

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

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

## INDEPENDENT AUDITORS' REPORT

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

### Opinion

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

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### 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 Parent Company Only Financial Statements section of our report. We are independent of the Company 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 parent company only financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the parent company only 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 Company's financial statements for the year ended December 31, 2023 is as follows:

#### Authenticity of Sales Revenue from Specific Customers

The Company'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.

### **Responsibilities of Management and Those Charged with Governance for the Parent Company Only Financial Statements**

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

### **Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements**

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 Company'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 Company'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 parent company only 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 Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only 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 Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision, and performance of the 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 parent company only 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 parent company only financial statements are intended only to present the parent company only 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 parent company only financial statements are those generally applied in the Republic of China.*

*For the convenience of readers, the independent auditors' report and the accompanying parent company only 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 parent company only financial statements shall prevail.*

# Thye Ming Industrial Co., Ltd.

## PARENT COMPANY ONLY BALANCE SHEETS DECEMBER 31, 2023 AND 2022 (In Thousands of New Taiwan Dollars)

|                                                                                                 | December 31, 2023 |     | December 31, 2022 |     |
|-------------------------------------------------------------------------------------------------|-------------------|-----|-------------------|-----|
| ASSETS                                                                                          | Amount            | %   | Amount            | %   |
| CURRENT ASSETS                                                                                  |                   |     |                   |     |
| Cash and cash equivalents (Notes 4 and 6)                                                       | \$ 2,558,557      | 34  | \$ 1,373,924      | 19  |
| Financial assets at fair value through profit or loss (Notes 4 and 7)                           | 333,567           | 4   | 267,169           | 4   |
| Notes receivable, net (Notes 4, 10 and 27)                                                      | 2,905             | -   | 5,346             | -   |
| Accounts receivable, net (Notes 4, 10)                                                          | 792,494           | 11  | 835,657           | 12  |
| Other receivables (Note 27)                                                                     | 7,223             | -   | 100               | -   |
| Inventories (Notes 4, 5 and 11)                                                                 | 1,235,537         | 16  | 2,028,354         | 29  |
| Other current assets                                                                            | 17,642            | -   | 11,355            | -   |
| Total current assets                                                                            | 4,947,925         | 65  | 4,521,905         | 64  |
| NON-CURRENT ASSETS                                                                              |                   |     |                   |     |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 124,058           | 2   | 111,166           | 2   |
| Financial assets at amortized cost - non-current (Notes 4, 9 and 28)                            | 28,621            | 1   | 13,100            | -   |
| Investments accounted for using the equity method (Notes 4 and 12)                              | 1,913,506         | 25  | 1,951,838         | 27  |
| Property, plant and equipment (Notes 4, 13, 28 and 29)                                          | 365,488           | 5   | 321,842           | 5   |
| Right-of-use assets (Notes 4 and 14)                                                            | 2,161             | -   | 3,781             | -   |
| Investment properties (Notes 4 and 15)                                                          | 148,702           | 2   | 148,778           | 2   |
| Intangible assets (Note 4)                                                                      | 10,525            | -   | 10,584            | -   |
| Deferred tax assets (Notes 4 and 23)                                                            | 22,803            | -   | 9,355             | -   |
| Refundable deposits                                                                             | 2,654             | -   | 2,653             | -   |
| Prepayments for equipment                                                                       | -                 | -   | 105               | -   |
| Total non-current assets                                                                        | 2,618,518         | 35  | 2,573,202         | 36  |
| TOTAL                                                                                           | \$ 7,566,443      | 100 | \$ 7,095,107      | 100 |
| LIABILITIES AND EQUITY                                                                          |                   |     |                   |     |
| CURRENT LIABILITIES                                                                             |                   |     |                   |     |
| Short-term borrowings (Note 16)                                                                 | \$ 500,000        | 7   | \$ 450,000        | 6   |
| Contract liabilities (Note 21)                                                                  | 23,614            | -   | 163               | -   |
| Notes payable (Note 17)                                                                         | 29                | -   | 38                | -   |
| Accounts payable (Note 17)                                                                      | 119,235           | 2   | 124,104           | 2   |
| Accounts payable - related parties (Notes 17 and 27)                                            | 14,118            | -   | 3,741             | -   |
| Other payables (Note 18)                                                                        | 119,129           | 1   | 89,594            | 1   |
| Current tax liabilities (Notes 4 and 23)                                                        | 151,225           | 2   | 100,007           | 2   |
| Lease liabilities - current (Notes 4 and 14)                                                    | 1,635             | -   | 1,615             | -   |
| Other current liabilities                                                                       | 735               | -   | 694               | -   |
| Total current liabilities                                                                       | 929,720           | 12  | 769,956           | 11  |
| NON-CURRENT LIABILITIES                                                                         |                   |     |                   |     |
| Provisions (Note 4)                                                                             | 4,124             | -   | 3,643             | -   |
| Deferred tax liabilities (Notes 4 and 23)                                                       | 277,129           | 4   | 255,350           | 4   |
| Leasehold liabilities - non-current (Notes 4 and 14)                                            | 412               | -   | 2,048             | -   |
| Net defined benefit liabilities (Notes 4 and 19)                                                | 15,746            | -   | 13,600            | -   |
| Deposits received (Note 15)                                                                     | 250               | -   | 850               | -   |
| Total non-current liabilities                                                                   | 297,661           | 4   | 275,491           | 4   |
| Total liabilities                                                                               | 1,227,381         | 16  | 1,045,447         | 15  |
| EQUITY (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           | 5   | 42,065            | 1   |
| Unappropriated earnings                                                                         | 2,530,942         | 33  | 2,649,490         | 37  |
| Total retained earnings                                                                         | 4,067,742         | 54  | 3,744,564         | 53  |
| Other equity                                                                                    | (377,195)         | (5) | (343,419)         | (5) |
| Total equity                                                                                    | 6,339,062         | 84  | 6,049,660         | 85  |
| TOTAL                                                                                           | \$ 7,566,443      | 100 | \$ 7,095,107      | 100 |

The accompanying notes are an integral part of the parent company only financial statements.

# Thye Ming Industrial Co., Ltd.

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

|                                                                                                                    | 2023             |           | 2022             |           |
|--------------------------------------------------------------------------------------------------------------------|------------------|-----------|------------------|-----------|
|                                                                                                                    | Amount           | %         | Amount           | %         |
| OPERATING REVENUE, NET (Notes 4, 21 and 27)                                                                        | \$ 6,968,230     | 100       | \$ 6,732,796     | 100       |
| OPERATING COSTS (Notes 11, 22 and 27)                                                                              | <u>5,759,292</u> | <u>83</u> | <u>5,847,983</u> | <u>87</u> |
| GROSS PROFIT                                                                                                       | <u>1,208,938</u> | <u>17</u> | <u>884,813</u>   | <u>13</u> |
| OPERATING EXPENSES (Notes 10 and 22)                                                                               |                  |           |                  |           |
| Selling and marketing expenses                                                                                     | 66,886           | 1         | 73,760           | 1         |
| General and administrative expenses                                                                                | 155,585          | 2         | 125,740          | 2         |
| Expected credit loss                                                                                               | <u>123</u>       | <u>-</u>  | <u>371</u>       | <u>-</u>  |
| Total operating expenses                                                                                           | <u>222,594</u>   | <u>3</u>  | <u>199,871</u>   | <u>3</u>  |
| PROFIT FROM OPERATIONS                                                                                             | <u>986,344</u>   | <u>14</u> | <u>684,942</u>   | <u>10</u> |
| NON-OPERATING INCOME AND EXPENSES<br>(Notes 22 and 27)                                                             |                  |           |                  |           |
| Interest income                                                                                                    | 89,906           | 1         | 11,157           | -         |
| Other income                                                                                                       | 20,716           | -         | 11,164           | -         |
| Other gains and losses                                                                                             | 21,866           | 1         | 90,184           | 2         |
| Finance costs                                                                                                      | (5,977)          | -         | (1,645)          | -         |
| Share of profit or loss of subsidiaries accounted for<br>using the equity method                                   | <u>130,092</u>   | <u>2</u>  | <u>71,110</u>    | <u>1</u>  |
| Total non-operating income and expenses                                                                            | <u>256,603</u>   | <u>4</u>  | <u>181,970</u>   | <u>3</u>  |
| PROFIT BEFORE INCOME TAX                                                                                           | 1,242,947        | 18        | 866,912          | 13        |
| INCOME TAX EXPENSE (Notes 4 and 23)                                                                                | <u>249,112</u>   | <u>4</u>  | <u>186,370</u>   | <u>3</u>  |
| NET PROFIT FOR THE YEAR                                                                                            | <u>993,835</u>   | <u>14</u> | <u>680,542</u>   | <u>10</u> |
| OTHER COMPREHENSIVE INCOME (LOSS)<br>(Notes 19, 20 and 23)                                                         |                  |           |                  |           |
| Items that will not be reclassified subsequently to<br>profit or loss:                                             |                  |           |                  |           |
| Remeasurement of defined benefit plans                                                                             | (3,534)          | -         | 10,694           | -         |
| Unrealized gain (loss) on investments in equity<br>instruments at fair value through other<br>comprehensive income | 12,892           | -         | 57,944           | 1         |

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# Thye Ming Industrial Co., Ltd.

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

|                                                                                                  | 2023              |           | 2022              |           |
|--------------------------------------------------------------------------------------------------|-------------------|-----------|-------------------|-----------|
|                                                                                                  | Amount            | %         | Amount            | %         |
| Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method | \$ 1,312          | -         | \$ 10,321         | -         |
| Income tax relating to items that will not be reclassified subsequently to profit or loss        | 707               | -         | (2,139)           | -         |
| Items that may be reclassified subsequently to profit or loss:                                   |                   |           |                   |           |
| Share of other comprehensive income (loss) of subsidiaries accounted for using the equity method | <u>(46,536)</u>   | <u>-</u>  | <u>108,223</u>    | <u>2</u>  |
| Other comprehensive income (loss) for the year, net of income tax                                | <u>(35,159)</u>   | <u>-</u>  | <u>185,043</u>    | <u>3</u>  |
| TOTAL COMPREHENSIVE INCOME FOR THE YEAR                                                          | <u>\$ 958,676</u> | <u>14</u> | <u>\$ 865,585</u> | <u>13</u> |
| EARNINGS PER SHARE (Note 24)                                                                     |                   |           |                   |           |
| Basic                                                                                            | <u>\$ 5.94</u>    |           | <u>\$ 4.07</u>    |           |
| Diluted                                                                                          | <u>\$ 5.93</u>    |           | <u>\$ 4.06</u>    |           |

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

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

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

|                                                                                                                               |                    |                 | Retained Earnings |                 |                            |                                                                                                         | Other Equity                                                                                                       |              |              |
|-------------------------------------------------------------------------------------------------------------------------------|--------------------|-----------------|-------------------|-----------------|----------------------------|---------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------|--------------|--------------|
|                                                                                                                               | Ordinary<br>Shares | Capital Surplus | Legal Reserve     | Special Reserve | Unappropriated<br>Earnings | Exchange<br>Differences on<br>Translation of<br>the Financial<br>Statements of<br>Foreign<br>Operations | Unrealized<br>Gain and Loss<br>on Financial<br>Assets at Fair<br>Value Through<br>Other<br>Comprehensive<br>Income | Total        | Total Equity |
| BALANCE AT JANUARY 1, 2022                                                                                                    | \$ 1,673,185       | \$ 975,330      | \$ 972,816        | \$ 379,885      | \$ 1,741,076               | \$ (461,048)                                                                                            | \$ 660,209                                                                                                         | \$ 199,161   | \$ 5,941,453 |
| 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)    |
|                                                                                                                               | -                  | -               | 80,193            | (337,820)       | (495,306)                  | -                                                                                                       | -                                                                                                                  | -            | (752,933)    |
| Net profit for the year ended December 31, 2022                                                                               | -                  | -               | -                 | -               | 680,542                    | -                                                                                                       | -                                                                                                                  | -            | 680,542      |
| Other comprehensive income for the year ended December 31, 2022, net of income tax                                            | -                  | -               | -                 | -               | 9,013                      | 108,223                                                                                                 | 67,807                                                                                                             | 176,030      | 185,043      |
| Total comprehensive income for the year ended December 31, 2022                                                               | -                  | -               | -                 | -               | 689,555                    | 108,223                                                                                                 | 67,807                                                                                                             | 176,030      | 865,585      |
| Disposal of investments in equity instruments designated as at fair value through other comprehensive income (Notes 8 and 23) | -                  | -               | -                 | -               | 714,165                    | -                                                                                                       | (718,610)                                                                                                          | (718,610)    | (4,445)      |
| BALANCE AT DECEMBER 31, 2022                                                                                                  | 1,673,185          | 975,330         | 1,053,009         | 42,065          | 2,649,490                  | (352,825)                                                                                               | 9,406                                                                                                              | (343,419)    | 6,049,660    |
| 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)    |
|                                                                                                                               | -                  | -               | 140,372           | 301,354         | (1,111,000)                | -                                                                                                       | -                                                                                                                  | -            | (669,274)    |
| Net profit for the year ended December 31, 2023                                                                               | -                  | -               | -                 | -               | 993,835                    | -                                                                                                       | -                                                                                                                  | -            | 993,835      |
| Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax                                     | -                  | -               | -                 | -               | (1,383)                    | (46,536)                                                                                                | 12,760                                                                                                             | (33,776)     | (35,159)     |
| Total comprehensive income (loss) for the year ended December 31, 2023                                                        | -                  | -               | -                 | -               | 992,452                    | (46,536)                                                                                                | 12,760                                                                                                             | (33,776)     | 958,676      |
| BALANCE AT DECEMBER 31, 2023                                                                                                  | \$ 1,673,185       | \$ 975,330      | \$ 1,193,381      | \$ 343,419      | \$ 2,530,942               | \$ (399,361)                                                                                            | \$ 22,166                                                                                                          | \$ (377,195) | \$ 6,339,062 |

The accompanying notes are an integral part of the parent company only financial statements.

