

**Thye Ming Industrial Co., Ltd. and
Subsidiaries**

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

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of Thye Ming Industrial Co., Ltd. as of and for the year ended December 31, 2023 under the “Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standard 10 “Consolidated Financial Statements”. In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Thye Ming Industrial Co., Ltd. and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

Thye Ming Industrial Co., Ltd.

By

Chen, Li-Ming
Chairman of the Board

March 15, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Thye Ming Industrial Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Group's consolidated financial statements for the year ended December 31, 2023 is as follows:

Authenticity of Sales Revenue from Specific Customers

The Group's main source of revenue comes from the sale of lead alloys, such as yellow and red lead, among which the growth rate of sales revenue from specific customers is significantly higher. Therefore, in accordance with the Statements on Auditing Standards on the presumption of revenue as a significant risk, the authenticity of the sales revenue from these specific customers was deemed a key audit matter.

To evaluate the authenticity of the sales revenue, the following audit procedures were performed:

1. We obtained an understanding of and tested the effectiveness of internal control operations over the authenticity of revenue recognition.
2. We sample tested to verify whether the specific customer's operating income details were consistent with the sales items and amounts received from the shipper and invoices issued. We checked whether the bill of lading had been signed by the customer or attached to shipping documents such as export declarations.
3. We sample tested to verify whether the receipt records and the specific customer's operating income details were consistent with the sales items.

Other Matter

We have also audited the parent company only financial statements of the Company as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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 the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the FSC of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Chia-Ling Chiang and Lee-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2024

Notice to Readers

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

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

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 3,200,985	42	\$ 1,673,973	23
Financial assets at fair value through profit or loss (Notes 4 and 7)	373,846	5	417,889	6
Financial assets at amortized cost - current (Notes 4 and 9)	228,230	3	201,769	3
Notes receivable, net (Notes 4, 10 and 27)	2,994	-	5,346	-
Accounts receivable, net (Notes 4 and 10)	1,040,312	14	992,730	14
Other receivables	26,198	-	16,855	-
Inventories (Notes 4, 5 and 11)	1,753,381	23	2,930,443	41
Other current assets	31,582	-	23,982	-
Total current assets	6,657,528	87	6,262,987	87
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4 and 8)	171,908	2	159,166	3
Financial assets at amortized cost - non-current (Notes 4, 9 and 28)	28,621	1	13,100	-
Property, plant and equipment (Notes 4, 13, 28 and 29)	551,367	7	513,296	7
Right-of-use assets (Notes 4 and 14)	10,670	-	12,790	-
Investment properties (Notes 4 and 15)	181,573	3	181,649	3
Intangible assets (Note 4)	10,525	-	10,584	-
Deferred tax assets (Notes 4 and 23)	24,539	-	10,174	-
Refundable deposits	3,154	-	3,153	-
Prepayment for equipment	-	-	105	-
Other non-current assets	568	-	995	-
Total non-current assets	982,925	13	905,012	13
TOTAL	\$ 7,640,453	100	\$ 7,167,999	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 16 and 28)	\$ 500,000	7	\$ 450,000	6
Contract liabilities (Note 21)	27,621	-	163	-
Notes payable (Note 17)	29	-	38	-
Accounts payable (Notes 17 and 27)	149,497	2	139,586	2
Other payables (Note 18)	132,964	2	97,896	1
Current tax liabilities (Note 23)	163,527	2	109,287	2
Lease liabilities - current (Notes 4 and 14)	1,635	-	1,615	-
Other current liabilities	741	-	701	-
Total current liabilities	976,014	13	799,286	11
NON-CURRENT LIABILITIES				
Provisions (Note 4)	4,177	-	3,721	-
Deferred tax liabilities (Notes 4 and 23)	277,237	4	255,493	4
Lease liabilities - non-current (Notes 4 and 14)	412	-	2,048	-
Net defined benefit liabilities (Notes 4 and 19)	15,604	-	15,529	-
Deposits received (Note 15)	250	-	850	-
Total non-current liabilities	297,680	4	277,641	4
Total liabilities	1,273,694	17	1,076,927	15
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Ordinary shares	1,673,185	22	1,673,185	23
Capital surplus	975,330	13	975,330	14
Retained earnings				
Legal reserve	1,193,381	16	1,053,009	15
Special reserve	343,419	4	42,065	-
Unappropriated earnings	2,530,942	33	2,649,490	37
Total retained earnings	4,067,742	53	3,744,564	52
Other equity	(377,195)	(5)	(343,419)	(5)
Total equity attributable to owners of the Company	6,339,062	83	6,049,660	84
NON-CONTROLLING INTERESTS (Note 20)	27,697	-	41,412	1
Total equity	6,366,759	83	6,091,072	85
TOTAL	\$ 7,640,453	100	\$ 7,167,999	100

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

Thye Ming Industrial Co., Ltd.

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

	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUE, NET (Notes 4, 21 and 27)	\$ 9,215,571	100	\$ 9,063,673	100
OPERATING COSTS (Notes 11, 22 and 27)	<u>7,818,245</u>	<u>85</u>	<u>8,066,855</u>	<u>89</u>
GROSS PROFIT	<u>1,397,326</u>	<u>15</u>	<u>996,818</u>	<u>11</u>
OPERATING EXPENSES (Notes 10 and 22)				
Selling and marketing expenses	80,133	1	88,535	1
General and administrative expenses	181,851	2	154,938	2
Expected credit loss recognized (reversed) on trade receivables	<u>(1,143)</u>	<u>-</u>	<u>442</u>	<u>-</u>
Total operating expenses	<u>260,841</u>	<u>3</u>	<u>243,915</u>	<u>3</u>
PROFIT FROM OPERATIONS	<u>1,136,485</u>	<u>12</u>	<u>752,903</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES (Notes 22 and 27)				
Interest income	103,993	1	23,785	-
Other income	19,788	-	36,655	1
Other gains and losses	21,339	1	83,689	1
Finance costs	<u>(5,977)</u>	<u>-</u>	<u>(3,895)</u>	<u>-</u>
Total non-operating income and expenses	<u>139,143</u>	<u>2</u>	<u>140,234</u>	<u>2</u>
PROFIT BEFORE INCOME TAX	1,275,628	14	893,137	10
INCOME TAX EXPENSE (Notes 4 and 23)	<u>278,887</u>	<u>3</u>	<u>209,561</u>	<u>2</u>
NET PROFIT FOR THE YEAR	<u>996,741</u>	<u>11</u>	<u>683,576</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(1,483)	-	11,345	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	12,742	-	69,152	1
Income tax relating to items that will not be reclassified subsequently to profit or loss	297	-	(2,269)	-

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Thye Ming Industrial Co., Ltd.

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

	2023		2022	
	Amount	%	Amount	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	\$ (46,536)	(1)	\$ 108,223	1
Other comprehensive income (loss) for the year, net of income tax	(34,980)	(1)	186,451	2
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 961,761	10	\$ 870,027	10
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 993,835		\$ 680,542	
Non-controlling interests	2,906		3,034	
	\$ 996,741		\$ 683,576	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 958,676		\$ 865,585	
Non-controlling interests	3,085		4,442	
	\$ 961,761		\$ 870,027	
EARNINGS PER SHARE (Note 24)				
Basic	\$ 5.94		\$ 4.07	
Diluted	\$ 5.93		\$ 4.06	

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

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

	Equity Attributable to the Owners of the Company									
	Ordinary Shares	Capital Surplus	Retained Earnings			Other Equity		Total	Non-controlling Interests	Total Equity
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain and Loss on Financial Assets at Fair Value Through Other Comprehensive Income			
BALANCE AT JANUARY 1, 2022	\$ 1,673,185	\$ 975,330	\$ 972,816	\$ 379,885	\$ 1,741,076	\$ (461,048)	\$ 660,209	\$ 5,941,453	\$ 39,976	\$ 5,981,429
Appropriation of 2021 earnings (Note 20)										
Legal reserve	-	-	80,193	-	(80,193)	-	-	-	-	-
Special reserve	-	-	-	(337,820)	337,820	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(752,933)	-	-	(752,933)	-	(752,933)
	-	-	80,193	(337,820)	(495,306)	-	-	(752,933)	-	(752,933)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(2,400)	(2,400)
Net profit for the year ended December 31, 2022	-	-	-	-	680,542	-	-	680,542	3,034	683,576
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	9,013	108,223	67,807	185,043	1,408	186,451
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	689,555	108,223	67,807	865,585	4,442	870,027
Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Note 8 and 23)	-	-	-	-	714,165	-	(718,610)	(4,445)	(606)	(5,051)
BALANCE AT DECEMBER 31, 2022	1,673,185	975,330	1,053,009	42,065	2,649,490	(352,825)	9,406	6,049,660	41,412	6,091,072
Appropriation of 2022 earnings (Note 20)										
Legal reserve	-	-	140,372	-	(140,372)	-	-	-	-	-
Special reserve	-	-	-	301,354	(301,354)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(669,274)	-	-	(669,274)	-	(669,274)
	-	-	140,372	301,354	(1,111,000)	-	-	(669,274)	-	(669,274)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	(16,800)	(16,800)
Net profit for the year ended December 31, 2023	-	-	-	-	993,835	-	-	993,835	2,906	996,741
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(1,383)	(46,536)	12,760	(35,159)	179	(34,980)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	992,452	(46,536)	12,760	958,676	3,085	961,761
BALANCE AT DECEMBER 31, 2023	\$ 1,673,185	\$ 975,330	\$ 1,193,381	\$ 343,419	\$ 2,530,942	\$ (399,361)	\$ 22,166	\$ 6,339,062	\$ 27,697	\$ 6,366,759

