Hsin Kuang Steel Company Limited

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hsin Kuang Steel Company Limited

Opinion

We have audited the accompanying financial statements of Hsin Kuang Steel Company Limited (the "Company"), which comprise the balance sheets as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including material accounting policy information (collectively referred to as the "financial statements").

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter identified in the Company’s financial statements for the year ended December 31, 2023 is described as follows:

<u>Revenue Recognition</u>

The Company mainly engages in the sale, cutting, slitting, steel structure processing, logistics of various steel products and constructing services. The sales revenue of steel products accounts for over 90% of the annual operating revenue. The Company’s operating revenue for the year ended December 31, 2023 decreased by 6% in comparison with the previous year. For certain customers whose sales amount is material and with significant growth in comparison with the previous year, as the sales amount from such customers is significant to the parent company only financial statements, we identified whether the sales transactions from the aforementioned customers actually occurred as a key audit matter.

Refer to Notes 4 and 22 to the 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 of 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.

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

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

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

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

Auditors’ Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Sheng-Hsiung Yao and Shu-Ju Lin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Notice to Readers

The accompanying financial statements are intended only to present the 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 financial statements are those generally applied in the Republic of China.

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

HSIN KUANG STEEL COMPANY LIMITED

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

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 483,629	2	$ 754,398	3
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	1,961,078	8	1,091,015	5
Financial assets at amortized cost - current (Notes 4, 9 and 30)	22,509	-	16,811	-
Contract assets - current (Note 22)	84,659	1	-	-
Notes receivable from unrelated parties (Notes 4, 10 and 30)	2,046,784	8	1,581,510	7
Notes receivable from related parties (Notes 4, 10, 29 and 30)	-	-	28,532	-
Trade receivables from unrelated parties (Notes 4 and 10)	2,563,550	10	2,500,440	11
Trade receivables from related parties (Notes 4, 10 and 29)	268,053	1	142,924	1
Inventories (Notes 4, 5 and 11)	4,515,099	18	4,449,990	20
Prepayments	40,743	-	75,292	-
Other current assets (Note 16)	3,227	-	17,106	-
Total current assets	11,989,331	48	10,658,018	47
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	297,484	1	272,687	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,738,983	11	2,406,617	11
Investments accounted for using the equity method (Notes 4, 12 and 30)	3,762,491	15	3,300,104	14
Property, plant and equipment (Notes 4, 13, 29 and 30)	2,416,682	10	2,270,255	10
Investment properties (Notes 4, 14 and 30)	3,659,077	14	3,627,614	16
Other intangible assets (Notes 4 and 15)	39,602	-	2,499	-
Deferred tax assets (Notes 4 and 24)	78,244	-	36,533	-
Other non-current assets (Notes 10 and 16)	214,386	1	219,146	1
Total non-current assets	13,206,949	52	12,135,455	53
TOTAL	$ 25,196,280	100	$ 22,793,473	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	$ 6,271,907	25	$ 6,932,944	30
Short-term bills payable (Notes 4 and 17)	648,760	3	549,146	2
Contract liabilities - current (Note 22)	185,378	1	275,031	1
Notes payable to unrelated parties (Notes 4 and 18)	133,898	-	212,821	1
Notes payable to related parties (Notes 4, 18 and 29)	17,816	-	11,373	-
Trade payables to unrelated parties (Notes 4 and 18)	75,473	-	100,685	1
Trade payables to related parties (Notes 4, 18 and 29)	3,695	-	3,695	-
Other payables (Notes 4, 19 and 29)	304,684	1	261,158	1
Current tax liabilities (Notes 4 and 24)	145,633	1	162,130	1
Current portion of long-term liabilities (Notes 4 and 17)	10,526	-	410,526	2
Other current liabilities	22,957	-	21,434	-
Total current liabilities	7,820,727	31	8,940,943	39
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	5,465,186	22	1,470,202	6
Long-term bills payable (Notes 4 and 17)	-	-	2,399,515	11
Deferred tax liabilities (Notes 4 and 24)	9,254	-	35,691	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	20,127	-	23,081	-
Other non-current liabilities (Note 29)	542,421	2	561,319	3
Total non-current liabilities	6,036,988	24	4,489,808	20
Total liabilities	13,857,715	55	13,430,751	59
EQUITY (Notes 4 and 21)				
Share capital	3,211,463	13	3,211,463	14
Capital surplus	943,445	4	943,451	4
Retained earnings				
Legal reserve	1,275,497	5	1,229,590	5
Unappropriated earnings	4,741,810	19	3,303,800	15
Total retained earnings	6,017,307	24	4,533,390	20
Other equity	1,166,350	4	674,418	3
Total equity	11,338,565	45	9,362,722	41
TOTAL	$ 25,196,280	100	$ 22,793,473	100

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

HSIN KUANG STEEL COMPANY LIMITED

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	$ 12,852,719	95	$ 14,086,221	98
Other operating revenue	734,108	5	311,194	2
Total operating revenue	13,586,827	100	14,397,415	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 29)	(11,924,991)	(88)	(13,545,320)	(94)
Other operating costs (Note 29)	(387,504)	(3)	(83,745)	(1)
Total operating costs	(12,312,495)	(91)	(13,629,065)	(95)
GROSS PROFIT	1,274,332	9	768,350	5
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(281,321)	(2)	(11,600)	-
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	54,467	1	79,650	1
REALIZED GROSS PROFIT	1,047,478	8	836,400	6
OPERATING EXPENSES				
Selling and marketing expenses (Note 23)	(241,019)	(2)	(217,971)	(1)
General and administrative expenses (Notes 23 and 29)	(172,407)	(1)	(112,712)	(1)
Expected credit (loss)/gain (Note 10)	(32,462)	-	3,149	-
Total operating expenses	(445,888)	(3)	(327,534)	(2)
PROFIT FROM OPERATIONS	601,590	5	508,866	4
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	1,740	-	1,366	-
Other income	93,316	1	228,641	2
Other gains and losses	914,996	7	36,881	-
Finance costs	(346,419)	(3)	(204,974)	(2)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	466,076	3	5,389	-
Total non-operating income and expenses	1,129,709	8	67,303	-

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

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

	2023		2022	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX	$ 1,731,299	13	$ 576,169	4
INCOME TAX EXPENSE (Notes 4 and 24)	(76,457)	(1)	(182,606)	(1)
NET PROFIT FOR THE YEAR	1,654,842	12	393,563	3
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(414)	-	1,030	-
Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income	696,855	5	(713,606)	(5)
Share of other comprehensive income/(loss) of associates and joint ventures accounted for using the equity method	(52,257)	-	-	-
	644,184	5	(712,576)	(5)
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	(26)	-	10,549	-
Other comprehensive income/(loss) for the year, net of income tax	644,158	5	(702,027)	(5)
TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE YEAR	$ 2,299,000	17	$ (308,464)	(2)
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	$ 5.15		$ 1.23	
Diluted	$ 5.14		$ 1.22	

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

HSIN KUANG STEEL COMPANY LIMITED

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

	Share Capital			Retained Earnings		Other Equity		
	Number of Shares (In Thousands)	Amount	Capital Surplus	Legal 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 Equity
BALANCE AT JANUARY 1, 2022	321,146	$ 3,211,463	$ 943,451	$ 951,798	$ 4,407,114	$ (8,580)	$ 1,386,055	$ 10,891,301
Appropriation of 2021 earnings								
Legal reserve	-	-	-	277,792	(277,792)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(1,284,585)	-	-	(1,284,585)
Changes in percentage of ownership interests in subsidiaries	-	-	-	-	4,573	-	-	4,573
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	59,897	-	-	59,897
Net profit for the year ended December 31, 2022	-	-	-	-	393,563	-	-	393,563
Other comprehensive income/(loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	1,030	10,549	(713,606)	(702,027)
Total comprehensive income/(loss) for the year ended December 31, 2022	-	-	-	-	394,593	10,549	(713,606)	(308,464)
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
Appropriation of 2022 earnings								
Legal reserve	-	-	-	45,907	(45,907)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(321,147)	-	-	(321,147)
Changes in percentage of ownership interests in subsidiaries	-	-	(6)	-	(2,004)	-	-	(2,010)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	152,640	-	(152,640)	-
Net profit for the year ended December 31, 2023	-	-	-	-	1,654,842	-	-	1,654,842
Other comprehensive income/(loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(414)	(26)	644,598	644,158
Total comprehensive income/(loss) for the year ended December 31, 2023	-	-	-	-	1,654,428	(26)	644,598	2,299,000
BALANCE AT DECEMBER 31, 2023	321,146	$ 3,211,463	$ 943,445	$ 1,275,497	$ 4,741,810	$ 1,943	$ 1,164,407	$ 11,338,565