# Thye Ming Industrial Co., Ltd.

## PARENT COMPANY ONLY 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                                                                       | \$ 1,242,947 | \$ 866,912 |
| Adjustments for:                                                                               |              |            |
| Depreciation expense                                                                           | 46,485       | 45,513     |
| Amortization expense                                                                           | 59           | 37         |
| Expected credit loss reversed on accounts receivable                                           | 123          | 371        |
| Net loss on fair value changes of financial assets at fair value through profit or loss (gain) | (13,961)     | 10,217     |
| Finance costs                                                                                  | 5,977        | 1,645      |
| Interest income                                                                                | (89,906)     | (11,157)   |
| Dividend income                                                                                | (9,087)      | -          |
| Share of profit of subsidiaries accounted for using the equity method                          | (130,092)    | (71,110)   |
| Loss on disposal of property, plant and equipment                                              | 535          | 122        |
| Inventory write-downs                                                                          | 1,148        | -          |
| Unrealized net foreign exchange losses                                                         | 759          | -          |
| Changes in operating assets and liabilities                                                    |              |            |
| Financial assets at fair value through profit or loss                                          | (52,437)     | (6,975)    |
| Notes receivable                                                                               | 2,441        | 3,848      |
| Accounts receivable                                                                            | 43,040       | (17,531)   |
| Other receivables                                                                              | (7,123)      | 8,338      |
| Inventories                                                                                    | 791,669      | (107,796)  |
| Other current assets                                                                           | (6,056)      | 10,860     |
| Contract liabilities                                                                           | 23,451       | (47,584)   |
| Notes payable                                                                                  | (9)          | (48)       |
| Accounts payable                                                                               | (4,869)      | 40,209     |
| Accounts payable to related parties                                                            | 10,377       | (19,847)   |
| Other payables                                                                                 | 21,849       | (908)      |
| Provisions                                                                                     | 481          | (349)      |
| Other current liabilities                                                                      | 41           | 31         |
| Net defined benefit liabilities                                                                | (1,388)      | (1,157)    |
| Cash generated from operations                                                                 | 1,876,454    | 703,641    |
| Interest received                                                                              | 89,906       | 11,157     |
| Dividends received                                                                             | 132,287      | 17,600     |
| Interest paid                                                                                  | (6,520)      | (1,700)    |
| Income tax paid                                                                                | (188,856)    | (207,263)  |
| Net cash generated from operating activities                                                   | 1,903,271    | 523,435    |
| CASH FLOWS FROM INVESTING ACTIVITIES                                                           |              |            |
| Purchase of financial assets at fair value through other comprehensive income                  | -            | (50,000)   |
| Proceeds from sale of financial assets at fair value through profit or loss                    | -            | 787,537    |
| Purchase of financial assets at amortized cost                                                 | (16,280)     | -          |
| Payments for property, plant and equipment                                                     | (80,667)     | (48,110)   |

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# Thye Ming Industrial Co., Ltd.

## PARENT COMPANY ONLY 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 | \$ 180              | \$ -                |
| Increase in refundable deposits                         | (1)                 | (970)               |
| Payments for intangible assets                          | -                   | (61)                |
| Payments for investment property                        | <u>(380)</u>        | <u>-</u>            |
| Net cash generated from (used in) investing activities  | <u>(97,148)</u>     | <u>688,396</u>      |
| CASH FLOWS FROM FINANCING ACTIVITIES                    |                     |                     |
| Proceeds from short-term borrowings                     | 50,000              | 450,000             |
| 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                 | <u>(669,274)</u>    | <u>(752,933)</u>    |
| Net cash used in financing activities                   | <u>(621,490)</u>    | <u>(304,081)</u>    |
| NET INCREASE IN CASH AND CASH EQUIVALENTS               | 1,184,633           | 907,750             |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR  | <u>1,373,924</u>    | <u>466,174</u>      |
| CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR        | <u>\$ 2,558,557</u> | <u>\$ 1,373,924</u> |

The accompanying notes are an integral part of the parent company only financial statements. (Concluded)

# Thye Ming Industrial Co., Ltd.

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

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### 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: Lead antimony alloy, lead calcium alloy, yellow 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 parent company only financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

### 2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only 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 Company’s accounting policies.

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

| <b><u>New, Amended and Revised Standards and Interpretations</u></b>          | <b><u>Effective Date<br/>Announced by IASB (Note 1)</u></b> |
|-------------------------------------------------------------------------------|-------------------------------------------------------------|
| 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 parent company only financial statements were authorized for issue, the Company assessed that the initial application of the above standards and interpretations will not have material impact on the financial position and financial performance.

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

| <b><u>New, Amended and Revised Standards and Interpretations</u></b>                                                     | <b><u>Effective Date<br/>Announced by IASB (Note 1)</u></b> |
|--------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| 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 parent company only financial statements were authorized for issue, the Company is continuously assessing the possible impact of the application of other standards and interpretations on the Company’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 parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

- b. Basis of preparation

The parent company only 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.

When preparing the parent company only financial statements, the Company accounted for subsidiaries using the equity method. In order for the amount of net income, other comprehensive income and equity in the parent company only financial statements to be the same as that attributable to shareholders of the parent in the consolidated financial statements, the differences of the accounting treatment between the parent company only basis and the consolidated basis are adjusted under the account investments accounted for using the equity method, share of profit of subsidiaries and share of other comprehensive income of subsidiaries in the parent company only financial statements.

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. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company'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 parent company only financial statements, the functional currencies of the Company and the entities controlled by the Company (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.

e. 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.

f. Investments in subsidiaries

Investments in subsidiaries are accounted for using the equity method. Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in subsidiaries is initially recognized at cost and adjusted thereafter to recognize the Company's share of profit or loss and other comprehensive income of the subsidiaries. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes a reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization) had no impairment loss been recognized in prior years.

Changes in the Company's ownership in a subsidiary that do not lead to the Company losing control over the subsidiary are accounted for as equity transactions. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the investment before the changes is recognized in equity.

Unrealized profit or loss resulting from downstream transactions is eliminated in full in the parent company only financial statements. Profit and loss resulting from upstream transactions and transactions between subsidiaries are recognized in the parent company only financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

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 assets and intangible assets

At the end of each reporting year, the Company 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 Company 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 asset, cash-generating unit or contract cost related to the assets is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit 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 the Company 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 with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

### iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company 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 Company'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 Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Company always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Company 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 Company 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 Company determines that the following situations indicate that a financial asset is in default without taking into account any collateral held by the Company:

- 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 Company has reasonable and corroborative information to support a more lagged default criterion.

The Company 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 Company 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 Company are recognized at the proceeds received, net of direct issue costs.

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

3) Financial liabilities

a) Subsequent measurement

The Company'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 Company 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 Company 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 the rendering of services

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

n. Leases

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

1) The Company 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 Company as lessee

The Company 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.

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 Company 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 Company'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

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

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

2) Deferred tax

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

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

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Company 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 Company 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 Company'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 company 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

|                                                                             | <b>December 31</b>  |                     |
|-----------------------------------------------------------------------------|---------------------|---------------------|
|                                                                             | <b>2023</b>         | <b>2022</b>         |
| Cash on hand                                                                | \$ 196              | \$ 138              |
| Checking accounts and demand deposits                                       | 437,646             | 360,422             |
| Cash equivalents (investments with original maturities of 3 months or less) |                     |                     |
| Time deposits                                                               | 1,813,365           | 767,700             |
| Repurchase agreements bonds                                                 | <u>307,350</u>      | <u>245,664</u>      |
|                                                                             | <u>\$ 2,558,557</u> | <u>\$ 1,373,924</u> |

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

|                                 | <b>December 31</b> |             |
|---------------------------------|--------------------|-------------|
|                                 | <b>2023</b>        | <b>2022</b> |
| Time deposits (%)               | 5.42-5.70          | 4.05-4.35   |
| Repurchase agreements bonds (%) | 5.50               | 4.00-4.45   |

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

|                                                       | <b>December 31</b> |                   |
|-------------------------------------------------------|--------------------|-------------------|
|                                                       | <b>2023</b>        | <b>2022</b>       |
| <hr/> <b>Mandatorily classified as at FVTPL</b> <hr/> |                    |                   |
| Non-derivative financial assets                       |                    |                   |
| Fund beneficiary certificate                          | <u>\$ 333,567</u>  | <u>\$ 267,169</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

|                                   | <b>December 31</b> |                   |
|-----------------------------------|--------------------|-------------------|
|                                   | <b>2023</b>        | <b>2022</b>       |
| <hr/> <b>Non-current</b> <hr/>    |                    |                   |
| Domestic listed preference shares | \$ 47,850          | \$ 48,000         |
| Domestic unlisted shares          | <u>76,208</u>      | <u>63,166</u>     |
|                                   | <u>\$ 124,058</u>  | <u>\$ 111,166</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 Company's strategy of holding these investments for long-term purposes.

In 2022, the Company sold its shares in order to manage credit concentration risk. The fair value of the sold shares was \$787,537 thousand; the related unrealized valuation gains of \$598,916 thousand was transferred from other equity to retained earnings.

## 9. FINANCIAL ASSETS AT AMORTIZED COST

|                                | <b>December 31</b> |                  |
|--------------------------------|--------------------|------------------|
|                                | <b>2023</b>        | <b>2022</b>      |
| <hr/> <b>Non-current</b> <hr/> |                    |                  |
| Cathay Corporate Bonds         | \$ 15,521          | \$ -             |
| Restricted financial assets    | <u>13,100</u>      | <u>13,100</u>    |
|                                | <u>\$ 28,621</u>   | <u>\$ 13,100</u> |

- a. In October 2023, the company bought 10-year corporate bonds issued by Company Cathay's at a face value of USD\$500 thousand with a coupon rate of 6.10% and an effective interest rate of 5.96%.
- b. The ranges of interest rates for restricted financial assets - time deposits were approximately 1.45% to 1.57% and 0.79% to 1.44% per annum as of December 31, 2023 and 2022, respectively.
- c. 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**

|                                     | <b>December 31</b> |                   |
|-------------------------------------|--------------------|-------------------|
|                                     | <b>2023</b>        | <b>2022</b>       |
| <hr/>                               |                    |                   |
| Operating activities                |                    |                   |
| <hr/>                               |                    |                   |
| Notes receivable                    |                    |                   |
| At amortized cost                   |                    |                   |
| Gross carrying amount               | \$ 2,905           | \$ 5,346          |
| Accounts receivable                 |                    |                   |
| At amortized cost                   |                    |                   |
| Gross carrying amount               | \$ 793,222         | \$ 836,262        |
| Less: Allowance for impairment loss | 728                | 605               |
|                                     | <u>\$ 792,494</u>  | <u>\$ 835,657</u> |

## a. Notes receivable

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

## b. Accounts receivable

The average credit period of sales of goods was 30-90 days. No interest is charged on accounts receivable. The Company adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher, and use 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 Company 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 Company's credit risk was significantly reduced.