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

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,275,628	\$ 893,137
Adjustments for:		
Depreciation expense	63,670	61,855
Amortization expense	486	321
Expected credit loss recognized (reversed) on accounts receivable	(1,143)	442
Net loss on fair value changes of financial assets at fair value through profit or loss (gain)	(14,788)	11,102
Finance costs	5,977	3,895
Interest income	(103,993)	(23,785)
Dividend income	(9,674)	-
Gain on disposal of property, plant and equipment	(1,316)	(943)
Inventory reversed	9,313	-
Unrealized loss on foreign currency exchange	759	2,678
Changes in operating assets and liabilities		
Financial assets at fair value through profit or loss	58,831	(153,384)
Notes receivable	2,352	3,848
Accounts receivable	(53,472)	191,391
Other receivables	(9,862)	(2,502)
Inventories	1,155,433	(172,071)
Prepayments	(3,054)	-
Other current assets	(4,688)	4,965
Contract liabilities	27,583	(47,584)
Notes payable	(9)	(48)
Accounts payable	10,545	(52,723)
Other payables	27,679	(2,506)
Provisions	456	(350)
Other current liabilities	40	33
Net defined benefit liabilities	(1,408)	(1,196)
Cash generated from operations	2,435,345	716,575
Interest received	103,993	23,785
Dividends received	9,674	-
Interest paid	(6,520)	(4,173)
Income tax paid	(216,674)	(242,942)
Net cash generated from operating activities	<u>2,325,818</u>	<u>493,245</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	-	(100,000)
Proceeds from sale of financial assets at fair value through profit or loss	-	999,759
Purchase of financial assets at amortized cost	(48,966)	-
Proceeds from sale of financial assets at amortized cost	-	38,224
Payments for property, plant and equipment	(94,750)	(71,868)

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Thye Ming Industrial Co., Ltd. and Subsidiaries

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

	2023	2022
Proceeds from disposal of property, plant and equipment	\$ 2,286	\$ 1,065
Increase in refundable deposits	(1)	(970)
Payments for intangible assets	-	(61)
Payments for investment property	(380)	-
Increase in other non-current assets	<u>-</u>	<u>(1,279)</u>
Net cash generated from (used in) investing activities	<u>(141,811)</u>	<u>864,870</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	50,000	626,813
Repayments of short-term borrowings	-	(352,109)
Increase in refundable deposits	-	50
Decrease in refundable deposits	(600)	-
Repayment of the principal portion of lease liabilities	(1,616)	(1,198)
Dividends paid to owners of the Company	(669,274)	(752,933)
Dividends paid to non-controlling interests	<u>(16,800)</u>	<u>(2,400)</u>
Net cash used in financing activities	<u>(638,290)</u>	<u>(481,777)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(18,705)</u>	<u>20,584</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	1,527,012	896,922
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,673,973</u>	<u>777,051</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 3,200,985</u>	<u>\$ 1,673,973</u>

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

(Concluded)

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

1. GENERAL INFORMATION

Thye Ming Industrial Co., Ltd. (the “Company”) was incorporated in February 1983 under the laws of the Republic of China. The Company mainly manufactures and sells the following products: Antimony lead alloy, Calcium lead alloy, Litharge and Red lead. The Company obtained Waste Disposal Technician Certification (Class A) in 1994 and started providing general business waste recycling and regeneration services.

The Company’s shares have been listed on the Taiwan Stock Exchange since March 1999.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 15, 2024.

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

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

The initial application of the amendments to the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Company and entities controlled by the Company (collectively, the “Group”).

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the 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 the 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 assets are 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 twelve months after the reporting period; and
- 3) Liabilities without an unconditional right 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).

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

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 and Table 3 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

In preparing the financial statements of each individual entity, 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 year in which they arise.

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is 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, and not retranslated subsequently.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries in other countries that use currencies 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 year, and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, work-in-process, by-products, finished goods and products 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. Property, plant, and equipment

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

Property, plant and equipment in the course of construction are measured at cost less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those assets and the cost of those assets are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting year, 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.

h. Investment properties

Investment properties are properties held to earn rental and/or for capital appreciation.

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.

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.

i. Intangible assets

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.

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

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

At the end of each reporting year, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, intangible assets to determine whether there is any indication that those assets have suffered any 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 individual cash-generating units or the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the assets may be impaired.

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 on the asset, cash-generating unit or assets related to contract costs in prior years (less depreciation and amortization). A reversal of an impairment loss is recognized in profit or loss.

k. Financial instruments

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

If financial assets and financial liabilities are other than financial assets and financial liabilities at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition or issuance of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets or financial liabilities 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 category

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

i Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL; financial assets mandatorily classified as at FVTPL are investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are 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.

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 receivable, accounts receivable, other receivables, financial assets at amortized cost and refundable deposit 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.

A financial asset is credit-impaired when one or more of the following events have occurred:

- i) Significant financial difficulty of the issuer or the borrower;
- ii) Breach of contract, such as a default;
- iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or
- iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreement bond investments with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and 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 equity instruments at FVTOCI

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

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

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. 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 the 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.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Group:

- i Internal or external information show that the debtor is unlikely to pay its creditors.
- ii When a financial asset is more than 90 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment loss and reversal of impairment loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

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

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

The repurchase of the Group'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 Group's own equity instruments.

3) Financial liabilities

a) Subsequent measurement

The Group's financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

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

l. Liability provision

The amount recognized as a liability provision, including other long-term employee benefits, is measured at the best estimate of the expenditure of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. The liability provision is measured at the estimate of the discounted cash flows of the consideration required to settle the present obligation.

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.

1) Revenue from the sale of goods

Revenue from sale of goods comes from sales of lead alloy ingots. Sales of lead alloy ingots are recognized as revenue when the goods are shipped or delivered to the customer's specific location, i.e., the time the performance obligations are satisfied.

The Group does not recognize revenue from transfer of materials to contractors for processing because the control and ownership of the materials are not transferred.

2) Revenue from rendering of services

Revenue from rendering of services comes from processing of products and lead slag removal services for customers. Consequently, the related revenue is recognized when services are rendered.

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 operating leases whenever the terms of a lease do not transfer substantially all the risks and rewards of ownership to the lessee.

Under operating leases, lease payments are recognized as income on a straight-line basis over the terms of the relevant leases.

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 by applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use asset is the land-use right which is located in Vietnam. Right-of-use asset is measured at cost less accumulated depreciation. Right-of-use assets and lease liabilities are presented on separate lines in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method over the lease period.

Lease liabilities are initially measured at the present value of the lease 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 lessee's incremental borrowing rate will be used.

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, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, 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 those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit liabilities are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income and reflected immediately in retained earnings in the period in which it occurs, and will not be subsequently reclassified to profit or loss.

Net defined benefit liabilities represent the actual deficit in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plans except that remeasurement is recognized in profit or loss.

q. Taxation

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

1) Current tax

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

According to the Income Tax Law 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 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 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 assets and liabilities 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 recent development of COVID-19 in Taiwan and its economic environment implications. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty - write-down of inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience in the sale of product 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

	December 31	
	2023	2022
Cash on hand	\$ 378	\$ 236
Checking accounts and demand deposits	1,079,892	621,321
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	1,813,365	806,752
Repurchase agreement bonds	307,350	245,664
	<u>\$ 3,200,985</u>	<u>\$ 1,673,973</u>

The market rate intervals of cash equivalents and repurchase agreement bonds at the end of the year were as follows:

	December 31	
	2023	2022
Time deposits (%)	5.42-5.70	4.05-4.35
Repurchase agreement bonds (%)	5.50	4.00-4.45

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2023	2022
Mandatorily classified as at FVTPL		
Non-derivative financial assets		
Fund beneficiary certificate	<u>\$ 373,846</u>	<u>\$ 417,889</u>

For the net gain or loss of financial assets at fair value through profit or loss, refer to Note 22.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2023	2022
Non-current		
Domestic listed preferred shares	\$ 95,700	\$ 96,000
Domestic unlisted shares	<u>76,208</u>	<u>63,166</u>
	<u>\$ 171,908</u>	<u>\$ 159,166</u>

These investments in equity instruments are held for medium-term 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 2022, the Group sold its shares in order to manage credit concentration risk. The fair value of the sold shares was \$999,759 thousand; the related unrealized valuation gains of \$718,610 thousand were transferred from other equity to retained earnings, respectively.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Time deposits with original maturities of more than 3 months	\$ 228,230	\$ 201,769
Cathay Corporate Bonds	15,521	-
Restricted financial assets	<u>13,100</u>	<u>13,100</u>
	<u>\$ 256,851</u>	<u>\$ 214,869</u>

(Continued)

	December 31	
	2023	2022
Current	\$ 228,230	\$ 201,769
Non-current	<u>\$ 28,621</u>	<u>\$ 13,100</u>
		(Concluded)

	December 31	
	2023	2022
a. Annual interest rate of time deposits with original maturities of more than 3 months (%)	4.4-8.0	4.6-7.3
b. Annual interest rate of restricted financial assets (%)	1.45-1.57	0.79-1.44
c. In October 2023, the Group bought 10-year corporate bonds issued by Company Cathay's at a face value of USD5,000 thousand with a coupon rate of 6.10% and an effective interest rate of 5.96%.		
d. Refer to Note 28 for information relating to investments in financial assets at amortized cost pledged as security.		