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

HSIN KUANG STEEL COMPANY LIMITED

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

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,731,299	$ 576,169
Adjustments for:		
Depreciation expense	124,645	125,968
Amortization expense	7,148	6,508
Expected credit loss recognized/(reversed) on trade receivables	32,462	(3,149)
Net (gain)/loss on fair value changes of financial assets and liabilities at fair value through profit or loss	(665,326)	83,224
Finance costs	346,419	204,974
Interest income	(1,740)	(1,366)
Dividend income	(79,394)	(201,095)
Loss/(gain) on disposal of property, plant and equipment	5,036	(109)
Gain on disposal of investment property	(52)	(6,007)
Share of profit of subsidiaries, associates and joint ventures	(466,076)	(5,389)
(Reversal of) write-downs of inventories	(15,225)	113,502
Unrealized gain on transactions with associates	281,321	11,600
Realized gain on transactions with associates	(54,467)	(79,650)
Unrealized net (gain)/loss on foreign currency exchange	(31,163)	9,967
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(229,532)	181,073
Contract assets	(84,659)	-
Notes receivable	(454,418)	265,992
Trade receivables	(200,053)	(609,915)
Other receivables	13,983	35,031
Inventories	(49,884)	1,070,444
Prepayments	34,549	8,213
Other current assets	(229)	(511)
Notes payable	(72,481)	(136,436)
Trade payables	(25,212)	10,722
Other payables	57,111	(231,778)
Contract liabilities	(89,653)	(31,867)
Advance lease payments received	(15,815)	(16,631)
Net defined benefit liabilities	(3,472)	(2,209)
Other current liabilities	(2,818)	(1,802)
Cash generated from operations	92,304	1,375,473
Interest received	1,740	1,366
Dividends received	79,393	201,095
Income tax paid	(160,992)	(462,570)
Net cash generated from operating activities	12,445	1,115,364

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

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

	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ -	$ (98,736)
Proceeds from sale of financial assets at fair value through other comprehensive income	364,490	114,798
Purchase of financial assets at fair value through profit or loss	-	(24,830)
Purchase of financial assets at amortized cost	(5,698)	-
Proceeds from sale of financial assets at amortized cost	-	60,263
Acquisition of associates	(414,165)	(229,800)
Payments for property, plant and equipment	(255,376)	(227,187)
Proceeds from disposal of property, plant and equipment	7,905	546
Payments for investment properties	(472)	(1,723)
Proceeds from disposal of investment properties	148	38,195
Payments for intangible assets	(34,536)	-
Increase in other non-current assets	(295)	(14,069)
Increase in prepayments for equipment	(62,517)	(30,909)
Dividends received from investees	136,702	89,789
Increase in refundable deposits	(4,894)	(3,217)
Net cash used in investing activities	(268,708)	(326,880)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	21,531,056	16,234,082
Decrease in short-term borrowings	(22,161,494)	(15,469,498)
Increase in short-term bills payable	100,000	250,000
Proceeds from long-term borrowings	5,400,000	-
Repayments of long-term borrowings	(1,810,526)	(210,526)
Decrease in long-term bills payable	(2,400,000)	-
Increase/(decrease) in guarantee deposits received	1,255	(405)
Interest paid	(353,650)	(172,954)
Dividends paid	(321,147)	(1,284,585)
Net cash used in financing activities	(14,506)	(653,886)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(270,769)	134,598
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	754,398	619,800
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 483,629	$ 754,398

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

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

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 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 financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Company's board of directors on March 12, 2024.

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

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

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Company's accounting policies.

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

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

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

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

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

1) Amendments to IFRS 16, “Lease 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 such a way that it does not recognize any amount of the gain or loss that relates to the right of use it retains. The 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.

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 Company 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 exist at the end of the reporting period, the liability is classified as non-current regardless of whether the Company will exercise that right.

The 2020 amendments also stipulate that, if the right to defer settlement is subject to compliance with specified conditions, the Company 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 Company shall disclose information that enables users of financial statements to understand the risk of the Company, which may have difficulty complying with the covenants and repaying 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 Company’s own equity instruments to the counterparty that results in the extinguishment of the liability. However, if the terms of a liability that, at the option of the counterparty, result in its settlement by a transfer of the Company’s own equity instruments, and if such an 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 IAS 7 and IFRS 7 “Supplier Finance Arrangements”

Supplier finance arrangements are characterized by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, the suppliers are paid. The amendments stipulate that the Company shall disclose the relevant information about its supplier finance arrangements that enables users of financial statements to assess the effects of those arrangements on the Company’s liabilities and cash flows and on the Company’s exposure to liquidity risk.

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

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

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

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

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

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 Company 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 Company 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 Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated. Also, when the Company 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 Company’s interest as an unrelated investor in the associate or joint venture, i.e., the Company’s share of the gain or loss is eliminated.

2) Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Company shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

d. Presentation reclassification

The management of the Company determined that the land applied for purchase by the Industrial Development Bureau of the Ministry of Economic Affairs, for which deposits have been paid and classified as the prepayment for land and equipment, would be more appropriate to reclassify to the item of property, plant and equipment upon completion of the land construction and the registration of the transfer of land ownership. Therefore, the Company has changed the presentation of the balance sheets in 2023. Comparative information of 2022 was reclassified to conform to the current year's presentation.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

The parent company only financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value, 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 financial statements are authorized for issue; and

3) Liabilities for which the Company 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 Company 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 Company's construction-related assets and liabilities.

d. Foreign currencies

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

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

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

Non-monetary 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 financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries) 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.

e. Inventories

Inventories consist of raw materials and finished goods 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.

f. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

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

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The Company recognizes directly in equity any difference between the carrying amount of the investment and the fair value of the consideration paid or received.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (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 Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary 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 Company's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the entire financial statements of the invested company. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

g. Investments in associates

An associate is an entity over which the Company has significant influence which is not a subsidiary.

The Company uses the equity method to account for its investments in associates.

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

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of an associate at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company'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 Company subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Company's proportionate interest in the associate. The Company 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 accounted for using the equity method. If the Company's ownership interest is reduced due to its additional subscription of the new shares of the associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate 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 Company's share of losses of an associate equals or exceeds its interest in that associate (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 Company's net investment in the associate), the Company discontinues recognizing its share of further loss, if any. Additional losses and liabilities are recognized only to the extent that the Company has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

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 Company transacts with its associate, profits and losses resulting from the transactions with the associate are recognized in the parent company only financial statements only to the extent of interests in the associate are not related to the Company.

h. Property, plant and equipment

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

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 method are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties are properties held to earn 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.

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

j. Intangible assets

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

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

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

At the end of each reporting period, the Company 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 Company 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 Company 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 Company 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 Company 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 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 28.

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 Company 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 Company’s right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets and contract assets

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

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

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

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 90 days past due, unless the Company has reasonable and corroborative information to support a more lagged default criterion.

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

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in 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 Company 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 Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity, 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 are 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 28.

b) Derecognition of financial liabilities

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

4) Derivative financial instruments

The Company 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. Revenue recognition

The Company 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 Company 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 Company 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 Company 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 provided by reference to the stage of completion of services provided.