The Company 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 Company'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

|                                | <b>Not Past Due</b> | <b>1 to 30 Days<br/>Past Due</b> | <b>Total</b>      |
|--------------------------------|---------------------|----------------------------------|-------------------|
| Gross carrying amount          | \$ 750,864          | \$ 42,358                        | \$ 793,222        |
| Loss allowance (Lifetime ECLs) | <u>(273)</u>        | <u>(455)</u>                     | <u>(728)</u>      |
| Amortized cost                 | <u>\$ 750,591</u>   | <u>\$ 41,903</u>                 | <u>\$ 792,494</u> |

December 31, 2022

|                                | <b>Not Past Due</b> | <b>1 to 30 Days<br/>Past Due</b> | <b>31 to 45 Days<br/>Past Due</b> | <b>Total</b>      |
|--------------------------------|---------------------|----------------------------------|-----------------------------------|-------------------|
| Gross carrying amount          | \$ 802,605          | \$ 33,472                        | \$ 185                            | \$ 836,262        |
| Loss allowance (Lifetime ECLs) | <u>(242)</u>        | <u>(355)</u>                     | <u>(8)</u>                        | <u>(605)</u>      |
| Amortized cost                 | <u>\$ 802,363</u>   | <u>\$ 33,117</u>                 | <u>\$ 177</u>                     | <u>\$ 835,657</u> |

The movements of the loss allowance of accounts receivable were as follows:

|                                | <b><u>For the Year Ended December 31</u></b> |               |
|--------------------------------|----------------------------------------------|---------------|
|                                | <b>2023</b>                                  | <b>2022</b>   |
| Balance at January 1           | \$ 605                                       | \$ 234        |
| Loss allowance-in current year | <u>123</u>                                   | <u>371</u>    |
| Balance at December 31         | <u>\$ 728</u>                                | <u>\$ 605</u> |

**11. INVENTORIES**

|                      | <b><u>December 31</u></b> |                     |
|----------------------|---------------------------|---------------------|
|                      | <b>2023</b>               | <b>2022</b>         |
| Raw materials        | \$ 526,283                | \$ 710,618          |
| Supplies             | 13,818                    | 16,594              |
| Semi-finished goods  | 60,405                    | 54,951              |
| Work in process      | 43,047                    | 26,843              |
| Finished goods       | 392,042                   | 512,547             |
| By-products          | 1,053                     | 681                 |
| Merchandise          | 181,452                   | 632,806             |
| Inventory in transit | <u>17,437</u>             | <u>73,314</u>       |
|                      | <u>\$ 1,235,537</u>       | <u>\$ 2,028,354</u> |

All operating costs recognized as cost of goods sold for the years ended December 31, 2023 and 2022 were \$5,759,292 thousand and \$5,847,983 thousand, respectively, which included the following items:

|                                   | <b>For the Year Ended December 31</b> |                        |
|-----------------------------------|---------------------------------------|------------------------|
|                                   | <b>2023</b>                           | <b>2022</b>            |
| Inventory write-downs             | \$ 1,148                              | \$ -                   |
| Loss (gain) on physical inventory | (67)                                  | 4                      |
| Loss on idle capacity             | 7,553                                 | 6,285                  |
| Revenue from sale of scrap        | <u>(2,392)</u>                        | <u>(2,552)</u>         |
|                                   | <b><u>\$ 6,242</u></b>                | <b><u>\$ 3,737</u></b> |

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

### Investments in subsidiaries

|                               | <b>December 31</b>         |                            |
|-------------------------------|----------------------------|----------------------------|
|                               | <b>2023</b>                | <b>2022</b>                |
| Non-listed share              |                            |                            |
| Thai Wey Industrial Co., Ltd. | \$ 202,355                 | \$ 301,564                 |
| Thye Ming Industrial (Samoa)  | <u>1,711,151</u>           | <u>1,650,274</u>           |
|                               | <b><u>\$ 1,913,506</u></b> | <b><u>\$ 1,951,838</u></b> |

The Company's ownership and percentage of voting rights in subsidiaries on the balance sheet date are as follows:

|                               | <b>December 31</b> |             |
|-------------------------------|--------------------|-------------|
|                               | <b>2023</b>        | <b>2022</b> |
| Thai Wey Industrial Co., Ltd. | 88%                | 88%         |
| Thye Ming Industrial (Samoa)  | 100%               | 100%        |

For information on the invested companies, refer to Table 3.

## 13. PROPERTY, PLANT AND EQUIPMENT

### For the year ended December 31, 2023

|                                      | <b>Land</b>              | <b>Buildings</b>         | <b>Machinery and Equipment</b> | <b>Others</b>            | <b>Construction in Progress</b> | <b>Total</b>               |
|--------------------------------------|--------------------------|--------------------------|--------------------------------|--------------------------|---------------------------------|----------------------------|
| <b>Cost</b>                          |                          |                          |                                |                          |                                 |                            |
| Balance at January 1, 2023           | \$ 187,200               | \$ 131,086               | \$ 504,148                     | \$ 181,450               | \$ 23,733                       | \$ 1,027,617               |
| Additions                            | -                        | 9,231                    | 66,558                         | 14,511                   | (1,299)                         | 89,001                     |
| Disposal                             | -                        | -                        | (7,200)                        | (10,928)                 | -                               | (18,128)                   |
| Reclassification                     | -                        | -                        | -                              | -                        | (231)                           | (231)                      |
| Balance at December 31, 2023         | <b><u>\$ 187,200</u></b> | <b><u>\$ 140,317</u></b> | <b><u>\$ 563,506</u></b>       | <b><u>\$ 185,033</u></b> | <b><u>\$ 22,203</u></b>         | <b><u>\$ 1,098,259</u></b> |
| <b>Accumulated depreciation</b>      |                          |                          |                                |                          |                                 |                            |
| Balance at January 1, 2023           | \$ -                     | \$ 99,400                | \$ 441,835                     | \$ 164,540               | \$ -                            | \$ 705,775                 |
| Depreciation expense                 | -                        | 5,539                    | 31,708                         | 7,162                    | -                               | 44,409                     |
| Disposal                             | -                        | -                        | (7,200)                        | (10,213)                 | -                               | (17,413)                   |
| Balance at December 31, 2023         | <b><u>\$ -</u></b>       | <b><u>\$ 104,939</u></b> | <b><u>\$ 466,343</u></b>       | <b><u>\$ 161,489</u></b> | <b><u>\$ -</u></b>              | <b><u>\$ 732,771</u></b>   |
| Carrying amount at December 31, 2023 | <b><u>\$ 187,200</u></b> | <b><u>\$ 35,378</u></b>  | <b><u>\$ 97,163</u></b>        | <b><u>\$ 23,544</u></b>  | <b><u>\$ 22,203</u></b>         | <b><u>\$ 365,488</u></b>   |

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           | \$ 187,200        | \$ 129,639        | \$ 493,880              | \$ 175,906        | \$ 229                   | \$ 986,854          |
| Additions                            | -                 | 1,447             | 18,193                  | 6,896             | 23,504                   | 50,040              |
| Disposal                             | -                 | -                 | (7,925)                 | (1,352)           | -                        | (9,277)             |
| Balance at December 31, 2022         | <u>\$ 187,200</u> | <u>\$ 131,086</u> | <u>\$ 504,148</u>       | <u>\$ 181,450</u> | <u>\$ 23,733</u>         | <u>\$ 1,027,617</u> |
| <u>Accumulated depreciation</u>      |                   |                   |                         |                   |                          |                     |
| Balance at January 1, 2022           | \$ -              | \$ 93,171         | \$ 418,886              | \$ 158,890        | \$ -                     | \$ 670,947          |
| Depreciation expense                 | -                 | 6,229             | 30,752                  | 7,002             | -                        | 43,983              |
| Disposal                             | -                 | -                 | (7,803)                 | (1,352)           | -                        | (9,155)             |
| Balance at December 31, 2022         | <u>\$ -</u>       | <u>\$ 99,400</u>  | <u>\$ 441,835</u>       | <u>\$ 164,540</u> | <u>\$ -</u>              | <u>\$ 705,775</u>   |
| Carrying amount at December 31, 2022 | <u>\$ 187,200</u> | <u>\$ 31,686</u>  | <u>\$ 62,313</u>        | <u>\$ 16,910</u>  | <u>\$ 23,733</u>         | <u>\$ 321,842</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                      | \$ 89,001                             | \$ 50,040        |
| Capitalized interest                                           | (506)                                 | (55)             |
| Increase in payable for purchase of equipment (other payables) | (7,723)                               | (1,980)          |
| Increase (decrease) in prepayment for equipment                | <u>(105)</u>                          | <u>105</u>       |
| Payments for property, plant and equipment                     | <u>\$ 80,667</u>                      | <u>\$ 48,110</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  |
| Others                                                   |             |
| Factory fence                                            | 40 years    |
| Electrical equipment                                     | 5-15years   |
| Office equipment                                         | 2-8 years   |
| Transportation equipment                                 | 3-6 years   |
| Others                                                   | 2-30 years  |

## 14. LEASE ARRANGEMENTS

### a. Right-of-use assets - at December 31, 2023

|                                                  | Transportation<br>equipment |
|--------------------------------------------------|-----------------------------|
| Cost                                             |                             |
| Balance at January 1, 2023 and December 31, 2023 | \$ <u>4,861</u>             |
| Accumulated depreciation                         |                             |
| Balance at January 1, 2023                       | \$ 1,080                    |
| Depreciation                                     | <u>1,620</u>                |
| Balance at December 31, 2023                     | \$ <u>2,700</u>             |
| Carrying amount at December 31, 2023             | \$ <u>2,161</u>             |

### b. Right-of-use assets - at December 31, 2022

|                                      | Transportation<br>equipment |
|--------------------------------------|-----------------------------|
| Cost                                 |                             |
| Balance at January 1, 2022           | \$ -                        |
| Additions                            | <u>4,861</u>                |
| Balance at December 31, 2022         | \$ <u>4,861</u>             |
| Accumulated depreciation             |                             |
| Balance at January 1, 2022           | \$ -                        |
| Depreciation                         | <u>1,080</u>                |
| Balance at December 31, 2022         | \$ <u>1,080</u>             |
| Carrying amount at December 31, 2022 | \$ <u>3,781</u>             |

### c. Lease liabilities

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

Discount rate (%) for lease liabilities was as follows:

|                          | December 31 |      |
|--------------------------|-------------|------|
|                          | 2023        | 2022 |
| Transportation equipment | 1.23        | 1.23 |

b. Other lease information

|                                       | <b>For the Year Ended December 31</b> |                 |
|---------------------------------------|---------------------------------------|-----------------|
|                                       | <b>2023</b>                           | <b>2022</b>     |
| Expenses relating to low-value leases | \$ <u>96</u>                          | \$ <u>96</u>    |
| Total cash outflow for leases         | \$ <u>1,748</u>                       | \$ <u>1,334</u> |

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

## 15. INVESTMENT PROPERTIES

### For the year ended December 31, 2023

|                                      | <b>Land</b>       | <b>Buildings</b> | <b>Total</b>      |
|--------------------------------------|-------------------|------------------|-------------------|
| <u>Cost</u>                          |                   |                  |                   |
| Balance at January 1, 2023           | \$ 142,902        | \$ 14,116        | \$ 157,018        |
| Additions                            | <u>-</u>          | <u>380</u>       | <u>380</u>        |
| Balance at December 31, 2023         | <u>\$ 142,902</u> | <u>\$ 14,496</u> | <u>\$ 157,398</u> |
| <u>Accumulated depreciation</u>      |                   |                  |                   |
| Balance at January 1, 2023           | \$ -              | \$ 8,240         | \$ 8,240          |
| Depreciation                         | <u>-</u>          | <u>456</u>       | <u>456</u>        |
| Balance at December 31, 2023         | <u>\$ -</u>       | <u>\$ 8,696</u>  | <u>\$ 8,696</u>   |
| Carrying amount at December 31, 2023 | <u>\$ 142,902</u> | <u>\$ 5,800</u>  | <u>\$ 148,702</u> |

### For the year ended December 31, 2022

|                                                  | <b>Land</b>       | <b>Buildings</b> | <b>Total</b>      |
|--------------------------------------------------|-------------------|------------------|-------------------|
| <u>Cost</u>                                      |                   |                  |                   |
| Balance at January 1, 2022 and December 31, 2022 | <u>\$ 142,902</u> | <u>\$ 14,116</u> | <u>\$ 157,018</u> |
| <u>Accumulated depreciation</u>                  |                   |                  |                   |
| Balance at January 1, 2022                       | \$ -              | \$ 7,790         | \$ 7,790          |
| Depreciation                                     | <u>-</u>          | <u>450</u>       | <u>450</u>        |
| Balance at December 31, 2022                     | <u>\$ -</u>       | <u>\$ 8,240</u>  | <u>\$ 8,240</u>   |
| Carrying amount at December 31, 2022             | <u>\$ 142,902</u> | <u>\$ 5,876</u>  | <u>\$ 148,778</u> |

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

The fair value of the investment properties was \$292,335 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 Company received deposits for operating lease contracts; the amounts were \$250 thousand and \$850 thousand, as of December 31, 2023 and 2022, respectively.

