Hsin Kuang Steel Company Limited

Parent Company Only Financial Statements for the Years Ended December 31, 2024 and 2023 and Independent Auditors' Report

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Hsin Kuang Steel Company Limited

Opinion

We have audited the accompanying parent company only financial statements of Hsin Kuang Steel Company Limited (the "Company"), which comprise the parent company only balance sheets as of December 31, 2024 and 2023, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including material accounting policy information (collectively referred to as the "parent company only financial statements").

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as of December 31, 2024 and 2023, and its parent company only financial performance and its parent company only cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements for the year ended December 31, 2024. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter identified in the Company's parent company only financial statements for the year ended December 31, 2024 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, 2024 decreased 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 parent company only 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 Parent Company Only Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements for the year ended December 31, 2024 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 Shi-Lan Chu and Cheng-Guan Yu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2025

Notice to Readers

The accompanying parent company only 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 parent company only financial statements are those generally applied in the Republic of China.

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

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024		2023	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 652,993	3	$ 483,629	2
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,600,608	10	1,961,078	8
Financial assets at amortized cost - current (Notes 4, 9 and 30)	52,449	-	22,509	-
Contract assets - current (Note 22)	88,322	-	84,659	1
Notes receivable from unrelated parties (Notes 4, 10 and 30)	1,581,404	6	2,046,784	8
Trade receivables from unrelated parties (Notes 4 and 10)	1,731,994	7	2,563,550	10
Trade receivables from related parties (Notes 4, 10 and 29)	73,839	-	268,053	1
Current tax assets (Notes 4 and 24)	34,688	-	-	-
Inventories (Notes 4, 5 and 11)	5,179,348	20	4,515,099	18
Prepayment	127,344	-	40,743	-
Other current assets (Note 16)	2,504	-	3,227	-
Total current assets	12,125,493	46	11,989,331	48
NON-CURRENT ASSETS				
Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)	733,739	3	297,484	1
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	2,398,312	9	2,738,983	11
Investments accounted for using the equity method (Notes 4, 12 and 30)	4,036,276	16	3,762,491	15
Property, plant and equipment (Notes 4, 13, 29 and 30)	2,110,657	8	2,416,682	10
Investment properties (Notes 4, 14 and 30)	4,492,056	17	3,659,077	14
Other intangible assets (Notes 4 and 15)	36,832	-	39,602	-
Deferred tax assets (Notes 4 and 24)	64,781	-	78,244	-
Other non-current assets (Notes 10 and 16)	206,636	1	214,386	1
Total non-current assets	14,079,289	54	13,206,949	52
TOTAL	$ 26,204,782	100	$ 25,196,280	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Notes 4 and 17)	$ 6,872,724	26	$ 6,271,907	25
Short-term bills payable (Notes 4 and 17)	449,427	2	648,760	3
Contract liabilities - current (Note 22)	213,129	1	185,378	1
Notes payable to unrelated parties (Notes 4 and 18)	107,308	1	133,898	-
Notes payable to related parties (Notes 4, 18 and 29)	14,943	-	17,816	-
Trade payables to unrelated parties (Notes 4 and 18)	29,334	-	75,473	-
Trade payables to related parties (Notes 4, 18 and 29)	-	-	3,695	-
Other payables (Notes 4, 19 and 29)	296,726	1	304,684	1
Current tax liabilities (Notes 4 and 24)	-	-	145,633	1
Current portion of long-term liabilities (Notes 4 and 17)	-	-	10,526	-
Other current liabilities	23,826	-	22,957	-
Total current liabilities	8,007,417	31	7,820,727	31
NON-CURRENT LIABILITIES				
Long-term borrowings (Notes 4 and 17)	5,991,677	23	5,465,186	22
Deferred tax liabilities (Notes 4 and 24)	18,834	-	9,254	-
Net defined benefit liabilities - non-current (Notes 4 and 20)	7,628	-	20,127	-
Other non-current liabilities (Note 29)	529,655	2	542,421	2
Total non-current liabilities	6,547,794	25	6,036,988	24
Total liabilities	14,555,211	56	13,857,715	55
EQUITY (Notes 4 and 21)				
Share capital	3,211,463	12	3,211,463	13
Capital surplus	943,445	4	943,445	4
Retained earnings				
Legal reserve	1,456,003	5	1,275,497	5
Unappropriated earnings	5,157,256	20	4,741,810	19
Total retained earnings	6,613,259	25	6,017,307	24
Other equity	881,404	3	1,166,350	4
Total equity	11,649,571	44	11,338,565	45
TOTAL	$ 26,204,782	100	$ 25,196,280	100

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

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 4, 22 and 29)				
Sales	$ 11,265,113	93	$ 12,852,719	95
Other operating revenue	800,398	7	734,108	5
Total operating revenue	12,065,511	100	13,586,827	100
OPERATING COSTS				
Cost of goods sold (Notes 11, 23 and 29)	(10,774,631)	(90)	(11,924,991)	(88)
Other operating costs (Note 29)	(500,399)	(4)	(387,504)	(3)
Total operating costs	(11,275,030)	(94)	(12,312,495)	(91)
GROSS PROFIT	790,481	6	1,274,332	9
UNREALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	(42,229)	-	(281,321)	(2)
REALIZED GAIN ON TRANSACTIONS WITH ASSOCIATES AND JOINT VENTURES	86,231	1	54,467	1
REALIZED GROSS PROFIT	834,483	7	1,047,478	8
OPERATING EXPENSES				
Selling and marketing expenses (Note 23)	(247,663)	(2)	(241,019)	(2)
General and administrative expenses (Notes 23 and 29)	(180,269)	(2)	(172,407)	(1)
Expected credit gain/(loss) (Note 10)	1,440	-	(32,462)	-
Total operating expenses	(426,492)	(4)	(445,888)	(3)
PROFIT FROM OPERATIONS	407,991	3	601,590	5
NON-OPERATING INCOME AND EXPENSES (Notes 23 and 29)				
Interest income	1,918	-	1,740	-
Other income	93,462	1	93,316	1
Other gains and losses	959,092	8	914,996	7
Finance costs	(363,321)	(3)	(346,419)	(3)
Share of profit or loss of subsidiaries, associates and joint ventures accounted for using the equity method	398,608	3	466,076	3
Total non-operating income and expenses	1,089,759	9	1,129,709	8

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2024		2023	
	Amount	**%**	**Amount**	**%**
PROFIT BEFORE INCOME TAX	$ 1,497,750	12	$ 1,731,299	13
INCOME TAX EXPENSE (Notes 4 and 24)	(53,536)	-	(76,457)	(1)
NET PROFIT FOR THE YEAR	1,444,214	12	1,654,842	12
OTHER COMPREHENSIVE INCOME/(LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	3,121	-	(414)	-
Unrealized (loss)/gain on investments in equity instruments at fair value through other comprehensive income	(174,772)	(1)	696,855	5
Share of other comprehensive gain/(loss) of associates and joint ventures accounted for using the equity method	(1,732)	-	(52,257)	-
	(173,383)	(1)	644,184	5
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	3,614	-	(26)	-
Other comprehensive (loss)/income for the year, net of income tax	(169,769)	(1)	644,158	5
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,274,445	11	$ 2,299,000	17
EARNINGS PER SHARE (Note 25)				
From continuing operations				
Basic	$ 4.50		$ 5.15	
Diluted	$ 4.48		$ 5.14	

