

Stock Code : 9927

THYE MING INDUSTRIAL CO., LTD.

2023 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Taiwan Stock Exchange Market Observation Post System :

<http://mops.twse.com.tw>

Company Website :

<http://www.tmicl.com.tw>

April 30, 2024

1. The Company's Spokesperson and Deputy Spokesperson

Spokesperson

Name : Tung Hsin-Yuan

Title : Finance & Accounting Manager

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Email : frank@tmicl.com.tw

Deputy Spokesperson

Name : Li Shu-Fen

Title : Head of Audit

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2. Head Office

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5. Venue for trading the Company's listed overseas securities and inquiry method for such overseas securities : None

6. Company Website

www.tmicl.com.tw

Table of Contents

	Page
I. Letter to Shareholders	
1. 2023 Business Results.....	1
2. Summary of Business Plan for 2024.....	2
3. The future development strategy of the company.....	2
4. Impact from the external competitive environment, regulatory environment and overall business environment.....	3
II. Company Profile	
1. Date of incorporation.....	4
2. Company History.....	4
III. Corporate Governance Report	
1. Organizational System.....	6
2. Information on the company's directors, general manager, deputy general managers, assistant general managers, and the supervisors of all the company's divisions and branch units.....	9
3. Remuneration paid during the most recent fiscal year to directors, general manager, and deputy general managers.....	17
4. Implementation of Corporate Governance.....	23
5. Information on CPA fee.....	68
6. Information on change in CPA.....	69
7. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Auditing CPA Firm or Its Affiliated Businesses in the Past Year.....	69
8. Particulars about Changes in Shareholding and Share Pledge of Directors, Managers and Shareholders Holding More than Shares in the Past Year and as of the Date of Publication of the Annual Report.....	70
9. Relationship information, if among the company's 10 largest shareholders any one is a related party.....	71
10. The number of shares in any reinvested enterprise by the company, its directors and managers, and any companies controlled either directly or indirectly by the company.....	72
IV. Capital Raising Activities	
1. Capital and shares.....	73
2. Information on the company's issuance of corporate bonds.....	79
3. Information on preferred shares, global depository receipts, and employee stock warrants, merger activities (including mergers, acquisitions, and demergers)	79
4. Financing plans and implementation	79
V. The overview of business operations	
1. Business activities.....	80
2. Market, production and sales summary	88
3. The number of employees.....	95
4. Disbursements for environmental protection.....	95
5. Labor relations.....	99
6. Cyber security management.....	95
7. Important contracts.....	100
VI. Financial Profile	
1. Condensed Balance Sheet and Income Statement in the Past Five Years.....	101

2. Financial analysis in the Past Five Years.....	106
3. Audit committee's report for the most recent year's financial statement	109
4. Financial statement for the most recent fiscal year.....	110
5. A parent company only financial statement for the most recent fiscal year, certified by a CPA.....	110
6. The Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report and the Impact on the Company's Financial Status	100
VII. Review and Analysis of Financial Status and Business Results and Risk Issues	
1. Financial Status	111
2. Financial Performance.....	111
3. Cash Flow.....	112
4. The effect upon financial operations of any major capital expenditures, during the most recent fiscal year.....	112
5. Re-investment Policy for the most recent fiscal year, the Main Reason for Its Profit or Loss, the Improvement Plan and Investment Plan in the Next Year.....	113
6. Risks analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report.....	113
7. Other important matters.....	116
VIII. Special Notes	
1. Information related to the Company's Affiliates	117
2. Transaction about the company's private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.....	121
3. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.....	121
4. Other matters that require additional description	121
5. If any of the situations which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report	121

I. Letter to Shareholders

Dear Shareholders,

Consolidated operating income in 2023 was NT\$9,215,571 thousand, an increase of 1.68% from that in 2022. The net profit before tax was NT\$1,275,628 thousand, an increase of 42.83% compared with that in 2022. The explanation of the business performance of 2023 is as follows:

1. 2023 Business Results

(1) Implementation results of business plan

Unit: Thousand NT\$

Item	2023	2022	Increased (decreased) change	
			Amount	%
Operating revenue	9,215,571	9,063,673	151,898	1.68
Operating cost	7,818,245	8,066,855	(248,610)	(3.08)
Gross profit	1,397,326	996,818	400,508	40.18
Total operating expenses	260,841	243,915	16,926	6.94
Profit from operations	1,136,485	752,903	383,582	50.95
Profit before income tax	1,275,628	893,137	382,491	42.83
Net profit for the year	996,741	683,576	313,165	45.81
Net profit attributable to the owners of the Company	993,835	680,542	313,293	46.04
Total comprehensive income for the year	961,761	870,027	91,734	10.54

(2) Budget Implementation Status of 2023

We are not required to publicize our financial forecasts for 2023.

(3) Financial situation of income and expenditure

Item	2023	2022
Net cash generated from operating activities	2,325,818	493,245
Net cash used in investing activities	(141,811)	864,870
Net cash used in financing activities	(638,290)	(481,777)
Net decrease in cash and cash equivalents	1,527,012	896,922
Cash and cash equivalents at the beginning of the year	1,673,973	777,051
Cash and cash equivalents at the end of the year	3,200,985	1,673,973

The main reason for the increase in net cash inflow from operating activities compared to the previous period is due to higher pre-tax net profit and reduced inventory.

The main reasons for the net cash outflow from investing activities are environmental improvements in factories, upgrades to machinery and equipment, and no disposal of financial assets.

The main reason for the increase in net cash outflow from financing activities compared to the previous period is due to reduced demand for short-term borrowings.

(4) Profitability

Items	2023	2022
Return on assets (%)	13.53	9.76
Return on equity (%)	16.00	11.32
Ratio of operating profit to paid-in capital (%)	67.92	45.00
Ratio of net profit before tax to paid-in capital (%)	76.24	53.38
Net profit rate (%)	10.82	7.54
Earnings per share (NT dollar)	5.94	4.07

(5) Research and development

At present, the research and development direction of the lead product market is still working on many aspects, such as reducing product costs, environmental protection and resource regeneration, increasing the performance of lead products, and technological development.

2. Summary of Business Plan for 2024

(1) Operating strategy:

We obtained ISO9002 quality assurance certification at the beginning of 1996, which helps us to improve technical standards and expand the market area. In 1997, we obtained ISO14001 environmental management system certification. We fulfilled our due responsibilities for the environment, so that we obtained ISO/TS16949 quality management system certification in March 2005. Our future business development strategy will still adhere to the spirit of "Quality First, Service First". Besides maintaining the stable growth of our main business, we will continue to promote the goal of vertically integrated operations.

(2) Expected sales volume and its basis

1. Expected sales volume: Approximately 97,632 tons.
2. Basis: Factors such as industry supply and demand conditions and the trends of international lead price shall be the basis for estimation.

(3) Production and sales policy

1. Disperse the procurement area and objects, and develop the stability of new materials actively and reduce the cost of purchasing materials.
2. Collect and analyze the development trend of the lead product market, strengthen the development of domestic and foreign markets, and work on diversifying the source of customers.
3. Comply with customers' needs, provide customers with information related to lead products, and open up after-sales service consulting channels to assist customers in solving problems to further improve after-sales service.
4. Develop new products in cooperation with customers, increase the added value of products, and create a win-win situation together.

3. The future development strategy of the company

Due to the rise of emerging markets such as China, India and ASEAN countries, the automotive and motorcycle industries are developing relatively rapidly, and the demand for lead-acid batteries for automotive use is increasing continuously, and the demand for consumer products such as electric motorcycles, electric bicycles and UPS is increasing constantly, so the battery storage industry will have great potential for application. Lead alloys and lead ingots produced by the company are used by battery manufacturers to produce lead-acid batteries, accounting for 93% of its annual revenue in 2023. In the future, the company will use this as the basis for vertical integration to research and develop new

electrode materials, reduce production costs and enhance the recycling and disposal of waste lead batteries.

4. Impact from the external competitive environment, regulatory environment and overall business environment

(1) External competitive environment

Due to the high international lead price, legal and illegal collectors are engaged in the recycling of waste lead batteries due to the profitable situation, which has a slight impact on the recycling volume of the company. However, the first company in Taiwan to obtain a waste lead battery processing license and the only listed company in Taiwan's lead disposal industry, most of the lead-acid battery manufacturers, automotive workshops, national defense units and telecommunication companies in Taiwan work closely with the company to process waste lead batteries and regenerate waste lead resources, while lead-acid battery manufacturers also rely on the company to obtain alloy raw materials from recycled waste lead batteries. Although the external environment is highly competitive, the large production volume, complete product line, comprehensive product inspection equipment and on-time delivery of products by the company naturally differentiate its target market from small legal and illegal collectors.

(2) Regulatory environment

The pollution sources generated in the manufacturing process are all handled in accordance with the environmental protection laws and regulations, and in terms of pollution prevention, we are making continuous efforts to reduce pollution by adding or improving pollution prevention equipment and strengthening the training of operators. In terms of the core treatment, we focus on waste water and waste lead smelting to make fundamental waste reduction from the process in order to protect the environment and create profits. Since the company was founded, we have been upholding the concept of environmental protection, quality, innovation and sustainable management, energy conservation and resource recycling to achieve a win-win situation for both the environment and the economy. As the company's main sales area is in Asia and its products are covered by the exemption of RoHS (Restriction of Hazardous Substances Directive), In addition, lead can be fully recycled, which enables sustainable use of lead-acid batteries and has no impact on the sales volume of the Company.

(3) Overall business environment

With the economic development, national income and living standards continue to rise, the high-tech industries such as automotive, motorcycle and UPS are also developing rapidly, and the demand for lead batteries for automotive and motorcycle is also increasing. The company supplies high quality lead antimony alloy, lead calcium alloy, and high quality yellow and red lead to various lead accumulator manufacturers. In terms of recycling and smelting production capacity, and the product quality has reached international standard specifications, making the company the best quality manufacturer in the domestic lead product industry.

The company obtained a license to list on the London Metal Exchange (LME) in 1999 under the registered brand name TMI. In addition, we are also ISO-9001 quality system certified, ISO-14001 environmental management system certified and ISO-45001 occupational safety and health management system for the lead manufacturing and processing industry, in order to continuously improve our quality to meet customer requirements, enhancing the quality of the work environment for employees and achieving sustainable business practices to fulfill social responsibilities.

Chairman : Chen Li-Ming Manager : Lee Mao-Shen Accounting Supervisor : Tung Hsin-Yuan

II. Company Profile

1. Date of incorporation : February 19, 1983

2. Company History

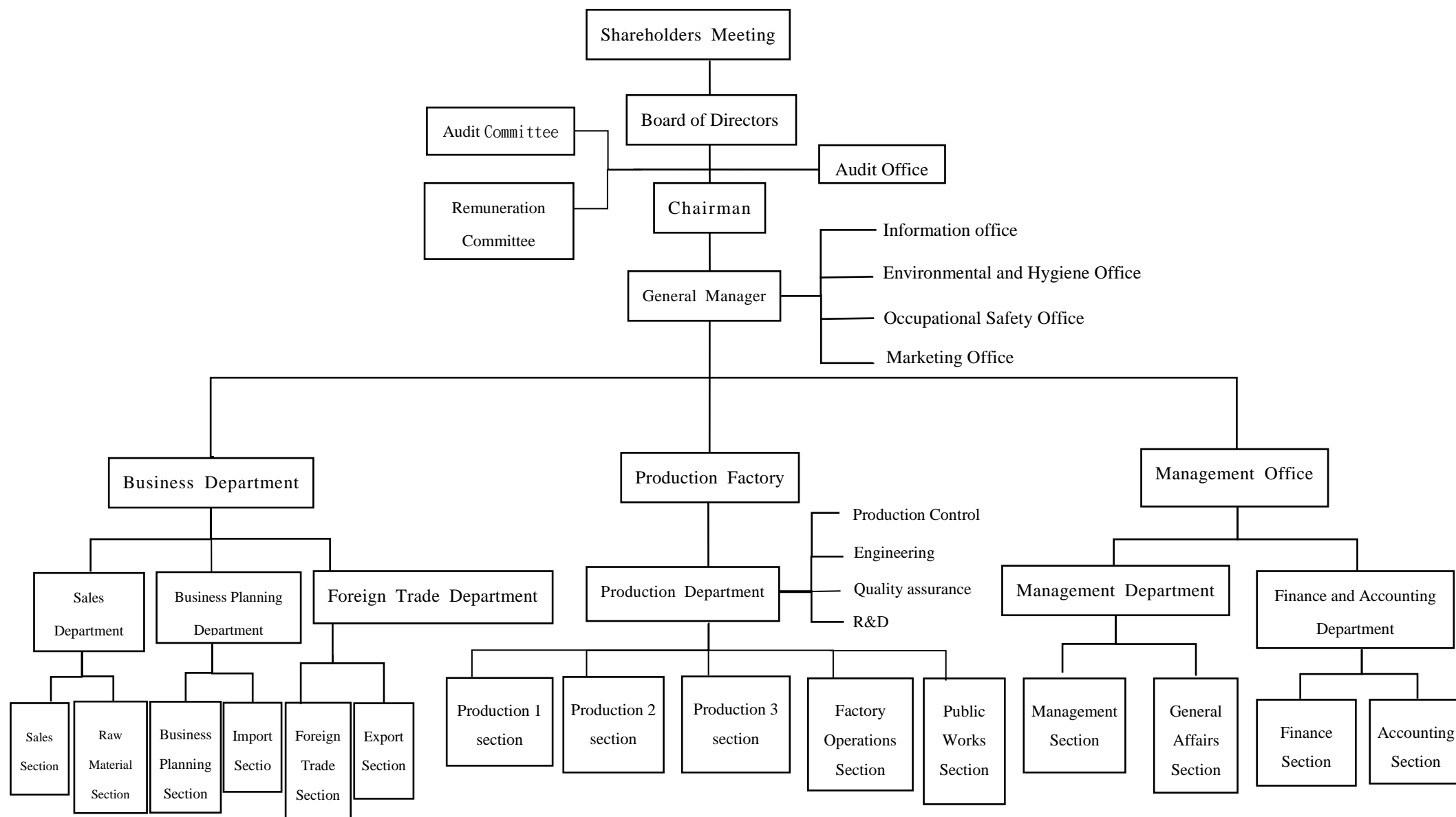
February 1983	The Company was established, as a non-ferrous metal trading company with a total capital of one million NT dollars.
January 1986	The Company purchased land of approximately 7,200 pings in Dafa Industrial Park, Daliao District, Kaohsiung City to expand its business scale and set up a factory.
March 1987	Purchase of yellow lead production equipment.
January 1988	The business address was moved from Kaohsiung City to the current location.
April 1988	Started trial production and officially entered into the production of yellow-red lead.
August 1989	In line with the development trend of recycled metals, a new product, resource recycled lead, has been added.
January 1991	Completed the trial production of resource recycled lead production equipment and started the production of recycled lead ingots.
July 1994	Reinvestment in Thai Wey Industrial Co., Ltd., acquires more than half of the shares and become a subsidiary, the company's main business item is general and business waste disposal and recycling business.
November 1994	Obtained a Grade a permit to operate a waste disposal facility (plant) from the Taiwan Provincial Government.
January 1995	Thai Wey subsidiary obtained a Grade A permit to operate as a waste disposal facility of the Taiwan Provincial Government.
February 1996	Obtained ISO9002 certification.
November 1996	The Company's shares are traded in the over-the-counter market.
September 1997	Obtained ISO14001 certification.
June 1998	Received Excellent Supplier Award for implementation of ISO14001 environmental management system from the Environmental Protection Administration of the Executive Yuan.
March 1999	The Company's stocks were approved to be listed and traded on the Taiwan Stock Exchange.
November 1999	Approved by the London Metal Exchange (LME) under the registered brand "TMI".
March 2005	Obtained ISO/TS 16949 certification.
December 2006	Established Thye Ming (Vietnam) LLC in Vietnam with 100% shareholding. Mainly engaged in the production of various lead-based products, domestic waste lead batteries, various lead products and plastic recycling and production.
August, 2007	Issued the first domestic convertible bond of NT\$700 million.

January 2008	Thye Ming (Vietnam), a subsidiary, passed the environmental impact assessment. Subsidiary Thye Ming (Vietnam) Company started trial operation and production.
December 2008	Subsidiary Thye Ming Technology was merged with Viking Tech on December 30, 2008 in order to expand its economic scale and improve its operating performance, and the Company exchanged Thye Ming Technology for 8,461,819 shares of Viking's stock.
June 2009	Issued the second domestic convertible bond for NT\$600 million.
November 2009	Subsidiary, Thye Ming (Vietnam), obtained recycling, clearance and disposal licenses.
December 2012	Subsidiary Thye Ming (Vietnam) obtained Vietnam trademark TMV registration.
May 2014	Subsidiary Thye Ming (Vietnam) obtained ISO9001 and ISO14001 certification.
July 2018	Participated in the "2018 Recycling - Recycling Fund 20-year Special Exhibition" of the Environmental Protection Administration, Executive Yuan.
August 2019	Obtained ISO 9001:2015 certification.
August 2019	Obtained ISO 14001:2015 certification.
March 2021	Set up the Corporate Governance Supervisor.
August 2021	Obtained ISO 14001:2015 certification.
September 2021	The capital reduction by cash was NT\$418,296,000, the paid-in capital was NT\$1,673,185,000.
August 2022	Obtained ISO 9001:2015 certification.
October 2023	Obtained ISO 14001:2018 certification.
October 2023	Obtained The Ministry of Economic Affairs' resource reuse permit.

III. Corporate Governance Report

1. Organizational System

(1) Organizational Chart



(2) Department functions :

Department		Functions
Audit Office		Performing internal control audits and other related operations.
General Manager's Office	Information	Computerized planning, programming, education training, implementation review and improvement.
	Marketing	Vietnam factory administration and financial decree related business.
	Occupational Safety	Planning and implementation of industrial safety and hygiene.
	Environmental and Hygiene	Planning and implementation of environmental related business.
Management Department	Management Section	Related to personnel, payroll, on-the-job training, insurance, and document collection and distribution.
	General Affairs Section	Procurement of domestic materials, other materials, and fixed assets, and control of purchase contracts, etc.
Finance and Accounting Department	Accounting Section	Related to accounting and cost matters.
	Finance Section	Fund management, bank transactions, and stock affairs etc.
Business Department	Sales Section	Domestic product market development, sales quotation, after-sales service.
	Raw Material Section	Domestic raw material procurement and related business.
Foreign Trade Department	Export Section	Export market development, product quotation, contract, after-sales service, etc.
	Foreign Trade Section	Foreign raw material procurement, market development, import raw material development and import claim cases, etc.
Business Planning Department	Business Planning Section	Manage the liaison, budgeting and target execution of Vietnam factory operations.
	Import Section	Coordinate the raw material procurement and import operations for Taiwan and Vietnam factories.
Production Department	Production Control	Production control, planning, scheduling, process analysis, and related operations.
	Engineering	Engineering design, contracting, progress control, acceptance, etc.
	Quality Assurance	Inspection plan development, inspection execution, etc.
	Public Works Section	Equipment maintenance, inspection and yearly repair etc.
	Factory Operations Section	Inventory storage, receiving, issuing and purchasing etc.
	Production 1 Section	Production of yellow and red lead powder (grains).
	Production 2 Section	Production of crude lead and lead alloy ingots.
	Production 3 Section	Waste lead-acid battery decomposition.

2. Information on the company's directors, general manager, deputy general managers, and the supervisors of all the company's divisions and branch units

(1) Directors

1. Director Information

April 26, 2024

Title	National ity or Place of Registrat ion	Name	Gender Age	Date Elected	Term	Date First Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Current Shareholding		Current Shareholding in the name of others		Main Experience(Education)	Current Positions at the Company and Other Company	Executives, Director or Supervisors who are spouses or within two degree of kinship			Remark (Note)
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman	R.O.C.	Tai Yung Investment Co., Ltd. Representative：Chen, Li-Ming	Male 71-80	2023.6.9	3	2020.6.24 1996.11.6	8,602,232 0	5.14% —	8,602,232 0	5.14% —	0 0	— —	0 0	— —	Junior High School	Tai Lin Investment Co., Ltd. Chairman Thye Wey Industrial Co., Ltd. Director Tai Ying Investment Co., Ltd. Chairman	Director	Chen Chang-Hao	Father & Son	None
Director	R.O.C.	Chen Chang-Hao	Male 41-50	2023.6.9	3	2005.7.4	1,470,740	0.88%	1,470,740	0.88%	0 0	— —	0 0	— —	Western Washington University Business Administration	Thye Wey Industrial Co., Ltd. Director Thye Ming (Vietnam) Llc General Manager Tai Lin Investment Co., Ltd. Director Tai Yung Investemnt Co., Ltd. Chairman	Chairman	Chen Li-Ming	Father & Son	None
Director	R.O.C.	Tai Lin Investment Co., Ltd. Representative：Chen, Chi-Lin	Male 71-80	2023.6.9	3	1999.4.1 1996.11.6	27,190,913 0	16.25% —	27,959,913 0	16.71% —	0 0	— —	0 0	— —	Elementary School	Tai Ye Industrial Co., Ltd. Chairman Ever Chance Enterprise Co., Ltd. Chairman	None	None	None	None
Director	R.O.C.	Tai Lin Investment Co., Ltd. Representative：Chou, Chung –Fa	Male 51-60	2023.6.9	3	1999.4.1 2017.9.26	27,190,913 0	16.25% —	27,959,913 0	16.71% —	0 0	— —	0 0	— —	Fortune Institute of Technology Business Administration	Thye Ming Industrial Co., Ltd. Assistant to General Manager's Office	None	None	None	None
Director	R.O.C.	Jin Jun Investment Co., Ltd. Representative：Chen, Han-Wen	Male 61-70	2023.6.9	3	2011.6.27 2022.3.8	10,808,443 —	6.46% —	10,832,443 82	6.47% 0.00%	0 18,024	— 0.01%	0 0	— —	Kaohsiung Medical University Master of Medicine	Medical Vice President of Yuan's General Hospital	Director	Lee Mao-Shen	Brother- in-law	None
Director	R.O.C.	Mao Shen Investment Co., Ltd. Representative：Lee, Mao- Shen	Male 61-70	2023.6.9	3	2011.6.27 2007.6.25	16,731,356 0	9.99% —	16,731,356 0	9.99% —	0 0	— —	0 0	— —	Fortune Institute of Technology Business Administration	Thye Ming Industrial Co., Ltd. General Manager Thye Wey Industrial Co., Ltd. Chairman Mao Shen Investment Co., Ltd. Chairman Jet Rate Trading Co., Ltd. Chairman Taiwna International Ports Logistics Corporation Director	Director	Chen Han-Wen	Brother- in-law	None
Independent Director	R.O.C.	Chen, Yi-Ming	Male 71-80	2023.6.9	3	2017.6.28	0	—	0	—	0	—	0	—	National Chengchi University Business Administration	Thye Ming Industrial Co., Ltd. Remuneration Committee member Wah Hong Industrial Corp. Remuneration Committee member	None	None	None	None
Independent Director	R.O.C.	Lee, Wen-Fa	Male 71-80	2023.6.9	3	2020.6.24	24,200	0.01%	24,200	0.01%	0	—	0	—	Chinese Culture University Master of Business Administration	Thye Ming Industrial Co., Ltd. Remuneration Committee member	None	None	None	None
Independent Director	R.O.C.	Lo, Yu-San	Male 61-70	2023.6.9	3	2017.6.28	5,000	0.00%	5,000	0.00%	0	—	0	—	Soochow University Department of Economics Shanghai University of Finance and Economics Master of Accounting	Faith Certified Public Accountant & Co. Chairman Faith Tax Consultancy Co., Ltd. Chairman Thye Ming Industrial Co., Ltd. Remuneration Committee member	None	None	None	None

Note：Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto(Such as increasing the seats of independent directors, shall be a majority of directors who do not serve concurrently as an employee or manager.).

2. Major shareholders of institutional shareholders

April 26, 2024

Name	Major shareholders
Tai Yung Investment Co., Ltd.	Chen Chang-Hao (66.51%) Chen Mei-Tan (20.49%) Sarnath Social Welfare Foundation (9.86%)
Tai Lin Investment Co., Ltd.	Sarnath Social Welfare Foundation (70.06%) Tai Ying Investment Co., Ltd. (18.69%) Chen Chang-Hao (11.24%)
Jin Jun Investment Co., Ltd.	Li Jun-Xian (55%) Li Huang Xiu-Luan (5%) Li Hui-Zhu (20%) Li Su-Hua (15%)
Mao Shen Investment Co., Ltd.	Li Mao-Shen (100%)

3. Names of the institutional shareholders, and its 10 largest shareholders

April 26, 2024

Name	Major shareholders
Tai Ying Investment Co., Ltd.	Sarnath Social Welfare Foundation (90.54%) Chen Chang-Hao (9.46%)

4. Information on Professional Qualifications of Directors and Independence of Independent Directors

Qualifications Name	Principal work experience and professional qualifications	Status of independence	Number of other Companies of public offering Where the board director serves as independent director
Tai Yung Investment Co., Ltd. Representative : Chen Li-Ming	Over five years of working experience required for the Company's business. Chairman of the Company Not having one of the circumstances under Article 30 of the Company Act.	Not applicable	None
Chen Chang-Hao	Over five years of working experience required for the Company's business. GM of Thye Ming (Vietnam) Not having one of the circumstances under Article 30 of the Company Act.	Not applicable	None
Tai Lin Investment Co., Ltd. Representative : Chen Chi-Lin	Over five years of working experience required for the Company's business. Chairman of Taiyeh Enterprise Co., Ltd. Not having one of the circumstances under Article 30 of the Company Act.	Not applicable	None
Tai Lin Investment Co., Ltd. Representative : Chou Chung -Fa	Over five years of working experience required for the Company's business. Thye Ming Industrial Co., Ltd. Assistant to General Manager's Office Not having one of the circumstances under Article 30 of the Company Act.	Not applicable	None
Jin Jun Investment Co., Ltd. Representative : Chen Han-Wen	Attending Physician of Kaohsiung Medical University Hospital Surgery Department Lecturer of Kaohsiung Medical University (Department of Surgery) Medical Vice President of Yuan's General Hospital Not having one of the circumstances under Article 30 of the Company Act.	Not applicable	None
Mao Shen Investment Co., Ltd. Representative : Lee Mao-Shen	Over five years of working experience required for the Company's business. Thye Ming Industrial Co., Ltd. General Manager Not having one of the circumstances under Article 30 of the Company Act.	Not applicable	None
Chen Yi-Ming	Over five years of working experience required for commercial, legal, finance, accounting or the Company's business. Audit member of the Company Remuneration member of the Company Remuneration Committee Member of Wah Lee Industrial Corp. Remuneration Committee Member of Wah Hong Industrial Corp. CPA of Deloitte & Touche CPA of Guocheng Accounting Firm Not having one of the circumstances	1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings.	None

<div>Qualifications</div> <div>Name</div>	Principal work experience and professional qualifications	Status of independence	Number of other Companies of public offering Where the board director serves as independent director
	under Article 30 of the Company Act.	4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding two subparagraphs.	
Lee Wen-Fa	Over five years of working experience required for commercial, legal, finance, accounting or the Company's business. Audit member of the Company Remuneration member of the Company Deputy Director-general of National Taxation Bureau of Kaohsiung Not having one of the circumstances under Article 30 of the Company Act.	5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of the Company Act. 6. Not a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company. 7. Not the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.	None
Lo, Yu-San	Over five years of working experience required for the Company's business. Audit member of the Company Remuneration member of the Company Faith Certified Public Accountant & Co. Chairman Faith Tax Consultancy Co., Ltd. Chairman Not having one of the circumstances under Article 30 of the Company Act.	8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company. 9. Not a professional individual who has provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company in the past 2 years. 10. Not a spouses of or are related within the second degree of kinship to the directors. 11. Not be elected by a government agency or a juristic person acts as a shareholder of a company, its authorized representative as stipulated in Article 27 of the Company Act.	None

5.Board Diversity and Independence :

(1) Board Diversity :

In accordance with Article 20 of the Company's Corporate Governance Best Practice Principles, the composition of the Board of Directors shall pay attention to gender equality and generally possess the knowledge, skills and qualities necessary to perform its duties. In order to achieve the ideal goal of corporate governance, the Board of Directors as a whole shall possess the following competencies: 1. operational judgment ability, 2. accounting and financial analysis ability, 3. administration ability, 4. conduct crisis management ability, 5. industrial knowledge, 6. perspective of international market, 7. leadership, and 8. decision- making ability.

The composition of the board members shall consider diversification. In addition to the fact that the number of directors who are also managers of the company shall not exceed one-third of the total number of the board members, an appropriate diversification policy shall be formulated according to their own operation, operation pattern and development needs. It shall include but not be limited to the following two major criteria :

1. Basic conditions and values : Gender, age, nationality and culture, etc. of which the percentage of female directors should reach one-third of the total number of the board members
2. Professional knowledge and skills : Professional background (such as law, accounting, industry, finance, marketing or technology), professional skills and industrial experience, etc.

Implementation of diversity in the Board of Directors

Diversified core Item Name	Basic Composition							Professionalism Competence			Industrial knowledge			Overall Abilities								
	Nationality	Gender	Concurrently as an employee	Age			Term of office of independent directors			Finance & Accounting	Architecture	Medicine	Metal	Medical	Create	Operational judgment ability	Accounting and financial analysis ability	Administration ability	Conduct crisis management ability	Perspective of international market	Leadership	Decision- making ability
				Under 50	51 to 60	61 to 70	Over 71	Less than 3 years	3 to 9 years													
Chen Li-Ming	R.O.C.	Male					✓						✓		✓	✓	✓	✓	✓	✓	✓	✓
Chen Chang-Hao	R.O.C.	Male		✓									✓			✓	✓	✓	✓	✓	✓	✓
Chen Chi-Lin	R.O.C.	Male					✓						✓		✓	✓	✓	✓	✓	✓	✓	✓
Chou Chung –Fa	R.O.C.	Male	✓		✓								✓			✓	✓	✓	✓	✓	✓	✓
Chen Han-Wen	R.O.C.	Male				✓						✓		✓		✓	✓	✓	✓	✓	✓	✓
Lee Mao-Shen	R.O.C.	Male	✓			✓							✓		✓	✓	✓	✓	✓	✓	✓	✓
Chen Yi-Ming	R.O.C.	Male					✓		✓		✓		✓			✓	✓	✓	✓	✓	✓	✓
Lee Wen-Fa	R.O.C.	Male					✓		✓		✓		✓			✓	✓	✓	✓	✓	✓	✓
Lo, Yu-San	R.O.C.	Male				✓		✓			✓		✓			✓	✓	✓	✓	✓	✓	✓

The composition of the board and the specific management by objectives of the diversity policy and the achievement of these objectives are as follows. :

Management by Objectives	Achievement
Directors concurrently serving as company officers not exceed one-third of the total number of the board members	Achieved
Independent directors shall be elected for not to exceed three consecutive terms	Achieved

(2) Board Independence :

There are 9 board members, including 3 independent directors and 2 directors who are employees, accounting for 33.3% and 22.2% of all board members respectively. 1 director is under the age of 51, 3 directors are between the ages of 60 and 70, and other directors are over the age of 70. The number of independent directors is one-third of the total number of the board members, which is in compliance

with the regulations for independent directors, and there are no circumstances between the directors and independent directors as described in Items 3 and 4 of Article 26-3 of the Securities and Exchange Act. Please refer to page 8 of this annual report for information on each director's education, gender and work experience.

2023 Implementation of Continuing Education for Directors

Title	Name	Date	Organizer	Course	Hours
Director	Chen Li-Ming	2023.11.15	Securities & Futures Institute	Legal Compliance of Insider Equity Trading Advocacy Conference 2023	3
Director	Chen Chi-Lin	2023.11.22	Securities & Futures Institute	Legal Compliance of Insider Equity Trading Advocacy Conference 2023	3
Director	Chen Chang-Hao	2023.11.15	Securities & Futures Institute	Legal Compliance of Insider Equity Trading Advocacy Conference 2023	3
Director	Lee Mao-Shen	2023.11.15	Securities & Futures Institute	Legal Compliance of Insider Equity Trading Advocacy Conference 2023	3
Director	Chen Han-Wen	2023.11.22	Securities & Futures Institute	Legal Compliance of Insider Equity Trading Advocacy Conference 2023	3
Director	Chou Chung –Fa	2023.11.22	Securities & Futures Institute	Legal Compliance of Insider Equity Trading Advocacy Conference 2023	3
Independent Director	Chen Yi-Ming	2023.6.2	Securities & Futures Institute	2023 Insider Trading Legal Compliance Seminar	3
		2023.11.22	Securities & Futures Institute	Legal Compliance of Insider Equity Trading Advocacy Conference 2023	3
Independent Director	Lee Wen-Fa	2023.6.2	Securities & Futures Institute	2023 Insider Trading Legal Compliance Seminar	3
		2023.11.15	Securities & Futures Institute	Legal Compliance of Insider Equity Trading Advocacy Conference 2023	3
Independent Director	Lo, Yu-San	2023.12.13	CPA Associations R.O.C.(Taiwan)	CPAs' Responsibilities and Responses to The Company's Shareholder Disputes	3
				Money Laundering Prevention and Development Trends - Financial Sector	3

(2) Information on general manager, deputy general managers, and the supervisors of all the company's divisions and branch units

Unit : Shares April 26, 2024

Title	Nationality	Name	Gender	Inauguration date	Shareholding		Spouses & Minor Shareholding		Current Shareholding in the name of others		Major Experience (Education)	Current Positions at Other Companies	Managers who are spouses or within two degrees of kinship			Remarks (Note)
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
General Manager	R.O.C.	Lee Mao-Shen	Male	2000.03.26	0	—	0	—	0	—	Fortune Institute of Technology Business Administration	Mao Shen Investment Co., Ltd. Chairman Thye Wey Industrial Co., Ltd. Chairman Jet Rate Trading Co., Ltd. Taiwan International Ports Logistics Corporation Director	None	None	None	None
General Manager's Office Manager	R.O.C.	Dong Nai-Jia	Male	2008.01.01	0	—	0	—	0	—	Tunghai University Accounting Department	None	None	None	None	None
Management Department Manager	R.O.C.	Wu Jung-Shun	Male	2023.7.1	0	—	0	—	0	—	National Pingtung University of Science & Technology Master of Business Administration	None	None	None	None	None
Business Planning Department Manager	R.O.C.	Cheng Jung-Pao	Male	2022.04.01	0	—	0	—	0	—	Chia Nan University of Pharmacy and Science Master of Science in Environmental Engineering and Science	None	None	None	None	None
Foreign Trade Department Manager	R.O.C.	Chen Yan-Hong	Male	2019.12.27	0	—	0	—	0	—	National Kaohsiung University of Science & Technology Department of Finance and Information	None	None	None	None	None
Production Department Manager	R.O.C.	Chen Chao-Jun	Male	2015.4.30	0	—	0	—	0	—	National Yunlin University of Science and Technology Department of Geography	None	None	None	None	None
Sales Department Manager	R.O.C.	Chen Jun-Cheng	Male	2015.4.30	0	—	0	—	0	—	Cheng Shiu University Department of Business Administration	None	None	None	None	None
Finance & Accounting Department Manager	R.O.C.	Tung Hsin-Yuan	Male	2006.03.23	0	—	69,107	0.04%	0	—	National Kaohsiung Normal University Master of Business Administration	None	None	None	None	None

Note : Where the chairperson of the board of directors and the general manager or person of an equivalent post (the highest level manager) of a company are the same person, spouses, or relatives within the first degree of kinship, an explanation shall be given of the reason for, reasonableness, necessity thereof, and the measures adopted in response thereto (Such as increasing the seats of independent directors, shall be a majority of directors who do not serve concurrently as an employee or manager.).