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:

|             | <b>December 31</b> |                  |
|-------------|--------------------|------------------|
|             | <b>2023</b>        | <b>2022</b>      |
| Year 1      | \$ 4,380           | \$ 6,120         |
| Year 2      | 4,380              | 4,335            |
| Year 3      | 4,380              | 3,600            |
| Year 4      | 4,080              | 3,600            |
| Year 5      | 3,780              | 3,250            |
| Over year 5 | <u>14,490</u>      | <u>14,500</u>    |
|             | <u>\$ 35,490</u>   | <u>\$ 35,405</u> |

## 16. SHORT-TERM BORROWINGS

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

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

|                              | <b>December 31</b> |             |
|------------------------------|--------------------|-------------|
|                              | <b>2023</b>        | <b>2022</b> |
| Line of credit borrowing (%) | 1.63-1.65          | 1.48-1.63   |

## 17. NOTES PAYABLE AND ACCOUNTS PAYABLE

|                                       | <b>December 31</b> |                   |
|---------------------------------------|--------------------|-------------------|
|                                       | <b>2023</b>        | <b>2022</b>       |
| Operating                             |                    |                   |
| Notes payable - nonrelated parties    | <u>\$ 29</u>       | <u>\$ 38</u>      |
| Operating                             |                    |                   |
| Accounts payable - nonrelated parties | \$ 119,235         | \$ 124,104        |
| Accounts payable - related parties    | <u>14,118</u>      | <u>3,741</u>      |
|                                       | <u>\$ 133,353</u>  | <u>\$ 127,845</u> |

The credit period of the purchase of the goods is 15-60 days and the Company 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 | \$ 52,537         | \$ 36,355        |
| Payable for salaries and bonuses                                    | 30,908            | 26,763           |
| Payable for annual leave                                            | 5,318             | 5,412            |
| Payable for purchase of equipment                                   | 10,553            | 2,830            |
| Others                                                              | <u>19,813</u>     | <u>18,234</u>    |
|                                                                     | <u>\$ 119,129</u> | <u>\$ 89,594</u> |

## 19. RETIREMENT BENEFIT PLANS

### a. Defined contribution plans

The Company 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.

### b. Defined benefit plan

The defined benefit plan adopted by the Company 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 contributes 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 Company 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 Company 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 Company 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 parent company only balance sheets in respect of the Company's defined benefit plans were as follows:

|                                             | December 31      |                  |
|---------------------------------------------|------------------|------------------|
|                                             | 2023             | 2022             |
| Present value of defined benefit obligation | \$ 68,986        | \$ 75,958        |
| Fair value of plan assets                   | <u>(53,240)</u>  | <u>(62,358)</u>  |
| Net defined benefit liabilities             | <u>\$ 15,746</u> | <u>\$ 13,600</u> |

Movements in net defined benefit liabilities were as follows:

|                                                                       | <b>Present Value<br/>of the Defined<br/>Benefit<br/>Obligation</b> | <b>Fair Value of<br/>the Plan Assets</b> | <b>Net Defined<br/>Benefit<br/>Liabilities</b> |
|-----------------------------------------------------------------------|--------------------------------------------------------------------|------------------------------------------|------------------------------------------------|
| Balance at January 1, 2023                                            | <u>\$ 75,958</u>                                                   | <u>\$ (62,358)</u>                       | <u>\$ 13,600</u>                               |
| Service cost                                                          |                                                                    |                                          |                                                |
| Current service cost                                                  | 180                                                                | -                                        | 180                                            |
| Net interest expense (income)                                         | <u>950</u>                                                         | <u>(790)</u>                             | <u>160</u>                                     |
| Recognized in profit or loss                                          | <u>1,130</u>                                                       | <u>(790)</u>                             | <u>340</u>                                     |
| Remeasurement                                                         |                                                                    |                                          |                                                |
| Return on plan assets (excluding amounts<br>included in net interest) | -                                                                  | (472)                                    | (472)                                          |
| Actuarial loss - experience adjustments                               | <u>4,006</u>                                                       | <u>-</u>                                 | <u>4,006</u>                                   |
| Recognized in other comprehensive income                              | <u>4,006</u>                                                       | <u>(472)</u>                             | <u>3,534</u>                                   |
| Contributions from the employer                                       | <u>-</u>                                                           | <u>(1,728)</u>                           | <u>(1,728)</u>                                 |
| Benefits paid                                                         |                                                                    |                                          |                                                |
| Contribution from plan assets                                         | <u>(12,108)</u>                                                    | <u>12,108</u>                            | <u>-</u>                                       |
| Balance at December 31, 2023                                          | <u>\$ 68,986</u>                                                   | <u>\$ (53,240)</u>                       | <u>\$ 15,746</u>                               |
| Balance at January 1, 2022                                            | <u>\$ 84,775</u>                                                   | <u>\$ (59,324)</u>                       | <u>\$ 25,451</u>                               |
| Service cost                                                          |                                                                    |                                          |                                                |
| Current service cost                                                  | 416                                                                | -                                        | 416                                            |
| Net interest expense (income)                                         | <u>530</u>                                                         | <u>(376)</u>                             | <u>154</u>                                     |
| Recognized in profit or loss                                          | <u>946</u>                                                         | <u>(376)</u>                             | <u>570</u>                                     |
| Remeasurement                                                         |                                                                    |                                          |                                                |
| Return on plan assets (excluding amounts<br>included in net interest) | -                                                                  | (4,646)                                  | (4,646)                                        |
| Actuarial gain - changes in financial<br>assumptions                  | (3,357)                                                            | -                                        | (3,357)                                        |
| Actuarial gain - experience adjustments                               | <u>(2,691)</u>                                                     | <u>-</u>                                 | <u>(2,691)</u>                                 |
| Recognized in other comprehensive income                              | <u>(6,048)</u>                                                     | <u>(4,646)</u>                           | <u>(10,694)</u>                                |
| Contributions from the employer                                       | <u>-</u>                                                           | <u>(1,727)</u>                           | <u>(1,727)</u>                                 |
| Benefits paid                                                         |                                                                    |                                          |                                                |
| Contribution from plan assets                                         | <u>(3,715)</u>                                                     | <u>3,715</u>                             | <u>-</u>                                       |
| Balance at December 31, 2022                                          | <u>\$ 75,958</u>                                                   | <u>\$ (62,358)</u>                       | <u>\$ 13,600</u>                               |

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

|                                     | <b>For the Year Ended December 31</b> |               |
|-------------------------------------|---------------------------------------|---------------|
|                                     | <b>2023</b>                           | <b>2022</b>   |
| Operating costs                     | \$ 254                                | \$ 406        |
| Selling and marketing expenses      | 17                                    | 38            |
| General and administrative expenses | <u>69</u>                             | <u>126</u>    |
|                                     | <u>\$ 340</u>                         | <u>\$ 570</u> |

Through the defined benefit plans under the Labor Standards Act, the Company 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:

|                                      | <b>December 31</b> |             |
|--------------------------------------|--------------------|-------------|
|                                      | <b>2023</b>        | <b>2022</b> |
| Discount rate (%)                    | 1.250              | 1.250       |
| 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:

|                | <b>December 31</b> |                   |
|----------------|--------------------|-------------------|
|                | <b>2023</b>        | <b>2022</b>       |
| Discount rate  |                    |                   |
| 0.25% increase | <u>\$ (1,114)</u>  | <u>\$ (1,277)</u> |
| 0.25% decrease | <u>\$ 1,146</u>    | <u>\$ 1,314</u>   |

(Continued)

|                                  | <b>December 31</b> |                   |
|----------------------------------|--------------------|-------------------|
|                                  | <b>2023</b>        | <b>2022</b>       |
| Expected rate of salary increase |                    |                   |
| 0.25% increase                   | <u>\$ 1,117</u>    | <u>\$ 1,281</u>   |
| 0.25% decrease                   | <u>\$ (1,092)</u>  | <u>\$ (1,252)</u> |
|                                  |                    | (Concluded)       |

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.

|                                                      | <b>December 31</b> |                 |
|------------------------------------------------------|--------------------|-----------------|
|                                                      | <b>2023</b>        | <b>2022</b>     |
| Expected contributions to the plan for the next year | <u>\$ 1,680</u>    | <u>\$ 1,680</u> |
| Average duration of the defined benefit obligation   | 6.6 years          | 6.9 years       |

## 20. EQUITY

### a. Share capital

#### Ordinary shares

|                                                        | <b>December 31</b>  |                     |
|--------------------------------------------------------|---------------------|---------------------|
|                                                        | <b>2023</b>         | <b>2022</b>         |
| 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

|                     | <b>December 31</b> |                   |
|---------------------|--------------------|-------------------|
|                     | <b>2023</b>        | <b>2022</b>       |
| 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 on June, 2023 and June, 2022, respectively, were as follows:

|                               | <b>Appropriation of Earnings</b> |                   | <b>Dividends Per Share (NT\$)</b> |               |
|-------------------------------|----------------------------------|-------------------|-----------------------------------|---------------|
|                               | <b>For the Year Ended</b>        |                   | <b>For the Year Ended</b>         |               |
|                               | <b>December 31</b>               |                   | <b>December 31</b>                |               |
|                               | <b>2022</b>                      | <b>2021</b>       | <b>2022</b>                       | <b>2021</b>   |
| Legal reserve                 | \$ 140,372                       | \$ 80,193         |                                   |               |
| (Reversal of) 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>\$ 1,110,000</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:

|                             | <b>Appropriation<br/>of Earnings</b> | <b>Dividends Per<br/>Share (NT\$)</b> |
|-----------------------------|--------------------------------------|---------------------------------------|
| 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

|                                                                                            | <b>For the Year Ended December 31</b> |                     |
|--------------------------------------------------------------------------------------------|---------------------------------------|---------------------|
|                                                                                            | <b>2023</b>                           | <b>2022</b>         |
| Balance at January 1                                                                       | \$ (352,825)                          | \$ (461,048)        |
| Share of other comprehensive loss of subsidiaries<br>accounted for using the equity method | <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

|                                                                                                      | <b>For the Year Ended December 31</b> |                  |
|------------------------------------------------------------------------------------------------------|---------------------------------------|------------------|
|                                                                                                      | <b>2023</b>                           | <b>2022</b>      |
| Balance at January 1                                                                                 | \$ 9,406                              | \$ 660,209       |
| Recognized for the year                                                                              |                                       |                  |
| Unrealized gain - equity instruments                                                                 | 12,892                                | 57,944           |
| Share of profit of subsidiaries accounted for using the<br>equity method                             | (132)                                 | 9,863            |
| Cumulative unrealized gain of equity instruments transferred<br>to retained earnings due to disposal | <u>-</u>                              | <u>(718,610)</u> |
| Balance at December 31                                                                               | <u>\$ 22,166</u>                      | <u>\$ 9,406</u>  |

## 21. OPERATING REVENUE

|                                        | <b>For the Year Ended December 31</b> |                     |
|----------------------------------------|---------------------------------------|---------------------|
|                                        | <b>2023</b>                           | <b>2022</b>         |
| Revenue from contracts with customers  |                                       |                     |
| Revenue from sale of goods             | \$ 6,911,539                          | \$ 6,686,536        |
| Revenue from the rendering of services | <u>56,691</u>                         | <u>46,260</u>       |
|                                        | <u>\$ 6,968,230</u>                   | <u>\$ 6,732,796</u> |

a. Contract balances

|                               | <b>December 31</b> |                   | <b>January 1</b>  |
|-------------------------------|--------------------|-------------------|-------------------|
|                               | <b>2023</b>        | <b>2022</b>       | <b>2022</b>       |
| Notes and accounts receivable | <u>\$ 795,399</u>  | <u>\$ 841,003</u> | <u>\$ 827,691</u> |
| Contract liabilities          |                    |                   |                   |
| Sale of goods                 | <u>\$ 23,614</u>   | <u>\$ 163</u>     | <u>\$ 47,747</u>  |

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Company's satisfaction of performance obligations and the respective customer's payment.

