparty | Relationship (Note 2) | Transaction Details | | | |
|-----------------|---|---|--------------------------|--|------------|----------------|-------------------------------|
| | | | | Financial Statement Accounts | Amount | Payment Terms | % of Total Sales or Assets |
| 1 | Tong Ming Enterprise (Zhejiang) Co., Ltd. | Tong Win International Co., Ltd. | c | Sales revenue | \$ 272,580 | T/T at sight | 2.14 |
| 2 | Tong Ming Enterprise (Zhejiang) Co., Ltd. | Tong Win International Co., Ltd. | c | Trade receivables from related parties | 26,702 | T/T at sight | 0.18 |
| 3 | Tong Ming Enterprise (Zhejiang) Co., Ltd. | Tong Ho Enterprise (Zhejiang) Co., Ltd. | c | Sales revenue | 870,355 | Paid quarterly | 6.84 |
| 4 | Tong Ming Enterprise (Zhejiang) Co., Ltd. | Tong Ho Enterprise (Zhejiang) Co., Ltd. | c | Trade receivables from related parties | 257,846 | Paid quarterly | 1.75 |

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, 2025
(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, 2025 | | | Net Income (Loss) of the Investee | Share of Profit (Loss) | Note |
|---|--|-----------|---|--|-------------------------------|-------------------------|---------|-----------------|-----------------------------------|------------------------|--------|
| | | | | December 31, 2025 | December 31, 2024 | Number of Shares | % | Carrying Amount | | | |
| Tong Ming Enterprise Co., Ltd. (Cayman) | Tong Group Limited | Hong Kong | Investment | \$ 1,930,999 (RMB 429,493) | \$ 1,930,999 (RMB 429,493) | 1,000,000 | 100.00 | \$ 5,648,961 | \$ 492,335 | \$ 492,335 | Note 1 |
| | China Rich International Holding Limited | Hong Kong | Investment | 203,317 (RMB 45,222) | 203,317 (RMB 45,222) | 10,000 | 100.00 | 594,955 | 51,853 | 51,853 | Note 1 |
| | Winlink Fasteners Co., Ltd. | Taiwan | Import and export business of screws, nuts, mechanical components | 15,989 | 15,989 | 1,500,000 | 100.00 | 223,126 | 1,934 | 1,934 | Note 1 |
| | Tong Win International Co., Ltd. | Samoa | | Selling and marketing of fasteners and wires | - | - | 500,000 | 100.00 | 70,035 | 57,603 | 57,603 |
| | Fast Link | Japan | Selling and marketing of fasteners and wires | 5,020 (JPY 25,000) | 5,020 (JPY 25,000) | 500 | 59.52 | 15,316 | 3,751 | 2,232 | |
| | Meta Global Co., Ltd. | Samoa | Investment | 389,354 (RMB 86,600) | 389,354 (RMB 86,600) | 13,000,000 | 100.00 | 279,945 | 30,566 | 30,566 | |
| | Tong Link Enterprise Co., Ltd. | Taiwan | Purchase and sale of screws, etc. and computer programming | 10,000 | 10,000 | 1,000,000 | 100.00 | 4,296 | (2,228) | (2,228) | |
| | Tong Ming Fasteners Co., Ltd. | Thailand | Selling of hardware products, standard parts, and molds | 93,224 (US\$ 2,950) | - (US\$ -) | 1,000,000 | 100.00 | 94,327 | (6,995) | (6,995) | |
| Tong Ming Enterprise (Zhejiang) Co., Ltd. | Tong Ming Trading Limited | Hong Kong | Buying and selling raw materials | 1,580 (US\$ 50) | 1,580 (US\$ 50) | 50,000 | 100.00 | 46,461 | (192) | (192) | |
| | Tong Ming Holding Ltd. | Hong Kong | Investment | - | - | 50,000 | 100.00 | (55) | - | - | |

Note 1: The carrying amount was based on the net assets of the investee whose financial statements were not audited as of December 31, 2025.

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

Note 3: The exchange rate was RMB1=NT\$4.496; US\$1=NT\$31.6015; JPY1=NT\$0.2008 as of December 31, 2025.

TONG MING ENTERPRISE CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2025
(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, 2025 | Remittance of Funds | | Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2025 | Net Income (Loss) of the Investee | % Ownership of Direct or Indirect Investment | Investment Gain (Loss) | Carrying Amount as of December 31, 2025 | Accumulated Repatriation of Investment Income as of December 31, 2025 | Note |
|---|--|-------------------------------|----------------------|---|---------------------|--------|---|-----------------------------------|--|------------------------|---|---|--------|
| | | | | | Outward | Inward | | | | | | | |
| Tong Group Limited Tong Ming Enterprise (Zhejiang) Co., Ltd. | Manufacturing, selling and marketing of fasteners and wires | \$ 3,174,176 (RMB 706,000) | Direct investment | \$ - | \$ - | \$ - | \$ - | \$ 599,811 | 90.2 | \$ 541,030 | \$ 5,966,886 | \$ - | Note 1 |
| China Rich International Holding Limited Tong Ming Enterprise (Zhejiang) Co., Ltd. | Manufacturing, selling and marketing of fasteners and wires | 3,174,176 (RMB 706,000) | Direct investment | - | - | - | - | 599,811 | 9.5 | 56,982 | 628,441 | - | Note 1 |
| Tong Ming Enterprise Co., Ltd. (Zhejiang) Shanghai Dongyiqin Industrial Fastener Co., Ltd. | Selling of marketing of fasteners and wires | 2,248 (RMB 500) | Direct investment | - | - | - | - | 15,702 | 40.0 | 6,281 | 28,406 | - | Note 2 |
| Jiaxing Spring You Precise Mold Co., Ltd. | Manufacturing and selling of molds | 25,576 (RMB 5,689) | Direct investment | - | - | - | - | 6,530 | 47.5 | 3,101 | 22,958 | - | Note 2 |
| Jiaxing Toyou Hardware Co., Ltd. | Selling of marketing of fasteners and wires | 8,992 (RMB 2,000) | Direct investment | - | - | - | - | 4,637 | 40.0 | 1,855 | 14,794 | - | Note 2 |
| Shenzhen Yiqin Industrial Fastener Co., Ltd. | Selling of marketing of fasteners and wires | 44,960 (RMB 10,000) | Direct investment | - | - | - | - | 10,985 | 100.0 | 10,985 | 80,149 | - | Note 2 |
| Tong Win Trading (Jiaxing) Co., Ltd. | Selling of hardware products, standard parts, and molds | 6,744 (RMB 1,500) | Direct investment | - | - | - | - | 3,601 | 100.0 | 3,601 | 20,341 | - | Note 2 |
| Zhejiang Dongyi Supply Chain Technology Co., Ltd. | E-Commerce platform | 4,496 (RMB 1,000) | Direct investment | - | - | - | - | (130) | 100.0 | (130) | 2,843 | - | Note 2 |
| Meta Global Co., Ltd. Tong Ho Steel Enterprise Co., Ltd. | Stainless steel wire manufacturing and other hardware business | 389,354 (RMB 86,600) | Direct investment | - | - | - | - | 30,566 | 100.0 | 30,566 | 279,945 | - | Note 1 |

| Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2025 | 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, 2025.

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.