3) Construction contract revenue

While the construction is in progress, the Company recognizes revenue over time. The Company 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 Company 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 Company adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Company 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.

n. Leasing

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

1) The Company as lessor

Leases are classified as 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 Company as lessee

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

o. Borrowing costs

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

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

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

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

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

Defined benefit costs (including service 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 Company'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.

q. Taxation

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

1) Current tax

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

According to the Income Tax 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 carry forwards 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 Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments 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 Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes for the year

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

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimations, and assumptions 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

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	
	2023	2022
Cash on hand	$ 838	$ 819
Checking accounts and demand deposits	482,791	753,579
	$ 483,629	$ 754,398

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

	December 31	
	2023	2022
Bank balance	0.001%-1.45%	0.001%-1.05%

As of December 31, 2023 and 2022, pledged time deposits were NT$22,509 thousand and NT$16,811 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	
	2023	2022
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic listed shares	$ 1,937,274	$ 905,354
Mutual funds	8,720	9,666
Derivative financial assets (not under hedge accounting)		
Foreign exchange forward contracts (a)	15,084	175,995
	$ 1,961,078	$ 1,091,015
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic unlisted shares	$ 297,484	$ 272,687

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

	Currency	Maturity Date	Notional Amounts (In Thousands)
December 31, 2023			
Buy	NTD/USD	2024.01-2024.12	NTD1,051,715/USD35,616
Sell	USD/NTD	2024.03	NTD60,579/USD1,984

(Continued)

	Currency	Maturity Date	Notional Amounts (In Thousands)
December 31, 2022			
Buy	NTD/USD	2023.01-2023.09	NTD4,376,269/USD150,328
Sell	USD/NTD	2023.07	NTD63,063/USD2,021

(Concluded)

The Company 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	
	2023	2022
Non-current		
Investments in equity instruments	$ 2,738,983	$ 2,406,617

Investments in equity instruments at FVTOCI

	December 31	
	2023	2022
Non-current		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - China Steel Corporation	$ 1,031,422	$ 1,346,985
Ordinary shares - Century Wind Power Co., Ltd.	1,350,623	751,344
Unlisted shares		
Ordinary shares - Envirolink Corporation	56,525	17,500
Ordinary shares - Linkou Entertainment Corporation	4,518	4,600
Ordinary shares - Shin Ji Technology Corporation	4,761	3,450
Ordinary shares - Hua Mian Corporation	1,073	1,500
	2,448,922	2,125,379
Foreign investments		
Unlisted shares		
Ordinary shares - China Steel and Nippon Steel Vietnam Stock Company	290,061	281,238
	$ 2,738,983	$ 2,406,617

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 Company's strategy of holding these investments for long-term purposes.

9. FINANCIAL ASSETS AT AMORTIZED COST

	December 31	
	2023	2022
Current		
Domestic investments		
Pledged time deposits	$ 16,844	$ 16,811
Restricted demand deposits	5,665	-
	$ 22,509	$ 16,811

a. The ranges of interest rates for pledged time deposits were 0.20% and 0.20% per annum as of December 31, 2023 and 2022, respectively.

b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OVERDUE RECEIVABLES

	December 31	
	2023	2022
Notes receivable		
Operating - unrelated parties	$ 2,064,461	$ 1,581,510
Operating - related parties	-	28,532
Less: Allowance for impairment loss	(17,677)	-
	$ 2,046,784	$ 1,610,042
Trade receivables		
At amortized cost - unrelated parties	$ 2,576,680	$ 2,501,154
At amortized cost - related parties	268,053	142,924
Less: Allowance for impairment loss	(13,130)	(714)
	$ 2,831,603	$ 2,643,364
Overdue receivables (presented under other non-current assets)		
Overdue receivables	$ 7,903	$ 41,649
Less: Allowance for impairment loss	(7,903)	(38,649)
	$ -	$ 3,000

a. Notes receivable and trade receivables

The average credit period for sales of goods is 90-150 days. No interest was charged on trade receivables. The Company 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 Company'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 Company measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses 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 Company'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 Company's different customer base.

The Company 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 Company 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 Company's provision matrix.

December 31, 2023

	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	0.59%	0.00%	100.00%	0.00%	0.00%	
Gross carrying amount	$ 4,907,125	$ -	$ 2,069	$ -	$ -	$ 4,909,194
Loss allowance (Lifetime ECL)	(28,738)	-	(2,069)	-	-	(30,807)
Amortized cost	$ 4,878,387	$ -	$ -	$ -	$ -	$ 4,878,387

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	0.00%	0.00%	100.00%	0.00%	0.00%	
Gross carrying amount	$ 4,253,406	$ -	$ 714	$ -	$ -	$ 4,254,120
Loss allowance (Lifetime ECL)	-	-	(714)	-	-	(714)
Amortized cost	$ 4,253,406	$ -	$ -	$ -	$ -	$ 4,253,406

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 714	$ 3,317
Add: Net remeasurement of loss allowance	30,807	-
Less: Net remeasurement of loss allowance	-	(2,603)
Less: Reclassification	(714)	-
Balance at December 31	$ 30,807	$ 714

Refer to Note 30 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$0 thousand and NT$3,000 thousand as of December 31, 2023 and 2022, respectively, which are disclosed in the aging analysis below. The Company 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 Company holds collateral or other credit enhancements for these balances. In addition, the Company 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	
	2023	2022
Over 1 year	$ -	$ 3,000

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	
	2023	2022
Balance at January 1	$ 38,649	$ 39,194
Add: Reclassification	714	-
Add: Net remeasurement of loss allowance	3,108	129
Add: Amounts recovered	1,042	-
Less: Net remeasurement of loss allowance	(1,453)	(674)
Less: Amounts written off	(34,157)	-
Balance at December 31	$ 7,903	$ 38,649

The Company recognized an impairment loss on overdue receivables amounting to NT$7,903 thousand and NT$38,649 thousand as of December 31, 2023 and 2022, respectively. These amounts were mainly related to customers for whom the Company was pursuing legal claims. In 2023, the Company received the debt certificate and wrote off trade receivables of NT$34,157 thousand due to the status of discontinuance, dissolution or abolition of the customers.

11. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 3,949,560	$ 3,843,731
Finished goods	411,702	441,614
Raw materials in transit	153,837	164,645
	$ 4,515,099	$ 4,449,990

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

	For the Year Ended December 31	
	2023	2022
Cost of inventories sold	$ 11,940,216	$ 13,431,818
(Reversal) write-downs of inventories	(15,225)	113,502
	$ 11,924,991	$ 13,545,320

As of December 31, 2023 and 2022, the allowance for inventory write-downs were NT$98,277 thousand and NT$113,502 thousand, respectively.

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

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2023	2022
Investments in subsidiaries	$ 2,824,486	$ 2,780,264
Investments in associates	938,005	519,840
	$ 3,762,491	$ 3,300,104

a. Investments in subsidiaries

	December 31	
	2023	2022
Hsin Ching International Co., Ltd.	$ 333,221	$ 386,223
Hsin Yuan Investment Co., Ltd.	636,308	627,731
Sinpao Investment Co., Ltd.	80,127	137,271
Hsin Ho Fa Metal Co., Ltd.	319,030	239,754
APEX Wind Power Equipment Co., Ltd.	545,863	479,844
Hsin Cheng Logistics Development Co., Ltd.	909	904
Mason Metal Industry Co., Ltd.	909,028	908,537
	$ 2,824,486	$ 2,780,264

Name of Subsidiary	Proportion of Ownership and Voting Rights December 31 2023	2022
Hsin Ching International Co., Ltd.	60.00%	60.00%
Hsin Yuan Investment Co., Ltd.	100.00%	100.00%
Sinpao Investment Co., Ltd.	99.42%	99.82%
Hsin Ho Fa Metal Co., Ltd.	83.37%	83.37%
APEX Wind Power Equipment Co., Ltd.	66.14%	66.71%
Hsin Cheng Logistics Development Co., Ltd.	100.00%	100.00%
Mason Metal Industry Co., Ltd.	80.00%	80.00%

b. Investments in associates

	December 31 2023	2022
Material associates	$ 827,386	$ 412,676
Associates that are not individually material	110,619	107,164
	$ 938,005	$ 519,840

1) Material associate(s)

Name of Associate	Nature of Business	Proportion of Ownership and Voting Rights December 31 2023	2022
SunnyRich Multifunction Solar Power Co., Ltd.	Renewable energy private power generation equipment	20.00%	20.00%

In 2023 and 2022, the Company acquired 42,000 thousand and 21,000 thousand ordinary shares of SunnyRich Multifunction Solar Power Co., Ltd., respectively, in cash for a total amount of NT$420,000 thousand and NT$210,000 thousand, respectively. The proportion of the Company's ownership after the acquisition was 20.00%.

