Hsin Kuang Steel Company Limited and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2022 and 2021 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The entities that are required to be included in the combined financial statements of affiliates of Hsin Kuang Steel Company Limited as of and for the year ended December 31, 2022, 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 of parent and subsidiary companies prepared in conformity with the International Financial Reporting Standard 10 "Consolidated Financial Statements". Relevant information required to be disclosed in the combined financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Consequently, Hsin Kuang Steel Company Limited and its subsidiaries did not prepare a separate set of combined financial statements of affiliates.

Very truly yours,

HSIN KUANG STEEL COMPANY LIMITED

By

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ALEXANDER SU
Chairman

March 17, 2023

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hsin Kuang Steel Company Limited

Opinion

We have audited the accompanying consolidated financial statements of Hsin Kuang Steel Company Limited (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2022 and 2021, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (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, 2022 and 2021, and its consolidated financial performance and its consolidated cash flows for the years then ended, in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2022. 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 consolidated financial statements of the Group for the year ended December 31, 2022 is described as follows:

Revenue Recognition

The Group mainly engages in the sale, cutting, slitting, steel structure processing and logistics of various steel products. The Group's operating revenue for the year ended December 31, 2022 was NT$17,155,532 thousand, a 22% growth from the previous year. For certain significant customers whose operating models differ from other customers, and those customers with a significant sales amount in the current year and showing a higher growth trend than the Group's average growth, as the sales amount from such customers is significant to the consolidated financial statements, we identified whether the sales transactions from the aforementioned customers actually occurred as a key audit matter.

Refer to Notes 4 and 23 to the consolidated financial statements for the accounting policies and related disclosures on revenue recognition.

We performed the following audit procedures in respect of the aforementioned revenue:

1. We obtained an understanding and tested the design and operating effectiveness of key controls over revenue recognition.

2. We selected samples from the sales ledger of the aforementioned revenue, verified such transactions against sales contracts, shipping reports and accounts receivable collections as evidence and confirmed the occurrence of such transactions.

Other Matter

We have also audited the parent company only financial statements of Hsin Kuang Steel Company Limited as of and for the years ended December 31, 2022 and 2021, 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 IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 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 Sheng-Hsiung Yao and Shu-Ju Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 17, 2023

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.

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022		2021	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,098,666	5	$ 964,372	4
Financial assets at fair value through profit or loss - current (Notes 4, 7 and 32)	1,760,930	7	2,121,895	8
Financial assets at amortized cost - current (Notes 4, 9 and 32)	22,524	-	81,197	-
Contract assets - current (Note 23)	27,769	-	15,852	-
Notes receivable from unrelated parties (Notes 4, 5, 10 and 32)	1,740,817	7	2,077,865	8
Trade receivables from unrelated parties (Notes 4, 5 and 10)	2,997,367	12	2,314,141	9
Prepayments	140,452	1	280,774	1
Inventories (Notes 4, 5 and 11)	5,343,525	22	6,566,814	26
Other current assets (Note 16)	29,605	-	44,705	-
Total current assets	13,161,655	54	14,467,615	56
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	272,687	1	247,857	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 8 and 32)	2,498,747	10	3,159,429	12
Investments accounted for using the equity method (Notes 4, 13 and 32)	519,840	2	306,794	1
Property, plant and equipment (Notes 4, 14 and 32)	4,168,757	17	3,821,909	15
Right-of-use assets (Note 4)	3,399	-	4,728	-
Investment properties (Notes 4, 15 and 32)	3,658,733	15	3,766,202	15
Deferred tax assets (Notes 4 and 25)	61,605	-	65,475	-
Other non-current assets (Notes 5, 10 and 16)	93,828	1	81,874	-
Total non-current assets	11,277,596	46	11,454,268	44
TOTAL	$ 24,439,251	100	$ 25,921,883	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	$ 7,205,994	30	$ 6,456,507	25
Short-term bills payable (Notes 4 and 17)	549,146	2	299,814	1
Contract liabilities - current (Note 23)	311,344	1	419,467	2
Notes payable to unrelated parties (Notes 4 and 19)	392,838	2	605,105	2
Trade payables to unrelated parties (Notes 4 and 19)	250,565	1	178,167	1
Other payables (Notes 20 and 31)	326,909	1	562,593	2
Current tax liabilities (Notes 4 and 25)	198,010	1	503,115	2
Current portion of long-term liabilities (Notes 4, 17 and 18)	496,814	2	300,943	1
Other current liabilities	11,801	-	8,447	-
Total current liabilities	9,743,421	40	9,334,158	36
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	2,004,042	8	2,389,854	9
Long-term bills payable (Notes 4 and 17)	2,399,515	10	2,398,755	9
Provisions - non-current (Notes 4 and 13)	2,262	-	-	-
Deferred tax liabilities (Notes 4 and 25)	144,420	1	112,594	1
Net defined benefit liabilities - non-current (Notes 4 and 21)	33,160	-	45,058	-
Other non-current liabilities	37,071	-	33,694	-
Total non-current liabilities	4,620,470	19	4,979,955	19
Total liabilities	14,363,891	59	14,314,113	55
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)				
Share capital	3,211,463	13	3,211,463	12
Capital surplus	943,451	4	943,451	4
Retained earnings				
Legal reserve	1,229,590	5	951,798	4
Unappropriated earnings	3,303,800	13	4,407,114	17
Total retained earnings	4,533,390	18	5,358,912	21
Other equity	674,418	3	1,377,475	5
Total equity attributable to owners of the Company	9,362,722	38	10,891,301	42
NON-CONTROLLING INTERESTS	712,638	3	716,469	3
Total equity	10,075,360	41	11,607,770	45
TOTAL	$ 24,439,251	100	$ 25,921,883	100

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 23 and 31)				
Sales	$ 16,447,500	96	$ 13,478,570	96
Other operating revenue	708,032	4	624,472	4
Total operating revenue	17,155,532	100	14,103,042	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 24 and 31)	(15,596,989)	(91)	(10,667,417)	(76)
Other operating costs (Note 31)	(369,639)	(2)	(318,556)	(2)
Total operating costs	(15,966,628)	(93)	(10,985,973)	(78)
GROSS PROFIT	1,188,904	7	3,117,069	22
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	-	-	(2,258)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	-	-	1,265	-
REALIZED GROSS PROFIT	1,188,904	7	3,116,076	22
OPERATING EXPENSES				
Selling and marketing expenses (Note 24)	(294,727)	(1)	(272,256)	(2)
General and administrative expenses (Notes 24 and 31)	(132,338)	(1)	(219,896)	(1)
Expected credit gain (Note 10)	2,940	-	13,190	-
Total operating expenses	(424,125)	(2)	(478,962)	(3)
PROFIT FROM OPERATIONS	764,779	5	2,637,114	19
NON-OPERATING INCOME AND EXPENSES (Notes 24, 27 and 31)				
Interest income	1,746	-	494	-
Gain from bargain purchase - acquisition of subsidiary	-	-	136,024	1
Other income	248,118	1	127,100	1
Other gains and losses	(125,019)	(1)	475,444	4
Finance costs	(220,086)	(1)	(112,180)	(1)
Share of profit or loss of associates and joint ventures	(9,738)	-	44,372	-
Total non-operating income and expenses	(104,979)	(1)	671,254	5

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HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2022		2021	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX	$ 659,800	4	$ 3,308,368	24
INCOME TAX EXPENSE (Notes 4 and 25)	(242,232)	(2)	(537,530)	(4)
NET PROFIT FOR THE YEAR	417,568	2	2,770,838	20
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	1,030	-	(2,308)	-
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	(713,606)	(4)	657,701	4
	(712,576)	(4)	655,393	4
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	10,575	-	(2,871)	-
Other comprehensive income/(loss) for the year, net of income tax	(702,001)	(4)	652,522	4
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	$ (284,433)	(2)	$ 3,423,360	24
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 393,563	2	$ 2,720,273	19
Non-controlling interests	24,005	-	50,565	1
	$ 417,568	2	$ 2,770,838	20
TOTAL COMPREHENSIVE (LOSS)/INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ (308,464)	(2)	$ 3,372,787	24
Non-controlling interests	24,031	-	50,573	-
	$ (284,433)	(2)	$ 3,423,360	24
EARNINGS PER SHARE (Note 26)				
From continuing operations				
Basic	$ 1.23		$ 8.62	
Diluted	$ 1.22		$ 8.57	

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
	Share Capital			Retained Earnings			Other Equity				
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2021	308,223	$ 3,082,226	$ 823,197	$ 869,380	$ 108,259	$ 2,065,739	$ (5,701)	$ 728,354	$ 7,671,454	$ 429,976	$ 8,101,430
Appropriation of 2020 earnings											
Legal reserve	-	-	-	82,418	-	(82,418)	-	-	-	-	-
Special reserve	-	-	-	-	(108,259)	108,259	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(462,386)	-	-	(462,386)	-	(462,386)
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(13,724)	(13,724)
Cash dividends from capital surplus	-	-	(154,129)	-	-	-	-	-	(154,129)	-	(154,129)
Changes in capital surplus in investments in associates accounted for using the equity method	-	-	-	-	-	(3,361)	-	-	(3,361)	-	(3,361)
Changes in percentage of ownership interests in subsidiaries	-	-	6	-	-	(1,034)	-	-	(1,028)	-	(1,028)
Convertible bonds converted to ordinary shares	12,923	129,237	274,377	-	-	-	-	-	403,614	-	403,614
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	64,350	-	-	64,350	-	64,350
Net profit for the year ended December 31, 2021	-	-	-	-	-	2,720,273	-	-	2,720,273	50,565	2,770,838
Other comprehensive income/(loss) for the year ended December 31, 2021, net of income tax	-	-	-	-	-	(2,308)	(2,879)	657,701	652,514	8	652,522
Total comprehensive income/(loss) for the year ended December 31, 2021	-	-	-	-	-	2,717,965	(2,879)	657,701	3,372,787	50,573	3,423,360
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	249,644	249,644
BALANCE AT DECEMBER 31, 2021	321,146	3,211,463	943,451	951,798	-	4,407,114	(8,580)	1,386,055	10,891,301	716,469	11,607,770
Appropriation of 2021 earnings											
Legal reserve	-	-	-	277,792	-	(277,792)	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(1,284,585)	-	-	(1,284,585)	-	(1,284,585)
Changes in capital surplus in investments in associates accounted for using the equity method	-	-	-	-	-	-	-	-	-	1,059	1,059
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	(28,297)	(28,297)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	-	4,573	-	-	4,573	-	4,573
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	59,897	-	-	59,897	-	59,897
Net profit for the year ended December 31, 2022	-	-	-	-	-	393,563	-	-	393,563	24,005	417,568
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	-	1,030	10,549	(713,606)	(702,027)	26	(702,001)
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	-	394,593	10,549	(713,606)	(308,464)	24,031	(284,433)
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	(624)	(624)
BALANCE AT DECEMBER 31, 2022	321,146	$ 3,211,463	$ 943,451	$ 1,229,590	$ -	$ 3,303,800	$ 1,969	$ 672,449	$ 9,362,722	$ 712,638	$ 10,075,360

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

HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 659,800	$ 3,308,368
Adjustments for:		
Depreciation expense	188,921	156,877
Amortization expense	8,497	5,987
Expected credit loss reversed on trade receivables	(2,940)	(13,190)
Net loss/(gain) on fair value changes of financial assets and liabilities at fair value through profit or loss	239,787	(412,753)
Finance costs	220,086	112,180
Interest income	(1,746)	(494)
Dividend income	(213,975)	(100,774)
(Gain)/loss on disposal of property, plant and equipment	(103)	1,673
Gain on disposal of investment properties	(6,007)	-
Share of loss/(profit) of associates and joint ventures	9,738	(44,372)
Write-downs of inventories	111,144	840
Unrealized gain on transactions with associates	-	2,258
Realized gain on transactions with associates	-	(1,265)
Net loss on foreign currency exchange	9,948	69,214
Gain on remeasurement of investments accounted for using the equity method	-	(36,000)
Gain from bargain purchase - acquisition of subsidiary	-	(136,024)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	121,178	131,263
Contract assets	(11,917)	(13,091)
Notes receivable	338,826	(555,054)
Trade receivables	(671,009)	71,379
Other receivables	9,722	(11,959)
Inventories	1,112,145	(2,082,626)
Prepayments	25,558	(99,209)
Other current assets	5,378	(746)
Notes payable	(212,267)	524
Trade payables	72,398	(136,420)
Other payables	(269,084)	135,947
Decrease in net defined benefit liabilities	(3,569)	(334)
Provisions	2,262	(3,570)
Contract liabilities	(108,123)	206,789
Other current liabilities	3,354	(7,726)
Cash generated from operations	1,638,002	547,692
Interest received	1,746	494
Dividends received	213,975	100,774
Income tax paid	(515,945)	(133,168)
Net cash generated from operating activities	1,337,778	515,792

