Stock Code: 2028

WEI CHIH STEEL INDUSTRIAL CO., LTD.

FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
AND INDEPENDENT AUDITORS' REPORT

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Independent Auditors' Report

To the Board of Directors and Shareholders
Wei Chih Steel Industrial Co., Ltd.

Opinion

We have audited the accompanying balance sheets of Wei Chih steel Industrial Co., Ltd. (the "Company") as of December 31, 2023 and 2022, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Key audit matters for the Company's financial statements for the year ended December 31, 2023 are stated as follows:

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Authenticity of sales revenue

Please refer to Note 4(17) to the Financial Statements for the relevant accounting policies on revenue recognition.

Description of key audit matter

Wei Chih steel Industrial Co., Ltd mainly engages in the manufacturing and processing of steel rebars, bar steels, wire rods, steel billets and other steel products. The net sales revenue for the year ended December 31, 2023 was 10,484,173 thousand, and the sales revenue from specific customers has changed significantly, comparing with the previous year. The authenticity of sales revenue from specific customers is therefore considered a key audit matter.

How the matter was addressed in our audit:

We have carried out the main audit procedures as follows:

1. Understand and test the internal controls that is relevent with the authenticity of sales revenue from customers.
2. Obtain detailed sales revenue data from the specific customers mentioned above, and select samples to review shipping documents. Verify whether the payer and the amount of payment match the sales targets and revenue amounts recognized to verify the authenticity of sales revenue.

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

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

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

Those charged with governance (including the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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The engagement partners on the audit resulting in this independent auditors' report are Jen Yao Hsieh and Shu Man Tsai.

Crowe (TW) CPAs
Kaohsiung, Taiwan
Republic of China
March 15, 2024

<u>*Notice to Readers*</u>

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

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

WEI CHIH STEEL INDUSTRIAL CO., LTD.
BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

		December 31, 2023		December 31, 2022	
Assets	Note	Amount	%	Amount	%
CURRENT ASSETS					
Cash and cash equivalents	6.1	$59,278	1	$328,736	4
Financial assets at fair value through profit or loss - current	6.2	-	-	1,458	-
Notes receivable, net	6.3	67,103	1	41,385	-
Accounts receivable, net	6.4	1,149,604	13	1,388,451	17
Other receivables		1,540	-	1,150	-
Inventories	6.5	3,024,507	35	2,621,777	32
Prepayments	6.6	225,050	3	175,950	2
Other financial assets - current	8	34,075	-	27,536	-
Total current assets		4,561,157	53	4,586,443	55
NONCURRENT ASSETS					
Financial assets at fair value through other comprehensive income or loss - noncurrent	6.7	313,024	4	314,557	4
Property, plant and equipment	6.8	3,705,497	43	3,320,329	39
Right-of-use assets	6.9	38,620	-	43,865	1
Intangible assets	6.11	579	-	1,032	-
Deferred income tax assets	6.28	25,202	-	47,711	1
Refundable deposits		1,027	-	3,765	-
Total noncurrent assets		4,083,949	47	3,731,259	45
TOTAL ASSESTS		$8,645,106	100	$8,317,702	100
Liabilities and Equity					
CURRENT LIABILITIES					
Short-term loans	6.12	$593,149	6	$387,670	5
Short-term notes and bills payable	6.13	429,736	5	109,826	1
Contract liabilities - current	6.22	29,999	-	70,799	1
Notes payable		317,309	4	286,582	3
Accounts payable		578,454	7	570,254	7
Accounts payable - related parties	7	22,377	-	5,802	-
Other payables	6.14	504,015	6	719,967	10
Current tax liabilities		57,743	1	167,747	2
Provisions - current	6.15	13,979	-	13,684	-
Lease liabilities - current	6.9	4,894	-	4,971	-
Current portion of long-term loans	6.16	167,885	2	185,531	2
Total current liabilities		2,719,540	31	2,522,833	31

Liabilities and Equity	Note	December 31, 2023 Amount	%	December 31, 2022 Amount	%
NONCURRENT LIABILITIES					
Long-term loans	6.16	$1,386,083	16	$1,345,100	16
Deferred income tax liabilities	6.28	-	-	428	-
Lease liabilities - noncurrent	6.9	36,414	-	41,308	-
Net defined benefit liabilities - noncurrent	6.17	42,567	1	56,311	1
Guarantee deposits		1,020	-	1,020	-
Total noncurrent liabilities		1,466,084	17	1,444,167	17
Total Liabilities		4,185,624	48	3,967,000	48
EQUITY					
Share capital	6.18				
Ordinary shares		3,257,148	38	3,257,148	38
Retained earnings	6.19				
Legal reserve		225,131	3	178,178	2
Unappropriated earnings		723,065	8	654,411	8
Other equity	6.20	292,105	3	291,194	4
Treasury stock	6.21	(37,967)	-	(30,229)	-
Total Equity		4,459,482	52	4,350,702	52
TOTAL LIABILITIES AND EQUITY		$8,645,106	100	$8,317,702	100

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

WEI CHIH STEEL INDUSTRIAL CO., LTD.

STATEMENTS OF COMPREHENSIVE INCOME

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

Item	Note	Year Ended December 31			
		2023		2022	
		Amount	%	Amount	%
OPERATING REVENUES	6.22	$10,484,173	100	$13,123,335	100
OPERATING COSTS	6.5	(9,799,877)	(93)	(11,998,884)	(91)
GROSS PROFIT (LOSS)		684,296	7	1,124,451	9
OPERATING EXPENSES					
Sales and marketing		(57,085)	(1)	(82,775)	(1)
General and administrative		(110,074)	(1)	(97,690)	(1)
Research and development		(10,836)	-	(20,980)	-
Expected credit gain (loss)	6.4	1,071	-	1,462	-
Total operating expenses		(176,924)	(2)	(199,983)	(2)
INCOME FROM OPERATIONS		507,372	5	924,468	7
NON-OPERATING INCOME AND EXPENSES					
Interest revenue	6.24	1,747	-	987	-
Other income	6.25	32,794	-	29,779	-
Other gains and losses	6.26	(312)	-	19,674	-
Finance costs	6.27	(42,479)	-	(46,883)	-
Total non-operating income and expenses		(8,250)	-	3,557	-
INCOME BEFORE INCOME TAX		499,122	5	928,025	7
INCOME TAX BENEFIT (EXPENSE)	6.28	(83,905)	(1)	(177,627)	(1)
NET INCOME		415,217	4	750,398	6
OTHER COMPREHENSIVE INCOME (LOSS)	6.29				
Items that will not be reclassified subsequently to profit or loss:					
Remeasurement of defined benefit obligation		8,618	-	8,185	-
Unrealised gains (loss) on investments in equity instruments measured at fair value through other comprehensive income		911	-	37,425	-
Total other comprehensive income (loss), net of income tax		9,529	-	45,610	-
TOTAL COMPREHENSIVE INCOME		$424,746	4	$796,008	6
EARNINGS PER SHARE					
Basic	6.30	$1.28		$2.30	
Diluted	6.30	$1.28		$2.30	

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

WEI CHIH STEEL INDUSTRIAL CO., LTD.
STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

		Retained Earnings		Other		
	Ordinary Shares	Legal Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Financial Assets at Fair value through other comprehensive income	Treasury stock	Total Equity
BALANCE AT JANUARY 1, 2022	$3,257,148	$ -	$1,165,151	$253,769	$ -	$4,676,068
Appropriations and distributions of prior years' earnings:						
Legal reserve	-	178,178	(178,178)	-	-	-
Cash dividends	-	-	(1,091,145)	-	-	(1,091,145)
Net income in 2022	-	-	750,398	-	-	750,398
Other comprehensive income (loss) in 2022, net of income tax	-	-	8,185	37,425	-	45,610
Total comprehensive income in 2022	-	-	758,583	37,425	-	796,008
Treasury stock acquired	-	-	-	-	(30,229)	(30,229)
BALANCE AT DECEMBER 31, 2022	3,257,148	178,178	654,411	291,194	(30,229)	4,350,702
Appropriations and distributions of prior years' earnings:						
Legal reserve	-	46,953	(46,953)	-	-	-
Cash dividends	-	-	(308,228)	-	-	(308,228)
Net income in 2023	-	-	415,217	-	-	415,217
Other comprehensive income (loss) in 2023, net of income tax	-	-	8,618	911	-	9,529
Total comprehensive income in 2023	-	-	423,835	911	-	424,746
Treasury stock acquired	-	-	-	-	(7,738)	(7,738)
BALANCE AT DECEMBER 31, 2023	$3,257,148	$225,131	$723,056	$292,105	($37,967)	$4,459,482

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

WEI CHIH STEEL INDUSTRIAL CO., LTD.
STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

Item	Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$499,122	$928,025
Adjustments :		
Adjustments to reconcile profit (loss)		
Depreciation	264,689	247,835
Amortization	632	885
Expected credit loss (gain)	(1,071)	(1,462)
Net loss (gain) on financial assets and liabilities at fair value	1,458	(1,458)
Interest expense	42,479	46,883
Interest income	(1,747)	(987)
Dividend income	(21,784)	(13,406)
Loss (gain) on disposal and retirement of property, plant and equipment	(51)	(701)
Transfer of property, plant and equipment to expenses	18,957	23,658
Total adjustments to reconcile profit (loss)	303,562	301,247
Net changes in operating assets and liabilities		
Net changes in operating assets		
Decrease (increase) in notes receivable	(25,847)	38,327
Decrease (increase) in accounts receivable	240,047	(610,627)
Decrease (increase) in other receivables	(764)	14,506
Decrease (increase) in inventories	(335,884)	881,595
Decrease (increase) in prepayments	(49,100)	83,475
Total changes in operating assets	(171,548)	407,276
Net changes in operating liabilities		
Increase (decrease) in contract liabilities	(40,800)	4,206
Increase (decrease) in notes payable	30,727	(61,888)
Increase (decrease) in accounts payable	24,775	66,670
Increase (decrease) in other payables	(130,112)	(102,396)
Increase (decrease) in provisions	295	2,807
Increase (decrease) in net defined benefit liabilities	(5,126)	(5,155)
Total changes in operating liabilities	(120,241)	(95,756)
Total net changes in operating assets and liabilities	(291,789)	311,520
Total adjustments	11,773	612,767
Cash generated from operations	510,895	1,540,792
Interest received	2,121	614
Dividends received	21,784	13,406
Interest paid	(40,113)	(46,657)
Income tax returned (paid)	(171,828)	(298,630)
Net cash generated from operating activities	$322,859	$1,209,525

Item	Year Ended December 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from capital reduction of financial assets at fair value through other comprehensive income	$2,444	$ -
Acquisition of property, plant and equipment	(703,361)	(259,942)
Proceeds from disposal of property, plant and equipment	1,829	1,441
Decrease in refundable deposits	2,738	17,735
Acquisition of intangible assets	(179)	(425)
Increase in other financial assets	(6,539)	(18,191)
Net cash used in investing activities	(703,068)	(259,382)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	205,479	261,807
Increase in short-term notes and bills payable	320,000	-
Decrease in short-term notes and bills payable	-	(60,000)
Increase in long-term loans	1,594,943	-
Repayment of long-term loans	(1,574,101)	(186,490)
Repayments of principal of lease liabilities	(4,971)	(4,851)
Cash dividends paid	(422,861)	(814,287)
Treasury stock acquired	(7,738)	(30,229)
Net cash generated from (used in) financing activities	110,751	(834,050)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(269,458)	116,093
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	328,736	212,643
CASH AND CASH EQUIVALENTS - END OF YEAR	$59,278	$328,736

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

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

1. GENERAL INFORMATION

(1) The Company was incorporated in October 1982 under the former name of Shih Wei Steel Co., Ltd. The Company changed its name as Wei Chih Steel Industrial Co., Ltd. in July 1989, and consolidated with Wei Hung Construction Co., Ltd. on May 31, 1992. Main business items of the Company are processing, manufacturing, trading and importing / exporting of steel rebars, bar steels, wire rods, steel billets and other steel products. The Company also rents and sales of public housing units and commercial building constructed by construction engineering firms entrusted by the Company. However, such businesses were cancelled in 2010. The Company does not have the ultimate parent company.

(2) The financial statements are presented in the Company's functional currency, New Taiwan Dollars.

2. THE AUTHORIZATION OF THE FINANCIAL STATEMENTS

The accompanying financial statements were approved and authorized for issue by the Board of Directors on March 15, 2024.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

3-1 Effect of adoption of the amendments to the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC):

The adoption of the amendments to the IFRSs endorsed and issued into effect by the FSC did not have any material impact on the Company's accounting policies.

New standards, interpretations and amendments endorsed by the FSC and effective from 2023 are as follows:

New, Amended or Revised Standards and Interpretations (the "New IFRSs")	Effective Date Announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 1)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 2)
Amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023 (Note 3)
Amendments to IAS 12 "International Tax Reform － Pillar Two Model Rules"	(Note 4)

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

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

Note 3: Except for otherwise specified with for temporary differences associated with leases and decommissioning obligations, the amendments will be applied prospectively to transactions that occur on or after January 1, 2022

Note 4: As a temporary exception under IAS 12, the company shall not recognize deferred income tax assets and liabilities related to Pillar Two income tax, nor shall it disclose their related information. However, the company shall disclose in its financial report that it has already applied this exception. The company shall apply this part of the amendment retrospectively in accordance with IAS 8 since its issuance date (i.e. May 23, 2023). The company shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting dates ending before or on December 31, 2023.