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

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(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, 2023	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
Appropriation of 2023 earnings								
Legal reserve	-	-	-	180,506	(180,506)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(963,439)	-	-	(963,439)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	112,056	-	(112,056)	-
Net profit for the year ended December 31, 2024	-	-	-	-	1,444,214	-	-	1,444,214
Other comprehensive income/(loss) for the year ended December 31, 2024, net of income tax	-	-	-	-	3,121	3,614	(176,504)	(169,769)
Total comprehensive income/(loss) for the year ended December 31, 2024	-	-	-	-	1,447,335	3,614	(176,504)	1,274,445
BALANCE AT DECEMBER 31, 2024	321,146	$ 3,211,463	$ 943,445	$ 1,456,003	$ 5,157,256	$ 5,557	$ 875,847	$ 11,649,571

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

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,497,750	$ 1,731,299
Adjustments for:		
Depreciation expense	131,646	124,645
Amortization expense	6,724	7,148
Expected credit loss (reversed)/recognized on trade receivables	(1,440)	32,462
Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss	(963,021)	(665,326)
Finance costs	363,321	346,419
Interest income	(1,918)	(1,740)
Dividend income	(80,341)	(79,394)
(Gain)/loss on disposal of property, plant and equipment	(34)	5,036
Gain on disposal of investment properties	-	(52)
Share of profit of subsidiaries, associates and joint ventures	(398,608)	(466,076)
Reversal of write-downs of inventories	(29,342)	(15,225)
Unrealized gain on transactions with associates	42,229	281,321
Realized gain on transactions with associates	(86,231)	(54,467)
Net loss/(gain) on foreign currency exchange	39,322	(31,163)
Changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	(18,794)	(229,532)
Contract assets	(3,663)	(84,659)
Notes receivable	465,380	(454,418)
Trade receivables	966,306	(200,053)
Other receivables	1,593	13,983
Inventories	(634,907)	(49,884)
Prepayments	(86,600)	34,549
Other current assets	(12)	(229)
Notes payable	(29,462)	(72,481)
Trade payables	(49,835)	(25,212)
Other payables	(4,006)	57,111
Contract liabilities	27,751	(89,653)
Advance lease payments received	(16,080)	(15,815)
Net defined benefit liabilities	(11,212)	(3,472)
Other current liabilities	(3,471)	(2,818)
Cash generated from operations	1,123,045	92,304
Interest received	1,918	1,740
Dividends received	79,482	79,393
Income tax paid	(211,975)	(160,992)
Net cash generated from operating activities	992,470	12,445

(Continued)

HSIN KUANG STEEL COMPANY LIMITED

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(In Thousands of New Taiwan Dollars)

	2024	2023
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at fair value through other comprehensive income	$ (142,800)	$ -
Proceeds from sale of financial assets at fair value through other comprehensive income	308,699	364,490
Purchase of financial assets at fair value through profit or loss	(93,969)	-
Purchase of financial assets at amortized cost	(29,940)	(5,698)
Acquisition of associates	-	(414,165)
Proceeds from disposal of investments accounted for using the equity method	22,449	-
Payments for property, plant and equipment	(82,455)	(255,376)
Proceeds from disposal of property, plant and equipment	106	7,905
Payments for investment properties	-	(472)
Proceeds from disposal of investment properties	-	148
Payments for intangible assets	-	(34,536)
Increase in other non-current assets	(150)	(295)
Decrease in prepayments for equipment	(477,745)	(62,517)
Dividends received from investees	151,253	136,702
Increase in refundable deposits	(29,647)	(4,894)
Net cash used in investing activities	(374,199)	(268,708)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term borrowings	23,478,217	21,531,056
Decrease in short-term borrowings	(22,920,426)	(22,161,494)
(Decrease)/increase in short-term bills payable	(200,000)	100,000
Proceeds from long-term borrowings	800,000	5,400,000
Repayments of long-term borrowings	(286,842)	(1,810,526)
Decrease in long-term bills payable	-	(2,400,000)
Increase in guarantee deposits received	7,656	1,255
Interest paid	(364,073)	(353,650)
Dividends paid	(963,439)	(321,147)
Net cash used in financing activities	(448,907)	(14,506)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	169,364	(270,769)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	483,629	754,398
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 652,993	$ 483,629

The accompanying notes are an integral part of the parent company only 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 parent company only financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors on March 11, 2025.

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

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

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

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

New, Amended and Revised Standards and Interpretations	Effective Date Announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 1)
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets	January 1, 2026 (Note 2)

Note 1: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Company shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2026. It is permitted to apply these amendments for an earlier period beginning on January 1, 2025. An entity shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. An entity may restate prior periods if, and only if, it is possible to do so without the use of hindsight.

1) 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.

2) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of classification of financial assets

The amendments mainly amend the requirements for the classification of financial assets, including:

a) If a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if,

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and

- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

b) To clarify that a financial asset has non-recourse features if an entity's ultimate right to receive cash flows is contractually limited to the cash flows generated by specified assets.

c) To clarify that the characteristics of contractually linked instruments include a prioritization of payments to the holders of financial assets using multiple contractually linked instruments (tranches) established through a waterfall payment structure, resulting in concentrations of credit risk and a disproportionate allocation of cash shortfalls from the underlying pool between the tranches.

The Company is continuously assessing whether to apply the amendments earlier.

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)
Annual Improvements to IFRS Accounting Standards - Volume 11	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments" - the amendments to the application guidance of derecognition of financial liabilities	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
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 17 and IFRS 9 - Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027

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

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) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discontinued operations categories.

- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.

- Provides guidance to enhance the requirements of aggregation and disaggregation: The Company shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Company shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Company labels items as "other" only if it cannot find a more informative label.

- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Company as a whole, the Company shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

3) Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"- the amendments to the application guidance of derecognition of financial liabilities

   The amendments mainly stipulate that, when settling a financial liability in cash using an electronic payment system, the Company can choose to derecognize the financial liability before the settlement date if, and only if, the Company has initiated a payment instruction that resulted in:

   - The Company having no practical ability to withdraw, stop or cancel the payment instruction;

   - The Company having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and

   - The settlement risk associated with the electronic payment system being insignificant.

   The Company shall apply the amendments retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application.

4) Amendments to IFRS 9 and IFRS 7 "Contracts Referencing Nature-dependent Electricity"

   Contracts referencing nature-dependent electricity are contracts that expose an entity to variability in the underlying amount of electricity because the source of electricity generation depends on uncontrollable natural conditions. Contracts referencing nature-dependent electricity include both contracts to buy or sell nature-dependent electricity and financial instruments that reference such electricity. When the Company enters into contracts to buy nature-dependent electricity, which exposes the Company to the risk that it would be required to buy electricity during a delivery interval in which the Company cannot use the electricity, and the design and operation of the electricity market require any amounts of unused electricity to be sold within a specified time, the amendments stipulate that such sales are not necessarily inconsistent with the contract being held in accordance with the Company's expected usage requirements. The inconsistency will result in the contract being accounted for as financial instruments otherwise. The Company entered into and continues to hold such a contract in accordance with its expected electricity usage requirements, if the Company has bought, and expects to buy, sufficient electricity to offset the sales of any unused electricity in the same market in which it sold the electricity over a reasonable amount of time.