The Company pledged 50,000 thousand shares of SunnyRich Multifunction Solar Power Co., Ltd. as collateral for bank borrowings (refer to Note 30 and Table 1).

Duo Yuan Solar Corporation

	December 31 2023	2022
Current assets	$ 1,052,128	$ 421,913
Non-current assets	10,447,439	4,633,271
Current liabilities	(1,145,637)	(340,807)
Non-current liabilities	(6,218,389)	(2,650,998)
Equity	$ 4,135,541	$ 2,063,379
Proportion of the Company's ownership	20%	20%

(Continued)

	December 31	
	2023	2022
Equity attributable to the Company	$ 827,108	$ 412,676
Carrying amount	$ 827,386	$ 412,676

(Concluded)

	For the Year Ended December 31	
	2023	2022
Operating revenue	$ 358,492	$ 61,073
Net loss for the year	$ (27,589)	$ (87,997)
Total comprehensive loss for the year	$ (27,589)	$ (87,997)

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

	For the Year Ended December 31	
	2023	2022
The Company's share of:		
Net income	$ 9,399	$ 6,182
Total comprehensive income for the year	$ 9,399	$ 6,182

13. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2023	2022
Assets used by the Company	$ 2,416,682	$ 2,270,255

Assets Used by the Company

	Freehold Land	Buildings	Equipment	Transportation Equipment	Miscellaneous Equipment	Property under Construction and Equipment Awaiting Inspection	Total
Cost							
Balance at January 1, 2023	$ 1,275,751	$ 1,044,991	$ 567,148	$ 174,884	$ 66,630	$ 77,935	$ 3,207,339
Additions	-	-	-	-	-	255,376	255,376
Disposals	-	-	(20,054)	(478)	(6,571)	-	(27,103)
Transfers to investment properties	-	(89,052)	-	-	-	-	(89,052)
Reclassified	-	90,225	32,394	18,386	8,821	(90,225)	59,601
Balance at December 31, 2023	$ 1,275,751	$ 1,046,164	$ 579,488	$ 192,792	$ 68,880	$ 243,086	$ 3,406,161
Accumulated depreciation and impairment							
Balance at January 1, 2023	$ -	$ 336,216	$ 456,830	$ 121,537	$ 22,501	$ -	$ 937,084
Depreciation expense	-	30,988	17,950	12,306	10,343	-	71,587
Disposals	-	-	(12,121)	(192)	(1,972)	-	(14,285)
Transfers to investment properties	-	(4,907)	-	-	-	-	(4,907)
Balance at December 31, 2023	$ -	$ 362,297	$ 462,659	$ 133,651	$ 30,872	$ -	$ 989,479
Carrying amount at December 31, 2023	$ 1,275,751	$ 683,867	$ 116,829	$ 59,141	$ 38,008	$ 243,086	$ 2,416,682
Cost							
Balance at January 1, 2022	$ 1,102,434	$ 1,016,501	$ 548,062	$ 174,534	$ 47,429	$ 79,578	$ 2,968,538
Additions	-	5,630	3,803	21	12,878	21,907	44,239
Disposals	-	(5,184)	(270)	(5,266)	(2,351)	-	(13,071)
Reclassified	173,317	28,044	15,553	5,595	8,674	(23,550)	207,633
Balance at December 31, 2022	$ 1,275,751	$ 1,044,991	$ 567,148	$ 174,884	$ 66,630	$ 77,935	$ 3,207,339

(Continued)

	Freehold Land	Buildings	Equipment	Transportation Equipment	Miscellaneous Equipment	Property under Construction and Equipment Awaiting Inspection	Total
Accumulated depreciation and impairment							
Balance at January 1, 2022	$ -	$ 304,615	$ 432,484	$ 114,972	$ 16,675	$ -	$ 868,746
Depreciation expense	-	30,623	24,573	11,830	7,786	-	74,812
Disposals	-	(5,184)	(227)	(5,265)	(1,960)	-	(12,636)
Reclassified	-	6,162	-	-	-	-	6,162
Balance at December 31, 2022	$ -	$ 336,216	$ 456,830	$ 121,537	$ 22,501	$ -	$ 937,084
Carrying amount at December 31, 2022	$ 1,275,751	$ 708,775	$ 110,318	$ 53,347	$ 44,129	$ 77,935	$ 2,270,255

(Concluded)

No impairment loss was recognized or reversed for the years ended December 31, 2023 and 2022 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 Company purchased land located in Guanyin for operational use from 2005 to 2020. As of December 31, 2023, 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 Company held the land through the signing of the real estate trust agreement with an individual. As a protective measure, the Company 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 Company.

Property, plant and equipment pledged as collateral for bank borrowings is set out in Note 30.

14. INVESTMENT PROPERTIES

	Investment Properties - Land	Investment Properties - Buildings	Total
Cost			
Balance at January 1, 2023	$ 1,421,115	$ 2,333,533	$ 3,754,648
Additions	-	472	472
Disposals	-	(288)	(288)
Reclassified	-	89,052	89,052
Balance at December 31, 2023	$ 1,421,115	$ 2,422,769	$ 3,843,884
Accumulated depreciation and impairment			
Balance at January 1, 2023	$ -	$ 127,034	$ 127,034
Depreciation expense	-	53,058	53,058
Disposals	-	(192)	(192)
Reclassified	-	4,907	4,907
Balance at December 31, 2023	$ -	$ 184,807	$ 184,807
Carrying amount at December 31, 2023	$ 1,421,115	$ 2,237,962	$ 3,659,077
Cost			
Balance at January 1, 2022	$ 1,612,154	$ 2,216,254	$ 3,828,408
Additions	-	1,723	1,723
Disposals	(17,722)	(18,512)	(36,234)
Reclassified	(173,317)	134,068	(39,249)
Balance at December 31, 2022	$ 1,421,115	$ 2,333,533	$ 3,754,648
Accumulated depreciation and impairment			
Balance at January 1, 2022	$ -	$ 86,086	$ 86,086
Depreciation expense	-	51,156	51,156
Disposals	-	(4,047)	(4,047)
Reclassified	-	(6,161)	(6,161)
Balance at December 31, 2022	$ -	$ 127,034	$ 127,034
Carrying amount at December 31, 2022	$ 1,421,115	$ 2,206,499	$ 3,627,614

The investment properties were leased out for 2 to 31 years, without an option to extend. The lease contracts contain market review clauses to adjust the lease expense 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 indicate 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, 2023 and 2022 was as follows:

	December 31	
	2023	2022
Year 1	$ 262,958	$ 255,500
Year 2	263,162	262,958
Year 3	266,718	263,162
Year 4	257,482	266,718
Year 5	236,383	257,482
Year 6 onwards	691,254	927,637
	$ 1,977,957	$ 2,233,457

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

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	
	2023	2022
Fair value	$ 7,659,005	$ 7,390,214

The investment properties pledged as collateral for bank borrowings are set out in Note 30.

15. OTHER INTANGIBLE ASSETS

	Computer Software
Cost	
Balance at January 1, 2023	$ 6,893
Additions	34,536
Disposals	(4,610)
Reclassified	8,120
Balance at December 31, 2023	$ 44,939
Accumulated amortization	
Balance at January 1, 2023	$ 4,394
Amortization expenses	5,553
Disposals	(4,610)
Balance at December 31, 2023	$ 5,337
Carrying amount at December 31, 2023	$ 39,602

The addition was mainly due to the acquisition of information systems and software from external sources of the Company's other intangible assets for the years ended December 31, 2023 and 2022.

Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computer software	1-10 years

16. OTHER ASSETS

	December 31	
	2023	2022
Current		
Other receivables	$ 2,487	$ 16,595
Temporary payments (payment on behalf of others)	740	511
	$ 3,227	$ 17,106
Non-current		
Refundable deposits	$ 8,502	$ 16,661
Prepayments for equipment	205,516	195,166
Overdue receivables	-	3,000
Others	368	4,319
	$ 214,386	$ 219,146

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Secured borrowings (Notes 28 and 30)		
Issuance credit payable	$ 825,133	$ 1,110,250
Unsecured borrowings		
Line of credit borrowings (Note 28)	850,000	1,439,585
Issuance credit payable	4,596,774	4,383,109
	5,446,774	5,822,694
	$ 6,271,907	$ 6,932,944

The range of weighted average effective interest rates on bank loans was 1.8%-6.8% and 1.51%-6.29% per annum as of December 31, 2023 and 2022, respectively.

b. Short-term bills payable

	December 31 2023	December 31 2022
Commercial paper (Notes 28 and 30)	$ 650,000	$ 550,000
Less: Discount on bills payable	(1,240)	(854)
	$ 648,760	$ 549,146

Outstanding short-term bills payable were as follows:

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Commercial paper						
A bank	$ 100,000	$ 165	$ 99,835	2.01%	Head office	$ 19,048
B bank	100,000	144	99,856	2.01%	-	-
C bank	100,000	166	99,834	2.01%	-	-
E bank	350,000	765	349,235	2.04%	-	-
	$ 650,000	$ 1,240	$ 648,760			

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			

c. Long-term borrowings

	December 31 2023	December 31 2022
Secured borrowings (Notes 28 and 30)		
Syndicated bank loans - Mega Bank (1)	$ 5,400,000	$ -
Syndicated bank loans - Yushan Bank (2)	-	1,800,000
Bank loans - Banking Division of Mega Bank (3)	86,842	97,368
	5,486,842	1,897,368
Less: Current portions	(10,526)	(410,526)
Syndicated loan fees	(11,130)	(16,640)
	(21,656)	(427,166)
Long-term borrowings	$ 5,465,186	$ 1,470,202

1) The Company signed a joint credit line contract with Mega Bank, and such syndicated loan was collateralized by the Company’s freehold land and plant (refer to Note 30). The credit line of loan item A-1 is NT$3,500,000 thousand, A-2 is NT$4,500,000 thousand, B is NT$5,000,000 thousand and the total credit line of loan items A and B is not more than NT$8,000,000 thousand which is a revolving credit line within 5 years from the date of first use. When the credit line of the loan is used for the first time, the entire outstanding balance of the syndicated bank loan - Yushan Bank, which was signed in 2018, will be paid off in advance. The first period is 36 months after the date of first use. Hereafter, every 12 months is considered a period, and the total credit line will decrease within 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 the remaining credit line will be totally cancelled upon the expiry of the credit period.

   During the loan period, the current ratio, debt ratio and interest earned ratio, which are calculated based on the annual financial audit report, should comply with the criteria in the credit line contract. If the financial ratios do not comply with the criteria in the contract, the Company should remedy it from the date of submission of the annual consolidated financial statements to the next review date. It will not be considered a breach of the contract if the financial ratios are remedied and comply with the contract within the remediation period. As of December 31, 2023, the weighted average effective interest rate was 2.04%-2.09% per annum.

2) The Company signed a joint credit line contract with Yushan Bank, and such syndicated loan was collateralized by the Company’s freehold land and plant (refer to Note 30). 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 Company. 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. The Company’s annual financial statements comply with comply with the criteria of financial ratios and no breaches of the contract have occurred. The loan has been fully repaid in January 2023. The weighted average effective interest rate was 1.82% per annum as of December 31, 2022.

3) In January 2017, the Company acquired NT$150,000 thousand of syndicated bank loans from the Banking Division of Mega Bank, secured by the Company’s freehold land (refer to Note 30), which will mature in January 2032. Starting from January 2018, the repayment of principal is divided into 56 installments of every 3 months, with NT$2,632 thousand per installment. The weighted average effective interest rates were 2.23% and 2.10% per annum as of December 31, 2023 and 2022, respectively.

d. Long-term bills payable

	December 31	
	2023	2022
Commercial paper issued under syndicated bank loans - Yushan Bank	$ -	$ 2,400,000
Less: Unamortized discount	-	(485)
	$ -	$ 2,399,515

The Company issued commercial paper under syndicated bank loans - Yushan Bank with terms of 5 years which was fully repaid in January 2023. The weighted average effective interest rate was 1.98%-2.19% per annum as of December 31, 2022. Refer to c. long-term borrowings item 2 for more information.

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2023	2022
Notes payable		
Operating - unrelated parties	$ 133,898	$ 212,821
Operating - related parties	$ 17,816	$ 11,373
Trade payables		
Operating - unrelated parties	$ 75,473	$ 100,685
Operating - related parties	$ 3,695	$ 3,695

19. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	$ 161,456	$ 110,905
Interest payable	25,327	38,912
Other accrued expenses	37,783	31,202
Other payables	80,118	80,139
	$ 304,684	$ 261,158

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

b. Defined benefit plans

The defined benefit plans adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 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 Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the "Bureau"); the Company has no right to influence the investment policy and strategy.

The amounts included in the balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	**2022**
Present value of defined benefit obligation	$ 50,403	$ 50,964
Fair value of plan assets	(30,276)	(27,883)
Net defined benefit liabilities	$ 20,127	$ 23,081

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, 2022	$ 51,650	$ (25,072)	$ 26,578
Service cost			
Current service cost	82	-	82
Net interest expense (income)	258	(131)	127
Recognized in profit or loss	340	(131)	209
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,064)	(2,064)
Actuarial (gain) loss			
Changes in demographic assumptions	70	-	70
Changes in financial assumptions	(1,433)	-	(1,433)
Experience adjustments	2,139	-	2,139
Recognized in other comprehensive income	776	(2,064)	(1,288)
Contributions from the employer	-	(2,418)	(2,418)
Benefits paid	(1,802)	1,802	-
Balance at December 31, 2022	50,964	(27,883)	23,081

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Service cost			
Current service cost	$ -	$ -	$ -
Net interest expense (income)	701	(401)	300
Recognized in profit or loss	701	(401)	300
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(195)	(195)
Actuarial (gain) loss			
Changes in financial assumptions	406	-	406
Experience adjustments	307	-	307
Recognized in other comprehensive income	713	(195)	518
Contributions from the employer	-	(2,579)	(2,579)
Benefits paid	(1,975)	782	(1,193)
Balance at December 31, 2023	$ 50,403	$ (30,276)	$ 20,127

(Concluded)

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

	For the Year Ended December 31	
	2023	2022
Operating costs	$ 40	$ 19
Selling and marketing expenses	$ 123	$ 135
General and administrative expenses	$ 137	$ 55

Through the defined benefit plan under the Labor Standards Act, the Company is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets 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 plans' 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	
	2023	**2022**
Discount rates	1.25%	1.38%
Expected rates of salary increase	2.00%	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	
	2023	**2022**
Discount rates		
0.50% increase	$ (805)	$ (892)
0.50% decrease	$ 828	$ 920
Expected rates of salary increase/decrease		
0.50% increase	$ 810	$ 899
0.50% decrease	$ (791)	$ (876)

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	
	2023	**2022**
Expected contributions to the plans for the next year	$ 2,644	$ 2,523
Average duration of the defined benefit obligation	6.5 years	7.1 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2023	**2022**
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 share issued had a par value of NT$10. Each share entitles the rights to dividends and to vote.

b. Capital surplus

	December 31	
	2023	2022
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
May not be used for any purpose (3)		
Employee share options	36,648	36,648
	$ 943,445	$ 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 23-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 resolutions 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.