Revenue in the current year that was recognized from the contract liability balance at the beginning of the year was as follows:

|                                                    | <b>For the Year Ended December 31</b> |                  |
|----------------------------------------------------|---------------------------------------|------------------|
|                                                    | <b>2023</b>                           | <b>2022</b>      |
| From contract liabilities at the start of the year |                                       |                  |
| Sale of goods                                      | <u>\$ 163</u>                         | <u>\$ 47,747</u> |

b. Disaggregation of revenue

|                       | <b>December 31</b>  |                     |
|-----------------------|---------------------|---------------------|
|                       | <b>2023</b>         | <b>2022</b>         |
| Sale of goods         |                     |                     |
| Lead alloy ingots     | \$ 5,306,326        | \$ 5,273,987        |
| Lead ingots           | 1,026,084           | 849,227             |
| Litharge and red lead | 486,558             | 470,537             |
| Others                | <u>92,571</u>       | <u>92,785</u>       |
|                       | 6,911,539           | 6,686,536           |
| Rendering of services | <u>56,691</u>       | <u>46,260</u>       |
|                       | <u>\$ 6,968,230</u> | <u>\$ 6,732,796</u> |

## 22. PROFIT BEFORE INCOME TAX

a. Interest income

|               | <b>For the Year Ended December 31</b> |                  |
|---------------|---------------------------------------|------------------|
|               | <b>2023</b>                           | <b>2022</b>      |
| Bank deposits | \$ 89,878                             | \$ 11,145        |
| Others        | <u>28</u>                             | <u>12</u>        |
|               | <u>\$ 89,906</u>                      | <u>\$ 11,157</u> |

b. Other income

|                         | <b>For the Year Ended December 31</b> |                  |
|-------------------------|---------------------------------------|------------------|
|                         | <b>2023</b>                           | <b>2022</b>      |
| Rental income (Note 15) | \$ 4,489                              | \$ 5,103         |
| Fund's dividends        | 2,011                                 | 1,822            |
| Dividends               | 9,087                                 | -                |
| Others (Note 27)        | <u>5,129</u>                          | <u>4,239</u>     |
|                         | <u>\$ 20,716</u>                      | <u>\$ 11,164</u> |

c. Other gains and losses

|                                                           | <b>For the Year Ended December 31</b> |                    |
|-----------------------------------------------------------|---------------------------------------|--------------------|
|                                                           | <b>2023</b>                           | <b>2022</b>        |
| Loss on disposal of property, plant and equipment         | \$ (535)                              | \$ (122)           |
| Foreign exchange gains, net                               | 8,923                                 | 100,984            |
| Gain (loss) on financial assets mandatorily at FVTPL, net | 13,961                                | (10,217)           |
| Other losses                                              | <u>(483)</u>                          | <u>(461)</u>       |
|                                                           | <u>\$ 21,866</u>                      | <u>\$ (90,184)</u> |

d. Finance costs

|                                                         | <b>For the Year Ended December 31</b> |                 |
|---------------------------------------------------------|---------------------------------------|-----------------|
|                                                         | <b>2023</b>                           | <b>2022</b>     |
| Interest expense of borrowings                          | \$ 6,447                              | \$ 1,660        |
| 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>\$ 1,645</u> |

Information about capitalized interest is as follows:

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

e. Depreciation and amortization

|                               | <b>For the Year Ended December 31</b> |                  |
|-------------------------------|---------------------------------------|------------------|
|                               | <b>2023</b>                           | <b>2022</b>      |
| Property, plant and equipment | \$ 44,409                             | \$ 43,983        |
| Investment properties         | 456                                   | 450              |
| Right-of-use assets           | 1,620                                 | 1,080            |
| Computer software             | <u>59</u>                             | <u>37</u>        |
|                               | <u>\$ 46,544</u>                      | <u>\$ 45,550</u> |

(Continued)

|                                         | <b><u>For the Year Ended December 31</u></b> |                  |
|-----------------------------------------|----------------------------------------------|------------------|
|                                         | <b>2023</b>                                  | <b>2022</b>      |
| An analysis of depreciation by function |                                              |                  |
| Operating costs                         | \$ 41,908                                    | \$ 42,296        |
| Operating expenses                      | 4,121                                        | 2,767            |
| Non-operating expenses                  | <u>456</u>                                   | <u>450</u>       |
|                                         | <u>\$ 46,485</u>                             | <u>\$ 45,513</u> |
| An analysis of amortization by function |                                              |                  |
| Operating expenses                      | <u>\$ 59</u>                                 | <u>\$ 37</u>     |
|                                         |                                              | (Concluded)      |

f. Expenses directly related to investment properties

|                                                                                 | <b><u>For the Year Ended December 31</u></b> |               |
|---------------------------------------------------------------------------------|----------------------------------------------|---------------|
|                                                                                 | <b>2023</b>                                  | <b>2022</b>   |
| 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

|                                                      | <b><u>For the Year Ended December 31</u></b> |                   |
|------------------------------------------------------|----------------------------------------------|-------------------|
|                                                      | <b>2023</b>                                  | <b>2022</b>       |
| Short-term employee benefits                         | \$ 194,825                                   | \$ 171,378        |
| Post-employment benefits                             |                                              |                   |
| Defined contribution plans                           | 3,987                                        | 3,856             |
| Defined benefit plans (Note 19)                      | 340                                          | 570               |
| Long-term employee benefits                          | <u>481</u>                                   | <u>(349)</u>      |
|                                                      | <u>\$ 199,633</u>                            | <u>\$ 175,455</u> |
| An analysis of employee benefits expense by function |                                              |                   |
| Operating costs                                      | \$ 99,058                                    | \$ 90,879         |
| Operating expenses                                   | <u>100,575</u>                               | <u>84,576</u>     |
|                                                      | <u>\$ 199,633</u>                            | <u>\$ 175,455</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 :

|                           | <b>For the Year Ended December 31</b> |             |
|---------------------------|---------------------------------------|-------------|
|                           | <b>2023</b>                           | <b>2022</b> |
| <hr/>                     |                                       |             |
| Estimation ratio (%)      |                                       |             |
| Compensation of employees | 1                                     | 1           |
| Remuneration of directors | 3                                     | 3           |
| <hr/>                     |                                       |             |
| 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 parent company only 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 parent company only 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

|                         | <b>For the Year Ended December 31</b> |                   |
|-------------------------|---------------------------------------|-------------------|
|                         | <b>2023</b>                           | <b>2022</b>       |
| Foreign exchange gains  | \$ 216,323                            | \$ 173,276        |
| Foreign exchange losses | <u>(207,400)</u>                      | <u>(72,292)</u>   |
| Net gains (losses)      | <u>\$ 8,923</u>                       | <u>\$ 100,984</u> |

## 23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

|                                | <b>For the Year Ended December 31</b> |                   |
|--------------------------------|---------------------------------------|-------------------|
|                                | <b>2023</b>                           | <b>2022</b>       |
| Current tax                    |                                       |                   |
| In respect of the current year | \$ 230,764                            | \$ 163,390        |
| Unappropriated earnings        | 10,617                                | 15,331            |
| Adjustments for prior years    | <u>(1,307)</u>                        | <u>(543)</u>      |
|                                | <u>240,074</u>                        | <u>178,178</u>    |
| Deferred tax                   |                                       |                   |
| In respect of the current year | <u>9,038</u>                          | <u>8,192</u>      |
|                                | <u>\$ 249,112</u>                     | <u>\$ 186,370</u> |

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

|                                                     | <b>For the Year Ended December 31</b> |                   |
|-----------------------------------------------------|---------------------------------------|-------------------|
|                                                     | <b>2023</b>                           | <b>2022</b>       |
| Profit before tax from continuing operations        | \$ <u>1,242,947</u>                   | \$ <u>866,912</u> |
| Income tax expense calculated at the statutory rate | \$ 248,589                            | \$ 173,382        |
| Deductible gains in determining taxable income      | (8,787)                               | (1,800)           |
| Income tax on unappropriated earnings               | 10,617                                | 15,331            |
| Adjustments for prior years' tax                    | <u>(1,307)</u>                        | <u>(543)</u>      |
|                                                     | <u>\$ 249,112</u>                     | <u>\$ 186,370</u> |

b. Income tax recognized in other comprehensive income

|                                        | <b>For the Year Ended December 31</b> |                   |
|----------------------------------------|---------------------------------------|-------------------|
|                                        | <b>2023</b>                           | <b>2022</b>       |
| <hr/>                                  |                                       |                   |
| Deferred tax                           |                                       |                   |
| In respect of the current year         |                                       |                   |
| Remeasurement of defined benefit plans | \$ <u>707</u>                         | \$ <u>(2,139)</u> |

c. Income tax recognized directly in other equity

|                                                             | <b>For the Year Ended December 31</b> |                 |
|-------------------------------------------------------------|---------------------------------------|-----------------|
|                                                             | <b>2023</b>                           | <b>2022</b>     |
| Current tax                                                 |                                       |                 |
| Share of subsidiaries accounted for using the equity method | \$ <u>-</u>                           | \$ <u>4,445</u> |

d. Current tax liabilities

|                    | <b>December 31</b> |                   |
|--------------------|--------------------|-------------------|
|                    | <b>2023</b>        | <b>2022</b>       |
| Income tax payable | \$ <u>151,225</u>  | \$ <u>100,007</u> |

e. Deferred tax assets and liabilities

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

For the year ended December 31, 2023

|                                 | <b>Opening<br/>Balance</b> | <b>Recognized in<br/>Profit or Loss</b> | <b>Recognized<br/>in Other<br/>Comprehensive<br/>Income</b> | <b>Closing Balance</b> |
|---------------------------------|----------------------------|-----------------------------------------|-------------------------------------------------------------|------------------------|
| <hr/>                           |                            |                                         |                                                             |                        |
| Deferred tax assets             |                            |                                         |                                                             |                        |
| Temporary differences           |                            |                                         |                                                             |                        |
| Unrealized loss on inventories  | \$ 107                     | \$ 230                                  | \$ -                                                        | \$ 337                 |
| Provisions                      | 729                        | 96                                      | -                                                           | 825                    |
| Net defined benefit liabilities | 4,303                      | -                                       | 707                                                         | 5,010                  |

(Continued)

|                                                                    | Opening<br>Balance | Recognized in<br>Profit or Loss | Recognized<br>in Other<br>Comprehensive<br>Income | Closing Balance                  |
|--------------------------------------------------------------------|--------------------|---------------------------------|---------------------------------------------------|----------------------------------|
| Payable for annual leave                                           | \$ 1,082           | \$ (19)                         | \$ -                                              | \$ 1,063                         |
| Others                                                             | <u>3,134</u>       | <u>12,434</u>                   | <u>-</u>                                          | <u>15,568</u>                    |
|                                                                    | <u>\$ 9,355</u>    | <u>\$ 12,741</u>                | <u>\$ 707</u>                                     | <u>\$ 22,803</u>                 |
| <hr/> Deferred tax liabilities <hr/>                               |                    |                                 |                                                   |                                  |
| Temporary differences                                              |                    |                                 |                                                   |                                  |
| Foreign investment income<br>recognized under the equity<br>method | \$ 206,520         | \$ 21,483                       | \$ -                                              | \$ 228,003                       |
| Reserve for land revaluation<br>increment tax                      | 46,669             | -                               | -                                                 | 46,669                           |
| Others                                                             | <u>2,161</u>       | <u>296</u>                      | <u>-</u>                                          | <u>2,457</u>                     |
|                                                                    | <u>\$ 255,350</u>  | <u>\$ 21,779</u>                | <u>\$ -</u>                                       | <u>\$ 277,129</u><br>(Concluded) |

For the year ended December 31, 2022

|                                                                    | Opening<br>Balance | Recognized in<br>Profit or Loss | Recognized<br>in Other<br>Comprehensive<br>Income | Closing Balance   |
|--------------------------------------------------------------------|--------------------|---------------------------------|---------------------------------------------------|-------------------|
| <hr/> Deferred tax assets <hr/>                                    |                    |                                 |                                                   |                   |
| Temporary differences                                              |                    |                                 |                                                   |                   |
| Unrealized loss on inventories                                     | \$ 136             | \$ (29)                         | \$ -                                              | \$ 107            |
| Provisions                                                         | 798                | (69)                            | -                                                 | 729               |
| Net defined benefit liabilities                                    | 6,442              | -                               | (2,139)                                           | 4,303             |
| Payable for annual leave                                           | 1,198              | (116)                           | -                                                 | 1,082             |
| Others                                                             | <u>769</u>         | <u>2,365</u>                    | <u>-</u>                                          | <u>3,134</u>      |
|                                                                    | <u>\$ 9,343</u>    | <u>\$ 2,151</u>                 | <u>\$ (2,139)</u>                                 | <u>\$ 9,355</u>   |
| <hr/> Deferred tax liabilities <hr/>                               |                    |                                 |                                                   |                   |
| Temporary differences                                              |                    |                                 |                                                   |                   |
| Foreign investment income<br>recognized under the equity<br>method | \$ 196,427         | \$ 10,093                       | \$ -                                              | \$ 206,520        |
| Reserve for land revaluation<br>increment tax                      | 46,669             | -                               | -                                                 | 46,669            |
| Others                                                             | <u>1,911</u>       | <u>250</u>                      | <u>-</u>                                          | <u>2,161</u>      |
|                                                                    | <u>\$ 245,007</u>  | <u>\$ 10,343</u>                | <u>\$ -</u>                                       | <u>\$ 255,350</u> |

f. Income tax assessments

The income tax returns of the Company 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 for the year

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

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

|                                                                        | <b>For the Year Ended December 31</b> |                |
|------------------------------------------------------------------------|---------------------------------------|----------------|
|                                                                        | <b>2023</b>                           | <b>2022</b>    |
| 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 Company may settle the compensation of employees in cash or shares; therefore, the Company 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 Company manages its capital to ensure that it will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company 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 Company 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      | \$ 333,567 | \$ -    | \$ -      | \$ 333,567 |
| <u>Financial assets at FVTOCI</u> |            |         |           |            |
| Investments in equity instruments |            |         |           |            |
| Domestic listed shares            | \$ 47,850  | \$ -    | \$ -      | \$ 47,850  |
| Domestic unlisted shares          | -          | -       | 76,208    | 76,208     |
|                                   | \$ 47,850  | \$ -    | \$ 76,208 | \$ 124,058 |