The amendments also stipulate that, if contracts referencing nature-dependent electricity are designated as hedging instruments in hedges of forecast transactions, for such a hedging relationship the Company is permitted to designate as the hedged item a variable nominal amount of forecast electricity transactions that is aligned with the variable amount of nature-dependent electricity expected to be delivered by the generation facility as referenced in the hedging instrument.

For the amendments related to whether contracts referencing nature-dependent electricity are entered into in accordance with expected electricity usage requirements, the Company shall apply retrospectively but is not required to restate prior periods. The effect of initially applying the amendments shall be recognized as an adjustment to the opening balance at the date of initial application. For the amendments related to hedge accounting, the Company shall apply prospectively.

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers 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.

When preparing these parent company only financial statements, the Company used the equity method to account for its investments in subsidiaries and associates. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owners of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatments between the parent company only basis and the consolidated basis were made to investments accounted for using the equity method, the share of profit or loss of subsidiaries and associates, the share of other comprehensive income of subsidiaries and the related equity items, as appropriate, in these parent company only financial statements.

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

Current assets include:

1) Assets held primarily for the purpose of trading;

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

3) Cash and cash equivalents unless the 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 the substantial right at the end of the reporting period to defer settlement for at least 12 months after the reporting period.

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

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 investments.

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

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

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

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 only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company only 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 that 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 methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

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, intangible assets 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, right-of-use assets, investment properties, intangible assets and assets related to contract assets 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.

Restricted demand deposits are included as part of cash unless these assets are subject to third-party contractual restrictions that no longer meet the definition of cash. Details of contractual restrictions on the use of demand deposits are disclosed in Note 6. Demand deposits with contractual restrictions beyond 12 months after the reporting period are classified as non-current assets.

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.

Derivatives embedded in hybrid contracts that contain financial asset hosts that is within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g., financial liabilities) are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts, and the host contracts are not measured at FVTPL.

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 carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the 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

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	
	2024	2023
Cash on hand	$ 844	$ 838
Checking accounts and demand deposits	652,149	482,791
	$ 652,993	$ 483,629

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

	December 31	
	2024	**2023**
Bank balance	0.002%-0.92%	0.001%-1.45%

As of December 31, 2024 and 2023, pledged time deposits and restricted demand deposits were NT$52,449 thousand and NT$22,509 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	
	2024	**2023**
Financial assets - current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic and foreign listed shares	$ 2,472,090	$ 1,937,274
Mutual funds	41,296	8,720
Derivative instruments (not under hedge accounting)		
Foreign exchange forward contracts (a)	87,222	15,084
	$ 2,600,608	$ 1,961,078
Financial assets - non-current		
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Domestic emerging market shares	$ 579,125	$ -
Domestic unlisted shares	154,614	297,484
	$ 733,739	$ 297,484

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, 2024			
Buy	NTD/USD	2025.01-2025.11	NTD1,647,398/USD53,688
December 31, 2023			
Buy	NTD/USD	2024.01-2024.12	NTD1,051,715/USD35,616
Sell	USD/NTD	2024.03	NTD60,579/USD1,984

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	
	2024	2023
Non-current		
Investments in equity instruments	$ 2,398,312	$ 2,738,983

Investments in equity instruments at FVTOCI

	December 31	
	2024	2023
Non-current		
Domestic investments		
Listed shares and emerging market shares		
Ordinary shares - China Steel Corporation	$ 603,272	$ 1,031,422
Ordinary shares - Century Wind Power Co., Ltd.	1,580,130	1,350,623
Unlisted shares		
Ordinary shares - Envirolink Corporation	19,250	56,525
Ordinary shares - Linkou Entertainment Corporation	4,224	4,518
Ordinary shares - Shin Ji Technology Corporation	4,761	4,761
Ordinary shares - Hua Mian Corporation	1,045	1,073
	2,212,682	2,448,922
Foreign investments		
Unlisted shares		
Ordinary shares - China Steel and Nippon Steel Vietnam Stock Company	185,630	290,061
	$ 2,398,312	$ 2,738,983

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 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	
	2024	2023
Current		
Domestic investments		
Pledged time deposits	$ 16,879	$ 16,844
Restricted demand deposits	35,570	5,665
	$ 52,449	$ 22,509

a. The ranges of interest rates for pledged time deposits and restricted demand deposits were 0.20%-1.44% and 0.20% per annum as of December 31, 2024 and 2023, 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	
	2024	2023
Notes receivable		
Operating - unrelated parties	$ 1,581,404	$ 2,064,461
Less: Allowance for impairment loss	-	(17,677)
	$ 1,581,404	$ 2,046,784
Trade receivables		
At amortized cost - unrelated parties	$ 1,739,230	$ 2,576,680
At amortized cost - related parties	73,839	268,053
Less: Allowance for impairment loss	(7,236)	(13,130)
	$ 1,805,833	$ 2,831,603
Overdue receivables (presented under other non-current assets)		
Overdue receivables	$ 86,547	$ 7,903
Less: Allowance for impairment loss	(21,517)	(7,903)
	$ 65,030	$ -

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 on trade receivables are estimated using a provision matrix considering the past default records of the debtor, an analysis of the debtor's current financial position, any credit insurance and recoverable amount as well as the GDP forecasts and industry outlook. As the 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, 2024

	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	0.04%	15.59%	55.48%	0.00%	0.00%	
Gross carrying amount	$ 3,375,473	$ 11,411	$ 7,589	$ -	$ -	$ 3,394,473
Loss allowance (Lifetime ECLs)	(1,247)	(1,779)	(4,210)	-	-	(7,236)
Amortized cost	$ 3,374,226	$ 9,632	$ 3,379	$ -	$ -	$ 3,387,237

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 ECLs)	(28,738)	-	(2,069)	-	-	(30,807)
Amortized cost	$ 4,878,387	$ -	$ -	$ -	$ -	$ 4,878,387

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

	For the Year Ended December 31	
	2024	2023
Balance at January 1	$ 30,807	$ 714
Add: Net remeasurement of loss allowance	14,639	30,807
Less: Reclassification	(38,210)	(714)
Balance at December 31	$ 7,236	$ 30,807

Compared to January 1, 2024 and 2023, the decrease in loss allowance of NT$23,571 thousand and the increase of NT$30,093 thousand as of December 31, 2024 and 2023, respectively, resulted from the changes in the gross carrying amounts of notes receivable and trade receivables, which decreased by NT$1,514,721 thousand and increased by NT$655,074 thousand, respectively.

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$65,030 thousand and NT$0 thousand as of December 31, 2024 and 2023, 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	
	2024	2023
Over 1 year	$ 65,030	$ -

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	
	2024	2023
Balance at January 1	$ 7,903	$ 38,649
Add: Reclassification	38,210	714
Add: Net remeasurement of loss allowance	-	3,108
Add: Amounts recovered	-	1,042
Less: Net remeasurement of loss allowance	(16,079)	(1,453)
Less: Amounts written off	(8,517)	(34,157)
Balance at December 31	$ 21,517	$ 7,903

The Company recognized impairment losses on overdue receivables amounting to NT$21,517 thousand and NT$7,903 thousand, respectively. These amounts were mainly related to customers for whom the Group was pursuing legal claims. The amount of loss allowance increased by NT$13,614 thousand and decreased by NT$30,746 thousand for the years ended December 31, 2024 and 2023, respectively. The net remeasurement amount was calculated as the difference between the carrying amount of the overdue receivables and the present value of the expected recoverable amount. For the years ended December 31 2024 and 2023, the Company wrote off trade receivables of NT$8,517 thousand and NT$34,157 thousand, respectively, as the Company received the debt certificate and the customer discontinued business and was dissolved.