A. Amendments to IAS 1 "Disclosure of Accounting Policies"

This amendment clarifies that when the size or nature of a transaction, other event or condition is material, and the related accounting policy information is also material to the financial report, the related material accounting policy information shall be disclosed. Conversely, if the company determines that the size or nature of a transaction, other event or condition is not material, or that the size or nature of a transaction is material but the related accounting policy information is not material, it does not need to disclose those immaterial accounting policy information. However, the company's conclusion that accounting policy information is immaterial does not affect the relevant disclosures required by other IFRS standards.

B. Amendments to IAS 8 "Definition of Accounting Estimates"

This amendment defines accounting estimates as the monetary amount of financial statements subject to measurement uncertainty, and provides further explanations that, except for corrections due to errors in the previous period, the impact of changes in input values or measurement techniques on accounting estimates is a change in accounting estimates.

C. Amendment to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. When the Company initially applies the amendments, it will recognize the cumulative effect of applying the amendments initially as an adjustment to the opening balance of the retained earnings (or other components of equity, as appropriate) at the beginning of the earliest presented period for all deductible and taxable temporary differences associated with leases and decommissioning, and will prospectively apply the amendments for other transactions occurred on or after January 1, 2022.

D. Amendments to IAS 12 "International Tax Reform — Pillar Two Model Rules"

The amendments stipulates that, as a temporary exception to IAS 12, Company shall neither recognize nor disclose information about deferred income tax assets and liabilities for Pillar Two income tax relating to international tax reform; however, Company shall disclose in its financial reports that it has applied this exception. In addition, Company shall separately disclose its current income tax expenses (benefits) relating to Pillar Two income tax. If the Pillar Two bill has been enacted or has been substantively enacted but has not yet taken effect, Company should disclose qualitative and quantitative information on its exposure to Pillar Two income tax that is known or can be reasonably estimated.

The Company has evaluated the aforementioned standards and interpretations, and there's no significant effect on the Company's financial position and performance.

3-2 Effect of new issuances or amendments to IFRSs as endorsed by the FSC but not yet adopted

New standards, interpretations and amendments endorsed by the FSC and effective from 2024 are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 "Lease liabilities in sale and leaseback"	January 1, 2024 (Note 1)
Amendments to IAS 1 "Classification of Liabilities as Current or Noncurrent"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants "	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier finance arrangement"	January 1, 2023(Note 2)

Note 1: The seller-lessee shall apply the amendments retroactively in accordance with IAS 8 for the sale and leaseback transactions made after the initial application of IFRS 16.

Note 2: The amendment provides certain transitional reliefs. When initially appling the amendment, Company are not required to disclose comparative information and interim period information, as well as opening information required by paragraph 44H(b)(ii)-(iii).

A. Amendments to IFRS 16 "Lease liability in a sale and leaseback"

This amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller and lessee due to the leaseback should be treated in accordance with IFRS 16 regarding lease liabilities;

however, if variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

B. Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”

The amendments clarify that when the Company determines whether a liability is classified as noncurrent, the Company should assess whether the Company has the right to defer the settlement for at least twelve months after the reporting period. If the Company has that right on the end of reporting period, that liability must be classified as non-current regardless whether the Company expects whether to exercise the right or not. If the Company must follow certain conditions to have the right to defer the settlement of a liability, the Company must have followed those conditions on the end of reporting period in order to have that right even if the lender tests the Company’s compliance on a later date.

The aforementioned settlement means transferring cash, other economic resources or the Company’s equity instruments to the counter-party to extinguish the liability. If the terms of the liability give the counterparty an option to extinguish the liability by the Company’s equity instruments, and this option is recognized separately in equity in accordance with IAS 32 “Financial Instruments: Presentation” then the classification of the liability will not be affected.

C. Amendment to IAS 1 “Non-current Liabilities with Covenants”

This amendment further clarifies that only contractual terms that are required to be complied with before the end of the reporting period will affect the classification of the liability at that date. The contractual terms that required to be complied with within 12 months after the reporting period do not affect the classification of liabilities at the reporting date. However, for liabilities classified as non-current and must be repaid within 12 months after the reporting period due to potential non-compliance, the relevant facts and circumstances should be disclosed in the notes.

D.Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements "

Supplier financing arrangements involve one or more financing providers making payments to suppliers on behalf of Company, and Company agrees to repay the financing providers on the payment date agreed with the suppliers or a later date. The amendments to IAS 7 require Company to disclose information on its supplier financing arrangements to enable users of financial statements to assess the impact of these arrangements on Company's liabilities, cash flows and exposure to liquidity. The amendments to IFRS 7 include into its application guidance that when disclosing how Company manages the liquidity risk of its financial liabilities, it may also consider whether it has obtained or can obtain financing facilities through supplier financing arrangements, and whether these arrangements may cause concentration of liquidity risk.

The Company has evaluated the aforementioned standards and interpretations, and there's no significant effect on the Company's financial position and performance.

3-3 Effect of IFRSs issued by IASB but not yet endorsed and issued into effect by FSC：

New IFRSs	Effective Date Announced by IASB
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 IFRS 17 and IFRS 9 – Compare Information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

As of the date the financial statements are authorized for issue, the Company is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

4.1 Statement of Compliance

The accompanying financial statements have been prepared in conformity with the the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC.

4.2 Basis of preparation

(1) Except for the following items, the financial statements have been prepared under the historical cost convention:

A. Financial assets and financial liabilities (including derivative instruments) measured at fair value through profit or loss.

B. Financial assets and liabilities measured at fair value through other comprehensive income.

C. Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

(2) The preparation of the financial statements in compliance with the IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

4.3 Foreign Currencies

(1) Foreign currency transactions and balance

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured.

B. Monetary assets and liabilities denominated in foreign currencies at the period end are retranslated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.

C. 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 on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.

4.4 Classification of current and non-current items

(1) Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;

B. Assets held mainly for trading purposes;

C. Assets that are expected to be realized within twelve months from the balance sheet date;

D. Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

(2) Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

A. Liabilities that are expected to be paid off within the normal operating cycle;

B. Liabilities held mainly for trading purposes;

C. Liabilities that are to be paid off within twelve months from the balance sheet date (Even if a long-term refinancing or re-arrangement of payment agreements is completed after the balance sheet date and before the issuance of the financial report is approved, it is classified as current liabilities).

D. Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

4.5 Cash and cash equivalents

Cash and cash equivalents comprises cash on hand, demand deposits and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value (including the original maturity of the time deposits within three months.)

4.6 Financial instruments

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

Financial assets and financial liabilities are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

(1) Financial assets

A. Measurement categories

All regular way purchases or sales of financial assets are recognized and derecognized using trade date accounting.

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

a. Financial assets at fair value through profit or loss

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified or designated as at FVTPL. Financial assets mandatorily classified as at FVTPL include equity investments that are not designated as at FVTOCI and debt investments that do not meet the criteria for being classified as at amortized cost criteria or at FVTOCI.

Financial assets at FVTPL are initially and subsequently measured at fair value, with any dividends, interest earned recognized as other income, and gains or losses arising from remeasurement recognized in other gains or losses. Fair value is determined in the manner described in Note 12(3).

b. 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 assets give rise on specified date to cash flow that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Expect for the following two cases, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset.

i. Purchased or originated credit-impaired financial assets: for those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.

ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets: for those financial assets, the Company shall apply the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

c. 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 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, they will be transferred to retained earnings.

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

B. Impairment of financial assets

a. At the end of each reporting period, a loss allowance for expected credit loss is recognized for financial assets at amortized cost (including accounts receivable), investments in debt instruments that are measured at FVTOCI, lease receivable and contract assets.

b. The Company always recognize lifetime Expected Credit Loss (i.e. ECL) for accounts receivables. For other financial assets, the Company recognize lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equaling to 12-month ECL.

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

d. The Company recognizes an impairment loss in profit or loss for all financial instruments with a corresponding adjustment to 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 does not reduce the carrying amount of the financial asset.

C. Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is meet:

a. The contractual rights to receive cash flows from the financial asset expire.

b. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

c. The Company neither retains nor transfers substantially all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

On derecognition of financial assets at amortized cost in its entirety, the difference between the financial asset's carrying amount and the sum of the consideration received is recognized in profit or loss. On derecognition of debt instrument measured at fair value through other comprehensive income, the difference between the financial asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss. On derecognition of equity instruments at fair value through other comprehensive income in its entirety, the cumulative profit and loss will be transferred directly to retained earning without reclassified into profit and loss.

(2) Equity instruments

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

(3) Financial liabilities

A. Subsequent measurement

Financial liabilities other than those held for trading purposes and designated as at fair value through profit or loss are subsequently measured at amortized cost at the end of each reporting periods.

B. Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss.

(4) Modification of Financial Instruments

When the contractual cash flows of a financial instrument are renegotiated or modified and the renegotiation or modification does not result in the derecognition of that financial instrument, the Company recalculates the gross carrying amount of the financial asset or the amortized cost of the financial liabilities using the original effective interest rate and recognises a modification gain or loss in profit or loss. Any costs or fees incurred adjust the carrying amount of the modified financial instrument and are amortised over the remaining term of the modified financial instrument. If the renegotiation or modification results in that the derecognition of that financial instrument is required, then the financial instrument is derecognized accordingly.

4.7 Inventories

Inventories are stated at the lower of cost and net realizable value, accounted for on a perpetual basis. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and costs necessary to make the sale.

4.8 Property, Plant, and Equipment

(1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.

(2) Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are

incurred.

(3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are, reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. Service lives estimated as follows:

Building and structure	
Main buildings including plant and office building	21-56 years
Equipment of electromechanical dynamic force	9-46 years
Others	2-16 years
Machinery	2-36 years
Other equipment	2-36 years

(4) An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the assets. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.9 Leases

The Company assesses whether the contract is (or includes) a lease at the date of the contract. For a contract that contains a lease component and non-lease components, the Company allocates the consideration in the contract to each component on the basis of the relative stand-alone price and accounts for each component separately.

(1) The Company as lessee

Except for payments for low-value asset and short-term leases which will be recognized as expenses on a straight-line basis, the Company will recognize right-of-use assets and lease liabilities for all leases at the inception of lease.

Right-of-use asset

The right-of-use asset is initially measured at cost (including the initial measurement amount of the lease liability, the payments less incentives, initial direct costs and the estimated recover cost), the subsequent measurement is based on the cost less accumulated depreciation and accumulated impairment loss, and adjusting the amount of re-measures of lease liabilities.

The right-of-use asset recognized depreciation is using the straight-line basis from the date of the lease until the expiration of the useful life or the expiration of the lease term, the depreciation is provided that the title of the underlying asset will be acquired at the end of the lease period or, if the cost of the right-of-use asset reflects the execution of the purchase option.

Lease liability

The lease liability is initially measured by the present value of the lease payment (including fixed payment, substantive fixed payment, change in lease payment depending on the index or rate, etc.). If the implied interest rate on the lease is easy to determine, the lease payment is discounted using that interest rate. If the interest rate is not easy to determine, the lessee's increase borrowing rate is used.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. If the lease period, the evaluation of the purchase choice, the amount of expected to be paid under the residual value guarantee or the change in the index or rate used to determine the lease payment result in a change in the future lease payment, the Company will measure the lease liability and adjust the right-of-use assets relatively. If the carrying amount has been reduced to zero, the remaining amount will recognize in the profit and loss. Lease liabilities are presented as a separate line item in the balance sheets.

(2) 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.

Under finance leases, the lease payments comprise fixed payments, in-substance fixed payments and variable lease payments that depend on an index or a rate. The net investment in a lease is measured at the present value of the sum of the lease payments receivable and any unguaranteed residual value plus initial direct costs and is presented as a finance lease receivable. Finance lease income is allocated over the lease term so as to reflect a constant, periodic rate of return on the Company’s net investment in the leases.

Under operating leases, lease payments, less any lease incentives payable, are recognized as lease income on a straight-line basis over the lease terms. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized those costs as an expense over the lease term on the same basis as the lease income.

4.10 Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes), also include land held for a currently undetermined future use.

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

Investment properties in the course of construction are stated at cost less accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

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

4.11 Intangible assets

Separately acquired intangible assets with finite useful lives 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 over the following estimated lives: computer software - 4 to 5 years. The estimated useful life and amortization method for an intangible asset are reviewed at each financial year-end. Any changes in estimates is accounted for on a prospective basis.

An intangible asset is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising from the disposal of the assets is determined as the difference between the disposal proceeds and the carrying amount of the asset and is recognized in profit or loss.

4.12 Impairment of non-financial assets

The Company assesses at the end of reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. When the indication of impairment loss recognized in prior years for an asset other than goodwill no longer exists, the impairment loss is reversed to the extent of the loss previously recognized in profit or loss.