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.

The appropriations of earnings for the years ended December 31, 2022 and 2021 approved in the shareholders' meetings on June 15, 2023 and June 15, 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	2021
Legal reserve	$ 45,907	$ 277,792
Cash dividends	$ 321,147	$ 1,284,585
Cash dividends per share (NT$)	$ 1.0	$ 4.0

The appropriation of earnings for the year ended December 31, 2023 was proposed by the Company's board of directors on March 12, 2024. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2023
Legal reserve	$ 180,506
Cash dividends	$ 963,439
Dividends per share (NT$)	$ 3.0

The appropriation of earnings for the year ended December 31, 2023 is subject to the resolution in the shareholders' meeting to be held on June 14, 2024.

d. Other equity items

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 1,969	$ (8,580)
Exchange differences on translating the financial statements of foreign operations	(26)	10,549
Balance at December 31	$ 1,943	$ 1,969

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 672,449	$ 1,386,055
Recognized for the year		
Unrealized gain (loss) - equity instruments	696,855	(713,606)
Share of other comprehensive income (loss) of associates accounted for using the equity method	(52,257)	-
Reclassification adjustments		
Disposals of investments in equity instruments as at fair value through other comprehensive income	(152,640)	-
Balance at December 31	$ 1,164,407	$ 672,449

22. REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sales of goods	$ 12,852,719	$ 14,086,221
Revenue from processing	39,538	47,898
Construction contract revenue	424,887	-
Rental income	269,683	263,296
	$ 13,586,827	$ 14,397,415

Contract balances

	December 31	
	2023	2022
Trade receivables (including related parties) (Note 10)	$ 2,831,603	$ 2,643,364
Contract assets - current		
Construction of properties	$ 84,659	$ -
Contract liabilities - current		
Sales of goods	$ 184,177	$ 275,031
Construction of properties	1,201	-
	$ 185,378	$ 275,031

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2023	2022
Dividend income		
Financial assets at FVTPL	$ 30,532	$ 36,127
Financial assets at FVTOCI	48,862	164,968
Others	13,922	27,546
	$ 93,316	$ 228,641

b. Other gains/(losses)

	For the Year Ended December 31	
	2023	2022
(Loss)/gain on disposal of property, plant and equipment	$ (5,036)	$ 109
Gain on disposal of investment properties	52	6,007
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	665,326	(83,224)
Net foreign exchange gains	254,657	113,989
Other losses	(3)	-
	$ 914,996	$ 36,881

c. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	$ 352,243	$ 207,405
Less: Amounts included in the cost of qualifying assets	(5,824)	(2,431)
	$ 346,419	$ 204,974

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2023	2022
Capitalized interest	$ 5,824	$ 2,431
Capitalization rate	2.5%	2.5%

d. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	$ 71,587	$ 74,812
Investment properties	53,058	51,156
Intangible assets	5,553	-
Long-term prepayments	1,595	6,508
	$ 131,793	$ 132,476
An analysis of depreciation by function		
Operating costs	$ 107,240	$ 110,208
Operating expenses	17,405	15,760
	$ 124,645	$ 125,968
An analysis of amortization by function		
Operating costs	$ 4,007	$ 3,670
Operating expenses	3,141	2,838
	$ 7,148	$ 6,508

e. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2023	2022
Direct operating expenses of investment properties generating rental income	$ 85,270	$ 83,745

f. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 345,852	$ 283,880
Post-employment benefits (Note 20)		
Defined contribution plans	6,454	6,152
Defined benefit plans	300	209
	$ 352,606	$ 290,241
An analysis of employee benefits expense by function		
Operating costs	$ 127,693	$ 136,094
Operating expenses	224,913	154,147
	$ 352,606	$ 290,241

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, 2023 and 2022 which have been approved by the Company's board of directors on March 12, 2024 and March 17, 2023, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2023	2022
Compensation of employees	3%	3%
Remuneration of directors	3%	3%

Amount

	For the Year Ended December 31	
	2023	2022
	Cash	Cash
Compensation of employees	$ 55,254	$ 18,388
Remuneration of directors	$ 55,254	$ 18,388

If there is a change in the amounts after the parent only financial statements were authorized for issuance, the differences are recorded as a change in the accounting estimate.

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

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors for the year ended December 31, 2023 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	
	2023	**2022**
Foreign exchange gains	$ 490,743	$ 499,986
Foreign exchange losses	(236,086)	(385,997)
	$ 254,657	$ 113,989

24. INCOME TAXES

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

	For the Year Ended December 31	
	2023	**2022**
Current tax		
In respect of the current year	$ 141,403	$ 100,516
Income tax on unappropriated earnings	4,372	60,997
Integrated house and land tax	-	645
Adjustments for prior years	(1,279)	(1,898)
	144,496	160,260
Deferred tax		
In respect of the current year	(68,039)	22,346
Income tax expense recognized in profit or loss	$ 76,457	$ 182,606

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

	For the Year Ended December 31	
	2023	**2022**
Profit before income tax	$ 1,731,299	$ 576,169
Income tax expense calculated at the statutory rate	$ 346,260	$ 115,234
Non-deductible expenses and non-taxable income	(257,017)	47,455
Tax-exempt income	(15,879)	(40,219)
Income tax on unappropriated earnings	4,372	60,997
Integrated house and land tax	-	645
Unrecognized loss carryforwards and deductible temporary differences	-	392
Adjustments for prior years' tax	(1,279)	(1,898)
Income tax expense recognized in profit or loss	$ 76,457	$ 182,606

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ (6)	$ 2,637
Remeasurement on defined benefit plans	(104)	257
Total income tax (benefit)/expense recognized in other comprehensive income	$ (110)	$ 2,894

c. Current tax assets and liabilities

	December 31	
	2023	2022
Current tax liabilities		
Income tax payable	$ 145,633	$ 162,130

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, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory write-down	$ 22,700	$ (3,045)	$ -	$ 19,655
Losses on foreign currency exchange	263	(263)	-	-
Unrealized gross profit	10,109	45,371	-	55,480
Defined benefit obligation	3,461	(456)	104	3,109
	$ 36,533	$ 41,607	$ 104	$ 78,244
Deferred tax liabilities				
Temporary differences				
FVTPL financial assets	$ 35,199	$ (32,182)	$ -	$ 3,017
Gains on foreign currency exchange	-	5,751	-	5,751
Exchange differences on translation of the financial statements of foreign operations	492	-	(6)	486
	$ 35,691	$ (26,431)	$ (6)	$ 9,254

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory write-down	$ -	$ 22,700	$ -	$ 22,700
Losses on foreign currency exchange	-	263	-	263
Unrealized gross profit	23,716	(13,607)	-	10,109
Defined benefit obligation	4,162	(444)	(257)	3,461
Exchange differences on translation of the financial statements of foreign operations	2,146	-	(2,146)	-
	$ 30,024	$ 8,912	$ (2,403)	$ 36,533
Deferred tax liabilities				
Temporary differences				
FVTPL financial assets	$ 2,385	$ 32,814	$ -	$ 35,199
Gains on foreign currency exchange	1,556	(1,556)	-	-
Exchange differences on translation of the financial statements of foreign operations	-	-	492	492
	$ 3,941	$ 31,258	$ 492	$ 35,691

e. Income tax assessments

The income tax returns through 2021 and income tax returns on unappropriated earnings through 2020 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

	For the Year Ended December 31 2023	2022
Basic earnings per share		
From continuing operations	$ 5.15	$ 1.23
Diluted earnings per share		
From continuing operations	$ 5.14	$ 1.22

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 2023	2022
Earnings used in the computation of basic earnings per share	$ 1,654,842	$ 393,563

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

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in the computation of basic earnings per share	321,146	321,146
Effect of potentially dilutive ordinary shares:		
Compensation of employees	958	429
Weighted average number of ordinary shares used in the computation of diluted earnings per share	322,104	321,575

The Company may settle compensation or bonuses paid to employees in cash or shares; therefore, the Company 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.