3. Remuneration paid during the most recent fiscal year to directors, general manager, and deputy general managers

(1) Remuneration of general and independent directors

Unit : thousand, %

Title	Name	Director's Remuneration								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration from other jobs								The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit		Remuneration from re-invested businesses other than subsidiaries or parent company
		Base Compensation (A) (Note 1)		Severance Pay and Pensions (B)		Compensation to Directors (C) (Note 2)		Business execution expenses (D) (Note 3)				Remuneration, bonus and special fees (E) (Note 4)		Retirement pension (F) (Note 6)		Employee remuneration (G) (Note 5)						
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
																Cash	Stock	Cash	Stock			
Chairman	Tai Yung Investment Co., Ltd. Representative : Chen Li-Ming	2,120	2,120	0	0	3,600	3,600	70	70	5,790 0.58%	5,790 0.58%	0	0	0	0	0	0	0	0	5,790 0.58%	5,790 0.58%	None
Director	Chen Chang-Hao	0	0	0	0	1,000	1,000	50	50	1,050 0.11%	1,050 0.11%	0	1,927	0	7	0	0	0	0	1,050 0.11%	1,050 0.11%	None
Director	Tai Lin Investment Co., Ltd. Representative : Chen Ki-Rin	0	0	0	0	20,350	20,350	70	70	20,420 2.05%	20,420 2.05%	0	0	0	0	0	0	0	0	20,420 2.05%	20,420 2.05%	None
Director	Tai Lin Investment Co., Ltd. Representative : Chou Chung-Fa	0	0	0	0	0	0	70	70	70 0.01%	70 0.01%	483	483	29	29	0	0	0	0	582 0.06%	582 0.06%	None
Director	Jin Jun Investment Co., Ltd. Representative : Chen Han-Wen	0	0	0	0	5,000	5,000	70	70	5,070 0.51%	5,070 0.51%	0	0	0	0	0	0	0	0	5,070 0.51%	5,070 0.51%	None
Director	Mao Shen Investment Co., Ltd. Representative : Lee Mao-Sen	0	0	0	0	7,860	7,860	70	70	7,930 0.80%	7,930 0.80%	6,379	6,379	40	40	0	0	0	0	14,349 1.44%	14,349 1.44%	None
Independent director	Chen Yi-Ming	870	870	0	0	0	0	70	70	940 0.09%	940 0.09%	0	0	0	0	0	0	0	0	940 0.09%	940 0.09%	None
	Lee Wen-Fa	840	840	0	0	0	0	70	70	910 0.09%	910 0.09%	0	0	0	0	0	0	0	0	910 0.09%	910 0.09%	None
	Lo Yu-San	480	480	0	0	0	0	30	30	510 0.05%	510 0.05%	0	0	0	0	0	0	0	0	510 0.05%	510 0.05%	None
	Su Kuo-Chen (Note)	480	480	0	0	0	0	40	40	520 0.05%	520 0.05%	0	0	0	0	0	0	0	0	520 0.05%	520 0.05%	None
1. Please describe the compensation policy, system standards/packages, procedures and the linkage to operating performance and future risk exposure to the Independent directors : The Company's independent directors shall be compensated in accordance with the Company's Articles of incorporation or by resolution of the shareholders' meeting, and shall be reasonably compensated differently from the general directors and supervisors at their discretion. The compensation of such independent directors shall also be determined by the relevant statutory procedures as a fixed monthly compensation without participation in the distribution of earnings of the Company. 2. Except for the disclosure in the table above, remuneration received by the directors of the Company for services rendered in the most recent year (such as acting as consultants to non-employees of the parent company/all companies in the financial statements/reinvestment business, etc.) : consultant fee NT\$240,000.																						

Note : Dismissed at the end of the term on June 9, 2023.

Range of remuneration				
Range of remuneration	Directors' name			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The Company	From All Consolidated Entities (H)	The Company	From All Consolidated Entities (I)
Lower than NT\$ 1,000,000	Chen Li-Ming, Chen Chi-Lin, Chou Chung-Fa, Chen Han-Wen, Lee Mao-Shen, Chen Yi-Ming, Lee Wen-Fa, Lo Yu-San, Su Kuo-Chen	Chen Li-Ming, Chen Chi-Lin, Chou Chung-Fa, Chen Han-Wen, Lee Mao-Shen, Chen Yi-Ming, Lee Wen-Fa, Lo Yu-San, Su Kuo-Chen	Chen Li-Ming, Chen Chi-Lin, Chou Chung-Fa, Chen Han-Wen, Chen Yi-Ming, Lee Wen-Fa, Lo Yu-San, Su Kuo-Chen	Chen Li-Ming, Chen Chi-Lin, Chou Chung-Fa, Chen Han-Wen, Chen Yi-Ming, Lee Wen-Fa, Lo Yu-San, Su Kuo-Chen
NT\$ 1,000,000 (included) ~ NT\$ 2,000,000 (excluded)	Chen Chang-Hao	Chen Chang-Hao	Chen Chang-Hao	0
NT\$ 2,000,000 (included) ~ NT\$ 3,500,000 (excluded)	0	0	0	Chen Chang-Hao
NT\$ 3,500,000 (included) ~ NT\$ 5,000,000 (excluded)	0	0	0	0
NT\$ 5,000,000 (included) ~ NT\$ 10,000,000 (excluded)	Tai Yung Investment Co., Ltd. Jin Jun Investment Co., Ltd. Mao Shen Investment Co., Ltd.	Tai Yung Investment Co., Ltd. Jin Jun Investment Co., Ltd. Mao Shen Investment Co., Ltd.	Tai Yung Investment Co., Ltd. Jin Jun Investment Co., Ltd. Mao Shen Investment Co., Ltd. Lee Mao-Shen	Tai Yung Investment Co., Ltd. Jin Jun Investment Co., Ltd. Mao Shen Investment Co., Ltd. Lee Mao-Shen
NT\$ 10,000,000 (included) ~ NT\$ 15,000,000 (excluded)	0	0	0	0
NT\$ 15,000,000 (included) ~ NT\$ 30,000,000 (excluded)	Tai Lin Investment Co., Ltd.	Tai Lin Investment Co., Ltd.	Tai Lin Investment Co., Ltd.	Tai Lin Investment Co., Ltd.
NT\$ 30,000,000 (included) ~ NT\$ 50,000,000 (excluded)	0	0	0	0
NT\$ 50,000,000 (included) ~ NT\$ 100,000,000 (excluded)	0	0	0	0
NT\$ 100,000,000 or more	0	0	0	0
Total	14	14	14	14

- Note : 1.The Director's remuneration for the most recent year (including salary, job allowances, severance payment, various bonuses and incentives).
- 2.The latest amount of Director's remuneration as passed by the board of directors. If the director is a corporate entity, all remuneration to directors and supervisors shall be paid to the corporate entity.
- 3.The latest annual business execution expenses of the Director (including transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions).
- 4.The latest salary, job allowances, severance payment, various bonuses, incentives, transportation costs, special expenses, various subsidies, dormitory expenses, car expenses and other physical provisions for the Director's other jobs (including the positions of General Manager, Deputy General Manager, Manager and other positions).
- 5.Director receives employee remuneration on his/her other job(s) (including the positions of General. Manager, Deputy Manager, Manager and other positions) in the latest year (The latest amount of employee remuneration approved by the board of directors, and the proposed distribution for this year is calculated in proportion to the actual amount distributed last year).
- 6.It is the amount of contribution to be expensed as retirement pension.

(2) Remunerations of managers

Unit : thousand, %

Title	Name	Salary (A)		Retirement pension (B) (Note)		Bonus and special fees (C)		Employee remuneration (D)				The sum of A, B, C and D as a percentage of after-tax net profit (%)		Remuneration from re-invested businesses other than subsidiaries or parent company
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
General Manager	Lee Mao-Sen	7,578	7,578	359	359	9,856	9,856	4,058	0	4,058	0	21,851 2.20%	21,851 2.20%	None
Production Department Manager	Chen Chao-Jun													
General Manager's Office Manager	Dong Nai-Jia													
Management Department Manager	Wu Jung-Shun													
Business Planning Department Manager	Cheng Jung-Pao													
Foreign Trade Department Manager	Chen Yan-Hong													
Sales Department Manager	Chen Jun-Cheng													
Finance & Accounting Department Manager	Tong Hsin-Yuan													

Note : It is the amount of contribution to be expensed as retirement pension.

Range of remuneration		
Range of remuneration	Managers' name	
	The Company	From All Consolidated Entities (E)
Lower than NT\$ 1,000,000	0	0
NT\$ 1,000,000 (included) ~NT\$ 2,000,000 (excluded)	0	0
NT\$ 2,000,000 (included) ~NT\$ 3,500,000 (excluded)	Chen Chao-Jun, Dong Nai-Jia, Cheng Jung-Pao, Chen Jun-Cheng, Tung Hsin-Yuan, Chen Yan-Hong, Wu Jung-Shun	Chen Chao-Jun, Dong Nai-Jia, Cheng Jung-Pao, Chen Jun-Cheng, Tung Hsin-Yuan, Chen Yan-Hong, Wu Jung-Shun
NT\$ 3,500,000 (included) ~NT\$ 5,000,000 (excluded)	0	0
NT\$ 5,000,000 (included) ~NT\$ 10,000,000 (excluded)	Lee Mao-Shen	Lee Mao-Shen
NT\$ 10,000,000 (included) ~NT\$ 15,000,000 (excluded)	0	0
NT\$ 15,000,000 (included) ~NT\$ 30,000,000 (excluded)	0	0
NT\$ 30,000,000 (included) ~NT\$ 50,000,000 (excluded)	0	0
NT\$ 50,000,000(included) ~NT\$ 100,000,000(excluded)	0	0
NT\$ 100,000,000 or more	0	0
Total	8	8

(3) The remuneration of the top five executives with the highest remuneration

Unit : thousand, %

Title	Name	Salary (A)		Retirement pension (B) (Note)		Bonus and special fees (C)		Employee remuneration (D)				The sum of A, B, C and D as a percentage of after-tax net profit (%)		Remuneration from re-invested businesses other than subsidiaries or parent company
		The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company		From All Consolidated Entities		The Company	From All Consolidated Entities	
								Cash	Stock	Cash	Stock			
General Manager	Lee Mao-Sen	2,001	2,001	40	40	4,378	4,378	0	0	0	0	6,419 0.65%	6,419 0.65%	None
General Manager's Office Manager	Dong Nai-Jia	820	820	47	47	1,110	1,110	580	0	580	0	2,557 0.26%	2,557 0.26%	None
Production Department Manager	Chen Chao-Jun	809	809	47	47	1,004	1,004	580	0	580	0	2,440 0.25%	2,440 0.25%	None
Sales Department Manager	Chen Jun-Cheng	790	790	45	45	939	939	580	0	580	0	2,354 0.24%	2,354 0.24%	None
Finance & Accounting Department Manager	Tong Hsin-Yuan	838	838	48	48	822	822	580	0	580	0	2,288 0.23%	2,288 0.23%	None

Note : It is the amount of contribution to be expensed as retirement pension.

(3) Managers with Employee Remuneration Distribution

Dec 31, 2024 Unit : Thousand

Title		Name	Stock	Cash	Total	Ratio of Total Amount to Net Profit (%)
Manager	Production Department Manager	Chen Chao-Jun	0	4,058	4,058	0.41
	General Manager's Office Manager	Dong Nai-Jia				
	Management Department Manager	Wu Jung-Shun				
	Business Planning Department Manager	Cheng Jung-Pao				
	Foreign Trade Department Deputy Manager	Chen Yan-Hong				
	Sales Department Manager	Chen Jun-Cheng				
	Finance & Accounting Department Manager	Tung Hsin-Yuan				

(4) Analysis of the proportion of the total remuneration of directors, supervisors, general managers and deputy general managers of the Company paid by the Company and all companies in the consolidated financial statement to net profit after tax in individual financial statements of the recent two years. Explanation of remuneration policies, standards and packages, the procedure for determining remuneration, and its linkage to operating performance and future risk exposure.

Title	2023				2022			
	Total amount		Ratio of total remuneration to net profit after tax (%)		Total amount		Ratio of total remuneration to net profit after tax (%)	
	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities	The Company	From All Consolidated Entities
Director	43,210	43,210	4.35	4.35	31,450	31,450	4.62	4.62
Manager	21,851	21,851	2.20	2.20	18,733	18,733	2.75	2.75

- a. The Company's independent directors receive fixed remuneration and the remuneration of the remaining directors is stipulated in the Company's Articles of Incorporation, and all directors are entitled to be paid transportation fees, regardless of profit or loss. The remuneration of the Chairman of the Board of Directors is determined by the Board of Directors' meeting based on the value of his participation in and contribution to the Company's operations and refer to the industrial level. In addition, Article 21 of the Company's Articles of incorporation stipulates that the Company shall set aside 1% or more of its annual net income before tax for employee compensation and 3% or less for director's remuneration, but when the Company still has accumulated losses, it shall reserve the amount in advance to make up for the losses.

- b. Appointment and discharge and the remuneration of the managerial personnel shall be decided in accordance with the provisions of Company Act. The remuneration of the managerial personnel is based on the "Regulations Governing the Remuneration of Directors and Supervisors" of the Company. The remuneration of the managerial personnel includes salaries and bonuses, in which salary refers to the typical pay levels adopted by peer companies and titles, education (experience), professional abilities and responsibilities. The bonus takes into consideration the managerial personnel's performance evaluation, which includes financial indicators (revenue, sales, pre-tax profit and after-tax profit Revenues, sales, net income before tax and net income after tax achieved rates) and non-financial indicators (significant deficiencies in compliance with laws and regulations and operational risks in the departments within their responsibility, achieved KPI rate), and is based on the allocation ratio approved by the Remuneration Committee and approved by the Chairman of the Board of Directors based on operational performance.

4. Implementation of Corporate Governance :

(1) Board of Directors

7 Board meetings were held in most recent year. Directors attendance were as follows :

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Chairman	Tai Yung Investment Co., Ltd. Representative : Chen Li-Ming	7	0	100	Re-election on June 9, 2023 (re-elected)
Director	Chen Chang-Hao	5	2	71.43	Re-election on June 9, 2023 (re-elected)
	Tai Lin Investment Co., Ltd. Representative : Chen Chi-Lin	7	0	100	Re-election on June 9, 2023 (re-elected)
	Tai Lin Investment Co., Ltd. Representative : Chou Chung -Fa	7	0	100	Re-election on June 9, 2023 (re-elected)
	Jin Jun Investment Co., Ltd. Representative : Chen Han-Wen	7	0	100	Re-election on June 9, 2023 (re-elected)
	Mao Shen Investment Co., Ltd. Representative : Lee Mao-Shen	7	0	100	Re-election on June 9, 2023 (re-elected)
Independent Director	Chen Yi-Ming	7	0	100	Re-election on June 9, 2023 (re-elected)
	Lee Wen-Fa	7	0	100	Re-election on June 9, 2023 (re-elected)
	Lo Yu-San	4	0	100	Re-election on June 9, 2023 (re-elected)
	Su Kuo-Chen	3	0	100	Dismissed at the end of the term on June 9, 2023.

Other matters to be recorded :

- 1.If there are the circumstances referred to the following issue, the Company shall specify the dates of meetings, sessions, contents of motions, all independents' opinion and the Company's response to independent directors' opinion :

- (1) The matters listed in Article 14-3 of the Securities Exchange Act : For related information, please refer to the operation of the Audit Committee on page 25 of the Annual Report.
- (2) In addition, any resolution matters of Board of Directors with records or statement in writing that independent director has a dissenting opinion or qualified opinion : None
2. Recusal of directors from motions that may have concerns of conflict of interests, shall specify the name of director, contents of motions, the reason for recuse, and the resolution of voting shall be stated : None
3. Evaluation implementation status of the Board of Directors :

Evaluation cycle	Period	Scope	Method	Evaluation content
Implemented once a year	Evaluation of performance from January 1, 2023 to December 31, 2023	Board of Directors, Individual Board Members and Functional Committees(Audit Committee and Remuneration Committee)	Internal self-evaluation by the Board of Directors and self-evaluation by the Board members	<p>1. Board of directors' performance evaluation</p> <p>(1) The degree of participation in the Company's operations.</p> <p>(2) Improvement in the quality of decision making by the board of directors.</p> <p>(3) The composition and Structure of the board of directors.</p> <p>(4) The election of the directors and their continuing education.</p> <p>(5) Internal controls.</p> <p>2. Individual board members' performance evaluation</p> <p>(1) Understanding of the. Company's goals and missions.</p> <p>(2) Knowledge about director's duties.</p> <p>(3) The degree of participation in the Company's operations.</p> <p>(4) Internal relation building and communication.</p> <p>(5) Directors' professionalism and continuing education.</p> <p>(6) Internal controls.</p> <p>3. Audit Committees' performance evaluation</p> <p>(1) The degree of participation. in the Company's operations.</p> <p>(2) Recognition of duties</p>

				<p>of the functional committees.</p> <p>(3) Improvement of the Decision-making quality of the functional committees.</p> <p>(4) Composition and appointment of members of the functional committees.</p> <p>(5) Internal controls.</p> <p>4. Remuneration Committees' performance evaluation</p> <p>(1) The degree of participation. in the Company's operations.</p> <p>(2) Recognition of duties of the functional committees.</p> <p>(3) Improvement of the Decision-making quality of the functional committees.</p> <p>(4) Composition and appointment of members of the functional committees.</p> <p>(5) Internal controls.</p> <p>Evaluation result :</p> <p>(1) "2023 Board of Directors' Performance Self- Evaluation" scored 5 points with an overall average of 4.87 points.</p> <p>(2) "2023 Board Member Performance Self Evaluation" scored 5 points with an overall average of 4.95 points.</p> <p>(3) "2023 Audit Committees Performance Self Evaluation" scored 5 points with an overall average of 5 points.</p> <p>(4) "2023 Remuneration Committees Performance Self</p>
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				Evaluation" scored 5 points with an overall average of 5 points. The scores are achieved high and the overall operation is smooth.
<p>4. To strengthen competency of the Board of Directors in current and recent years (e.g. to set up an Audit Committee, to enhance transparency of information, etc.) and assessment of implementation :</p> <p>The Company has stipulated the "Rules Governing Procedure of Board of Directors Meetings" in accordance with the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" for compliance. And in accordance with the regulations, enter the attendance of directors at board meetings on the Market Observation Post System and disclose significant resolutions of the board of directors on the Company's website. And has established an audit committee and a remuneration committee as required by law, and the audit committee is composed of all independent directors. The remuneration committee is responsible for setting and regularly reviewing the policies, systems, standards and structures of annual and long-term performance goals and remuneration for directors and managers of the Company, and setting the content and amount of their individual remuneration and assisting the board of directors in performing its remuneration management functions.</p>				

(2) Audit Committee Operation Status

The Company's Audit Committee is composed of three independent directors. The purpose of the Audit Committee is to assist the Board in fulfilling its oversight of the quality and ethical of the Company's execution of accounting, auditing, financial reporting processes and financial controls. The official powers are :

1. To establish or amend the internal control system in accordance with Article 14-1 of the Securities and Exchange Act.
2. Evaluation of the effectiveness of the internal control system.
3. Adoption or amendment, pursuant to Article 36-1, of handling procedures for financial or operational actions of material significance, such as acquisition or disposal of assets, derivatives trading, extension of monetary loans to others, or endorsements or guarantees for others.
4. A matter bearing on the personal interest of a director.
5. A material asset or derivatives transaction.
6. A material monetary loan, endorsement, or provision of guarantee.
7. The offering, issuance, or private placement of any equity-type securities.
8. The hiring or dismissal of an attesting CPA, or the compensation given thereto.
9. The appointment or discharge of a financial, accounting, or internal auditing officer.
10. Annual financial reports and second quarter financial reports that must be audited and attested by a CPA, which are signed or sealed by the chairperson, managerial officer, and accounting officer.
11. Any other material matter so required by the company or the Competent Authority.

Member	Professional Qualifications and Experience
Chen Yi-Ming	Over five years of working experience required for commercial, legal, finance, accounting or the Company's business. CPA of Deloitte & Touche, CPA of Guocheng Accounting Firm
Lee Wen-Fa	Over five years of working experience required for commercial, legal, finance, accounting or the Company's business. Deputy Director-general of National Taxation Bureau of Kaohsiung, Ministry of Finance

Member	Professional Qualifications and Experience
Lo Yu-San	Over five years of working experience required for the Company's business. Faith Certified Public Accountant & Co. Chairman, Faith Tax Consultancy Co., Ltd. Chairman.

The audit committee held 5 meetings during the most recent year. The attendance of the independent directors are as follows :

Title	Name	Attendance in Person	By Proxy	Attendance rate (%)	Remarks
Independent Director	Chen Yi-Ming	5	0	100	Re-election on June 9, 2023 (re-elected)
	Lee Wen-Fa	5	0	100	Re-election on June 9, 2023 (re-elected)
	Lo Yu-San	5	0	100	Re-election on June 9, 2023 (re-elected)
	Su Kuo-Chen	5	0	100	Dismissed at the end of the term on June 9, 2023.

Other matters to be recorded :

1.Operation of the Audit Committee shall, if any of the following, specify date of meeting, period, contents of motions, resolution of Audit Committee and the Company's handling against opinions of Audit Committee. :

(1) The matters listed in Article 14-5 of the Securities Exchange Act. :

Date (Session)	Content of the motion	Objection or expression of reservation by an independent director or material recommendations	Resolution result	The company's handling of remuneration committee opinions
2023.3.17 (The 2nd Session of the 13th)	1. Report on the actual implementation of the internal audit annual audit plan. 2. Establishing general principles for pre-approval of non-assurance service policies, pre-approved service list and independence assessments. 3. 2022 Business Report and Financial Report. 4. 2022 Distribution of earnings 5. 2022 Distribution of cash dividends from earnings 6. 2023 Business Plan and Budget 7. Propose the "Statement of Internal Control System". 8. Issuance of a support letter for a short-term credit line with a bank	None	Approved by the Committee as a whole	Approved by a resolution of all directors present

	for Thye Ming (Vietnam), a 100% owned subsidiary of the Company. 9. Amendment of " Board of Directors Procedures" 10. Amendment of the "Corporate Governance".			
2023.5.9 (The 2nd Session of the 14th)	1. Report on the actual implementation of the internal audit annual audit plan for Q1 of 2023 2. 2023 Q1 Consolidated Financial Statements 3. Issuance of a support letter for a short-term credit line with a bank for Thye Ming (Vietnam), a 100% owned subsidiary of the Company. 4. Establishing “Rules Governing Financial and Business Matters Between this Corporation and its Related Parties”	None	Approved by the Committee as a whole	Approved by a resolution of all directors present
2023.6.9 (The 3rd Session of the 1st)	To elect the convener of the second Audit Committee	None	Approved by the Committee as a whole	Approved by a resolution of all directors present
2023.8.4 (The 3rd Session of the 2nd)	1. Report on the actual implementation of the internal audit annual audit plan for Q2 of 2023. 2. 2023 Q2 Consolidated Financial Statements 3. Approved the amendment of the written "Internal Control Systems" and "Internal Audit Implementation Rules". 4. Issuance of a support letter for a short-term credit line with a bank for Thye Ming (Vietnam), a 100% owned subsidiary of the Company.	None	Approved by the Committee as a whole	Approved by a resolution of all directors present
2023.11.10 (The 3rd Session of the 3rd)	1. Report on the actual implementation of the internal audit annual audit plan for Q3 of 2023. 2. Preparation of the 2024 Internal Audit Annual Audit Plan Report Form. 3. 2023 Q3 Consolidated Financial Statements.	None	Approved by the Committee as a whole	Approved by a resolution of all directors present

(2) Except for the aforesaid matters, any matter that has not been passed by the audit committee, but has been adopted with the approval of two-thirds or more of all board directors. : None

2. If there is Independent Directors' avoidance of motions in conflict of interest, the Independent Directors' names, contents of motions, causes for avoidance and voting should be specified : None

3. Communications between the independent directors, the Company's Chief Internal Auditor and CPAs (including the items, methods and results of audits of corporate finance or operations, etc.) :

1. Communication between independent directors and CPAs

The independent directors and the CPA meet at least once a year. The CPA reports to the independent directors through the Audit Committee and the Board of Directors on the financial condition of the Company, the financial and overall operations of its domestic and overseas subsidiaries, and internal control audits, and fully communicates with them on whether there are any significant adjustments to the ledgers or amendments to the regulations that would affect the accounts. In the event of a material irregularity, a meeting may be held at any time to discuss the matter.

Date	Attendee	Item	Result
2023.03.17 (2022 Post-Audit Communication Meeting)	Communication by written	1. Audit Approach, Scope, and Reporting Format of the 2022 Financial Report. 2. CPA Independence. 3. Key Audit Matters 4. Financial Statement Audit Results and Analysis. 5. Other Communication Matters	The communication between the independent directors and CPA is in good condition and the relevant communication matters have been agreed.
2023.11.10 (2023 Pre-Audit Planning Meeting)	Communication by written	1. Governance Unit's Responsibility 2. Quality Management System for Deloitte & Touche 3. Audit Scope and Approach 4. Group Audit 5. Significant Accounting Policies, Significant Accounting Estimates, and Significant Events or Transactions 6. Significant Risks 7. Key Audit Matters 8. International Financial Reporting Standards (IFRS) Sustainability Disclosure Standards	The communication between the independent directors and CPAs is in good condition and the relevant communication matters have been agreed.

2. Communication between independent directors and internal audit supervisor

The independent directors and the audit supervisor shall meet at least twice a year to report on the status of the implementation of the Company's internal audit and the operation of internal control. In the event of a material irregularity, a meeting may be held at any time to discuss the matter.

Date	Attendee	Item	Result
2023.03.17 (Audit Committee)	Independent Director Chen Yi-Ming Independent Director Lee Wen-Fa Independent Director Su Kuo-Chen Audit Supervisor Chen Bai-Lan	1. Report on the implementation of audit plan for Q4 of 2022. 2. Propose the "Statement of Internal Control System".	Review and approve, and submit to the Board of Directors.
2023.5.9 (Audit Committee)	Independent Director Chen Yi-Ming Independent Director Lee Wen-Fa	Report on the implementation of audit plan for Q1 of 2023.	Review and approve, and submit to the Board of Directors.

	Independent Director Su Kuo-Chen Audit Supervisor Chen Bai-Lan		
2023.8.4 (Audit Committee)	Independent Director Chen Yi-Ming Independent Director Lee Wen-Fa Independent Director Lo Yu-San Audit Supervisor Chen Bai-Lan	1. Report on the implementation of audit plan for Q2 of 2023. 2. Amendment to the written "Internal Control System" and "Internal Audit Implementation Rules".	Review and approve, and submit to the Board of Directors.
2023.11.10 (Audit Committee)	Independent Director Chen Yi-Ming Independent Director Lee Wen-Fa Independent Director Lo Yu-San Audit Supervisor Chen Bai-Lan	1. Report on the implementation of audit plan for Q3 of 2023. 2. Preparation of the 2024 Internal Audit Annual Audit Plan.	Review and approve, and submit to the Board of Directors.