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HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (98,735)	$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	114,798	176,441
Purchase of financial assets at fair value through profit or loss	(24,830)	(175,928)
Purchase of financial assets at amortized cost	-	(1,038)
Proceeds from sale of financial assets at amortized cost	58,674	-
Acquisition of long-term equity investments accounted for using the equity method	(229,800)	(205,600)
Payments for property, plant and equipment	(242,516)	(635,701)
Proceeds from disposal of property, plant and equipment	764	7,084
Payments for right-of-use assets	(623)	-
Proceeds from disposal of investment properties	38,195	-
Payments for investment properties	(1,723)	(2,289)
Increase in other non-current assets	(18,432)	(1,026)
Increase in prepayments for equipment	(112,219)	(108,142)
Dividends received from investees	7,016	4,977
(Increase)/decrease in refundable deposits	(3,246)	24,338
Net cash outflow on acquisition of subsidiary	-	(204,414)
Net cash used in investing activities	(512,677)	(1,121,298)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	17,005,856	15,812,403
Repayments of short-term borrowings	(16,275,352)	(15,009,267)
Increase in short-term bills payable	250,000	120,000
Repayments of corporate bonds	-	(100)
Proceeds from long-term borrowings	300,000	586,000
Repayments of long-term borrowings	(478,709)	(45,487)
Increase/(decrease) in guarantee deposits received	4,697	(569)
Interest paid	(187,914)	(110,671)
Dividends paid to owners of the Company	(1,284,585)	(616,515)
Dividends paid to non-controlling interests	(28,297)	(13,724)
Change in non-controlling interests	(625)	138,726
Net cash (used in)/generated from financing activities	(694,929)	860,796
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	4,122	(361)

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HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021
(In Thousands of New Taiwan Dollars)

	2022	2021
NET INCREASE IN CASH AND CASH EQUIVALENTS	$ 134,294	$ 254,929
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	964,372	709,443
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,098,666	$ 964,372

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

1. GENERAL INFORMATION

Hsin Kuang Steel Company Limited (the "Company") was incorporated in January 1967. The original paid-in-capital was NT$200 thousand, and ordinary shares were issued subsequently for promoting business expansion and a sound financial structure. The Company's share was approved to be listed on the Taipei Exchange (TPEx) in April 1997 and was approved to transfer to the Taiwan Stock Exchange (TWSE) in August 2000. The Company's shares have been listed on the TWSE since September 2000 under the approval of the Financial Supervisory Commission (FSC) of the Republic of China.

The Company and its subsidiaries (collectively referred to as the "Group") mainly engages in the cutting, stamping and sale of various steel products, including steel coils, steel plates, round steel bar, stainless steel, alloy steel, special steel and SuperDyma.

The consolidated entities were as follows:

Hsin Yuan Investment Co., Ltd. was incorporated on September 22, 1998. The entity mainly engages in investment in various kinds of businesses including manufacturing, securities investment, banking and insurance, etc.

Hsin Ho Fa Metal Co., Ltd. was incorporated on January 28, 2003. The entity engages in the sale of metal products for architecture.

Sinpao Investment Co., Ltd. was incorporated in British Virgin Island (B.V.I.) in 2001. The entity is a holding company of overseas investments.

APEX Wind Power Equipment Manufacturing Company Limited was incorporated on November 10, 2009. The entity mainly engages in the manufacture and sale of metal products and energy related equipment.

Hsin Ching International Co., Ltd. was incorporated on December 18, 2015. The entity mainly engages in leasing and warehousing.

Hsin Hua Steel Industry Co., Ltd. was incorporated on July 25, 2019. The entity mainly engages in processing and manufacturing of metal structures, steel pipe and steel bridge.

Hsin Cheng Logistics Development Co., Ltd. was incorporated on August 19, 2019. The entity mainly engages in leasing and warehousing.

Mason Metal Industry Co., Ltd. was incorporated on July 20, 1990. The entity mainly engages in cutting and processing of automobile steel plate.

The consolidated financial statements are presented in the Group'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 17, 2023.

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 "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   Except for the following, the initial application of the IFRSs endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies:

   1) Annual Improvements to IFRS Standards 2018-2020

      Several standards, including IFRS 9 "Financial Instruments", were amended in the annual improvements. IFRS 9 requires the comparison of the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received, with that of the cash flows under the original financial liability when there is an exchange or modification of debt instruments. The new terms and the original terms are substantially different if the difference between those discounted present values is at least 10%. The amendments to IFRS 9 clarify that the only fees that should be included in the above assessment are those fees paid or received between the borrower and the lender.

   2) Amendments to IFRS 3 "Reference to the Conceptual Framework"

      The amendments replace the references to the Conceptual Framework of IFRS 3 and specify that the acquirer shall apply IFRIC 21 "Levies" to determine whether the event that gives rise to a liability for a levy has occurred at the acquisition date.

   3) Amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use"

      The amendments prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. The cost of those items is measured in accordance with IAS 2 "Inventories". Any proceeds from selling those items and the cost of those items are recognized in profit or loss in accordance with applicable standards. Refer to Note 4 for information relating to the relevant accounting policies.

   4) Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"

      The amendments specify that when assessing whether a contract is onerous, the "cost of fulfilling a contract" includes both the incremental costs of fulfilling that contract (for example, direct labor and materials) and an allocation of other costs that relate directly to fulfilling contracts (for example, an allocation of depreciation for an item of property, plant and equipment used in fulfilling the contract).

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

b. The IFRSs endorsed by the FSC for application starting from 2023

New IFRSs	Effective Date Announced by IASB
Amendments to IAS 1 “Disclosure of Accounting Policies”	January 1, 2023 (Note 1)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note 2)
Amendments to IAS 12 “Deferred Tax related to Assets and Liabilities arising from a Single Transaction”	January 1, 2023 (Note 3)

Note 1: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 2: The amendments will be applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

Note 3: Except for deferred taxes that were recognized on January 1, 2022 for temporary differences associated with leases and decommissioning obligations, the amendments were applied prospectively to transactions that occur on or after January 1, 2022.

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

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

- Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;

- The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and

- Not all accounting policy information relating to material transactions, other events or conditions is itself material.

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

a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;

b) The Group chose the accounting policy from options permitted by the standards;

c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;

d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or

e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

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

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

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

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

c. The IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	**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
Amendments to IFRS 16 “Leases Liability in a Sale and Leaseback”	January 1, 2024 (Note 2)
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 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024

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

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

1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group's interest as an unrelated investor in the associate or joint venture, i.e., the Group's share of the gain or loss is eliminated.

2) Amendments to IAS 1 "Classification of Liabilities as Current or Non-current" (referred to as the "2020 amendments") and "Non-current Liabilities with Covenants" (referred to as the "2022 amendments")

   The 2020 amendments clarify that for a liability to be classified as non-current, the Group shall assess whether it has the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period. If such rights are in existence at the end of the reporting period, the liability is classified as non-current regardless of whether the Group will exercise that right.

   The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Group must comply with those conditions at the end of the reporting period even if the lender does not test compliance until a later date. The 2022 amendments further clarify that only covenants with which an entity is required to comply on or before the reporting date should affect the classification of a liability as current or non-current. Although the covenants to be complied with within twelve months after the reporting period do not affect the classification of a liability, the Group shall disclose information that enables users of financial statements to understand the risk of the Group that may have difficulty complying with the covenants and repay its liabilities within twelve months after the reporting period.

   The 2020 amendments stipulate that, for the purpose of liability classification, the aforementioned settlement refers to a transfer of cash, other economic resources or the Group's own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that could, at the option of the counterparty, result in its settlement by a transfer of the Group's own equity instruments, and if such option is recognized separately as equity in accordance with IAS 32 "Financial Instruments: Presentation", the aforementioned terms would not affect the classification of the liability.

3) Amendments to IFRS 16 "Leases Liability in a Sale and Leaseback"

   The amendments clarify that the liability that arises from a sale and leaseback transaction - that satisfies the requirements in IFRS 15 to be accounted for as a sale - is a lease liability to which IFRS 16 applies. However, if the lease in a leaseback that includes variable lease payments that do not depend on an index or rate, the seller-lessee shall measure lease liabilities arising from a leaseback in a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. Seller-lessee subsequently recognizes in profit or loss the difference between the payments made for the lease and the lease payments that reduce the carrying amount of the lease liability.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 IFRSs 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, and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

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

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

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

The Group is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

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).

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

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the 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 5 for detailed information on subsidiaries (including percentages of ownership and main businesses).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets. Other types of non-controlling interests are measured at fair value.

When a business combination is achieved in stages, the Group's previously held equity interest in an acquiree is remeasured to fair value at the acquisition date, and the resulting gain or loss is recognized immediately in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required had those interests been directly disposed of by the Group.

f. 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 period in which they arise except for exchange differences on:

1) Foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings;

2) Transactions entered into in order to hedge certain foreign currency risks; and

3) Monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investments.

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

Non-monetary item denominated in a foreign currency and measured at historical cost is stated at the reporting currency as originally translated from the foreign currency.

For the purpose of presenting the consolidated financial statements, the functional currencies of foreign operations (including subsidiaries in other countries) and those that are prepared using functional currencies which are different from the currency of the Company are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

g. Inventories

Inventories consist of raw materials, finished goods and work in process 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 moving-average cost on the balance sheet date.

h. Investment in associates and joint ventures

An associate is an entity over which the Group has significant influence and which is neither a subsidiary nor an interest in a joint venture. A joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The Group uses the equity method to account for its investments in associates and joint ventures.

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

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

When the Group subscribes for additional new shares of an associate and joint venture at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate and joint venture. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus - changes in capital surplus from investments in associates and joint ventures accounted for using the equity method. If the Group's ownership interest is reduced due to its additional subscription of the new shares of the associate and joint venture, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate and joint venture is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate and a joint venture equals or exceeds its interest in that associate and joint venture (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate and joint venture), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate and joint venture.

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

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

i. Property, plant and equipment

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

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 and the cost of those 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 their intended use.

Except for freehold land which is not depreciated, the 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 period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

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

Depreciation for investment properties 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.

k. Impairment of property, plant and equipment, right-of-use assets, investment properties and assets related to contract assets

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

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment related to the contract shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

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

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

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL, financial assets at amortized cost and investments in 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 include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, and any dividends or interest earned on such a financial assets are recognized in other income; any remeasurement gains or losses on such financial assets are recognized in other gains or losses. Fair value is determined in the manner described in Note 30.

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, trade receivables at amortized cost, other receivables and other financial assets, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

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

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

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

Financial assets are credit impaired when one or more of the following events have occurred: Issuers and borrowers are in severe financial difficulty, breach of contract, or it becoming probable that the borrower will enter bankruptcy or undergo a financial restructuring, or 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 Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

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

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

b) Impairment of financial assets and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), operating lease receivables as well as contract assets.

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

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

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

c) Derecognition of financial assets

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

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

2) Equity instruments

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

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

The repurchase of the Company’s own equity instruments is recognized in and deducted directly from equity, and its carrying amounts are calculated based on weighted average by share types. No gain or loss is recognized in profit or loss on the purchase, sale, issuance or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

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

- Financial liabilities at FVTPL

  Financial liabilities are classified as at FVTPL when such financial liabilities is held for trading.

  Financial liabilities held for trading are stated at fair value, and any interest paid on such financial liabilities is recognized in finance costs; any remeasurement gains or losses on such financial liabilities are recognized in other gains or losses.

  Fair value is determined in the manner described in Note 30.

b) Derecognition of financial liabilities

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

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premiums.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

5) Derivative financial instruments

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

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

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows 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.