December 31, 2022

|                                   | Level 1    | Level 2 | Level 3   | Total      |
|-----------------------------------|------------|---------|-----------|------------|
| <u>Financial assets at FVTPL</u>  |            |         |           |            |
| Fund beneficiary certificate      | \$ 267,169 | \$ -    | \$ -      | \$ 267,169 |
| <u>Financial assets at FVTOCI</u> |            |         |           |            |
| Investments in equity instruments |            |         |           |            |
| Domestic listed shares            | \$ 48,000  | \$ -    | \$ -      | \$ 48,000  |
| Domestic unlisted shares          | -          | -       | 63,166    | 63,166     |
|                                   | \$ 48,000  | \$ -    | \$ 63,166 | \$ 111,166 |

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

|                                          | <u>Financial Assets at FVTOCI</u> |           |
|------------------------------------------|-----------------------------------|-----------|
|                                          | 2023                              | 2022      |
| <u>Financial assets</u>                  |                                   |           |
| Balance, beginning of the year           | \$ 63,166                         | \$ 43,820 |
| Recognized in other comprehensive income | 13,042                            | 19,346    |
| Balance, end of the year                 | \$ 76,208                         | \$ 63,166 |

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

The fair values of domestic unlisted shares in the parent company only 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       |
| <hr/>                                            |             |            |
| Financial assets                                 |             |            |
| Financial assets at FVTPL                        |             |            |
| Mandatorily classified as at FVTPL               | \$ 333,567  | \$ 267,169 |
| Financial assets at FVTOCI                       | 124,058     | 111,166    |
| Financial assets at amortized cost (Note 1)      | 3,392,454   | 2,230,780  |
| <hr/>                                            |             |            |
| Financial liabilities                            |             |            |
| Financial liabilities at amortized cost (Note 2) | 752,761     | 668,327    |

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 Company'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 (including those to related parties), other payables and deposits received. The Company'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 Company through 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 Company'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 Company has foreign currency denominated sales and purchases, which exposed the Company to foreign currency risk.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities exposed to foreign currency risk at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Company 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.

|                | <b>USD Impact</b>                     |             |
|----------------|---------------------------------------|-------------|
|                | <b>For the Year Ended December 31</b> |             |
|                | <b>2023</b>                           | <b>2022</b> |
| Profit or loss | \$ 29,351                             | \$ 17,814   |

b) Interest rate risk

The Company is exposed to interest rate risk because the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings.

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

|                              | <b>December 31</b> |             |
|------------------------------|--------------------|-------------|
|                              | <b>2023</b>        | <b>2022</b> |
| Cash flow interest rate risk |                    |             |
| Financial assets             | \$ 448,011         | \$ 370,776  |
| Financial liabilities        | 100,000            | 150,000     |

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$3,480 thousand and \$2,208 thousand, respectively, which was mainly a result of variable rate bank deposits and borrowing.

c) Other price risk

The Company was exposed to equity price risk through its investments in fund beneficiary certificate and listed equity securities. Equity investments are held for strategic rather than for trading purposes; thus, the Company does not actively trade these investments. The Company'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 \$3,336 thousand and \$2,672 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 \$1,241 thousand and \$1,112 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 Company. At the end of the year, the Company's maximum exposure to credit risk, which would cause a financial loss to the Company due to the failure of the counterparty to discharge its obligation, could be equal to the following:

- a) The carrying amount of the respective recognized financial assets as stated in the parent company only balance sheets.
- b) The maximum amount that the Company may have to pay for financial guarantees provided, regardless of the possibility of occurrence.

The policy adopted by the Company is to only conduct transactions with reputable entities and use other publicly available financial information and mutual transaction records to evaluate major customers. The Company continues to supervise the credit risk insurance and the credit evaluation of the counterparty.

The Company's credit risk is mainly concentrated in the accounts receivable from certain customers. The carrying amounts of accounts receivable from these customers were as follows:

|                                             | <b>December 31</b> |                   |
|---------------------------------------------|--------------------|-------------------|
|                                             | <b>2023</b>        | <b>2022</b>       |
| Company A                                   | <u>\$ 547,904</u>  | <u>\$ 492,006</u> |
| Percentage of total accounts receivable (%) | 69                 | 59                |

## 3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company'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 Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Company had available unutilized short-term bank loan facilities of \$2,787,195 thousand and \$2,686,196 thousand, respectively.

The following table details the Company'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 Company 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.

|                                      | <b>Less than<br/>3 Months</b> | <b>3 Months to<br/>1 Year</b> | <b>More than 1<br/>year</b> | <b>Total</b>      |
|--------------------------------------|-------------------------------|-------------------------------|-----------------------------|-------------------|
| <u>December 31, 2023</u>             |                               |                               |                             |                   |
| Non-derivative financial liabilities |                               |                               |                             |                   |
| Non-interest bearing liabilities     | \$ 200,224                    | \$ 52,537                     | \$ -                        | \$ 252,761        |
| Lease liabilities                    | 413                           | 1,238                         | 413                         | 2,064             |
| Variable interest rate liabilities   | -                             | 100,416                       | -                           | 100,416           |
| Fixed interest rate liabilities      | <u>400,296</u>                | <u>-</u>                      | <u>-</u>                    | <u>400,296</u>    |
|                                      | <u>\$ 600,933</u>             | <u>\$ 154,191</u>             | <u>\$ 413</u>               | <u>\$ 755,537</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                    |                       |                       | \$ 1,651            | \$ 413         |
|                                      | Less than<br>3 Months | 3 Months to<br>1 Year | More than 1<br>year | Total          |
| <hr/> December 31, 2022              |                       |                       |                     |                |
| Non-derivative financial liabilities |                       |                       |                     |                |
| Non-interest bearing liabilities     | \$ 181,973            | \$ 36,355             | \$ -                | \$ 218,328     |
| Lease liabilities                    | 413                   | 1,238                 | 2,064               | 3,715          |
| Variable interest rate liabilities   | 150,060               | -                     | -                   | 150,060        |
| Fixed interest rate liabilities      | <u>300,264</u>        | <u>-</u>              | <u>-</u>            | <u>300,264</u> |
|                                      | \$ 632,710            | \$ 37,593             | \$ 2,064            | \$ 672,367     |

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

|                   | <b>Less than 1 Year</b> | <b>1 to 5 Years</b> |
|-------------------|-------------------------|---------------------|
| 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

### a. Related party name and its relationship with the Company

| <u>Related Party Name</u>                        | <u>Relationship with the Company</u>                                                                                          |
|--------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|
| Thai Wey Industrial Co., Ltd. (“Thai Wey”)       | Subsidiary (88% shareholding)                                                                                                 |
| Thye Ming (Vietnam) Ltd. (“Thye Ming (Vietnam)”) | Subsidiary                                                                                                                    |
| 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>       |
| Subsidiary                 |                                       |                   |
| Thai Wey                   | \$ 436,603                            | \$ 418,134        |
| Related party in substance | <u>6,773</u>                          | <u>5,094</u>      |
|                            | <u>\$ 443,376</u>                     | <u>\$ 423,228</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 to 60 days from the end of the month.

### d. Other income

#### 1) Technical service revenue

The Company signed a contract to provide technical services to its subsidiary, Thye Ming (Vietnam). The contract period is from August 2010 to August 2030. The technical service revenue, recognized as non-operating income, was \$3,738 thousand and \$3,588 thousand for the years ended December 31, 2023 and 2022, respectively.

#### 2) Other operating costs

The Company signed a contract with its subsidiary, Thai Wey, for Thai Wey to be responsible for the disposal of the Company’s industrial waste and the Company will pay the Thai Wey disposal fee based on the actual weight of waste disposed of. The disposal fee expense amounted to \$2,290 thousand and \$2,574 thousand for the years ended December 31, 2023 and 2022, respectively. The

payment term to the subsidiary is 30 days after monthly closing.

3) Processing cost

The processing costs that the Company paid to the subsidiary, Thye Ming (Vietnam), for the processing of calcium lead were \$14,352 thousand and \$23,803 thousand for the years ended December 31, 2023 and 2022, respectively.

The Company does not have similar processing transaction with non-related parties; the payment term to the subsidiary is 30 days after monthly closing.

4) Rental income

- a) The Company leased to its subsidiary Thai Wey a site for use in the recycling of materials and products. The lease period is from July 2022 to June 2027, and the rental income was both \$600 thousand for the years ended December 31, 2023 and 2022.
- b) 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

| Account Item                        | December 31      |                 |
|-------------------------------------|------------------|-----------------|
|                                     | 2023             | 2022            |
| 1) Notes receivable                 |                  |                 |
| Related parties in substance        | \$ 1,798         | \$ 816          |
| 2) Other receivable                 |                  |                 |
| Subsidiary                          |                  |                 |
| Thai Wey                            | \$ 52            | \$ 52           |
| 3) Accounts payable - related party |                  |                 |
| Subsidiary                          |                  |                 |
| Thai Wey                            | \$ 11,937        | \$ 536          |
| Thye Ming (Vietnam)                 | 2,020            | 3,205           |
| Related parties in substance        | 161              | -               |
|                                     | <u>\$ 14,118</u> | <u>\$ 3,741</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:

|                              | For the Year Ended December 31 |                  |
|------------------------------|--------------------------------|------------------|
|                              | 2023                           | 2022             |
| Short-term employee benefits | \$ 65,060                      | \$ 50,182        |
| Post-employment benefits     | 165                            | 219              |
| Long-term employee benefits  | 7                              | 6                |
|                              | <u>\$ 65,232</u>               | <u>\$ 50,407</u> |

The remuneration of directors and key executives was determined based on the Company's annual and long-term performance goals and remuneration policies, systems, standards and structures.

## 28. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The Company provided time deposits as deposits for customs tax and supply of natural gas; the amounts of the time deposits recognized as financial assets at amortized cost - non-current were both \$13,100 thousand for the years ended December 31, 2023 and 2022.

## 29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Company's unrecognized commitments were as follows:

|                                              | December 31      |                  |
|----------------------------------------------|------------------|------------------|
|                                              | 2023             | 2022             |
| Acquisition of property, plant and equipment | \$ <u>12,147</u> | \$ <u>40,624</u> |

## 30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company's significant financial assets and liabilities denominated in foreign currency and the related exchange rate were as follows:

|                               | Foreign<br>Currency (In<br>Thousands) |        | Exchange Rate |           | Carrying<br>Amount (In<br>Thousands) |
|-------------------------------|---------------------------------------|--------|---------------|-----------|--------------------------------------|
| <hr/> December 31, 2023 <hr/> |                                       |        |               |           |                                      |
| Financial assets              |                                       |        |               |           |                                      |
| Monetary items                |                                       |        |               |           |                                      |
| USD                           | \$                                    | 95,562 | 30.735        | (USD:NTD) | \$ 2,937,100                         |
| Financial liabilities         |                                       |        |               |           |                                      |
| Monetary items                |                                       |        |               |           |                                      |
| USD                           |                                       | 66     | 30.735        | (USD:NTD) | 2,020                                |
| <hr/> December 31, 2022 <hr/> |                                       |        |               |           |                                      |
| Financial assets              |                                       |        |               |           |                                      |
| Monetary items                |                                       |        |               |           |                                      |
| USD                           |                                       | 58,380 | 30.708        | (USD:NTD) | 1,792,729                            |
| Financial liabilities         |                                       |        |               |           |                                      |
| Monetary items                |                                       |        |               |           |                                      |
| USD                           |                                       | 369    | 30.708        | (USD:NTD) | 11,334                               |

The Company's foreign currency exchange gains and losses (including realized and unrealized) are mainly derived from USD and JPY denominated transactions. The exchange gains were \$8,923 thousand and \$100,984 thousand for the years ended December 31, 2023 and 2022, respectively.

### 31. SEPARATELY DISCLOSED ITEMS

Matters required to be disclosed in 2023 are as follows:

a. Information about significant transactions and investees

- 1) Financing provided to others: None.
- 2) Endorsements/guarantees provided: None.
- 3) Marketable securities held (excluding investments in subsidiary): 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) 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: Table 4.