(3) Corporate Governance Implementation Status and any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons

Evaluation Item	Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on the "Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies"?	✓		The company's "Corporate Governance Best-Practice Principles" was approved by the Board of Directors' Meeting on November 11, 2014, and was disclosed on the Market Observation Post System and the Company's website.	No major difference
2. Shareholding structure & shareholders' rights				No major difference
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		The company established a spokesperson and a deputy spokesperson to serve as a communication channel for the company's external opinions, and a stock affairs department to handle shareholders' issues.	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		The company keeps track of the shareholdings of directors, managers and major shareholders holding 10% or more of the shares, and reports the shareholdings of major shareholders on a regular basis.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	✓		The financial operations of the associates are independently operated and controlled by the Company. The audit supervisor also regularly audits whether the associates operate in accordance with the internal control system.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	✓		In order to maintain the fairness of the securities trading market, the Company has established the "Procedures for Handling Material Inside Information" and the "Ethical	

Evaluation Item	Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
			Corporate Management Best Practice Principles", and has made sure to educate insiders about the relevant laws and regulations and arranged for them to attend information sessions to prevent insider trading. In 2022, no insider was penalized by the competent authorities.	
3. Composition and Responsibilities of the Board of Directors (1) Has the Board of Directors established a diversification policy, specific management objectives and has it been implemented accordingly?	✓		1. The company's Corporate Governance Best Practice Principles, Article 20, has stipulated a diversified policy regarding the composition of the Board members. 2. In accordance with the company's Articles of incorporation, the company has nine directors, five of them are representatives of corporate shareholders, one is a juristic person director and three are independent directors. The representatives appointed by the corporate shareholders, juristic person director and the independent directors generally possess the knowledge, experience, skills and qualities necessary for the execution of their duties, and the duties and responsibilities of the Board of Directors are governed by the provisions of the company's Articles of incorporation. 3. The Board's policy on diversifying the composition of the Board is disclosed on the company's website and on the Market Observation Post System. The Board's professionalism, independence and implementation of diversity please refer to page 11~14.	No major difference

Evaluation Item	Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	✓		The company has not established any functional committees other than the Remuneration Committee and the Audit Committee, and will evaluate the establishment of such committees in the future as necessary.	
(3) Does the company establish a standard to measure the performance of the Board, implement it annually, report the results of the performance appraisal to the board of directors and apply the results for reference regarding individual directors' remuneration and re-appointments?	✓		<p>The company's board of directors has approved to establish the "Performance Evaluation of the Board of Directors" on March 27, 2019. The scope of the evaluation includes the performance evaluation of the Board of Directors as a whole, individual Board members and functional committees (Audit Committee and Remuneration Committee). The evaluation cycle shall be once a year and shall be completed before the end of the first quarter of the following year, and the methods of evaluation include internal self-evaluation by the Board of Directors, self-evaluation by Board members, peer evaluation, appointment of external professional institutions, experts or other appropriate methods.</p> <p>2023 performance evaluation of the board of directors, individual board members and functional committees has been completed and the evaluation results will be submitted to the board of directors on March 15, 2024 and used as reference for individual directors' remuneration and nomination for reappointment.</p> <p>For the implementation of the Board of Directors' evaluation, please refer to pages 24~26.</p>	
(4) Does the company regularly evaluate	✓		The Company obtains the Audit Quality Indicators (AQIs)	

Evaluation Item	Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
the independence of CPAs			report provided by the CPA regularly every year in accordance with the regulations, and refers to the "Guidance for Audit Committees on Interpreting the Audit Quality Indicators" and related regulations to evaluate the CPA's independence and suitability, obtains a statement of independence from the CPA, and submits the results to the Audit Committee and the Board of Directors. The results of the most recent evaluation were approved by the Audit Committee on March 15, 2024 and presented to the Board of Directors for approval on March 15, 2024. Please refer to pages 40~41 of this annual report for the "Evaluation of independence of CPAs".	
4. Has the TWSE/TPEX listed company been equipped with competent and appropriate numbers of corporate governance personnel, and designated a CGO responsible for corporate governance-related affairs (including but not limited to providing directors and supervisors with the information required for business execution, assisting directors and supervisors with legal compliance, handling matters related to board meetings and shareholders meetings in accordance with the law, and producing meeting minutes for board of directors meetings and shareholders meetings)?	✓		The company's board of directors meeting approved the establishment of a corporate governance officer on March 23, 2021, and concurrently by the finance & accounting department manager. The finance & accounting department is a concurrent corporate governance unit responsible for corporate governance-related matters, providing information necessary for directors to perform their duties, assisting directors in complying with laws and regulations, handling matters related to the board of directors' and shareholders' meetings in accordance with the law, registering companies and registering changes, and preparing minutes of the board of directors' and shareholders' meetings Implementation of the corporate governance affairs and status of continuing education, please refer to pages 42~43.	No major difference

Evaluation Item	Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
5. Does the company establish a communication channel and build a designated section on its website for involved parties (including but not limited to shareholders, employees, customers and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		<p>1. The company established a spokesperson, a deputy spokesperson, a dedicated staff for stock affairs and a contact hotline on the company's website to handle various information announcements.</p> <p>2. The Company's website has established a "Stakeholder Section" (including but not limited to shareholders, employees, customers and suppliers, etc.) for communication related matters.</p> <p>3. The company has a financial information section and a corporate governance section to allow stakeholders to understand the financial information and corporate governance related information that they are concerned about, and to understand the reasonable expectations and needs of stakeholders through appropriate communication, so that each stakeholder has sufficient information to make a judgment and respond appropriately to important CSR issues that they are concerned about.</p>	No major difference
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The company has appointed stock affairs agency department of Taishin Securities stock transfer agency department to act on behalf of the company in all matters relating to the company's stock.	No major difference
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		The company has set up a website to disclose financial operations and corporate governance information. The company's website is : www.tmicl.com.tw	No major difference

Evaluation Item	Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	✓		The company has set up a website in English and Chinese, and has designated dedicated staff to collect and disclose information, and has implemented a spokesperson system in accordance with the regulations, and the relevant information of the institutional investor conference is also posted on the company's website.	
(3) Does the Company announce and report the annual financial report as early as possible within two months after the end of the fiscal year, and announce and report the first, second and third quarter financial reports and the operating status of each month as early as possible before the required deadlines?	✓		The company currently reports its operations for each month in accordance with the "List of Matters Required to Be Handled by Issuers of Listed Securities" and announces and reports its financial statements for the first, second and third quarters well in advance of the prescribed deadlines. The company has not yet announced and reported the annual financial report within two months after the end of the fiscal year.	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' training records, the implementation of risk management policies and risk evaluation	✓		1. Employee rights : The company complies with the Labor Standards Act and related laws and regulations, and has established an employee welfare committee to handle various subsidies and activities for employees. Employee pension system is implemented, and the company also carries group insurance for employees. The company also emphasizes labor relations and holds quarterly labor meetings to coordinate labor relations.	No major difference

Evaluation Item	Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
measures, the implementation of customer relations policies, and purchasing insurance for directors?			<p>2. Employee wellness : The company stresses on the neatness and cleanliness of the working environment and the safety of the employees. The company is equipped with security personnel, security systems and monitors at the main entrance, and the production facilities are equipped with cleaning facilities, AED protection devices and fire-fighting facilities to ensure the personal safety of the employees and regular employee health check-ups.</p> <p>3. Investor relations : The company is required by law to honestly disclose information on the Market Observation Post System (MOPS) to protect the investors' rights and interests, and the company's website provides investors' mailboxes and spokespersons' contact information to maintain a healthy and harmonious relationship between the company and its shareholders.</p> <p>4. Supplier and financial institution relations : The company has maintained good relationships with suppliers and financial institutions, allowing the company to obtain better purchase prices and interest rates.</p> <p>5. Directors' continuing training records : Please see page 15 of the annual report.</p> <p>6. the implementation of risk management policies and risk evaluation measures : The company has established the "Enterprise Background and Risk Analysis Management Process" in accordance with ISO to manage and evaluate</p>	

Evaluation Item	Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
	Yes	No	Summary	
			<p>various operational risks.</p> <p>7. The implementation of customer relations policies : The company's delivery schedule and quantities of goods sold to customers are fulfilled in accordance with the contract. The company has established a "Customer Complaint Handling Procedure" to respond quickly to customer demands in order to maintain a stable and good relationship and to create profits for the company.</p> <p>8. purchasing insurance for directors : The Company's board of directors approved liability insurance for directors and managers on November 10, 2023 to reduce and mitigate the risk of material damage to the company and shareholders due to the directors' misconduct or negligent acts.</p>	

9. Please describe improvements in accordance with corporate governance assessment results issued by the Corporate Governance Center, TWSE in the most recent year, and provide priority emphasizes and action plans for items that have not yet improved

Item	No.	Evaluation Indicators	Improvements and measures
Improved items	1.1	Does the company report at a general shareholder meeting the remuneration received by directors, including the remuneration policy, individual remuneration package, amount?	The Company has listed the remuneration of directors as a reportable item in the Meeting Handbook and report the remuneration received by directors, including the remuneration policy, individual remuneration package, amount at the 2023 Annual General Meeting of Shareholders.
	1.15	Does the company have an internal rule and disclosed on the company's website, prohibiting company insiders from trading securities using information not disclosed to the market, measures include, without limitation, those	We have amended Article 10 of the Company's "Corporate Governance Best-Practice Principles", prohibiting Company insiders from trading securities using information not disclosed to the market. The rules mentioned in the preceding paragraph shall include measures to control stock trading by insiders of the Company from the date they become aware of the contents of the Company's financial reports or related

Evaluation Item			Implementation Status			Any difference from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and the reasons
			Yes	No	Summary	
		prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports, and the implementation thereof?			results, including, without limitation, prohibiting a director from trading its shares during the closed period of 30 days prior to the publication of the annual financial reports and 15 days prior to the publication of the quarterly financial reports.. The corporate governance officer does notify directors, managers, employees and other insiders electronically 15 days prior to the publication of the quarterly financial reports and 30 days prior to the publication of the annual financial reports, prohibit them from trading securities using information not disclosed to the market.	
	4.11	Does the company disclose its annual greenhouse gas emissions, water consumption and total weight of waste for the past two years?			Please refer to pages 53~54 of this annual report.	
Priority enhance ments	2.22	Does the company have an audit committee or a functional committee at the board level (e.g., a risk management committee) to oversee risk management and establish risk management policies and procedures approved by the board of directors, to disclose the risk management organization structure, its procedures, and operations, and to report to the board of directors at least once a year?			The Company expects to complete the establishment of risk management policies and procedures in 2024.	

Thye Ming Industrial Co., Ltd.

Evaluation table of independence of CPAs

Evaluation period : 2023/01/01~2023/12/31
 Appointed accounting firm : Deloitte & Touche
 CPA name : Chiang Jia-Ling, Guo Li-Yuan

Item	Yes	No
1. Financial Interests : (1) There is a "direct financial interest" with the Company. (2) There is a "materiality indirect financial interests" with the Company. (3) There is a "materiality financial interest" with another company over which the Company has control.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
2. Loans and Guarantees : (1) Acquisition of financing or guarantees from financial institutions that do not have normal business practices. (2) Acquisition of financing or guarantees from non-financial institutions. (3) Financing or guarantee matters with non-financial institutions.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
3. Close Business Relationships : (1) There is a close business relationship with the Company. (2) There is a close business relationship with the directors, supervisors and managers of the Company.	<input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
4. Serving as a Director or Officer of an Audit Client : (1) The CPA is a director, supervisor, manager, or officer of the company, or has held a position of significant influence on the audit, currently or within the last two years. (2) Serving as a director, supervisor, or manager of the Company, or in a position that has significant influence on the audit process. (3) Served as a director, supervisor, or manager of the Company, or had significant influence on the audit during the audit period. (4) Identify the director, supervisor, manager, or position that will have significant influence on the audit of the Company in future periods. (5) Serving as a director and supervisor of the other company over which the Company has control. (6) Serves as a director, supervisor, manager or an equivalent position for the Company. (7) Employed by the Company for regular work and paid a fixed salary.	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>
5. Any non-audit services to the Company : (1) Provide valuation services that are part of the Company's financial statements and that have a material impact and are highly subjective in nature. (2) Provide the Company with valuation services that are not material to the Company or are not highly subjective in nature, although they are part of the financial statements. (3) Provide bookkeeping services that do not meet the requirements of the Code of Ethics. (4) Assist in or perform internal audit services that are not in	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>

accordance with generally accepted auditing standards.		
(5) Assist or undertake internal audit services related to the company's operations.	<input type="checkbox"/>	■
Temporary staffing services :		
(6) Assign internal staff to assist the company in performing work related to management decisions, approval or signing of contractual documents, and signing and managing financial approval of notes on behalf of the Company.	<input type="checkbox"/>	■
(7) Assign internal staff to assist the company in performing work that are not related to management decisions, approval or signing of contractual documents, and signing and managing financial approval of notes on behalf of the Company.	<input type="checkbox"/>	■
(8) Recruit senior management on behalf of the Company who have direct and significant influence on audit cases.	<input type="checkbox"/>	■
(9) To market, advertise or trade stocks or other securities issued by audit clients for the Company.	<input type="checkbox"/>	■
(10) Acting as the agent for the Company in transactions with third parties or committing to transaction terms.	<input type="checkbox"/>	■
(11) As a medium for sourcing the funds required by the Company.	<input type="checkbox"/>	■
6. Other items :		
(1) Receive gifts or presents of significant value from the company.	<input type="checkbox"/>	■
(2) Receive gifts or presents of significant value from directors, supervisors, or managers of the company.	<input type="checkbox"/>	■
(3) Request, contract or receive any remuneration other than those stipulated.	<input type="checkbox"/>	■
(4) For five consecutive years, accept the company's appointment as the auditing accountant.	<input type="checkbox"/>	■
(5) Purchase of personal property or real property managed for business purposes.	<input type="checkbox"/>	■
(6) Using an accountant's position to compete improperly in the business sector.	<input type="checkbox"/>	■
(7) Coordinate conflicts, defense or claims with other third parties on behalf of the company.	<input type="checkbox"/>	■

Evaluation result ■ **Conformity** / □ **Nonconformity** Accountant Independence

Evaluation date : 2024/1/22

2023 Training courses of insider trading prevention

Training Course	Training Unit	Participant	Date	Hours	No. of people
2023 Insider Trading Legal Compliance Seminar for Listed and Unlisted Companies	Taiwan Stock Exchange	All directors, Corporate governance officer	11/15	3	10
Introduction to Insider Trading Regulations and Prevention	The Company	Manager	11/27	3	7
Introduction to Insider Trading Regulations and Prevention	The Company	Finance and accounting staff	11/27	3	7

Corporate Governance Officer

The Company's Board of Directors approved the establishment of a corporate governance officer on March 23, 2011, appointed concurrently by Tong Hsin Yuan, the manager of the Finance and Accounting Department. The Finance and Accounting Department is a concurrent corporate governance unit responsible for corporate governance-related matters, providing information necessary for directors to perform their duties, assisting directors in complying with laws and regulations, handling matters related to meetings of the Board of Directors and shareholders' meetings in accordance with the law, assisting directors in their appointment and continuing education, registering companies and registering changes, and preparing minutes of meetings of the Board of Directors and shareholders, etc.

Implementation of the corporate governance affairs for 2023

1. Handling of board, functional committee and shareholders' meeting related matters and preparation of minutes.
2. Assistance in the proceedings of the Board of Directors, functional committees and shareholders' meetings and the resolution in complying with laws and regulations.
3. To promote the achievement of corporate governance evaluation indicators
4. Arranging communication between the independent directors and the CPA and the internal audit supervisor
5. Report to the Board of Directors on directors' and officers' liability insurance matters
6. Conducting performance evaluations of the Board of Directors and functional committees
7. Assisting in the Inauguration of directors and continuing education courses Arranging continuing education courses for directors

Status of continuing education

No.	Organizer	Course	Date		Hours
			From	To	
1	Taiwan Stock Exchange	Briefing on “Sustainable Development Action Plans for TWSE and TPEX Listed Companies	2023/5/22	2023/5/22	3
2	Securities and Futures Institute	2023 Seminar for the Prevention of Insider Trading	2023/6/2	2023/6/2	3
3	Securities and Futures Institute	2023 Legal Compliance Briefing for Insider Trading	2023/12/8	2023/12/8	3
4	Accounting Research and Development Foundation	Promoting Green Transformation: Towards Net Zero Carbon Emission Professional Course	2023/12/19	2023/12/19	3

(4) Composition, Responsibilities and Operations of the Remuneration Committee :

The company's Remuneration Committee meets at least twice a year to assist the Board of Directors in the implementation and evaluation of the company's overall remuneration and benefits policies, as well as the directors' and managers' remuneration. Its main responsibilities are to regularly review the performance evaluation standards, annual and long-term performance goals, and remuneration policies, systems, standards and structures of the Company's directors and managers.

1. Remuneration Committee Member Information

December 31, 2023

Criteria		Professional Qualification Requirements and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Identification	Name			
Independent Director	Chen Yi-Ming	Please refer to pages 11 to 14 of this Annual Report - Information on Directors		2
Independent Director	Lee Wen-Fa			0
Independent Director	Lo Yu-San			0
Other	Su Kuo-Chen	Over five years of working experience required for commercial, legal, finance, accounting or the Company's business. Su Kuo-Chen Architects & Associates Principal Director	<ol style="list-style-type: none"> 1. Not an employee of the Company or any of its affiliates. 2. Not a director or supervisor of the Company or any of its affiliates. 3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate of one percent or more of the total number of issued shares of the Company or ranking in the top 10 in holdings. 4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of a managerial officer under subparagraph 1 or any of the persons in the preceding (2) 、(3) subparagraphs. 5. Not a director, supervisor, or employee of a corporate shareholder that directly holds five percent or more of the total number of issued shares of the Company, or that ranks among the top five in shareholdings, or that designates its representative to serve as a director or supervisor of the company under Article 27, paragraph 1 or 2 of 	0
Other	Zhang Ming-De	Over five years of working experience required for commercial, legal, finance, accounting or the Company's business. Chief-Secretary of National Taxation Bureau of Kaohsiung, Ministry of Finance		0

Criteria		Professional Qualification Requirements and Work Experience	Independence Criteria	Number of Other Public Companies in Which the Individual is Concurrently Serving as a Remuneration Committee Member
Identification	Name			
			<p>the Company Act.</p> <p>6. Not a majority of the Company's director seats or voting shares and those of any other company are controlled by the same person: a director, supervisor, or employee of that other company.</p> <p>7. Not the chairperson, general manager, or person holding an equivalent position of the Company and a person in any of those positions at another company or institution are the same person or are spouses: a director (or governor), supervisor, or employee of that other company or institution.</p> <p>8. Not a director, supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution that has a financial or business relationship with the Company.</p> <p>9. Not a professional individual who has provides commercial, legal, financial, accounting or related services to the Company or any affiliate of the company in the past 2 years.</p> <p>10. Not one of the circumstances stipulated in Article 30 of the Company Act.</p>	

2. Remuneration Committee Operation Status

(1) The Company's remuneration committee consists of five members.

(2) The term of office of the current members : July 21, 2023 to June 8, 2026. The remuneration committee met 4 times (A) in the most recent year and as of the publication date of the annual report, and the qualifications and attendance of the members are as follows :

Title	Name	Number of actual attendance (B)	By proxy	Actual attendance rate (%) (B/A)	Remarks
Convener	Chen Yi-Ming	4	0	100	None
Member	Lee Wen-Fa	4	0	100	None
Member	Lo Yu-San	4	0	100	None
Member	Zhang Ming-De	4	0	100	None
Member	Su Kuo-Chen	4	0	100	None

Other matters to be recorded :

1.If the board of directors did not adopt or amend the suggestion of the remuneration committee, please indicate the date and session number of the board meeting, the contents of the motion, the result of the resolution and the company's handling of the suggestion of the remuneration committee (if the remuneration passed by the board is better than the suggestion of the remuneration committee, please state the difference and the reasons): None

2.If any member had objections or reservations about the resolution of the remuneration committee and there is a record or a written statement, please indicate the date and session number of the remuneration committee meeting, the contents of the motion, all the opinions of the members and how the opinions were handled : None

(3) Remuneration Committee's discussions and resolutions, and the company's handling of members' opinions

Remuneration Committee	Content of the motion and follow-up	Resolution result	The company's handling of remuneration committee opinions
The 7 th session of the fourth 2023.3.17	2023 Proposed method of paying employees' and directors' compensation	Approved by the committee as a whole	Submitted to the board of directors and approved by all directors present
The 1 st session of the fifth 2023.7.21	Election of the convener of the 5th remuneration committee	Approved by the committee as a whole	Submitted to the board of directors and approved by all directors present
The 2 nd session of the fifth 2023.8.4	Engaged Dr. Chen Han-Wen as our medical consultant.	Approved by the committee as a whole	Submitted to the board of directors and approved by all directors present
The 3 rd session of the fifth 2023.11.10	1. 2023 Manager's remuneration and all employees' year-end bonus payment principle 2. 2024 salary adjustment 3. Amendment to the "Directors and Managers' Remuneration Policy" 4. 2024 Director's travel fees for attending board meetings 5. Amendment to the "Remuneration Committee Charter"	Approved by the committee as a whole	Submitted to the board of directors and approved by all directors present

(5) The state of the company's promotion of sustainable development, any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation :

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons
	Yes	No	Summary	
1. Does the company establish corporate social responsibility frameworks and establish an exclusively (or concurrently) dedicated unit to be in charge, and the board of directors shall appoint executive-level positions and to report the status of the handling to the board of directors?	✓		<p>The Company's management department and environmental management office are responsible for promoting sustainable development and regularly report to the Company's management on the implementation of social corporate responsibility.</p> <p>Implementation of sustainable development and fulfillment of corporate social responsibility in the following specific circumstances:</p> <ol style="list-style-type: none"> 1. Human Rights: In order to fulfill the Company's corporate social responsibility and to protect the human rights of our employees and stakeholders, the Company adheres to the United Nations Universal Declaration of Human Rights and the International Labor Organization Declaration on Fundamental Principles and Rights at Work to prevent any human rights violations and infringements, prevent forced and compulsory labor, workplace safety and security, non-discrimination policy, and to protect the rights and interests of employees and stakeholders. 2. Labor: The Company prohibits child labor and provides employees with reasonable salaries in accordance with the law, and applies for social insurance in accordance with the relevant laws and regulations. The Company has set up an Employee Welfare Committee to provide various employee 	No major difference

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons
	Yes	No	Summary	
			<p>welfare measures.</p> <p>In order to improve workplace safety, the Company conducts annual occupational health checkups, fire drills and industrial safety education training to cultivate employees' emergency response and self-safety management skills, and to reduce the risk factors to employee safety and health.</p> <p>Based on diversity and equal opportunities, the Company provides employee training and education, and holds regular labor-management meetings to provide a diverse and effective communication platform to promote harmonious labor-management relations. A total of four labor-management meetings were held in 2023.</p> <p>3. Society: The Company employs appropriate manpower in the areas where the Company operates to promote community recognition; regularly donates to community religious groups for nutritional lunches, scholarships and blood donations activities, and solves social or environmental problems through the business model; the Company follows the "Ethical Corporate Management Best Practice Principles" and strictly prohibits bribing public officials or customers, and implements anti-trust practices.</p> <p>4. Economy: While engaging in business operations, the Company strives to fulfill its corporate social responsibility by actively boosting revenue and replenishing the national tax revenue to enhance the country's economic contribution.</p> <p>5. Environment: The Company complies with environmental</p>	

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons
	Yes	No	Summary	
			<p>protection related laws and regulations to prevent air pollution, soil pollution and water pollution emissions in accordance with national standards. The Company has passed ISO 14001 certification since 1997 and continues to obtain certification to the present.</p> <p>6. Product liability: The Company's products comply with government regulations and service laws, and have passed ISO 9001 certification since 1996. We provide customers with stable product quality through a strict quality control system, and regularly take the initiative to conduct customer satisfaction surveys each year to strengthen the cooperative relationship with customers.</p>	
2. Does the Company conduct risk assessments of environmental, social, and corporate governance issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?			<p>In accordance with ISO procedures, the Company periodically conducts risk assessment checklists on environmental, social and corporate governance issues related to the Company's operations, specifically as follows : Operation Plan Management Procedure Checklist, Environmental Policy Management Procedure Checklist, Environmental Plan Management Procedure Checklist, Emergency Response Management Procedure Checklist, Compliance Obligation Identification Management Procedure Checklist, Management Responsibility Procedure Checklist, Employee Education and Training Procedure Checklist ... etc.</p> <p>After the procedures are reviewed, analyze the risks of management, distinguish the authority and responsibility units, measurement indicators, risks, knowledge and technology, and</p>	

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons												
	Yes	No	Summary													
			stakeholders, and establish risk control measures.													
3. Environmental issues (1) Does the company establish proper environmental management systems based on the characteristics of their industries? (2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (3) Does the Company assess the potential risks and opportunities climate change brings to the Company, now and in the future, and take measures to respond to climate-related issues? (4) Has the Company compiled statistics on greenhouse gas emissions, water consumption, and total weight of waste in the past two years, and does	✓ ✓		<p>The company has passed ISO14001 (2015 version) certification of environmental system.</p> <p>Since the establishment of the company, we have been upholding the concept of "environmental protection, quality and innovation" for sustainable management, energy saving and resource recycling to achieve a win-win situation for both environmental protection and economy.</p> <p>The company conducts an inventory of its business and identifies risks in response to climate change. The company implements energy saving and carbon and greenhouse gas reduction measures such as :using gas heating in production and manufacturing machinery, replacing all energy-saving lighting, using solar energy bathing equipment in dormitories, using fixed temperature air conditioning systems, T5 energy-saving lighting equipment, using timer devices for water dispensers, using electronic equipment and paperless operations, recycling paper, and recycling water resources for watering plants and washing floors.</p> <p><u>Greenhouse gas emissions for the most recent 2 years</u> (Scope 1 and Scope 2 are for the Company's entire factory) Unit: metric tons CO2/year</p> <table><tr><th>Fiscal year</th><th>Scope 1</th><th>Scope 2</th><th>CO2 emissions</th></tr><tr><td>2022</td><td>768.9</td><td>1,031.1</td><td>1,799.9</td></tr><tr><td>2021</td><td>768.9</td><td>1,031.1</td><td>1,799.9</td></tr></table>	Fiscal year	Scope 1	Scope 2	CO2 emissions	2022	768.9	1,031.1	1,799.9	2021	768.9	1,031.1	1,799.9	No major difference
Fiscal year	Scope 1	Scope 2	CO2 emissions													
2022	768.9	1,031.1	1,799.9													
2021	768.9	1,031.1	1,799.9													

Promotion Item	Implementation Status				Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons	
	Yes	No	Summary			
it formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption reduction, or other waste management?						per metric tons
			2022	12,441	4,566	0.88 tons CO2
			2023	13,750	4,779	0.88 tons CO2
			Based on the "Sustainable Development Roadmap" issued by the FSC, the Company only made trial calculations for Scope 1 and Scope 2 in the "National Greenhouse Gas Record Platform" of the Environmental Protection Administration, Executive Yuan, according to the calculation method announced.			
			Trial calculation results: The greenhouse gas emissions of the whole plant in 2023 were 18,529 metric tons of CO2e/year, of which 13,750 metric tons of CO2e/year accounted for 74.2% of the total plant emissions in Scope 1 and 4,779 metric tons of CO2e/year accounted for 25.8% of the entire factory emissions in Scope 2.			
According to EPA announcement on January 7, 2016 "Enforcing Greenhouse Gases Accounting and Registration on the First Batch of Greenhouse Gases Emission Sources", the first batch of electricity, steel, cement, oil refining and other high energy-consuming industries, or the entire factory fossil fuel combustion in various industries (Scope I) to produce annual greenhouse gas emissions of 25,000 (metric tons of CO2e / year) or more, should be completed by the end of August each year factory-wide inventory of greenhouse gas emissions in the previous year registration. The Company has not reached 25,000 (metric tons of CO2e / year), so is not a target of the registration of inventory, and only registered the						

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons																																										
	Yes	No	Summary																																											
			<p>platform for trial calculation to keep the results for future inspection.</p> <p><u>Scope I Emission ratio by sources</u></p> <p style="text-align: right;">Unit: metric tons CO2/year</p> <table><tr><th>Fiscal year</th><th></th><th>Stationary combustion</th><th>Mobile</th><th>Vapor</th><th>Manufacturing process</th><th>Total Emissions</th></tr><tr><td rowspan="2">2022</td><td>Greenhouse gas emissions (metric tons CO2/year)</td><td>12,240</td><td>201</td><td>0</td><td>0</td><td>12,441</td></tr><tr><td>Percentage of total emissions (%)</td><td>98.4</td><td>1.6</td><td>0</td><td>0</td><td>100.0</td></tr><tr><td rowspan="2">2023</td><td>Greenhouse gas emissions (metric tons CO2/year)</td><td>13,512</td><td>230</td><td>8</td><td>0</td><td>13,750</td></tr><tr><td>Percentage of total emissions (%)</td><td>98.27</td><td>1.67</td><td>0.06</td><td>0</td><td>100.0</td></tr></table> <p><u>Wastewater discharge for the most recent 2 years</u></p> <p style="text-align: right;">Unit: metric tons/year</p> <table><tr><th>Fiscal year</th><th>Tap water consumption</th><th>Volume of wastewater treatment</th></tr><tr><td>2022</td><td>29,132 m³</td><td>15,332.11 m³</td></tr><tr><td>2023</td><td>29,518 m³</td><td>20,538.73 m³</td></tr></table> <p>The wastewater collected by the Company is treated by the wastewater treatment system under the responsibility of specialists to prevent pollution, and the wastewater is</p>	Fiscal year		Stationary combustion	Mobile	Vapor	Manufacturing process	Total Emissions	2022	Greenhouse gas emissions (metric tons CO2/year)	12,240	201	0	0	12,441	Percentage of total emissions (%)	98.4	1.6	0	0	100.0	2023	Greenhouse gas emissions (metric tons CO2/year)	13,512	230	8	0	13,750	Percentage of total emissions (%)	98.27	1.67	0.06	0	100.0	Fiscal year	Tap water consumption	Volume of wastewater treatment	2022	29,132 m³	15,332.11 m³	2023	29,518 m³	20,538.73 m³	
Fiscal year		Stationary combustion	Mobile	Vapor	Manufacturing process	Total Emissions																																								
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Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons									
	Yes	No	Summary										
			<p>discharged into the combined wastewater treatment plant after treatment.</p> <p><u>Waste produced for the most recent 2 years</u></p> <p style="text-align: right;">Unit: metric tons/year</p> <table><tr><th>Fiscal year</th><th>General industrial waste</th><th>Hazardous industrial waste</th></tr><tr><td>2022</td><td>62.000</td><td>441.970</td></tr><tr><td>2023</td><td>64.710</td><td>514.120</td></tr></table> <p>According to the "Regulations for the Inspection and Record Management of Hazardous Industrial Waste", the Company conducts a sample inspection once every six months and the measured value is greater than the dissolution test standard (lead: 5.0 mg/L), so the Company determines that the industrial waste is a hazardous and toxic industrial waste.</p> <p>In accordance with the regulations, the Company appoints a qualified private waste clearance and disposal organization to remove and treat the waste on its behalf. The storage and removal treatment of the industrial waste is in accordance with the "Methods and Facilities Standards for the Storage, Clearance and Disposal of Industrial Waste" of the Environmental Protection Administration.</p>	Fiscal year	General industrial waste	Hazardous industrial waste	2022	62.000	441.970	2023	64.710	514.120	
Fiscal year	General industrial waste	Hazardous industrial waste											
2022	62.000	441.970											
2023	64.710	514.120											
4. Social issues (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill	✓		The Company establishes "Personnel Rules" in accordance with Labor Standards Act to regulate the appointment and dismissal of employees, attendance, leave of absence, performance appraisals, salaries, compensations and bonuses to protect the	No major difference									

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons
	Yes	No	Summary	
<p>of Human Rights?</p> <p>(2) Does the Company formulate and implement reasonable employee benefits measures (including compensation, leaves and other benefits), and appropriately reflect operational performance or achievement in employee compensation?</p>	✓		<p>legal rights of employees.</p> <p>The Company establishes and implements reasonable employee benefit measures in accordance with the "Personnel Rules", and appropriately reflects operational performance and results in employee compensation, such as :</p> <p>(1) The number of days off and the calculation of overtime pay for employees are in accordance with the Labor Standards Act, employees who have not completed their special leave may claim unused leave pay.</p> <p>(2) The average salary of non-supervisors was \$721 thousand in 2022 and \$764 thousand in 2023.</p> <p>(3) Company's Articles of incorporation stipulates that the Company shall set aside 1% or more of its annual net income before tax for employee compensation and 3% or less for director's remuneration</p> <p>Employee compensation accounted for 1.13% and 1.14% of net income before income tax for 2022 and 2023.</p>	
<p>(3) Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?</p>	✓		<p>The company has an industrial safety office, which is a special unit for labor safety and health management, and has amended a written "Labor Safety and Health Rules" to ensure the safety and health of employees in the workplace.</p> <p>The company's specific measures to protect the safety and health of employees include the installation of air pollution prevention equipment, water pollution prevention equipment, noise pollution prevention equipment and AED emergency shock equipment, and the posting of no-smoking signs in the</p>	

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons
	Yes	No	Summary	
(4) Does the company provide its employees with career development and training sessions?	✓		<p>workplace to remind employees that smoking is strictly prohibited in the workplace. The company provides regular annual health checkups, monthly environmental safety meetings to review workplace safety facilities and measures, and employs doctors to provide regular health consultations. In 2023, there were no fires and employee occupational disaster or other incidents in our company.</p> <p>The company has set up a human resources system to ensure that we have a good grasp of our employees' expertise, character, qualifications, training, etc., so that employees can have a better understanding of themselves for the purpose of operational planning.</p> <p>Each unit will set up education and training based on annual work objectives and company policies. Education and training can be divided into pre-employment training, on-the-job training and long-term training.</p> <p>The management department will review and improve the training results for the next year's training plan.</p>	
(5) Does the Company comply with relevant laws, regulations and international standards with respect to customer health and safety, customer privacy, marketing and labeling of products and services, and develop relevant consumer interests protection policies and complaint procedures?	✓		<p>The Company has established the marketing and standardization of products and services in accordance with ISO9001 and ISO/TS16949.</p> <p>In order to handle customer complaints promptly, understand the reasons for customer complaints, prevent the recurrence of complaints, improve the quality of the Company's products and services, and maintain the Company's reputation, the Company has established the "Procedures for Handling Customer</p>	

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons
	Yes	No	Summary	
(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and its implementation situation?	✓		Complaints". There were no customer complaint cases in 2023. The Company requires its suppliers to comply with the relevant laws and regulations on environmental protection, occupational safety and health, or labor human rights issues in the contractual documents. If the contract is defaulted, a penalty of three percent of the contract amount per day will be imposed until improvement is made.	
5. Does the Company refer to internationally accepted reporting standards or guidelines when compiling the corporate social responsibility reports and other reports that disclose Company's non-financial information? Have the aforementioned reports been verified or certified by a third-party verification unit?	✓		The company has not prepared a CSR report, but has established the "Ethical Corporate Management Best Practice Principles" and the "Corporate Social Responsibility Best Practice Principles" to implement the corporate culture of corporate social responsibility and ethical management. The Company has engaged a third party to assist in compiling the sustainability report in early 2024 and it is expected to be completed in 2025.	No major difference
6. If the Company has established the corporate social responsibility principles based on the "Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies", please describe any deviation between the Principles and their implementation : None.				
7. Other important information to facilitate better understanding of the company's corporate social responsibility practices : (1) Environmental Protection 1. Passed ISO14001 (2015 version) certification of environmental system. 2. The competent authority issued the Grade A treatment facility, permit No. : Kaohsiung City Government Environmental Waste Management No. 10733386900.				