<u>Contingent liabilities acquired in investments in associates and joint ventures</u>

Contingent liabilities acquired in investments in associates and joint ventures are initially measured at fair value at the acquisition date, when the fair value of the present obligation resulting from past events can be reliably measured. At the end of subsequent reporting periods, such contingent liabilities are measured at their amortized amount. However, if the present obligation amount is assessed to have a probable outflow of resources, the contingent liabilities shall be measured at the higher of the present obligation amount and the amortized amount.

n. Revenue recognition

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

For contracts entered into with the same customer (or related parties of the customer) at or near the same time, those contracts are accounted for as a single contract if the goods or services promised in the contracts are a single performance obligation.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from the process of cutting and stamping with wholesale and retail of various steel products. Sales of goods are recognized as revenue when the goods are delivered to the customer’s designated location, the customer has the right to set the price and use of the goods and has the primary responsibility for resale. Advance receipts for pre-determined sales price contracts are recognized as contract liabilities before the products have been delivered to the customer.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Revenue from the rendering of services

Revenue from the rendering of services comes from the cutting process of steel products. Revenue from a contract to provide services is recognized when services are rendered.

3) Construction contract revenue

Customers control properties while the construction is in progress; thus, the Group recognizes revenue over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs as there is a direct relationship between the costs incurred and the progress of satisfying the performance obligations. Contract assets are recognized during the construction and are reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the Group recognizes contract liabilities for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

When the outcome of a performance obligation cannot be reasonably measured, contract revenue is recognized only to the extent of contract costs incurred in satisfying the performance obligation for which recovery is expected.

o. Leasing

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

1) The Group as lessor

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

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

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

Right-of-use assets are presented on a separate line in the consolidated balance sheets

p. 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.

q. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service costs, 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 (assets) 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 in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group’s defined benefit plans. 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.

r. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

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

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

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

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

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

3) Current and deferred taxes for the year

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

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the investments in the associate or joint venture.

5. CRITICAL 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 about 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.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

a. Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgment in making these assumptions and in selecting the inputs to the impairment calculation, based on the Group’s historical experience, existing market conditions as well as forward looking estimates as of the end of each reporting period. For details of the key assumptions and inputs used, refer Note 10. Where the actual future cash inflows are less than expected, a material impairment loss may arise.

As of December 31, 2022 and 2021, the total amount of notes receivable, trade receivables and overdue receivables was NT$4,785,472 thousand and NT$4,397,027 thousand, respectively, which were the net amount after deducting the allowance for impairment loss of NT$44,288 thousand and NT$47,227 thousand, respectively.

b. Write-down of inventories

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

6. CASH AND CASH EQUIVALENTS

	December 31	
	2022	**2021**
Cash on hand	$ 1,189	$ 1,099
Checking accounts and demand deposits	1,097,477	963,273
	$ 1,098,666	$ 964,372

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2022	**2021**
Bank balance	0.001%-1.05%	0.001%-1.15%

As of December 31, 2022 and 2021, pledged time deposits and restricted demand deposits were NT$22,524 thousand and NT$81,197 thousand, respectively, and were classified as financial assets at amortized cost (refer to Note 9).

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2022	**2021**
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 1,438,031	$ 2,053,203
Mutual funds	146,917	56,770
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	175,982	11,922
	$ 1,760,930	$ 2,121,895
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 272,687	$ 247,857

At the end of the year, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

	Currency	Maturity Date	Notional Amounts (In Thousands)
December 31, 2022			
Buy	NTD/USD	2023.01-2023.09	NTD4,376,770/USD150,344
Sell	USD/NTD	2023.07	NTD63,063/USD2,021
December 31, 2021			
Buy	NTD/USD	2022.01-2023.01	NTD4,696,973/USD172,400
Sell	USD/NTD	2022.04	NTD58,837/USD2,121

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

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	December 31	
	2022	2021
Non-current		
Investments in equity instruments	$ 2,498,747	$ 3,159,429

Investments in equity instruments at FVTOCI

	December 31	
	2022	2021
Non-current		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - China Steel Corporation	$ 1,346,985	$ 1,636,735
Ordinary shares - Century Wind Power Co., Ltd.	751,344	1,052,520
Unlisted shares		
Ordinary shares - Envirolink Corporation	17,500	17,500
Ordinary shares - Dah Chung Bills Finance Corporation	-	5,506
Ordinary shares - Linkou Entertainment Corporation	4,600	4,600
Ordinary shares - Shin Ji Technology Corporation	3,450	3,450
Ordinary shares - Hua Mian Corporation	1,500	1,500
	2,125,379	2,721,811
Foreign investments		
Unlisted shares		
Ordinary shares - China Steel and Nippon Steel Vietnam Stock Company	281,238	354,578
Ordinary shares - Century International Co., Ltd.	92,130	83,040
	373,368	437,618
	$ 2,498,747	$ 3,159,429

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

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2022	**2021**
Current		
Domestic investments		
Pledged time deposits	$ 22,524	$ 80,187
Restricted demand deposits	-	1,010
	$ 22,524	$ 81,197

a. The ranges of interest rates for pledged time deposits were 0.2%-0.935% and 0.15%-0.53% per annum as of December 31, 2022 and 2021, respectively.

b. Refer to Note 32 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OVERDUE RECEIVABLES

	December 31	
	2022	**2021**
Notes receivable		
Operating - unrelated parties	$ 1,740,817	$ 2,079,643
Less: Allowance for impairment loss	-	(1,778)
	$ 1,740,817	$ 2,077,865
Trade receivables		
At amortized cost - unrelated parties	$ 3,003,006	$ 2,320,396
Less: Allowance for impairment loss	(5,639)	(6,255)
	$ 2,997,367	$ 2,314,141
Overdue receivables (presented under other non-current assets)		
Overdue receivables	$ 41,649	$ 44,215
Less: Allowance for impairment loss	(38,649)	(39,194)
	$ 3,000	$ 5,021

a. Notes receivable and trade receivables

The average credit period of sales of goods was 90-150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from other publicly available financial source or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix considering the past default records of the debtor, an analysis of the debtor's current financial position, any credit insurance and recoverable amount as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

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

December 31, 2022

	Not Past Due	1 to 30 Days Past Due	31 Days to 1 Year Past Due	1 to 2 Years Past Due	Over 2 Years Past Due	Total
Expected credit loss rate	0.12%	0.00%	100.00%	0.00%	0.00%	
Gross carrying amount	$ 4,743,109	$ -	$ 714	$ -	$ -	$ 4,743,823
Loss allowance (Lifetime ECL)	(4,925)	-	(714)	-	-	(5,639)
Amortized cost	$ 4,743,184	$ -	$ -	$ -	$ -	$ 4,738,184

December 31, 2021

	Not Past Due	1 to 30 Days Past Due	31 Days to 1 Year Past Due	1 to 2 Years Past Due	Over 2 Years Past Due	Total
Expected credit loss rate	0.18%	0.00%	0.00%	0.00%	0.00%	
Gross carrying amount	$ 4,400,039	$ -	$ -	$ -	$ -	$ 4,400,039
Loss allowance (Lifetime ECL)	(8,033)	-	-	-	-	(8,033)
Amortized cost	$ 4,392,006	$ -	$ -	$ -	$ -	$ 4,392,006

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 8,033	$ 3,317
Add: Acquisition through business combinations	-	5,007
Less: Net remeasurement of loss allowance	(2,394)	(291)
Balance at December 31	$ 5,639	$ 8,033

Compared to January 1, 2022 and 2021, the decrease in loss allowance of NT$2,394 thousand and increase of NT$4,716 thousand at December 31, 2022 and 2021, respectively, resulted from the changes in the gross carrying amounts of notes receivables and trade receivables, which increased by NT$343,784 thousand and NT$980,490 thousand, respectively.

Refer to Note 32 for information relating to notes receivable pledged as security for borrowings.

b. Overdue receivables

Overdue receivable balances that were past due but for which no allowance for impairment loss was recognized were NT$3,000 thousand and NT$5,021 thousand as of December 31, 2022 and 2021, respectively, which are disclosed in the aging analysis below. The Group did not recognize an allowance for impairment loss, because there was no significant change in the credit quality and the amounts were still considered recoverable. The Group holds collateral or other credit enhancements for these balances. In addition, the Group did not have the legal right to off-set the overdue receivables with trade payables from the same counterparty.

The aging of overdue receivables that were past due but not impaired was as follows:

	December 31	
	2022	**2021**
Up to 90 days	$ -	$ -
90-365 days	-	2,021
Over 365 days	3,000	3,000
	$ 3,000	$ 5,021

The above aging schedule was based on the number of days from the invoice date.

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

	For the Year Ended December 31	
	2022	**2021**
Balance at January 1	$ 39,194	$ 73,359
Add: Net remeasurement of loss allowance	129	1,926
Less: Net remeasurement of loss allowance	(674)	(14,824)
Less: Amounts written off	-	(21,267)
Balance at December 31	$ 38,649	$ 39,194

The Group recognized an impairment loss on overdue receivables amounting to NT$38,649 thousand and NT$39,194 thousand as of December 31, 2022 and 2021, respectively. These amounts mainly related to customers that the Group was pursuing legal claims. Impairment losses recognized is the difference between the carrying amount of overdue receivables and its recoverable amount. The Group held chattel pledged as collateral over these balances.

11. INVENTORIES

	December 31	
	2022	2021
Raw materials	$ 4,387,975	$ 5,390,166
Finished goods	606,082	684,713
Work in process	184,188	75,358
Raw materials in transit	165,280	416,577
	$ 5,343,525	$ 6,566,814

The nature of the cost of goods sold is as follows:

	For the Year Ended December 31	
	2022	2021
Cost of inventories sold	$ 15,485,845	$ 10,666,577
Inventory write-downs	111,144	840
	$ 15,596,989	$ 10,667,417

As of December 31, 2022 and 2021, the allowance for inventory write-downs were NT$120,301 thousand and NT$9,157 thousand, respectively.

Inventory write-downs were accrued as a result of the fluctuation in the market price of the steel market.

12. SUBSIDIARIES

			Proportion of Ownership (%)	
			December 31	
Investor	Investee	Nature of Business	2022	2021
Hsin Kuang Steel Corporation	Hsin Yuan Investment Co., Ltd.	Trading of listed marketable securities	100.00	100.00
Hsin Kuang Steel Corporation	Hsin Ho Fa Metal Co., Ltd.	Sale of metal products for architecture	83.37	83.37
Hsin Kuang Steel Corporation	Sinpao Investment Co., Ltd.	Investment	99.82	99.82
Hsin Kuang Steel Corporation	APEX Wind Power Equipment Manufacturing Company Limited	Manufacture of metal structures, architectural components and energy related equipment	66.71	66.71
Hsin Kuang Steel Corporation	Hsin Ching International Co., Ltd.	Leasing and warehousing	60.00	60.00
Hsin Kuang Steel Corporation	Hsin Cheng Logistics Development Co., Ltd.	Leasing and warehousing	100.00	100.00
Hsin Kuang Steel Corporation	Mason Metal Industry Co., Ltd.	Cutting and processing of automobile steel plate	80.00	80.00
Hsin Yuan Investment Co., Ltd.	APEX Wind Power Equipment Manufacturing Company Limited	Manufacture of metal structures, architectural components and energy related equipment	1.00	1.00

(Continued)

Investor	Investee	Nature of Business	Proportion of Ownership (%) December 31 2022	2021
Hsin Yuan Investment Co., Ltd.	Hsin Hua Steel Industry Co., Ltd.	Process and manufacture of metal structures, architectural components and steel products	100.00	100.00
Hsin Ho Fa Metal Co., Ltd.	APEX Wind Power Equipment Manufacturing Company Limited	Manufacture of metal structures, architectural components and energy related equipment	2.73	2.73
Sinpao Investment Co., Ltd.	Mason Metal Industry Co., Ltd.	Cutting and processing of automobile steel plate	1.00	1.00

(Concluded)

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	December 31 2022	2021
Investments in associates	$ 519,840	$ 306,794

In order to strengthen the Group's plan on integrating the steel cutting and logistics services in the south of Taichung and to enhance the diversity of the Group's supply services, on December 15, 2021, the Group purchased 15,500 thousand ordinary shares of Mason Metal Industry Co., Ltd. at NT$13.19 per share, which equaled to 31.00% of equity, for a total amount of NT$204,414 thousand. The proportion of the Group's ownership increased from 50.00% to 81.00%, and the Group obtained control of Mason Metal Industry Co., Ltd. As a result of the acquisition, Mason Metal Industry Co., Ltd. became a subsidiary of the Company. The Company remeasured its investment in equity interest before the transaction at fair value and recognized a gain on remeasurement of NT$36,000 thousand and bargain purchase gain of NT$136,024 thousand (refer to Note 27).

a. Investments in associates

	December 31 2022	2021
Material associate	$ 412,676	$ 218,596
Associates that are not individually material	107,164	88,198
	$ 519,840	$ 306,794

1) Material associate

Name of Associate	Nature of Business	Proportion of Ownership and Voting Rights December 31 2022	2021
Duo Yuan Solar Corporation	Renewable energy private power generation equipment	20.00%	20.00%

In 2022 and 2021, the Group acquired 21,000 thousand and 18,000 thousand ordinary shares of Duo Yuan Solar Corporation in cash for a total amount of NT$210,000 thousand and NT$180,000 thousand, respectively. The proportion of the Group's ownership after the acquisition was 20.00%.