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

	December 31	
	2023	2022
Operating activities		
Notes receivable		
At amortized cost		
Gross carrying amount	<u>\$ 2,994</u>	<u>\$ 5,346</u>
Accounts receivable		
At amortized cost		
Gross carrying amount	\$ 1,041,040	\$ 994,595
Less: Allowance for impairment loss	<u>728</u>	<u>1,865</u>
	<u>\$ 1,040,312</u>	<u>\$ 992,730</u>

a. Notes receivable

The Group assessed that notes receivable were not overdue and no allowance for impairment loss is provided at the end of reporting period.

b. Accounts receivable

The average credit period for sales of goods is 30-90 days. No interest is charged on accounts receivable. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and using other publicly available financial information and mutual transaction records to evaluate major customers.

In order to minimize credit risk, the management 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 year 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 measures the loss allowance for accounts receivable at an amount equal to lifetime ECLs. The expected credit losses on accounts receivable are estimated by reference to past default experience and current financial position of the customers. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the customer base is not further distinguished.

The following table details the loss allowance of accounts receivable based on past due date.

December 31, 2023

	Not Past Due	1 to 30 Days Past Due	Total
Gross carrying amount	\$ 998,682	\$ 42,358	\$ 1,041,040
Loss allowance (Lifetime ECLs)	<u>(273)</u>	<u>(455)</u>	<u>(728)</u>
Amortized cost	<u>\$ 998,409</u>	<u>\$ 41,903</u>	<u>\$ 1,040,312</u>

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 to 45 Days Past Due	Total
Gross carrying amount	\$ 960,938	\$ 33,472	\$ 185	\$ 994,595
Loss allowance (Lifetime ECLs)	<u>(1,502)</u>	<u>(355)</u>	<u>(8)</u>	<u>(1,865)</u>
Amortized cost	<u>\$ 959,436</u>	<u>\$ 33,117</u>	<u>\$ 177</u>	<u>\$ 992,730</u>

The movements of allowance for impairment loss of accounts receivable were as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Balance at January 1	\$ 1,865	\$ 1,343
Loss allowance (reversed) in current year	(1,143)	442
Foreign exchange gains and losses	<u>6</u>	<u>80</u>
Balance at December 31	<u>\$ 728</u>	<u>\$ 1,865</u>

11. INVENTORIES

	<u>December 31</u>	
	2023	2022
Raw materials	\$ 716,819	\$ 1,131,945
Supplies	28,525	33,243
Semi-finished goods	146,824	111,356
Work in process	53,409	32,635
Finished goods	607,796	881,606
		(Continued)

	December 31	
	2023	2022
By-products	\$ 1,119	\$ 716
Products	181,452	665,628
Inventory in transit	<u>17,437</u>	<u>73,314</u>
	<u>\$ 1,753,381</u>	<u>\$ 2,930,443</u>
		(Concluded)

Operating costs recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were \$7,818,245 thousand and \$8,066,855 thousand, respectively, which included the following items:

	For the Year Ended December 31	
	2023	2022
Inventory write-downs	\$ 9,313	\$ -
Loss (gain) on physical inventory	(67)	4
Loss on idle capacity	7,553	6,285
Revenue from sale of scrap	<u>(6,918)</u>	<u>(10,965)</u>
	<u>\$ 9,881</u>	<u>\$ (4,676)</u>

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

Name of Investor	Name of Investee	Main Businesses and Products	Percentage of Ownership (%)	
			December 31, 2023	December 31, 2022
The Company	Thai Wey Industrial Co., Ltd.	Note 1	88	88
	Thye Ming Industrial (Samoa)	Investment holding company	100	100
Thye Ming Industrial (Samoa)	Taiming Corp.	Investment holding company	100	100
Taiming Corp.	Thye Ming (Vietnam) Co., Ltd.	Note 2	100	100

Note 1: Trading and processing of metals and alloy ingots, import and export trade and general waste disposal business.

Note 2: Production of various lead-based products. Domestic waste and lead storage; batteries, various lead products and plastic recycling.

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2023

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress	Total
Cost						
Balance at January 1, 2023	\$ 277,123	\$ 265,278	\$ 664,382	\$ 337,920	\$ 26,828	\$ 1,571,531
Additions	-	10,042	70,020	22,239	783	103,084
Disposal	-	-	(7,728)	(23,798)	-	(31,526)
Effect of foreign currency exchange differences	-	(3,348)	(4,249)	(3,051)	(143)	(10,791)
Reclassification	-	-	-	-	(231)	(231)
Balance at December 31, 2023	<u>\$ 277,123</u>	<u>\$ 271,972</u>	<u>\$ 722,425</u>	<u>\$ 333,310</u>	<u>\$ 27,237</u>	<u>\$ 1,632,067</u>

(Continued)

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress	Total
<u>Accumulated depreciation</u>						
Balance at January 1, 2023	\$ -	\$ (167,065)	\$ (586,472)	\$ (304,698)	\$ -	\$ (1,058,235)
Depreciation expense	-	(13,595)	(35,785)	(11,940)	-	(61,320)
Disposal	-	-	7,473	23,083	-	30,556
Effect of foreign currency exchange differences	-	1,894	3,869	2,536	-	8,299
Balance at December 31, 2023	<u>\$ -</u>	<u>\$ (178,766)</u>	<u>\$ (610,915)</u>	<u>\$ (291,019)</u>	<u>\$ -</u>	<u>\$ (1,080,700)</u>
Carrying amount at December 31, 2023	<u>\$ 277,123</u>	<u>\$ 93,206</u>	<u>\$ 111,510</u>	<u>\$ 42,291</u>	<u>\$ 27,237</u>	<u>\$ 551,367</u>

(Concluded)

For the year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress	Total
<u>Cost</u>						
Balance at January 1, 2022	\$ 277,123	\$ 250,100	\$ 635,804	\$ 323,262	\$ 896	\$ 1,487,185
Additions	-	7,774	28,241	13,514	25,834	75,363
Disposal	-	(823)	(9,902)	(6,901)	-	(17,626)
Effect of foreign currency exchange differences	-	8,227	10,239	8,045	98	26,609
Balance at December 31, 2022	<u>\$ 277,123</u>	<u>\$ 265,278</u>	<u>\$ 664,382</u>	<u>\$ 337,920</u>	<u>\$ 26,828</u>	<u>\$ 1,571,531</u>
<u>Accumulated depreciation</u>						
Balance at January 1, 2022	\$ -	\$ (150,481)	\$ (552,513)	\$ (292,121)	\$ -	\$ (995,115)
Depreciation expense	-	(13,470)	(34,231)	(12,357)	-	(60,058)
Disposal	-	823	9,780	6,901	-	17,504
Effect of foreign currency exchange differences	-	(3,937)	(9,508)	(7,121)	-	(20,566)
Balance at December 31, 2022	<u>\$ -</u>	<u>\$ (167,065)</u>	<u>\$ (586,472)</u>	<u>\$ (304,698)</u>	<u>\$ -</u>	<u>\$ (1,058,235)</u>
Carrying amount at December 31, 2022	<u>\$ 277,123</u>	<u>\$ 98,213</u>	<u>\$ 77,910</u>	<u>\$ 33,222</u>	<u>\$ 26,828</u>	<u>\$ 513,296</u>

The additions to property, plant and equipment and the related cash payment were reconciled as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Investing activities affecting both cash and non-cash items		
Increase in property, plant and equipment	\$ 103,084	\$ 75,363
Capitalized interest	(506)	(55)
Increase in payable for purchase of equipment (other payables)	(7,723)	(1,980)
Decrease-in prepayment for equipment	<u>(105)</u>	<u>(1,460)</u>
Payments for property, plant and equipment	<u>\$ 94,750</u>	<u>\$ 71,868</u>

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

Buildings	
Buildings of plant and office	20-45 years
Roof upgrading and improvement works in plant and office	15-39 years
Raw material storage area and improvement works	3-10 years
Others	5 years
Machinery and equipment	2-15 years

(Continued)

Others	
Factory fence	40 years
Electrical equipment	3-8 years
Office equipment	2-10 years
Transportation equipment	3-10 years
Others	3-15 years
	(Concluded)

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amount		
Land	\$ 8,509	\$ 9,009
Transportation equipment	<u>2,161</u>	<u>3,781</u>
	<u>\$ 10,670</u>	<u>\$ 12,790</u>
Additions to right - of use assets	<u>\$ -</u>	<u>\$ 4,861</u>
	For the Year Ended December 31	
	2023	2022
Depreciation charge for right-of-use asset		
Land	\$ 274	\$ 267
Transportation equipment	<u>1,620</u>	<u>1,080</u>
	<u>\$ 1,894</u>	<u>\$ 1,347</u>

The right-of-use asset is the land-use right obtained by the Company's subsidiary in Vietnam, Thye Ming (Vietnam) Co, Ltd. The asset was initially recorded at cost of acquisition and subsequently stated at cost less accumulated depreciation. Depreciation is calculated by the straight-line method over the contract period of 47 years, which ends in January 2055.