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons
	Yes	No	Summary	
<p>3.Resource reuse permit approved on August 15, 2023 by the Ministry of Economic Affairs Order No. 11251032581.</p> <p>4.The competent authority recognized audit and certification institutions to conduct the audit and certification of business waste.</p> <p>5.Disposal fees for hazardous business wastes of approximately NT\$18.06 million.</p> <p>6.Air, sewage and soil pollution prevention costs are about NT\$4.18 million.</p> <p>7.There are 3 Grade A wastewater treatment technicians, 3 Grade B wastewater treatment technicians, 2 Grade A air pollution prevention technicians, 4 Grade A waste treatment technicians, and 5 Grade B waste treatment technicians in the professional environmental protection skill establishment. 2 Grade A toxicity and chemical substances professional and technical management staffs.</p> <p>(2) Community Participation</p> <p>The company's directors and staff spend their leisure time actively participating in community affairs, specific achievements: assisted 92 economically disadvantaged families for a total of NT\$2.48 million, sponsored students' summer and winter camps NT\$200,000, donated NT\$210,000 in scholarships, donated NT\$150,000 to social welfare institutions, provided winter relief for NT\$80,000, sponsored NT\$300,000 of meal vouchers for students during winter and summer vacations, and sponsored NT\$200,000 of blood donations for public welfare...etc.</p> <p>(3) Social Contribution</p> <p>1.Income after tax of NT\$993.84 million and earnings per share after tax of NT\$5.94 for 2023, creates benefits for all shareholders.</p> <p>2.Paid NT\$163.10 million in income tax for the year 2022, which generated tax revenue for the national treasury.</p> <p>3.Create job opportunities and employ 150 employees, set up employee welfare committee to promote employees' rights and interests, harmonious labor relations, and no labor disputes so far.</p> <p>(4) Social services, social welfare</p> <p>1. Provided Kaohsiung Blood Center with NT\$200,000 in prizes for blood donation activities.</p> <p>2. Provided NT\$1,000,000 as student meal coupons for summer and winter vacations.</p> <p>3. Donated NT\$83,000 to the Friends of Kaohsiung City Police Department.</p> <p>4. Sponsorship of GTM International Industrial and Academic Exchange Forum: NT\$300,000.</p> <p>(5) Consumer Rights</p> <p>The company's products are not sold directly to consumers.</p>				

Promotion Item	Implementation Status			Any deviation from the Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation and reasons
	Yes	No	Summary	
<p>(6) Human Rights</p> <p>The employment of domestic or foreign employees is governed by the Labor Standards Act and related laws and regulations to protect the domestic and foreign employees' human rights and interests: In 2023, no complaints were received from domestic or foreign employees that their rights were not protected.</p> <p>(7) Safety and hygiene</p> <p>1.Passed ISO 45001:2018 Occupational Safety and Health Management System Certification.</p> <p>2.In order to implement the safety and health policy, the Company has formulated the "Labor Safety and Health Rules". In order to clarify the authority and responsibility for safety and health, the environmental management and industrial safety units conduct weekly safety and health inspections, and have set up reward and punishment methods for encouragement and vigilance.</p> <p>3.Monthly environmental safety meetings are held regularly to review deficiencies and promote safety and health issues.</p> <p>4.Employees are required to wear safety and hygiene equipment in the factory, such as safety helmets, dust masks or face masks, fireproof gloves and safety shoes, etc.</p> <p>5.Regular fire drills are held in the factory and fire drills are held in cooperation with the local fire department.</p> <p>6.Periodically review the license of operating equipment for expiration and conduct external education and training.</p> <p>7.Implement annual employee health check-ups and increase check-up items for special operations personnel.</p> <p>8.Occupational safety and health professional skills establishment includes 55 fixed crane operators, 71 forklift operators, 35 acetylene welding equipment operators, 13 high-pressure gas specific equipment operators, 26 lead operation supervisors, 5 specific chemical substance operation supervisors, 6 oxygen deficiency operation supervisor training, 2 high-pressure gas supply and consumption operation supervisors, 2 organic solvent operators, 3 Grade B labor safety and health officers, 8 Grade A labor safety and health business supervisors, 3 fire prevention personnel, 4 hazardous material management security inspectors, 28 occupational disaster first responders trained and 12 aerial work platform operators.</p> <p>(8) Other social responsibility activities : None</p>				

Implementation of Climate-related Information

Item	Implementation status
1. Describe the board of directors' and management's oversight and governance of climate-related risks and opportunities.	Although the Company has not established a sustainability committee, we have commissioned a third party to assist us in conducting carbon inventories and compiling sustainability reports since the beginning of 2024. The general manager and management representatives are responsible for coordinating the Company's strategies and setting goals in the direction of CSR and sustainable development, and the general manager's office is in charge of promoting matters related to sustainable development and instilling the belief of CSR into our operating activities; the general manager's office also reports the current status of greenhouse gas inventories and verifications to the Board of Directors on a regular basis.
2. Describe how the identified climate risks and opportunities affect the business, strategy, and finances of the business (short, medium, and long term).	As of the date of publication of the Company's annual report, the identification of climate risks and opportunities has not yet been completed, therefore, it is not able to assess how it will affect the Company's business, strategy and finances, we will disclose the relevant information on the Company's website after completing relevant contents.
3. Describe the financial impact of extreme weather events and transformative actions.	As of the date of publication of the Company's annual report, the identification of climate risks and opportunities has not yet been completed, therefore, it is not able to assess how extreme weather events and transformative actions would affect the Company's finances, we will disclose the relevant information on the Company's website after completing relevant contents.

Item	Implementation status
4. Describe how climate risk identification, assessment, and management processes are integrated into the overall risk management system.	As of the date of publication of the Company's annual report, the identification of climate risks and opportunities has not yet been completed, therefore, it is not able to complete the climate risk identification, assessment, and management processes, we will disclose the relevant information on the Company's website after completing relevant contents.
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and major financial impacts used should be described.	As of the date of publication of the Company's annual report, the identification of climate risks and opportunities has not yet been completed, therefore, the scenario analysis has not been used to assess the resilience to climate change risks, we will disclose the relevant information on the Company's website after completing relevant contents.
6. If there is a transition plan for managing climate-related risks, describe the content of the plan, and the indicators and targets used to identify and manage physical risks and transition risks.	As of the date of publication of the Company's annual report, the identification of climate risks and opportunities has not yet been completed, therefore, the transition plan for managing climate-related risks has not been completed, we will disclose the relevant information on the Company's website after completing relevant contents.
7. If internal carbon pricing is used as a planning tool, the basis for setting the price should be stated.	As of the date of publication of the Company's annual report, internal carbon pricing is not used as a planning tool, therefore, not applicable.
8. If climate-related targets have been set, the activities covered, the scope of greenhouse gas emissions, the planning horizon, and the progress achieved each year should be specified. If carbon credits or renewable energy certificates (RECs) are used to achieve relevant targets, the source and quantity of carbon credits or RECs to be offset should be specified.	As of the date of publication of the Company's annual report, we are not an entity that meets certain criteria, therefore, not applicable.
9. Greenhouse gas inventory and assurance status and reduction targets, strategy, and concrete action plan.	As of the date of publication of the Company's annual report, we are not an entity that meets certain criteria, therefore, not applicable.

(6) The state of the company's performance in the area of ethical corporate management, any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation :

Evaluation Item	Implementation Status			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary	
<p>1. Adoption of an ethical management policy and action plan</p> <p>(1) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices as well as the commitment of the board of directors and the executive management to enforcement of the ethical corporate management policy?</p> <p>(2) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of the risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least those described in Article 7,</p>	<p>✓</p> <p>✓</p>		<p>The company has established the "Ethical Corporate Management Best Practice Principles" as a commitment to implement its management policy.</p> <p>The company's ISO/TS16949 management system and the company's quality policy as revealed on our website are :</p> <p>1. Honesty : To uphold the principle of integrity and treat each other with integrity to our customers.</p> <p>2. Pragmatic : Be pragmatic in our dedication and demand for quality in all products.</p> <p>3. Accurate : Each work process and step is controlled in accordance with the quality system.</p> <p>The Company has established the "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct". In addition, the personnel rules provide for sanctions against unethical behavior to prevent highly unethical behavior such as bribery or acceptance of a bribe.</p>	No major difference

Evaluation Item	Implementation Status			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary	
<p>Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/ GTSM Listed Companies?</p> <p>(3) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against dishonest conducts, and enforce the programs effectively and perform regular reviews?</p>	✓		<p>The company has established the "Procedures for Ethical Management and Guidelines for Conduct" as a program to prevent unethical behavior.</p> <p>The Company's "Personnel Rules" stipulate penalties to prevent unethical behavior, and the education and training courses for new employees are reinforced, and regular reviews are conducted to amend the program in order to implement ethical management. In 2023, there was no violation of the “Procedures for Ethical Management and Guidelines for Conduct” by any of our employees.</p>	
<p>2.Implementation of Ethical Management</p> <p>(1) Does the Company evaluate the records of ethical conduct of its business counterparties and include integrity clauses in its contracts with business counterparties?</p> <p>(2) Does the company have a unit that supports ethical corporate management practices on a full-time basis under the board of directors, and reports the ethical management policy and programs against unethical</p>	<p>✓</p> <p>✓</p>		<p>This is stated in the sale and purchase contract.</p> <p>The company's audit office is the concurrently unit to promote ethical corporate management and the supervisory unit of the Board of Directors' operation, regularly report to the board of directors on the implementation of the policy of ethical management and the prevention of unethical behavior. For the implementation status of ethical management, please refer to</p>	No major difference

Evaluation Item	Implementation Status			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary	
<p>conduct regularly (at least once a year) to the board of directors and oversees the operations?</p> <p>(3) Does the Company adopt a policy for avoiding conflicts of interest, provide appropriate means for reporting on any such conflict, and implement them without fail?</p> <p>(4) Does the company have effective accounting and internal control systems in place to enforce ethical management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit the systems accordingly to prevent unethical conduct or hire outside accountants to perform the audits?</p> <p>(5) Does the Company offer internal and external training with regard to ethical management on a regular basis?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>the Company's website.</p> <p>The Company's "Regulations Governing Procedure for Board of Directors Meetings" has a policy of preventing conflicts of interest and providing appropriate reporting channels.</p> <p>In order to implement the accounting system and internal control system for ethical management, the company has entrusted the external audit firm, Deloitte & Touche, and internally audited by the audit office of the company. There were four deficiencies in the audit, all of which have been improved.</p> <p>The company occasionally conducts internal education training on ethical management and sends its employees to attend the education training courses conducted by the Accounting Research and Development Foundation, please refer to page 42.</p>	
<p>3. Status of the Company's implementation of its mechanism for whistle-blowing</p> <p>(1) Does the Company establish a mechanism that incentivizes</p>			<p>The "Procedures for Ethical Management and Guidelines for Conduct" clearly stipulate the establishment of dedicated</p>	No major difference

Evaluation Item	Implementation Status			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation																								
	Yes	No	Summary																									
informants to report any wrongdoing, put in place channels convenient for taking such action and assign appropriate personnel to handle such cases?	✓		<p>personnel to manage reporting channels. These channels are available for employees, suppliers, and other external stakeholders to report any behavior that violates ethical management. Reports can be made to the supervisor of the respective unit, the audit supervisor, or the management department supervisor. Additionally, reports can be submitted through the designated complaint mailbox. If the reported incident is verified and deemed true, appropriate rewards will be given to the whistleblower based on the severity of the case.</p> <table><tr><th>Type</th><th>Accept Department</th><th>Email Address</th></tr><tr><td>Manager Misconduct</td><td>The Audit Committee</td><td>tansy@tmicl.com.tw</td></tr><tr><td>Corruption, Fraud, and Bribery</td><td>Audit supervisor</td><td>tansy@tmicl.com.tw</td></tr><tr><td rowspan="7">Other Violations of Conduct Guidelines</td><td>General Manager Office</td><td>kevintung@tmicl.com.tw</td></tr><tr><td>Management Department</td><td>jack@tmicl.com.tw</td></tr><tr><td>Sales Department</td><td>alvin@tmicl.com.tw</td></tr><tr><td>Business Planning Department</td><td>paul@tmicl.com.tw</td></tr><tr><td>Foreign Department</td><td>ian@tmicl.com.tw</td></tr><tr><td>Finance and Accounting Department</td><td>frank@tmicl.com.tw</td></tr><tr><td>Production Factory</td><td>jun@tmicl.com.tw</td></tr></table>	Type	Accept Department	Email Address	Manager Misconduct	The Audit Committee	tansy@tmicl.com.tw	Corruption, Fraud, and Bribery	Audit supervisor	tansy@tmicl.com.tw	Other Violations of Conduct Guidelines	General Manager Office	kevintung@tmicl.com.tw	Management Department	jack@tmicl.com.tw	Sales Department	alvin@tmicl.com.tw	Business Planning Department	paul@tmicl.com.tw	Foreign Department	ian@tmicl.com.tw	Finance and Accounting Department	frank@tmicl.com.tw	Production Factory	jun@tmicl.com.tw	
Type	Accept Department	Email Address																										
Manager Misconduct	The Audit Committee	tansy@tmicl.com.tw																										
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	Foreign Department	ian@tmicl.com.tw																										
	Finance and Accounting Department	frank@tmicl.com.tw																										
	Production Factory	jun@tmicl.com.tw																										
(2) Does the company have in place standard operating procedures for investigating reports and taking follow-up actions and the necessary confidentiality measures?	✓		<p>When The company accepts a report, the whistleblower should provide at least the following information:</p> <p>1. The whistleblower’s name and ID number (anonymous reporting is also allowed), as well as contact information such as address, phone number, and email.</p> <p>2. The name of the person being reported or other information</p>																									

Evaluation Item	Implementation Status			Any deviation from the Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies, and the reason for any such deviation
	Yes	No	Summary	
(3) Does the Company adopt measures to make sure that informants do not receive improper treatment because of their report?	✓		sufficient to identify the person. 3. Specific evidence that can be used for investigation. The personnel handling the report should make a written statement to keep the whistleblower's identity and the content of the report confidential. The company also promises to protect the whistleblower from any improper treatment due to the report.	
4. Improvement of information disclosure Does the Company disclose the content and implementation status of its Principles for Ethical Management on its own website and the TWSE's Market Observation Post System website?	✓		The company has announced the ethical management principles on the Market Observation Post System and disclosed them on the company's website.	No major difference
5. If the company has established its own ethical corporate management principles based on the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the company's implementation of the principles and any discrepancy therein and explain why : Not Applicable				
6. Other information to understand more about the company's ethical corporate management practice (For example, the company reviews and amends the ethical management principles) : The company's ISO/TS16949 management system helps to understand the operation of the company's ethical management and to review the effectiveness of the implementation every six months. The company formulated the "Ethical Management Principles" on November 11, 2014 and reviewed and amended in March 19, 2020.				

- (7) If a company has formulated a code of corporate governance and related rules and regulations, it shall disclose its inquiry method :
The company's corporate governance best practice principles and related regulations are available on the "Corporate Governance" section of the Company's website (www.tmicl.com.tw).
- (8) Other important information that would enhance the understanding of the implementation state of corporate governance shall be disclosed together with : None
- (9) Internal Control System Execution Status shall disclose the following items :
1. Statement of Internal Control : Please refer to page 255 for details.
2. If an accountant is engaged to conduct a special audit of the company internal control system, the CPA's audit report shall be disclosed : None
- (10) For the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose any sanctions imposed in accordance with the law upon the company or its internal personnel, any sanctions imposed by the company upon its internal personnel for violations of internal control system provisions, principal deficiencies, and the state of any efforts to make improvements. : None
- (11) Material resolutions of a shareholders meeting or a board of directors meeting during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report.
1. Material resolutions of the 2023 general shareholders' meeting and their implementation
 - (1) 2022 Business Report
 - (2) Audit Committee Audit Report
 - (3) Report on the distribution of the remuneration of employees and directors and supervisors in 2022.
Implementation status: All payments were completed by the end of 2023 according to the amount allocated.
 - (4) Report on the distribution of cash dividends from earnings for 2022.
Implementation status: The ex-dividend date was set on October 2, 2023, and was fully paid on October 19, 2023, as resolved by the board of directors. (Cash dividends of NT\$4 per share)
 - (5) 2022 Director's Remuneration Report.
 - (6) Approved 2022 Business Report and Financial Statements.
 - (7) Approved 2022 distribution of earnings.
 - (8) Full re-election of directors
List of directors elected : Tai Yung Investment Co., Ltd. Representative : Chen Li-Ming ; Chen Chang-Hao ; Tai Lin Investment Co., Ltd. Representative : Chen Chi-Lin, Chou Chung-Fa ; Jin Jun Investment Co., Ltd. Representative : Chen Han-Wen ; Mao Shen Investment Co., Ltd. Representative : Lee Mao-Shen
List of independent directors elected : Chen Yi-Ming, Lee Wen-Fa, Lo Yu-San
 - (9) Approved the release of the new directors and their representatives from non-competition restrictions.

2. Material resolutions of the board of directors

Date	Resolution
2023.3.17	<ul style="list-style-type: none"> (1) Approved 2022 employee and director compensation payment method. (Proposed by the Remuneration Committee) (2) Approved 2022 Business Report and Financial Report. (3) Approved 2022 distribution of earnings. (4) Approved 2022 distribution of cash dividends from earnings. (5) Approved 2023 Business Plan and Budget. (6) Approved the "Statement of Internal Control System". (7) Approved the issuance of a support letter for a short-term credit line with a bank for Thye Ming (Vietnam), a 100% owned subsidiary of the Company. (8) Approved the amendment of the "Board of Directors Procedures". (9) Approved the amendment of the "Corporate Governance". (10) Approved the short-term credit line application from the bank. (11) Approved a periodic evaluation of the independence of the Company's CPAs. (12) Approved the Full Re-election of Directors. (13) Approved to convene the 2023 General Shareholders' Meeting.
2023.4.28	<ul style="list-style-type: none"> (1) Ratification of qualifications of director candidates. (2) The release of the new directors and their representatives from non-competition restrictions.
2023.5.9	<ul style="list-style-type: none"> (1) 2023 Q1 Consolidated Financial Statements. (2) Approved the issuance of a support letter for a short-term credit line with a bank for Thye Ming (Vietnam), a 100% owned subsidiary of the Company. (3) Approved the formulate of the "Rules Governing Financial and Business Matters Between this Corporation and its Related Parties" (4) Approved the short-term credit line application from the bank.
2023.6.9	Approved the election of the chairman of the board of directors.
2023.7.21	Approved the nomination of the 5th remuneration committee members.
2023.8.4	<ul style="list-style-type: none"> (1) Engaged Dr. Chen Han-Wen as our medical consultant. (2) 2023 Q2 Consolidated Financial Statements. (3) Approved the amendment of the written "Internal Control Systems" and "Internal Audit Implementation Rules". (4) Approved the issuance of a support letter for a short-term credit line with a bank for Thye Ming (Vietnam), a 100% owned subsidiary of the Company. (5) Approved the setting of the ex-dividend date and the distribution of cash dividends for 2023. (6) Approved the short-term credit line application from the bank. (7) Approved to change the short-term credit line of Yuanta Bank to NT\$200 million.
2023.11.10	<ul style="list-style-type: none"> (1) Approved the principles for the distribution of 2023 manager bonuses and year-end bonuses for all employees (proposed by the Remuneration Committee) (2) Approved 2024 directors' and managers' performance and remuneration policies, systems, standards and structures. (Proposed by the Remuneration Committee) (3) Approved the amendment of the "Directors and Managers' Remuneration Policy". (Proposed by the Remuneration Committee) (4) Approved 2024 annual directors' travel fees for attending board meetings. (Proposed by the Remuneration Committee) (5) Approved the amendment of the "Remuneration Committee Charter" (6) Approved the preparation of the 2023 Internal Audit Annual Audit Plan Report Form. (7) 2023 Q3 Consolidated Financial Statements. (8) Approved the short-term credit line application from the bank. (9) Approved the directors' and managers' liability insurance policy with Shinkong Insurance Co., Ltd.
2024.3.17	(1) Approved 2023 employee and director compensation payment method. (Proposed by the Remuneration Committee)

	(2) Approved 2023 Business Report and Financial Report. (3) Approved 2023 distribution of earnings. (4) Approved 2023 distribution of cash dividends from earnings. (5) Approved 2024 Business Plan and Budget. (6) Approved the "Statement of Internal Control System". (7) Approved the issuance of a support letter for a short-term credit line with a bank for Thye Ming (Vietnam), a 100% owned subsidiary of the Company. (8) Approved the appointment of the Company's CPA, independence and accountants' fees (9) Approved the replacement of CPA due to internal adjustment of Deloitte & Touche. (10) Approved the change of internal audit officer. (11) Approved the short-term credit line application from the bank. (12) Approved to convene the 2024 General Shareholders' Meeting.
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(12) Dissenting or qualified opinion of Directors (including independent directors) against an important resolution passed by the Board of Directors that is on record or stated in a written statement in the past year and up to the date of report : None

(13) A summary of resignations and dismissals, including the Chairman, General Manager, Chief Financial Officer, Chief Accounting Officer, and Chief Internal Auditor, Chief Governance Office, Research and Development Supervisor in the past year and up to the date of report :

Title	Name	Date Assumed	Date Dismissed	Reason
Chief Internal auditor	Chen Bai-Lan	1998.5.21	2024.3.15	Retirement

5. Information on CPA fees :

Unit: Thousand NT\$

Accounting Firm	CPA name	Audit Period	Audit Fee	Non-Audit Fees	Total	Note
Deloitte & Touche	Jiang Jia-Ling	112/1/1 ~	4,290	48	4,338	Tax consulting \$40 thousand
	Kuo Lee-Yuan	112/12/31				

(1) When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed. : None

(2) When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 10 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed. : None.

6. Information on Replacement of CPAs :

(1) Former CPA :

Date of change	Reported to the Board of Directors for discussion and approved on March 15, 2024, to replace the CPAs since the first quarter of 2024.		
Reason of change	In coordination with the internal rotation of the CPA firm to replace the CPAs.		
Specify whether services/engagement were terminated/refused	Parties	CPA	Company
	Conditions		
	Proactive termination of service	Not applicable	Not applicable
	Refusal of new mandate	Not applicable	Not applicable
Has any audit opinion, other than an unqualified opinion, been issued in the past two years? If yes, cite reasons.	None		
Disagreement with securities issuer	Yes		Accounting principles and practices
			Disclosure of financial statements
			Audit scope or procedures
			Other
	No	✓	
Explanation : Not applicable			
Other disclosure items (Items that shall be disclosed according to Article 20-2, Subparagraph 2, Items 1-4 of these standards)	None		

(2) Current CPA :

Accounting Firm	Deloitte & Touche
CPA name	Jiang Jia-Ling , Guo Li-Yuan
Date of engagement	Reported to the Board of Directors for discussion and approved on March 15, 2024, to replace the CPAs since the first quarter of 2024.
Results of consultations with the CPA on accounting measures and principles that might influence his/her opinion prior to his/her engagement	None
The incumbent CPA issued any dissenting opinion on opinions issued by the previous CPA	None

(3) Reply of former CPA to item 6-1 and item 6-2-3, article 10 of the criteria : None.

7. The Employment of the Company's Chairman, General Manager, Financial or Accounting Manager with the Auditing CPA Firm or Its Affiliated Businesses in the Past Year : None.

8. Particulars about Changes in Shareholding and Share Pledge of Directors, Managers and Shareholders Holding More than 10% of the Company's Shares in the Past Year and as of the Date of Publication of the Annual Report

(1) Changes in shareholding of directors, managers and major shareholders

Title	Name	2023		As of April 26, 2024	
		Shareholding increase (decrease)	Pledged shareholding increase (decrease)	Shareholding increase (decrease)	Pledged shareholding increase (decrease)
Chairman	Tai Yung Investment Co., Ltd. Representative : Chen Li-Ming	0 0	0 0	0 0	0 0
Director	Chen hang-Hao	0	0	0	0
Director	Tai Lin Investment Co., Ltd. Representative : Chen Chi-Lin, Chou Chung -Fa	1,104,000 0 0	0 0 0	0 0 0	0 0 0
Director	Jin Jun Investment Co., Ltd. Representative : Chen Han-Wen	8,000 0	0 0	16,000 0	0 0
Director	Mao Shen investment Co., Ltd. Representative : Lee Mao-Shen	0 0	0 0	0 0	0 0
Independent Director	Chen Yi-Ming	0	0	0	0
Independent Director	Lee Wen-Fa	0	0	0	0
Independent Director	Lo Yu-San	0	0	0	0
Independent Director	Su Kuo-Chen (Note1)	0	0	0	0
General Manager	Lee Mao-Shen	0	0	0	0
General Manager's Office Manager	Dong Nai-Jia	0	0	0	0
Management Department Manager	Wu Jung-Shun (Note2)	0	0	0	0
Business Planning Department Manager	Cheng Jung-Pao	0	0	—	—
Foreign Trade Department Manager	Chen Yan-Hong	0	0	0	0
Production Department Manager	Chen Chao-Jun	0	0	0	0
Sales Department Manager	Chen Jun-Cheng	0	0	0	0
Finance & Accounting Department Manager	Tung Hsin-Yuan	0	0	0	0
Major Shareholder	Tai Lin Investment Co., Ltd.	1,104,000	0	0	0

Note : 1. Date Dismissed : June 9, 2023

2. Date Assumed : July 1, 2023

(2) Equity interests transfer information : None

(3) Pledged equity interests information : None

9. Relationship information, if among the company's 10 largest shareholders any one is a related party or a spouse, or a relative within the second degree of kinship of another

April 26, 2024, Unit : shares

Name	Current shareholding		Spouse's, Minor's shareholding		Total shares held in the names of others		Name and relationship between the company's top ten shareholders under SFAS No. 6, or spouses or relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Tai Lin Investment Co., Ltd. Representative : Chen Li-Ming	27,959,913	16.71%	0	0	0	0	Tai Ying Investment Co., Ltd.	Same Chairman	—
							Tai Yung Investment Co., Ltd.	Company in which the chairman of the company is a first degree relative	
							Chen Chang-Hao	First degree relative	
Mao Shen Investment Co., Ltd. Representative : Lee Mao-Shen	16,731,356	9.99%	0	0	0	0	Jin Jun Investment Co., Ltd.	Company in which the chairman of the company is a second degree relative	—
Jin Jun Investment Co., Ltd. Representative : Lee Jun-Xian	10,832,443	6.47%	0	0	0	0	Mao Shen Investment Co., Ltd.	Company in which the chairman of the company is a second degree relative	—
Tai Yung Investment Co., Ltd. Representative : Chen Chang-Hao	8,602,232	5.14%	0	0	0	0	Tai Lin Investment Co., Ltd. Tai Ying Investment Co., Ltd.	Company in which the chairman of the company is a first degree relative	—
							Thye Wei Biotech Co., Ltd.	Same Chairman	
							Chen Chang-Hao	First degree relative	
SinoPac Commercial Bank Custodian SinoPac Securities Asia Ltd. Customer SinoPac (Asia) Nominees Ltd. Investment Account	8,214,767	4.91%	0	0	0	0	—	—	—
Tai Ying Investment Co., Ltd. Representative : Chen Li-Ming	6,581,051	3.93%	0	0	0	0	Tai Lin Investment Co., Ltd.	Same Chairman	—
							Tai Yung Investment Co., Ltd. Thye Wei Biotech Co., Ltd.	Company in which the chairman of the company is a first degree relative	
							Chen Chang-Hao	First degree relative	
Capital Securities Corporation Custodian CSC Securities (HK) Limited Customer	3,605,661	2.15%	0	0	0	0	—	—	—

Name	Current shareholding		Spouse's, Minor's shareholding		Total shares held in the names of others		Name and relationship between the company's top ten shareholders under SFAS No. 6, or spouses or relatives within the second degree of kinship		Remarks
	Shares	%	Shares	%	Shares	%	Name	Relation	
Capital Securities Corporation Custodian Ltd. Investment									
JPMorgan Chase Bank, N.A., Taipei Branch, in custody for Japan Securities Finance Co., Ltd.'s investment account.	2,144,000	1.28%	0	0	0	0	—	—	—
Thye Wei Biotech Co., Ltd. Representative : Chen Chang-Hao	1,908,000	1.14%	0	0	0	0	Tai Lin Investment Co., Ltd. Tai Ying Investment Co., Ltd.	Company in which the chairman of the company is a first degree relative	—
							Tai Yung Investment Co., Ltd.	Same Chairman	
							Chen Chang-Hao	Chairman of the Company	
Chen Chang-Hao	1,470,740	0.88%	0	0	0	0	Tai Lin Investment Co., Ltd. Tai Ying Investment Co., Ltd.	First degree relative of this company	—
							Tai Yung Investment Co., Ltd. Thye Wei Biotech Co., Ltd.	Chairman of this company	

10. The total number of shares and total equity stake held in any single enterprise by the company, its directors and managerial officers, and any companies controlled either directly or indirectly by the company

Unit : Shares, % As of December 31, 2023

Affiliated Enterprises (Note)	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
Thye Wey Industrial Co., Ltd.	8,800,000	88.00%	1,200,000	12.00%	10,000,000	100.00%
Thye Ming Industrial (Samoa)	30,000,000	100.00%	0	0	30,000,000	100.00%

Note : The Company's investments are accounted for using the equity method.

IV. Capital Raising Activities

1. Capital and Shares

(1) Source of capital

1. Type of shares

As of April 26, 2024

Type of shares	Authorized Capital			Remark
	Issued shares	Unissued shares	Total	
Common stock	167,318,534	142,681,466	310,000,000	Listed shares

2. The process of capital formation

Unit : NT\$, shares

Date	Par value	Authorized capital		Paid-in capital		Remarks		
		Shares	Amount	Shares	Amount	Source of capital	In a form other than cash	Other
1983.02	10	100,000	1,000,000	100,000	1,000,000	Note (1)	None	—
1986.07	10	1,900,000	19,000,000	1,900,000	19,000,000	Note (2)	None	—
1987.03	10	3,100,000	31,000,000	3,100,000	31,000,000	Note (3)	None	—
1988.01	10	3,800,000	38,000,000	3,800,000	38,000,000	Note (4)	None	—
1988.06	10	5,000,000	50,000,000	5,000,000	50,000,000	Note (5)	None	—
1989.08	10	10,000,000	100,000,000	10,000,000	100,000,000	Note (6)	None	—
1990.08	10	19,000,000	190,000,000	19,000,000	190,000,000	Note (7)	None	—
1991.09	10	19,000,000	190,000,000	19,000,000	190,000,000	Note (8)	None	—
1991.12	10	12,000,000	120,000,000	12,000,000	120,000,000	Note (9)	None	—
1991.12	10	19,000,000	190,000,000	19,000,000	190,000,000	Note (10)	None	—
1992.12	10	41,000,000	410,000,000	41,000,000	410,000,000	Note (11)	None	—
1995.09	10	45,100,000	451,000,000	45,100,000	451,000,000	Note (12)	None	—
1996.09	10	54,120,000	541,200,000	54,120,000	541,200,000	Note (13)	None	—
1997.09	10	100,000,000	1,000,000,000	67,650,000	676,500,000	Note (14)	None	—
1998.09	10	100,000,000	1,000,000,000	81,180,000	811,800,000	Note (15)	None	—
1999.07	10	100,000,000	1,000,000,000	93,357,000	933,570,000	Note (16)	None	—
2000.10	10	149,000,000	1,490,000,000	107,360,550	1,073,605,500	Note (17)	None	—
2001.10	10	149,000,000	1,490,000,000	112,728,577	1,127,285,770	Note (18)	None	—
2002.10	10	149,000,000	1,490,000,000	124,001,434	1,240,014,340	Note (19)	None	—
2003.10	10	149,000,000	1,490,000,000	136,401,577	1,364,015,770	Note (20)	None	—
2004.11	10	153,000,000	1,530,000,000	150,041,734	1,500,417,340	Note (21)	None	—
2008.02	10	168,000,000	1,680,000,000	152,818,347	1,528,183,470	Note (22)	None	—
2008.05	10	168,000,000	1,680,000,000	159,778,088	1,597,780,880	Note (23)	None	—
2008.08	10	168,000,000	1,680,000,000	162,160,374	1,621,603,740	Note (24)	None	—
2008.09	10	210,000,000	2,100,000,000	169,801,291	1,698,012,910	Note (25)	None	—
2009.10	10	210,000,000	2,100,000,000	174,910,772	1,749,107,720	Note (26)	None	—
2010.01	10	210,000,000	2,100,000,000	182,807,611	1,828,076,110	Note (27)	None	—
2010.04	10	210,000,000	2,100,000,000	182,862,592	1,828,625,920	Note (28)	None	—
2010.07	10	210,000,000	2,100,000,000	182,883,209	1,828,832,090	Note (29)	None	—
2010.09	10	210,000,000	2,100,000,000	192,023,589	1,920,235,890	Note (30)	None	—
2010.10	10	210,000,000	2,100,000,000	192,078,490	1,920,784,900	Note (31)	None	—
2011.08	10	210,000,000	2,100,000,000	200,905,918	2,009,059,180	Note (32)	None	—
2011.09	10	210,000,000	2,100,000,000	204,046,993	2,040,469,930	Note (33)	None	—
2013.10	10	210,000,000	2,100,000,000	209,148,167	2,091,481,670	Note (34)	None	—
2021.09	10	310,000,000	3,100,000,000	167,318,534	1,673,185,340	Note (35)	None	—

Note :

(1) Feb. 1983 raised and established in Feb. 19, 1983, Kaohsiung City Construction II No. 73214.

(2) August 1986 Cash capital increase of NT\$18,000,000 on August 11, 1983, by letter No. Kaohsiung City Construction II No. 94424.