11. INVENTORIES

	December 31	
	2024	2023
Raw materials	$ 4,595,677	$ 3,949,560
Finished goods	395,720	411,702
Raw materials in transit	187,951	153,837
	$ 5,179,348	$ 4,515,099

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

	For the Year Ended December 31	
	2024	2023
Cost of inventories sold	$ 10,803,973	$ 11,940,216
Reversal of inventory write-downs	(29,342)	(15,225)
	$ 10,774,631	$ 11,924,991

As of December 31, 2024 and 2023, the allowance for inventory write-downs were NT$68,935 thousand and NT$98,277 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	
	2024	2023
Investments in subsidiaries	$ 3,048,779	$ 2,824,486
Investments in associates	987,497	938,005
	$ 4,036,276	$ 3,762,491

a. Investments in subsidiaries

	December 31	
	2024	2023
Hsin Ching International Co., Ltd.	$ 330,153	$ 333,221
Hsin Yuan Investment Co., Ltd.	923,043	636,308
Sinpao Investment Co., Ltd.	54,406	80,127
Hsin Ho Fa Metal Co., Ltd.	336,467	319,030
APEX Wind Power Equipment Co., Ltd.	499,408	545,863
Hsin Cheng Logistics Development Co., Ltd.	915	909
Mason Metal Industry Co., Ltd.	904,387	909,028
	$ 3,048,779	$ 2,824,486

	Proportion of Ownership and Voting Rights	
	December 31	
Name of Subsidiary	2024	2023
Hsin Ching International Co., Ltd.	60.00%	60.00%
Hsin Yuan Investment Co., Ltd.	100.00%	100.00%
Sinpao Investment Co., Ltd.	100.00%	99.42%
Hsin Ho Fa Metal Co., Ltd.	83.37%	83.37%
APEX Wind Power Equipment Co., Ltd.	66.14%	66.14%
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	
	2024	2023
Material associates	$ 877,684	$ 827,386
Associates that are not individually material	109,813	110,619
	$ 987,497	$ 938,005

1) Material associate(s)

Name of Associate	Nature of Business	Proportion of Ownership and Voting Rights December 31 2024	2023
SunnyRich Multifunction Solar Power Co., Ltd.	Renewable energy private power generation equipment	20.00%	20.00%

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

The Company pledged 86,000 thousand shares of SunnyRich Multifunction Solar Power Co., Ltd. as collateral for bank borrowings (refer to Note 30 and Table 1).

SunnyRich Multifunction Solar Power Co., Ltd.

	December 31	
	2024	2023
Current assets	$ 2,004,402	$ 1,052,128
Non-current assets	13,665,418	10,447,439
Current liabilities	(1,425,740)	(1,145,637)
Non-current liabilities	(9,863,531)	(6,218,389)
Equity	$ 4,380,549	$ 4,135,541
Proportion of the Company's ownership	20%	20%
Equity attributable to the Company	$ 876,110	$ 827,108
Carrying amount	$ 877,684	$ 827,386

	For the Year Ended December 31	
	2024	2023
Operating revenue	$ 1,044,932	$ 358,492
Net income/(loss) for the year	$ 245,006	$ (27,589)
Total comprehensive income/(loss) for the year	$ 245,006	$ (27,589)

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

	For the Year Ended December 31	
	2024	2023
The Company's share of:		
Net income	$ 7,176	$ 9,399
Total comprehensive income for the year	$ 7,176	$ 9,399

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2024	December 31 2023
Assets used by the Company	$ 2,110,657	$ 2,416,682

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, 2024	$ 1,275,751	$ 1,046,164	$ 579,488	$ 192,792	$ 68,880	$ 243,086	$ 3,406,161
Additions	-	-	-	-	-	82,455	82,455
Disposals	-	-	(4,370)	-	(160)	-	(4,530)
Reclassified	120,281	(154,826)	(6,739)	4,358	3,684	(325,000)	(358,242)
Balance at December 31, 2024	$ 1,396,032	$ 891,338	$ 568,379	$ 197,150	$ 72,404	$ 541	$ 3,125,844
Accumulated depreciation and impairment							
Balance at January 1, 2024	$ -	$ 362,297	$ 462,659	$ 133,651	$ 30,872	$ -	$ 989,479
Depreciation expense	-	27,553	15,158	12,427	11,088	-	66,226
Disposals	-	-	(4,320)	-	(137)	-	(4,457)
Reclassified	-	(34,466)	(1,565)	-	(30)	-	(36,061)
Balance at December 31, 2024	$ -	$ 355,384	$ 471,932	$ 146,078	$ 41,793	$ -	$ 1,015,187
Carrying amount at December 31, 2024	$ 1,396,032	$ 535,954	$ 96,447	$ 51,072	$ 30,611	$ 541	$ 2,110,657
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)
Reclassified	-	1,173	32,394	18,386	8,821	(90,225)	(29,451)
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)
Reclassified	-	(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

Except for recognized depreciation, the Company's property, plant and equipment increased for the year ended December 31, 2024 primarily due to land acquired for a production facility in Chiayi Machouhou Industrial Park. There were no significant additions, disposals or impairments for the year ended December 31, 2023.

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	
Trucks and automotive	5-8 years
Stackers	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 and Taibao for operational use from 2005 to 2020. As of December 31, 2024, the total land space purchased was 50,004.07 square meters, with a carrying amount of NT$227,268 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 are set out in Note 30.

14. INVESTMENT PROPERTIES

	Investment Properties - Land	Investment Properties - Buildings	Total
Cost			
Balance at January 1, 2024	$ 1,421,115	$ 2,422,769	$ 3,843,884
Reclassified	425,665	508,794	934,459
Balance at December 31, 2024	$ 1,846,780	$ 2,931,563	$ 4,778,343
Accumulated depreciation and impairment			
Balance at January 1, 2024	$ -	$ 184,807	$ 184,807
Depreciation expense	-	65,420	65,420
Reclassified	-	36,060	36,060
Balance at December 31, 2024	$ -	$ 286,287	$ 286,287
Carrying amount at December 31, 2024	$ 1,846,780	$ 2,645,276	$ 4,492,056

(Continued)

	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

(Concluded)

The investment properties were leased out for 2 to 10 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 renew the lease. 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 was as follows:

	December 31	
	2024	2023
Year 1	$ 312,861	$ 262,958
Year 2	308,749	263,162
Year 3	300,629	266,718
Year 4	286,145	257,482
Year 5	243,693	236,383
Year 6 onwards	472,086	691,254
	$ 1,924,163	$ 1,977,957

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	
	2024	**2023**
Fair value	$ 9,191,961	$ 7,659,005

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, 2024	$ 44,939
Disposals	(1,807)
Reclassified	3,586
Balance at December 31, 2024	$ 46,718
Accumulated amortization	
Balance at January 1, 2024	$ 5,337
Amortization expenses	6,357
Disposals	(1,808)
Balance at December 31, 2024	$ 9,886
Carrying amount at December 31, 2024	$ 36,832
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 additions in other intangible assets of the Company for the years December 31, 2024 and 2023 were mainly due to the external purchase of information systems and software.