The Company pledged 44,000 thousand shares of Duo Yuan Solar Corporation as collateral for bank borrowings (refer to Note 32 and Table 1).

Duo Yuan Solar Corporation

	December 31	
	2022	**2021**
Current assets	$ 421,913	$ 110,470
Non-current assets	4,633,271	1,875,239
Current liabilities	(340,807)	(868,576)
Non-current liabilities	(2,650,998)	(15,757)
Equity	$ 2,063,379	$ 1,101,376
Proportion of the Group's ownership	20%	20%
Equity attributable to the Group	$ 412,676	$ 220,275
Carrying amount	$ 412,676	$ 220,275

	For the Year Ended December 31	
	2022	**2021**
Operating revenue	$ 61,073	$ 2,473
Net loss for the year	$ (87,997)	$ (33,581)
Total comprehensive loss for the year	$ (87,997)	$ (33,581)

2) Aggregate information of associates that are not individually material is as follows:

	For the Year Ended December 31	
	2022	**2021**
The Group's share of:		
Net income	$ 6,182	$ 6,440
Total comprehensive income for the year	$ 6,182	$ 6,440

b. Investments in joint ventures

In order to promote upstream and downstream strategic alliance, strengthen sales and increase the added value of its products, the Group purchased 25,000 thousand ordinary shares of Mason Metal Industry Co., Ltd. on October 6, 2017 at a price of NT$11.55 per share resulting in a total of 50% of shareholder rights. The total purchase price was NT$288,647 thousand. Under the joint venture agreement, the Group can assign three out of six members of the board of directors of Mason Metal Industry Co., Ltd. Therefore, the Group has a significant influence, and joint control with the other company, over Mason Metal Industry Co., Ltd.

On December 15, 2021, the Group acquired additional equity interests of 31% of Mason Metal Industry Co., Ltd., thereby increasing the proportion of the Group's ownership to 81.00%. The Group obtained control over Mason Metal Industry Co., Ltd. and listed it as a subsidiary. Refer to Note 13-a.

The summarized financial information below represents the amount shown in the joint ventures' financial statements prepared in accordance with IFRSs adjusted by the Group for equity accounting purposes.

<u>Mason Metal Industry Co., Ltd.</u>

	January 1 to December 15, 2021 (Acquisition Date)
Operating revenue	$ 1,855,203
Depreciation and amortization expense	$ 17,504
Interest income	$ 21
Interest expense	$ 4,308
Income tax expense	$ 25,660
Net profit	$ 102,907
Total comprehensive income	$ 102,907

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2022	2021
Assets used by the Group	$ 4,168,757	$ 3,821,909

Assets Used by the Group

	Freehold Land	Buildings	Equipment	Transportation Equipment	Miscellaneous Equipment	Leased Assets	Property under Construction and Equipment Awaiting Inspection	Total
<u>Cost</u>								
Balance at January 1, 2022	$ 2,011,571	$ 1,265,610	$ 1,430,865	$ 226,555	$ 66,829	$ 46,210	$ 204,206	$ 5,251,846
Additions	-	6,351	14,005	855	13,940	1,504	205,861	242,516
Disposals	-	(5,184)	(580)	(5,266)	(2,185)	-	-	(13,215)
Reclassified	173,317	30,932	37,369	7,560	10,228	1,575	(23,550)	237,430
Balance at December 31, 2022	$ 2,184,888	$ 1,297,709	$ 1,481,659	$ 229,704	$ 88,812	$ 49,289	$ 386,517	$ 5,718,577
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2022	$ -	$ 408,965	$ 829,924	$ 153,244	$ 25,165	$ 12,639	$ -	$ 1,429,937
Depreciation expense	-	36,701	62,273	13,899	9,106	4,520	-	126,499
Disposals	-	(5,184)	(325)	(5,265)	(2,004)	-	-	(12,778)
Reclassified	-	6,162	-	-	-	-	-	6,162
Balance at December 31, 2022	$ -	$ 446,644	$ (891,872)	$ 161,878	$ 32,267	$ 17,159	$ -	$ 1,549,820
Carrying amount at December 31, 2022	$ 2,184,888	$ 851,065	$ 589,787	$ 67,826	$ 56,545	$ 32,130	$ 386,517	$ 4,168,757
<u>Cost</u>								
Balance at January 1, 2021	$ 2,557,336	$ 1,175,182	$ 1,104,892	$ 155,792	$ 45,424	$ 32,160	$ 1,164,789	$ 6,235,575
Acquisitions through business combinations	681,460	135,440	315,916	44,835	9,146	3,479	-	1,190,276
Additions	78	1,235	9,685	9,929	4,218	1,023	609,533	635,701
Disposals	-	(5,958)	(29,491)	(8,069)	-	-	-	(43,518)
Reclassified	(1,227,303)	(40,289)	29,863	24,068	8,041	9,548	(1,570,116)	(2,766,188)
Balance at December 31, 2021	$ 2,011,571	$ 1,265,610	$ 1,430,865	$ 226,555	$ 66,829	$ 46,210	$ 204,206	$ 5,251,846

(Continued)

	Freehold Land	Buildings	Equipment	Transportation Equipment	Miscellaneous Equipment	Leased Assets	Property under Construction and Equipment Awaiting Inspection	Total
Accumulated depreciation and impairment								
Balance at January 1, 2021	$ -	$ 300,782	$ 514,055	$ 107,453	$ 13,331	$ 5,584	$ -	$ 941,205
Acquisitions through business combinations	-	97,153	272,194	36,852	5,873	2,776	-	414,848
Depreciation expense	-	31,109	77,906	13,088	6,188	4,279	-	132,570
Disposals	-	(4,346)	(26,270)	(4,149)	-	-	-	(34,765)
Reclassified	-	(15,733)	(7,961)	-	(227)	-	-	(23,921)
Balance at December 31, 2021	$ -	$ 408,965	$ 829,924	$ 153,244	$ 25,165	$ 12,639	$ -	$ 1,429,937
Carrying amount at December 31, 2021	$ 2,011,571	$ 856,645	$ 600,941	$ 73,311	$ 41,664	$ 33,571	$ 204,206	$ 3,821,909

(Concluded)

No impairment loss was recognized or reversed for the years ended December 31, 2022 and 2021 as there was no indication of impairment.

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

Buildings	
Main buildings	10-55 years
Building construction	3-20 years
Equipment	
Main equipment	5-20 years
Equipment maintenance	3-8 years
Transportation equipment	
Truck and automotive	5-8 years
Stacker	5-9 years
Automotive accessories	3-5 years
Miscellaneous equipment	
Computer equipment	3-10 years
Office equipment and construction	3-10 years

The Group purchased land located in Guanyin for operational use from 2005 to 2020. As of December 31, 2022, the total land space purchased was 56,005.16 square meters, with a carrying amount of NT$301,747 thousand. The law stipulates that an entity may not have ownership of land which is registered for agricultural purposes. Therefore, the Group held the land through the signing of the real estate trust agreement with an individual. As a protective measure, the Group signed a contract with the landowner who held the land ownership certificate and registered the ownership certificate, which stated that all the rights and obligations of the land belong to the Group.

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 32.

15. INVESTMENT PROPERTIES

	Investment Properties - Land	Investment Properties - Buildings	Investment Properties - Leasehold Improvements	Total
Cost				
Balance at January 1, 2022	$ 1,612,154	$ 2,216,234	$ 47,979	$ 3,876,367
Additions	-	1,723	-	1,723
Disposals	(17,722)	(18,512)	-	(36,234)
Reclassified	(173,317)	134,087	16,554	(22,676)
Balance at December 31, 2022	$ 1,421,115	$ 2,333,532	$ 64,533	$ 3,819,180
Accumulated depreciation and impairment				
Balance at January 1, 2022	$ -	$ 86,065	$ 24,100	$ 110,165
Depreciation expense	-	51,157	9,314	60,471
Disposals	-	(4,027)	-	(4,027)
Reclassified	-	(6,162)	-	(6,162)
Balance at December 31, 2022	$ -	$ 127,033	$ 33,414	$ 160,447
Carrying amount at December 31, 2022	$ 1,421,115	$ 2,206,499	$ 31,119	$ 3,658,733
Cost				
Balance at January 1, 2021	$ 372,083	$ 605,628	$ 47,979	$ 1,025,690
Additions	864	1,425	-	2,289
Disposals	-	-	-	-
Reclassified	1,239,207	1,609,181	-	2,848,388
Balance at December 31, 2021	$ 1,612,154	$ 2,216,234	$ 47,979	$ 3,876,367
Accumulated depreciation and impairment				
Balance at January 1, 2021	$ -	$ 45,085	$ 17,015	$ 62,100
Depreciation expense	-	17,059	7,085	24,144
Disposals	-	-	-	-
Reclassified	-	23,921	-	23,921
Balance at December 31, 2021	$ -	$ 86,065	$ 24,100	$ 110,165
Carrying amount at December 31, 2021	$ 1,612,154	$ 2,130,169	$ 23,879	$ 3,766,202

The investment properties were leased out for 2 to 10 years, without an option to extend. The lease contracts contain market review clauses in the event that the lessees exercise their options to extend. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

In addition to the fixed lease payments, the lease contracts also indicates that the lease payments should be adjusted every 2 or 3 years on the basis of the increase in Price Index.

The maturity analysis of lease payments receivable under operating leases of investment properties as of December 31, 2022 and 2021 was as follows:

	December 31	
	2022	2021
Year 1	$ 294,233	$ 314,746
Year 2	279,446	293,736
Year 3	265,344	279,062
Year 4	247,179	265,280
Year 5	241,801	247,179
Year 6 onwards	686,862	928,663
	$ 2,014,865	$ 2,328,666

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	25-55 years
Building construction	6-15 years
Leasehold improvements	5-15 years

The determination of fair value was performed by independent qualified professional appraisers at the end of each reporting period. The fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

	December 31	
	2022	2021
Fair value	$ 7,390,214	$ 7,466,464

The investment properties pledged as collateral for bank borrowings are set out in Note 32.