4.13 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date. The discount rate (or rates) shall be a pre-tax rate (or rates) that reflect(s) current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as interest expense. Provisions are not recognised for future operating losses.

4.14 Employee benefits

(1) Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expenses in that period when the employees render service.

(2) Pensions

A. Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expenses when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund from the plan or a reduction in future contributions to the plan.

B. Defined benefit plans

(A) Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior period. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets, The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The discount rate used is determined by using the market yields (at the end of the reporting period) on government bonds denominated in the currency in which the benefits are to be paid.

(B) Remeasurements of defined benefit plans are recognised in other comprehensive income as incurred and are recorded as retained earnings.

(C) Past-service costs are recognised immediately in profit or loss.

(3) Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the amount accrued and the amount actually distributed is accounted for a change in accounting estimate.

(4) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of an employee's employment as a result of either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of benefits in exchange for the termination of employment. The Company recognises expense when it can no longer withdraw an offer of termination benefits or when it recognises related restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date are discounted to their present value.

4.15 Share capital

Ordinary shares are classified as equity. The classification of preferred stocks is based on the special rights entitled to preference shares based on the substance of the contract and the definition of financial liabilities and equity instruments. If preferred stocks meet the definition of a financial liability, they are classified as liabilities; otherwise, they are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

4.16 Income tax

(1) The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity, respectively.

(2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax calculated in accordance with Income Tax Act of the Republic of China is levied on the unappropriated retained earnings and is recorded as income tax expense in the subsequent year when the stockholders approve to distribute retain earnings.

(3) Deferred income tax is recognised, using the balance sheet method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

(4) Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences, unused tax losses, and unused tax credits can be utilised. At each balance sheet date, unrecognised and recognised deferred income tax assets are reassessed.

(5) Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on

either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(6) A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from acquisitions of equipment or technology, research and development expenditures, employee training, and equity investments to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

4.17 Revenue Recognition

The Company applies the following steps for revenue recognition:

(1) Identifying the contract;

(2) Identifying performance obligations;

(3) Determining the transaction price;

(4) Allocating the transaction price to performance obligations; and

(5) Recognizing revenue when (or as) a performance obligations is satisfied.

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 within one year, the Company does not adjust the promised amount of consideration for the effect of a significant financing component.

Revenue from the sale of goods comes from sales of steel rebars, wire rods, bar steels, steel billets and other steel products. Sales revenues are recognized while the control of goods is transferred to the customers since the customers have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. The Company recognizes revenues and accounts receivable at the point and presents it in net term after deducting sales return, quantity discount and sales allowance.

The Company does not recognize sales revenue on materials delivered to subcontractors because such delivery does not involve a transfer of control.

4.18 Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalized as part of the cost of those assets until substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

To the extent that an entity borrows funds specifically for the purpose of obtaining a qualifying asset, the entity shall determine the amount of borrowing costs eligible for capitalisation as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Except for those qualifying capitalization, all other borrowing costs are recognized as an expense in profit or loss as incurred.

5. CRITICAL ACCOUNTING JUDGEMENTS AND MAJOR SOURCES OF ESTIMATION AND ASSUMPTION UNCERTAINTY

In the preparation of the Company's financial statements, the critical accounting judgments the Company has made and the major sources of estimation and assumption uncertainty are described as follows:

5.1 Critical judgements in applying accounting policies

(1) Business model assessment for financial assets

The Company determines the business model at a level that reflects how groups of financial assets are managed together to achieve a particular business objective. This assessment involves judgment and consideration of all relevant evidence, such as how the performance of the assets is evaluated, the risks that affect the performance of the assets, and how the managers of the assets are compensated. The Company constantly assess the adequacy of its business model and monitors financial assets measured at amortized cost and debt investments measured at fair value through other comprehensive income. When these assets are derecognized prior to their maturity, the Company reviews the reasons for their disposal and whether the reasons are consistent with the objective of the business for which the assets were held. If the objective of the business for an asset is changed, the classification of the asset is prospectively changed from the reclassification date.

(2) Revenue recognition

The Company assesses if it controls the specified good or service before that good or service is transferred to a customer to determine whether it is acting as a principal or as an agent in the transaction in accordance with IFRS 15. Where the Company acts as an agent, revenue is recognised on a net basis.

When another party is involved in providing goods or services to a customer, the Company is a principal if the group obtains control of any one of the following:

A. a good or another asset from the other party that it then transfers to the customer.

B. a right to a service to be performed by the other party, which gives the Company the ability to direct that party to provide the service to the customer on the Company's behalf.

C. a good or service from the other party that it then combines with other goods or services in providing the specified good or service to the customer.

Indicators that the Company controls the specified good or service before it is transferred to the customer include, but are not limited to, the following:

A. the entity is primarily responsible for fulfilling the promise to provide the specified good or service.

B. the entity has inventory risk before or after the specified good or service has been transferred to a customer.

C. the entity has discretion in establishing the price for the specified good or service.

(3) Lease terms

In determining the lease term, the Company considers all the facts and circumstances that create an economic incentive to exercise or not to exercise the option, including any expected changes in facts and circumstances from the commencement date until the exercise date of the option. Main factors considered include the contractual terms and conditions for the periods covered by the option, significant leasehold improvements undertaken (or expected to be undertaken) over the contract term, the importance of the underlying asset to the lessee’s operations, etc. The lease term is reassessed if a significant change in circumstances that are within control of the Comapany occurs.

5.2 Critical accounting estimates and assumptions

(1) Revenue Recognition

The Company recognizes a refund for estimated future returns and other allowance in the same period the related revenue is recorded. The Company estimates sales returns and allowance based on historical experience and other known factors. The Company reassesses the reasonableness of the estimates periodically.

(2) Estimated impairment of financial assets

The provision for impairment of trade receivables is based on assumptions on risk of default and expected loss rates. The Company makes these assumptions and selects inputs for impairment calculation based on the Company’s historical experience and existing market conditions, as well as forward looking information. Where the actual future cash inflows are less than expected, a material impairment loss may arise. Important assumptions and input values used are referred to note 6(4).

(3) Fair value measurements and valuation processes

Where some of the Company’s assets and liabilities measured at fair value have no quoted prices in active markets, the Company determines, based on relevant regulations and judgment, whether to engage third party qualified valuers and the appropriate valuation techniques for the fair value measurements.

Where Level 1 inputs are not available, the Company determines appropriate inputs by referring to the analyses of the financial position and the operation results of the investees, the most recent transaction prices, prices of the same equity instruments not quoted in active markets, quoted prices of similar instruments in active markets, and valuation multiples of comparable entities. If the actual changes of inputs in the future differ from expectation, the fair value might vary accordingly. The Company updates inputs periodically according to market conditions to monitor the appropriateness of the fair value measurement. Please refer to Note 12(3) for fair value valuation technique and input values.

(4) Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Company determines, based on how assets are utilised and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the

Company's strategy might result in material impairment of assets in the future.

(5) Realisability of deferred tax assets

Deferred tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the deferred tax asset can be utilised. The Company's management assesses the realisability of deferred tax assets by making critical accounting judgements and significant estimates of expected future revenue growth rate, gross profit rate, the tax exemption period, available tax credits, and tax planning, etc. Changes in global economic environment, industrial environment, and laws and regulations might result in material adjustments to deferred tax assets.

(6) Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company needs to exercise judgments and estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realisable value. Such an evaluation of inventories is mainly based on the demand for the products within a specified period in the future. Therefore, there might be material changes to the evaluation.

(7) Calculation of accrued pension obligations

When calculating the present value of defined pension obligations, the Company uses judgments and actuarial assumptions to determine related estimates, including discount rates and future salary increase rate. Changes in these assumptions may have a significantly impact on the carrying amount of defined pension obligations.

(8) Lessees' incremental borrowing rates

In determining a lessee's incremental borrowing rate used in discounting lease payments, a risk-free rate for the same currency and relevant duration is selected as a reference rate, and the lessee's credit spread adjustments and lease specific adjustments (such as asset type, guarantees, etc.) are also taken into account.

6. DESCRIPTION OF SIGNIFICANT ACCOUNTS

6.1 Cash and cash equivalents

Item	December 31, 2023	December 31, 2022
Cash on hand	$168	$309
Checking account	334	370
Demand deposits	56,752	124,006
Foreign currency deposits	2,024	81,211
Time Deposits	-	122,840
Total	$59,278	$328,736

(1) The the Company deposits its cash and cash equivalents at several financial institutions that have high credit quality to diversify its risk. Therefore, the Company considers its cash and cash equivalents to have low credit risk.

(2) The Company had no cash and cash equivalents pledged to others.

6.2 Financial instruments at fair value through profit or loss - current

Item	December 31, 2023	December 31, 2022
Forward exchange contracts	$ -	$1,458

(1) The Company recognised net gain (loss) on financial instruments at FVTPL were ($1,458) thousand and $1,458 thousand for the year ended December 31, 2023 and 2022, respectively.

(2) The Company entered into derivative financial instruments to manage exposures due to exchange rate fluctuations of foreign currency denominated assets and liabilities. The Company’s financial hedging strategy is aimed at hedging most of the market price or cash flow risks. The nature of the transaction and the contract information are as follows:

December 31, 2023：None

December 31, 2022：

Item	Currency/ Contract Amount	Contract period	Exercise Exchange rate
Forward exchange contracts	JPY / NTD JPY 439,008	February 2023 to June 2023	0.2249~0.2352

(3) Valuation techniques of financial instruments valued at fair value:
The evaluation of derivative financial instruments is based on evaluation models widely accepted by market users, such as discounted and option pricing models or based on counterparty quotations.

6.3 Notes receivable, net

Item	December 31, 2023	December 31, 2022
At amortized cost		
Notes receivable	$67,440	$41,593
Less: Loss allowance	(337)	(208)
Notes receivable, net	$67,103	$41,385

(1) The Company had no notes receivable pledged to others.

(2) Please refer to Note 6(4) for the relevant disclosure of loss allowance for notes receivable.

6.4 Accounts receivable, net

Item	December 31, 2023	December 31, 2022
At amortized cost		
Accounts receivable	$1,155,381	$1,396,364
Less: Loss allowance	(5,777)	(7,913)
Accounts receivable, net	$1,149,604	$1,388,451

(1) The average credit period of sales of goods ranges from 7 to 60 days, which is determined by reference to the credit granting policy based on the counterparties' industrial characteristics, operation scales and profitability.

(2) The Company had no accounts receivable pledged to others.

(3) The Company using the simplified approach to recognize the loss allowance at an amount equal to lifetime expected credit losses (i.e. ECLs) for notes receivables and accounts receivables. The expected credit losses are calculated based on loss rates estimated by reference to past default experience and the current financial position of the debtor, adjusted for current and forecast economic conditions of the industry. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the following provision matrix for loss allowance based on past due status is not further distinguished according to the Company's different customer base.

(4) The loss allowances for notes receivable and accounts receivable according to the provision matrix were detailed below:

December 31, 2023	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0.5%~1%	$1,222,821	($6,114)	$1,216,707
1-90 days	10%	-	-	-
91-180 days	50%	-	-	-
Over 180 days	100%	-	-	-
Total		$1,222,821	($6,114)	$1,216,707

December 31, 2022	Expected credit loss rate	Gross carrying amount	Loss allowance (Lifetime ECL)	Amortized cost
Not past due	0.5%~1%	$1,437,021	($7,185)	$1,429,836
1-90 days	10%	-	-	-
91-180 days	50%	-	-	-
Over 180 days	100%	936	(936)	-
Total		$1,437,957	($8,121)	$1,429,836

(5) The movements of the loss allowances for notes receivable and accounts receivable were as follows:

	Year Ended December 31	
	2023	2022
Beginning balance	$8,121	$9,583
Add: Recognition of impairment losses	-	-
Less: Reversal of impairment losses	(1,071)	(1,462)
Less: Amounts written off	(936)	-
Ending balance	$6,114	$8,121

These amounts were recognized considering all other credit enhancements held by the Company. The other enhancements, such as letter of credits, held by the Company for these accounts receivable amounted to $1,013,141 thousand and $1,191,484 thousand as of December 31, 2023 and 2022, respectively.

The Company writes off an accounts receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. However, the Company continues to engage in enforcement activity to recover the receivables due. Any recovered amounts are recognized in profit or loss. The Company has written off $936 thousand and $0 thousand for the years ended December 31, 2023 and 2022.

(6)Please refer to Note 12 for information on related credit risk management and evaluation method.

6.5 Inventories and costs of goods sold

Item	December 31, 2023	December 31, 2022
Raw materials	$918,239	$503,621
Supplies	338,927	368,127
Work in process	1,121,231	1,176,325
Finished goods	645,760	573,633
Other inventories	350	71
Total	$3,024,507	$2,621,777

(1) The related inventory gains (losses) recognized as costs of goods sold for the current year:

Items	Year ended December 31	
	2023	2022
Cost of goods sold	$9,690,097	$11,980,242
Loss on decline (gain on reversal) in market value of inventories	-	(8,308)
Unallocated overheads	110,501	26,381
Purchase contracts loss (recovery gain)	(721)	569
Total operating costs	$9,799,877	$11,998,884

(2) The Company recognized inventory valuation loss (gain) of $0 thousand and ($8,308) thousand for the years ended December 31, 2023 and 2022, respectively, due to inventory's write-down to net realizable value, or the net realizable value of inventories recovered as a result of market stabilization.