Except for the additions and recognized depreciation, the right-of-use asset did not have sublease or impairment in 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
<u>Carrying amounts</u>		
Current	\$ 1,635	\$ 1,615
Non-current	<u>412</u>	<u>2,048</u>
	<u>\$ 2,047</u>	<u>\$ 3,663</u>

Range of discount rate for lease liabilities was as follows:

	December 31	
	2023	2022
Transportation equipment (%)	1.23	1.23
c. Other lease information		
	For the Year Ended December 31	
	2023	2022
Expenses relating to low-value asset leases	\$ 96	\$ 96
Total cash outflow for leases	\$ 1,748	\$ 1,334

For information about the operating leases of investment properties, refer to Note15.

15. INVESTMENT PROPERTIES

For the year ended December 31, 2023

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 182,291	\$ 14,116	\$ 196,407
Addition	-	380	380
Balance at December 31, 2023	<u>\$ 182,291</u>	<u>\$ 14,496</u>	<u>\$ 196,787</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ 6,518	\$ 8,240	\$ 14,758
Depreciation	-	456	456
Balance at December 31, 2023	<u>\$ 6,518</u>	<u>\$ 8,696</u>	<u>\$ 15,214</u>
Carrying amount at December 31, 2023	<u>\$ 175,773</u>	<u>\$ 5,800</u>	<u>\$ 181,573</u>

For the year ended December 31, 2022

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2022 and December 31, 2022	<u>\$ 182,291</u>	<u>\$ 14,116</u>	<u>\$ 196,407</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2022	\$ 6,518	\$ 7,790	\$ 14,308
Depreciation	-	450	450
Balance at December 31, 2022	<u>\$ 6,518</u>	<u>\$ 8,240</u>	<u>\$ 14,758</u>
Carrying amount at December 31, 2022	<u>\$ 175,773</u>	<u>\$ 5,876</u>	<u>\$ 181,649</u>

Investment properties of the Group are depreciated using the straight-line method over their estimated useful lives of 25-40 years.

The fair value of the investment properties was \$317,743 thousand based on the valuations carried out by independent qualified professional real estate appraisers in May 2022. The fair value was measured using Level 3 inputs, including reference to market evidence of transaction prices for similar properties, land development analysis, etc.; the discount rate used was 1.67%-2%. The Company assessed that there were no significant changes in the fair value through December 31, 2023.

The Group received deposits for operating lease contracts; the amounts were \$250 and \$850 thousand, respectively, as of December 31, 2023 and 2022.

The lease periods of investment properties are 2 to 10 years. Lease payments will be adjusted when the lessees exercise their options to extend on the basis of changes in market rental rates. The lessees do not have bargain purchase option to acquire the investment properties at the expiry of the lease periods.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2023 and 2022 was as follows:

	December 31	
	2023	2022
Year 1	\$ 3,990	\$ 5,760
Year 2	3,780	3,875
Year 3	3,780	3,000
Year 4	3,780	3,000
Year 5	3,780	3,000
Year 5 onwards	<u>14,490</u>	<u>14,500</u>
	<u>\$ 33,600</u>	<u>\$ 33,135</u>

16. SHORT-TERM BORROWINGS

	December 31	
	2023	2022
Unsecured borrowings		
Bank loans	<u>\$ 500,000</u>	<u>\$ 450,000</u>

The annual interest rates of short-term borrowings were as follows:

	December 31	
	2023	2022
Bank loans (%)	1.63-1.65	1.48-1.63

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
Operating		
Notes payable - nonrelated parties	\$ <u>29</u>	\$ <u>38</u>
Operating		
Accounts payable - nonrelated parties	\$ 149,336	\$ 139,586
Accounts payable - related parties	<u>161</u>	<u>-</u>
	<u>\$ 149,497</u>	<u>\$ 139,586</u>

The credit period of the purchase of goods is 15-60 days and the Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms; therefore, no interest is charged on the accounts payable.

18. OTHER PAYABLES

	December 31	
	2023	2022
Payable for compensation of employees and remuneration of directors	\$ 53,804	\$ 37,682
Payable for salaries and bonuses	37,048	32,745
Payable for annual leave	5,578	5,648
Payable for purchase of equipment	10,553	2,830
Others	<u>25,981</u>	<u>18,991</u>
	<u>\$ 132,964</u>	<u>\$ 97,896</u>

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

- 1) The Company and its domestic subsidiary adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.
- 2) The Group's foreign subsidiary, Thye Ming (Vietnam) Co., Ltd., makes pension contributions to a defined contribution plan under the local laws.

b. Defined benefit plans

The defined benefit plans adopted by the Company and its domestic subsidiary in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company and its domestic subsidiary contribute amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in

the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the “Bureau”); the Group has no right to influence the investment policy and strategy. In addition, in June 2005, the Company reported to the National Taxation Bureau that the Company adopted a “Retirement Benefit and Retirement Scheme for Appointed Personnel” which stipulates the making of pension provisions at 4% of the monthly salary of the manager.

The amounts included in the consolidated balance sheets in respect of the Group’s defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	\$ 72,574	\$ 81,499
Fair value of plan assets	<u>(56,970)</u>	<u>(65,970)</u>
Net defined benefit liabilities	<u>\$ 15,604</u>	<u>\$ 15,529</u>

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	<u>\$ 81,499</u>	<u>\$ (65,970)</u>	<u>\$ 15,529</u>
Service cost			
Current service cost	180	-	180
Net interest expense (income)	<u>1,012</u>	<u>(831)</u>	<u>181</u>
Recognized in profit or loss	<u>1,192</u>	<u>(831)</u>	<u>361</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(508)	(508)
Actuarial loss - experience adjustments	<u>1,991</u>	<u>-</u>	<u>1,991</u>
Recognized in other comprehensive income	<u>1,991</u>	<u>(508)</u>	<u>1,483</u>
Contributions from the employer	<u>-</u>	<u>(1,769)</u>	<u>(1,769)</u>
Benefits paid			
Contribution from plan assets	<u>(12,108)</u>	<u>12,108</u>	<u>-</u>
Balance at December 31, 2023	<u>\$ 72,574</u>	<u>\$ (56,970)</u>	<u>\$ 15,604</u>
Balance at January 1, 2022	<u>\$ 90,678</u>	<u>\$(62,608)</u>	<u>\$ 28,070</u>
Service cost			
Current service cost	416	-	416
Net interest expense (income)	<u>559</u>	<u>(392)</u>	<u>167</u>
Recognized in profit or loss	<u>975</u>	<u>(392)</u>	<u>583</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(4,906)	(4,906)

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Actuarial gain - changes in financial assumptions	\$ (3,513)	\$ -	\$ (3,513)
Actuarial gain - experience adjustments	<u>(2,926)</u>	<u>-</u>	<u>(2,926)</u>
Recognized in other comprehensive income	<u>(6,439)</u>	<u>(4,906)</u>	<u>(11,345)</u>
Contributions from the employer	<u>-</u>	<u>(1,779)</u>	<u>(1,779)</u>
Benefits paid			
Contribution from plan assets	<u>(3,715)</u>	<u>3,715</u>	<u>-</u>
Balance at December 31, 2022	<u>\$ 81,499</u>	<u>\$ (65,970)</u>	<u>\$ 15,529</u> (Concluded)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	For the Year Ended December 31	
	2023	2022
Operating costs	\$ 254	\$ 407
Selling and marketing expenses	32	45
General and administrative expenses	<u>75</u>	<u>131</u>
	<u>\$ 361</u>	<u>\$ 583</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

1) Investment risk

The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

3) Salary risk

The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purpose of the actuarial valuations were as follows:

	December 31	
	2023	2022
Discount rate (%)	1.125-1.250	1.125-1.25
Expected rate of salary increase (%)	2.000	2.000

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	2022
Discount rate		
0.25% increase	<u>\$ (1,153)</u>	<u>\$ (1,337)</u>
0.25% decrease	<u>\$ 1,185</u>	<u>\$ 1,375</u>
Expected rate of salary increase		
0.25% increase	<u>\$ 1,155</u>	<u>\$ 1,341</u>
0.25% decrease	<u>\$ (1,129)</u>	<u>\$ (1,311)</u>

The above sensitivity analysis may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that the changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	2022
Expected contributions to the plan for the next year	<u>\$ 1,734</u>	<u>\$ 1,729</u>
Average duration of the defined benefit obligation	4.3 years- 6.6 years	4.4 years- 6.9 years

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	2022
Shares authorized (in thousands of shares)	<u>310,000</u>	<u>310,000</u>
Shares authorized (in thousands of dollars)	<u>\$ 3,100,000</u>	<u>\$ 3,100,000</u>
Shares issued and fully paid (in thousands of shares)	<u>167,319</u>	<u>167,319</u>
Shares issued and fully paid (in thousands of dollars)	<u>\$ 1,673,185</u>	<u>\$ 1,673,185</u>

Fully paid ordinary shares, which have a par value of \$10, carry one vote per share and carry a right to dividends.

b. Capital surplus

	December 31	
	2023	2022
Conversion of bonds	<u>\$ 975,330</u>	<u>\$ 975,330</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 dividend policy

Under the dividend policy in the Company's Articles of Incorporation (the "Articles"), where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit (except that when legal reserve has reached the Company's paid-in capital, the Company may continue or stop to set aside amount for legal reserve), 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 distribution of stock dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors after the amendment, refer to compensation of employees and remuneration of directors in Note 22-h.