16. OTHER ASSETS

	December 31	
	2022	2021
Current		
Other receivables	$ 28,974	$ 17,789
Tax refund receivable	-	20,906
Temporary payments	-	6,010
Payment on behalf of others	631	-
	$ 29,605	$ 44,705

(Continued)

	December 31 2022	December 31 2021
Non-current		
Refundable deposits	$ 17,103	$ 13,856
Prepayments for equipment	64,429	54,414
Overdue receivables	3,000	5,021
Others	9,296	8,583
	$ 93,828	$ 81,874

(Concluded)

17. BORROWINGS

a. Short-term borrowings

	December 31 2022	December 31 2021
Secured borrowings (Notes 30 and 32)		
Bank loans	$ 10,000	$ 300,000
Issuance credit payable	1,110,746	918,470
	1,120,746	1,218,470
Unsecured borrowings		
Line of credit borrowings (Note 30)	1,671,135	7,150
Issuance credit payable	4,414,113	5,230,887
	6,085,248	5,238,037
	$ 7,205,994	$ 6,456,507

The range of weighted average effective interest rates on bank loans was 1.51%-6.29% and 0.58%-1.45% per annum as of December 31, 2022 and 2021, respectively.

b. Short-term bills payable

	December 31 2022	December 31 2021
Commercial paper (Note 30)	$ 550,000	$ 300,000
Less: Unamortized discount on bills payable	(854)	(186)
	$ 549,146	$ 299,814

Outstanding short-term bills payable were as follows:

December 31, 2022

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Commercial paper						
A bank	$ 50,000	$ 131	$ 49,869	2.14%	Head office	$ 19,768
B bank	100,000	18	99,982	2.04%	-	-
C bank	100,000	260	99,740	2.14%	-	-
D bank	300,000	445	299,555	1.97%	-	-
	$ 550,000	$ 854	$ 549,146			

December 31, 2021

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Commercial paper						
A bank	$ 100,000	$ 37	$ 99,963	1.07%	Head office	$ 16,894
B bank	100,000	57	99,943	1.06%	-	-
C bank	100,000	92	99,908	1.05%	-	-
	$ 300,000	$ 186	$ 299,814			

c. Long-term borrowings

	December 31	
	2022	2021
Secured borrowings (Notes 30 and 32)		
Syndicated bank loans - Yushan Bank (1)	$ 1,800,000	$ 2,000,000
Bank loans - Chang Hwa Bank Sanchungpu Branch (2)	239,583	250,000
Bank loans - Banking Division of Mega Bank (3)	97,368	107,894
Bank loans - Land Bank of Taiwan (4)	86,000	86,000
Bank loans - Chang Hwa Bank (5)	-	172,312
Bank loans - Mega International Commercial Bank (6)	294,545	80,000
	2,517,496	2,696,206
Less: Current portions	(496,814)	(300,943)
Syndicated loan fees	(16,640)	(5,409)
	(513,454)	(306,352)
Long-term borrowings	$ 2,004,042	$ 2,389,854

1) On December 13, 2018, the Group signed a joint credit line contract with Yushan Bank, and such syndicated loan was collateralized by the Group's freehold land and plant (refer to Note 32). The credit line of loan item A is NT$2,300,000 thousand, and the total credit line of loan items B and C is not more than NT$2,700,000 thousand. The credit line of loan item A is not allowed to be used as a revolving credit. It shall be used in installments within 24 months from the date of first use, and the overdue credit will be cancelled and may not be used again. The outstanding principal balance that has been used at the expiration date has to be repaid in three installments. The first period is 36 months after the date of first use by repaying 10% of the balance, the second period is 12 months after the first period by repaying 20% of the balance, and the third period is 12 months after the second period by repaying 70% of the balance.

   Loan item B is a revolving credit line with a 5-year period from the date of first use. Loan item C is a revolving credit line with a 5-year period from the date of first use of the commercial promissory notes (included in Long-term bills payable) issued by the Group. The revolving credit line of loan items B and C would be reduced at the end of each period, for a total of 3 periods. The first period is 36 months after the date of first use, and then every 12 months thereafter per period. The revolving credit line will be reduced by 10% at the first period, reduced by 20% at the second period, and reduced by 70% at the third period. Each time the credit line is reduced, the amount exceeding the remaining credit line shall be repaid at once.

   During the loan period, the current ratio, debt ratio and times interest earned ratio, which shall be calculated based on the annual financial audit report, shall meet the criteria as stipulated in the agreement. If the financial ratios do not meet the criteria, the Group shall remedy within nine months after the end of the fiscal year in order not to be considered as a breach of the agreement. The weighted average effective interest rates were 1.82% and 1.79% per annum as of December 31, 2022 and 2021, respectively.

2) In April 2019, the Group acquired NT$250,000 thousand of bank loans from Chang Hwa Bank Sanchungpu Branch, secured by the Group's freehold land (refer to Note 32), which mature in April 2034. The grace period is 3 years, during which interest shall be paid by 26th of each month. Starting from April 26, 2022, the repayment of principal is divided into 48 equal installments of every 3 months, and each repayment principal as well as interest calculated on the outstanding balance shall be paid by 26th of each month. The weighted average effective interest rates were 1.81% and 1.31% per annum as of December 31, 2022 and 2021, respectively.

3) In January 2017, the Group acquired NT$150,000 thousand of syndicated bank loans from the Banking Division of Mega Bank, secured by the Group's freehold land (refer to Note 32), which will mature in January 2032. Starting from January 2018, the repayment of principal is divided into 57 installments of every 3 months, with NT$2,632 thousand per installment. The weighted average effective interest rates were 2.10% and 1.44% per annum as of December 31, 2022 and 2021, respectively.

4) In September 2021, the Group acquired NT$86,000 thousand of bank loans from the Land Bank of Taiwan, secured by machinery and equipment provided by the Group (refer to Note 32), which will mature in September 2024. Starting from the borrowing date, interest will be paid once a month, and the principal should be repaid on the maturity date or when the midterm loan for land purchase (collateralized) is acquired. The weighted average effective interest rates were 1.90% and 1.44% per annum as of December 31, 2022 and 2021, respectively.

5) In September 2021, the Group acquired NT$200,000 thousand of unsecured bank loans from Chang Hwa Bank which will mature in June 2024. As of December 31, 2022, the principal was fully repaid. The weighted average effective interest rate was 1.55% per annum as of December 31, 2021.

6) In November 2017, the Group acquired NT$80,000 thousand of bank loans from Mega International Commercial Bank, secured by the Group's freehold land and buildings (refer to Note 32), which will mature in November 2022. The loan was fully repaid in one lump sum in May 2022, and the Group made another loan of NT$294,545 thousand in June 2022, which will mature in June 2027. Starting from the borrowing date, interest will be paid once a month, and the principal will be paid in installments. The weighted average effective interest rate was 2.10% per annum as of December 31, 2022.

d. Long-term bills payable

	December 31	
	2022	2021
Commercial paper issued under syndicated bank loans - Yushan Bank	$ 2,400,000	$ 2,400,000
Less: Unamortized discount	(485)	(1,245)
	$ 2,399,515	$ 2,398,755

The Group issued commercial paper under syndicated bank loans - Yushan Bank with terms of 5 years. The weighted average effective interest rate was 1.98%-2.19% and 1.15%-1.21% per annum as of December 31, 2022 and 2021, respectively. Refer to c. long-term borrowings item 1 for more information.

18. UNSECURED DOMESTIC CONVERTIBLE BONDS

On November 9, 2017, the Group issued 6 thousand units of 0% NT-denominated unsecured convertible bonds with a 5-year period in Taiwan, for an aggregate principal amount of NT$601,200 thousand, which was issued at 100.2% of the nominal amount.

Each bond entitles the holder to convert it into ordinary shares of the Group at a conversion price of NT$36. If the Group increases its ordinary shares after the bond issuance, the conversion price will be adjusted by Article 11 of the Regulation Governing the Company's 5th Unsecured Convertible Bond Issuance and Conversion. Conversion may occur at any time between February 10, 2018 and November 9, 2022. The holder can notify the Group 30 days before the expiry of 3 years and 4 years from issuance to request the Group the accrued interest based on the bond's denomination value (the 3-year interest compensation is 3.03%, 4-year interest compensation is 4.06%) and redeem the bonds by cash.

The convertible bonds contained two components: The host liability instrument and the conversion option derivative instrument. The effective interest rate of the host liability on initial recognition was 2.61% per annum, and the conversion option derivative instruments were measured at FVTPL.

The Group redeemed the convertible bonds based on Article 17 item 1 of the Regulation Governing the Company's Convertible Bond Issuance and Conversion and suspended trading on the TPEx on July 19, 2021.

Movements of the host liability instruments were as follows:

	Host Liability Instruments
Balance at January 1, 2021	$ 388,555
Interest charged at the effective interest rate	5,236
Corporate bonds payable converted into ordinary shares	(393,691)
Redeemed convertible bonds	(100)
The host liability instrument at end of the year	-
Less: Current portions	-
Balance at December 31, 2021	$ -

Movements of the conversion option derivative instrument were as follows:

	Conversion Option Derivative Instrument
Balance at January 1, 2021	$ 455
Loss from the change of fair value	(10,377)
Converted into ordinary shares	9,922
Balance at December 31, 2021	$ -

19. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2022	2021
Notes payable		
Operating - unrelated parties	$ 392,838	$ 605,105
Trade payables		
Operating - unrelated parties	$ 250,565	$ 178,167

20. OTHER PAYABLES

	December 31	
	2022	2021
Payables for salaries and bonuses	$ 144,632	$ 253,807
Interest payable	39,191	7,111
Other accrued expenses	55,616	75,861
Other payables	87,470	225,814
	$ 326,909	$ 562,593

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

Among the Group, the Company, Hsin Yuan Investment Co., Ltd., Hsin Ho Fa Metal Co., Ltd., APEX Wind Power Equipment Manufacturing Company Limited, Hsin Ching International Co., Ltd., Mason Metal Industry Co., Ltd. and Hsin Hua Steel Industry Co., Ltd. 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 plans adopted by the Company and Mason Metal Industry Co., Ltd. within the Group 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 Group contributes amounts equal to 2% 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.

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

	December 31	
	2022	2021
Present value of defined benefit obligation	$ 99,309	$ 108,437
Fair value of plan assets	(66,149)	(63,379)
Net defined benefit liabilities	$ 33,160	$ 45,058

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, 2021	$ 53,263	$ (27,568)	$ 25,695
Acquisitions through business combinations	54,932	(38,071)	16,861
Service cost			
Current service cost	247	-	247
Net interest expense (income)	374	(258)	116
Recognized in profit or loss	621	(258)	363
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	(34)	(380)	(414)
Actuarial (gain) loss			
Changes in demographic assumptions	2,254	-	2,254
Changes in financial assumptions	(492)	-	(492)
Experience adjustments	3,154	-	3,154
Recognized in other comprehensive income	4,882	(380)	4,502
Contributions from the employer	-	(2,363)	(2,363)
Benefits paid	(5,261)	5,261	-
Balance at December 31, 2021	108,437	(63,379)	45,058
Service cost			
Current service cost	612	-	612
Net interest expense (income)	542	(325)	217
Recognized in profit or loss	1,154	(325)	829
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,141)	(5,141)
Actuarial (gain) loss			
Changes in demographic assumptions	70	-	70
Changes in financial assumptions	(4,938)	-	(4,938)
Experience adjustments	1,680	-	1,680
Recognized in other comprehensive income	(3,188)	(5,141)	(8,329)
Contributions from the employer	-	(4,291)	(4,291)
Benefits paid	(6,987)	6,987	-
XXX	(107)	-	(107)
Balance at December 31, 2022	$ 99,309	$ (66,149)	$ 33,160

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	
	2022	2021
Operating costs	$ 354	$ 52
Selling and marketing expenses	$ 420	$ 253
General and administrative expenses	$ 55	$ 35

Through the defined benefit plan under the Labor Standards Act, 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 should 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 by reference to 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 purposes of the actuarial valuations were as follows:

	December 31	
	2022	**2021**
Discount rates	1.38%	0.50%
Expected rates of salary increase	2.00%	1.50%-2.00%

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	
	2022	**2021**
Discount rates		
0.25% increase	$ (1,830)	$ (2,200)
0.25% decrease	$ 1,885	$ 2,272
Expected rates of salary increase/decrease		
0.25% increase	$ 1,841	$ 2,205
0.25% decrease	$ (1,796)	$ (2,147)

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

	December 31	
	2022	**2021**
Expected contributions to the plans for the next year	$ 3,603	$ 3,465
Average duration of the defined benefit obligation	7.1-7.8 years	7.6-8.6 years

22. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2022	2021
Number of shares authorized (in thousands)	360,000	360,000
Shares authorized	$ 3,600,000	$ 3,600,000
Number of shares issued and fully paid (in thousands)	321,146	321,146
Shares issued	$ 3,211,463	$ 3,211,463

The shares issued had a par value of NT$10. Each share entitles the rights to dividends and to vote.

b. Capital surplus

	December 31	
	2022	2021
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	$ 906,797	$ 906,797
May only be used to offset a deficit (2)		
Changes in percentage of ownership interests in subsidiaries	6	6
May not be used for any purpose (3)		
Employee share options	36,648	36,648
	$ 943,451	$ 943,451

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

2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from changes in capital surplus of subsidiaries accounted for using the equity method.