(3) The Company had no inventories pledged to others.

6.6 Prepayments

Item	December 31, 2023	December 31, 2022
Overpaid sales tax	$16,174	$ -
Prepayments to supplies	156,708	133,376
Prepaid expenses	25,656	26,997
Input Tax	7,671	6,392
Other prepayments	18,841	9,185
Total	$225,050	$175,950

6.7 Financial assets at fair value through other comprehensive income

Item	December 31	
	2023	2022
Noncurrent		
Equity instruments		
Domestic unlisted shares	$5,732	$8,176
Domestic listed shares	15,187	15,187
Subtotal	$20,919	$23,363
Valuation adjustment	292,105	291,194
Total	$313,024	$314,557

(1) Investments in domestic listed and unlisted stocks are held for medium to long-term strategic purposes and are expected to be profitable through long-term investments. Accordingly, the management elected to designate these equity investments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments'

fair value in profit or loss would not be consistent with the Company's strategy of holding these investments for long-term purposes.

(2) Please refer to Note 12 for information on related credit risk management and evaluation method.

6.8 Property, plant and equipment

Item	December 31, 2023	December 31, 2022
Land	$1,150,473	$1,143,845
Buildings	1,375,487	1,373,007
Machinery	5,087,161	4,923,758
Other equipment	1,160,929	1,099,640
Equipment to be inspected and construction in progress	624,697	222,675
Total cost	$9,398,747	$8,762,925
Less: Accumulated depreciation	(5,693,250)	(5,442,596)
Accumulated impairment	-	-
Total	$3,705,497	$3,320,329

	Land	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
Cost						
Balance at January 1, 2023	$1,143,845	$1,373,007	$4,923,758	$1,099,640	$222,675	$8,762,925
Additions	6,628	2,480	123,262	23,411	576,412	732,193
Disposals	-	-	-	(10,568)	-	(10,568)
Reclassification	-	-	125,944	48,446	(174,390)	-
Transfer to expenses	-	-	(18,957)	-	-	(18,957)
Equipment spare parts are transferred to the material inventory	-	-	(66,846)	-	-	(66,846)
Balance at December 31, 2023	$1,150,473	$1,375,487	$5,087,161	$1,160,929	$624,697	$9,398,747
Accumulated depreciation and impairment						
Balance at January 1, 2023	$ -	$969,974	$3,519,609	$953,013	$ -	$5,442,596
Depreciation expense	-	28,652	180,108	50,684	-	259,444
Disposals	-	-	-	(8,790)	-	(8,790)
Reclassification	-	-	-	-	-	-
Balance at December 31, 2023	$ -	$998,626	$3,699,717	$994,907	$ -	$5,693,250

	Land	Buildings	Machinery	Other equipment	Equipment to be inspected and construction in progress	Total
Costs						
Balance at January 1, 2022	$1,143,845	$1,373,007	$5,138,989	$1,072,761	$123,363	$8,851,965
Additions	-	-	116,917	16,992	133,086	266,995
Disposals	-	-	(258,748)	(6,380)	-	(265,128)
Reclassification	-	-	13,078	16,267	(29,345)	-
Transfer to expenses	-	-	(19,229)	-	(4,429)	(23,658)
Equipment spare parts are transferred to the material inventory	-	-	(68,648)	-	-	(68,648)
Transfer in inventory	-	-	1,399	-	-	1,399
Balance at December 31, 2022	$1,143,845	$1,373,007	$4,923,758	$1,099,640	$222,675	$8,762,925
Accumulated depreciation and impairment						
Balance at January 1, 2022	$ -	$939,703	$3,611,124	$913,567	$ -	$5,464,394
Depreciation expense	-	30,271	167,233	45,086	-	242,590
Disposals	-	-	(258,748)	(5,640)	-	(264,388)
Balance at December 31, 2022	$ -	$969,974	$3,519,609	$953,013	$ -	$5,442,596

1. Please refer to Note 6.27 for information on interest capitalization.
2. Please refer to Note 8 for information on the property, plant and equipment that were pledged to others.
3. The Company is unable to register the land under its name due to restrictions by laws and regulations. Therefore, the land is temporarily registered under the name of an individual. The amounts for the land as of December 31, 2023 and 2022 are $148,266 thousand and $141,638, respectively. Accordingly, the ownership was registered under the name of an individual with an affidavit as safeguard measures, when the restriction was cancelled, the land will be unconditionally transfer to the Company. As of December 31, 2023, the mortgage rights of the above-mentioned assets have been set up. The obligee is the Company or used as collateral for the Company's loans.
4. Reconciliation of current additions and the acquisition of property, plant and equipment in statement of cash flows is as follows:

	Year ended December 31	
Items	2023	2022
Increase in property, plant and equipment	$732,193	$266,995
Increase (decrease) in purchase of equipment payable	(28,832)	(7,053)
Cash paid for acquisition of property, plant and equipment	$703,361	$259,942

6.9 Lease agreements

(1) Right-of-use assets

Item	Year ended December 31 2023	2022
Land	$63,807	$63,807
Transportation equipment	622	622
Total cost	$64,429	$64,429
Less: Accumulated depreciation	(25,809)	(20,564)
Accumulated impairment	-	-
Right-of-use assets, net	$38,620	$43,865

Cost	Land	Transportation Equipment	Total
Balance at January 1, 2023	$63,807	$622	$64,429
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2023	$63,807	$622	$64,429
Accumulated Depreciation and Impairment			
Balance at January 1, 2023	$20,150	$414	$20,564
Depreciation	5,037	208	5,245
Balance at December 31, 2023	$25,187	$622	$25,809

Cost	Land	Transportation Equipment	Total
Balance at January 1, 2022	$63,807	$622	$64,429
Additions	-	-	-
Disposals	-	-	-
Balance at December 31, 2022	$63,807	$622	$64,429
Accumulated Depreciation and Impairment			
Balance at January 1, 2022	$15,112	$207	$15,319
Depreciation	5,038	207	5,245
Balance at December 31, 2022	$20,150	$414	$20,564

(2) Lease liabilities

Item	December 31, 2023	December 31, 2022
Carrying amount of lease liabilities		
Current	$4,894	$4,971
Noncurrent	$36,414	$41,308

The ranges of discount rates for the lease liabilities:

Item	Year ended December 31 2023	Year ended December 31 2022
Land/Transportation equipment	2.68% ~ 2.83%	2.68% ~ 2.83%

Please refer to Note 12(2) for information on the maturity analysis of the lease liabilities.

C. Material lease-in activities and terms

The Company leases land and transportation equipment for the use of plants and official vehicles. The lease terms range from 1 to 3 years. The Company has an option to renew part of the leases at the end of the lease terms. The company recognizes the lease renewal rights as lease liabilities. There was no indication of impairment for right-of-use assets as of December 31, 2023. Therefore, no impairment assessment was performed for these assets.

D. Subleases of right-of-use assets: None.

E. Other lease information:

Cash outflow relating to leases for the year is as follows:

Item	Year ended December 31 2023	Year ended December 31 2022
Expenses relating to short-term leases	$4,692	$1,100
Expenses relating to low-value asset leases	$ -	$ -
Expenses relating to variable lease payments not included in the measurement of lease liabilities	$ -	$ -
Total cash outflow for leases (Note)	($9,663)	($5,951)

(Note): Payments of the principal portion of lease liabilities are included.

The Company elected to apply the recognition exemption for short-term leases and low-value asset leases and, thus, did not recognize right-of-use assets and lease liabilities.

6.10 Investment properties

Items	December 31, 2023	December 31, 2022
Land	$2,709	$2,709
Building	5,320	5,320
Total costs	$8,029	$8,029
Less: accumulated depreciation and impairment	(8,029)	(8,029)
Net	$ -	$ -

Cost	Land	Buildings	Total
Balance at January 1, 2023	$2,709	$5,320	$8,029
Additions	-	-	-
Balance at December 31, 2023	$2,709	$5,320	$8,029
Accumulated depreciation and impairment			
Balance at January 1, 2023	$2,709	$5,320	$8,029
Depreciation expanse	-	-	-
(Reversal of) impairment loss	-	-	-
Balance at December 31, 2023	$2,709	$5,320	$8,029

Cost	Land	Buildings	Total
Balance at January 1, 2022	$2,709	$5,320	$8,029
Additions	-	-	-
Balance at December 31, 2022	$2,709	$5,320	$8,029
Accumulated depreciation and impairment			
Balance at January 1, 2022	$2,709	$5,320	$8,029
Depreciation expense	-	-	-
(Reversal of) impairment loss	-	-	-
Balance at December 31, 2022	$2,709	$5,320	$8,029

6.11 Intangible Assets

Item	December 31, 2023	December 31, 2022
Computer software	$3,179	$3,000
Less: Accumulated amortization	(2,600)	(1,968)
Net	$579	$1,032

Cost	December 31, 2023	December 31, 2022
Opening balance	$3,000	$2,575
Additions	179	425
Derecognition	-	-
Ending balance	$3,179	$3,000

Accumulated amortization and impairment	December 31, 2023	December 31, 2022
Opening balance	$1,968	$1,083
Amortization	632	885
Derecognition	-	-
Ending balance	$2,600	$1,968

6.12 Short-term loans

The Nature of loans	December 31, 2023	
	Amount	Interest rate
Purchase loans	$423,149	2.05%-2.42%
Unsecured loans	170,000	1.95%-2.10%
Total	$593,149	

The interest rate of New Taiwan dollar borrowing is 1.95%~2.42%.

The Nature of loans	December 31, 2022	
	Amount	Interest rate
Purchase loans	$307,670	1.81%-6.38%
Unsecured loans	80,000	2.28%
Total	$387,670	

The interest rate of New Taiwan dollar borrowing is 1.81%-2.28%, and the interest rate of US dollar borrowing is 6.38%.

6.13 Short-term notes and bills payable

Item	December 31, 2023	December 31, 2022
Commercial paper	$430,000	$110,000
Less: unamortized discount	(264)	(174)
Net	$429,736	$109,826
Interest Rate Range	1.968%-1.988%	2.288%

6.14 Other payables

Item	December 31, 2023	December 31, 2022
Water and electricity charges	$74,380	$61,237
Accrued payroll	60,137	63,308
Equipment payable	35,885	7,053
Interest payable	1,968	2,007
Slag cleaning freight	110,784	212,990
Quantity discounts	1,049	11,875
Business tax payable	6,451	31,000

Item	December 31, 2023	December 31, 2022
Bonus to employees and remuneration to directors	5,042	7,680
Dividends payable	162,225	276,858
Purchase bonus	32,531	39,750
Other payables	13,563	6,209
Total	$504,015	$719,967

6.15 Provisions - current

Item	December 31, 2023	December 31, 2022
Employee benefits	$13,979	$12,963
Onerous purchase contracts	-	721
Total	$13,979	$13,684

Item	Employee benefits	Onerous Purchase contracts	Total
January 1, 2023	$12,963	$721	$13,684
Recognized during the period	13,979	-	13,979
Used during the period	(12,963)	(721)	(13,684)
December 31, 2023	$13,979	$ -	$13,979

Items	Employee benefits	Onerous purchase contract	Total
January 1, 2022	$10,725	$152	$10,877
Recognized during the period	12,963	569	13,532
Used during the period	(10,725)	-	(10,725)
December 31, 2022	$12,963	$721	$13,684

1. Provision for employee benefits is an estimate of employee's vested short-service leave.
2. Provision for onerous purchase contracts are the difference between the Company’s unavoidable costs of meeting the contractual obligations and the economic benefits expected to be received from the contract.