- (3) April 1987, the Ministry of Economic Affairs on April 28, 1987 approved a cash capital increase of NT\$12,000,000 by letter No. Economic (87) Commercial 19559.
- (4) March 1988, the Ministry of Economic Affairs (MOEA) on March 7, 1988 approved a cash capital increase of NT\$7,000,000 by letter No. Economic (88) Commercial 06171.
- (5) July 1988, the Ministry of Economic Affairs on July 18, 1988 approved a cash capital increase of NT\$12,000,000 by letter No. Economic (88) Commercial 20641.
- (6) October 1989, the Ministry of Economic Affairs on October 23, 1989 approved a cash capital increase of NT\$50,000,000 by letter No. Economic (89) Commercial 128505.
- (7) October 1990, the Ministry of Economic Affairs on October 24, 1990 approved a cash capital increase of NT\$50,000,000 by Economic (90) Commercial No. 119355.
- (8) November 1991, the Ministry of Economic Affairs on November 25, 1991 approved a cash capital increase of NT\$40,000,000 by letter No. Economic (91) Commercial 125358.
- (9) January 1992, the Ministry of Economic Affairs on January 31, 1992 approved to make up for the loss by reducing capital of NT\$70,000,000 by letter No. Economic (92) Commercial 100130.
- (10) January 1992, the Ministry of Economic Affairs on January 31, 1992 approved a cash capital increase of NT\$70,000,000 by letter No. Economic (92) Commercial 100130.
- (11) October 1992, the Securities and Futures Commission, Ministry of Finance on October 28, 1992 approved a cash capital increase of NT\$220,000,000 by (92) letter No. Taiwan-Finance-Securities (I) 02792.
- (12) June 1995, the Securities and Futures Commission, Ministry of Finance on June 30, 1995 approved the transfer of capital from earnings to capital of NT\$35,970,221 and capital reserve to capital of NT\$5,029,779, with a par value of NT\$10 per share, for a total of issuance of 41,000,000 new shares by (95) letter No. Taiwan-Finance-Securities (I) 38700.
- (13) June 1996, the Securities and Futures Commission, Ministry of Finance on June 27, 1996 approved the transfer of capital from earnings to capital of NT\$85,170,221 and capital reserve to capital of NT\$5,029,779, with a par value of NT\$10 per share, for a total of issuance of 90,200,000 new shares by (96) letter No. Taiwan-Finance-Securities (I) 4031.
- (14) July 1997, the Securities and Futures Commission, Ministry of Finance on July 3, 1997 approved the transfer of capital from earnings to capital of NT\$130,270,221 and capital reserve to capital of NT\$5,029,779, with a par value of NT\$10 per share, for a total of issuance of 135,300,000 new shares by (97) letter No. Taiwan-Finance-Securities (I) 52800.
- (15) July 1998, the Securities and Futures Commission, Ministry of Finance on July 10, 1998 approved the transfer of capital from earnings to capital of NT\$129,820,247 and capital reserve to capital of NT\$5,479,753, with a par value of NT\$10 per share, for a total of issuance of 135,300,000 new shares by (98) letter No. Taiwan-Finance-Securities (I) 58887.
- (16) May 1999, the Securities and Futures Commission, Ministry of Finance on May 26, 1999 approved the transfer of capital from earnings to capital of NT\$116,575,723 and capital reserve to capital of NT\$5,194,277, with a par value of NT\$10 per share, for a total of issuance of 121,470,000 new shares by (99) letter No. Taiwan-Finance-Securities (I) 49010.
- (17) August 2000, the Securities and Futures Commission, Ministry of Finance on August 21, 2000 approved the transfer of capital from earnings to capital of NT\$137,256,533 and capital reserve to capital of NT\$2,778,967, with a par value of NT\$10 per share, for a total of issuance of 140,035,500 new shares by (2000) letter No. Taiwan-Finance-Securities (I) 71159.
- (18) August 2001, the Securities and Futures Commission, Ministry of Finance on August 9, 2001 approved the transfer of capital from earnings to capital of NT\$50,946,231 and capital reserve to capital of NT\$2,734,039, with a par value of NT\$10 per share, for a total of issuance of 53,680,270 new shares by (2001) letter No. Taiwan-Finance-Securities (I) 150553.
- (19) August 2002, the Securities and Futures Commission, Ministry of Finance on August 7, 2002 approved the transfer of capital from earnings to capital of NT\$112,728,570, with a par value of NT\$10 per share, for a total of issuance of 11,272,857 new shares by letter No. Taiwan-Finance-Securities (I) 0910143884.
- (20) August 2003, the Securities and Futures Commission, Ministry of Finance on August 4, 2003 approved the transfer of capital from earnings to capital of NT\$124,001,430, with a par value of NT\$10 per share, for a total of issuance of 12,400,143 new shares by letter No. Taiwan-Finance-Securities (I) 092013505.
- (21) July 2004, the Financial Supervisory Commission of the Executive Yuan on July 16, 2004 approved the transfer of capital from earnings to capital of NT\$136,401,570, with a par value of NT\$10 per share, for a total of issuance of 13,640,157 new shares by letter No. Financial-Supervisory-Securities (I) 0930131770.
- (22) February 2008, the Ministry of Economic Affairs on February 20, 2008 approved the conversion of convertible bonds for NT\$27,766,130, with a par value of NT\$10 per share, for a total of issuance of 2,776,613 new shares by letter No. Economic Approval 09701043010.

- (23) May 2008, the Ministry of Economic Affairs on May 5, 2008 approved the conversion of convertible bonds for NT\$69,597,410, with a par value of NT\$10 per share, for a total of issuance of 6,959,741 new shares by letter No. Economic Approval 09701104030.
- (24) August 2008, the Ministry of Economic Affairs on August 4, 2008 approved the conversion of convertible bonds for NT\$23,822,860, with a par value of NT\$10 per share, for a total of issuance of 2,382,286 new shares by letter No. Economic Approval 09701104030.
- (25) July 2008, the Financial Supervisory Commission of the Executive Yuan on July 31, 2008 approved the transfer of capital from earnings to capital of NT\$76,409,170, with a par value of NT\$10 per share, for a total of issuance of 7,640,917 new shares by letter No. Financial-Supervisory-Securities (I) 0970038512.
- (26) October 2009, the Ministry of Economic Affairs on October 24, 2009 approved the conversion of convertible bonds for NT\$51,094,810, with a par value of NT\$10 per share, for a total of issuance of 5,109,481 new shares by letter No. Economic Approval 09801243440.
- (27) January 2010, the Ministry of Economic Affairs on January 26, 2010 approved the conversion of convertible bonds for NT\$78,968,390, with a par value of NT\$10 per share, for a total of issuance of 7,896,839 new shares by letter No. Economic Approval 09901017830.
- (28) April 2010, the Ministry of Economic Affairs on April 27, 2010 approved the conversion of convertible bonds for NT\$549,810, with a par value of NT\$10 per share, for a total of issuance of 54,981 new shares by letter No. Economic Approval 09901083710.
- (29) July 2010, the Ministry of Economic Affairs on July 20, 2010 approved the conversion of convertible bonds for NT\$206,170, with a par value of NT\$10 per share, for a total of issuance of 20,617 new shares by letter No. Economic Approval 09901160410.
- (30) September 2010, the Financial Supervisory Commission of the Executive Yuan on July 16, 2010 approved the transfer of capital from earnings to capital of NT\$91,403,800, with a par value of NT\$10 per share, for a total of issuance of 9,140,380 new shares by letter No. Financial-Supervisory-Securities (I) 0990037057. September 2010, the Ministry of Economic Affairs on September 10, 2010 approved by letter No. Economic Approval 09901207380.
- (31) October 2010, the Ministry of Economic Affairs on October 29, 2010 approved the conversion of convertible bonds for NT\$549,010, with a par value of NT\$10 per share, for a total of issuance of 54,901 new shares by letter No. Economic Approval 09901243740.
- (32) August 2011, the Ministry of Economic Affairs on August 4, 2011 approved the conversion of convertible bonds for NT\$88,274,280, with a par value of NT\$10 per share, for a total of issuance of 8,827,428 new shares by letter No. Economic Approval 10001179000.
- (33) September 2011, the Ministry of Economic Affairs on September 14, 2011 approved the conversion of convertible bonds for NT\$31,410,750, with a par value of NT\$10 per share, for a total of issuance of 3,141,075 new shares by letter No. Economic-Approval 10001214460.
- (34) July 2013, the Financial Supervisory Commission on July 26, 2013 approved the transfer of capital from earnings to capital of NT\$51,011,740, with a par value of NT\$10 per share, for a total of issuance of 5,101,174 new shares by letter No. Financial-Supervisory-Securities-Issue-1020029240.
- (35) September 2021, Taiwan Stock Exchange by letter No. Taiwan Stock Exchange (I) 1100016700 approved the capital reduction of NT\$418,296,330 by cash on September 8, 2021, with a par value of NT\$10 per share, amounted to the cancellation of 41,829,633 shares of common stock. October 2021, The Ministry of Economic Affairs approved the capital reduction by letter No. Economic-Approval 11001180360 on October 5, 2021.

(2) Shareholder structure

As of April 26, 2024 Unit : Shares

	Government agencies	Financial institutions	Other institutions	Individuals	Foreign institutions & individuals	Total
Number of shareholders	0	11	128	14,577	113	14,829
Shares held	0	346,203	75,380,453	62,724,619	28,867,259	167,318,534
Shareholding percentage (%)	0	0.21%	45.05%	37.49%	17.25%	100.00%

(3) Shareholding distribution (Par value of NT\$10 per share)

As of April 26, 2024

Shareholding range	Number of shareholders	Shares held	Shareholding percentage
1 ~ 999	5,646	1,831,144	1.09%
1,000 ~ 5,000	7,049	14,860,854	8.88%
5,001 ~ 10,000	1,105	8,444,214	5.05%
10,001 ~ 15,000	290	3,625,891	2.17%
15,001 ~ 20,000	224	4,009,044	2.40%
20,001 ~ 30,000	179	4,499,368	2.69%
30,001 ~ 40,000	92	3,269,009	1.95%
40,001 ~ 50,000	48	2,214,196	1.32%
50,001 ~ 100,000	97	6,807,220	4.07%
100,001 ~ 200,000	43	5,566,365	3.33%
200,001 ~ 400,000	22	6,725,794	4.02%
400,001 ~ 600,000	14	6,868,362	4.10%
600,001 ~ 800,000	1	646,702	0.39%
800,001 ~ 1,000,000	4	3,636,475	2.17%
1,000,001 and above	15	94,313,896	56.37%
Total	14,682	167,318,534	100.00%

(4) Major shareholders (Shareholders rank in the top 10 in shareholding percentage)

Name	Share	Shares held	Shareholding percentage
Tai Lin Investment Co., Ltd.		27,959,913	16.71%
Mao Shen Investment Co., Ltd.		16,731,356	9.99%
Jin Jun Investment Co., Ltd.		10,832,443	6.47%
Tai Yung Investment Co., Ltd.		8,602,232	5.14%
SinoPac Commercial Bank Custodian SinoPac Securities Asia Ltd. Customer SinoPac (Asia) Nominees Ltd. Investment Account		8,214,767	4.91%
Tai Ying Investment Co., Ltd.		6,581,051	3.93%
Capital Securities Corporation Custodian CSC Securities (HK) Limited Customer Capital Securities Corporation Custodian Ltd. Investment		3,605,661	2.15%
JPMorgan Chase Bank, N.A., Taipei Branch, in custody for Japan Securities Finance Co., Ltd.'s investment account.		2,144,000	1.28%
Thye Wei Biotech Co., Ltd.		1,908,000	1.14%
Chen Chang-Hao		1,470,740	0.88%

(5) Share prices for the past 2 fiscal years, net worth per share, earnings per share, dividends per share, and related information

Item \ Year			2022	2023	As of March 31, 2024
Share price	Highest		48.65	75.30	79.90
	Lowest		33.70	37.50	63.80
	Average		40.08	51.27	70.73
Net worth per share	Before earnings appropriation		36.16	37.89	34.88
	After earnings appropriation		36.16	—	—
Earnings per share	Weighted average number of shares		167,318,534	167,318,534	167,318,534
	Earnings per share	4.07	4.07	5.94	1.92
		Adjusted	4.07	—	—
Dividends per share	Cash dividends		4	—	—
	Stock dividends	Retained earnings	0	—	—
		Capital surplus	0	—	—
	Accumulated unpaid dividends		0	—	—
Return on Investment	Price earnings ratio		9.85	8.63	—
	Ratio of dividend		10.02	—	—
	Cash dividend yield		9.98	—	—

Note : 1. Price to earnings ratio=average closing price per share for a given year/earnings per share
2. Earnings per share=average closing price per share for a given year/cash dividends per share
3. Cash dividend yield=cash dividend per share/average closing price per share for a given year

(6) Dividend policy and implementation status

1. Dividend policy

If there are any earnings in the company's annual final accounts, the company shall first pay taxes and make up losses for prior years. Then the company shall first set aside 10% of the remaining earnings as legal reserve, except when the accumulated legal reserve has reached the company's total paid-in capital, and then set aside or reverse the special reserve and add the prior year's undistributed earnings and the adjustment of undistributed earnings of the current period, depending on the operating and laws and regulations, as distributable earnings, which shall be proposed by the board of directors. If in whole or in part the dividends and bonuses shall be distributed through the issuance of new shares, the proposal shall be submitted to the shareholders' meeting for resolution.

For the under-reported amount among "net increase in fair value of investment property accumulated in the previous period" and "net deduction of other equity accumulated in the previous period", the Company's lawful provision of special surplus reserve shall start with the same amount of special surplus reserve from undistributed surplus for the previous period, followed by

classifying net profit after tax for the period plus items other than the same into undistributed surplus for the period.

In accordance with Article 240 of the Company Act, the board of directors is authorized by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors to distribute dividends and bonuses, in whole or in part, in the form of cash and report to the shareholders' meeting. In line with the overall environment and the characteristics of the industry, the company is in a stable growth stage. In order to pursue sustainable operation and long-term development of the company, and to take into account the shareholders' demand for cash inflow, the company will distribute earnings, if any, after the annual accounts, with the total amount of earnings distributed being no less than 20% of the net income after tax for the year, and the annual cash dividends being no less than 10% of the total amount of cash and stock dividends distributed for the year.

2. Proposed dividend allocation for approval at the annual shareholders' meeting :

The board of directors resolved on March 15, 2024 to approve the distribution of 2023 earnings, which is expected to distribute cash dividends of NT\$5.15 per share.

- (7) Effect upon business performance and earnings per share of any stock dividend distribution proposed or adopted at the recent shareholders' meeting : The Company has not proposed any stock dividend distribution and is therefore not applicable.

- (8) Employees' bonus and directors' remuneration

1. The proportion or range of employees' bonus and directors' and supervisors' remuneration as prescribed by the Company's Articles of incorporation are as follows :

The Company's annual profit, if any, shall be set aside no less than 1% as employees' bonus, and no more than 3% as directors' remuneration. However, the Company shall reserve profits to cover any cumulative losses. The profit distributable as employees' compensation in the preceding paragraph may be distributed in the form of shares or in cash. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements.

2. The basis for estimating the amount of employees' bonus and directors' and supervisors' remuneration for the current period, and the accounting treatment of the discrepancy, if any, between the actual amount of bonus shares distributed to employees and estimated figure :

If there is a material change in the amount of distribution resolved by the board of directors after the end of the year, the change is adjusted to the annual expense. If there is still a change in the amount after the date of approval of the consolidated financial statements, the change is treated as a change in accounting estimate and recorded as an adjustment in the following year.

3. Information on any approval by the board of directors of distribution of compensation :

- (1) Employees' compensation and directors' and supervisors' remuneration distributed in cash or stock :

The Company's board of directors' meeting on March 15, 2024 approved the distribution of employee compensation of NT\$14,726,709 and director remuneration of NT\$37,810,000, all of which were paid in cash

and were not different from the amount recognized in the expense in the fiscal year.

- (2) The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in individual financial reports for the current period and total employee compensation : Not applicable

4. The actual distribution (including number of shares distributed, amount and share price) of employee and director compensation for the previous fiscal year, and, if there is any discrepancy between the actual distribution and the recognized employee and director compensation, additionally the discrepancy, cause, and how it is treated :

The Company's board of directors resolved on March 17, 2023 to distribute employees' compensation in cash in the amount of NT\$10,195,448 and directors' remuneration in the amount of NT\$26,160,000.

The total amount of \$36,355,448 distributed was not different from the amount recognized as expenses in 2022, in accordance with the Company's Articles of incorporation.

- (9) Status of a company repurchasing its own shares : None

2. Information on the company's issuance of corporate bonds : None

3. Information on preferred shares, global depository receipts, and employee stock warrants, merger activities (including mergers, acquisitions, and demergers) : None

4. Financing plans and implementation : None

V. The overview of business operation

1. Business activities

(1) Business scope :

1. Main business :

- (1) Electrochemical refining of copper, aluminum, tin, zinc, antimony and other metals for manufacturing processing and trading.
- (2) Copper ingot, copper plate, copper bar, copper tube, lead plate, lead ingot, lead tube, lead wire, tin wire, lead alloy ingot, red lead powder, yellow lead powder, pigment, zinc oxygen powder, lead oxide, die-casting, etc. manufacturing, processing and trading.
- (3) Wholesale and retail of all kinds of merchandises and groceries.
- (4) Provide quotations and tendering services for preceding various domestic and foreign product distributors.
- (5) Import and Export trading business for the preceding various products.
- (6) Entrusted the constructor to build public housing and commercial buildings for lease and sale.
- (7) Entrust the constructor to develop the industrial zone approved by the industrial authorities.
- (8) General and business waste disposal business (except construction business) (no fixed workplace).
- (9) General and business waste (such as waste lead batteries, lead slag, etc.) disposal, recycling business.
- (10) Trading of waste lead batteries, lead slag, etc.
- (11) Trading of chemicals and chemical products (except controlled articles).
- (12) Warehousing.
- (13) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. The company's current product line and business weighting

Unit : NT\$ thousand

Main product	2023 Consolidated net operating income	Business weighting (%)
Litharge, Red lead	505,855	5.49
Lead ingots, Lead alloy ingots	8,550,147	92.78
Other (Note)	159,569	1.73
Total	9,215,571	100

Note : Sales of by-products of production process and income from disposal of general and business waste.

3. New products planned for development :

- (1) Lead alloy for high performance AGM sealed type batteries.
- (2) Lead alloy for Start/Stop lead-acid batteries.

(2) Industry Overview

1. Current status and development of the industry

Taiwan does not have any lead mines, the lead industry mainly imports unforged lead (including lead ingots and lead alloy ingots), which are made into lead semi-products and products through secondary processing. The lead industry is second only to aluminum, copper and zinc in importance in our country's non-ferrous metals.

According to statistics, more than 400 million metric tons of hazardous waste are generated worldwide every year. In order to control and avoid the harmful effects of hazardous waste on people and the environment, in 1989, the United Nations adopted the Basel Convention on the Control of Transnational Movement and Disposal of Hazardous Wastes in Basel. The main content of the Convention is to restrict the transboundary movement of hazardous wastes and hazardous wastes must be disposed of in the place of origin or in the country of origin. For example, in Taiwan, lead scrap, which used to account for one of the demand for lead products, was stopped being imported in 1993 due to environmental requirements. Instead of this, the import of unforged lead has increased, among which the increase in lead ingot is the largest. In recent years, due to the popularity of automotive, motorcycle, lighting, communication equipment, UPS and electric electronic products, the usage of lead-acid batteries has increased greatly, and the consumption of lead products has been growing over the years.

At present, there are two main sources of raw material supply for lead products in Taiwan, one is the raw lead imported from abroad, and the other is the recycled lead made by recycling waste lead-acid batteries and then being smelted. Due to the increasing demand for lead products in the emerging markets in Asia, the global supply of primary lead mining is abundant, but it has to be imported from abroad and the cost depends on the international lead price on LME, while the cost of recycled lead is cheaper and can be obtained through domestic recycling of waste lead batteries or waste lead, which has gradually become an important source of raw materials.

Lead-acid batteries are the world's largest battery product by volume, and according to data from Market.us, the global lead-acid battery market will reach US\$59.6 billion by 2032, with a compound annual growth rate of 6.9% from 2023 to 2032. The increasing demand for grid-connected renewable energy generation and the expansion of electronic data centers have also contributed to the steady rise of the lead-acid battery market. Lead-acid batteries can provide charging for any UPS (Uninterruptible Power Supply) uninterruptible power system equipment and provide stable and continuous power for electronic equipment through SLI (Starting, Lighting, Ignition) systems. In spite of the fact that these lead-acid batteries are heavier and larger than lithium batteries, however, lead-acid batteries are easily available, inexpensive and cost-effective for large energy storage grids that can operate efficiently at low temperatures and without active cooling.

According to the report, 33.8% of the market growth came from the Asia Pacific region. China, Japan and India are the major markets for the industrial lead-acid battery market in the Asia-Pacific region. The market growth in this region will be faster than the growth in Europe. In the predictable energy sector, the growing use of industrial lead-acid batteries in the renewable energy and industrial sectors will also contribute to the growth of the industrial lead-acid battery market in the Asia Pacific region.

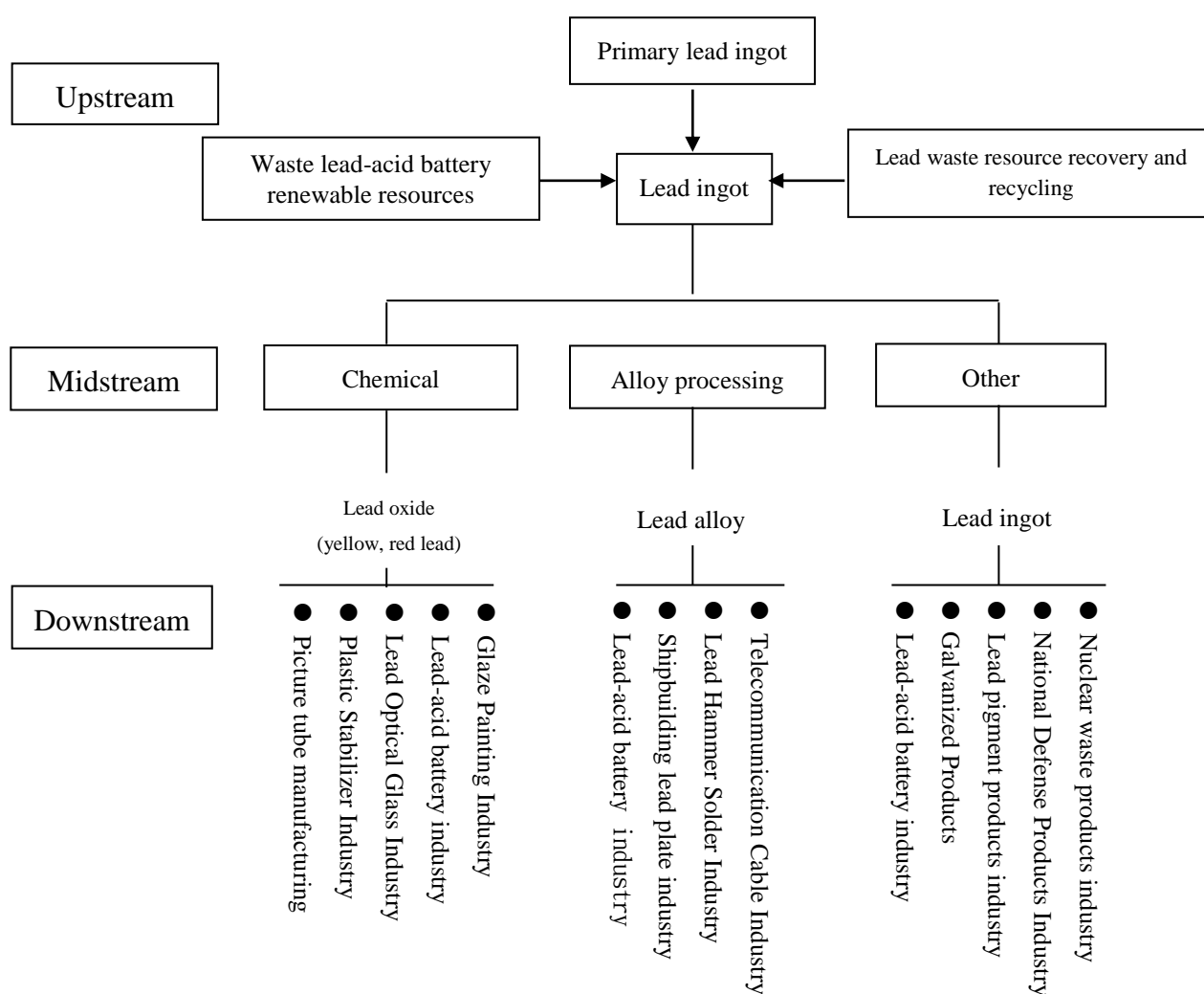
Due to the advantages of mature lead-acid battery technology, high safety, high and low temperature resistance, high recycling rate and low price, advanced countries such as Europe and the United States still produce and use lead-acid batteries in large quantities. According to the International Lead and Zinc Study Group (ILZSG), in 2023, global refined lead production decreased by 2.8% each year to 12.853 million metric tons, while lead consumption increased by 0.1% each year to 12.761 million metric tons. According to the CRU report, the lead consumption of lead-acid batteries accounts for about 80% of the world's lead consumption. In addition, lead's malleability, denseness and corrosion resistance,

are commonly used to store corrosive liquids in solvents and to stop the radiation of X-ray and gamma rays, and other applications include the manufacture of coatings and pigments and other compounds.

As demand for batteries for automobiles continues to increase in the Asia-Pacific market, demand for lead-acid batteries for mobile phone base station construction and energy storage backup systems is increasing, and due to industrialization and urbanization, increased energy consumption in the Asia-Pacific region is driving demand for lead-acid batteries. ILZSG forecasts that global lead consumption will grow to 13.08 million tons in 2024.

In summary, lead-acid batteries still occupy an important position in areas such as the automotive industry, with the promotion of clean energy policies, lead-acid batteries and lead demand is expected to continue to grow.

2. Upstream, midstream and downstream correlations of the industry



1. Upstream - supply of raw materials

The company's main raw material is lead, and there are two main sources of lead raw material : Primary lead ingot, which is mainly supplied from Australia, Europe, China and America, and recycled lead, which is smelted from waste lead-acid batteries.

2. Midstream - Lead processing

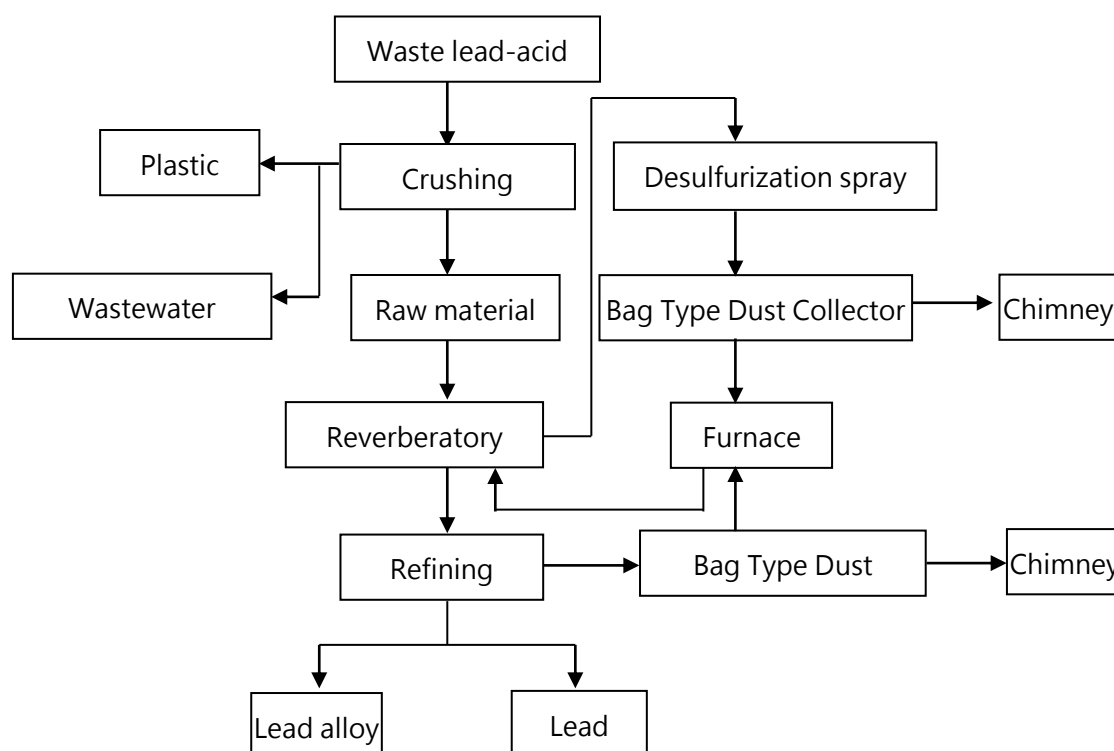
The main products of the lead processing industry are lead antimony and lead-calcium alloys, while the other lead chemicals are mainly produced to manufacture yellow lead and red lead, and the manufacturing process is as follows. :

① Lead alloy manufacturing process :

Lead ingot → Refining furnace → Lead alloys

Waste lead-acid batteries → Crushing → Reverberator furnace (coarse lead) → Refining furnace → Lead alloy or lead ingot (as shown in Figure 1)

Figure 1 : Waste lead-acid battery recycling operation process



② Lead oxide manufacturing process

Lead ingot → Lead melting furnace → Lead powder machine → Yellow and red lead furnace → Yellow and red lead powder (grain)

3. Downstream - various industries

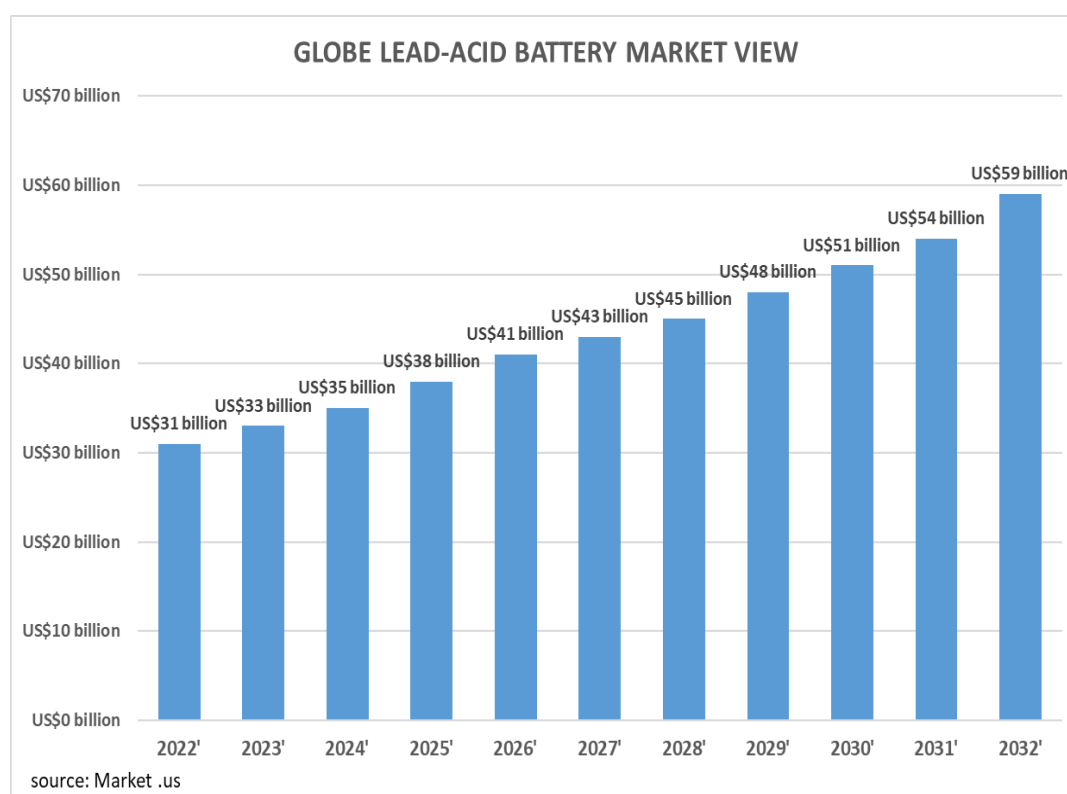
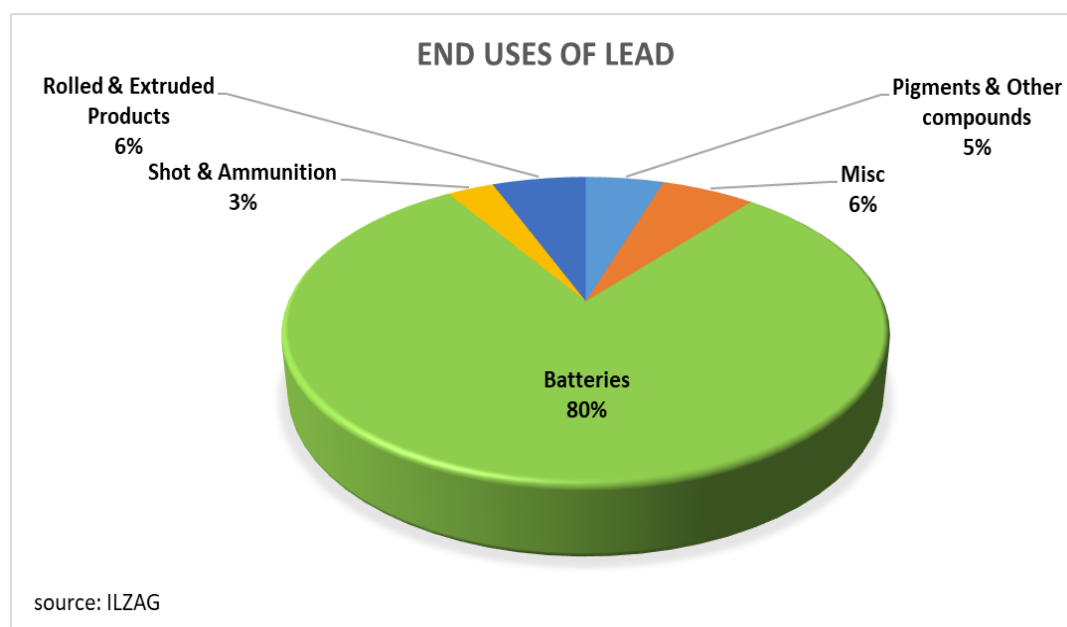
Lead alloys for the lead processing industry are mainly sold to the battery industry, and are also widely used in the shipbuilding industry, lead plate industry, lead hammer industry, and soldering industry, while lead oxide (yellow and red lead) is mainly used downstream in the plastic stabilizer industry, paint industry, glazing industry, glass industry, and other related industries with wide range of applications.