26. PARTIAL DISPOSAL OF SUBSIDIARIES - NO IMPACT ON CONTROL

The Company's proportion of ownership in APEX Wind Power Equipment Manufacturing Company Limited and Sinpao Investment Co., Ltd., decreased from 70.44% to 69.87% and from 99.82% to 99.42%, respectively.

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

27. CAPITAL MANAGEMENT

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

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Company (comprising issued capital, reserves, retained earnings and other equity).

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

Key management personnel of the Company review the 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 Company 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.

28. 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, 2023

	Carrying Amount	Fair Value
Financial assets		
Financial assets measured at amortized cost:		
Pledged time deposits	$ 16,844	$ 16,844
Restricted demand deposits	5,665	5,665
Notes receivable (including related parties)	2,046,784	2,046,784
Trade receivables (including related parties)	2,831,603	2,831,603
Cash and cash equivalents	483,629	483,629
Refundable deposits	8,502	8,502
Financial liabilities		
Financial liabilities measured at amortized cost:		
Bank borrowings	11,747,619	11,747,619
Short-term bills payable	648,760	648,760
Notes payable, trade payables and other payables (including related parties)	535,566	535,566

December 31, 2022

	Carrying Amount	Fair Value
Financial assets		
Financial assets measured at amortized cost:		
Pledged time deposits	$ 16,811	$ 16,811
Notes receivable (including related parties)	1,610,042	1,610,042
Trade receivables (including related parties)	2,643,364	2,643,364
Overdue receivables	3,000	3,000
Cash and cash equivalents	754,398	754,398
Refundable deposits	16,661	16,661
Financial liabilities		
Financial liabilities measured at amortized cost:		
Bank borrowings	8,813,672	8,813,672
Short-term bills payable	549,146	549,146
Notes payable, trade payables and other payables (including related parties)	589,732	589,732
Long-term bills payable	2,399,515	2,399,515

The methods and assumptions used by the Company 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, restricted demand 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 Company. The Company estimated the carrying amount of the long-term loans at the end of the reporting period as their fair values.

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

1) Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares and emerging market shares	$ 1,937,274	$ -	$ -	$ 1,937,274
Domestic unlisted shares	-	-	297,484	297,484
Mutual funds	8,720	-	-	8,720
Derivatives	-	15,084	-	15,084
	$ 1,945,994	$ 15,084	$ 297,484	$ 2,258,562
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 2,382,045	$ -	$ -	$ 2,382,045
Domestic unlisted shares	-	-	66,877	66,877
Foreign unlisted shares	-	-	290,061	290,061
	$ 2,382,045	$ -	$ 356,938	$ 2,738,983

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares and emerging market shares	$ 905,354	$ -	$ -	$ 905,354
Domestic unlisted shares	-	-	272,687	272,687
Mutual funds	9,666	-	-	9,666
Derivatives	-	175,995	-	175,995
	$ 915,020	$ 175,995	$ 272,687	$ 1,363,702

(Continued)

	Level 1	Level 2	Level 3	Total
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	-	-	281,238	281,238
	$ 2,098,329	$ -	$ 308,288	$ 2,406,617

(Concluded)

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, 2023

Financial Assets	At FVTPL Equity Instruments	At FVTOCI Equity Instruments	Total
Balance at January 1	$ 272,687	$ 308,288	$ 580,975
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	24,797	48,650	73,447
Balance at December 31	$ 297,484	$ 356,938	$ 654,422

For the year ended December 31, 2022

Financial Assets	At FVTPL Equity Instruments	At FVTOCI Equity Instruments	Total
Balance at January 1	$ 247,857	$ 387,134	$ 634,991
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	(73,340)	(73,340)
Purchases	24,830	-	24,830
Sales	-	(5,506)	(5,506)
Balance at December 31	$ 272,687	$ 308,288	$ 580,975

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.

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 Company 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	
	2023	**2022**
<u>Financial assets</u>		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 2,258,562	$ 1,363,702
Financial assets at amortized cost (1)	5,393,027	5,044,276
Financial assets at FVTOCI - equity instruments	2,738,983	2,406,617
<u>Financial liabilities</u>		
Financial liabilities at amortized cost (2)	12,931,945	12,352,065

1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, overdue receivables, refundable deposits, pledged time deposits and restricted demand 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 Company’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 Company’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 Company 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 Company 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 Company'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 Company did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

1) Market risk

The Company's activities exposed it 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 Company entered into a variety of derivative financial instruments to manage its 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 Company's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets, monetary liabilities and the derivatives exposed to foreign currency risk at the end of reporting period are set out in Note 32.

Sensitivity analysis

The Company was mainly exposed to USD and EUR.

The following table details the Company'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 their adjusted 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	
	2023	**2022**
Profit or loss	$ 10,932 (i)	$ 35,545 (i)

	EUR Impact			
	For the Year Ended December 31			
	2023		2022	
Profit or loss	$ (47)	(ii)	$ (45)	(ii)

	JPY Impact			
	For the Year Ended December 31			
	2023		2022	
Profit or loss	$ 2	(iii)	$ (54)	(iii)

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

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

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

The Company'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 Company was exposed to interest rate risk because entities of the Company borrowed funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix of fixed and floating rate borrowings 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 Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2023	2022
Cash flow interest rate risk		
Financial assets	$ 199,822	$ 487,477
Financial liabilities	12,396,379	11,762,332

Sensitivity analysis

The sensitivity analysis below was determined based on the Company'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 Company's pre-tax profit for the years ended December 31, 2023 and 2022 would decrease/increase by NT$117,820 thousand and NT$108,878 thousand, respectively, which was mainly a result of the changes in the variable interest rate bank deposits and loans.

c) Other price risk

The Company was exposed to equity price risk through its investments in listed equity securities. The Company has 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 years ended December 31, 2023 and 2022 would have increased/decreased by NT$22,504 thousand and NT$11,930 thousand, respectively, as a result of the changes in and the fair value of financial assets at FVTPL, respectively, and the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have increased/decreased by NT$27,450 thousand and NT$24,099 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

The Company'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 Company. At the end of the year, the Company's maximum exposure to credit risk, which may cause a financial loss to the Company 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 Company has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Company reviews 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 Company's credit risk was significantly reduced.

The Company'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 is purchased.

The Company did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Company 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 Company at any time during 2023 and 2022.

The Company's concentration of credit risk by geographical locations was mainly in Taiwan, which accounted for 99% and 98% of the total trade receivables as of December 31, 2023 and 2022, 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 Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. The Company's management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. The Company had available unutilized bank loan facilities set out in (b) below.

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

The following table details the Company'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 Company 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, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-interest bearing	$ 150,895	$ 146,386	$ 238,285	$ 19,859	$ -
Variable interest rate liabilities	1,145,111	2,378,435	3,407,647	5,442,105	23,081
	$ 1,296,006	$ 2,524,821	$ 3,645,932	$ 5,461,964	$ 23,081

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	$ 214,153	$ 179,744	$ 192,271	$ 18,546	$ -
Variable interest rate liabilities	3,042,140	2,446,437	4,803,554	1,442,105	28,096
	$ 3,256,293	$ 2,626,181	$ 4,995,825	$ 1,460,651	$ 28,096

b) Financing facilities

	December 31	
	2023	2022
Secured bank loan facilities which may be extended by mutual agreement:		
Amount used	$ 4,667,090	$ 5,457,620
Amount unused	-	-
	$ 4,667,090	$ 5,457,620
Unsecured bank loan facilities:		
Amount used	$ 8,924,681	$ 7,689,394
Amount unused	7,275,649	8,938,946
	$ 16,200,330	$ 16,628,340

29. TRANSACTIONS WITH RELATED PARTIES

Besides information disclosed elsewhere in the other notes, details of transactions between the Company and other related parties are disclosed below.

a. Related parties and their relationship with the Company:

Related Party	Relationship with the Company
Hsin Ching International Co., Ltd.	Subsidiary
Hsin Yuan Investment Co., Ltd.	Subsidiary
Hsin Ho Fa Metal Co., Ltd.	Subsidiary
APEX Wind Power Equipment Manufacturing Company, Ltd.	Subsidiary
Hsin Hua Steel Industry Co., Ltd.	Sub-subsidiary
Mason Metal Industry Co., Ltd.	Subsidiary
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	Associate
Hsin Yuan Hsin Industry Co., Ltd.	Related party in substance

b. Operating revenue

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Sale of goods		
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 63	$ 388
Mason Metal Industry Co., Ltd.	78,889	115,941
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	1,450,959	97,992

(Continued)

Related Party Category/Name	For the Year Ended December 31 2023	2022
Processing income		
Subsidiaries		
Mason Metal Industry Co., Ltd.	$ 1,317	$ -
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	293	-
	$ 1,531,521	$ 214,321

(Concluded)

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ -	$ 7,626
Mason Metal Industry Co., Ltd.	267	36,503
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	8,702	70,888
	$ 8,969	$ 115,017

The Company's purchase and sales terms with related parties were comparable to those with unrelated parties.

d. Processing cost

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 3,155	$ 31
Mason Metal Industry Co., Ltd.	11,850	13,266
	$ 15,005	$ 13,297

e. Construction cost

Related Party Category/Name	For the Year Ended December 31 2023	2022
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	$ 12,179	$ -

f. In 2023, the Company commissioned Hsin Hua Steel Industry Co., Ltd. to sign the engineering contract for the steel structure for the construction of a new factory. The monthly payment of NT$136,060 thousand is made based on construction progress, which is classified as property under construction and equipment awaiting inspection.

g. Logistics management expense

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries		
Hsin Ho Fa Metal Co., Ltd.	$ 15,912	$ 14,061
Mason Metal Industry Co., Ltd.	467	-
Associates		
Hsin Yuan Hsin Industry Co., Ltd.	2,694	-
	$ 19,073	$ 14,061

h. Other revenue

Related Party Category/Name	For the Year Ended December 31 2023	2022
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 4,886	$ 7,808
Hsin Ho Fa Metal Co., Ltd.	1,122	540
Mason Metal Industry Co., Ltd.	1,200	1,882
Hsin Ching International Co., Ltd.	-	483
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	120	59
	$ 7,328	$ 10,772

i. Receivables from related parties (excluding loans to related parties)

Related Party Category/Name	December 31 2023	2022
Subsidiaries		
Hsin Ho Fa Metal Co., Ltd.	$ 95	$ 65
APEX Wind Power Equipment Manufacturing Company., Ltd.	439	3,212
Hsin Ching International Co., Ltd.	184	507
Mason Metal Industry Co., Ltd.	27,309	44,315
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	240,327	123,357
	$ 268,354	$ 171,456

The outstanding receivables from related parties (including trade receivables and other receivables) are unsecured. As of December 31, 2023 and 2022, no allowance for impairment loss was recognized for receivables from related parties.

j. Payables to related parties

Related Party Category/Name	December 31 2023	December 31 2022
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 779	$ 339
Hsin Ho Fa Metal Co., Ltd.	4,385	2,799
Mason Metal Industry Co., Ltd.	1,799	3,243
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	21,902	8,687
	$ 28,865	$ 15,068

The outstanding payables to related parties (including notes payable, trade payables and other payables) are unsecured and will be paid in cash.

k. Lease arrangements

Future lease payments receivable are as follows:

Related Party Category/Name	December 31 2023	December 31 2022
Subsidiaries		
Hsin Ching International Co., Ltd.	$ 270,818	$ 278,942
APEX Wind Power Equipment Manufacturing Company., Ltd.	69,407	78,455
Mason Metal Industry Co., Ltd.	48,953	66,754
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	72,197	86,081
	$ 461,375	$ 510,232

Lease income was as follows:

	For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**
Subsidiaries		
Hsin Ching International Co., Ltd.	$ 27,703	$ 27,488
Mason Metal Industry Co., Ltd.	16,146	15,865
APEX Wind Power Equipment Manufacturing Company., Ltd.	11,902	11,627
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	13,884	9,192
	$ 69,635	$ 64,172

In 2018, the Company entered into a contractual agreement to rent out its logistic center to its subsidiary, Hsin Ching International Co., Ltd. The contract period for land and buildings are 31 years and 30 years, respectively. The monthly rent is NT$1,921 thousand, and adjustments to the monthly rent for land and buildings will be made at the end of the second year and third year, respectively.

As of December 31, 2023 and 2022, the amount of unearned rental revenue was NT$542,718 thousand and NT$451,629 thousand, respectively.

l. Guarantee deposits

	December 31	
Related Party Category/Name	**2023**	**2022**
Subsidiaries		
Mason Metal Industry Co., Ltd.	$ 2,641	$ 2,641

m. Disposals of property, plant and equipment

	Proceeds		Gain (Loss) on Disposal	
	For the Year Ended December 31		For the Year Ended December 31	
Related Party Category/Name	**2023**	**2022**	**2023**	**2022**
Subsidiaries				
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 4,571	$ -	$ 122	$ -
Hsin Ching International Co., Ltd.	165	-	16	-
	$ 4,736	$ -	$ 138	$ -

n. Endorsements and guarantees

Refer to Table 1 for the Company's endorsements and guarantees to SunnyRich Multifunction Solar Power Co., Ltd.

o. Other transactions with related parties

Line Item	Related Party Category/Name	For the Year Ended December 31 2023	For the Year Ended December 31 2022
Donations	Hsin Kuang Steel Tian-Cheng Charity Foundation	$ 8,000	$ 4,000

p. 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 2023	For the Year Ended December 31 2022
Short-term employee benefits	$ 102,768	$ 42,008

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

30. 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 2023	December 31 2022
Notes receivable	$ 424,223	$ 352,506
Restricted demand deposits (classified as financial assets at amortized cost)	5,665	-
Pledged time deposits (classified as financial assets at amortized cost)	16,844	16,811
Investments accounted for using the equity method	481,038	412,676
Freehold land	948,818	1,072,847
Buildings, net	573,940	608,302
Investment properties - land	331,487	342,985
Investment properties - buildings	627,064	634,339
	$ 3,409,079	$ 3,440,466

31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2023 and 2022 were as follows:

Significant Commitments

a. As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2023	**2022**
NTD	$ 505,409	$ 591,172
USD	21,460	15,026
JPY	293	-

b. Unrecognized commitments were as follows:

	December 31	
	2023	**2022**
Acquisition of property, plant and equipment	$ 53,525	$ 30,487

32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

December 31, 2023

	Foreign Currency	**Exchange Rate**	**Carrying Amount**
Financial assets			
Monetary items			
USD	$ 3,140	30.71 (USD:NTD)	$ 96,428
EUR	137	33.98 (EUR:NTD)	4,666
JPY	716	0.22 (JPY:NTD)	156
			$ 101,250
Financial liabilities			
Monetary items			
USD	38,984	30.71 (USD:NTD)	$ 1,196,990

December 31, 2022

	Foreign Currency	Exchange Rate		Carrying Amount
Financial assets				
Monetary items				
USD	$ 2,931	30.71	(USD:NTD)	$ 90,022
EUR	137	32.66	(EUR:NTD)	4,475
JPY	22,590	0.23	(JPY:NTD)	5,250
				$ 99,747
Financial liabilities				
Monetary items				
USD	117,593	30.71	(USD:NTD)	$ 3,611,276

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

	For the Year Ended December 31			
	2023		2022	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	30.71 (USD:NTD)	$ 254,584	30.71 (USD:NTD)	$ 113,728

33. 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 and associates) (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: (Table 4)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: (Table 5)

9) Trading in derivative instruments: (Note 7)

b. Information on investees (Table 6)

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 7)

34. SEGMENT INFORMATION

The segment information for the years ended December 31, 2023 and 2022 is disclosed in the Company's consolidated financial statements.