3) Such capital surplus is used primarily for subsequent matters related to the transaction and may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors in Note 24-g.

To ensure the interests of shareholders and the Company's sustainable development, the Company adopts a balanced dividends policy. The dividends payment principle shall be determined on the basis of the current and forthcoming development plan, considering the investing environment, demanding for funds, domestic and foreign competition, and shareholders' interests. The Company shall, in accordance with the capital budget plan for the following year, determine the most appropriate dividend policy. After the board of directors resolve the distribution plan, such plan will be subject to the resolution in the shareholders' meeting.

The issuance of dividends may be distributed in cash or share dividends. Among the dividends payment, no less than 30% shall be paid in cash.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. 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.

Items referred to under Rule No. 1010012865, No. 1010047490, and No. 1030006415 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2021 and 2020 approved in the shareholders' meetings on June 15, 2022 and July 22, 2021, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2021	**2020**
Legal reserve	$ 277,792	$ 82,418
Special reserve	$ -	$ (108,259)
Cash dividends	$ 1,284,585	$ 462,386
Cash dividends distributed from capital surplus	$ -	$ 154,129
Cash dividends per share (NT$)	$ 4.0	$ 1.5
Cash dividends per share distributed from capital surplus (NT$)	$ -	$ 0.5

The appropriation of earnings for 2022 was proposed by the Company's board of directors on March 17, 2023. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2022	Dividends Per Share (NT$)
Legal reserve	$ 45,906	$ -
Cash dividends	$ 321,416	$ 1

The appropriation of earnings for 2022 is subject to the resolution in the shareholders' meeting to be held on June 15, 2023.

d. Special reserve

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ -	$ 108,259
Appropriations in respect of debits to other equity items	-	(108,259)
Balance at December 31	$ -	$ -

e. Other equity items

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ (8,580)	$ (5,701)
Exchange differences on translating the financial statements of foreign operations	10,549	(2,879)
Balance at December 31	$ 1,969	$ (8,580)

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

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 1,386,055	$ 728,354
Recognized for the year		
Unrealized gain (loss) - equity instruments	(713,606)	657,701
Balance at December 31	$ 672,449	$ 1,386,055

f. Non-controlling interests

	For the Year Ended December 31	
	2022	2021
Balance at January 1	$ 716,469	$ 429,976
Attributable to non-controlling interests:		
Share of profit (loss) for the year	24,005	50,565
Exchange difference on translation of the financial statements of foreign operations	26	8
Dividends distributed by subsidiaries	(28,297)	(13,724)
Changes in percentage of ownership interests in subsidiaries	1,059	-
Changes of non-controlling interests	(624)	249,644
Balance at December 31	$ 712,638	$ 716,469

23. REVENUE

	For the Year Ended December 31	
	2022	2021
Revenue from contracts with customers		
Revenue from sales of goods	$ 16,447,500	$ 13,478,570
Revenue from processing	240,781	299,677
Rental income	308,379	171,572
Construction contract revenue	158,872	153,223
	$ 17,155,532	$ 14,103,042

a. Contract balances

	December 31	
	2022	2021
Trade receivables (Note 10)	$ 2,997,367	$ 2,314,141
Contract asset - current		
Construction of properties	$ 27,769	$ 15,852
Contract asset - non-current		
Construction of properties	$ -	$ -
Contract liabilities - current		
Sales of goods	$ 310,860	$ 418,477
Construction of properties	484	990
	$ 311,344	$ 419,467

b. Refer to Note 36 for details of revenue.

24. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2022	2021
Dividend income		
Financial assets at FVTPL	$ 49,007	$ 56,277
Financial assets at FVTOCI	164,968	44,497
Others	34,143	26,326
	$ 248,118	$ 127,100

b. Other gains and losses

	For the Year Ended December 31	
	2022	2021
Gain on remeasurement of investments accounted for using the equity method	$ -	$ 36,000
Net loss on disposal of property, plant and equipment	103	(1,673)
Gain on disposal of investment properties	6,007	-
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	(239,787)	412,753
Net foreign exchange gains	112,044	28,364
Other losses	(3,386)	-
	$ (125,019)	$ 475,444

c. Finance costs

	For the Year Ended December 31	
	2022	2021
Interest on bank loans	$ 222,517	$ 133,297
Interest on bonds payable	-	5,236
Less: Amounts included in the cost of qualifying assets	(2,431)	(26,353)
	$ 220,086	$ 112,180

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2022	2021
Capitalized interest	$ 2,431	$ 26,353
Capitalization rate	2.5%	2.5%

d. Depreciation and amortization

	For the Year Ended December 31	
	2022	2021
Property, plant and equipment	$ 126,499	$ 132,570
Investment properties	60,471	24,144
Right-of-use assets	1,951	163
Long-term prepayments	8,497	5,987
	$ 197,418	$ 162,864
An analysis of depreciation by function		
Operating costs	$ 169,445	$ 140,192
Operating expenses	19,476	16,685
	$ 188,921	$ 156,877
An analysis of amortization by function		
Operating costs	$ 4,965	$ 2,906
Operating expenses	3,532	3,081
	$ 8,497	$ 5,987

e Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2022	2021
Direct operating expenses of investment properties generating rental income	$ 105,650	$ 48,251

f. Employee benefits expense

	For the Year Ended December 31	
	2022	2021
Short-term employee benefits	$ 481,468	$ 518,632
Post-employment benefits (Note 21)		
Defined contribution plans	11,860	8,650
Defined benefit plans	829	363
	$ 494,157	$ 527,645
An analysis of employee benefits expense by function		
Operating costs	$ 271,567	$ 198,145
Operating expenses	222,590	329,500
	$ 494,157	$ 527,645

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors at the rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors for the years ended December 31, 2022 and 2021 which have been approved by the Company's board of directors on March 17, 2023 and March 16, 2022, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2022	**2021**
Compensation of employees	3%	3%
Remuneration of directors	3%	2%

Amount

	For the Year Ended December 31	
	2022	**2021**
	Cash	**Cash**
Compensation of employees	$ 18,388	$ 102,392
Remuneration of directors	$ 18,388	$ 68,261

If there is a change in the amounts after the consolidated financial statements were authorized for issuance, 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 and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2021.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors for the year ended December 31, 2022 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2022	**2021**
Foreign exchange gains	$ 502,238	$ 162,883
Foreign exchange losses	(390,194)	(134,519)
	$ 112,044	$ 28,364

25. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2022	2021
Current tax		
In respect of the current year	$ 144,482	$ 514,546
Income tax on unappropriated earnings	65,158	20,052
Integrated house and land tax	645	-
Adjustments for prior years	556	3,943
	210,841	538,541
Deferred tax		
In respect of the current year	31,391	(1,011)
Income tax expense recognized in profit or loss	$ 242,232	$ 537,530

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

	For the Year Ended December 31	
	2022	2021
Profit before income tax	$ 659,800	$ 3,308,368
Income tax expense calculated at the statutory rate	$ 145,229	$ 726,040
Non-deductible expenses and non-taxable income	66,979	(161,664)
Tax-exempt income	(42,792)	(20,100)
Income tax on unappropriated earnings	65,158	20,052
Integrated house and land tax	645	-
Additional income tax under the Alternative Minimum Tax Act	3,968	4,987
Unrecognized loss carryforwards and investment credits	(1,518)	(21,090)
Unrecognized deductible temporary differences	409	(15,147)
Loss carryforwards used	3,993	-
Effects of different tax rates of the Group entities operating in other jurisdictions	(395)	509
Adjustments for prior years' tax	556	3,943
Income tax expense recognized in profit or loss	$ 242,232	$ 537,530

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2022	2021
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 2,637	$ (720)
Remeasurement on defined benefit plans	1,665	(900)
Total income tax expense/(benefit) recognized in other comprehensive income	$ 4,302	$ (1,620)

c. Current tax assets and liabilities

	December 31 2022	December 31 2021
Current tax assets		
Tax refund receivable	$ -	$ 20,906
Current tax liabilities		
Income tax payable	$ 198,010	$ 503,115

d. Deferred tax assets and liabilities

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

For the year ended December 31, 2022

	Opening Balance	Acquisitions through Business Combinations	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets					
Temporary differences					
Reversal of write-downs of inventories	$ 864	$ -	$ 23,195	$ -	$ 24,059
FVTPL financial assets	-	-	3	-	3
Losses on foreign currency exchange	3	-	276	-	279
Unrealized gross profit	23,716	-	(13,607)	-	10,109
Defined benefit obligation	7,853	-	(710)	(1,665)	5,478
Unrealized sales discounts	878	-	(244)	-	634
Warranty provision	-	-	452	-	452
Exchange differences on translation of the financial statements of foreign operations	2,146	-	-	(2,146)	-
Differences between carrying amount and fair value of assets	5,720	-	-	-	5,720
Investment tax credits	-	-	1,531	-	1,531
Loss carryforwards	24,295	-	(10,955)	-	13,340
	$ 65,475	$ -	$ (59)	$ (3,811)	$ 61,605
Deferred tax liabilities					
Temporary differences					
FVTPL financial assets	$ 2,385	$ -	$ 32,816	$ -	$ 35,201
Gains or losses on foreign currency exchange	1,556	-	(1,481)	-	75
Exchange differences on translation of the financial statements of foreign operations	-	-	-	491	491
Differences between carrying amount and fair value of assets	108,653	-	-	-	108,653
	$ 112,594	$ -	$ 31,335	$ 491	$ 144,420

For the year ended December 31, 2021

	Opening Balance	Acquisitions through Business Combinations	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Closing Balance
Deferred tax assets					
Temporary differences					
Reversal of write-downs of inventories	$ -	$ 701	$ 163	$ -	$ 864
FVTPL financial assets	23,732	-	(23,732)	-	-
Losses on foreign currency exchange	-	-	3	-	3
Unrealized gross profit	19,835	-	3,881	-	23,716
Defined benefit obligation	3,986	3,419	(452)	900	7,853
Allowance for impairment loss on receivables	7,932	-	(7,932)	-	-
Unrealized sales discounts	-	878	-	-	878
Exchange differences on translation of the financial statements of foreign operations	1,426	-	-	720	2,146
Differences between carrying amount and fair value of assets	-	5,720	-	-	5,720
Loss carryforwards	7,654	-	16,641	-	24,295
	$ 64,565	$ 10,718	$ (11,428)	$ 1,620	$ 65,475
Deferred tax liabilities					
Temporary differences					
FVTPL financial assets	$ -	$ -	$ 2,385	$ -	$ 2,385
Convertible bonds	2,076	-	(2,076)	-	-
Gains or losses on foreign currency exchange	14,304	-	(12,748)	-	1,556
Differences between carrying amount and fair value of assets	-	108,653	-	-	108,653
	$ 16,380	$ 108,653	$ (12,439)	$ -	$ 112,594

e. The aggregate amount of temporary differences associated with investments for which deferred tax assets have not been recognized

As of December 31, 2022 and 2021, the taxable temporary differences associated with investments in subsidiaries for which no deferred tax assets have been recognized were $136,702 thousand and $134,742 thousand, respectively.

f. Income tax assessments

The income tax returns through 2020 and income tax returns on unappropriated earnings through 2019 of the Company and its subsidiaries, except for Hsin Hua Steel Industry Co., Ltd., Hsin Ho Fa Metal Co., Ltd. and Mason Metal Industry Co., Ltd. have been assessed by the tax authorities.