3. Development trends and competition for the company's products

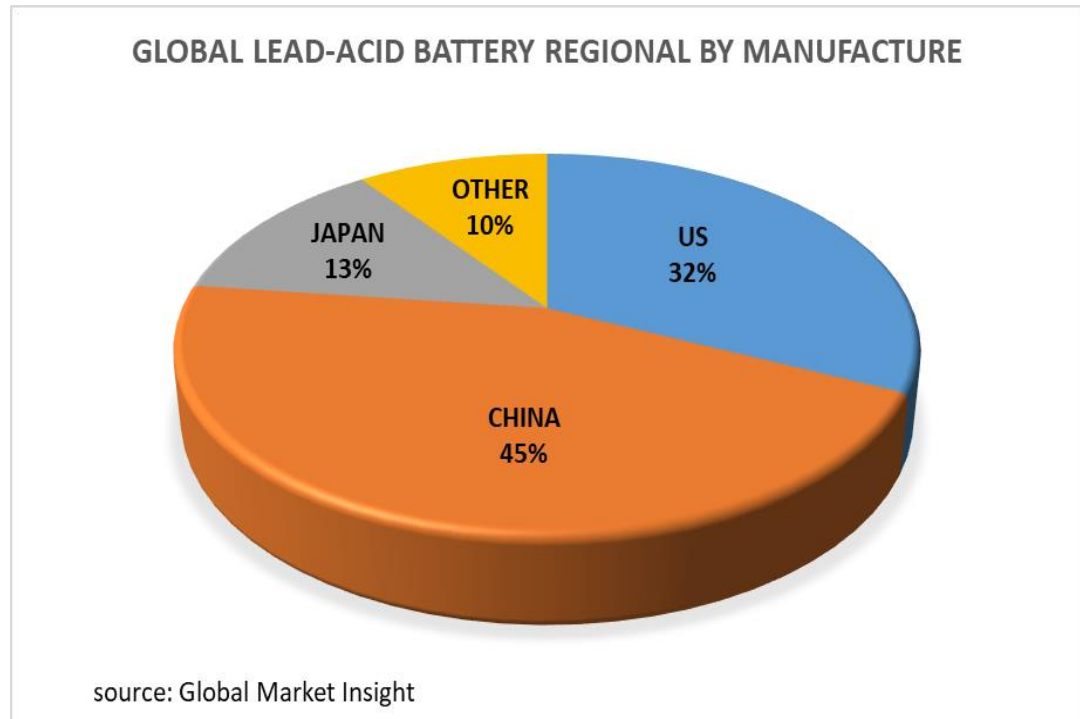
The amount of lead consumption is closely related to the growth of the lead-acid battery industry, especially in developing regions such as China, India, ASEAN and other emerging countries, where the demand for batteries is growing at a relatively high rate as the number of vehicles grows rapidly. In addition, batteries will be widely used in electric motorcycles, electric bicycles, handheld electronic communication products, base stations and various communication devices in the future as the country's economy is booming, the amount of lead used will also grow. Although the growth rate of the lead products market has slowed down

slightly in the past two years due to the saturation of the market, in the long term, the number of automotive and motorcycles will grow as people's income increases and living standards rise, so lead products should show a stable trend of development. Moreover, the company's main products, yellow and red lead, are used in the plastic stabilizer industry and lead-acid battery industry.

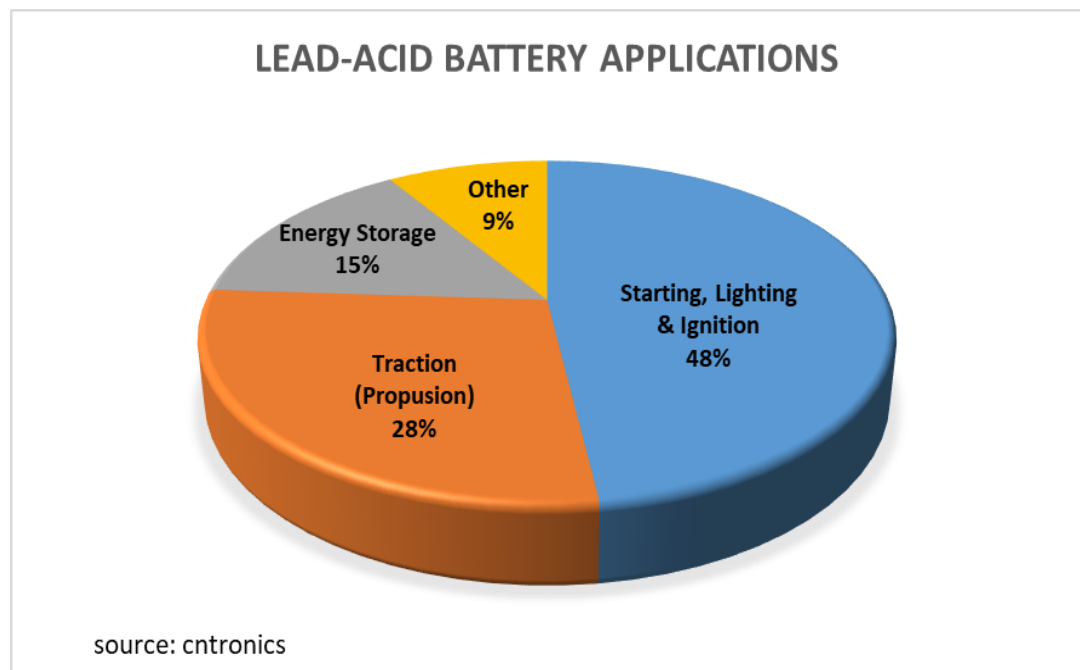
At present, lead is mainly used in lead-acid batteries, accounting for about 80%, while other industries account for 20% and lead-acid batteries will continue to grow in the future. In Asian region, with the economic development of Asian emerging countries, people's income increases and the number of automotive and motorcycle increases, it is believed that the ratio of lead-acid batteries will continue to grow in the future.



In view of the size of global lead-acid battery production capacity, China is a large producer, accounting for about 45% of the world production, followed by the United States, accounting for about 32% of the world production, and Japan is in third place, accounting for about 13% of the world production.



In the lead-acid battery product structure, starter type of lead-acid batteries account for the largest percentage of 48%, followed by power type lead-acid batteries accounting for 28%, and backup and storage type lead-acid batteries also account for 15%.



(3) Overview of Technology and R&D

1. Research and development expenditures during the current fiscal year up to the date of publication of the annual report

Unit : NT\$ thousand

Item	2023	As of March 31, 2024
Research and development expenses	5,547	1,354

2. Technologies or products successfully developed

The Company has developed successful technologies in the last three years as follows :

Year	R&D Results
2021	Improvement of the continuous feeding system for the yellow lead furnace
2022	Improvement of the Exhaust System of Desulfurization Tower
2023	Improvement of heat exchanger system

(4) Long- and short-term business development plans

1. Short-term plans

(1) Marketing Strategy

- ① Collect and analyze the development trend of lead products market, and strengthen the development of domestic and foreign sales market, with the domestic market aiming to increase the market share, and the foreign sales market focusing on Asia, with at least one customer in each Asian country as the target, and decentralize the concentration of foreign sales customers.
- ② In line with customer demands, provide customers with lead-related information and strengthen after-sales consultation channels to assist customers in solving related problems in order to improve after-sales services.
- ③ Cooperate with major customers to promote ISO/TS16949 system to increase customer satisfaction.

(2) Production and Product Development

- ① Increase the utilization of machine capacity, properly plan and arrange the production process, and use performance incentives to improve employee productivity and reduce the defect rate due to employee negligence.
- ② Improve on-site personnel training and proficiency to enhance the production efficiency and economic scale of products.
- ③ Strengthen the training of quality control personnel and use modern precision instruments and equipment to maintain the product quality stability.
- ④ Decentralize procurement regions and targets, and actively explore new supply sources. In addition to extracting lead from waste lead-acid batteries, the procurement regions will be decentralized around the world to avoid over-concentration of supply sources in one region or country.

(3) Business Management and Financial Planning

- ① Improve management performance, strengthen employee training, motivate work potential and enhance operational quality.

- ② Focus on employee welfare policy and implement the bonus and performance bonus system to improve employee morale and increase their engagement.
 - ③ Strengthen the internal control system and computer application to enhance the operation efficiency and manpower effectiveness, and increase the production and sales coordination procedures and the proper expression of reports.
 - ④ Flexibility in the use of various financial instruments to reduce capital costs and improve the financial management performance.
 - (4) Environmental Protection
 - ① Increase the input of pollution prevention equipment, improve the effectiveness of pollution prevention equipment, and strive to do a good job in environmental protection and avoid pollution from happening.
 - ② Improve waste lead-acid battery recycling equipment efficiency, strengthen the proportion of waste lead-acid battery recycling, on the one hand, can increase the source of inexpensive and high-quality materials - waste lead-acid batteries, reduce lead alloy raw material costs, and prevent the secondary pollution caused by lead products, and contribute to environmental protection.
2. Long-term plans
- (1) Marketing Strategy

Strengthen the development of domestic and overseas marketing channels to increase the products' sales volume, and gradually establish overseas production bases and decentralized sales channels to increase the amount of domestic and foreign sales to achieve the purpose of expanding the business.
 - (2) Production and Product Development
 - ① Develop automation system to reduce the investment of labor to reduce production cost and design the perfect production process to improve work quality and reduce waste.
 - ② Strengthen the research on the lead products' functions, develop new applications for lead products, and participate in the research and development programs of downstream manufacturers' products to improve the lead products' functions and develop new application paths of them.
 - ③ In line with the demand of electric vehicles, energy storage systems and uninterruptible power system for storage batteries, the performance of lead alloy is enhanced to increase the capacity density of lead-acid storage batteries, improve battery life and expand the discharge rate.
 - (3) Business Management and Financial Planning
 - ① Continuously expand the business of vertical integration.
 - ② Promote the concept of internationalization and cultivate the management ability of international enterprises, and actively cultivate international talents.
 - ③ Appropriate use of financial instruments to diversify financial risks.
 - (4) Environmental Protection
 - ① Research on the improvement of line operation process of waste lead battery recycling, and developing the technology and production equipment for industrial battery recycling.
 - ② Participate in academic research institutions for pollution prevention projects, develop other waste recycling and resource recovery, and contribute to the reduction of waste pollution.

2. Market, production and sales summary

(1) Market Analysis

1. Major product sales regions

- (1) Domestic market : The domestic sales ratio of the company's products accounts for approximately 42.41% and is distributed throughout the country.
- (2) Overseas market : The export ratio of the company's products accounts for 57.59%, mainly in Vietnam, Malaysia, Japan, Indonesia, Thailand, etc.
- (3) Clearance and recycling of general and business wastes are conducted domestically, and the company is the first domestic manufacturer to obtain a nationwide lead operation-related license to engage in such services.

2. Market share

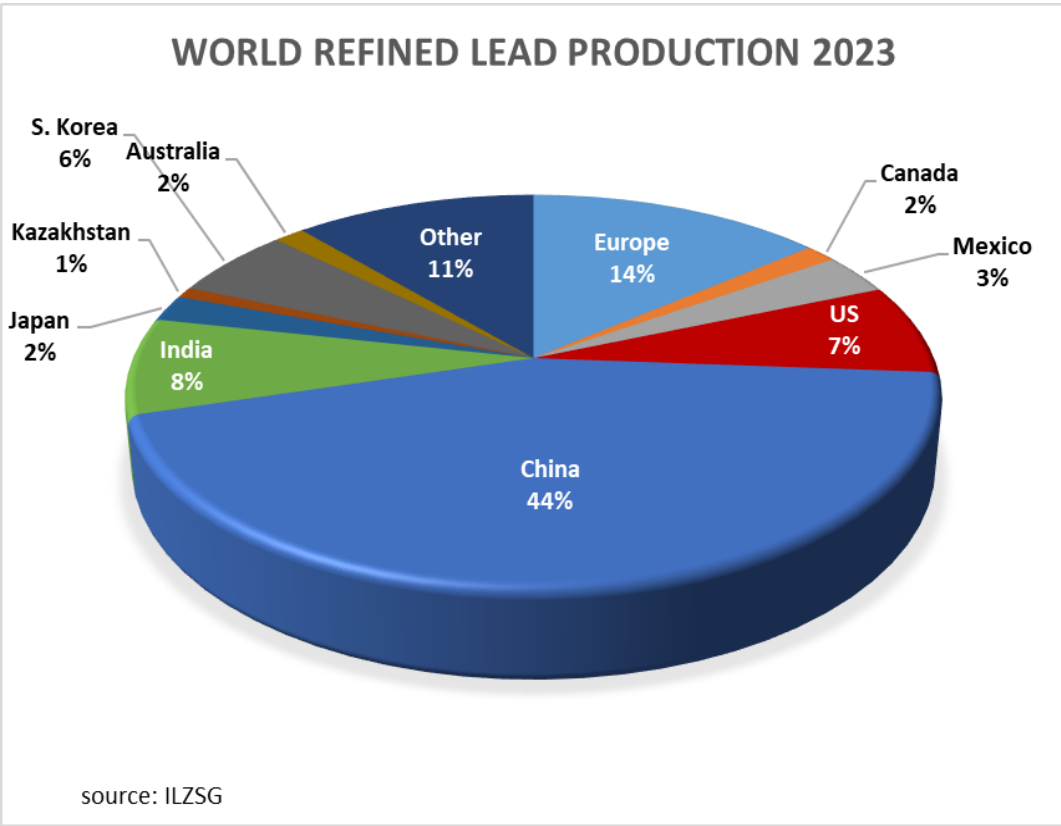
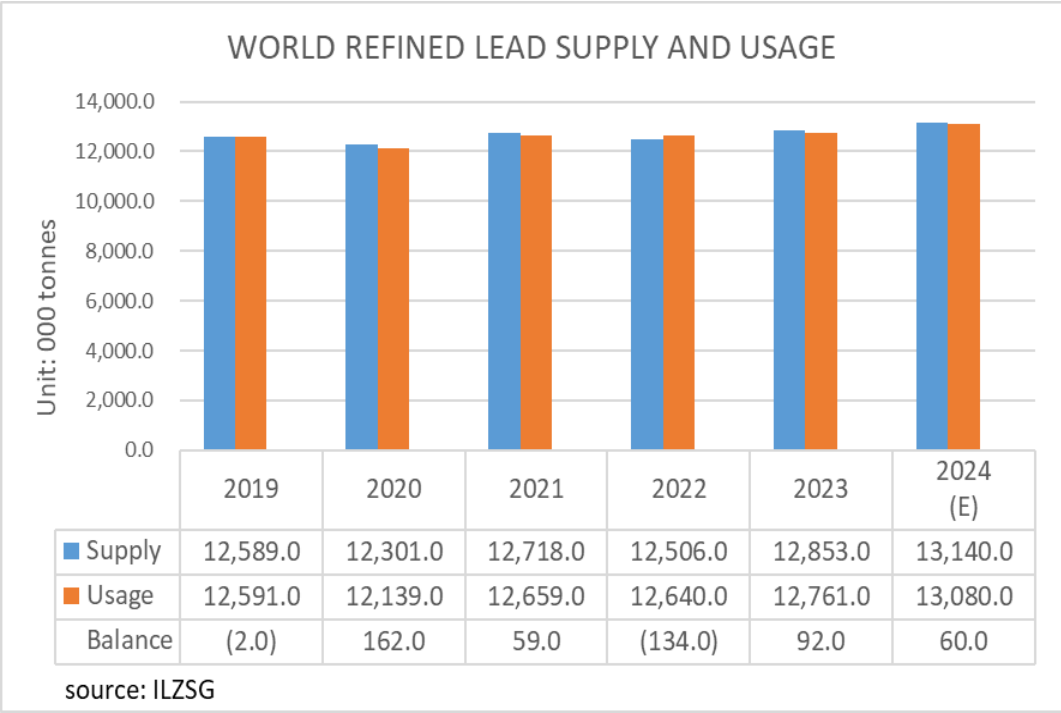
The company's market share for domestic sales of lead alloy products is about 85% and for domestic sales of yellow lead and red lead products is about 60%.

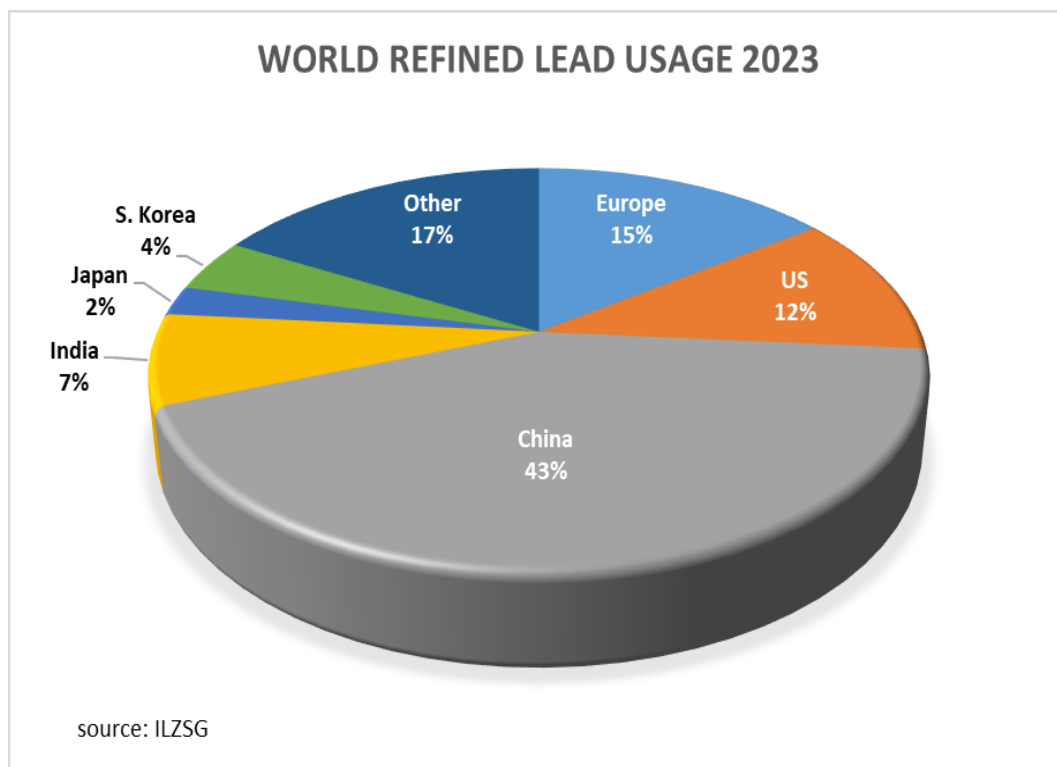
3. Demand and supply conditions for the market in the future and growth potential

Lead series products applications, 86% of them are used in lead-acid batteries for the automotive and motorcycle industries. In the automotive and motorcycle markets, lead-acid batteries are consumables with an average life span of about 2~3 years, followed by the power systems for electric vehicles and industrial UPS, while yellow lead and red lead are mainly used in glazes, crystals, and optical glass applications etc. As society advances and the quality of life improves, in addition to the development of the automotive and motorcycle industries, the demand for electrical appliances is increasing, as well as the use of storage batteries, lead glass, ceramics, yacht ballast, welding industry, roof insulation in the construction industry, shock absorbing building materials for skyscrapers, radiation shields for hospitals or nuclear power plants, and lead containers for nuclear waste storage.

The rapid urbanization and industrialization in the Asia Pacific region has led to an increase in the average income of the population, coupled with the reasonable oil prices and the increasing demand for transportation, which has led to the growth of automotive and motorcycle sales and is the main driver for the continued growth of lead-acid batteries. Lead-acid batteries are used in uninterruptible power system and UPS are becoming more and more important and dependent, such as financial institutions, hospitals, research institutions, educational institutions, etc. Smart grid, automotive charging pile infrastructure and other applications are also increasing the breadth of lead-acid battery applications. According to The latest report issued by Markets.us, an international market research firm, the global lead-acid battery market will reach US\$59 billion by 2032, with a compound annual growth rate of 6.9% during the period, and the Asia-Pacific region will account for the highest share, with large automotive and manufacturing bases in the region being key drivers of growth.

The International Lead and Zinc Group (ILZSG) has forecast global demand for refined lead metal to increase slightly by 0.8% to 12.752 million metric tons in 2023. Lead consumption is supported by demand from the automobile and motorcycle battery replacement market, and the ILZSG forecasts global demand for refined lead metal will increase by 2.6% to 13.08 million metric tons in 2024.





4. Competitive niche, positive and negative factors for future development, and the company's response to such factors :

(1) Competitive niche

① Excellent quality and brand

The company has always insisted on excellent quality and accumulated many years of skill and experience, and has not only built up a goodwill and reputation, but has also obtained ISO9002, ISO14001 and ISO/TS16949 etc. quality certifications, making it a leading brand in Taiwan's industry.

② Great experience in manufacturing technology

The company's management team has accumulated many years of experience in manufacturing technology and has fully mastered production efficiency, and has become more and more proficient in process simplification, production automation, new product development and yield control not only to reduce production costs, but also to improve product quality, which in turn effectively enhances operational efficiency and market competitiveness.

③ Complete Product Line

The company also produces a variety of lead alloy products for different applications to meet the customer's demands, and therefore has a wide customer base both domestically and internationally, and is not constrained by changes in the economy of a single downstream industry as it provides a complete product line to its customers, which is an important niche for competition in the market.

④ Control of raw materials

The company's raw materials include primary lead ingot and regenerated lead ingot. The primary lead ingot is mainly imported from overseas, while the regenerated lead ingot is smelted from waste lead-acid batteries, which is mainly supplied domestically, and then imported from overseas

when the domestic supply is insufficient and the source of supply is abundant and not in shortage.

(2) Positive factors for future development

- ① Emerging markets rising, lead-related industries still have sufficient growth momentum, and there is much room for growth in lead demand.
 - a. Energy storage systems (UPS) can store excess power during off-peak hours and cope with power shortages during peak periods, which will certainly drive a large demand for batteries.
 - b. According to OICA (Organization internationale des constructeurs automobiles), the supply of automotive parts and components is normal, and the automotive market has resumed its growth trend. In 2023, the global automotive sales volume reached 92.72 million vehicles (including 65.27 million passenger vehicles), an increase of 12% compared with the global automotive sales volume of 82.87 million vehicles (including 58.64 million passenger vehicles) in 2022. Trend force forecasts the global automotive sales volume will also reach 88.3 million vehicles in 2024, indicating demand for conventional internal combustion engine vehicles remains strong, which further contributes to the increase in lead use.
 - c. The use of Uninterruptible Power Systems (UPS) is booming, especially in the context of the increasing popularity of information technology, where the security and timeliness of information preservation are more important, which will make the application of this equipment more popular and promote the growth of lead demand.
- ② The company is the only listed company in the industry and is the largest manufacturer in Taiwan, with a good image of product quality.
 - a. The company obtained a waste disposal site license in November 1994 and is dedicated to recycling waste lead batteries, being one of the few licensed companies in the lead product industry.
 - b. The company was the first professional lead product manufacturer in Taiwan to receive ISO-9002 certification for quality system and ISO-14001 certification for environmental management system. In 1998, the company received Excellent Supplier Award for implementation of ISO14001 environmental management system from the Environmental Protection Administration of the Executive Yuan, and in 2005, it received ISO/TS 16949 certification, the quality of its products is already the best in the industry.
- ③ Grasp the recycling channel of waste lead battery, not only reduce the cost but also benefit the image of environmental protection
The Company's subsidiary, Thai Wey, has established a nationwide recycling system for waste lead batteries. The waste lead recovered by the company is smelted into recycled lead, which not only helps to control the material source and reduce costs, but also effectively reduces the environmental pollution caused by waste lead.
- ④ Stable customer base, good sales ability
 - a. The company's sales of products, lead alloy is mainly domestic, and its customers are large manufacturers in the domestic storage batteries industry, with a stable source of customers, while lead oxide is the bulk of export sales, and its customers are mainly Japanese and Taiwanese companies, with long-term sales contracts, and close relations.

- b. The company's main customers for domestic and export sales are all major manufacturers in the region with good credit ratings, high collectability of accounts, and minimal bad debt ratio.
 - c. The company's average weighting of domestic and export sales in the past three years is not very different, which shows that its ratio of domestic and export sales is even and not affected by the boom and bust of a single market.
- (3) Negative factors for future development, and the company's response to such factors
- ① The price of lead products is highly influenced by the international market, which makes it difficult for the company to grasp the price of purchase and sales

Responses

- a. Striving to collect market information, analyze and apply it in a timely manner to avoid the price fluctuation risk.
 - b. Actively plan inventory management, shorten production and sales schedules, and set long term orders to achieve stable sales and avoid price fluctuation risks.
 - c. The company's lead ingot products have been listed on the London Metal Exchange (LME), which allows us to control the flexibility of material purchase and sales. In 2013, Kaohsiung Port became the delivery port of the LME, and in the future, the company can take advantage of Kaohsiung Port's geographical connection to make material purchase or sales more accurate, and the transportation cost is also significantly reduced.
- ② Environmental awareness is on the rise domestically and the management of the industry is becoming more stringent.

Responses

- a. In addition to pollution prevention, the company has been actively engaged in environmental protection business. In November 1994, the company obtained the license to operate a waste disposal site (plant) and engaged in the environmental protection treatment of waste lead batteries and the manufacturing of lead resources recycling.
 - b. We have always been committed to the implementation of environmental protection policies. In September 1997, we obtained ISO-14001 certification for our environmental management system, and in 1998, the company received Excellent Supplier Award for implementation of ISO14001 environmental management system from the Environmental Protection Administration of the Executive Yuan.
- ③ The lack of primary labor and low stability is a common problem in the domestic manufacturing industry.

Responses

- a. The company is trying to bring in foreign workers to make up for the shortage of local workers, and at the same time, we are trying to improve the working environment and employee benefits in order to increase the employee's motivation.
 - b. Improve the manufacturing process, enhance automation, increase production and save unit labor cost.
- ④ There is no lead smelting in Taiwan, the main raw materials rely on foreign imports, it is not easy to grasp the supply of goods, and the

imported raw materials are paid in U.S. dollars, so there is an exchange rate risk.

Responses

- a. The company has been actively strengthening ties with suppliers in the main lead ingot supplying regions and has sent employees to the production sites to understand their production capacity and production processes for future reference in material purchase.
- b. In recent years, the company has been actively diversifying its procurement targets, maintaining flexibility in the change of traders and developing new traders to maintain the stability and continuity of the supply of goods.
- c. By re-investing in Thai Wey (a qualified recycler), we can reduce our dependence on foreign raw materials through its nationwide recycling system.
- d. The company's payment method for foreign material purchases and export receipts are mainly in U.S. dollars, and most of the export payments are retained in the original currency as payment for raw materials. Therefore, with the hedging effect of the foreign exchange position, it can produce a natural hedge effect and reduce the exchange loss.

(2) Usage and manufacturing processes for the company's main products

1. Important usage of main products

Name	Usage
Antimonial Lead alloy	Lead acid battery, Lead terminal, Lead cable, Tin solder, Fishing net lead hammer, Die casting, Ballast lead ingot
Calcium Lead alloy	Maintenance free lead acid battery, Electric vehicle lead acid battery, Emergency lead acid battery, UPS lead acid battery
Lead ingot	Lead acid battery, Lead oxide, Lead cable, Tin solder, Fishing net hammer lead, Die casting, Ballast lead ingot
Litharge	Picture tube glass, Glaze, Inorganic pigment, Plastic grade stabilizer, Crystal, Optical glass
Red lead	Lead acid battery, Glaze, Red pigment, Paint, Red glass, Crystal, Optical glass

2. Manufacturing process of main products

(1) Litharge, Red lead :

Lead ingot → Lead melting furnace → Lead powder machine → Litharge and red lead furnace → Litharge and red lead powder (grain)

(2) Lead alloy ingot

Waste lead-acid batteries → Crushing → Reverberator furnace → Refining furnace → Lead alloy, Lead ingot

Lead Ingot → Refining furnace → Lead alloy

(3) Supply situation for major raw materials

The company's raw materials include primary lead ingot and regenerated lead ingot. The primary lead ingot is mainly imported from overseas, while the regenerated lead ingot is smelted from waste lead-acid batteries, which is mainly supplied domestically, although the quantity is limited but the imported lead ingot and waste lead from overseas are in sufficient supply and not in shortage.

(4) A list of any suppliers and clients accounting for 10 percent or more of the company's total procurement (sales) amount in either of the 2 most recent fiscal years and an explanation of the reason for increases or decreases

1. A list of suppliers accounting for 10 percent or more of the company's total procurement amount in either of the 2 most recent fiscal years

Unit : NT\$ thousand

Item	2022				2023				As of the first quarter of 2024			
	Name	Amount	Annual net purchase (%)	Relationship with issuer	Name	Amount	Annual net purchase (%)	Relationship with issuer	Name	Amount	Net purchase as of the first quarter of 2021 (%)	Relationship with issuer
1	S1852002	789,856	9.84	None	S1852002	639,864	10.24	None	S1852002	158,922	11.83	None
2	S1081010	869,131	10.83	None	S1081010	473,699	7.58	None	S1081010	72,328	5.38	None
	Other	6,367,472	79.33	—	Other	5,133,710	82.18	—	Other	1,112,252	82.79	—
	Net purchase	8,026,459	100		Net purchase	6,247,273	100		Net purchase	1,343,502	100	

An explanation of the reason for increases or decreases in the above figures :

The decrease in purchase amount of S1081010 compared to the previous year was mainly due to higher unit price, which resulted in a decrease in the purchase volume.

2. A list of clients accounting for 10 percent or more of the company's total sales amount in either of the 2 most recent fiscal years

Unit : NT\$ thousand

Item	2022				2023				As of the first quarter of 2024			
	Name	Amount	Annual net purchase (%)	Relationship with issuer	Name	Amount	Annual net purchase (%)	Relationship with issuer	Name	Amount	Net purchase as of the first quarter of 2024 (%)	Relationship with issuer
1	C0B1001	2,360,938	26.05	None	C0B1001	2,251,659	24.43	None	C0B1001	501,812	23.83	None
2	C0B1002	1,141,194	12.59	None	C0B1002	1,066,944	11.58	None	C0B1002	251,602	11.95	None
3	C1044006	444,284	4.90	None	C1044006	1,026,295	11.14	None	C1044006	56,432	2.68	None
	Other	5,117,257	56.46	—	Other	4,870,673	52.85	—	—	1,295,654	61.54	—
	Net purchase	9,063,673	100		Net purchase	9,215,571	100		Net purchase	2,105,500	100	

An explanation of the reason for increases or decreases in the above figures :

The increase in sales to customer C1044006 compared to the previous year was mainly due to an increase in customer demand.

(5) The production volume for the 2 most recent fiscal years

Unit : NT\$ thousand / Ton

Year		2022			2023		
Main Product	Production value	Capacity	Output	Production value	Capacity	Output	Production value
Litharge and Red lead		10,000	6,152	396,442	10,000	6,401	429,937
Lead alloy ingot		175,000	124,030	8,462,724	175,000	125,268	7,435,308
Total		185,000	130,182	8,859,166	185,000	131,669	7,865,245

Note : a. Lead alloy ingot including lead antimony alloy, lead calcium alloy, lead tin alloy, lead ingot 9999A, lead ingot 9997 and lead ingot 9999 (including outsourcing).

b. Production capacity refers to the amount that can be produced by the company under normal operation using existing production equipment after taking into account factors such as annual maintenance and holidays.

(6) The volume of units sold for the 2 most recent fiscal years

Unit : NT\$ thousand / Ton

Year		2022				2023			
Main Product	Production value	Domestic sales		Export sales		Domestic sales		Export sales	
		Sales	Values	Sales	Values	Sales	Values	Sales	Values
Litharge and Red lead		1,283	93,513	5,431	395,343	1,072	82,457	5,630	423,398
Lead ingot, lead alloy ingot		53,788	4,042,955	61,983	4,380,565	47,949	3,719,023	66,198	4,831,124
Other		22,298	95,992	6,690	55,305	31,637	106,903	12,112	52,665
Total		77,369	4,232,460	74,104	4,831,213	80,658	3,908,383	83,940	5,307,187

Note : Lead alloy ingot including lead antimony alloy, lead calcium alloy, lead tin alloy, lead ingot 9999A, lead ingot 9997 and lead ingot 9999 (including outsourcing).

3. The number of employees

Year		2022	2023	As of March 31, 2024
Number of employees	Direct employee	87	90	95
	Indirect employees	83	82	81
	Sales management	103	100	102
	Total	273	272	278
Average age		39.9	40.1	40.2
Average length of service		10.8	10.7	10.7
Education level distribution ratio	PhD	0%	0%	0%
	Master	2.9%	2.9%	2.9%
	University (College)	56.0%	54.5%	51.7%
	High School	13.6%	14.3%	15.5%
	Below High School	27.5%	28.3%	29.9%

4. Disbursements for environmental protection

Any losses suffered and penalties by the company in the most recent fiscal year and up to the annual report publication date due to environmental pollution incidents, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. :

(1) The company has not suffered any losses and penalties for polluting the environment in the most recent fiscal year and up to the annual report publication date.

(2) The EU requires that all electrical and electronic products in circulation in the EU market must not contain six hazardous substances, including lead, mercury, cadmium, hexavalent chromium, polybrominated biphenyls and polybrominated diphenyl ethers,

from July 1, 2006 and this restriction will affect all electrical and electronic products containing these six hazardous substances that are exported to the EU. Although Thyé Ming's products are mainly lead ingots, lead alloys and lead oxide, and its sales targets are mostly lead-acid battery manufacturers, lead-acid batteries are highly enclosed, and the lead contained in the batteries does not come into direct contact with humans, and lead has the advantages of easy access to raw materials, economical price, and recyclability. The EU restricts the use of mercury and cadmium in batteries, but lead is not included in the list so the implemented RoHS will not have any impact on Thyé Ming's business or financial side.

5. Labor relations :

- (1) List any employee benefit plans, continuing education, training, retirement systems, and the status of their implementation, and the status of labor-management agreements and measures for preserving employees' rights and interests.

1. Employee benefit plans

(1) Highlights of the Employee Welfare Committee

- ① In January 1989, the Employee Welfare Committee was established to handle employee welfare business.
- ② In January 2010, amended the "Regulations for Children's Education Scholarships and Grants" and "Regulations for Marriage, Childbirth, Funeral and Occupational Injury Grants".