6.16 Long-term loans and current portion

Item	December 31, 2023	December 31, 2022
Bank syndicated loans	$ -	$1,538,551
Unsecured loans	646,943	-
Secured loans	912,450	-
Subtotal	$1,559,393	$1,538,551
Less: Current portion	(167,885)	(185,531)
Less: Unamortized discount	(5,425)	(7,920)
Total	$1,386,083	$1,345,100
Interest rate range	1.5950%-2.3543%	2.2401%-2.2929%

1. According to the provisions of the syndicated loan contract signed on December 30, 2020, during the credit period, the annual and second quarter financial reports that have been audited or reviewed by accountants should be used to calculate and maintain specific debt ratios and interest coverage ratios. After inspection of the 2023 and 2022 and the 2023 and 2022 second quarter financial ratios of the individual financial reports are in line with the requirements of the loan contract. If the verification does not meet the financial ratio agreement of the above paragraphs, it does not constitute a breach of contract; However, from the date of the new utilization or interest adjustment benchmark after the date of the financial report, until the financial ratio and the requirements are in line with the agreement, the interest rate of each credit granted in the credit case shall be increased by another 0.10% per annum. As of December 31, 2023, the syndicated loan has been paid off.
2. The Company entered into a secured-loan contract with Mega International Commercial Bank in 2023. According to loan agreements, the Company shall set up a special account for operating receipts in Mega International Commercial Bank, and promise that the cumulative amount of remittance (deposit) shall not be less than a certain amount every quarter from the day of drawing, and the average balance of the special account shall not be less than a certain amount in 3 months. Except for the quarter of the day of drawing, the review date will be the end of each quarter. If the Company does not meet the above creteria, the interest rate will be increased by another 0.1% from the next day of the quarter until the creteria is met. The Company has met the creteria of the contract in the recent quarter.
3. The Company entered into a secured-loan contract with Taipei Fubon Commercial Bank Co., Ltd in 2023. According to loan agreements, the Company shall maintain specific current ratios, debt ratios and interest coverage ratios after loan disbursement. After the day of drawing, the above-mentioned financial ratios of the annual financial reports shall be reviewed by the end of May each year, and the short-term borrowing limit shall not exceed 30,000 thousand if the above-mentioned financial ratios of the annual financial reports do not meet the creteria. The above-mentioned financial ratios

of the second quarter financial reports shall continue to be reviewed, and if they do not meet the creteria, the short-term borrowing limit shall be reviewed. After reviewing the 2023 annual financial report, the financial ratios met the requirements of the loan contract.

4. Please refer to Note 8 for collaterals pledged for long-term borrowings.

6.17 Pension

1. Defined contribution plans
   (1) The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. Pursuant to the plan, the Company makes monthly contributions of 6% of each individual employee's salary or wage to employees' pension accounts.
   (2) The amount to be contributed under the defined contribution plans was recognized as expense in the statements of comprehensive income, totaled \$9,636 thousand and \$8,943 thousand for the years ended December 31, 2023 and 2022 respectively.
2. Defined benefit plans
   (1) The Company has a respective defined benefit pension plan in accordance with the Labor Standards Law of the R.O.C. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited in Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of each year. If the account balance is not enough to pay the pension to the labors expected to be qualified for retirement in the following year, the Company will make contribution for the deficit by next March. The pension fund is managed by the government's designated authorities and the Company has no right to influence their investment strategies. The difference is allocated to the special account, and write off the net defined benefit liability are \$0 thousand on March, 2023 and 2022.
   (2) Amounts incurred from defined benefit plans were recognized for obligations in the balance sheet as follows:

Items	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$93,047	\$105,168
Fair value of plan assets	(50,480)	(48,857)
Net defined benefit liabilities (assets)	\$42,567	\$56,311

   (3) Movements in net defined benefit liabilities are as follows:

Item	Year ended December 31, 2023 Present value of defined benefit obligations	Fair value of plan asset	Net defined benefit liability
Balance at January 1	$105,168	($48,857)	$56,311
Service cost			
Current service cost	-	-	-
Interest expense (revenue)	1,339	(689)	650
Past service cost	-	-	-
Recognized in profit or loss	$1,339	($689)	$650
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	$ -	($362)	($362)
Actuarial losses (gains) -			
Effect of change in demographic assumptions	-	-	-
Effect of change in financial assumptions	971	-	971
Experience adjustments	(9,227)	-	(9,227)
Recognized in other comprehensive income	($8,256)	($362)	($8,618)
Contribution from the employer	$ -	($5,423)	($5,423)
Paid Pension	(5,204)	4,851	(353)
Balance at December 31	$93,047	($50,480)	$42,567

Items	Year ended December 31, 2022 Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance at January 1	$116,616	($46,965)	$69,651
Service cost			
Current service cost	136	-	136
Interest expense (revenue)	776	(356)	420
Past service cost	-	-	-
Recognized in profit or loss	$912	($356)	$556
Remeasurements			
Return on plan assets (excluding amounts included in net interest)	$ -	($3,228)	($3,228)
Actuarial losses (gains) -			
Effect of change in demographic assumptions	14	-	14
Effect of change in financial assumptions	(6,101)	-	(6,101)
Experience adjustments	1,130	-	1,130
Recognized in other comprehensive income	($4,957)	($3,228)	($8,185)
Contributions from the employer	$ -	($5,711)	($5,711)
Paid Pension	(7,403)	7,403	-
Balance at December 31	$105,168	($48,857)	$56,311

(4) Because of the defined benefit plans under the Labor Standards Law, the Company is exposed to the following risks:

A. Investment risk

The pension funds are invested in equity and debt securities, bank deposits, etc. at the discretion of the Bureau of Labor Funds of Ministry of Labor, or under the mandated management. However, under the Labor Standards Law, the rate of return on plan assets shall not be less than the average interest rate on a two-year time deposit published by the local banks.

B. Interest rate 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 debt investments of the plan assets.

C. 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.

(5) The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions of the actuarial valuations were as follows:

	Measurement date December 31	
Item	2023	2022
Discount rate		
Employee	1.20%	1.35%
Manager	1.20%	1.15%
Rate of future salary increase	2.00%	2.00%
The weighted average duration of the defined benefit obligation - employee	8 years	10 years
The weighted average duration of the defined benefit obligation - manager	8 years	4 years

A. Assumptions on future mortality experience are set based on the 6th Taiwan Standard Ordinary Experience Mortality Table (TSO).

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

December 31, 2023:

Items	Employee	Manager
Discount rate		
0.25% increase	(1,662)	(161)
0.25% decrease	1,714	165
Expected rate of salary increase		
0.25% increase	1,696	163
0.25% decrease	(1,653)	(160)

December 31, 2022:

Items	Employee	Manager
Discount rate		
0.25% increase	(1,916)	(317)
0.25% decrease	1,983	323
Expected rate of salary increase		
0.25% increase	1,965	319
0.25% decrease	(1,909)	(315)

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

(6) The Company's contribution for expected payment of pension plans for the year ended December 31, 2024 is $6,266 thousand.

6.18 Share capital

1. The movements in the number of the Company's ordinary shares outstanding are as follows:

Items	Year ended December 31, 2023 Shares (in thousands)	Year ended December 31, 2023 Amount	Year ended December 31, 2022 Shares (in thousands)	Year ended December 31, 2022 Amount
January 1	325,715	$3,257,148	325,715	$3,257,148
Capital increase by cash	-	-	-	-
Capital increase through capitalization of retained earnings	-	-	-	-
December 31	325,715	$3,257,148	325,715	$3,257,148

2. As of December 31, 2023, the authorized capital amount of the Company is $7,200,000 thousand, consisting of 720,000 thousand shares, at par value of $10 per share. The Company's paid-in capital is $3,257,148 thousand, consisting of ordinary shares.

6.19 Retained earnings and dividend policy

1. According to the earnings distribution policy of the Company's articles of association approved by the Company's shareholders meeting in June 2022, the Company's surplus earnings distribution or loss make-up can be done after the end of each quarter. If there is a surplus in the quarterly final accounts, it should first estimate and retain the tax payable, make up for the accumulated losses, estimate and retain the employee's remuneration and director's remuneration, and add 10% to the statutory reserve. When the legal reserve equals the Company’s paid-in capital, 10% of the remaining amount is no longer to be set aside as legal reserve. The special earnings reserve shall be recognized or reversed in accordance with laws and regulations. If there is still a earnings, the balance shall be added to the accumulated undistributed earnings of the previous quarter, and the board of directors shall prepare a earnings distribution proposal. When earnings are distributed in cash, it shall be subject to a resolution of the board of directors, and when earnings are distributed in the form of new shares, it shall be submitted to the shareholders' meeting for resolution.

   The Company's dividend policy is based on current and future development plans, consideration of the investment environment, domestic and foreign competition conditions, and maintenance of a sound long-term financial structure, as well as factors such as shareholders' interests. The total expected dividend distribution in cash is not less than 30% of the current after-tax net profit after making up for past losses, deducting legal reserve and the provision or reversal of special earnings reserve in accordance with laws and regulations. Except for improving the financial structure and meeting the capital needs of major capital expenditures, cash dividends shall not be less than 10% of the total dividends distributed in the current year.
2. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is limited to the portion in excess of 25% of the Company’s paid-in capital.
3. The shareholders' meeting in June 2022 approved the earnings distribution plan for 2021 and the board of directors in August 2022 approved the earnings distribution plan for for the second quarter of 2022. The appropriations and dividends per share were as follows:

Item	Appropriation of Earnings: For Fiscal Year 2021	Appropriation of Earnings: The second quarter of 2022		Dividends Per Share (NT$): For Fiscal Year 2021	Dividends Per Share (NT$): The second quarter of 2022
Resolution Date	June 20, 2022	August 11, 2022	Total		
Legal reserve	$116,515	$61,663	$178,178		
Cash dividends	814,287	276,858	1,091,145	$2.50	$0.85
Total	$930,802	$338,521	$1,269,323		

4. The shareholders' meeting in June 12, 2023 approved the earnings distribution plan for the fourth quarter of 2022 and the board of directors in August 2023 approved the earnings distribution plan for the second quarter of 2023. The appropriations and dividends per share were as follows:

Item	Appropriation of Earnings: The fourth quarter of 2022	Appropriation of Earnings: The second quarter of 2023		Dividends Per Share (NT$): The fourth quarter of 2022	Dividends Per Share (NT$): The second quarter of 2023
Resolution Date	June 12, 2023	August 09, 2023	Total		
Legal reserve	$14,195	$32,758	$46,953		
Cash dividends	146,003	162,225	308,228	$0.45	$0.50
Total	$160,198	$194,983	$355,181		

5. Reconciliation of the dividends resolved and cash dividends paid in statement of cash flows is as follows:

Item	2023	2022
Cash dividend for the period	$308,228	$1,091,145
Increase or decrease in dividends payable	114,633	(276,858)
Amount of cash dividends paid in the current period	$422,861	$814,287

6. The earnings distribution plan for the fourth quarter of 2023 approved by the Board of Directors is as follows:

Item	Appropriation of Earnings	
	The fourth quarter of 2023	Dividends
Resolution Date	March 15, 2024	Per Share (NT$)
Legal reserve	$9,625	
Cash dividends	97,207	$0.3
Total	$106,832	

The appropriations of earnings for the fourth quarter of 2023 are to be presented for approval in the shareholders meeting to be held in June 2024.

7. Information on the resolution of the board of directors' and shareholders' meetings regarding the appropriation of earnings is available from the "Market Observation Post System" on the website of the TWSE.

6.20 Other Equity Items

	Unrealized gains (losses) on valuation of financial assets at FVTOCI	
	Year Ended December 31	
Item	2023	2022
Beginning balance	$291,194	$253,769
Unrealized gains (losses) on valuation financial assets at FVTOCI	911	37,425
Ending balance	$292,105	$291,194

6.21 Treasury stock

1.Reasons for share repurchase and movements in the number of the treasury shares are as follows:

2023:

Unit: in thousand

	2023			
Reasons for share repurchase	January 1	Increase during the year	Decrease during the year	December 31
To be reissued to employees	1,264	319	-	1,583

2022 :

Unit: in thousand

Reasons for share repurchase	2022 January 1	Increase during the year	Decrease during the year	December 31
To be reissued to employees	-	1,264	-	1,264

(1) The Company repurchased 2,000 thousand shares of ordinary stock from August 12, 2022 to October 11, 2022 at a price range of $18 to $28 per share by resolution of the Board of Directors on August 11, 2022 to motivate employees and retain outstanding talent. However, if the share price falls below the lower limit of the originally agreed range, the Company will continue to buy back the Company's shares, and as of October 11, 2022, the expiration date of the repurchase period, the Company has repurchased a total of 1,005 thousand shares.

(2) The Company repurchased 1,000 thousand shares of ordinary shares from November 11, 2022 to January 9, 2023 at a price range of $18 to $24 per share by resolution of the Board of Directors on November 10, 2022 to motivate employees and retain outstanding talent. However, if the share price falls below the lower limit of the originally agreed range, the Company will continue to buy back the Company's shares, and as of December 31, 2022, a total of 259 thousand shares have been repurchased. In addition, as of January 9, 2023, the expiration date of the repurchase period, the Company executed the repurchase of a total of 259 thousand shares.

(3) The Company repurchased 2,000 thousand shares of ordinary shares from November 13, 2023 to January 12, 2024 at a price range of $18 to $25 per share by resolution of the Board of Directors on November 10, 2023 to motivate employees and retain outstanding talent. However, if the share price falls below the lower limit of the originally agreed range, the Company will continue to buy back the Company's shares, and as of December 31, 2023, a total of 319 thousand shares have been repurchased. In addition, as of January 12, 2024, the expiration date of the repurchase period, the Company executed the repurchase of a total of 429 thousand shares.

2. Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company’s issued, outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.

3. Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and are not entitled to dividends before they are reissued.

4. Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued

to the employees within five years from the repurchase date and shares not reissued within the five-year period are to be retired. Treasury shares for protecting the Company's credit rating and the stockholders' interest should be retired within six months of repurchase.