26. EARNINGS PER SHARE

	For the Year Ended December 31	
	2022	2021
Basic earnings per share		
From continuing operations	$ 1.23	$ 8.62
Diluted earnings per share		
From continuing operations	$ 1.22	$ 8.57

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

Net profit for the year

	For the Year Ended December 31	
	2022	2021
Earnings used in the computation of basic earnings per share	$ 393,563	$ 2,720,273
Earnings used in the computation of diluted earnings per share	$ 393,563	$ 2,720,273

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Year Ended December 31	
	2022	2021
Weighted average number of ordinary shares used in the computation of basic earnings per share	321,146	315,674
Effect of potentially dilutive ordinary shares:		
Employee stock options	429	1,759
Weighted average number of ordinary shares used in the computation of diluted earnings per share	321,575	317,433

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

Since all outstanding convertible bonds issued by the Company were converted to ordinary shares for the year ended December 31, 2022, they are anti-dilutive and excluded from the computation of diluted earnings per share.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

Subsidiary	Principal Business	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Mason Metal Industry Co., Ltd.	Cutting and processing of automobile steel plate	October 6, 2017	50	$ 288,647
		December 15, 2021	31	204,414
				$ 493,061

In order to strengthen the Group's plan on integrating the steel cutting logistics services in the south of Taichung and to enhance the Group's supply services diversity, in December 2021, the Group purchased 15,500 thousand ordinary shares of Mason Metal Industry Co., Ltd. for NT$204,414 thousand. The acquisition resulted in the increase of the proportion of the Group's ownership to 81.00%, and the Group obtained control of Mason Metal Industry Co., Ltd.

b. Consideration transferred

	Mason Metal Industry Co., Ltd.
Cash	$ 204,414

Acquisition-related costs amounting to NT$1,170 thousand were excluded from the consideration transferred and were recognized as expenses in the periods incurred under other expenses in the consolidated statements of comprehensive income.

c. Assets acquired and liabilities assumed at the date of acquisition

	Mason Metal Industry Co., Ltd.
Current assets	
Cash and cash equivalents	$ 74,586
Trade and other receivables	490,305
Inventories	635,798
Other current assets	18,771
Non-current assets	
Property, plant and equipment	775,429
Prepayments for equipment	829
Deferred tax assets	10,719
Deferred expenses	376
Refundable deposits	2,868
Total assets	$ 2,009,681

(Continued)

	Mason Metal Industry Co., Ltd.
Current liabilities	
Short-term borrowings	$ 179,091
Trade and other payables	528,695
Income tax payable	12,600
Other current liabilities	7,412
Non-current liabilities	
Long-term borrowings	58,182
Pension liabilities	16,861
Deferred tax liabilities	108,653
Total liabilities	$ 911,494
Fair value of identifiable net assets acquired	$ 1,098,187

(Concluded)

d. Non-controlling interests

The non-controlling interest recognized at the acquisition date was measured at the non-controlling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

e. Gain from bargain purchase recognized on acquisitions

	Mason Metal Industry Co., Ltd.
Consideration transferred	$ 204,414
Fair value of equity previously owned by the Group at the acquisition date	549,093
Plus: Non-controlling interests	208,656
Less: Fair value of identifiable net assets acquired	(1,098,187)
Gain from bargain purchase recognized on acquisitions	$ (136,024)

The gain from bargain purchase recognized on the acquisition of Mason Metal Industry Co., Ltd. is the difference between the amount of consideration transferred and the fair value of identifiable net assets acquired, and is recognized in profit or loss in the current year.

f. Net cash outflow on the acquisition of subsidiaries

	Mason Metal Industry Co., Ltd.
Consideration paid in cash	$ 204,414
Less: Cash and cash equivalent balances acquired	(74,586)
	$ 129,828

g. Impact of acquisitions on the results of the Group

The financial results of the acquirees since the acquisition dates, which are included in the consolidated statements of comprehensive income, were as follows:

	Mason Metal Industry Co., Ltd.
Revenue	$ 155,184
Profit	$ 3,748

Had the Group concluded the acquisition on January 1, 2021, the Group's revenue and profit would have been NT$15,771,717 thousand and NT$2,715,934 thousand, respectively, for the year ended December 31, 2021. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the revenue and results of operations of the Group that actually would have been achieved had the acquisition been completed at the beginning of the acquisition year, 2021, nor is it intended to be a projection of future results.

In determining the pro-forma revenue and profit of the Group had Mason Metal Industry Co., Ltd. been acquired at the beginning of the financial year, the management considered the fair values of property, plant and equipment and intangible assets, rather than their carrying amounts recognized in the respective pre-acquisition financial statements at the initial accounting for the business combination, were used as the basis for the depreciation of property, plant and equipment.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

The Group's proportion of ownership in APEX Wind Power Equipment Manufacturing Company Limited decreased from 77.00% to 70.44% in June 2021.

The above transactions were accounted for as equity transactions, since there was no impact on the Group's control over the subsidiary.

29. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group 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 Group's overall strategy remains unchanged over the past 5 years.

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

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

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

30. FINANCIAL INSTRUMENTS

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

The management believes that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values:

December 31, 2022

	Carrying Amount	Fair Value
Financial assets		
Financial assets measured at amortized cost:		
Pledged time deposits	$ 22,524	$ 22,524
Notes receivable (including related parties)	1,740,817	1,740,817
Trade receivables (including related parties)	2,997,367	2,997,367
Overdue receivables	3,000	3,000
Cash and cash equivalents	1,098,666	1,098,666
Refundable deposits	17,103	17,103
Financial liabilities		
Financial liabilities measured at amortized cost:		
Bank borrowings	9,706,850	9,706,850
Short-term bills payable	549,146	549,146
Notes payable, trade payables and other payables (including related parties)	970,312	970,312
Long-term bills payable	2,399,515	2,399,515

December 31, 2021

	Carrying Amount	Fair Value
Financial assets		
Financial assets measured at amortized cost:		
Pledged time deposits	$ 81,197	$ 81,197
Notes receivable (including related parties)	2,077,865	2,077,865
Trade receivables (including related parties)	2,314,141	2,314,141
Overdue receivables	5,021	5,021
Cash and cash equivalents	964,372	964,372
Refundable deposits	25,729	25,729
Financial liabilities		
Financial liabilities measured at amortized cost:		
Bank borrowings	9,147,304	9,147,304
Short-term bills payable	299,814	299,814
Notes payable, trade payables and other payables (including related parties)	1,345,865	1,345,865
Long-term bills payable	2,398,755	2,398,755

The methods and assumptions used by the Group for estimating financial instruments not measured at fair value are as follows:

1) The fair value of financial instruments, including cash and cash equivalents, trade receivables, overdue receivables, trade payables, pledged time deposits, refundable deposits, short-term bank borrowings, short-term bills payable and long-term bills payable, is estimated as the carrying amount at the end of the reporting period, because the maturity date is close or the payment amount is close to its carrying amount.

2) The fair value of long-term bank borrowings is determined using the discounted cash flow approach. Future cash flows are discounted at a long-term borrowing rate of the Group. The Group estimated the carrying amount of the long-term loans at the end of the reporting period as their fair values.

3) The fair value of the liability component of convertible bonds is measured at amortized cost using the effective interest method, and the conversion options component of the convertible bonds is measured at fair value. The fair value of the liability component of the convertible bonds is estimated at the carrying amount at the end of the reporting period.

b. Financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares and emerging market shares	$ 1,438,031	$ -	$ -	$ 1,438,031
Domestic unlisted shares	-	-	272,687	272,687
Mutual funds	146,917	-	-	146,917
Derivative instruments	-	175,982	-	175,982
	$ 1,584,948	$ 175,982	$ 272,687	$ 2,033,617
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 2,098,329	$ -	$ -	$ 2,098,329
Domestic unlisted shares	-	-	27,050	27,050
Foreign unlisted shares	-	-	373,368	373,368
	$ 2,098,329	$ -	$ 400,418	$ 2,498,747

December 31, 2021

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares and emerging market shares	$ 2,053,203	$ -	$ -	$ 2,053,203
Domestic unlisted shares	-	-	247,857	247,857
Mutual funds	56,770	-	-	56,770
Derivative instruments	-	11,922	-	11,922
	$ 2,109,973	$ 11,922	$ 247,857	$ 2,369,752
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 2,689,255	$ -	$ -	$ 2,689,255
Domestic unlisted shares	-	-	32,556	32,556
Foreign unlisted shares	-	-	437,618	437,618
	$ 2,689,255	$ -	$ 470,174	$ 3,159,429

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

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

For the year ended December 31, 2022

	At FVTPL	At FVTOCI	
Financial Assets	Equity Instruments	Equity Instruments	Total
Balance at January 1	$ 247,857	$ 470,174	$ 718,031
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	(73,340)	(73,340)
Recognized in other comprehensive income (exchange differences on translation of the financial statements of foreign operations)	-	9,090	9,090
Purchases	24,830	-	24,830
Sales	-	(5,506)	(5,506)
Balance at December 31	$ 272,687	$ 400,418	$ 673,105

For the year ended December 31, 2021

Financial Assets	At FVTPL Equity Instruments	At FVTOCI Equity Instruments	Total
Balance at January 1	$ 28,772	$ 421,125	$ 449,897
Recognized in profit or loss (included in gain (loss) on financial assets at FVTOCI)	43,157	-	43,157
Recognized in other comprehensive income (included in unrealized gain (loss) on financial assets at FVTOCI)	-	102,806	102,806
Recognized in other comprehensive income (exchange differences on translation of the financial statements of foreign operations)	-	(2,400)	(2,400)
Purchases	175,928	-	175,928
Sales	-	(1,357)	(1,357)
Transfers out of Level 3	-	(50,000)	(50,000)
Balance at December 31	$ 247,857	$ 470,174	$ 718,031

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - foreign currency forward contracts	Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of various counterparties.
Derivatives - conversion option component of convertible bonds	The value of the bonds payable and redemption and put options is estimated based on the binomial CB pricing model and historical volatility, risk-free interest rate, discount rate and liquidity risk at the end of the reporting period.

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

The fair values of domestic unlisted equity instruments were determined using the market approach. In this approach, the fair value is appraised based on the market selling price of similar items, such as assets, liabilities, or the groups of assets and liabilities. The significant unobservable factors used are described below, an increase in long-term revenue growth rates, long-term pre-tax operating margin, a decrease in the weighted average cost of capital, or the discount for lack of marketability used in isolation would result in increases in the fair values.

c. Categories of financial instruments

	December 31	
	2022	**2021**
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 2,033,617	$ 2,369,752
Financial assets at amortized cost (1)	5,879,477	5,468,325
Financial assets at FVTOCI - equity instruments	2,498,747	3,159,429
Financial liabilities		
Financial liabilities at amortized cost (2)	13,625,823	13,191,738

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, overdue receivables, refundable deposits and pledged time deposits.

2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term and long-term bills payable, notes payable, trade payables and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, derivative financial instruments, notes receivable, trade receivables, overdue receivables, short-term bills payable, notes payable, trade payables, other payables, bonds payable and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group sought to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives was governed by the Group's policies approved by the board of directors, which provided written principles on foreign exchange risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits was reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Group's activities exposed them primarily to the financial risks of changes in foreign currency exchange rates (see "a. foreign currency risk" below) and interest rates (see "b. interest rate risk" below). The Group entered into a variety of derivative financial instruments to manage their exposure to foreign currency risk and interest rate risk, including:

a) Foreign exchange forward contracts to hedge the exchange rate risk arising on the import and export of steel plates;

b) Interest rate swaps to mitigate the risk of rising interest rates.

There has been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities (including those eliminated on consolidation) and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 34.

Sensitivity analysis

The Group was mainly exposed to USD, JPY, and EUR.

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

	USD Impact	
	For the Year Ended December 31	
	2022	**2021**
Profit or loss	$ 35,173 (i)	$ 30,145 (i)

	JPY Impact	
	For the Year Ended December 31	
	2022	**2021**
Profit or loss	$ (54) (ii)	$ (277) (ii)

	EUR Impact	
	For the Year Ended December 31	
	2022	**2021**
Profit or loss	$ (98) (iii)	$ (100) (iii)

i. This was mainly attributable to the exposure on outstanding USD letters of credit, trade receivables, trade payables, other payables and bank deposits, which were not hedged at the end of the reporting period.

ii. This was mainly attributable to the exposure on outstanding JPY bank deposits, which were not hedged at the end of the reporting period.

iii. This was mainly attributable to the exposure on outstanding EUR bank deposits, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increased during the current year mainly due to the increase in purchases which resulted in an increase in USD letters of credit.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

The Group was exposed to interest rate risk because entities of 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 and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and the defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

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

	December 31	
	2022	**2021**
Cash flow interest rate risk		
Financial assets	$ 816,972	$ 559,924
Financial liabilities	12,655,511	11,845,873

Sensitivity analysis

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

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2022 and 2021 would decrease/increase by NT$117,735 thousand and NT$101,877 thousand, respectively, which was mainly a result of the changes in the variable interest rate bank deposits and loans.

c) Other price risk

The Group was exposed to equity price risk through their investments in listed equity securities. The Group have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

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

If equity prices had been 1% higher/lower, pre-tax profit for the years ended December 31, 2022 and 2021 would have increased/decreased by NT$18,677 thousand and NT$23,663 thousand, respectively, as a result of the changes in held-for-trading investments and the fair value of financial assets at FVTPL, respectively, and the pre-tax other comprehensive income for the years ended December 31, 2022 and 2021 would have increased/decreased by NT$25,029 thousand and NT$31,441 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

The Group's sensitivity to investments in equity securities has not changed significantly from the prior year.