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	
	2024	2023
Current		
Other receivables	$ 1,753	$ 2,487
Payments on behalf of others	751	740
	$ 2,504	$ 3,227
Non-current		
Prepayments for equipment	$ 103,457	$ 205,516
Refundable deposits	38,149	8,502
Overdue receivables	65,030	-
Others	-	368
	$ 206,636	$ 214,386

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2024	2023
Secured borrowings (Notes 28 and 30)		
Issuance credit payable	$ 980,250	$ 825,133
Unsecured borrowings		
Line of credit borrowings (Note 28)	930,000	850,000
Issuance credit payable	4,962,474	4,596,774
	5,892,474	5,446,774
	$ 6,872,724	$ 6,271,907

The range of weighted average effective interest rates on bank loans was 1.95%-6.71% and 1.8%-6.8% per annum as of December 31, 2024 and 2023, respectively.

b. Short-term bills payable

	December 31 2024	December 31 2023
Commercial paper (Note 30)	$ 450,000	$ 650,000
Less: Discount on bills payable	(573)	(1,240)
	$ 449,427	$ 648,760

Outstanding short-term bills payable were as follows:

December 31, 2024

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Commercial paper						
Corporation A	$ 100,000	$ 185	$ 99,815	2.17%	Head office	$ 18,328
Corporation B	100,000	181	99,819	2.19%	-	-
Corporation C	100,000	65	99,935	2.13%	-	-
Corporation D	150,000	142	149,858	2.17%	-	-
	$ 450,000	$ 573	$ 449,427			

December 31, 2023

Promissory Institution	Nominal Amount	Discount Amount	Carrying Amount	Interest Rate	Collateral	Carrying Amount of Collateral
Commercial paper						
Corporation A	$ 100,000	$ 165	$ 99,835	2.02%	Head office	$ 19,048
Corporation B	100,000	144	99,856	2.02%-2.07%	-	-
Corporation C	100,000	166	99,834	2.02%-2.07%	-	-
Corporation E	350,000	765	349,235	2.05%	-	-
	$ 650,000	$ 1,240	$ 648,760			

c. Long-term borrowings

	December 31	
	2024	2023
Secured borrowings (Notes 28 and 30)		
Syndicated bank loans - Mega International Commercial Bank (1)	$ 6,000,000	$ 5,400,000
Bank loans - Banking Division of Mega International Commercial Bank (2)	-	86,842
	6,000,000	5,486,842
Less: Current portions	-	(10,526)
Syndicated loan fees	(8,323)	(11,130)
	(8,323)	(21,656)
Long-term borrowings	$ 5,991,677	$ 5,465,186

1) The Company signed a joint credit line contract with Mega International Commercial 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 shall be 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. Thereafter, every 12 months is considered one period, and the total credit line will decrease within 3 periods. The revolving credit line will be reduced by 10% at the end of the first period, reduced by 20% at the end of 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 audited annual financial report, should comply with the criteria in the credit line contract. If the financial ratio 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. The weighted average effective interest rates were 2.14%-2.22% and 2.04%-2.09% per annum as of December 31, 2024 and 2023, respectively.

2) In January 2017, the Company acquired NT$150,000 thousand of bank loans from the Banking Division of Mega International Commercial 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 loan was repaid in advance in one lump sum in August 2024. The weighted average effective interest rates was 2.23% per annum as of December 31, 2023.

18. NOTES PAYABLE AND TRADE PAYABLES

	December 31	
	2024	2023
Notes payable		
Operating - unrelated parties	$ 107,308	$ 133,898
Operating - related parties	$ 14,943	$ 17,816
Trade payables		
Operating - unrelated parties	$ 29,334	$ 75,473
Operating - related parties	$ -	$ 3,695

19. OTHER PAYABLES

	December 31	
	2024	2023
Payables for salaries and bonuses	$ 137,436	$ 161,456
Other accrued expenses	58,669	37,783
Other payables	79,247	80,118
Interest payable	21,374	25,327
	$ 296,726	$ 304,684

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	
	2024	2023
Present value of defined benefit obligation	$ 37,684	$ 50,403
Fair value of plan assets	(30,056)	(30,276)
Net defined benefit liabilities	$ 7,628	$ 20,127

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities
Balance at January 1, 2023	$ 50,964	$ (27,883)	$ 23,081
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
Service cost			
Current service cost	-	-	-
Net interest expense/(income)	596	(361)	235
Recognized in profit or loss	596	(361)	235
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(2,222)	(2,222)
Actuarial (gain)/loss			
Changes in financial assumptions	(630)	-	(630)
Experience adjustments	1,565	-	1,565
Recognized in other comprehensive income	935	(2,222)	(1,287)
Contributions from the employer	-	(2,594)	(2,594)
Benefits paid	(5,397)	5,397	-
Paid by the Company	(8,853)		(8,853)
Balance at December 31, 2024	$ 37,684	$ (30,056)	$ 7,628

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	
	2024	2023
Operating costs	$ 24	$ 40
Selling and marketing expenses	$ 74	$ 123
General and administrative expenses	$ 137	$ 137

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 plan's debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31	
	2024	2023
Discount rates	1.50%	1.25%
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 would increase/(decrease) as follows:

	December 31	
	2024	2023
Discount rates		
0.50% increase	$ (613)	$ (805)
0.50% decrease	$ 630	$ 828
Expected rates of salary increase/decrease		
0.50% increase	$ 617	$ 810
0.50% decrease	$ (603)	$ (791)

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	
	2024	**2023**
Expected contributions to the plans for the next year	$ 2,702	$ 2,644
Average duration of the defined benefit obligation	6.6 years	6.5 years

21. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2024	**2023**
Number of shares authorized (in thousands)	360,000	360,000
Shares authorized	$ 3,600,000	$ 3,600,000
Number of shares issued and fully paid (in thousands)	321,146	321,146
Shares issued	$ 3,211,463	$ 3,211,463

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

b. Capital surplus

	December 31	
	2024	**2023**
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Share premiums	$ 906,797	$ 906,797
May not be used for any purpose (2)		
Employee share options	36,648	36,648
	$ 943,445	$ 943,445

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 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. If the aforementioned dividends, legal reserve and capital surplus are to be distributed in cash, the board of directors may be authorized to pass the resolution with more than two-thirds of the directors in attendance and more than half of the votes of attending directors, which shall be reported to the board of directors. 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 resolution in the shareholders' meeting.

Dividends may be distributed in cash or shares. Among the dividends payment, no less than 30% shall be distributed in cash.