6.22 Operating Revenue

Item	Year Ended December 31 2023	2022
Revenue from contracts with customers		
Sales of products	$10,534,172	$13,236,668
Sales of scraps	4,796	4,666
Total sales revenue from contracts with customers	$10,538,968	$13,241,334
Less: Sales return	(9,308)	(29,615)
Sales discount	(45,487)	(88,384)
Net sales revenue from contracts with customers	$10,484,173	$13,123,335

(1) Description of contract revenue

Sales and processing income of steel rebars and steel billets, wire rods and bars steel are mainly to traders and downstream manufacturers, and are sold at fixed prices per contractual terms, according to business practices, offer quantity discount for some products.

(2) Contract revenue details as follows:

The Company disaggregated revenue from contracts with customers into primary geographical markets and major goods line as follows:

Region	December 31 2023	2022
Taiwan	$10,246,661	$12,130,722
Australia	237,512	683,044
Others	-	309,569
Total	$10,484,173	$13,123,335

Service		
Bars steel	$1,082,566	$1,261,974
Wire rods	350,024	420,168
Steel billets	515,722	1,707,052
Steel rebars	8,528,326	9,728,688
Others	7,535	5,453
Total	$10,484,173	$13,123,335

Timing of revenue recognition		
Revenue recognition at a specific timing	$10,484,173	$13,123,335
Revenue recognition over time	-	-
Total	$10,484,173	$13,123,335

(3) Contract balances

The Company recognized the accounts receivable, contract assets and contract liabilities related to customer contract revenue as follows:

	December 31	
	2023	2022
Accounts receivable	$1,216,707	$1,429,836
Contract Assets	-	-
Total	$1,216,707	$1,429,836
Contract liabilities	$29,999	$70,799

(4) Significant change in contract assets and contract liabilities

The change in contract assets and contract liabilities primarily result from the timing difference between the satisfaction of performance obligation and the customer's payment.

(5) The allowance for contract assets: None.

(6) Amount of satisfaction of performance obligations from previous period and beginning contract liabilities recognized in the current period as income were as follows:

	Year Ended December 31	
Revenue in the current period	2023	2022
From beginning contract liabilities - goods sale	$69,336	$64,017
From the previous period's satisfied performance	$ -	$ -

6.23 Employee benefits, depreciation, depletion and amortization expense

	Year ended December 31, 2023		
Nature	Operating costs	Operating expenses	Total
Employee benefits			
Salary	$209,034	$49,615	$258,649
Insurance	20,968	5,819	26,787
Pension	7,961	2,325	10,286
Remuneration to director	-	4,761	4,761
Other	54,192	5,653	59,845
Depreciation	253,780	10,909	264,689
Amortization	-	632	632
Total	$545,935	$79,714	$625,649

Nature	Year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefits			
Salary	$211,224	$47,715	$258,939
Insurance	18,795	5,097	23,892
Pension	7,342	2,157	9,499
Remuneration to director	-	4,210	4,210
Other	50,355	5,254	55,609
Depreciation	235,932	11,903	247,835
Amortization	-	885	885
Total	$523,648	$77,221	$600,869

1. Additional information of the number of employees and employee benefits expenses as of December 31, 2023 and 2022 were as follows:

Item	December 31	
	2023	2022
The number of employees	386	376
The number of directors did not serve concurrently as employee	7	5
Average employee benefits expenses	$938	$938
Average employee salary	$682	$698
Changes in adjusting average employee salary	(2.29%)	(17.30%)

2. The Company's salary and remuneration policy, including that for directors, managers and employees, is as follows:
   (1) Directors' remuneration:
   The remuneration to the directors shall be determined by the Board of Directors according to their degree of participation in the operation of the Company, the value of their contribution, and the general levels of the industry. The Company's Articles of Incorporation clearly stipulate that not higher than 2% of the annual profit shall be allocated as the director's remuneration.
   (2) Managers' remuneration:
   The remuneration to the managers is based on their duties, contributions, the Company's annual operation performance and in consideration of the Company's future risks, and is reviewed by the remuneration committee and submitted to the Board of Directors for resolution.
   (3) Employees' compensation:
   The Company is committed to providing employees with an industry-average salary and benefits. Under the premise of taking into account external competition,

internal fairness and legitimacy, provide a competitive compensation system, and uphold the concept of profit sharing with employees, stay and motivate employees. The compensation of our employees includes monthly salaries and employee compensation paid by the Company on the basis of annual profitability. Annual profits of 0.3% to 1% are set out in the Articles of Association of the Company as compensation for employees.

3. According to the Company's article of incorporation, the Company has to appropriate employee compensation and remuneration to directors at the rate 0.3%~1%, and no higher than 2% of net profit before income tax, respectively. Any changes in the amounts, if any, after the annual financial statements were authorized for issue, shall be recorded as a change in accounting estimate, and should be adjusted the next year.
4. The employees' compensation and remuneration to directors for the years ended December 31, 2023 and 2022 had been approved by the Board meeting held on March 15, 2024 and March 15, 2023, respectively, and the relevant amounts recognized in the parent company only financial statement were as follows:

	Year ended December 31			
	2023		2022	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
Resolution amount of allotment	$4,992	$2,496	$6,550	$1,130
Recognized in the annual financial statements	4,034	1,008	6,550	1,130
Difference	$958	$ 1,488	$ -	$ -

5. Information about the appropriation of employees' compensation and directors' remuneration by the Company as proposed by the Board of Directors are posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

6.24 Interest income

Item	Year Ended December 31 2023	2022
Interest on bank deposits	$1,721	$969
Others	26	18
Total	$1,747	$987

6.25 Other income

Item	Year ended December 31	
	2023	2022
Dividends	$21,784	$13,406
Income from disposal of iron scraps	4,078	5,377
Income from subsidy of government	6,326	6,000
Others	606	4,996
Total	$32,794	$29,779

6.26 Other gains and losses

Item	Year ended December 31	
	2023	2022
Net gain (loss) on foreign exchange	$4,752	$18,808
Gain (loss) on disposal of property, plant and equipment	51	701
Valuation gain (loss) of financial assets measured at FVTPL	(1,458)	1,458
Others	(3,657)	(1,293)
Total	($312)	$19,674

6.27 Finance costs

Item	Year ended December 31	
	2023	2022
Interest on loans	$52,918	$48,425
Lease liabilities	1,245	1,383
Subtotal	$54,163	$49,808
Less: Qualified asset capitalization	(11,684)	(2,925)
Finance costs	$42,479	$46,883

6.28 Income tax

1. Income tax expense

   (1) Components of income tax expenses:

Item	Year Ended December 31	
	2023	2022
Current income tax		
Current income tax on profits for the year	$57,924	$164,157
Adjustments for prior periods	3,900	-
Additional income tax on unappropriated earnings	-	-
Income tax expense recognized in profit or loss	$61,824	$164,157

Deferred income tax		
Origination and reversal of temporary differences	$22,081	$13,470
Deferred income tax expense	$22,081	$13,470
Income tax expense (benefit)	$83,905	$177,627

(2) Income tax expenses (benefit) relating to other comprehensive income: None.

2. Reconciliation between income tax and accounting profit for current year:

Items	Year ended December 2023	Year ended December 2022
Net profit before tax	$499,122	$928,025
Tax on net profit before tax at statutory rate	$99,824	$185,605
Tax effect of adjusted items:		
Slag cleaning freight have not been realized	(20,441)	(10,552)
Other adjustment	(6,863)	(6,564)
Adjustments for prior periods	3,900	-
Investment tax credits	(14,596)	(4,332)
Loss carryforwards	-	-
Additional income tax on unappropriated earnings	-	-
Deferred income tax	22,081	13,470
Income tax expenses recognized in profit (loss)	$83,905	$177,627

The applicable business tax rate used by the Company is 20%. In addition, the tax rate applicable to unappropriated earning is 5%.

3. Deferred income tax assets or liabilities as a result of temporary difference, loss carry forwards and investment credit:

Item	Year ended December 31, 2023 Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary difference				
Return and discount liabilities	$2,375	($2,165)	$ -	$210
Unrealized slag cleaning freight	42,598	(20,441)	-	22,157
Others	2,738	97	-	2,835
Subtotal	$47,711	($22,509)	$ -	$25,202
Deferred income tax liabilities				
Others	($428)	$428	$ -	$ -
Subtotal	($428)	$428	$ -	$ -
Total	$47,283	($22,081)	$ -	$25,202

Item	Year ended December 31, 2022			
	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred income tax assets:				
Temporary difference				
Return and discount liabilities	$3,621	($1,246)	$ -	$2,375
Unrealized slag cleaning freight	53,150	(10,552)	-	42,598
Others	3,982	(1,244)	-	2,738
Subtotal	$60,753	($13,042)	$ -	$47,711
Deferred income tax liabilities				
Others	$ -	($428)	$ -	($428)
Subtotal	$ -	($428)	$ -	($428)
Total	$60,753	($13,470)	$ -	$47,283

4. Not recognized as deferred income tax assets item:

Item	December 31, 2023	December 31, 2022
Pensions	$8,513	$11,262
Others	4,900	4,900

5. The Company’s tax returns through 2021 have been assessed by the tax authorities.

6.29 Other comprehensive income (loss)

Nature	Year ended December 31, 2023		
	Amount before tax	Income tax benefit (expense)	Net after tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit obligation	$8,618	$ -	$8,618
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	911	-	911
Recognized in other comprehensive income (loss)	$9,529	$ -	$9,529

Nature	Year ended December 31, 2022		
	Amount before tax	Income tax benefit (expense)	Net after tax
Items that will not be reclassified subsequently to profit or loss:			
Remeasurements of defined benefit obligation	$8,185	$ -	$8,185
Unrealized gain (loss) on equity instruments at fair value through other comprehensive income	37,425	-	37,425
Recognized in other comprehensive income (loss)	$45,610	$ -	$45,610

6.30 Earnings per share

Item	Year Ended December 31	
	2023	2022
A.Basic earnings (loss) per share		
Net income	$415,217	$750,398
Weighted average number of outstanding shares (thousand shares)	324,424	325,693
Basic earnings (loss) per share (after tax) (NT$)	$1.28	$2.30
B.Diluted earnings (loss) per share		
Net income	$415,217	$750,398
Effect of the dilutive potential ordinary shares	-	-
Net income for calculating diluted earnings per share	$415,217	$750,398
Weighted average number of outstanding shares (thousand shares)	324,424	325,693
Effect of employees' compensation (thousand shares) (Note)	210	325
Weighted average number of ordinary shares outstanding after dilution (thousand shares)	324,634	326,018
Diluted earnings (loss) per share (after tax)(NT$)	$1.28	$2.30

(Note) Since the Company offered to settle compensation paid to employees in cash or shares, the Company assumed the entire amount of the compensation would be settled in shares and the resulting potential shares were 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.

7. RELATED PARTY TRANSACTIONS

7.1 Parent and ultimate controller:

The Company does not have parent and ultimate controller.

7.2 Related party name and category:

Related Party Name	Related Party Category
Kuo Su-Hui	Main management
Kuo Jui-His	Main management (Term of office expired in June 2023)
Kuo Shin-Hsien	Main management
Dai Ruei-Yi	Other related parties
Wang Yi-Ciou	Other related parties
Kuo Wen-Zhen	Other related parties
Uni-Soleil Enterprise Co., Ltd.	Other related parties
We Can Steel Co., Ltd.	Other related parties
Chien Yao Technology Co., Ltd.	Other related parties

7.3 Significant transactions with related parties:

(1) Sales:

	December 31	
Related Party Category	2023	2022
Other related party		
Other	$3,775	$10,942

Selling price and trading terms to the Company's related parties were the same with those to other customers. Payment terms were 10 days settlement once, 20 days TT. In addition, both parties can agree to postpone the payment.

(2) Purchase

	Year ended December 31	
Type of related parties	2023	2022
Other related parties		
Other	$309,536	$414,751

The purchase prices with the related parties are equivalent to those with ordinary suppliers. Payment terms were 10 days settlement once, 20 days TT. However, both parties can agree to postpone the payments.

(3) Contract assets: None.

(4) Contract liabilities

	Year ended December 31	
Type of related parties	2023	2022
Other related parties		
Other	$1,463	$5,305

(5) Receivables from related parties (excluding loans to related parties and contract assets): None.

(6) Payables to related parties (excluded loans from related parties)

Item	Related party category/Name	December 31 2023	December 31 2022
Accounts payable	Other related parties Other	$22,377	$5,802

(7) Lessee agreement:

A. Acquisition of right-of-use asset: None.

B. Lease liabilities

Type of related party	Lease target	Year Ended December 31 2023	Year Ended December 31 2022
Other related party /Dai Ruiyi	Land in NanBu Section	$16,936	$18,887
Other related party / Wang Yi-Ciou	Land in NanBu Section	-	14,741
Other related party / Kuo Wen-Zhen (note)	Land in NanBu Section	24,372	12,438
Total		$41,308	$46,066

Note: The related party acquired the land in the third quarter of 2022 and inherited the rights and obligations of the original lease agreement between the land and the Company.

C. Lease liabilities - Interest expense

Related Party Category	Year Ended December 31 2023	Year Ended December 31 2022
Other related parties	$1,242	$1,375

Above lease terms were based on the contract, and rent was paid monthly.

(8) Loans to related parties: None.