**TABLE 1****Thye Ming Industrial Co., Ltd.****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.                                                                              |                                       | Financial assets at FVTPL               | 858,000           | \$ -              | -                       | \$ -              |      |
|                               | Gyrostate Corp                                                                                       |                                       | Financial assets at FVTPL               | 350,000           | -                 | -                       | -                 |      |
|                               | Beneficiary certificate                                                                              |                                       |                                         |                   |                   |                         |                   |      |
|                               | JPMorgan (Taiwan) Multi Income Fund of Funds – Monthly Distribution Class                            |                                       | Financial assets at FVTPL               | 505,000           | 4,124             | -                       | 4,124             |      |
|                               | Franklin Templeton Global Investment Series Stable Monthly Income Fund (USD) - Monthly Matching Rate |                                       | Financial assets at FVTPL               | 49,911            | 15,095            | -                       | 15,095            |      |
|                               | JPMorgan (Taiwan) Multi Income Fund of Funds - Accumulation Share Class (USD)                        |                                       | Financial assets at FVTPL               | 43,901            | 15,947            | -                       | 15,947            |      |
|                               | Cathay US Premium Bond Fund USD A                                                                    |                                       | Financial assets at FVTPL               | 10,000            | 3,335             | -                       | 3,335             |      |
|                               | Cathay Four Year Maturity Developed Market Investment Grade Bond Fund USD A                          |                                       | Financial assets at FVTPL               | 15,000            | 4,825             | -                       | 4,825             |      |
|                               | Cathay Three-Year Maturity Global Market Investment Grade Bond Fund USD A                            |                                       | Financial assets at FVTPL               | 15,000            | 4,728             | -                       | 4,728             |      |
|                               | Franklin Templeton Investment Grade Short-Term Bond Fund USD A                                       |                                       | Financial assets at FVTPL               | 706,622           | 278,425           | -                       | 278,425           |      |
|                               | Yuanta Japan Leaders Equity Fund A                                                                   |                                       | Financial assets at FVTPL               | 503,525           | 5,035             | -                       | 5,035             |      |
|                               | Capital Enhanced Income and Growth Multi-Asset Fund TWD A                                            |                                       | Financial assets at FVTPL               | 200,000           | 2,053             | -                       | 2,053             |      |
|                               |                                                                                                      |                                       |                                         |                   |                   |                         |                   |      |
|                               |                                                                                                      |                                       |                                         |                   | <u>\$ 333,567</u> |                         | <u>\$ 333,567</u> |      |
|                               | Stock                                                                                                |                                       |                                         |                   |                   |                         |                   |      |
|                               | Taiwan International Ports Logistics Corporation                                                     |                                       | Financial assets at FVTOCI - noncurrent | 5,000,000         | \$ 76,208         | -                       | 76,208            |      |
|                               | Hotai Finance CO., Ltd.                                                                              |                                       | 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>  |      |
|                               | Stock                                                                                                |                                       |                                         |                   |                   |                         |                   |      |
|                               | Hotai Finance CO., Ltd.                                                                              |                                       | Financial assets at FVTOCI - noncurrent | 500,000           | <u>\$ 47,850</u>  | -                       | <u>\$ 47,850</u>  |      |

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.**

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

| Buyer/Seller | Counterparty | Relationship | Transaction Detail |            |            |                                  | Abnormal Transaction |                                                                   | Notes/Accounts (Payable)<br>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)        |      |

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

| Investor Company               | Investee Company              | Location | Main Business and Product                                                                                            | Original Investment Amount |                   | Balance as of December 31, 2022 |        |                 | Net Income of the Investee | Share of profit | Note          |
|--------------------------------|-------------------------------|----------|----------------------------------------------------------------------------------------------------------------------|----------------------------|-------------------|---------------------------------|--------|-----------------|----------------------------|-----------------|---------------|
|                                |                               |          |                                                                                                                      | December 31, 2022          | December 31, 2021 | 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. (Samoa) and Thye Ming (Vietnam) Co., Ltd. was US\$30,000 thousand.

**TABLE 4****Thye Ming Industrial Co., Ltd.****INFORMATION OF MAJOR SHAREHOLDERS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

| Name of 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<br>Wing Fung Gold Securities (Asia) Co., Ltd.'s client -<br>Wing Fung Gold (Asia) Nominee Co., Ltd. Investment<br>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 parent company only 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.

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**STATEMENT 1****Thye Ming Industrial Co., Ltd.****STATEMENT OF CASH AND CASH EQUIVALENTS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

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| <b>Item</b>                                                                 | <b>Amount</b>       |
|-----------------------------------------------------------------------------|---------------------|
| Cash on hand                                                                | \$ 196              |
| Cash in banks                                                               |                     |
| Demand deposits                                                             | 45,537              |
| Checking deposits                                                           | 735                 |
| Foreign currency deposits                                                   |                     |
| USD12,566,263.92                                                            | 386,224             |
| JPY23,652,610                                                               | 5,140               |
| CNY2,247.48                                                                 | 10                  |
| Cash equivalents (investments with original maturities of 3 months or less) |                     |
| Foreign currency time deposit                                               |                     |
| USD59,000,000                                                               | 1,813,365           |
| Foreign repurchase bond                                                     |                     |
| USD10,000,000                                                               | <u>307,350</u>      |
|                                                                             | <u>\$ 2,558,557</u> |

Note: Exchange rate: USD1=\$30.735NTD, JPY1=\$0.2173NTD and CNY1=\$4.3338NTD.

**STATEMENT 2****Thye Ming Industrial Co., Ltd.****STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS -  
CURRENT****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

| Name of Financial Instruments                                                                        | Shares  | Cost of Acquisition | Fair Value (Note)  |                   |
|------------------------------------------------------------------------------------------------------|---------|---------------------|--------------------|-------------------|
|                                                                                                      |         |                     | Par Value (Dollar) | Total Amount      |
| Beneficiary certificate                                                                              |         |                     |                    |                   |
| Domestic                                                                                             |         |                     |                    |                   |
| JPMorgan (Taiwan) Multi Income Fund of Funds - Monthly Distribution Class                            | 505,000 | \$ 5,050            | \$ 8.1661          | \$ 4,124          |
| Franklin Templeton Global Investment Series Stable Monthly Income Fund (USD) - Monthly Matching Rate | 49,911  | 15,296              | 302.4324           | 15,095            |
| JPMorgan (Taiwan) Multi Income Fund of Funds - Accumulation Share Class (USD)                        | 43,901  | 14,196              | 363.2570           | 15,947            |
| Cathay US Premium Bond Fund USD A                                                                    | 10,000  | 3,215               | 333.5301           | 3,335             |
| Cathay Four Year Maturity Developed Market Investment Grade Bond Fund USD A                          | 15,000  | 4,542               | 321.6541           | 4,825             |
| Cathay Three-Year Maturity Global Market Investment Grade Bond Fund USD A                            | 15,000  | 4,619               | 315.1782           | 4,728             |
| Franklin Templeton Investment Grade Short-Term Bond Fund USD A                                       | 706,622 | 287,892             | 394.0227           | 278,425           |
| Yuanta Japan Leaders Equity Fund A                                                                   | 503,525 | 5,000               | 10.0000            | 5,035             |
| Capital Enhanced Income and Growth Multi-Asset Fund TWD A                                            | 200,000 | <u>2,000</u>        | 10.2629            | <u>2,053</u>      |
|                                                                                                      |         | 341,810             |                    | 333,567           |
| Evaluation adjustment                                                                                |         | <u>(8,243 )</u>     |                    | <u>-</u>          |
|                                                                                                      |         | <u>\$ 333,567</u>   |                    | <u>\$ 333,567</u> |

Note: The basis of market price - Beneficiary certificate is calculated based on the net value on the balance sheet date.

**STATEMENT 3**

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

**STATEMENT OF NOTES RECEIVABLE**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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| <b>Client Name</b>         | <b>Amount</b>   | <b>Remark</b> |
|----------------------------|-----------------|---------------|
| Related parties            |                 |               |
| Jet Rate Trading Co., Ltd. | <u>\$ 1,798</u> | Sale of goods |
| Non-related parties        |                 |               |
| Company A                  | 396             | Sale of goods |
| Company B                  | 374             | Sale of goods |
| Company C                  | <u>337</u>      | Sale of goods |
|                            | <u>\$ 2,905</u> |               |

**STATEMENT 4**

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

**STATEMENT OF ACCOUNTS RECEIVABLE**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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| <b>Client Name</b>                  | <b>Amount</b>     | <b>Remark</b> |
|-------------------------------------|-------------------|---------------|
| Non-related parties                 |                   |               |
| Company A                           | \$ 547,904        | Sale of goods |
| Company B                           | 94,513            | Sale of goods |
| Company C                           | 45,109            | Sale of goods |
| Others (Note 1)                     | <u>105,696</u>    | Sale of goods |
|                                     | 793,222           |               |
| Less: Allowance for impairment loss | <u>728</u>        |               |
|                                     | <u>\$ 792,494</u> |               |

Note 1: The amount of individual clients included in others does not exceed 5% of the account balance.

Note 2: No accounts receivable were overdue for more than one year.

**STATEMENT 5**

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

**STATEMENT OF OTHER RECEIVABLES**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>                                                         | <b>Amount</b>   |
|---------------------------------------------------------------------|-----------------|
| Related parties                                                     |                 |
| Rental receivable                                                   | <u>\$ 52</u>    |
| Non-related parties                                                 |                 |
| Accrued interest                                                    | \$ 7,077        |
| Accounts receivable - disposal of property, plant, and<br>equipment | 84              |
| Revenue from sale of scraps receivable                              | <u>10</u>       |
|                                                                     | <u>\$ 7,171</u> |

**STATEMENT 6****Thye Ming Industrial Co., Ltd.****STATEMENT OF INVENTORIES****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars)**

| <b>Item</b>          | <b>Amount</b>       |                                    |
|----------------------|---------------------|------------------------------------|
|                      | <b>Cost</b>         | <b>Net Realizable Value (Note)</b> |
| Raw materials        | \$ 526,283          | \$ 526,283                         |
| Supplies             | 13,818              | 13,818                             |
| Semi-finished goods  | 60,405              | 125,800                            |
| Work in process      | 43,047              | 61,832                             |
| Finished goods       | 392,042             | 458,747                            |
| By-product           | 1,053               | 1,073                              |
| Merchandise          | 181,452             | 181,780                            |
| Inventory in transit | <u>17,437</u>       | <u>17,437</u>                      |
|                      | <u>\$ 1,235,537</u> | <u>\$ 1,386,770</u>                |

Note: For the determination of net realizable value, refer to Note 4.

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

**STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollar, Unless Stated Otherwise)**

| Name                                             | Balance, January 1, 2023 |                   | Increase in the Current Year (Note 1) |                  | Decrease in the Current Year (Note 2) |                 | Balance, December 31, 2023 |                   | Collateral |
|--------------------------------------------------|--------------------------|-------------------|---------------------------------------|------------------|---------------------------------------|-----------------|----------------------------|-------------------|------------|
|                                                  | Shares                   | Carrying Amount   | Shares                                | Carrying Amount  | Shares                                | Carrying Amount | Shares                     | Carrying Amount   |            |
| Hotai finance co., ltd. preferred share A        | 500,000                  | \$ 48,000         | -                                     | \$ -             | -                                     | \$ 150          | 500,000                    | \$ 47,850         | None       |
| Taiwan International Ports Logistics Corporation | 5,000,000                | 63,166            | -                                     | 13,042           | -                                     | -               | 5,000,000                  | 76,208            | None       |
|                                                  |                          | <u>\$ 111,166</u> |                                       | <u>\$ 13,042</u> |                                       | <u>\$ 150</u>   |                            | <u>\$ 124,058</u> |            |

Note 1: The increase in the current year is the fair value evaluation of gains and losses.

Note 2: The decrease in the current year is the fair value evaluation of gains and losses.

## Thye Ming Industrial Co., Ltd.

STATEMENT OF FINANCIAL ASSETS MEASURED AT AMORTIZED COST- NON-CURRENT  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollar, Unless Stated Otherwise)

| Name                        | Abstract                  |                | Balance, January 1, 2023 |                    | Increase in the Current Year |                    | Decrease in the Current Year<br>(Note 1) |                    | Balance, December 31, 2023 |                    | Collateral |
|-----------------------------|---------------------------|----------------|--------------------------|--------------------|------------------------------|--------------------|------------------------------------------|--------------------|----------------------------|--------------------|------------|
|                             | Interest payment<br>date  | Repayment date | Shares                   | Carrying<br>Amount | Shares                       | Carrying<br>Amount | Shares                                   | Carrying<br>Amount | Shares                     | Carrying<br>Amount |            |
| Cathay corporate bonds      | October 4th every<br>year | 2033.10.04     | -                        | \$ -               | 1                            | \$ 16,280          | -                                        | \$ 759             | 1                          | \$ 15,521          | None       |
| Restricted financial assets | -                         | -              | -                        | <u>13,100</u>      | -                            | <u>-</u>           | -                                        | <u>-</u>           | -                          | <u>13,100</u>      | Note 2     |
|                             |                           |                |                          | <u>\$ 13,100</u>   |                              | <u>\$ 16,280</u>   |                                          | <u>\$ 759</u>      |                            | <u>\$ 28,621</u>   |            |

Note 1: The decrease in the current year is due to exchange losses.

Note 2: Refer to Note 28.