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve exceeds 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, 2023 and 2022, which were approved in shareholders' meetings on June 14, 2024 and June 15, 2023, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2023	**2022**
Legal reserve	$ 180,506	$ 45,907
Cash dividends	$ 963,439	$ 321,147
Cash dividends per share (NT$)	$ 3.0	$ 1.0

The appropriation of earnings for the year ended December 31, 2024 was proposed by the Company's board of directors on March 11, 2025. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2024
Legal reserve	$ 155,939
Cash dividends	$ 802,866
Cash dividends per share (NT$)	$ 2.5

The appropriation of earnings for the year ended December 31, 2024 is subject to the resolution in the shareholders' meeting to be held on May 29, 2025.

d. Other equity items

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

	For the Year Ended December 31	
	2024	**2023**
Balance at January 1	$ 1,943	$ 1,969
Exchange differences on translating the financial statements of foreign operations	3,614	(26)
Balance at December 31	$ 5,557	$ 1,943

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

	For the Year Ended December 31	
	2024	**2023**
Balance at January 1	$ 1,164,407	$ 672,449
Recognized for the year		
Unrealized gain/(loss) - equity instruments	(174,772)	696,855
Share of other comprehensive income/(loss) of associates accounted for using the equity method	(1,732)	(52,257)
Reclassification adjustments		
Disposals of investments in equity instruments at FVTOCI	(112,056)	(152,640)
Balance at December 31	$ 875,847	$ 1,164,407

22. REVENUE

	For the Year Ended December 31	
	2024	**2023**
Revenue from contracts with customers		
Revenue from sales of goods	$ 11,265,113	$ 12,852,719
Revenue from processing	28,160	39,538
Construction contract revenue	454,847	424,887
Rental income	317,391	269,683
	$ 12,065,511	$ 13,586,827

Contract balances

	December 31	
	2024	2023
Trade receivables (including related parties) (Note 10)	$ 1,805,833	$ 2,831,603
Contract assets - current		
Construction of properties	$ 88,322	$ 84,659
Contract liabilities - current		
Sales of goods	$ 212,631	$ 184,177
Construction of properties	498	1,201
	$ 213,129	$ 185,378

23. NET PROFIT FROM CONTINUING OPERATIONS

a. Other income

	For the Year Ended December 31	
	2024	2023
Dividend income		
Financial assets at FVTPL	$ 51,350	$ 30,532
Financial assets at FVTOCI	28,991	48,862
Others	13,121	13,922
	$ 93,462	$ 93,316

b. Other gains/(losses)

	For the Year Ended December 31	
	2024	2023
Gain/(loss) on disposal of property, plant and equipment	$ 34	$ (5,036)
Gain on disposal of investment properties	-	52
Fair value changes of financial assets and financial liabilities		
Financial assets mandatorily classified as at FVTPL	963,021	665,326
Net foreign exchange (losses)/gains	(3,930)	254,657
Other losses	(33)	(3)
	$ 959,092	$ 914,996

c. Finance costs

	For the Year Ended December 31	
	2024	2023
Interest on bank loans	$ 365,038	$ 352,243
Less: Amounts included in the cost of qualifying assets	(1,717)	(5,824)
	$ 363,321	$ 346,419

Information about capitalized interest was as follows:

	For the Year Ended December 31	
	2024	2023
Capitalized interest	$ 1,717	$ 5,824
Capitalization rate	2.5%	2.5%

d. Operating expenses directly related to investment properties

	For the Year Ended December 31	
	2024	2023
Direct operating expenses of investment properties generating rental income	$ 119,522	$ 85,270

e. Depreciation and amortization

	For the Year Ended December 31	
	2024	2023
Property, plant and equipment	$ 66,226	$ 71,587
Investment properties	65,420	53,058
Intangible assets	6,357	5,553
Long-term prepayments	367	1,595
	$ 138,370	$ 131,793
An analysis of depreciation by function		
Operating costs	$ 112,806	$ 107,240
Operating expenses	18,840	17,405
	$ 131,646	$ 124,645
An analysis of amortization by function		
Operating costs	$ 3,133	$ 4,007
Operating expenses	3,591	3,141
	$ 6,724	$ 7,148

f. Employee benefits expense

	For the Year Ended December 31	
	2024	2023
Short-term employee benefits	$ 331,994	$ 345,852
Post-employment benefits (Note 20)		
Defined contribution plans	6,830	6,454
Defined benefit plans	235	300
	$ 339,059	$ 352,606

(Continued)

	For the Year Ended December 31	
	2024	2023
An analysis of employee benefits expense by function		
Operating costs	$ 121,985	$ 127,693
Operating expenses	217,074	224,913
	$ 339,059	$ 352,606

(Concluded)

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, 2024 and 2023 which have been approved by the Company's board of directors on March 11, 2025 and March 12, 2024, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2024	2023
Compensation of employees	3%	3%
Remuneration of directors	3%	3%

Amount

	For the Year Ended December 31	
	2024	2023
	Cash	Cash
Compensation of employees	$ 47,801	$ 55,254
Remuneration of directors	$ 47,801	$ 55,254

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 was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the parent company only financial statements for the year ended December 31, 2023.

Information on compensation of employees and remuneration of directors resolved by the Company's board of directors for the year ended December 31, 2024 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	
	2024	2023
Foreign exchange gains	$ 240,094	$ 490,743
Foreign exchange losses	(244,024)	(236,086)
	$ (3,930)	$ 254,657

24. INCOME TAXES

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

	For the Year Ended December 31	
	2024	2023
Current tax		
In respect of the current year	$ 4,315	$ 141,403
Income tax on unappropriated earnings	31,665	4,372
Adjustments for prior years	(4,327)	(1,279)
	31,654	144,496
Deferred tax		
In respect of the current year	21,883	(68,039)
Income tax expense recognized in profit or loss	$ 53,536	$ 76,457

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

	For the Year Ended December 31	
	2024	2023
Profit before income tax	$ 1,497,750	$ 1,731,299
Income tax expense calculated at the statutory rate	$ 299,550	$ 346,260
Non-deductible expenses and non-taxable income	(256,761)	(257,017)
Tax-exempt income	(16,068)	(15,879)
Income tax on unappropriated earnings	31,665	4,372
Unrecognized deductible temporary differences	(523)	-
Adjustments for prior years' tax	(4,327)	(1,279)
Income tax expense recognized in profit or loss	$ 53,536	$ 76,457

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2024	2023
Deferred tax		
In respect of the current year:		
Translation of foreign operations	$ 903	$ (6)
Remeasurement on defined benefit plans	257	(104)
Total income tax expense/(benefit) recognized in other comprehensive income	$ 1,160	$ (110)

c. Current tax assets and liabilities

	December 31	
	2024	2023
Current tax assets		
Tax refund receivable	$ 34,688	$ -
Current tax liabilities		
Income tax payable	$ -	$ 145,633

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, 2024

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
Deferred tax assets				
Temporary differences				
Allowance for inventory write-downs	$ 19,655	$ (5,869)	$ -	$ 13,786
Losses on foreign currency exchange	-	1,933	-	1,933
Unrealized gross profit	55,480	(8,800)	-	46,680
Defined benefit obligation	3,109	(470)	(257)	2,382
	$ 78,244	$ (13,206)	$ (257)	$ 64,781
Deferred tax liabilities				
Temporary differences				
Financial assets at FVTPL	$ 3,017	$ 14,428	$ -	$ 17,445
Gains on foreign currency exchange	5,751	(5,751)	-	-
Exchange differences on translation of the financial statements of foreign operations	486	-	903	1,389
	$ 9,254	$ 8,677	$ 903	$ 18,834

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-downs	$ 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				
Financial assets at FVTPL	$ 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

e. Income tax assessments

The income tax returns through 2022 and income tax returns on unappropriated earnings through 2021 have been assessed by the tax authorities.