The board of directors of the Company is authorized to adopt a special resolution to distribute dividends and bonuses in cash, in whole or in part, and a report of such distribution should be submitted in the shareholders' meeting.

The Company is in a stable growth stage in line with the overall environment and the characteristics of the industry's growth. In planning to distribute earnings, the Company shall consider the needs for sustainable operation and long-term development, and the needs of shareholders for cash inflows; if there will be distribution of earnings, cash dividend shall not be less than 10% of the total cash and stock dividends distributed.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

When a special reserve is appropriated for cumulative net debit balance reserves from prior period, the sum of net profit for current period and items other than net profit included directly in the unappropriated earnings for current period is used if the prior unappropriated earnings are not sufficient. On the first-time adoption of IFRS Accounting Standards, the Company appropriated \$42,065 thousand to the special reserve for the increase in retained earnings in the conversion to IFRS Accounting Standards.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings in June 2023 and June 2022, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2022	2021	2022	2021
Legal reserve	\$ 140,372	\$ 80,193		
Appropriation to (reversal from) special reserve	301,354	(337,820)		
Cash dividends	<u>669,274</u>	<u>752,933</u>	<u>\$ 4.0</u>	<u>\$ 4.5</u>
	<u>\$ 1,111,000</u>	<u>\$ 495,306</u>		

The appropriations of earnings for 2023 proposed by the Company's board of directors on March 15, 2024, were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 99,245	
Reversal of special reserve	33,776	
Cash dividends	<u>861,690</u>	<u>\$ 5.15</u>
	<u>\$ 994,711</u>	

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in June 2024.

d. Other equity items

1) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (352,825)	\$ (461,048)
Exchange differences on translation of the financial statements of foreign operations	<u>(46,536)</u>	<u>108,223</u>
Balance at December 31	<u>\$ (399,361)</u>	<u>\$ (352,825)</u>

2) Unrealized valuation gain (loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 9,406	\$ 660,209
Recognized for the year		
Unrealized gain (loss) - equity instruments	12,760	67,807
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(718,610)</u>
Balance at December 31	<u>\$ 22,166</u>	<u>\$ 9,406</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 41,412	\$ 39,976
Share in profit for the year	2,906	3,034
Dividends distributed by subsidiaries	(16,800)	(2,400)
Other comprehensive income (loss) during the year		
Unrealized gain (loss) on financial assets at FVTOCI	(18)	1,345
Remeasurement on defined benefit plans	197	63
Income tax from disposal of financial assets at FVTOCI	<u>-</u>	<u>(606)</u>
Balance at December 31	<u>\$ 27,697</u>	<u>\$ 41,412</u>

21. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	\$ 9,148,958	\$ 9,006,316
Revenue from the rendering of services	<u>66,613</u>	<u>57,357</u>
	<u>\$ 9,215,571</u>	<u>\$ 9,063,673</u>

a. Contract balances

	December 31		January 1
	2023	2022	2022
Notes and accounts receivable	<u>\$ 1,043,306</u>	<u>\$ 998,076</u>	<u>\$ 1,173,744</u>
Contract liabilities			
Sale of goods	<u>\$ 27,621</u>	<u>\$ 163</u>	<u>\$ 47,747</u>

The changes in the balance of contract liabilities primarily result from the timing difference between the Group's satisfaction of performance obligation and the respective customer's payment. Revenue of the reporting year recognized from the beginning contract liabilities for the year ended December 31, 2023 and 2022 was \$163thousand and \$47,747 thousand, respectively.

- b. For the breakdown of revenue from contracts with customers, refer to revenue from major products and services in Note 32-c.

22. PROFIT BEFORE INCOME TAX

Profit before income tax included the following items:

a. Interest income

	For the Year Ended December 31	
	2023	2022
Bank deposits	\$ 103,965	\$ 23,773
Others	<u>28</u>	<u>12</u>
	<u>\$ 103,993</u>	<u>\$ 23,785</u>

b. Other income

	For the Year Ended December 31	
	2023	2022
Rental income (Note 15)	\$ 4,232	\$ 4,780
Dividends	9,674	-
Fund's dividends	2,011	1,987
Revenue due to exceeding accounts payable time of claim	-	22,429
Others	<u>3,871</u>	<u>7,459</u>
	<u>\$ 19,788</u>	<u>\$ 36,655</u>

c. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Gain on disposal of property, plant and equipment	\$ 1,316	\$ 943
Net foreign exchange gains	9,158	94,396
Gain (loss) on financial assets mandatorily at FVTPL, net	14,788	(11,102)
Other losses	<u>(3,923)</u>	<u>(548)</u>
	<u>\$ 21,339</u>	<u>\$ 83,689</u>

d. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest expense of borrowings	\$ 6,447	\$ 3,910
Interest on lease liabilities	36	40
Less: Amounts included in the cost of qualifying assets	<u>506</u>	<u>55</u>
	<u>\$ 5,977</u>	<u>\$ 3,895</u>

Information about capitalized interest is as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	<u>\$ 506</u>	<u>\$ 55</u>
Capitalization rate (%)	1.62	1.41

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 61,320	\$ 60,058
Investment properties	456	450
Right-of-use assets	1,894	1,347
Computer software	59	37
Other non-current assets	<u>427</u>	<u>284</u>
	<u>\$ 64,156</u>	<u>\$ 62,176</u>
An analysis of depreciation by function		
Operating costs	\$ 55,867	\$ 55,384
Operating expenses	7,347	6,021
Non-operating expenses	<u>456</u>	<u>450</u>
	<u>\$ 63,670</u>	<u>\$ 61,855</u>
An analysis of amortization by function		
Operating expenses	<u>\$ 486</u>	<u>\$ 321</u>

f. Expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses of investment properties generating rental income	<u>\$ 517</u>	<u>\$ 752</u>
Direct operating expenses of investment properties not generating rental income	<u>\$ 241</u>	<u>\$ -</u>

g. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 234,699	\$ 211,562
Post-employment benefits		
Defined contribution plans	7,046	6,863
Defined benefit plans (Note 19)	361	583
Long-term employee benefits	<u>456</u>	<u>(349)</u>
	<u>\$ 242,562</u>	<u>\$ 218,659</u>
An analysis of employee benefits expense by function		
Operating costs	\$ 122,433	\$ 112,806
Operating expenses	<u>120,129</u>	<u>105,853</u>
	<u>\$ 242,562</u>	<u>\$ 218,659</u>

h. Compensation of employees and remuneration of directors

According to the Company's Articles, the Company accrued compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 3%, respectively, of net profit

before income tax, compensation of employees and remuneration of directors. The employees' compensation and remuneration of directors for the years ended December 31, 2023 and 2022, which were approved to be paid in cash by the Company's board of directors on March 15, 2024 and March 17, 2023, respectively, consistent with the amount in the financial statements are as follows:

	For the Year Ended December 31	
	2023	2022
Estimation ratio		
Compensation of employees (%)	1	1
Remuneration of directors (%)	3	3
Amount		
Compensation of employees	\$ 14,727	\$ 10,195
Remuneration of directors	37,810	26,160

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 year ended December 31, 2022 and 2021.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors in 2023 and 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

i. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 216,950	\$ 173,276
Foreign exchange losses	<u>(207,792)</u>	<u>(78,880)</u>
	<u>\$ 9,158</u>	<u>\$ 94,396</u>

23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 261,875	\$ 186,630
Unappropriated earnings	10,671	15,331
Adjustments for prior years	<u>(1,335)</u>	<u>(378)</u>
	<u>271,211</u>	<u>201,583</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year	\$ 7,676	\$ 7,978
	<u>\$ 278,887</u>	<u>\$ 209,561</u>
		(Concluded)

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

	For the Year Ended December 31	
	2023	2022
Profit before tax from continuing operations	\$ 1,275,628	\$ 893,137
Income tax expense calculated at the statutory rate	\$ 254,800	\$ 178,958
Nondeductible expenses in determining taxable income		
(deductible gains in determining taxable income)	(6,732)	5,557
Deferred tax effect of earnings of subsidiaries	21,483	10,093
Income tax on unappropriated earnings	10,671	15,331
Adjustments for prior years	<u>(1,335)</u>	<u>(378)</u>
	<u>\$ 278,887</u>	<u>\$ 209,561</u>