(9) Borrowing to related parties: None.

(10) Endorsements and guarantees: None.

(11) Others

A. Miscellaneous income

Related party category/Name	Year Ended December 31 2023	Year Ended December 31 2022
Other related parties	$23	$52

These were mainly related to steel products cutting and other income.

B. Others

Type of related parties	Significant Transactions
Key management of the Company	The Company's land amounting to $148,266 thousand and $141,638 thousand as of December 31 2023 and 2022, respectively, is unable to be registered under the name of the Company due to regulatory restriction. Accordingly, the ownership was registered under the name of an individual with an affidavit as safeguard measures, when the restriction was cancelled, the land will be unconditionally transfer to the Company. As of December 31, 2023, the procedure of setting up the mortgage right to the Company was completed.

7.4 Information about remunerations to the major management:

	Year Ended December 31	
Item	2023	2022
Salary and other short-term employee benefits	$13,560	$17,008
Benefits after retirement	108	108
Other long-term employee benefits	-	-
Total	$13,668	$17,116

8. PLEDGED ASSETS

The following assets have been pledged as collateral for long-term and short-term loans:

	December 31	
Item	2023	2022
Other financial assets – current	$34,075	$27,536
Property, plant and equipment (net)	1,735,078	1,812,477
Refundable deposits	-	3,002
Total	$1,769,153	$1,843,015

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) Guarantee notes issued to banks by the Company for loans totaled $1,386,478 thousand and $2,221,047 thousand as of December 31, 2023 and 2022, respectively, and recognized as deposit guarantee notes and guarantee notes payable.

(2) Guarantee notes received by the Company for its performance totaled $188,258 thousand and $134,826 thousand as of December 31, 2023 and 2022, respectively, and recognized as guaranteed notes received and guaranteed notes receivable.

(3) The unused letters of credit as of December 31, 2023 and 2022 were as follows:

Unit: in thousands

Item	2023		2022	
L/C Amount	EUR	384	EUR	538
	USD	9,725	USD	1,071
	JPY	60,800	JPY	894,988
Customs Security Deposit	NTD	-	NTD	3,002

(4) Capital expenditures committed but not yet incurred are as follows:

	December 31	
Related Party Category	2023	2022
Property, plant and equipment	$298,865	$435,281

(5) In order to comply with the government's 2050 net zero carbon emissions policy goal and fulfill corporate social responsibility, the Company plans to implement energy-saving and carbon-reducing equipment and invest in solar photovoltaic and energy storage equipment. The duration of the plan is from 2022 to 2024. In investment plan, the Comapny expects to purchase machinery and equipment of 1,559,667 thousand, and as of December 31, 2023, the Company has invested 662,928 thousand. In order to cooperate with the installation and trial run of energy-saving and carbon-reducing equipment, the steel making and steel-rolling production lines will shut down temporarily, starting from July 3 and July 10, 2023, respectively, to August 2 and August 5, 2023, respectively. The total fixed and related costs and losses during the shut down period were approximately 73,215 thousand (including 41,289 thousand of related expenses and 31,926 thousand of unallocated overheads during the shut down period). After the equipment installation is completed, in addition to improving the energy-saving and carbon-reducing efficiency of equipment, increasing production capacity and efficiency, which is beneficial to reducing production costs, it can also reduce the unit carbon emissions of products, which will relatively reduce future environmental protection-related costs and expenditures, help improving the Company's competitiveness, and also fulfill corporate social responsibility.

10. SIGNIFICANT DISASTER LOSS: NONE.

11. SIGNIFICANT SUBSEQUENT EVENTS: NONE.

12. OTHERS

(1) Capital risk management

As the Company needs to maintain sufficient capital to meet the needs for expansion and plant and equipment improvement, capital management of the Company focuses on ensuring there are sufficient financial resources and operating plans to meet the demands for operating capital, capital expenditure, research and development expense, loan repayment and dividend distribution in the next 12 months.

(2) Financial Instruments

A. Financial risk of financial instruments

Financial risk management policies

The Company's daily operations are affected by various financial risks, e.g. market risk (including exchange rate, interest rate and price risks), credit risk and liquidity risk. The Company is devoted to identify, assess and avoid market uncertainties in order to eliminate the potential adverse effects of market changes on the financial performance. Before engaging in significant transactions, due approval process by the Board of Directors must be carried out based on related protocols and internal control procedures. While the financial plan is underway, the Company shall comply with relevant financial operation procedures on the overall financial risk management and segregation of duties at all times.

The nature and degree of significant financial risks

(1) Market risks

a. Foreign exchange rate risk:

(a) The Company is exposed to exchange rate risk arising from the sales, purchases and borrowings in currencies other than the Company's functional currency. Functional currencies adopted by entities within the Company mainly comprise New Taiwan Dollars, Such transactions are denominated mainly in USD, EUR and GBP. To avoid a decrease in the value of assets dominated in foreign currency and volatility in future cash flows due to changes in exchange rates, the Company hedges the exchange rate risk with foreign-currency borrowings. Those financial instruments can diminish but not completely eliminate the impacts of changes in exchange rate.

(b) Exchange rate exposure and sensitivity analysis

			December 31, 2023			
				Sensitivity analysis		
	Amount in Foreign currency	Exchange rate	Presented amount (NTD)	Rage of variation	Effect on profit or loss	Effect on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD : NTD	446	30.705	13,714	Appreciate by 1%	137	-
Financial liabilities						
Monetary items						
USD : NTD	968	30.705	29,439	Appreciate by 1%	(294)	-

	December 31, 2022					
				Sensitivity analysis		
	Amount in Foreign currency	Exchange rate	Presented amount (NTD)	Rage of variation	Effect on profit or loss	Effect on equity
(Foreign currency: Functional currency)						
Financial assets						
Monetary items						
USD : NTD	6,643	30.71	203,997	Appreciate by 1%	2,040	-
Financial liabilities						
Monetary items						
USD : NTD	1,073	30.71	32,671	Appreciate by 1%	(327)	-

(c) Due to the exchange rate volatility, total exchange gains and losses (including realized and unrealized) from the Company's monetary items amounted to $4,752 thousand and $18,808 thousand for the years ended December 31, 2023 and 2022, respectively.

b. Price risk

Since the company holds equity instrument investments, the company is exposed to the price risk of equity instruments. The company's equity instruments invested in the balance sheet are classified as financial assets measured at FVOCI. The Company mainly invests in domestic listed and unlisted equity instruments. The price of such securities can be affected by changes in future value of those investment targets.

If the equity instrument price goes up or down by 1%. The post-tax other comprehensive income for the year 2023 and 2022 will increase or decrease by $3,130 thousand and $3,146 thousand due to the increase or decrease of the fair value of financial assets measured at FVTOCI.

c. Interest rate risk

The carrying amount of the Company's financial assets and financial liabilities that are exposed to interest rate risk at the reporting date is stated as follows:

	Carrying Amount	
Item	December 31, 2023	December 31, 2022
With fair value interest rate risk		
Financial assets	$ -	$3,002
Financial liabilities	(471,044)	(156,105)
Net	($471,044)	($153,103)
With cash flow interest rate risk		
Financial assets	$92,851	$355,593
Financial liabilities	(2,147,117)	(1,918,301)
Net	($2,054,266)	($1,562,708)

(a) Sensitivity analysis of those with fair value interest rate risk:

The company does not classify any financial assets and liabilities with fixed interest rates as financial assets measured at fair value through profit and loss and at fair value through other comprehensive loss periods, and does not specify derivatives (interest rate exchange) as a fair value hedge accounting model The following hedging tools. Therefore, changes in the reported daily interest rate will not affect profit or loss and other comprehensive net profits.

(b) Sensitivity analysis of those with cash flow interest rate risk:

The interest-fluctuate instruments possessed by the Company were floating-interest assets (liabilities). Therefore the effective interest rate, as well as the future cash flows, changes along with the market movement. Every one percent increase (reduce) in the market interest will increase (decrease) the net profit by ($20,543) thousand and ($15,627) thousand for the years 2023 and 2022, respectively.

(2) Credit risk

Credit risk refers to the risk of financial loss to the Company arising from default by counterparties of financial instruments on the contract obligations. Credit risk of the Company mainly comes from receivables under operating activities and bank deposits and other financial instruments under investing activities. Credit risks related to operation and finance risks are managed separately.

a. Credit risk related to operations:

To maintain the quality of accounts receivable, the Company has established the procedures for credit risk management with regards to its operations.

Risk assessment on individual customer includes factors that could affect the customer's ability to pay, such as the customer's financial status, the Company's internal credit ratings, historical transactions and current economic conditions.

b. Financial credit risk

The credit risks of bank deposits and other Financial instruments are measured and monitored by the Company's financial departments. The Company does not expect significant credit risk because the counterparties are creditworthy and investment-graded financial institutions, companies and government agencies without any significant default concerns. In addition, the Company does not have any debt instrument investments that are either measured at amortized cost, or at FVTOCI.

(A) Credit concentration risk

As of December 31, 2023 and 2022, the top ten clients accounted for 65.95% and 86.07% of the Company's accounts receivable, indicating a credit concentration risk. However, no significant credit concentration risk was shown from the remaining accounts receivables.

(B) Measurement of expected credit impairment loss

(a) Accounts receivables and contract assets apply the simplified approach.

Please refer to Note 6.4 for details.

(b) Indications for determining whether the credit risk is increased significantly: None (the Company does not have any debt instrument investments that are either measured at amortized cost, or at FVTOCI).

(C) Collaterals and other credit enhancement held to avoid credit risks from financial assets

The following table shows the maximum exposure to credit risk regarding financial assets recognized in the balance sheets, pledged collateral, master netting arrangements and other credit enhancement held by the Company:

		Decreased amount of maximum exposure to credit risks			
December 31, 2023	Carrying Amount	Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	$ -	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable：					
Financial assets measured at FVTOCI	313,024	-	-	-	-
Total	$313,024	$ -	$ -	$ -	$ -

		Decreased amount of maximum exposure to credit risks			
December 31, 2022	Carrying Amount	Collateral	Net Settlement Agreement	Other Credit Enhancement	Total
Credit-impaired financial instruments to which impairment requirements of IFRS9 are applicable	$ -	$ -	$ -	$ -	$ -
Financial instruments to which the impairment requirements of IFRS 9 are not applicable：					
Financial assets at FVTPL	1,458	-	-	-	-
Financial assets measured at FVTOCI	314,557	-	-	-	-
Total	$316,015	$ -	$ -	$ -	$ -

(3) Liquidity risk

a. Liquidity risk management:

The company's object in managing liquidity risk is to maintain a sufficient level of cash and cash equivalent, highly-liquid marketable securities and for daily operation in order to ensure the financial flexibility of the Company.

b. Maturity analysis of financial liabilities:

The table below shows an analysis of the financial liabilities held by the Company with defined repayment terms based on maturity dates and undiscounted payment at maturity:

	December 31, 2023						
Non-derivative financial Liabilities	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term loans	$553,149	$40,000	$ -	$ -	$ -	$593,149	$593,149
Short-term notes and bills payable	430,000	-	-	-	-	430,000	429,736
Notes payable	317,309	-	-	-	-	317,309	317,309
Accounts payable	600,831	-	-	-	-	600,831	600,831
Other payables	498,973	5,042	-	-	-	504,015	504,015
Lease Liabilities	3,000	3,000	6,000	18,000	16,000	46,000	41,308
Long-term loans (including current portion)	74,289	94,182	188,480	993,044	209,398	1,559,393	1,553,968
Guarantee deposits	-	-	-	-	1,020	1,020	1,020
Total	$2,477,551	$142,224	$194,480	$1,011,044	$226,418	$4,051,717	$4,041,336

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

	Less than 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Total undiscounted lease payments
Lease liabilities	$6,000	$24,000	$16,000	$ -	$ -	$ -	$46,000

	December 31, 2022						
Non-derivative financial Liability	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years	Contractual cash flows	Carrying amount
Short-term loans	$307,670	$80,000	$ -	$ -	$ -	$387,670	$387,670
Short-term notes and bills payable	110,000	-	-	-	-	110,000	109,826
Notes payable	286,582	-	-	-	-	286,582	286,582
Accounts payable	576,056	-	-	-	-	576,056	576,056
Other payables	712,287	7,680	-	-	-	719,967	719,967
Lease Liabilities	3,108	3,108	6,000	18,000	22,000	52,216	46,279
Long-term loans (including current portion)	93,245	93,246	251,763	1,100,297	-	1,538,551	1,530,631
Guarantee deposits	-	-	-	-	1,020	1,020	1,020
Total	$2,088,948	$184,034	$257,763	$1,118,297	$23,020	$3,672,062	$3,658,031

Further information for lease liabilities with repayment periods was as follows:

Item	Within 1 year	1-5 years	5-10 years	10-15 years	15-20 years	Over 20 years	Undiscounted payments
Lease liabilities	$6,216	$24,000	$22,000	$ -	$ -	$ -	$52,216

The Company does not expect a maturity analysis of which the cash flows timing would be significantly earlier, or the actual amount would be significantly different.