25. EARNINGS PER SHARE

	For the Year Ended December 31 2024	2023
Basic earnings per share		
From continuing operations	$ 4.50	$ 5.15
Diluted earnings per share		
From continuing operations	$ 4.48	$ 5.14

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 2024	2023
Earnings used in the computation of basic earnings per share	$ 1,444,214	$ 1,654,842
Earnings used in the computation of diluted earnings per share	$ 1,444,214	$ 1,654,842

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

	For the Year Ended December 31	
	2024	2023
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	1,035	958
Weighted average number of ordinary shares used in the computation of diluted earnings per share	322,181	322,104

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 Sinpao Investment Co., Ltd. and APEX Wind Power Equipment Manufacturing Company Limited., increased from 99.42% to 100.00% and decreased from 70.44% to 69.87%, respectively, due to the changes in the Company's proportion of ownership for the years ended December 31, 2024 and 2023.

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, capital surplus, retained earnings and other equity).

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

The 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, 2024

	Carrying Amount	Fair Value
Financial assets		
Financial assets at amortized cost:		
Pledged time deposits	$ 16,879	$ 16,879
Restricted demand deposits	35,570	35,570
Notes receivable (including related parties)	1,581,404	1,581,404
Trade receivables (including related parties)	1,805,833	1,805,833
Overdue receivables	65,030	65,030
Cash and cash equivalents	652,993	652,993
Refundable deposits	38,149	38,149
Financial liabilities		
Financial liabilities at amortized cost:		
Bank borrowings	12,864,401	12,864,401
Short-term bills payable	449,427	449,427
Notes payable, trade payables and other payables (including related parties)	448,311	448,311

December 31, 2023

	Carrying Amount	Fair Value
Financial assets		
Financial assets 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 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

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, restricted demand deposits, pledged time deposits, refundable deposits and short-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, 2024

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic and foreign listed shares	$ 2,472,090	$ -	$ -	$ 2,472,090
Domestic emerging market shares	579,125	-	-	579,125
Domestic unlisted shares	-	-	154,614	154,614
Mutual funds	41,296	-	-	41,296
Derivatives	-	87,222	-	87,222
	$ 3,092,511	$ 87,222	$ 154,614	$ 3,334,347
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic listed shares and emerging market shares	$ 2,183,402	$ -	$ -	$ 2,183,402
Domestic unlisted shares	-	-	29,280	29,280
Foreign unlisted shares	-	-	185,630	185,630
	$ 2,183,402	$ -	$ 214,910	$ 2,398,312

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic and foreign 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

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

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

For the year ended December 31, 2024

	At FVTPL	At FVTOCI	
Financial Assets	Equity Instruments	Equity Instruments	Total
Balance at January 1	$ 297,484	$ 356,938	$ 654,422
Recognized in profit or loss (included in gain/(loss) on financial assets mandatorily classified as at FVTPL)	(23,243)	-	(23,243)
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	(142,028)	(142,028)
Purchases	93,969	-	93,969
Reclassified	(213,596)	-	(213,596)
Balance at December 31	$ 154,614	$ 214,910	$ 369,524

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 profit or loss (included in gain/(loss) on financial assets mandatorily classified as at FVTPL)	24,797	-	24,797
Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)	-	48,650	48,650
Balance at December 31	$ 297,484	$ 356,938	$ 654,422

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

c. Categories of financial instruments

	December 31 2024	December 31 2023
Financial assets		
Financial assets at FVTPL		
Mandatorily classified as at FVTPL	$ 3,334,347	$ 2,258,562
Financial assets at amortized cost (1)	4,195,858	5,393,027
Financial assets at FVTOCI - equity instruments	2,398,312	2,738,983
Financial liabilities		
Financial liabilities at amortized cost (2)	13,762,139	12,931,945

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, borrowings and lease liabilities. 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, JPY 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	
	2024	2023
Profit or loss	$ 13,016 (i)	$ 10,932 (i)

	EUR Impact	
	For the Year Ended December 31	
	2024	2023
Profit or loss	$ (47) (ii)	$ (47) (ii)

	JPY Impact	
	For the Year Ended December 31	
	2024	2023
Profit or loss	$ 17 (iii)	$ 2 (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	
	2024	**2023**
Fair value interest rate risk		
Financial liabilities	$ 450,000	$ 650,000
Cash flow interest rate risk		
Financial assets	208,646	199,822
Financial liabilities	12,864,401	11,747,619

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 100-basis point 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 100-basis point higher/lower and all other variables were held constant, the Company's pre-tax profit for the years ended December 31, 2024 and 2023 would have decreased/increased by NT$120,877 thousand and NT$117,820 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 domestic and foreign listed shares. 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 the years ended December 31, 2024 and 2023 would have increased/decreased by NT$32,541 thousand and NT$22,504 thousand, respectively, as a result of the changes in and the fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the years ended December 31, 2024 and 2023 would have increased/decreased by NT$24,072 thousand and NT$27,450 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 cover 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 the years ended December 31, 2024 and 2023.

The Company's concentration of credit risk by geographical locations was mainly in Taiwan, which accounted for 98% and 99% of the total trade receivables as of December 31, 2024 and 2023, 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 rate risk 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, 2024

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 146,474	$ 60,175	$ 241,661	$ 27,514	$ -
Variable interest rate liabilities	1,342,802	1,866,451	3,663,471	5,991,677	-
Fixed interest rate liabilities	250,000	200,000	-	-	-
	$ 1,739,276	$ 2,126,626	$ 3,905,132	$ 6,019,191	$ -

December 31, 2023

	On Demand or Less Than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years	5+ Years
Non-derivative financial liabilities					
Non-interest bearing	$ 150,895	$ 146,386	$ 238,285	$ 19,859	$ -
Variable interest rate liabilities	1,145,111	1,729,675	3,407,647	5,442,105	23,081
Fixed interest rate liabilities	-	650,000	-	-	-
	$ 1,296,006	$ 2,526,061	$ 3,645,932	$ 5,461,964	$ 23,081

b) Financing facilities

	December 31 2024	December 31 2023
Secured bank loan facilities which may be extended by mutual agreements:		
Amount used	$ 4,480,250	$ 4,667,090
Amount unused	-	-
	$ 4,480,250	$ 4,667,090
Unsecured bank loan facilities:		
Amount used	$ 10,074,645	$ 8,924,681
Amount unused	6,782,625	7,275,649
	$ 16,857,270	$ 16,200,330

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
Mason Metal Industry Co., Ltd.	Subsidiary
Hsin Hua Steel Industry Co., Ltd.	Sub-subsidiary
Hsin Yuan Hsin Industrial Co., Ltd. (formerly known as Hsin Yuan Hsin Industrial Ltd.)	Sub-subsidiary (a wholly owned sub-subsidiary since August 20, 2024)
Hsin Yuan Hsin Industrial Co., Ltd. (formerly known as Hsin Yuan Hsin Industrial Ltd.)	Related party in substance (before August 20, 2024)
Hsin Kuang Steel Tian-Cheng Charity Foundation	The Foundation's Chairman is the representative of the corporate director of the Company
SunnyRich Multifunction Solar Power Co., Ltd.	Associate