The income tax rate applicable to the Group's foreign subsidiary, Thye Ming (Vietnam), is 20%.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement of defined benefit plans	\$ 297	\$ (2,269)

c. Income tax recognized directly in equity

	For the Year Ended December 31	
	2023	2022
Current tax		
Disposal of investments in equity instruments designated as at fair value through other comprehensive income	\$ -	\$ 5,501

d. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	\$ 163,527	\$ 109,287

e. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 107	\$ 1,813	\$ -	\$ 1,920
Provisions	745	91	-	836
Net defined benefit liabilities	4,689	(4)	297	4,982
Payable for annual leave	1,129	(14)	-	1,115
Others	<u>3,504</u>	<u>12,182</u>	<u>-</u>	<u>15,686</u>
	<u>\$ 10,174</u>	<u>\$ 14,068</u>	<u>\$ 297</u>	<u>\$ 24,539</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Foreign investment income recognized under the equity method	\$ 206,520	\$ 21,483	\$ -	\$ 228,003
Reserve for land revaluation increment tax	46,669	-	-	46,669
Others	<u>2,304</u>	<u>261</u>	<u>-</u>	<u>2,565</u>
	<u>\$ 255,493</u>	<u>\$ 21,744</u>	<u>\$ -</u>	<u>\$ 277,237</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Unrealized loss on inventories	\$ 136	\$ (29)	\$ -	\$ 107
Provisions	813	(68)	-	745
Net defined benefit liabilities	6,966	(8)	(2,269)	4,689
Payable for annual leave	1,251	(122)	-	1,129
Others	<u>1,109</u>	<u>2,395</u>	<u>-</u>	<u>3,504</u>
	<u>\$ 10,275</u>	<u>\$ 2,168</u>	<u>\$ (2,269)</u>	<u>\$ 10,174</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Foreign investment income recognized under the equity method	\$ 196,427	\$ 10,093	\$ -	\$ 206,520

(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Reserve for land revaluation increment tax	\$ 46,669	\$ -	\$ -	\$ 46,669
Others	<u>2,251</u>	<u>53</u>	<u>-</u>	<u>2,304</u>
	<u>\$ 245,347</u>	<u>\$ 10,146</u>	<u>\$ -</u>	<u>\$ 255,493</u> (Concluded)

e. Income tax assessments

The income tax returns of the Company and its subsidiary, Thai Wey Co., Ltd., through 2021 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

The numerator and denominator of the earnings per share calculation were as follows:

a. Numerator - Net profit attributable to owners of the Company

	For the Year Ended December 31	
	2023	2022
Net profit for the year	<u>\$ 993,835</u>	<u>\$ 680,542</u>

b. Denominator - Number of ordinary shares (in thousands of shares)

	For the Year Ended December 31	
	2023	2022
Number of ordinary shares issued at the beginning of the year	167,319	167,319
Add: Effect of potentially dilutive ordinary shares		
Compensation of employees	<u>264</u>	<u>334</u>
Number of shares used in the computation of diluted earnings per share	<u>167,583</u>	<u>167,653</u>

The Group may settle the compensation of employees in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares. If the shares are dilutive, the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share. The number of potential shares of the compensation of employees is calculated by dividing the amount of the compensation by the closing price per share of the ordinary shares on the balance sheet date. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the shareholders resolve the number of shares to be distributed to employees at their meeting in the following year.

25. 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 shareholders 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 attributable to owners of the Company (capital, capital surplus, retained earnings and other equity).

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

26. FINANCIAL INSTRUMENTS

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

The carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ 373,846	\$ -	\$ -	\$ 373,846
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 95,700	\$ -	\$ -	\$ 95,700
Domestic unlisted shares	-	-	76,208	76,208
	\$ 95,700	\$ -	\$ 76,208	\$ 171,908

December 31, 2022

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Fund beneficiary certificate	\$ 417,889	\$ -	\$ -	\$ 417,889
<u>Financial assets at FVTOCI</u>				
Investments in equity instruments				
Domestic listed shares	\$ 96,000	\$ -	\$ -	\$ 96,000
Domestic unlisted shares	-	-	63,166	63,166
	\$ 96,000	\$ -	\$ 63,166	\$ 159,166

There were no transfers between Level 1 and Level 2 in the current and prior years.

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

	For the Year Ended December 31	
	2023	2022
Financial assets at FVTOCI		
Balance, beginning of the year	\$ 63,166	\$ 43,820
Gain recognized in other comprehensive income	<u>13,042</u>	<u>19,346</u>
Balance, end of the year	<u>\$ 76,208</u>	<u>\$ 63,166</u>

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

The fair values of domestic unlisted shares in the consolidated financial statements were determined by reference to the most recent net value of those investee companies.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	\$ 373,846	\$ 417,889
Financial assets at FVTOCI	171,908	159,166
Financial assets at amortized cost (Note 1)	4,530,494	2,906,926
Financial liabilities		
Financial liabilities at amortized cost (Note 2)	782,740	688,370

Note 1: The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes and accounts receivable, financial assets at amortized cost, other receivables and refundable deposits.

Note 2: The balances include financial liabilities at amortized cost, which comprise short-term borrowings, notes and accounts payable, other payables, and deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits, financial assets at amortized cost, short-term borrowings, notes and accounts payable, other payables and deposits received. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group by analyzing 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.

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).

a) Foreign currency risk

The Group has foreign currency denominated sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (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. The positive amounts below indicate a decrease in pre-tax profit associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
Profit or loss	\$ 29,501	\$ 17,975

b) Interest rate risk

The Group is exposed to interest rate risk because entities in the Group borrowed 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.

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

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	\$ 1,076,757	\$ 618,738
Financial liabilities	100,000	150,000

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 year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 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/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,768 thousand and \$4,687 thousand, respectively, which was mainly a result of variable rate bank deposits and borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in fund beneficiary certificate and listed equity shares. Equity investments are held for strategic rather than for trading purposes; thus, the Group does not actively trade these investments. The Group's equity price risk is mainly concentrated in equity instruments traded in the Taiwan Stock Exchange and Open Fund Beneficiary Certificate trading in Taiwan.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the year.

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$3,738 thousand and \$4,179 thousand, respectively, as a result of the changes in fair value of financial assets at FVTPL.

If equity prices had been 1% higher/lower, the other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,719 thousand and \$15,917 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, 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, could be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

For information about the policy of credit risk, refer to Note 10.

The Group's credit risk is mainly concentrated in the top one customer of Thye Ming Industrial Co., Ltd. and the top one customer of the subsidiary Thye Ming (Vietnam) Co., Ltd. As of December 31, 2023 and 2022, the ratio of receivables from the above-mentioned customers was 62% and 58%, respectively.

3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group had available unutilized short-term bank loan facilities of \$3,063,810 thousand and \$4,279,472 thousand, respectively.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had 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 tables include 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 year.

	Less than 3 Months	3 Months to 1 Year	More than 1 year	Total
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 228,936	\$ 53,804	\$ -	\$ 282,740
Lease liabilities	413	1,238	413	2,064
Floating interest rate liabilities	-	100,416	-	100,416
Fixed interest rate liabilities	<u>400,296</u>	<u>-</u>	<u>-</u>	<u>400,296</u>
	<u>\$ 629,645</u>	<u>\$ 155,458</u>	<u>\$ 413</u>	<u>\$ 785,516</u>

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1 to 5 Years
Lease Liabilities	<u>\$ 1,651</u>	<u>\$ 413</u>

	Less than 3 Months	3 Months to 1 Year	More than 1 year	Total
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 200,688	\$ 37,682	\$ -	\$ 238,370
Lease liabilities	413	1,238	2,064	3,715
Floating interest rate liabilities	150,060	-	-	150,060
Fixed interest rate liabilities	<u>300,264</u>	<u>-</u>	<u>-</u>	<u>300,264</u>
	<u>\$ 651,426</u>	<u>\$ 38,920</u>	<u>\$ 2,064</u>	<u>\$ 692,409</u>

Further information on the maturity analysis of the above lease liabilities was as follows:

	Less than 1 Year	1 to 5 Years
Lease Liabilities	<u>\$ 1,651</u>	<u>\$ 2,064</u>

The above amounts of non-derivative financial liabilities would change if there will be changes in the floating interest rates determined at the end of the year.