## Thye Ming Industrial Co., Ltd.

STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD  
 FOR THE YEAR ENDED DECEMBER 31, 2023  
 (In Thousands of New Taiwan Dollar, Unless Stated Otherwise)

|                               | Balance, January 1, 2023 |                     | Increase in the Current Year<br>(Note 1) |                   | Decrease in the Current Year<br>(Note 2) |                   | Balance, December 31, 2023 |                   |                     | Market Value<br>or Net Assets Value |                     | Collateral |
|-------------------------------|--------------------------|---------------------|------------------------------------------|-------------------|------------------------------------------|-------------------|----------------------------|-------------------|---------------------|-------------------------------------|---------------------|------------|
|                               | Shares                   | Amount              | Shares                                   | Amount            | Shares                                   | Amount            | Shares                     | % of<br>Ownership | Amount              | Unit Price                          | Total Amount        |            |
| Thai Wey Industrial Co., Ltd. | 8,800,000                | \$ 301,564          | -                                        | \$ 24,123         | -                                        | \$ 123,332        | 8,800,000                  | 88                | \$ 202,355          | \$ 23.08                            | \$ 203,114          | None       |
| Thye Ming Industrial (Samoa)  | 30,000,000               | <u>1,650,274</u>    | -                                        | <u>107,413</u>    | -                                        | <u>46,536</u>     | 30,000,000                 | 100               | <u>1,711,151</u>    | 57.04                               | <u>1,711,151</u>    | None       |
|                               |                          | <u>\$ 1,951,838</u> |                                          | <u>\$ 131,536</u> |                                          | <u>\$ 169,868</u> |                            |                   | <u>\$ 1,913,506</u> |                                     | <u>\$ 1,914,265</u> |            |

Note 1: The increase in the current year is due to the share of profit of subsidiaries of \$130,092 thousand and the share of defined benefit of subsidiaries accounted for using the equity method of \$1,444 thousand.

Note 2: The decrease in the current year is due to the cash dividends received from the investee company of \$123,200 thousand 、decrease in the share of unrealized benefits of financial instruments of subsidiaries accounted for using the equity method of \$132 thousand and the decrease in the exchange difference on the translation of foreign operations of \$46,536 thousand.

**STATEMENT 10****Thye Ming Industrial Co., Ltd.****STATEMENT OF SHORT-TERM BORROWINGS****DECEMBER 31, 2023****(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

| <b>Types of Loans and<br/>Creditors</b>            | <b>Contract Period</b> | <b>Range of<br/>Interest<br/>Rates (%)</b> | <b>Balance at<br/>End of Year</b> | <b>Loan<br/>Commitments</b> | <b>Collateral</b> |
|----------------------------------------------------|------------------------|--------------------------------------------|-----------------------------------|-----------------------------|-------------------|
| Unsecured loans                                    |                        |                                            |                                   |                             |                   |
| E.SUN Bank                                         | 2023.12.21-2024.01.04  | 1.64                                       | \$ 50,000                         | \$ 350,000                  | None              |
| E.SUN Bank                                         | 2023.12.26-2024.01.09  | 1.64                                       | 50,000                            | 350,000                     | None              |
| Mega International<br>Commercial<br>Bank Co., Ltd. | 2023.12.28-2024.01.26  | 1.65                                       | 50,000                            | 150,000                     | None              |
| Taishin<br>International<br>Bank Co. Ltd.          | 2023.12.27-2024.01.26  | 1.65                                       | 100,000                           | 300,000                     | None              |
| Chang Hwa<br>Commercial<br>Bank Ltd.               | 2023.12.25-2024.01.08  | 1.65                                       | 50,000                            | 450,000                     | None              |
| Yuanta<br>Commercial<br>Bank Co., Ltd.             | 2023.12.15-2024.01.16  | 1.65                                       | 100,000                           | 200,000                     | None              |
| Cathay United<br>Bank                              | 2023.12.28-2024.04.02  | 1.63                                       | 100,000                           | 153,675                     | None              |
|                                                    |                        |                                            | <u>\$ 500,000</u>                 | <u>\$ 1,953,675</u>         |                   |

**STATEMENT 11**

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

**STATEMENT OF ACCOUNTS PAYABLE**

**DECEMBER 31, 2023**

**(In Thousands of New Taiwan Dollars)**

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| <b>Vendor Name</b>            | <b>Amount</b>     |
|-------------------------------|-------------------|
| Related parties               |                   |
| Thai Wey Industrial Co., Ltd. | \$ 11,937         |
| Thye Ming (Vietnam) Ltd.      | 2,020             |
| Jet Rate Trading Co., Ltd.    | <u>161</u>        |
|                               | <u>14,118</u>     |
| Non-related parties           |                   |
| Company A                     | 38,155            |
| Company B                     | 15,760            |
| Company C                     | 10,503            |
| Company D                     | 10,105            |
| Company E                     | 9,901             |
| Other (Note)                  | <u>34,811</u>     |
|                               | <u>119,235</u>    |
|                               | <u>\$ 133,353</u> |

Note: The amount of individual vendors included in others does not exceed 5% of the account balance.

**STATEMENT 12****Thye Ming Industrial Co., Ltd.****STATEMENT OF OPERATING REVENUE  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>           | <b>Quantity<br/>(In Tons)</b> | <b>Amount</b>       |
|-----------------------|-------------------------------|---------------------|
| Operating revenue     |                               |                     |
| Lead alloy ingots     | 71,028                        | \$ 5,308,909        |
| Lead ingots           | 13,687                        | 1,027,090           |
| Litharge and red lead | 6,452                         | 487,109             |
| Others (Note)         | 2,297                         | <u>92,571</u>       |
|                       |                               | 6,915,679           |
| Less: Sales discount  |                               | <u>(4,140)</u>      |
|                       |                               | 6,911,539           |
| Rendering of services |                               | <u>56,691</u>       |
|                       |                               | <u>\$ 6,968,230</u> |

Note: The amount of individual items included in others does not exceed 10% of the account balance.

**STATEMENT 13****Thye Ming Industrial Co., Ltd.**
**STATEMENT OF OPERATING COSTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**  
**(In Thousands of New Taiwan Dollars)**

| Item                                   | Amount              |
|----------------------------------------|---------------------|
| Direct materials                       |                     |
| Raw materials, beginning of year       | \$ 710,618          |
| Add: Raw materials purchased           | 3,525,035           |
| Others                                 | 16,251              |
| Less: Sale of raw materials            | (9,976)             |
| Loss on physical inventory             | (1)                 |
| Raw materials, end of year             | <u>(526,283)</u>    |
|                                        | 3,715,644           |
| Direct labor                           | 37,308              |
| Manufacturing expenses                 | <u>312,927</u>      |
| Manufacturing cost                     | 4,065,879           |
| Add: Semi-finished, beginning of year  | 54,951              |
| Work in process, beginning of year     | 26,843              |
| Less: Semi-finished goods, end of year | (60,405)            |
| Work in process, end of year           | <u>(43,047)</u>     |
| Cost of finished goods                 | 4,044,221           |
| Add: Finished goods, beginning of year | 512,547             |
| By-products, beginning of year         | 681                 |
| Costs purchased during the year        | 36                  |
| Gain on physical inventory             | 68                  |
| Less: By-products, end of year         | (1,053)             |
| Finished goods, end of year            | (393,127)           |
| Others                                 | <u>(28)</u>         |
| Production and sales cost              | <u>4,163,345</u>    |
| Merchandise, beginning of year         | 632,806             |
| Add: Merchandise purchased             | 1,126,128           |
| Less: Merchandise, end of year         | <u>(181,452)</u>    |
| Purchase and sales cost                | <u>1,577,482</u>    |
| Cost of sale of raw materials          | <u>9,976</u>        |
| Other operating costs                  |                     |
| Cost of waste disposal                 | 2,290               |
| Unrealized loss on inventories         | 1,148               |
| Gain on physical inventory             | (67)                |
| Idle capacity                          | 7,553               |
| Revenue from sale of scrap             | (2,392)             |
| Others                                 | <u>(43)</u>         |
|                                        | <u>8,489</u>        |
|                                        | <u>\$ 5,759,292</u> |

**STATEMENT 14****Thye Ming Industrial Co., Ltd.****STATEMENT OF OPERATING EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2023  
(In Thousands of New Taiwan Dollars)**

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| <b>Item</b>                                 | <b>Marketing<br/>Expense</b> | <b>General and<br/>Administrative<br/>Expense</b> | <b>Total</b>      |
|---------------------------------------------|------------------------------|---------------------------------------------------|-------------------|
| Salaries                                    | \$ 11,529                    | \$ 80,010                                         | \$ 91,539         |
| Shipping fee                                | 26,403                       | -                                                 | 26,403            |
| Export cost                                 | 24,159                       | -                                                 | 24,159            |
| Entertainment                               | 1,094                        | 10,706                                            | 11,800            |
| Others (Note)                               | <u>3,701</u>                 | <u>64,869</u>                                     | <u>68,570</u>     |
|                                             | <u>\$ 66,886</u>             | <u>\$ 155,585</u>                                 | 222,471           |
| Gain on reversal of expected<br>credit loss |                              |                                                   | 123               |
|                                             |                              |                                                   | <u>\$ 222,594</u> |

Note: The amount of individual items included in others does not exceed 5% of the account balance.

## Thye Ming Industrial Co., Ltd.

**STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION  
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022**  
(In Thousands of New Taiwan Dollars)

|                            | For the Year Ended December 31 |                      |                   |                   |                      |                   |
|----------------------------|--------------------------------|----------------------|-------------------|-------------------|----------------------|-------------------|
|                            | 2023                           |                      |                   | 2022              |                      |                   |
|                            | Operating<br>Cost              | Operating<br>Expense | Total             | Operating<br>Cost | Operating<br>Expense | Total             |
| Employee benefit           |                                |                      |                   |                   |                      |                   |
| Salaries                   | \$ 84,273                      | \$ 48,329            | \$ 132,602        | \$ 76,565         | \$ 45,905            | \$ 122,470        |
| Labor and health insurance | 6,679                          | 4,069                | 10,748            | 6,373             | 3,641                | 10,014            |
| Pension                    | 2,784                          | 1,543                | 4,327             | 2,865             | 1,561                | 4,426             |
| Remuneration of directors  | -                              | 43,210               | 43,210            | -                 | 31,450               | 31,450            |
| Others                     | <u>5,322</u>                   | <u>3,424</u>         | <u>8,746</u>      | <u>5,076</u>      | <u>2,019</u>         | <u>7,095</u>      |
|                            | <u>\$ 99,058</u>               | <u>\$ 100,575</u>    | <u>\$ 199,633</u> | <u>\$ 90,879</u>  | <u>\$ 84,576</u>     | <u>\$ 175,455</u> |
| Depreciation               | \$ 41,908                      | \$ 4,121             | \$ 46,029         | \$ 42,296         | \$ 2,767             | \$ 45,063         |
| Amortization               | -                              | 59                   | 59                | -                 | 37                   | 37                |

Note 1: The Company's annual average numbers of employees were 157 and 154 for the years ended December 31, 2023 and 2022, respectively, which included 7 non-employee directors for both years.

Note 2: a. The annual average amounts of employee benefits for the years ended December 31, 2023 and 2022 were \$1,043 thousand and \$980 thousand, respectively.

b. The annual average amounts of employee salaries for the years ended December 31, 2023 and 2022 were \$884 thousand and \$833 thousand, respectively.

c. Upward adjustment for average employee salary expenses was 6.1 %.

d. The Company does not have a supervisor.

Note 3: The Company's salary policy is as follows:

a) Remuneration policy for directors

The remuneration policy for directors shall be handled in accordance with the Company's Articles of Incorporation and Organization Regulations for Remuneration Committee, formulated upon the recommendation of the Remuneration Committee, and submitted to the Board of Directors for approval.

(Continued)

- i. Remuneration for directors: It's distributed according to Article 21 of the Company's Articles of Incorporation, which stipulates that "The Company shall set aside no more than 3% of net profit before income tax as the remuneration for directors. However, when the Company still has accumulated losses, the Company shall reserve the amount in advance."
- ii. Remuneration for independent directors: The Company pays a fixed compensation monthly to the independent directors, who shall not receive the aforesaid remuneration for directors.
- iii. Attendance fee: The company pays attendance fee according to the number of participants.

b) Remuneration policy for the managements

The remuneration committee of the Company regularly reviews the remuneration of managers. The performance evaluation and salary remuneration of managers should refer to the typical pay levels of industry peers, and consider the results of personal performance evaluation, the time invested, the responsibilities undertaken, the situation of achieving personal goals, the performance of holding other positions, and salary remuneration of whom have been given at the same position by the company in recent years. The reasonableness of correlation between individual performance, the Company's business performance, and future risks are also taken into consideration by observing the company's short-term and long-term business goals, and the company's financial status, etc. while determining the performance and remuneration for appointed managements.

c) Compensation policy for employees

Employee compensation mainly includes basic salary, subsidiary salary, year-end bonus, and remuneration for employees, etc. The Company's compensation standards are formulated based on current market salary standards and the Company's financial status. Timely adjustments are made in accordance with market wages and labor market dynamics, changes in the overall economic and industrial climate, and government laws and regulations. The salary and remuneration of employees are based on the employees' academic experience, professional knowledge and technology, professional seniority and personal performance. There are no differences due to their age, gender, race, religion, political stance, marital status and other factors. Personnel promotion and salary adjustments are made according to the individual performance. The correlation between employee compensation and business performance or results is according to the employee compensation stated in the Company's Articles of the Company, which stipulate that if there is profit in any given fiscal year, the Company shall set aside no less than 1% of net profit before income tax as the compensation for employees. However, when the Company still has accumulated losses, the Company shall reserve the amount in advance.

(Concluded)