(2) Company benefits

- ① Festival cash gift
Cash gifts are paid on Labor Day, Dragon Boat Festival, Moon Festival and Spring Festival.
- ② Subsidy is given to employees for marriage, childbirth, funeral, hospitalization, and birthday.
- ③ Improve education and training
The company provides education and training to the current employees occasionally in order to improve the efficiency of work and to cultivate the awareness of employees in their duties. Also, we provide training on the operation licenses for various machines and tools (e.g. forklift and overhead crane operation) to the relevant personnel on site.
- ④ Implement regular employee health check-ups
In accordance with the laws and regulations, the company conducts regular health checkups for all employees every year and cares about the employees' physical health at all times.
- ⑤ Employee travel
Under the circumstances that do not affect the company's business, the company organizes annual employee travel in order to bond with colleagues and further enhance work efficiency.

2. Employees' continuing education and training

In order to enhance the use of human resources, motivate employees to develop themselves and cultivate talents, the company has established the "Employee Education and Training Program" and "Employee Professional Training Program".

According to the education and training program, employees can improve their knowledge and skills through internal and external training, job rotations, project assignments, overseas assignments, and related training programs based on job and professional requirements, in order to enhance the overall quality of employees and improve business performance.

The results of education and training in 2023 are as follows :

Item	Number of classes	Total attendance	Total hour	Total cost
Supervisor training	31	75	249.5	36,075
Professional knowledge	29	107	934.5	176,725
Practical knowledge	73	351	845	5,731
New employees	8	18	74.5	0
Total	141	551	2,103.5	218,531

3. Retirement system and implementation

The Company formally established the Supervisory Committee of Labor Retirement Reserve in May 1989 and established the retirement plan, which stipulates that :

- (1) Where the worker attains the age of fifty-five and has worked for fifteen years.
- (2) Where the worker has worked for more than twenty-five years.
- (3) Where the worker attains the age of sixty and has worked for ten years.

A employee shall be ordered to retire under one of the following situations :

- (1) Where the worker attains the age of sixty-five.
- (2) Where the worker is unable to perform his/ her duties due to disability.

The Company's and its domestic subsidiaries' monthly contributions to the pension fund are deposited in full in individual pension account at the Bank of Taiwan. The Labor Pension Act became effective on July 1, 2005. Employees hired before June 30, 2005, and who were employed on July 1, 2005, may choose to continue to be subject to the pension provisions of the Labor Standards Act or to be subject to the pension system under the Act and retain their seniority prior to the application of the Act. New employees after July 1, 2005 are subject to the pension system under the Labor Pension Act only. Employees who choose to apply the pension system under the Labor Pension Act shall contribute 6% of their monthly wages to the individual pension account of the Bureau of Labor Insurance.

The foreign subsidiary, Vietnam Thye Ming, makes pension contributions in accordance with local laws and regulations.

4. The status of labor-management agreements and measures for preserving employees' rights and interests :

- (1) Provide employees with adequate education and training
Establish the education and training management rules and set up a management unit to promote and supervise the education and training business.
- (2) The employees are compensated in accordance with all applicable payroll laws and regulations, including those relating to minimum wages and legally required benefits.
- (3) Work environment and employee safety protection measures
 - ① Access control security
There is a strict access control system around the clock and security guards are available throughout the day.
 - ② Maintenance and inspection of equipment
In accordance with the regulations of buildings' public safety inspection and reporting, we regularly engage a professional company to conduct

public safety inspections, and in accordance with the Fire Services Act, we engage an outside party to conduct annual fire prevention inspections, and in accordance with Occupational Safety and Health Act, regularly maintain and inspect various equipment such as air conditioners and firefighting apparatus.

③ Physiological mental health

The company's workplace is completely non-smoking and has posted non-smoking signs to remind employees not to smoke in the workplace in order to maintain the quality of the work environment, arrange regular employee health checkups to maintain the physical and mental health of employees.

④ Insurance

In accordance with the law, the company is insured by labor insurance, health insurance and group insurance. If an employee is injured or dead, the personnel unit will assist in handling the related insurance matters.

⑤ Employee benefits

Employees Welfare Committee was established on July 5, 1990. The Committee members are elected by employees and are responsible for the welfare of all employees with measures such as wedding, funeral and maternity subsidy, educational scholarships, cultural and recreational activities, and other welfare subsidy. The annual budget, expenditure and arrangement of welfare benefits are discussed and monitored by the members of the Welfare Committee every three months.

⑥ Employee retirement system

The company has established the retirement and pension plan in accordance with the Labor Standards Act and its related laws and regulations in order to reward employees for their professional services and to stabilize their lives during their employment or after retirement. With respect to the retirement plan, employees who has worked for 25 years or 15 years and the age of 55 under the old system, or employees with the age of 60 under the new system, may apply for retirement and receive a pension. The Company has also established the Supervisory Committee of Labor Retirement Reserve to make monthly contributions to the Labor Retirement Reserve Fund. The Company has also established the Supervisory Committee of Labor Retirement Reserve to make monthly contributions to the Labor Retirement Reserve Fund. In the event of death due to occupational injury or disease, the company provides funeral expenses of five months' average wages and death compensation of 40 months' average wages to the deceased's family.

- (2) Any losses suffered by the company in the most recent 2 fiscal years and up to the annual report publication date due to labor disputes and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. : None

6. Cyber security management:

- (1) Describe the cyber security risk management framework, cyber security policies, concrete management programs, and investments in resources for cyber security management.

Information security risk management framework

The information security (information security) unit of the company is the information office, which has an information officer and professional information personnel responsible for establishing internal information security policies, planning and implementing information security operations, and promoting and implementing information security policies to ensure the confidentiality, integrity and availability of information and information assets required for the company's operations.

The audit office of the company is the supervisory unit for information security monitoring. The audit office has an audit supervisor and dedicated auditors who are responsible for supervising the implementation of internal information security, and if deficiencies are found during the audit, they will request the inspected unit to propose relevant specific improvement measures and regularly track the effectiveness of the improvements to reduce internal information security risks.

Organizational operation mode : The information office formulates the company's information security policy and information security operations, and internal units promote the implementation and strengthen the promotion of information security policy, information security operations and personnel education and training, and implement the introduction and implementation of information security policy. The audit office conducts information security risk audits, and if deficiencies are found, requests the inspected units to propose relevant specific improvement measures and regularly tracks the effectiveness of the improvements.

Information security policies and specific management programs

The company's information security management mechanism consists of three aspects :

1. System : To establish the company's information security-related management system, regulate personnel's operation behavior, and perform regular internal audits to reduce internal information security risks.
2. Technology : To build information security protection equipment to enhance the security of the information environment and implement information security management measures.
3. Personnel : Conduct information security education training or promotion to enhance employees' information security awareness or related knowledge.

Information security management measures

1. All departments' personal computers are installed with anti-virus software to avoid computer virus infection.
2. The information room on-line daily updates virus pattern and scan engine.
3. Install firewalls to prevent external threats.
4. Information personnel regularly review the delivery status for sent and received emails on the server, and report any abnormal conditions to the responsible supervisor for handling.

Investments in resources for cyber security management.

The resources invested to implement cyber security management measures are as follows. :

1. Network hardware equipment such as firewall, email anti-virus, email spam filtering, internet behavior analysis, managed hubs, etc.
 2. Software systems such as endpoint protection system, backup management software and encryption software.
 3. Procurement of hard disk backup, intrusion protection services, etc.
 4. Investment in manpower, daily system status check, weekly backup and backup media off-site storage implementation, at least one information security education course per year, annual system disaster recovery implementation exercise, annual internal audit of the information cycle, CPA audit, etc.
 5. Cyber security personnel, one cyber security supervisor and one cyber security officer, are responsible for cyber security structure design, cyber security maintenance and monitoring, cyber security incident response and investigation, cyber security policy review and amendment, and the cyber security supervisor reports to the board of directors at least once a year.
- (2) If the possible impact and countermeasures caused by a major information security incident cannot be reasonably estimated, the fact that it cannot be reasonably estimated should be stated.

The company has not had any major information security events in the most recent year and as of the date of publication of the annual report.

7. Important contracts

Nature of contract	Counterparty	Period	Major Contents	Restrictions
Sales Contract	A	113.04~114.03	Sales of lead antimony alloys, lead calcium alloys and lead ingots	None
Sales Contract	B	113.01~113.12	Sales of lead antimony alloys, lead calcium alloys and lead ingots	None
Sales Contract	C	113.05~114.03	Sales of lead calcium alloys	None
Sales Contract	D	113.01~113.12	Sales of lead ingots	None
Procurement Contract	E	113.03~113.12	Procurement of lead ingots	None

VI. Overview of Financial Status

1. Condensed balance sheets and income statement in the past 5 years

(1) Condensed balance sheets and statements of comprehensive income

1.(1) Consolidated Condensed Balance Sheets

Unit : NT\$ thousand

Year Item		Financial information in the last 5 years (Note 1)					Financial information as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		5,403,041	5,228,823	5,195,617	6,262,987	6,657,528	6,522,732
Property, plant and equipment		546,943	511,367	492,070	513,296	551,367	560,029
Intangible assets		—	10,582	10,560	10,584	10,525	10,509
Other assets		601,708	602,223	1,207,661	381,132	421,033	410,355
Total assets		6,551,692	6,352,995	6,905,908	7,167,999	7,640,453	7,503,625
Current liabilities	Before distribution	1,004,816	899,990	646,191	799,286	976,014	1,331,388
	After distribution	1,423,112	1,109,138	1,399,124	1,468,560	—	—
Noncurrent liabilities		238,183	240,068	278,288	277,641	297,680	308,167
Total liabilities	Before distribution	1,242,999	1,140,058	924,479	1,076,927	1,273,694	1,639,555
	After distribution	1,661,295	1,349,206	1,677,412	1,746,201	—	—
Net income attributed to shareholders of the company		5,283,644	5,187,927	5,941,453	6,049,660	6,339,062	5,835,818
Share capital		2,091,482	2,091,482	1,673,185	1,673,185	1,673,185	1,673,185
Capital surplus		975,330	975,330	975,330	975,330	975,330	975,330
Retained earnings	Before distribution	2,563,055	2,501,000	3,093,777	3,744,564	4,067,742	3,527,014
	After distribution	2,144,759	2,291,852	2,340,844	3,075,290	—	—
Other equity interests		(346,223)	(379,885)	199,161	(343,419)	(377,195)	(339,711)
Treasury stocks		—	—	—	—	—	—
Non-controlling interests		25,049	25,010	39,976	41,412	27,697	28,252
Total equity	Before distribution	5,308,693	5,212,937	5,981,429	6,091,072	6,366,759	5,864,070
	After distribution	4,890,397	5,003,789	5,228,496	5,421,798	—	—

Note : 1. All financial information for the last five fiscal years have been audited and certified by a CPA.

2. The financial information has been reviewed by a CPA.

(2) Individual Condensed Balance Sheets

Unit : NT\$ thousand

Year Item		Financial information in the last 5 years (Note 1)					Financial information as of March 31, 2024 (Note 2)
		2019	2020	2021	2022	2023	
Current assets		3,527,682	3,475,479	3,515,487	4,521,905	4,947,925	—
Property, plant and equipment		344,862	325,170	315,907	321,842	365,488	—
Intangible assets		—	10,582	10,560	10,584	10,525	—
Other assets		1,984,198	1,975,972	2,748,342	2,240,776	2,242,505	—
Total assets		5,856,742	5,787,203	6,590,296	7,095,107	7,566,443	—
Current liabilities	Before distribution	338,527	362,595	373,593	769,956	929,720	—
	After distribution	756,823	571,743	1,126,526	1,439,230	—	—
Noncurrent liabilities		234,571	236,681	275,250	275,491	297,661	—
Total liabilities	Before distribution	573,098	599,276	648,843	1,045,447	1,227,381	—
	After distribution	991,394	808,424	1,401,776	1,714,721	—	—
Net income attributed to shareholders of the company		—	—	—	—	—	—
Share capital		2,091,482	2,091,482	1,673,185	1,673,185	1,673,185	—
Capital surplus		975,330	975,330	975,330	975,330	975,330	—
Retained earnings	Before distribution	2,563,055	2,501,000	3,093,777	3,744,564	4,067,742	—
	After distribution	2,144,749	2,291,852	2,340,844	3,075,290	—	—
Other equity interests		(346,223)	(379,885)	199,161	(343,419)	(377,195)	—
Treasury stocks		—	—	—	—	—	—
Non-controlling interests		—	—	—	—	—	—
Total equity	Before distribution	5,283,644	5,187,927	5,941,453	6,049,660	6,339,062	—
	After distribution	4,865,348	4,978,779	5,188,520	5,380,386	—	—

Note : 1. All financial information for the last five fiscal years have been audited and certified by a CPA.

2. The Company did not prepare individual financial statements for the first quarter.

2. (1) Consolidated Condensed Statements of Comprehensive Income

Unit : NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)					Financial information as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	9,840,519	8,536,948	8,842,529	9,063,673	9,215,571	2,105,500
Gross profit	827,064	689,193	1,296,579	996,818	1,397,326	306,622
Net operating income	589,784	477,851	1,063,883	752,903	1,136,485	239,968
Non-operating income and expenses	58,930	(28,200)	(19,816)	140,234	139,143	164,454
Net Profit before income tax	648,714	449,651	1,044,067	893,137	1,275,628	404,422
Income from continuing operation	—	—	—	—	—	—
Loss from discontinued operation	—	—	—	—	—	—
Net income (loss)	515,168	354,015	787,960	683,576	996,741	321,367
Other comprehensive income (income after tax)	(49,422)	(28,475)	610,377	186,451	(34,980)	37,634
Total comprehensive income	465,746	325,540	1,398,337	870,027	961,761	359,001
Net income attributed to shareholders of the company	511,903	351,574	785,791	680,542	993,835	320,962
Net income attributable to non-controlling interests	3,265	2,441	2,169	3,034	2,906	405
Comprehensive income attributable to shareholders of the Company	463,320	322,579	1,380,971	865,585	958,676	358,446
Comprehensive income attributable to non-controlling Interest	2,426	2,961	17,366	4,442	3,085	555
Earnings per share	2.45	1.68	4.00	4.07	5.94	1.92

Note : 1. All financial information for the last five fiscal years have been audited and certified by a CPA.

2. The financial information has been reviewed by a CPA.

(2) Individual Condensed Statements of Comprehensive Income

Unit : NT\$ thousand

Item \ Year	Financial information in the last 5 years (Note 1)					Financial information as of March 31, 2024 (Note 2)
	2019	2020	2021	2022	2023	
Operating revenue	7,234,069	6,074,028	6,491,806	6,732,796	6,968,230	—
Gross profit	702,547	546,918	989,306	884,813	1,208,938	—
Net operating income	511,837	379,201	795,258	684,942	986,344	—
Non-operating income and expenses	117,898	54,651	190,623	181,970	256,603	—
Net Profit before income tax	629,735	433,852	985,881	866,912	1,242,947	—
Income from continuing operation	—	—	—	—	—	—
Loss from discontinued operation	—	—	—	—	—	—
Net income (loss)	511,903	351,574	785,791	680,542	993,835	—
Other comprehensive income (income after tax)	(48,583)	(28,995)	595,180	185,043	(35,159)	—
Total comprehensive income	463,320	322,579	1,380,971	865,585	958,676	—
Net income attributed to shareholders of the company	—	—	—	—	—	—
Net income attributable to non-controlling interests	—	—	—	—	—	—
Comprehensive income attributable to shareholders of the Company	—	—	—	—	—	—
Comprehensive income attributable to non-controlling Interest	—	—	—	—	—	—
Earnings per share	2.45	1.68	4.00	4.07	5.94	—

Note : 1. All financial information for the last five fiscal years have been audited and certified by a CPA.

2. The Company did not prepare individual financial statements for the first quarter.

(2) Auditing CPAs and audit opinions in the past five years

Year	Name of CPAs	Audit opinion
2019	Wu Chiu-Yen, Chen Chen-Li	Unqualified opinion
2020	Chen Chen-Li, Kuo Lee-Yuan	Unqualified opinion
2021	Chiang Jia-Ling, Kuo Lee-Yuan	Unqualified opinion
2022	Chiang Jia-Ling, Kuo Lee-Yuan	Unqualified opinion
2023	Chiang Jia-Ling, Kuo Lee-Yuan	Unqualified opinion

2. Financial analysis in the past 5 years

(1) Financial Analysis

1. Consolidated Financial Analysis

Items for Analysis \ Year		Financial analyses for the past 5 fiscal years					Financial analysis as of March 31, 2024 (Note)
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt-asset ratio	18.97	17.95	13.39	15.02	16.67	21.85
	Ratio of long-term capital to property, plant and equipment	1,014.16	1,066.36	1,272.12	1,240.75	1,208.71	1,102.13
Solvency (%)	Current ratio	537.71	580.99	804.04	783.57	682.11	489.92
	Quick ratio	290.30	319.56	385.89	416.94	502.47	377.50
	Interest coverage ratio	2,779	4,024	23,062	23,030	21,442	64,903
Operating Ability	Receivables turnover rate (times)	8.26	6.98	7.33	8.35	9.03	8.26
	Average collection days for receivables	44	52	50	44	40	44
	Inventory turnover rate (times)	3.99	3.28	2.99	2.86	3.34	4.43
	Payables turnover rate (times)	44.32	35.84	40.27	49.27	54.08	49.54
	Average days for sale	92	111	122	127	109	82
	Property, plant and equipment turnover rate (times)	17.69	16.13	17.62	18.03	17.31	15.16
	Total asset turnover rate (times)	1.46	1.32	1.33	1.29	1.24	1.11
Profitability	Return on assets (%)	7.96	5.63	11.94	9.76	13.53	17.02
	Return on equity (%)	9.87	6.73	14.08	11.32	16.00	21.02
	Ratio of income before tax to paid-in capital (Note 7)	31.02	21.50	62.40	53.38	76.24	173.51
	Profit margin before tax (%)	5.24	4.15	8.91	7.54	10.82	15.26
	Earnings per share (NT\$)	2.45	1.68	4.00	4.07	5.94	1.92
Cash Flow	Cash flow ratio (%)	34.53	50.57	123.01	61.71	238.30	-17.34
	Cash flow adequacy ratio (%)	92.95	75.58	87.28	93.61	124.79	134.94
	Cash flow reinvestment ratio (%)	0.90	0.57	8.07	-3.50	21.39	-3.17
Leveraging	Operating leverage	1.56	0.83	1.29	1.39	1.37	—
	Financial leverage	1.04	1.02	1.00	1.01	1.01	1.00

Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)

1. The increase in quick ratio was mainly due to the decrease in inventories.
2. The increases in return on assets, return on equity, ratio of income before tax to paid-in capital, net profit margin and earnings per share were mainly due to the increase in operating revenues and the decrease in operating costs, which resulted in the increase in net income after tax.
3. The increases in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio compared to the previous period were mainly due to the increase in net income before tax and the decrease in inventories, which resulted in the increase in net cash inflow from operating activities.

Note : The financial information has been reviewed by a CPA.

2. Individual Financial Analysis

<div> <div></div> <div>Year</div> <div>Items for Analysis</div> </div>		Financial analyses for the past 5 fiscal years					Financial analysis as of March 31, 2024 (Note)
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt-asset ratio	9.79	10.36	9.85	14.73	16.22	—
	Ratio of long-term capital to property, plant and equipment	1,600.12	1,668.24	1,967.89	1,965.30	1,815.85	—
Solvency (%)	Current ratio	1,042.07	958.50	940.99	587.29	532.20	—
	Quick ratio	576.79	537.56	426.92	323.86	399.30	—
	Times interest earned	40,032	293,243	289,215	52,800	20,895	—
Operating Ability	Receivables turnover rate (times)	7.88	6.31	7.23	8.07	8.52	—
	Average collection days for receivables	46	58	50	45	43	—
	Inventory turnover rate (times)	4.62	3.63	3.19	2.96	3.53	—
	Payables turnover rate (times)	58.51	47.21	48.34	49.67	44.09	—
	Average days for sale	79	100	114	123	103	—
	Property, plant and equipment turnover rate (times)	20.96	18.13	20.25	21.11	20.28	—
	Total asset turnover rate (times)	1.23	1.04	1.05	0.98	0.95	—
Profitability	Return on assets (%)	8.71	6.04	12.70	9.96	13.62	—
	Return on equity (%)	9.85	6.71	14.12	11.35	16.04	—
	Ratio of income before tax to paid-in capital (Note 7)	30.11	20.74	58.92	51.81	74.29	—
	Profit margin before tax (%)	7.08	5.79	12.10	10.11	14.26	—
	Earnings per share (NT\$)	2.45	1.68	4.00	4.07	5.94	—
Cash Flow	Cash flow ratio (%)	97.22	101.60	161.89	67.98	204.71	—
	Cash flow adequacy ratio (%)	97.22	82.44	94.84	84.41	112.37	—
	Cash flow reinvestment ratio (%)	0.66	-0.82	5.74	-3.26	16.74	—
Leveraging	Operating leverage	1.55	1.67	1.34	1.42	1.33	—
	Financial leverage	1.00	1.00	1.00	1.00	1.01	—

Reasons for changes in financial ratios for the last two years : (Exempted if the change is less than 20%)

1. The increase in quick ratio was mainly due to the decrease in inventories.
2. The decrease in times interest earned was mainly due to the increase in interest expense.
3. The increases in return on assets, return on equity, ratio of income before tax to paid-in capital, net profit margin and earnings per share were mainly due to the increase in operating revenues and the decrease in operating costs, which resulted in the increase in net income after tax.
4. The increases in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio compared to the previous period were mainly due to the increase in net income before tax and the decrease in inventories, which resulted in the increase in net cash inflow from operating activities.

Note : The Company did not prepare individual financial statements for the first quarter.

1. Financial Structure
 - (1) Debt-asset ratio = total liabilities / total assets
 - (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net worth of property, plant and equipment
 2. Solvency
 - (1) Current ratio = current assets / current liabilities
 - (2) Quick ratio = (current assets – inventory – prepaid expenses) / current liabilities
 - (3) Interest coverage ratio = income before income tax and interest expenses / current interest expenses
 3. Operating ability
 - (1) Receivables (including accounts receivable and notes receivable arising from business operations) turnover rate = net sales / average receivables (including accounts receivable and notes receivable arising from business operations) for each period
 - (2) Average collection days for receivables = 365 / receivables turnover rate
 - (3) Inventory turnover rate = cost of sales / average inventory
 - (4) Payables (including accounts payable and notes payable arising from business operations) turnover rate = cost of sale / average payables (including accounts payable and notes payable arising from business operations) for each period
 - (5) Average days of sale = 365 / inventory turnover rate
 - (6) Property, plant and equipment turnover rate = net sales / average net worth of property, plant and equipment
 - (7) Total asset turnover rate = net sales / average total assets
 4. Profitability
 - (1) Return on assets = [net income + interest expenses (1- tax rate)] / average total assets
 - (2) Return on equity = net income / average total equity
 - (3) Profit margin before tax = net income / net sales
 - (4) Earnings per share = (profit and loss attributable to owners of the parent – dividends on preferred shares) / weighted average number of issued shares (Note 3)
 5. Cash flow
 - (1) Cash flow ratio = Net cash flow from operating activities / current liabilities
 - (2) Net cash flow adequacy ratio = Net cash flow from operating activities for the most recent five years / (capital expenditures + inventory increase + cash dividend)
 - (3) Cash flow reinvestment ratio = (Net cash flow from operating activities – cash dividend) / gross property, plant and equipment value + long-term investment + other non-current assets + working capital) (Note 4)
 6. Leveraging
 - (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 5)
 - (2) Financial leverage = operating income / (operating income / interest expenses)
- Note 3 : When the above formula for calculation of earnings per share is used during measurement, give special attention to the following matters :
1. Measurement should be based on the weighted average number of common shares, not the number of issued shares at year end.
 2. In any case where there is a cash capital increase or treasury stock transaction, the period of time in circulation shall be considered in calculating the weighted average number of shares.
 3. In the case of capital increase out of earnings or capital surplus, the calculation of earnings per share for the past fiscal year and the fiscal half-year shall be retrospectively adjusted based on the capital increase ratio, without the need to consider the issuance period for the capital increase.
 4. If the preferred shares are non-convertible cumulative preferred shares, the dividend of the current year (whether issued or not) shall be subtracted from the net profit after tax, or added to the net loss after tax. In the case of non-cumulative preferred shares, if there is net profit after tax, dividend on preferred shares shall be subtracted from the net profit after tax; if there is loss, then no adjustment need be made.
- Note 4 : Give special attention to the following matters when carrying out cash flow analysis :
1. Net cash flow from operating activities means net cash in-flow amounts from operating activities listed in the statement of cash flows.
 2. Capital expenditures means the amounts of cash out-flows for annual capital investment.
 3. Inventory increase will only be entered when the ending balance is larger than the beginning balance. An inventory decrease at year end will be deemed zero for calculation.
 4. Cash dividend includes cash dividends from both common shares and preferred shares.
 5. Gross property, plant and equipment value means the total value of property, plant and equipment prior to the subtraction of accumulated depreciation.
- Note 5 : Issuers shall separate operating costs and operating expenses by their nature into fixed and variable categories. When estimations or subjective judgments are involved, give special attention to their reasonableness and to maintaining consistency.

3. Audit committee's report for the most recent year's financial statement

Audit Committee's Report

The Board of Directors has prepared the Company's 2023 business report, financial statements and the earnings distribution plan, among which the financial statements have been audited by Deloitte & Touche, who have submitted an audit report. The above business report, financial statements, and earnings distribution plan have been reviewed and determined to be correct and accurate by the Audit Committee members. We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act. Please kindly approve.

To
Thye Ming Industrial Co., Ltd.
2024 Annual Shareholders Meeting

Audit Committee Convener : Chen Yi-Ming

March 15, 2024

4. Financial statement for the most recent fiscal year

Please refer to pages 122 to 181 for details.

5. A parent company only financial statement for the most recent fiscal year, certified by a CPA

Please refer to pages 182 to 254 for details.

6. The Company and Its Affiliates Encounter Any Financial Difficulties in the Past Year and as of the Date of Publication of the Annual Report and the Impact on the Company's Financial Status : None

VII. Review and Analysis of Financial Status and Business Results and Risk Issues

1. Financial Status

Unit : NT\$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	6,657,528	6,262,987	394,541	6.30
Property, plant and equipment	551,367	513,296	38,071	7.42
Other noncurrent assets	431,558	391,716	39,842	10.17
Total assets	7,640,453	7,167,999	472,454	6.59
Current liabilities	976,014	799,286	176,728	22.11
Noncurrent liabilities	297,680	277,641	20,039	7.22
Total liabilities	1,273,694	1,076,927	196,767	18.27
Share capital	1,673,185	1,673,185	0	0
Capital surplus	975,330	975,330	0	0
Retained earnings	4,067,742	3,744,564	323,178	8.63
Net income attributed to shareholders of the company	6,339,062	6,049,660	289,402	4.78
Total amount of equity	6,366,759	6,091,072	275,687	4.53

Any material change in the company's assets, liabilities, or equity during the past 2 fiscal years, (changes of 20% or more in the preceding and following periods, and changes amounting to NT\$10 million) :

The increase in current liabilities compared to the previous year was mainly due to the increase in employees' and directors' remuneration payable and income tax payable.

2. Financial Performance

Unit : NT\$ thousand

Item \ Year	2023	2022	Increased (Decreased) amount	% of change
Operating revenue	9,215,571	9,063,673	151,898	1.68
Operating cost	7,818,245	8,066,855	(248,610)	(3.08)
Gross profit	1,397,326	996,818	400,508	40.18
Operating expenses	260,841	243,915	16,926	6.94
Operating interest	1,136,485	752,903	383,582	50.95
Non-operating income and expenses	139,143	140,234	(1,091)	(0.78)
Net income after tax	1,275,628	893,137	382,491	42.83
Income tax expense	278,887	209,561	69,326	33.08
Consolidated total net income	996,741	683,576	313,165	45.81
Net income attributed to shareholders of the company	993,835	680,542	313,293	46.04
Total comprehensive income	961,761	870,027	91,734	10.54
Total comprehensive income attributed to shareholders of the Company	958,676	865,585	93,091	10.75

Analysis of changes in increase and decrease :

The increases in operating profit, net income before tax, income tax expense and total consolidated net income were mainly due to the increase in operating gross profit.

3. Cash Flow

(1) Cash flow analysis during the most recent fiscal year :

Item	Year	2023	2022	Percent Change (%)
Cash flow ratio (%)		238.30	61.71	286.16
Cash flow adequacy ratio (%)		124.79	93.61	33.31
Cash flow reinvestment ratio (%)		21.39	(3.50)	(711.14)

Analysis of changes in increase and decrease :

The increases in cash flow ratio, cash flow adequacy ratio and cash reinvestment ratio compared to the previous period were mainly due to the increase in net income before tax and the decrease in inventories, which resulted in the increase in net cash inflow from operating activities.

(2) Improvement plan for illiquidity : No illiquidity

(3) Analysis of cash flow in the coming year :

Unit : NT\$ thousand

Beginning cash balance	Net cash flow from operating activities throughout the year	Net cash outflow throughout the year	Net cash flow balance	Cash shortage contingency plan	
				Investment plan	Financing Plan
3,200,985	713,638	1,181,266	2,733,357	—	—

1. Analysis of cash flow changes

- (1) The net cash inflow from operating activities was due to changes in estimated net income and other operating assets and liabilities in 2024 based on changes in international lead prices and forecasted sales volume.
- (2) The net cash inflow from investing activities was due to the proposed disposal of financial assets in 2024.
- (3) The net cash outflow from financing activities was due to repayment of loans, the distribution of cash dividends, compensation of employees and remuneration of directors.

2. Cash shortage contingency plan : Not applicable

4. The effect upon financial operations of any major capital expenditures. during the most recent fiscal year

(1) Major capital expenditures and sources of funds

Unit : NT\$ thousand

Project	Actual or expected sources of funds	Actual or expected completion date	Total funds required	Actual or expected use of funds
				2024
Road paving asphalt project in the plant	Own funds	2024.01.31	1,330	1,330
Improvement of desulphurization system pipe racks	Own funds	2024.01.31	11,500	11,500

Project	Actual or expected sources of funds	Actual or expected completion date	Total funds required	Actual or expected use of funds
				2024
Pipe repair of rooftop dust collection room	Own funds	2024.01.31	4,000	4,000
Crane modification	Own funds	2024.01.31	1,500	1,500
Refining furnace inner pot production	Own funds	2024.06.30	4,580	4,580
Mail server replacement	Own funds	2024.07.01	1,500	1,500

(2) Potential benefits expected :

1. Improve the production process to reduce the raw material loss.
 2. Refine the fuel system to improve fuel efficiency and thereby reduce fuel expenses.
 3. Improves air quality and reduces airborne particulate matter.
5. Reinvestment policy for the most recent fiscal year, the main reasons for the profits or losses, improvement plans, and investment plans in the Next Year

(1) Reinvestment policy for the most recent fiscal year :

The Company's management team based on factors such as operational needs or consideration of the company's future growth for the purposes of reinvestment, detailed evaluation of the organization type, investment purpose, site location, market conditions, business development, possible joint venture partners, shareholding ratio, reference price and financial position of the reinvested business, and made investment case evaluation recommendations for the decision-making authority to use as the basis for investment decisions. In addition, the company keeps track of the operating status of the invested business and analyzes the effectiveness of the investment to facilitate post-investment management tracking and evaluation by the decision-making authority.

(2) The main reasons for the profits or losses, improvement plans, and investment plans for the coming year :

Unit : NT\$ thousand

Name	Policy	2023 Revenue recognition	Profit or Loss main reason	Improvement plan	Investment plans for the coming year
Thye Wey Industrial Co., Ltd.	Vertical integration	22,680	Reasonable spread profit	—	None
Thye Ming Industrial (Samoa)	Offshore holding company	107,412	Recognition of interests in Vietnamese subsidiary	Implementing inventory control and reducing the risk of inventory valuation loss	None

6. Risks analyze and assess the following matters during the most recent fiscal year and as they stood on the date of publication of the annual report :

- (1) The effect upon the company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.

1. Interest rate

The company regularly evaluates bank loan interest rates and closely maintains contact with banks to obtain more favorable loan rates. In recent years, market interest rates have been more volatile. The company uses its own funds to repay loans in advance or switch to loans with lower interest rates to effectively reduce debt ratios and interest expenses, thereby hedging the risk of interest rate changes.

The company borrows funds from financial institutions due to operational requirements, which results in interest rate risk, the interest rate risk is managed through an appropriate mix of fixed and floating interest rates.

Based on the balance of bank deposits and loans in 2023, a 1% increase or decrease in interest rates would increase or decrease net income by NT\$9,768 thousand.

2. Exchange rate fluctuations

The company relies on foreign imports for nearly 70% to 80% of its raw materials, which are denominated in U.S. dollars, so exchange rate fluctuations affect the company's profitability. 2022 and 2023, the company's foreign sales ratio was 53% and 58%, and domestic sales were also denominated in U.S. dollars, so the risk of exchange rate fluctuations has been significantly reduced through natural hedging by hedging revenue and expenses in the same currency. Furthermore, the business department's quotations will also take into account exchange rate fluctuations and reflect them in the quotations in a timely manner. In addition, the finance department collects exchange rate related reports on a regular basis, holds meetings on an irregular basis to study the trend of exchange rates, and selects suitable hedging instruments at the right time to control the risk of exchange rate fluctuations within a certain range.

Analyzing the sensitivity of foreign currency items in circulation in 2023, a 1% appreciation of the NTD against the USD would decrease or increase pre-tax income by NT\$ 29,501 thousand.