27. TRANSACTIONS WITH RELATED PARTIES

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 its relationship with the Group

<u>Related Party Name</u>	<u>Relationship with the Group</u>
Jet Rate Trading Co., Ltd.	The chairman of the related party is the general manager of the Company (related party in substance)
Tai Yeh Co., Ltd.	The chairman of the related party is the representative of the corporate director of the Company (related party in substance)

b. Revenue from sales of goods

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Related party in substance	<u>\$ 6,738</u>	<u>\$ 7,850</u>

The terms of the sale of goods to related parties and to others have no significant difference. The collection term is 60 days from the end of the month.

c. Purchase of goods

	<u>For the Year Ended December 31</u>	
	<u>2023</u>	<u>2022</u>
Related party in substance	<u>\$ 6,773</u>	<u>\$ 5,094</u>

The products purchased from related parties were not available from non-related parties, so there were no purchase prices to compare. The payment terms are 15-60 days from the end of the month.

d. Other income

The Company leased to its related party in substance, Tai Yeh Co., Ltd., a site for use as a factory building. The lease period is until October 2032, and the rental income was \$3,000 thousand and \$1,983 thousand, respectively, for the years ended December 31, 2023 and 2022.

e. Receivables and payables

<u>Account Item</u>	<u>December 31</u>	
	<u>2023</u>	<u>2022</u>
Notes receivable		
Related parties in substance	<u>\$ 1,798</u>	<u>\$ 816</u>
Accounts payable		
Related parties in substance	<u>\$ 161</u>	<u>\$ -</u>

f. Remuneration of key management personnel

The remuneration of key management personnel for the years ended December 31, 2023 and 2022 was as follows:

	<u>For the Year Ended December 31</u>	
	2023	2022
Short-term employee benefits	\$ 70,162	\$ 57,073
Post-employment benefits	165	219
Long-term employee benefits	<u>7</u>	<u>6</u>
	<u>\$ 70,334</u>	<u>\$ 57,298</u>

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

28. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The following assets were provided as collateral for the borrowings, and deposits for customs tax and supply of natural gas:

	<u>December 31</u>	
	2023	2022
Pledged deposits (under other financial assets - non-current)	\$ 13,100	\$ 13,100
Land	-	89,923
Building	<u>-</u>	<u>2,248</u>
	<u>\$ 13,100</u>	<u>\$ 105,271</u>

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group's unrecognized commitments were as follows:

	<u>December 31</u>	
	2023	2022
Acquisition of property, plant and equipment	<u>\$ 12,175</u>	<u>\$ 40,624</u>

30. 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 of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
<u>December 31, 2023</u>			
Financial assets			
Monetary items			
USD	\$ 95,562	30.735 (USD:NTD)	\$ 2,937,100
JPY	23,653	0.2173 (JPY:NTD)	5,140
USD	505	24,240 (USD:VND)	15,517
Financial liabilities			
Monetary items			
USD	66	30.735 (USD:NTD)	2,020
EUR	33	27,075 (EUR:VND)	1,108
USD	17	24,240 (USD:VND)	540

<u>December 31, 2022</u>			
Financial assets			
Monetary items			
USD	58,380	30.708 (USD:NTD)	1,792,729
JPY	1,699	0.2324 (JPY:NTD)	395
USD	526	23,590 (USD:VND)	16,138
Financial liabilities			
Monetary items			
USD	369	30.708 (USD:NTD)	11,334
EUR	33	23,590 (EUR:VND)	1,090

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)
<u>December 31, 2023</u>		
USD	31.158 (USD:NTD)	\$ 8,919
JPY	0.2218 (JPY:NTD)	5
USD	23,831 (USD:VND)	265
EUR	21,969 (EUR:VND)	<u>(31)</u>
		<u>\$ 9,158</u>
<u>December 31, 2022</u>		
USD	29.806 (USD:NTD)	\$ 100,077
JPY	0.2267 (JPY:NTD)	906
USD	23,393 (USD:VND)	(6,613)
EUR	24,653 (EUR:VND)	<u>26</u>
		<u>\$ 94,396</u>

31. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees for the year ended December 31, 2023

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

b. Information on investments in Mainland China

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 year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: None.

Any of the following significant transactions with investee companies in Mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:

- 1) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year: None.
- 2) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year: None.
- 3) The amount of property transactions and the amount of the resultant gains or losses: None.
- 4) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes: None.
- 5) The highest balance, the ending balance, the interest rate range, and total current year interest with respect to financing of funds: None.

- 6) 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: None.
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table5.

32. SEGMENT INFORMATION

Information reported to the Group's chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the type of goods or services delivered or provided. The Group's two reportable segments were as follows:

- The Company and its subsidiary Thai Wey ("Thye Ming") - antimony lead alloy, calcium lead alloy, litharge and red lead manufacturing and selling. Providing general business waste recycling and regeneration services.
 - Thye Ming Industrial (Samoa), Taiming Corp. (Samoa) and Thye Ming (Vietnam) Co., Ltd ("Thye Ming (Vietnam)") - antimony lead alloy, calcium lead alloy, litharge and red lead manufacturing and selling.
- a. Segment revenue and results

The following was an analysis of the Group's revenue, results from operations, segment assets and liabilities by reportable segments:

	Thye Ming	Thye Ming (Vietnam)	Adjustment and Elimination	Consolidated Amount
<u>For the year ended December 31, 2023</u>				
Revenue from external customers	\$ 6,968,230	\$ 2,247,341	\$ -	\$ 9,215,571
Inter-segment revenue	<u>-</u>	<u>14,352</u>	<u>(14,352)</u>	<u>-</u>
Segment revenue	<u>\$ 6,968,230</u>	<u>\$ 2,261,693</u>	<u>\$ (14,352)</u>	<u>\$ 9,215,571</u>
Segment income	<u>\$ 1,013,767</u>	<u>\$ 118,723</u>	<u>\$ 3,995</u>	\$ 1,136,485
Interest income				103,993
Other income				19,788
Other gains and losses				21,339
Finance costs				<u>(5,977)</u>
Consolidated profit before income tax				1,275,628
Income tax				<u>(278,887)</u>
Consolidated net income				<u>\$ 996,741</u>
Identifiable assets	\$ 5,339,708	\$ 1,757,276	\$ (2,285)	\$ 7,094,699
Financial assets at FVTPL	373,846	-	-	373,846
Financial assets at FVTOCI	<u>171,908</u>	<u>-</u>	<u>-</u>	<u>171,908</u>
Total assets	<u>\$ 5,885,462</u>	<u>\$ 1,757,276</u>	<u>\$ (2,285)</u>	<u>\$ 7,640,453</u>
Total liabilities	<u>\$ 1,229,853</u>	<u>\$ 45,861</u>	<u>\$ (2,020)</u>	<u>\$ 1,273,694</u>

(Continued)

	Thye Ming	Thye Ming (Vietnam)	Adjustment and Elimination	Consolidated Amount
<u>For the year ended December 31, 2022</u>				
Revenue from external customers	\$ 6,732,824	\$ 2,330,849	\$ -	\$ 9,063,673
Inter-segment revenue	<u>-</u>	<u>23,803</u>	<u>(23,803)</u>	<u>-</u>
Segment revenue	<u>\$ 6,732,824</u>	<u>\$ 2,354,652</u>	<u>\$ (23,803)</u>	<u>\$ 9,063,673</u>
Segment income	<u>\$ 709,381</u>	<u>\$ 40,012</u>	<u>\$ 3,510</u>	\$ 752,903
Interest income				23,785
Other income				36,655
Other gains and losses				83,689
Finance costs				<u>(3,895)</u>
Consolidated profit before income tax				893,137
Income tax				<u>(209,561)</u>
Consolidated net income				<u>\$ 683,576</u>
Identifiable assets	\$ 4,928,674	\$ 1,665,475	\$ (3,205)	\$ 6,590,944
Financial assets at FVTPL	417,889	-	-	417,889
Financial assets at FVTOCI	<u>159,166</u>	<u>-</u>	<u>-</u>	<u>159,166</u>
Total assets	<u>\$ 5,505,729</u>	<u>\$ 1,665,475</u>	<u>\$ (3,205)</u>	<u>\$ 7,167,999</u>
Total liabilities	<u>\$ 1,062,249</u>	<u>\$ 14,678</u>	<u>\$ -</u>	<u>\$ 1,076,927</u>
				(Concluded)

Segment profit represents the profit before tax earned by each segment without lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on foreign exchange, net, unrealized valuation gains or losses on financial instruments, finance costs and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Other segment information

	<u>Depreciation and Amortization</u>		<u>Non-current Assets Acquired (Disposed) During the Year</u>	
	<u>For the Year Ended December 31</u>		<u>For the Year Ended December 31</u>	
	2023	2022	2023	2022
Thye Ming	\$ 47,792	\$ 47,171	\$ 88,330	\$ 55,223
Thye Ming (Vietnam)	<u>16,364</u>	<u>15,005</u>	<u>11,110</u>	<u>30,412</u>
	<u>\$ 64,156</u>	<u>\$ 62,176</u>	<u>\$ 99,440</u>	<u>\$ 85,635</u>

Non-current assets exclude financial assets and deferred income tax assets.