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31 2024	2023
Sale of goods		
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 32	$ 63
Mason Metal Industry Co., Ltd.	82,134	78,889
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	64,966	1,450,959
Processing income		
Subsidiaries		
Mason Metal Industry Co., Ltd.	1,035	1,317
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	2,701	293
	$ 150,868	$ 1,531,521

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31 2024	2023
Subsidiaries		
Hsin Ho Fa Metal Co., Ltd.	$ 19,817	$ -
Mason Metal Industry Co., Ltd.	32	267
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	-	8,702
	$ 19,849	$ 8,969

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

d. Processing costs

Related Party Category/Name	For the Year Ended December 31 2024	2023
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 269	$ 3,155
Mason Metal Industry Co., Ltd.	9,961	11,850
	$ 10,230	$ 15,005

e. Construction cost

Related Party Category/Name	For the Year Ended December 31 2024	2023
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	$ 144,718	$ 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 2024	2023
Subsidiaries		
Hsin Ho Fa Metal Co., Ltd.	$ 17,533	$ 15,912
Mason Metal Industry Co., Ltd.	541	467
Sub-subsidiaries		
Hsin Yuan Hsin Industrial Co., Ltd.	386	-
Related parties in substance		
Hsin Yuan Hsin Industrial Co., Ltd.	2,732	2,694
	$ 21,192	$ 19,073

h. Other revenue

Related Party Category/Name	For the Year Ended December 31 2024	2023
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 3,815	$ 4,886
Hsin Ho Fa Metal Co., Ltd.	505	1,122
Mason Metal Industry Co., Ltd.	1,343	1,200
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	2,080	120
	$ 7,743	$ 7,328

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

Related Party Category/Name	December 31 2024	2023
Subsidiaries		
Hsin Ho Fa Metal Co., Ltd.	$ 56	$ 95
APEX Wind Power Equipment Manufacturing Company., Ltd.	304	439
Hsin Ching International Co., Ltd.	6,345	184
Mason Metal Industry Co., Ltd.	42,372	27,309
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	31,107	240,327
Hsin Yuan Hsin Industrial Co., Ltd.	-	-
	$ 80,184	$ 268,354

The outstanding receivables from related parties (including trade receivables and other receivables) are unsecured. As of December 31, 2024 and 2023, no allowance for impairment loss was recognized for receivables from related parties.

j. Payables to related parties

Related Party Category/Name	December 31 2024	December 31 2023
Subsidiaries		
APEX Wind Power Equipment Manufacturing Company., Ltd.	$ 43	$ 779
Hsin Ho Fa Metal Co., Ltd.	11,307	4,385
Hsin Ching International Co., Ltd.	4,689	-
Mason Metal Industry Co., Ltd.	1,407	1,799
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	9,793	21,902
Hsin Yuan Hsin Industrial Co., Ltd.	266	-
	$ 27,505	$ 28,865

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 2024	December 31 2023
Subsidiaries		
Hsin Ching International Co., Ltd.	$ 262,467	$ 270,818
APEX Wind Power Equipment Manufacturing Company., Ltd.	65,521	69,407
Mason Metal Industry Co., Ltd.	31,152	48,953
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	45,484	72,197
Related party in substance		
Hsin Yuan Hsin Industrial Co., Ltd.	60,290	-
	$ 464,914	$ 461,375

In May 2024, the Company entered into a 6-year lease agreement with its related party in substance, Hsin Yuan Hsin Industrial Co., Ltd. The agreement stipulates that the lessee shall pay a monthly rent of NT$930 thousand for land and buildings, with the adjustments to the rent will be made at the end of the third year.

Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31	
	2024	2023
Subsidiaries		
Hsin Ching International Co., Ltd.	$ 28,109	$ 27,703
Mason Metal Industry Co., Ltd.	16,348	16,146
APEX Wind Power Equipment Manufacturing Company., Ltd.	13,510	11,902
Sub-subsidiaries		
Hsin Hua Steel Industry Co., Ltd.	13,884	13,884
Hsin Yuan Hsin Industrial Co., Ltd.	3,544	-
Related parties in substance		
Hsin Yuan Hsin Industrial Co., Ltd.	3,544	-
	$ 78,939	$ 69,635

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, 2024 and 2023, the amount of unearned rental revenue was NT$522,562 thousand and NT$542,718 thousand, respectively.

l. Guarantee deposits

Related Party Category/Name	December 31	
	2024	2023
Subsidiaries		
Mason Metal Industry Co., Ltd.	$ 2,641	$ 2,641
Sub-subsidiaries		
Hsin Yuan Hsin Industrial Co., Ltd.	$ 1,861	$ -

m. Disposals of property, plant and equipment

Related Party Category/Name	Proceeds For the Year Ended December 31 2024	Proceeds For the Year Ended December 31 2023	Gain/(Loss) on Disposal For the Year Ended December 31 2024	Gain/(Loss) on Disposal For the Year Ended December 31 2023
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 information of the endorsements/guarantees by the Company for SunnyRich Multifunction Solar Power Co., Ltd.

o. Other transactions with related parties

Line Item	Related Party Name	For the Year Ended December 31 2024	For the Year Ended December 31 2023
Donations	Hsin Kuang Steel Tian-Cheng Charity Foundation	$ 12,000	$ 8,000

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 2024	For the Year Ended December 31 2023
Short-term employee benefits	$ 86,901	$ 102,768

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, construction contracts and rental guarantee deposits:

	December 31	
	2024	2023
Notes receivable	$ 444,777	$ 424,223
Restricted demand deposits (classified as financial assets at amortized cost)	35,570	5,665
Pledged time deposits (classified as financial assets at amortized cost)	16,879	16,844
Investments accounted for using the equity method	877,684	481,038
Freehold land	1,169,693	948,818
Buildings, net	444,934	573,940
Investment properties - land	656,524	331,487
Investment properties - buildings	714,980	627,064
	$ 4,361,041	$ 3,409,079

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, 2024 and 2023 were as follows:

Significant Commitments

a. As of December 31, 2024 and 2023, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

	December 31	
	2024	2023
NTD	$ 336,017	$ 505,409
USD	24,351	21,460
JPY	88,968	293

b. Unrecognized commitments were as follows:

	December 31	
	2024	2023
Acquisition of property, plant and equipment	$ 373,642	$ 53,525

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, 2024

	Foreign Currency	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 2,641	32.78 (USD:NTD)	$ 86,581
EUR	138	34.14 (EUR:NTD)	4,717
JPY	170,879	0.21 (JPY:NTD)	35,867
			$ 127,165
Financial liabilities			
Monetary items			
USD	42,689	32.78 (USD:NTD)	$ 1,399,570

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

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

	For the Year Ended December 31			
	2024		2023	
Foreign Currency	Exchange Rate	Net Foreign Exchange Gains/(Losses)	Exchange Rate	Net Foreign Exchange Gains/(Losses)
USD	31.57 (USD:NTD)	$ (3,763)	30.71 (USD:NTD)	$ 254,584

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: (Table 4)

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

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

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

9) Trading in derivative instruments: (Note 7)

b. Information on investees (Table 5)

c. Information on investments in mainland China

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

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

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

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

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

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

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

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

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

34. SEGMENT INFORMATION

The segment information for the years ended December 31, 2024 and 2023 is disclosed in the Company's consolidated financial statements.