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 may cause a financial loss to the Group due to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

In order to minimize credit risk, management of the Group have 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 review the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowances are made for irrecoverable amounts. In this regard, management believes the Group's credit risk was significantly reduced.

The Group's trade receivables are from a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The concentration of credit risk to any other counterparty did not exceed 10% of the gross monetary assets of the Group at any time during 2022 and 2021.

The Group's concentration of credit risk by geographical locations was mainly in Taiwan, which accounted for 98% and 97% of the total trade receivables as of December 31, 2022 and 2021, respectively.

The credit risk on derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

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. The Group relies on bank borrowings as a significant source of liquidity. 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, 2022 and 2021, the Group had available unutilized bank loan facilities set out in (b) below.

Ultimate responsibility for liquidity risk management rests with the board of directors, which has built an appropriate liquidity risk management framework for the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, and continuously monitoring forecasted and actual cash flows as well as matching the maturity profiles of financial assets and liabilities. As of December 31, 2022 and 2021, the Group had available unutilized short-term bank loan facilities of NT$3,991,290 thousand and NT$2,923,800 thousand, respectively.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes 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 cash flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 450,004	$ 293,333	$ 231,889	$ 33,310	$ 5,085
Variable interest rate liabilities	3,062,804	2,460,480	5,128,186	1,840,530	177,448
	$ 3,512,808	$ 2,753,813	$ 5,360,075	$ 1,873,840	$ 182,533

December 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 574,942	$ 287,388	$ 479,923	$ 30,077	$ 5,085
Variable interest rate liabilities	1,539,239	3,490,076	4,426,704	2,141,645	248,209
	$ 2,114,181	$ 3,777,464	$ 4,906,627	$ 2,171,722	$ 253,294

The following table details the Group's expected maturities for some of its non-derivative financial assets. The table below has been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

December 31, 2022

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 2,462,036	$ 2,267,019	$ 273,374	$ 93,743	$ 3,000
Variable interest rate assets	794,449	12,250	10,274	-	-
	$ 3,256,485	$ 2,279,269	$ 283,648	$ 93,743	$ 3,000

December 31, 2021

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 2,554,371	$ 1,979,023	$ 298,136	$ 89,491	$ 3,000
Variable interest rate assets	482,774	61,185	15,965	-	-
	$ 3,037,145	$ 2,040,208	$ 314,101	$ 89,491	$ 3,000

The aforementioned amounts that included floating interest rate instruments for both non-derivative financial assets and liabilities were subject to change if changes in floating interest rates differ from those estimates of interest rates determined at the end of the year.

b) Financing facilities

	December 31	
	2022	2021
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	$ 14,045,144	$ 13,335,943
Amount unused	10,442,396	5,321,197
	$ 24,487,540	$ 18,657,140

31. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below.

a. Related parties and their relationship with the Company:

Related Party	Relationship with the Company
APEX Wind Power Equipment Manufacturing Company, Ltd.	Subsidiary
Mason Metal Industry Co., Ltd.	Joint venture (became a subsidiary on December 15, 2021 due to increase in shareholding and included in the consolidated financial statements)
Hsin Kuang Steel Tian-Cheng Charity Foundation	The Foundation's Chairman is the representative of a corporate director of the Company
Duo Yuan Solar Corporation	Associates

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31 2022	2021
Sale of goods		
Joint ventures		
Mason Metal Industry Co., Ltd.	$ -	$ 154,368
Rental revenue		
Joint ventures		
Mason Metal Industry Co., Ltd.	$ -	$ 2,645

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2022	2021
Joint ventures		
Mason Metal Industry Co., Ltd.	$ -	$ 29,515

The Group's purchase and payment terms with related parties were comparable to those with unrelated parties.

d. Processing cost

Related Party Category/Name	For the Year Ended December 31 2022	2021
Joint ventures		
Mason Metal Industry Co., Ltd.	$ -	$ 3,311

e. Other revenue

Related Party Category/Name	For the Year Ended December 31 2022	2021
Joint ventures		
Mason Metal Industry Co., Ltd.	$ -	$ 1,200

f. Endorsements and guarantees

Endorsements and guarantees provided by the Group

Related Party Category/Name	December 31 2022	December 31 2021
Subsidiary		
APEX Wind Power Equipment Manufacturing Company., Ltd.		
Amount endorsed	$ -	$ 150,000
Amount due	-	(150,000)
	$ -	$ -
Associates		
Duo Yuan Solar Corporation		
Amount endorsed	$ 440,000	$ -
Amount due	-	-
	$ 440,000	$ -

g Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Donations	Hsin Kuang Steel Tian-Cheng Charity Foundation	$ 4,000	$ 4,000

h Remuneration of key management personnel

The amount of the remuneration of directors and key management personnel were as follows:

	For the Year Ended December 31 2022	For the Year Ended December 31 2021
Short-term employee benefits	$ 51,922	$ 146,892

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

32. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, collateral for construction contracts and lease guarantee deposits:

	December 31	
	2022	**2021**
Notes receivable	$ 373,170	$ 338,261
Restricted demand deposits (classified as financial assets at amortized cost)	-	1,010
Pledged time deposits (classified as financial assets at amortized cost)	22,524	80,187
Investments in equity instruments at FVTOCI	412,676	-
Freehold land	1,490,264	1,398,281
Buildings, net	721,647	460,302
Investment properties - land	342,985	362,359
Investment properties - buildings	634,339	2,034,917
Machinery and equipment	128,819	145,304
	$ 4,126,424	$ 4,820,621

33. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2022 and 2021 were as follows:

Significant Commitments

a. As of December 31, 2022 and 2021, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2022	**2021**
NTD	$ 591,172	$ 426,416
USD	15,026	23,364

b. Unrecognized commitments were as follows:

	December 31	
	2022	**2021**
Acquisition of property, plant and equipment	$ 589,062	$ 538,783

34. 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 foreign currencies and respective functional currencies were as follows:

December 31, 2022

	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 3,999	30.71	(USD:NTD)	$ 122,797
EUR	297	32.68	(EUR:NTD)	9,707
RMB	2	4.00	(RMB:NTD)	8
JPY	22,590	0.23	(JPY:NTD)	5,250
				$ 137,762
Financial liabilities				
Monetary items				
EUR	117,728	30.71	(EUR:NTD)	$ 3,615,443

December 31, 2021

	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 3,076	27.67	(USD:NTD)	$ 85,102
EUR	322	31.50	(EUR:NTD)	10,142
RMB	6,284	4.34	(RMB:NTD)	27,300
JPY	1,890	0.24	(JPY:NTD)	455
				$ 122,999
Financial liabilities				
Monetary items				
USD	111,477	27.67	(USD:NTD)	$ 3,085,704

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

	For the Year Ended December 31			
	2022		2021	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.66 (USD:NTD)	$ 113,731	28.07 (USD:NTD)	$ 27,422

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

1) Financing provided to others: (N/A)

2) Endorsements/guarantees provided: (Table 1)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: (Table 3)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: (N/A)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: (N/A)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: (N/A)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: (N/A)

9) Trading in derivative instruments: (Note 7)

10) Other: Intercompany relationships and significant intercompany transactions (Table 4)

b. Information on investees (Table 5)

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (N/A)

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (N/A)

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year

c) The amount of property transactions and the amount of the resultant gains or losses

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes

e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds

f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

36. SEGMENT INFORMATION

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

- Steel:
  - Direct sales
  - Manufacturing sales
- Leases

a. Segments revenue and results

The following was an analysis of the Group's revenue and results from continuing operations by reportable segments.

	Steel - Direct Sales	Steel - Manufacturing Sales	Leases	Total
For the year ended December 31, 2022				
Revenue from external customers	$ 9,599,586	$ 7,247,567	$ 308,379	$ 17,155,531
Inter-segment revenue	265,084	66,037	64,892	396,013
Segment revenue	9,864,670	7,313,604	373,271	17,551,544
Eliminations	(265,084)	(66,037)	(64,892)	(396,013)
Consolidated revenue	$ 9,599,586	$ 7,247,567	$ 308,379	$ 17,155,531
Segment income	$ 292,812	$ 693,363	$ 202,729	$ 1,188,904
Share of profits/(losses) of associates accounted for using the equity method				(9,738)
Interest income				1,746
Other income				34,142
Gain on disposal of property, plant and equipment				103
Gain on disposal of investment properties				6,007
Net foreign exchange gains				112,044
Loss on valuation of financial instruments				(239,787)
Allocation of central administration costs and directors' remunerations				(424,124)

(Continued)

	Steel - Direct Sales	Steel - Manufacturing Sales	Leases	Total
Finance costs				$ (220,086)
Dividends				213,975
Other losses				(3,386)
Profit before tax				$ 659,800
For the year ended December 31, 2021				
Revenue from external customers	$ 9,072,267	$ 4,859,203	$ 171,572	$ 14,103,042
Inter-segment revenue	269,805	48,734	44,054	362,593
Segment revenue	9,342,072	4,907,937	215,626	14,465,635
Eliminations	(269,805)	(48,734)	(44,054)	(362,593)
Consolidated revenue	$ 9,072,267	$ 4,859,203	$ 171,572	$ 14,103,042
Segment income	$ 1,807,960	$ 1,213,285	$ 94,831	$ 3,116,076
Share of profits of associates accounted for using the equity method				44,372
Interest income				494
Other income				26,326
Loss on disposal of property, plant and equipment				(1,673)
Net foreign exchange gains				28,364
Gain on remeasurement of investments accounted for using the equity method				36,000
Gain on valuation of financial instruments				412,753
Allocation of central administration costs and directors' remunerations				(478,962)
Finance costs				(112,180)
Dividends				100,774
Goodwill				136,024
Profit before tax				$ 3,308,368

(Concluded)

Inter-segment revenue was accounted for according to market prices.

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' remunerations, share of profit of associates, gains or losses recognized on disposal of interests in former associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of investments, foreign exchange gains or losses, 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. Segment total assets and liabilities

	December 31	
	2022	2021
Segment assets		
From continuing operations		
Steel - direct sales	$ 9,499,361	$ 10,907,869
Steel - manufacturing sales	4,941,144	5,250,207
Leases	3,718,050	3,003,776
Total segment assets	18,158,555	19,161,852
Unallocated	6,280,696	6,760,031
Consolidated total assets	$ 24,439,251	$ 25,921,883
Segment liabilities		
From continuing operations		
Steel - direct sales	$ 5,481,719	$ 5,710,866
Steel - manufacturing sales	2,349,568	2,510,378
Leases	41,628	83,490
Total segment liabilities	7,872,915	8,304,734
Unallocated	6,490,976	6,009,379
Consolidated total liabilities	$ 14,363,891	$ 14,314,113

For the purpose of monitoring segment performance and allocating resources between segments:

1) All assets were allocated to reportable segments other than interests in associates accounted for using the equity method, other financial assets, and current and deferred tax assets. Assets used jointly by reportable segments were allocated on the basis of the revenue earned by individual reportable segments; and

2) All liabilities were allocated to reportable segments other than borrowings, other financial liabilities, and current and deferred tax liabilities. Liabilities for which reportable segments are jointly liable were allocated in proportion to segment assets.

c. Revenue from major products and services: Refer to Note 23.

d. Geographical information

The Group has no revenue-generating unit that operates outside of the ROC; therefore, it is not necessary to disclose information that distinguishes revenue from external customers and non-current assets by location of assets.

e. Information on major customers

No other single customer contributed 10% or more to the Group’s revenue for both 2022 and 2021.