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major product and services:

For the year ended December 31, 2023

	Reportable Segments		
	Thye Ming Industrial Co., Ltd.	Thye Ming Industrial (Vietnam)	Total
Sale of goods			
Lead alloy ingots	\$ 5,306,326	\$ 2,217,737	\$ 7,524,063
Lead ingots	1,026,084	-	1,026,084
Litharge and red lead	486,558	19,297	505,855
Others	<u>92,571</u>	<u>385</u>	<u>92,956</u>
	6,911,539	2,237,419	9,148,958
Rendering of services	<u>56,691</u>	<u>9,922</u>	<u>66,613</u>
	<u>\$ 6,968,230</u>	<u>\$ 2,247,341</u>	<u>\$ 9,215,571</u>

For the year ended December 31, 2022

	Reportable Segments		
	Thye Ming Industrial Co., Ltd.	Thye Ming Industrial (Vietnam)	Total
Sale of goods			
Lead alloy ingots	\$ 5,273,987	\$ 2,300,306	\$ 7,574,292
Lead ingots	849,227	-	849,227
Litharge and red lead	470,537	18,319	488,856
Others	<u>92,785</u>	<u>1,155</u>	<u>93,940</u>
	6,686,536	2,319,780	9,006,316
Rendering of services	<u>46,288</u>	<u>11,069</u>	<u>57,357</u>
	<u>\$ 6,732,824</u>	<u>\$ 2,330,849</u>	<u>\$ 9,063,673</u>

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and Vietnam.

The Group's revenue from continuing operations from external customers by location of operations and information about its non-current assets by location of assets are detailed below:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$ 3,908,383	\$ 4,232,460	\$ 652,328	\$ 611,790
Southeast Asia	3,057,301	3,078,969	102,375	107,629
Japan	632,061	623,438	-	-
Others	<u>1,617,826</u>	<u>1,128,806</u>	<u>-</u>	<u>-</u>
	<u>\$ 9,215,571</u>	<u>\$ 9,063,673</u>	<u>\$ 754,703</u>	<u>\$ 719,419</u>

Non-current assets exclude financial assets and deferred income tax assets.

e. Information about major customers

Single customers who contributed 10% or more to the Group's consolidated operating revenue in 2023 and 2022 were as follows:

	2023		2022	
	Amount	Percentage of Operating Revenue (%)	Amount	Percentage of Operating Revenue (%)
Customer A	\$ 2,251,659	24	\$ 2,360,938	26
Customer B	1,066,944	12	1,141,194	13
Customer C	<u>1,026,295</u>	<u>11</u>	<u>444,284</u>	<u>5</u>
	<u>\$ 4,344,898</u>	<u>47</u>	<u>\$ 3,946,416</u>	<u>44</u>

TABLE 1**Thye Ming Industrial Co., Ltd. and Subsidiaries****MARKETABLE SECURITIES HELD****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023				Note
				Shares	Carrying Amount	Percentage of Ownership	Fair Value	
The Company	Stock Super Telecom Co., Ltd. Gyrostate Corp		Financial assets at FVTPL	858,000	\$ -	-	\$ -	
			Financial assets at FVTPL	350,000	-	-	-	
	Beneficiary certificate JPMorgan (Taiwan) Multi Income Fund of Funds – Monthly Distribution Class Franklin Templeton Global Investment Series Stable Monthly Income Fund (USD) - Monthly Matching Rate JPMorgan (Taiwan) Multi Income Fund of Funds - Accumulation Share Class (USD) Cathay US Premium Bond Fund USD A Cathay Four Year Maturity Developed Market Investment Grade Bond Fund USD A Cathay Three-Year Maturity Global Market Investment Grade Bond Fund USD A Franklin Templeton Investment Grade Short-Term Bond Fund USD A Yuanta Japan Leaders Equity Fund A Capital Enhanced Income and Growth Multi-Asset Fund TWD A		Financial assets at FVTPL	505,000	4,124	-	4,124	
			Financial assets at FVTPL	49,911	15,095	-	15,095	
			Financial assets at FVTPL	43,901	15,947	-	15,947	
			Financial assets at FVTPL	10,000	3,335	-	3,335	
			Financial assets at FVTPL	15,000	4,825	-	4,825	
			Financial assets at FVTPL	15,000	4,728	-	4,728	
			Financial assets at FVTPL	706,622	278,425	-	278,425	
			Financial assets at FVTPL	503,525	5,035	-	5,035	
			Financial assets at FVTPL	200,000	2,053	-	2,053	
					<u>\$ 333,567</u>		<u>\$ 333,567</u>	
	Stock Taiwan International Ports Logistics Corporation Hotai Finance CO., Ltd.		Financial assets at FVTOCI - noncurrent	5,000,000	\$ 76,208	-	76,208	
			Financial assets at FVTOCI - noncurrent	500,000	<u>47,850</u>	-	<u>47,850</u>	
					<u>\$ 124,058</u>		<u>\$ 124,058</u>	
Thai Wey Industrial Co., Ltd.	Beneficiary certificate Jih Sun Money Market Fund		Financial assets at FVTPL	2,640,526	<u>\$ 40,279</u>	-	<u>\$ 40,279</u>	
			Financial assets at FVTPL					
	Stock Hotai Finance CO., Ltd.		Financial assets at FVTOCI - noncurrent	500,000	<u>\$ 47,850</u>	-	<u>\$ 47,850</u>	
			Financial assets at FVTOCI - noncurrent					

Note: The fair value of the investee is based on the equity value of the investee company at December 31, 2023.

Thye Ming Industrial Co., Ltd. and Subsidiaries

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)

Buyer/Seller	Counterparty	Relationship	Transaction Detail				Abnormal Transaction		Notes/Accounts (Payable) Receivable		Note
			Purchase/Sale	Amount	% to Total	Payment Term	Unit Price	Payment Term	Ending Balance	% to Total	
The Company	Thai Wey	Subsidiary	Purchase	\$ 436,603	9	15 days after half-month closing	General price	The payment term for main vendor is 60 days after monthly closing	\$ (11,937)	(9)	

Note: The transaction above was eliminated on the consolidated.

TABLE 3**Thye Ming Industrial Co., Ltd. and Subsidiaries****INFORMATION ON INVESTEEES****FOR THE YEAR ENDED DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares/ Unit	%	Carrying Amount			
Thye Ming Industrial Co., Ltd.	Thai Wey Industrial Co., Ltd.	Taiwan	Trading and processing of metal ingots and alloy ingots, import and export trade and general waste disposal business	\$ 90,790	\$ 90,790	8,800,000	88.00	\$ 202,355	\$ 24,219	\$ 22,680	Note 1
Thye Ming Industrial Co., Ltd.	Thye Ming Industrial (Samoa)	Samoa	Investment holding company	970,498	970,498	30,000,000	100.00	1,711,151	107,412	107,412	Note 2
Thye Ming Industrial (Samoa)	Taiming Corp.	Samoa	Investment holding company	970,498	970,498	30,000,000	100.00	1,711,149	107,412	107,412	Note 2
Taiming Corp.	Thye Ming (Vietnam) Co., Ltd.	Vietnam	Production of various lead-based products. Domestic waste lead storage batteries and plastic recycling and remaking	970,498	970,498	30,000,000	100.00	1,711,129	107,155	107,412	Notes 1 and 2

Note 1: The investment gain (loss) recognized in the current year included realized and unrealized gain and loss on intercompany transactions.

Note 2: The original investment amount in each of Thye Ming Industrial (Samoa), Taiming Corp. and Thye Ming (Vietnam) Co., Ltd. was US\$30,000 thousand.

TABLE 4**Thye Ming Industrial Co., Ltd. and Subsidiaries**
**INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
 FOR THE YEAR ENDED DECEMBER 31, 2023
 (In Thousands of New Taiwan Dollars)**

No.	Company Name	Counterparty	Nature of Relationship	Intercompany Transactions			
				Financial Statement Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%)
0	The Company	Thai Wey Industrial Co., Ltd.	Parent company to Subsidiary	Rental revenue	\$ 600	According to the contract	0.01
0	The Company	Thai Wey Industrial Co., Ltd.	Parent company to Subsidiary	Other receivable	52	Rent receivable	-
0	The Company	Thye Ming (Vietnam) Co., Ltd.	Parent company to Subsidiary	Technical service revenue	3,738	According to the contract	0.04
1	Thai Wey Industrial Co., Ltd.	The Company	Subsidiary to parent company	Revenue from sale of goods	436,603	According to general transaction price, 15 days after half-month closing	4.74
1	Thai Wey Industrial Co., Ltd.	The Company	Subsidiary to parent company	Revenue from waste disposal	2,290	According to the contract	0.02
1	Thai Wey Industrial Co., Ltd.	The Company	Subsidiary to parent company	Accounts receivable	11,937	15 days after half-month closing	0.16
2	Thye Ming (Vietnam) Co., Ltd.	The Company	Subsidiary to parent company	Revenue from processing	14,352	According to general transaction price	0.16
2	Thye Ming (Vietnam) Co., Ltd.	The Company	Subsidiary to parent company	Accounts receivable	2,020	90 days after monthly closing	0.03

TABLE 5**Thye Ming Industrial Co., Ltd.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

Name of The Major Shareholder	Shares	
	Number of Shares	Percentage of Ownership (%)
Tai Lin Investment Co., Ltd.	27,959,913	16.71
Mao Sheng Investment Co., Ltd.	16,731,356	9.99
Jin Jun Investment Co., Ltd.	10,816,443	6.46
Wing Fung Commercial Bank as the entrusted custodian of Wing Fung Gold Securities (Asia) Co., Ltd.'s client - Wing Fung Gold (Asia) Nominee Co., Ltd. Investment Account	9,415,767	5.62
Thai Yong Investment Co., Ltd.	8,602,232	5.14

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

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