3. Inflation

The company's finished products are lead alloy and lead oxide, which are mainly supplied to the livelihood industry, where the products manufactured by these industries are essential for daily life. For example, lead-acid batteries, plastic stabilizers, glazes, lead glass, etc., will not experience significant changes in demand due to changes in the economic environment. In recent years, international raw material prices have been stable, domestic oil prices and public utility rates are less pressure to increase, and interest rates are at a relatively low point, so there is no inflationary impact.

- (2) The company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; The main reasons for the profits/losses generated thereby; and response measures to be taken in the future.

1. The company does not engage in high-risk, highly leveraged investments.

2. The company did not loan funds to others in 2023. If there is a need to loan funds to others, the company follows the relevant regulations of the FSC and the company's "Procedures for Lending Funds to Other Parties".

The company did not provide any endorsement or guarantee in 2023. If there is any endorsement or guarantee, it should be made in accordance with the relevant

regulations of the FSC and the company's "Procedures for Endorsement and Guarantee".

3. The company did not engage in derivative financial instruments in 2023. In the future, if the company engages in derivative transactions, it will focus on risk hedging and follow the procedures for derivatives transactions prescribed by the competent authorities, such as the use of foreign exchange options or loans in NTD to hedge the risk of exchange rate fluctuations, and the use of futures hedging or spot delivery operations to hedge changes in raw material prices.

- (3) Research and development work to be carried out in the future, and further expenditures expected for research and development work.

The Company's future R&D plans are to improve production processes, reduce process pollution and assist customers in developing new alloys. The estimated R&D expenses will be NT\$8~10 million.

- (4) Effect on the company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.

The company constantly pays attention to important domestic and international policies and legal changes, consults relevant professional units to make assessments, recommends and plans measures to reduce the impact on the company's financial operations.

In the most recent year and up to the date of publication of the prospectus, no such events have occurred.

- (5) Effect on the company's financial operations of developments in science and technology (including cyber security risks) as well as industrial change, and measures to be taken in response.

The company keeps track of the technological changes and industrial changes in its industry and sets up a professional team to evaluate the impact on the company's financial operations and take measures in response, as appropriate. In the most recent year and up to the date of publication of the prospectus, no such events have occurred.

- (6) Effect on the company's crisis management of changes in the company's corporate image, and measures to be taken in response.

The company has a good corporate image and has been working quietly with the business philosophy of innovation, quality, and environmental protection to fulfill its corporate responsibility and there has been no corporate crisis caused by the change of corporate image.

- (7) Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken. : None

- (8) Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.

The company has not engaged in any plant expansion plan in the most recent year and as of now, therefore, there is no risk of such possibility.

- (9) Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.

The company's purchase of goods decentralized procurement area and object. In addition to refining lead from waste lead-acid batteries, actively exploring new

sources of supply and decentralizing procurement areas around the world to avoid over-concentration of supply sources in one region or country.

Since major automotive and motorcycle manufacturers and end consumers attach great importance to the reliability of lead-acid batteries, there is a high degree of brand concentration. The company's products have passed TS16494 with stable and competitive quality, and all major lead-acid battery manufacturers are our customers, so the sales concentration is slightly higher. To reduce the risk of concentration of sales, the company's business department establishes credit lines for all customers to control the shipment of goods. The finance department also keeps track of the cashing of notes receivable and collection of accounts receivable to avoid bad debts, and no bad debts have occurred.

- (10) Effect upon and risk to the company in the event a major quantity of shares belonging to a director or shareholder holding greater than a 10 percent stake in the company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken. : None

- (11) Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.

The legal shareholding ratio of all directors of the company is in compliance with the laws and regulations, and the management is committed to improving the performance of the company's operations and maximizing shareholders' equity, thus having a positive impact on the company's management rights and operations.

- (12) Litigious and non-litigious matters. List major litigious, non-litigious or administrative disputes that : (1) Involve the company and/or any company director, the general manager, any person with actual responsibility for the firm, any major shareholder holding a stake of greater than 10 percent, and/or any company or companies controlled by the company; and (2) have been concluded by means of a final and unappeasable judgment, or are still under litigation. Where such a dispute could materially affect shareholders' equity or the prices of the company's securities, the annual report shall disclose the facts of the dispute, amount of money at stake in the dispute, the date of litigation commencement, the main parties to the dispute, and the status of the dispute as of the date of publication of the annual report. : None

- (13) Other important risks : None

7. Other important matters : None

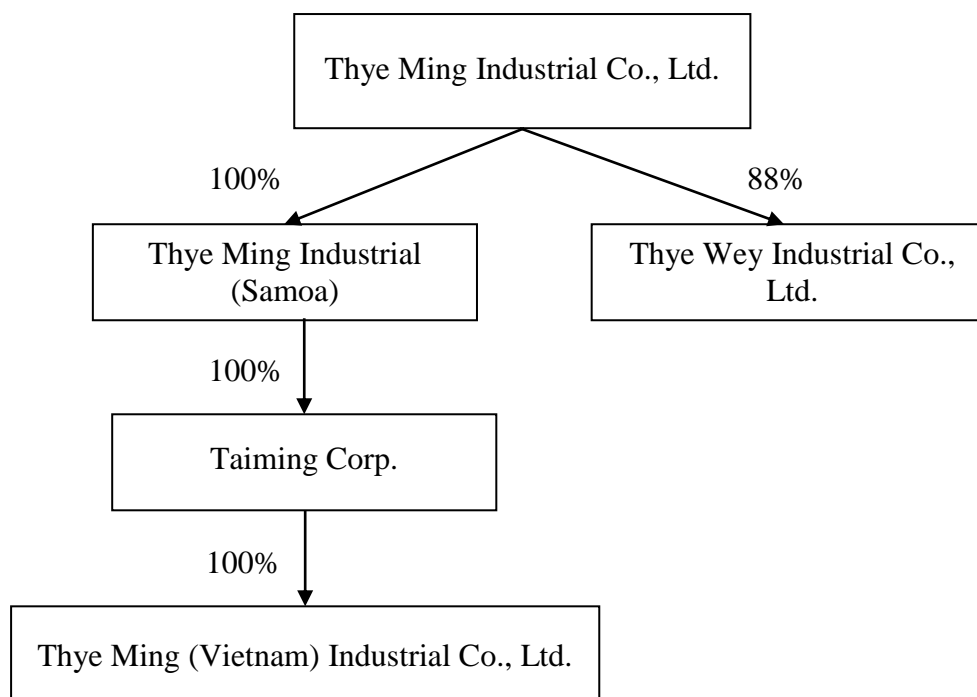
VIII. Special items to be included

1. Information related to the company's affiliates

(1) Consolidated business report

1. Overview of the affiliate companies

(1) Organizational chart of affiliate companies



(2) Basic information of affiliate companies

December 31, 2023 Unit : NT\$ thousand / foreign currency in dollars

Company Name	Date of incorporation	Address	Paid-in capital	Main business items
Thye Wey Industrial Co., Ltd.	1987.05.28	1Fl., No.6, Juguang 3rd St. Daliao Dist., Kaohsiung City	100,000	General and business waste disposal, recycling business. Trading of used lead-acid batteries, lead slag, etc.
Thye Ming Industrial (Samoa)	2006.11.02	Portcullis TrustNet Chambers, P.O.Box 1225, Apia, Samoa.	USD30,000,000	Investment
Taiming Corp.	2006.11.02	Portcullis TrustNet Chambers, P.O.Box 1225, Apia, Samoa.	USD30,000,000	Investment
Thye Ming (Vietnam) Industrial Co., Ltd.	2006.12.19	My Phuoc2 Industrial Zone, Ben Cat District, Binh Duong Province, Vietnam	USD30,000,000	Production of various lead-based products, used lead-acid batteries and various lead products and plastic recycle and remanufacture

(3) In accordance with Article 369-3 of the Company Act, it is presumed to be in the controlling and subordinate relation. : None

(4) Information on directors, supervisors and managers of affiliates

December 31, 2023

Company name	Title	Name or representative	Share owned	
			Share	%
Thye Wey Industrial Co., Ltd.	Chairman	Mao Shen Investment Co., Ltd. Representative : Lee Mao- Shen	200,000	2.00%
	Director	Tai Lin Investment Co., Ltd. Representative : Chen Chang-Hao	800,000	8.00%
	Director	Thye Ming Industrial Co., Ltd. Representative : Chen Li-Ming	8,800,000	88.00%
	Supervisor	Jin Jun Investment Co., Ltd. Representative : Chen, Han-Wen	200,000	2.00%
Thye Ming Industrial (Samoa)	Chairman	Thye Wey Industrial Co., Ltd. Representative : Chen Li-Ming	30,000,000	100%
Taiming Corp.	Chairman	Thye Ming Industrial Samoa) Representative : Chen Li-Ming	30,000,000	100%
Thye Ming (Vietnam) Industrial Co., Ltd.	Chairman	Taiming Corp. Representative : Chen Li-Ming	30,000,000	100%

2. Operation Status of affiliate companies

December 31, 2023 Unit : NT \$ thousand

Company name	Capital	Total assets	Total liabilities	Net worth	Operating revenues	Operating interest	Current income (after tax)	Earnings per share (NT\$) (after tax)
Thye Wey Industrial Co., Ltd.	100,000	245,443	14,631	230,812	438,893	25,457	24,219	NA
Thye Ming Industrial (Samoa)	970,497	1,711,151	0	1,711,151	0	0	107,412	NA
Taiming Corp.	970,497	1,711,149	0	1,711,149	0	0	107,412	NA
Thye Ming (Vietnam) Industrial Co., Ltd.	970,497	1,757,255	45,860	1,711,395	1,757,255	118,723	107,155	NA

(2) Consolidated Financial Statements of Affiliate companies

DECLARATION OF CONSOLIDATED FINANCIAL STATEMENTS OF AFFILIATES

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

Very truly yours,

Thye Ming Industrial Co., Ltd.

By

Chen, Li-Ming
Chairman of the Board

March 15, 2024

(3) Affiliations Report

1. The Company is not a subordinate company under the Company Act, and is not required to prepare an affiliations Report under the regulations.
2. The Company's subsidiary, Thai Wey Industrial Co., Ltd., is not a publicly listed company and is not required to prepare a relationship report under the regulations.
2. Transaction about the company's private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None
3. Holding or disposal of shares in the company by the company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None
4. Other matters that require additional description : None
5. If any of the situations which might materially affect shareholders' equity or the price of the company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report : None

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

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

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

Basis for Opinion

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

Key Audit Matters

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

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

Authenticity of Sales Revenue from Specific Customers

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

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

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

Other Matter

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

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 15, 2024

Notice to Readers

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

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

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

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

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

Thye Ming Industrial Co., Ltd.

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

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

(Continued)

Thye Ming Industrial Co., Ltd.

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

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

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

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

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

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

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

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

(Continued)

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

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

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

(Concluded)

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

1. GENERAL INFORMATION

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

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

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

2. APPROVAL OF FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

- a. Statement of compliance

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

- b. Basis of preparation

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

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

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

3) Level 3 inputs are unobservable inputs for the asset or liability.

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

Current assets include:

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within twelve months after the reporting period; and
- 3) Liabilities without an unconditional right to defer settlement for at least 12 months after the reporting period.

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

d. Basis of consolidation

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

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

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

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

See Note 12 and Table 3 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Foreign currencies

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

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

Non-monetary items denominated in foreign currencies that are measured at fair value are retranslated at the rates prevailing at the date when the fair value is determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items, in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and not retranslated subsequently.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and the entities in the Group (including subsidiaries in other countries that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting year, and income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

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

g. Property, plant, and equipment

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

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

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting year, with the effects of any changes in the estimates accounted for on a prospective basis.

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

h. Investment properties

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

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

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

i. Intangible assets

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss.

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

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

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

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

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

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

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

k. Financial instruments

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

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

1) Financial assets

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

a) Measurement category

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

i Financial assets at FVTPL

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

Financial assets at FVTPL are measured at fair value, and any dividends or interest earned on such financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses.

ii Financial assets at amortized cost

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

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

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

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

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

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

iii Investments in equity instruments at FVTOCI

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

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

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

b) Impairment of financial assets

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

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

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

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

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

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

c) Derecognition of financial assets

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or

loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

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

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

3) Financial liabilities

a) Subsequent measurement

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

b) Derecognition of financial liabilities

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

l. Liability provision

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

m. Revenue recognition

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

1) Revenue from the sale of goods

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

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

2) Revenue from rendering of services

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

n. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

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

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, a change in the amounts expected to be payable under a residual value guarantee, a change in the assessment of an option to purchase an underlying asset, or a change in future lease payments resulting from a change in an index or a rate used to determine those payments, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

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

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

3) Other long-term employee benefits

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

When developing material accounting estimates, the Group considers the possible impact of the recent development of COVID-19 in Taiwan and its economic environment implications. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key sources of estimation uncertainty - write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

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

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

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

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

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

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

These investments in equity instruments are held for medium-term to long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI, as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

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

9. FINANCIAL ASSETS AT AMORTIZED COST

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

(Continued)

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

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

10. NOTES RECEIVABLE AND ACCOUNTS RECEIVABLE, NET

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

a. Notes receivable

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

b. Accounts receivable

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

In order to minimize credit risk, the management has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting year to ensure that adequate allowance is made for possible

irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

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

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

December 31, 2023

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

December 31, 2022

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

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

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

11. INVENTORIES

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

(Continued)

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

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

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

12. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

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

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

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

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2023

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

(Continued)

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

(Concluded)

For the year ended December 31, 2022

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

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

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

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

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

(Continued)

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

14. LEASE ARRANGEMENTS

a. Right-of-use assets

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

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

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

b. Lease liabilities

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

Range of discount rate for lease liabilities was as follows:

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

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

15. INVESTMENT PROPERTIES

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

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

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

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

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

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

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

16. SHORT-TERM BORROWINGS

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

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

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

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

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

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

18. OTHER PAYABLES

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

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

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

b. Defined benefit plans

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

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

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

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

Movements in net defined benefit liabilities were as follows:

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

(Continued)

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

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

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

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

1) Investment risk

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

2) Interest risk

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

3) Salary risk

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

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

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

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

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

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

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

20. EQUITY

a. Share capital

Ordinary shares

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

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

b. Capital surplus

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

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

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

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

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

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

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

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

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

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

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

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

d. Other equity items

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

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

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

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

e. Non-controlling interests

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

21. OPERATING REVENUE

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

a. Contract balances

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

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

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

22. PROFIT BEFORE INCOME TAX

Profit before income tax included the following items:

a. Interest income

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

b. Other income

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

c. Other gains and losses

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

d. Finance costs

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

Information about capitalized interest is as follows:

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

e. Depreciation and amortization

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

f. Expenses directly related to investment properties

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

g. Employee benefits expense

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

h. Compensation of employees and remuneration of directors

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

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

	For the Year Ended December 31	
	2023	2022
<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 consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

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

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

i. Gains or losses on foreign currency exchange

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

23. INCOME TAX

a. Income tax recognized in profit or loss

Major components of income tax expense are as follows:

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

(Continued)

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

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

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

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

b. Income tax recognized in other comprehensive income

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

c. Income tax recognized directly in equity

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

d. Current tax assets and liabilities

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

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

For the year ended December 31, 2022

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

(Continued)

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

e. Income tax assessments

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

24. EARNINGS PER SHARE

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

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

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

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

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

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

25. CAPITAL MANAGEMENT

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

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (capital, capital surplus, retained earnings and other equity).

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

26. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2023

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

December 31, 2022

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

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

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

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

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

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

c. Categories of financial instruments

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

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

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

d. Financial risk management objectives and policies

The Group's major financial instruments include cash and cash equivalents, notes and accounts receivable, other receivables, refundable deposits, financial assets at amortized cost, short-term borrowings, notes and accounts payable, other payables and deposits received. The Group's corporate treasury function provides services to the business, coordinates access to financial markets, monitors and manages the financial risks relating to the operations of the Group by analyzing exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

a) Foreign currency risk

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

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

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Company's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. The positive amounts below indicate a decrease in pre-tax profit associated with the functional currency weakening 1% against the relevant currency. For a 1% strengthening of the functional currency against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

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

b) Interest rate risk

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

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

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

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

c. If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$9,768 thousand and \$4,687 thousand, respectively, which was mainly a result of variable rate bank deposits and borrowings.

c) Other price risk

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

d. Sensitivity analysis

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

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

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

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

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

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

3) Liquidity risk

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

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be

required to pay. The tables include both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the year.

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

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

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

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

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

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

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

27. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed as follows:

a. Related party name and its relationship with the Group

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

b. Revenue from sales of goods

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

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

c. Purchase of goods

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

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

d. Other income

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

e. Receivables and payables

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

f. Remuneration of key management personnel

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

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

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

28. ASSETS PLEDGED AS COLLATERAL OR SECURITY

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

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

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

The Group's unrecognized commitments were as follows:

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

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between the foreign currencies and the respective functional currencies were as follows:

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

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

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

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

31. SEPARATELY DISCLOSED ITEMS

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

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

b. Information on investments in Mainland China

Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the year, repatriations of investment income, and limit on the amount of investment in the mainland China areas: None.

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

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

- 6) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services: None.
- c. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder: Table5.

32. SEGMENT INFORMATION

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

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

a. Segment revenue and results

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

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

(Continued)

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

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

b. Other segment information

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

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

c. Revenue from major products and services

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

For the year ended December 31, 2023

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

For the year ended December 31, 2022

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

d. Geographical information

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

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

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

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

e. Information about major customers

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

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

TABLE 1

Thye Ming Industrial Co., Ltd. and Subsidiaries

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

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

TABLE 2

Thye Ming Industrial Co., Ltd. and Subsidiaries

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

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

Note: The transaction above was eliminated on the consolidated.

TABLE 3

Thye Ming Industrial Co., Ltd. and Subsidiaries

INFORMATION ON INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2023

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

Investor Company	Investee Company	Location	Main Business and Product	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of profit (Loss)	Note
				December 31, 2023	December 31, 2022	Shares/ Unit	%	Carrying Amount			
Thye Ming Industrial Co., Ltd.	Thai Wey Industrial Co., Ltd.	Taiwan	Trading and processing of metal ingots and alloy ingots, import and export trade and general waste disposal business	\$ 90,790	\$ 90,790	8,800,000	88.00	\$ 202,355	\$ 24,219	\$ 22,680	Note 1
Thye Ming Industrial Co., Ltd.	Thye Ming Industrial (Samoa) Taiming Corp.	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
	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 Thyé Ming Industrial (Samoa), Taiming Corp. and Thyé Ming (Vietnam) Co., Ltd. was US\$30,000 thousand.

TABLE 4

Thye Ming Industrial Co., Ltd. and Subsidiaries

**INTERCOMPANY BUSINESS RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)**

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

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

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

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

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

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 of 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	<u>17,642</u>	<u>-</u>	<u>11,355</u>	<u>-</u>
Total current assets	<u>4,947,925</u>	<u>65</u>	<u>4,521,905</u>	<u>64</u>
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	<u>-</u>	<u>-</u>	<u>105</u>	<u>-</u>
Total non-current assets	<u>2,618,518</u>	<u>35</u>	<u>2,573,202</u>	<u>36</u>
TOTAL	<u>\$ 7,566,443</u>	<u>100</u>	<u>\$ 7,095,107</u>	<u>100</u>
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	<u>735</u>	<u>-</u>	<u>694</u>	<u>-</u>
Total current liabilities	<u>929,720</u>	<u>12</u>	<u>769,956</u>	<u>11</u>
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)	<u>250</u>	<u>-</u>	<u>850</u>	<u>-</u>
Total non-current liabilities	<u>297,661</u>	<u>4</u>	<u>275,491</u>	<u>4</u>
Total liabilities	<u>1,227,381</u>	<u>16</u>	<u>1,045,447</u>	<u>15</u>
EQUITY (Note 20)				
Ordinary shares	<u>1,673,185</u>	<u>22</u>	<u>1,673,185</u>	<u>23</u>
Capital surplus	<u>975,330</u>	<u>13</u>	<u>975,330</u>	<u>14</u>
Retained earnings				
Legal reserve	1,193,381	16	1,053,009	15
Special reserve	343,419	5	42,065	1
Unappropriated earnings	<u>2,530,942</u>	<u>33</u>	<u>2,649,490</u>	<u>37</u>
Total retained earnings	<u>4,067,742</u>	<u>54</u>	<u>3,744,564</u>	<u>53</u>
Other equity	<u>(377,195)</u>	<u>(5)</u>	<u>(343,419)</u>	<u>(5)</u>
Total equity	<u>6,339,062</u>	<u>84</u>	<u>6,049,660</u>	<u>85</u>
TOTAL	<u>\$ 7,566,443</u>	<u>100</u>	<u>\$ 7,095,107</u>	<u>100</u>

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 (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 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) (Notes 19, 20 and 23)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(3,534)	-	10,694	-
Unrealized gain (loss) on investments in equity instruments at fair value through other comprehensive income	12,892	-	57,944	1

(Continued)

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			Exchange Differences on Translation of the Financial Statements of Foreign Operations	Other Equity Unrealized Gain and Loss on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Total Equity
	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings				
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)

(Continued)

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)

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.

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB (Note 1)
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.

1. 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

	December 31	
	2023	2022
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	307,350	245,664
	<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:

	December 31	
	2023	2022
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

	December 31	
	2023	2022
<hr/> Mandatorily classified as at FVTPL <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

	December 31	
	2023	2022
<hr/> Non-current <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

	December 31	
	2023	2022
<hr/> Non-current <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

	December 31	
	2023	2022
<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

	Not Past Due	1 to 30 Days Past Due	Total
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

	Not Past Due	1 to 30 Days Past Due	31 to 45 Days Past Due	Total
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:

	For the Year Ended December 31	
	2023	2022
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

	December 31	
	2023	2022
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:

	For the Year Ended December 31	
	2023	2022
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>
	<u>\$ 6,242</u>	<u>\$ 3,737</u>

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in subsidiaries

	December 31	
	2023	2022
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>
	<u>\$ 1,913,506</u>	<u>\$ 1,951,838</u>

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

	December 31	
	2023	2022
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

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress	Total
Cost						
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	<u>\$ 187,200</u>	<u>\$ 140,317</u>	<u>\$ 563,506</u>	<u>\$ 185,033</u>	<u>\$ 22,203</u>	<u>\$ 1,098,259</u>
Accumulated depreciation						
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	<u>\$ -</u>	<u>\$ 104,939</u>	<u>\$ 466,343</u>	<u>\$ 161,489</u>	<u>\$ -</u>	<u>\$ 732,771</u>
Carrying amount at December 31, 2023	<u>\$ 187,200</u>	<u>\$ 35,378</u>	<u>\$ 97,163</u>	<u>\$ 23,544</u>	<u>\$ 22,203</u>	<u>\$ 365,488</u>

For the year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Others	Construction in Progress	Total
Cost						
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>
Accumulated depreciation						
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:

	For the Year Ended December 31	
	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	5-15 years
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 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 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

	For the Year Ended December 31	
	2023	2022
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

	Land	Buildings	Total
<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

	Land	Buildings	Total
<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:

	December 31	
	2023	2022
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

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

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

	December 31	
	2023	2022
Line of credit borrowing (%)	1.63-1.65	1.48-1.63

17. NOTES PAYABLE AND ACCOUNTS PAYABLE

	December 31	
	2023	2022
Operating		
Notes payable - nonrelated parties	<u>\$ 29</u>	<u>\$ 38</u>
Operating		
Accounts payable - nonrelated parties	\$ 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:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
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 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 included in net interest)	-	(4,646)	(4,646)
Actuarial gain - changes in financial 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:

	For the Year Ended December 31	
	2023	2022
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

- i. 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

- ii. 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

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

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

	December 31	
	2023	2022
Discount rate (%)	1.250	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:

	December 31	
	2023	2022
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)

	December 31	
	2023	2022
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.

	December 31	
	2023	2022
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

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

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

b. Capital surplus

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

Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

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

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

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

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

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

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

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended December 31		For the Year Ended December 31	
	2022	2021	2022	2021
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:

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

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

d. Other equity items

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

	For the Year Ended December 31 2023	2022
Balance at January 1	\$ (352,825)	\$ (461,048)
Share of other comprehensive loss of subsidiaries 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

	For the Year Ended December 31 2023	2022
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 equity method	(132)	9,863
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>-</u>	<u>(718,610)</u>
Balance at December 31	<u>\$ 22,166</u>	<u>\$ 9,406</u>

21. OPERATING REVENUE

	For the Year Ended December 31 2023	2022
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

	December 31		January 1
	2023	2022	2022
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:

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

b. Disaggregation of revenue

	December 31	
	2023	2022
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

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

b. Other income

	For the Year Ended December 31	
	2023	2022
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

	For the Year Ended December 31	
	2023	2022
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

	For the Year Ended December 31	
	2023	2022
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:

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

e. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 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)

	For the Year Ended December 31	
	2023	2022
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

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

g. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ 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 :

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

If there is a change in the amounts after the annual 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

	For the Year Ended December 31	
	2023	2022
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:

	For the Year Ended December 31	
	2023	2022
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:

	For the Year Ended December 31	
	2023	2022
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

	For the Year Ended December 31	
	2023	2022
<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

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

d. Current tax liabilities

	December 31	
	2023	2022
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

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<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 Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive 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 recognized under the equity method	\$ 206,520	\$ 21,483	\$ -	\$ 228,003
Reserve for land revaluation 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> (Concluded)

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive 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 recognized under the equity method	\$ 196,427	\$ 10,093	\$ -	\$ 206,520
Reserve for land revaluation 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

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

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

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

The 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		
<hr/>		
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		
<hr/>		
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.

	USD Impact	
	For the Year Ended December 31	
	2023	2022
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:

	December 31	
	2023	2022
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:

	December 31	
	2023	2022
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.

	Less than 3 Months	3 Months to 1 Year	More than 1 year	Total
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 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	<u>\$ 1,651</u>	<u>\$ 413</u>

	Less than 3 Months	3 Months to 1 Year	More than 1 year	Total
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Non-interest bearing liabilities	\$ 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>
	<u>\$ 632,710</u>	<u>\$ 37,593</u>	<u>\$ 2,064</u>	<u>\$ 672,367</u>

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

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

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

27. TRANSACTIONS WITH RELATED PARTIES

a. Related party name and its relationship with the Company

Related Party Name	Relationship with the Company
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

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

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

	For the Year Ended December 31	
	2023	2022
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	\$ <u>1,798</u>	\$ <u>816</u>
2) Other receivable		
Subsidiary		
Thai Wey	\$ <u>52</u>	\$ <u>52</u>
3) Accounts payable - related party		
Subsidiary		
Thai Wey	\$ 11,937	\$ 536
Thye Ming (Vietnam)	2,020	3,205
Related parties in substance	<u>161</u>	<u>-</u>
	\$ <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	<u>7</u>	<u>6</u>
	\$ <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	\$ 12,147	\$ 40,624

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 Currency (In Thousands)		Exchange Rate		Carrying Amount (In 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							
Thai Wey Industrial Co., Ltd.	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>	
	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.

TABLE 2

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) 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.	Taiming Corp.	Samoa	Investment holding company	970,498	970,498	30,000,000	100.00	1,711,149	107,412	107,412	Note 2
	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 Wing Fung Gold Securities (Asia) Co., Ltd.'s client - Wing Fung Gold (Asia) Nominee Co., Ltd. Investment Account	9,415,767	5.62
Thai Yong Investment Co., Ltd.	8,602,232	5.14

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

THE CONTENTS OF STATEMENTS OF MAJOR ACCOUNTING ITEMS

ITEM	STATEMENT INDEX
MAJOR ACCOUNTING ITEMS IN ASSETS, LIABILITIES AND EQUITY	
STATEMENT OF CASH AND CASH EQUIVALENTS	1
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THOUGH PROFIT OR LOSS - CURRENT	2
STATEMENT OF NOTES RECEIVABLE	3
STATEMENT OF ACCOUNTS RECEIVABLE	4
STATEMENT OF OTHER RECEIVABLES	5
STATEMENT OF INVENTORIES	6
STATEMENT OF CHANGES IN FINANCIAL ASSETS AT FAIR VALUE THOUGH OTHER COMPREHENSIVE INCOME - NON-CURRENT	7
STATEMENT OF FINANCIAL ASSETS AT AMORTIZED COST- NON-CURRENT	8
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD	9
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF CHANGES IN ACCUMULATED DEPRECIATION OF PROPERTY, PLANT AND EQUIPMENT	Note 13
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS	Note 14
STATEMENT OF DEFERRED TAX ASSETS	Note 23
STATEMENT OF INVESTMENT PROPERTY	Note 15
SCHEDULE OF SHORT-TERM BORROWINGS	10
STATEMENT OF ACCOUNTS PAYABLE	11
STATEMENT OF OTHER PAYABLES	Note 18
STATEMENT OF DEFERRED TAX LIABILITIES	Note 23
MAJOR ACCOUNTING ITEMS IN PROFIT OR LOSS	
STATEMENT OF OPERATING REVENUE	12
STATEMENT OF OPERATING COSTS	13
STATEMENT OF OPERATING EXPENSES	14
STATEMENT OF OTHER GAINS AND LOSSES	Note 22
STATEMENT OF EMPLOYEE BENEFIT, DEPRECIATION AND AMORTIZATION BY FUNCTION	15

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)**

Item	Amount
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>\$ 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)

Client Name	Amount	Remark
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)**

Client Name	Amount	Remark
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)

Item	Amount
Related parties	
Rental receivable	<u>\$ 52</u>
Non-related parties	
Accrued interest	\$ 7,077
Accounts receivable - disposal of property, plant, and 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)**

Item	Amount	
	Cost	Net Realizable Value (Note)
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 (Note 1)		Balance, December 31, 2023		Collateral
	Interest payment date	Repayment date	Shares	Carrying Amount	Shares	Carrying Amount	Shares	Carrying Amount	Shares	Carrying Amount	
Cathay corporate bonds	October 4th every 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 (Note 1)		Decrease in the Current Year (Note 2)		Balance, December 31, 2023			Market Value or Net Assets Value		Collateral
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	% of 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)**

Types of Loans and Creditors	Contract Period	Range of Interest Rates (%)	Balance at End of Year	Loan Commitments	Collateral
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 Commercial Bank Co., Ltd.	2023.12.28-2024.01.26	1.65	50,000	150,000	None
Taishin International Bank Co. Ltd.	2023.12.27-2024.01.26	1.65	100,000	300,000	None
Chang Hwa Commercial Bank Ltd.	2023.12.25-2024.01.08	1.65	50,000	450,000	None
Yuanta Commercial Bank Co., Ltd.	2023.12.15-2024.01.16	1.65	100,000	200,000	None
Cathay United 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)**

Vendor Name	Amount
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)**

Item	Quantity (In Tons)	Amount
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)**

Item	Marketing Expense	General and Administrative Expense	Total
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 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 Cost	Operating Expense	Total	Operating Cost	Operating 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)

- iv. 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."
- v. Remuneration for independent directors: The Company pays a fixed compensation monthly to the independent directors, who shall not receive the aforesaid remuneration for directors.
- vi. 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)

Thye Ming Industrial Co., Ltd.

Statement of Internal Control System

Date : March 15, 2024

Based on the findings of a self-assessment, the Company states the following with regard to the Internal Control System during the year 2023 :

- 1.The Company recognizes that the establishment, implementation and maintenance of an internal control system is the responsibility of the Company's Board of Directors and management, and that the Company has established such a system. The purpose of this system is to provide reasonable assurance of the effectiveness and efficiency of operations (including profits, operating performance, and safeguarding of assets), reliability of reporting, timeliness, transparency and compliance with applicable laws, regulations, and bylaws.
- 2.An internal control system has inherent limitation. No matter how perfectly designed, an effective internal control system can only provide a reasonable assessment of its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, which are able to detect and correct defects within the internal control system.
- 3.The Company determines the effectiveness of the design and implementation of the internal control system in accordance with the judgment items of the effectiveness of the internal control system stipulated in the "Regulations Governing Establishment of Internal Control Systems by Public Companies" (the "Regulations Governing"). The judgment items of the internal control system adopted in the " Regulations Governing" are divided into five elements based on the management control process : 1. Control environment, 2. Risk assessment, 3. Control activities, 4. Information and communication, and 5. Monitoring activities. Each elements includes a number of items. Please refer to the "Regulations Governing" for the aforementioned items.
- 4.The Company has adopted the above internal control system judgment items to assess the operating effectiveness of each control activity.
- 5.The Company believes, based on the results of the preceding evaluation, that the Company's internal control system (supervising and managing the subsidiaries' business management) as of December 31, 2023, including the understanding of the extent to which effectiveness and efficiency of operations objectives have been achieved, the design and implementation of the internal control system that is reliable, timely, transparent and in compliance with applicable laws, regulations, and bylaws, is effective, and that it can reasonably ensure the achievement of the aforementioned objectives. The Company's internal control system is designed and implemented in a manner that reasonably ensures the achievement of these objectives.
- 6.This statement will be included as the primary content of the Company's annual report and prospectus, and publicly disclosed. Any of the above-mentioned contents shall contain no misrepresentations or nondisclosures, or otherwise the Company shall be subject to legal liabilities prescribed by Article 20, Article 32, Article 171 and Article 174 of the Securities and Exchange Act.
- 7.This statement was approved by the Company's Board of Directors on March 15, 2024. Of the nine directors present, none raised any objection, and the rest of the directors consented to the contents of this statement and hereby declare.

Thye Ming Industrial Co., Ltd.

Chairman : Chen Li-Ming

Signature

General Manager : Lee, Mao- Shen

Signature

Thye Ming Industrial Co., Ltd.

Chairman : Chen Li-Ming