B. Types of Financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets measured at amortized cost		
Cash and cash equivalents	$59,278	$328,736
Notes receivable and accounts receivable	1,216,707	1,429,836
Other receivables	1,540	1,150
Other financial assets - current	34,075	27,536
Refundable deposits	1,027	3,765
Financial assets at FVTPL - current	-	1,458
Financial assets at fair value through other comprehensive income or loss - noncurrent	313,024	314,557
Financial liabilities		
Financial liabilities measured at amortized costs		
Short-term loans	593,149	387,670
Short-term notes and bills payable	429,736	109,826
Notes payable and accounts payable (including related parties)	918,140	862,638
Other payables	504,015	719,967
Long-term liabilities-current portion	167,885	185,531
Long-term liabilities	1,386,083	1,345,100
Lease liabilities (including current portion)	41,308	46,279
Deposits received	1,020	1,020

(3) Fair value information:

A. For information on fair value of financial assets and financial liabilities not measured at fair value, please refer to Note 12.(3).C For fair value of investment property measured at cost, please refer to Note 6.10.

B. Definition of the three levels in fair value:

Level 1:

Quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. The fair value of the Company's investment in listed stocks is included in Level 1.

Level 2

Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Most of derivative instruments that the Company invested is included in Level 2.

Level 3

Unobservable inputs for the asset or liability. The fair value of the Company's investment in some derivative instruments and equity investment without active market is included in Level 3.

C. Financial instruments not measured at fair value

Management of the Company thinks that the carrying amount of financial instruments not measured at fair value, including cash and cash equivalents, accounts receivable, other financial assets, refundable deposits, short term loans, notes payable and, notes receivables and accounts payable, lease liabilities (including current and non-current), long-term loans (including current portion), and guarantee deposits is the reasonable approximation of their fair value.

D. Fair value hierarchy:

The fair value hierarchy of financial instrument is measured at fair value on a recurring basis. Information about the Company's fair value hierarchy was disclosed in the following table:

	December 31, 2023			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets measured at FVTOCI				
Domestic listed stocks	$306,993	$ -	$ -	$306,993
Domestic unlisted stocks	-	-	6,032	6,032
Total	$306,993	$ -	$6,032	$313,025

	December 31, 2022			
Item	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value				
Financial assets at FVTPL				
Derivative financial instruments	$ -	$1,458	$ -	$1,458
Financial assets measured at FVTOCI				
Domestic listed stocks	308,333	-	-	308,333
Domestic unlisted stocks	-	-	6,224	6,224
Total	$308,333	$1,458	$6,224	$316,015

E. Fair value valuation technique for instruments measured at fair value:

The fair value of financial instruments with quoted prices in active markets is the quoted market prices. Market prices published by major trading centers and exchanges for on-the-run government bonds are the basis for the fair value of listed equity instruments and debt instruments with quoted prices in active markets. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

If one of the conditions fails, the market is not deemed active. In general, indications of an inactive market include a wide bid-ask spread, a significant increase in the bid-ask spread and low level of trading volume. The fair value of financial instruments with active markets held by the Company are stated by their natures and types as follows:

a. Listed stocks: closing prices.

b. Except for financial assets with an active market, the fair value of other financial assets is obtained either based on the valuation technique or by reference to the quotes from counter-parties. Fair value can be obtained by using a valuation technique that refers to the fair value of financial instruments having substantially the same terms and characteristics, the discounted cash flow method, or other valuation technique e.g. the one that applies market information available on the balance sheet date to a pricing model for calculation.

The fair value of the Company's holding of unlisted stocks for which no active market exists is estimated by using the market approach, which refers to the valuation of similar entities, quoted prices from a third party, the net worth of an entity and the operating performance. Significant unobservable inputs used to measure fair value are listed in the table below:

December 31, 2023：

Item	Measurement technique	Major unobservable input value	interval	Relationship between input value and fair value
Financial assets at fair value through other comprehensive income or loss - stock	Market Approach	Market liquidity discount rate	26.99%	The lower the degree of lack of liquidity, the lower the fair value estimate

December 31, 2022：

Item	Measurement technique	Major unobservable input value	interval	Relationship between input value and fair value
Financial assets at fair value through other comprehensive income or loss - stock	Market Approach	Market liquidity discount rate	25.6%	The lower the degree of lack of liquidity, the lower the fair value estimate

c. When evaluating financial instruments that are non-standard and with lower complexity, e.g. debt instruments with no active markets, interest rate swaps, foreign exchange swaps and options, the Company adopts valuation techniques that are commonly used by market participants. The parameters used in the valuation models for those financial instruments are normally observable data in the market.

d. When evaluating financial instruments that are non-standard and with lower complexity, e.g. debt instruments with no active markets, interest rate swaps, foreign exchange swaps and options, the Company adopts valuation techniques that are commonly used by market participants. The parameters used in the valuation models for those financial instruments are normally observable data in the market.

e. Outputs from the valuation models are estimates and valuation techniques may not be able to reflect all relevant factors of the financial and non-financial instruments held by the Company. Therefore, when needed, estimates from the valuation model would be adjusted based on additional parameters, e.g. model risk or liquidity risk. According to the Company's policies of fair value valuation management and relevant control procedures, the Company's management considers that valuation adjustments as being necessary and appropriate for a fair and just presentation of financial and non-financial instruments on the standalone balance sheet. Every price data and parameters used in the valuation is reviewed thoroughly and adjusted for current market conditions.

f. The Company incorporates the adjustment of credit risk assessment into the fair value measurement of financial and non-financial instruments to reflect the credit risk of counter-party and the credit quality of the Company.

F. Transfers between Level 1 and Level 2 fair value hierarchy: None.

G.Statement of changes in Level 3 fair value hierarchy-Financial assets measured at FVTOCI-unlisted stocks

	Investment in unquoted financial instruments	
Item	2023	2022
January 1	$6,224	$5,665
Additions	-	-
Proceeds from capital reduction	(2,444).	-
Recognized in profit and loss	-	-
Recognized in other comprehensive income	2,252	559
December 31	$6,032	$6,224

H. Valuation process for Level 3 fair value measurement:

Valuation process regarding fair value Level 3 is conducted by the independence of fair value of financial instruments is verified though use of independent data source in order to make the valuation results close to market conditions. Such valuation results are regularly reviewed so as to ensure their reasonableness.

(4) Transfer of financial assets: None.

(5) Offsetting financial assets and financial liabilities: None.

13. SUPPLEMENTARY DISCLOSURES

A. Significant transactions information

(a) Financings provided: None.

(b) Endorsements and guarantees provided to others: None.

(c) Marketable securities held: Please see Table 1 attached;

(d) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

(e) Acquisition of individual real estate properties at costs of at least NT$300 million or 20% of the paid-in capital: None.

(f) Disposal of individual real estate properties at prices of at least NT$300 million or 20% of the paid-in capital: None.

(g) Total purchases from or sales to related parties of at least NT$100 million or 20% of the paid-in capital: Table 2.

(h) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.

(i) Information about the derivative financial instruments transaction: Table 6(2).

B. Information on investees: None.

C. Information on investment in Mainland China: None.

D. Information on major shareholders (List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares): Table 3.

Table 1

Wei Chih Steel Industrial Co., Ltd.

Marketable securities held

December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Securities held	Marketable securities	Relationship with the securities issuer	General Ledger Account	Ending balance				Note
				Shares (in thousands)	Carrying amount	Percentage of Ownership	Fair value	
Wei Chih Steel Industrial Co., Ltd.	Stock - Xiao Gang Warehousing Co., Ltd.	-	Financial assets at fair value through other comprehensive income	733	6,032	8.15%	6,032	
Wei Chih Steel Industrial Co., Ltd.	Stock- Taiwan Steel Union Co., Ltd.	-	Financial assets at fair value through other comprehensive income	3,351	306,992	3.01%	306,992	

Table 2

Wei Chih Steel Industrial Co., Ltd.

Total Purchases from or Sales to Related Parties of at Least NT$100 Million or 20% of the Paid-in Capital

December 31, 2023

(Amounts in Thousands of New Taiwan Dollars)

Purchaser/ Seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Note
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
WEI CHIH STEEL INDUSTRIAL CO., LTD.	Chien Yao Technology Co., Ltd.	The chairman of Chien Yao Technology Co., Ltd. is within the second degree of kinship of the chairman of the Company	Purchases	309,536	3.68%	Settlement at 10 Days TT 20 Days	Equivalent	The purchase prices with the related parties are equivalent to those with ordinary suppliers. Payment terms were 10 days settlement once, 20 days TT. However, both parties can agree to postpone the payments.	Accounts payable 22,377	2.44%	

Table 3

Wei Chih Steel Industrial Co., Ltd.

Information On Major Shareholders

December 31, 2023

(Unit: shares)

Shares / Name of Major Shareholder	Number of Shares	Percentage of Ownership (%)
HUI CHUN INVESTMENT CO., LTD	42,099,000	12.92%
EN HUI INVESTMENT CO., LTD	32,354,201	9.93%
CHIEN YAO TECHNOLOGY CO., LTD.	32,005,604	9.82%
LI EN INVESTMENT CO., LTD	26,006,000	7.98%
UNI-SOLEIL ENTERPRISE CO., LTD.	17,770,000	5.45%

Note: 1.The information of major shareholders is based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (included treasury shares) by the Company as of December 31, 2023. The share capital in consolidated financial report may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

2.The number of shares issued is calculated by deducting the number of shares in the treasury.

14. SEGMENT INFORMATION

(1) Segment Financial Information:

The Company operates single industry only, mainly for the steel processing and manufacturing of steel rebar, bar steels, billes steel, and wire rods. The end uses of the products are similar, and the operating decision maker of the Company assesses the overall performance and resource allocation. It is identified that the Company has only a single reporting segment.

(2) Geographical Information:

A. Revenue from external customers (classified by the countries where the customers are located):

	Year ended December 31	
Area	2023	2022
Taiwan	$10,246,661	$12,130,722
Australia	237,512	683,044
Other countries	-	309,569
Total	$10,484,173	$13,123,335

B.Noncurrent Assets:

	December 31	
Area	2023	2022
Taiwan	$3,744,696	$3,365,226

(3) Major customer information:

	2023	
Customer	Amount	Percentage of Net Sale (%)
A Customer	$1,317,104	12.56%
B Customer	1,224,695	11.68%

	2022	
Customer	Amount	Percentage of Net Sale (%)
A Customer	$1,170,989	8.92%
B Customer	1,131,419	8.62%

STATEMENTS OF MAJOR ACCOUNTING ITEMS

CONTENTS

Wei Chih Steel Industrial Co., Ltd.

Statement of Cash and Cash Equivalents

December 31, 2023

In Thousands of New Taiwan Dollars and Foreign Currencies

Item	Description	Amount	Note	
Cash	Foreign Currency	$ -	USD	(Note 1)
		-	EUR	(Note 2)
		1	CNY	(Note 5)
		-	KRW	3 thousand (Note 6)
		-	JPY	1 thousand (Note 3)
	New Taiwan Dollars	107		
	Working fund	60		
Subtotal		$168		
Cash in bank	Checking accounts	$334		
	Demand accounts	56,752		
	foreign deposits	1,710	USD	55 thousand (Note 1)
		35	EUR	1 thousand (Note 2)
		104	JPY	480 thousand (Note 3)
		175	SGD	7 thousand (Note 5)
Subtotal		$59,110		
Total		$59,278		

Note 1: Exchange rate vs. USD is 1：30.705

Note 2: Exchange rate vs. EUR is 1：33.98

Note 1: Exchange rate vs. JPY is 1：0.2172

Note 2: Exchange rate vs. SGD is 1：23.29

Note 1: Exchange rate vs. CNY is 1：4.327

Note 2: Exchange rate vs. KRW is 1：0.02391

Wei Chih Steel Industrial Co., Ltd.

Statement of Notes Receivable

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
A Company	Notes Receivable	$18,563	
B Company	Notes Receivable	18,500	
C Company	Notes Receivable	9,326	
D Company	Notes Receivable	5,247	
E Company	Notes Receivable	3,856	
F Company	Notes Receivable	2,377	
G Company	Notes Receivable	1,888	
H Company	Notes Receivable	1,826	
Others	Under 5%	5,857	
Total		$67,440	
Less: Loss allowance		(337)	
Net		$67,103	

Wei Chih Steel Industrial Co., Ltd.

Statement of Accounts Receivable

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
A Company	Trade receivable	$172,801	
B Company	Trade receivable	139,124	
C Company	Trade receivable	131,682	
D Company	Trade receivable	114,098	
E Company	Trade receivable	75,065	
F Company	Trade receivable	70,457	
G Company	Trade receivable	60,084	
Others	Under 5%	392,070	
Total		$1,155,381	
Less: Loss allowance		(5,777)	
Net		$1,149,604	

Wei Chih Steel Industrial Co., Ltd.

Statement of Other Receivables

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Other receivables	Other	$1,540	
Total		$1,540	

Wei Chih Steel Industrial Co., Ltd.
Statement of Inventories
December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount		Remark
		Cost	Market price	
Raw materials	Scrap steel	$918,239	$1,084,877	
Supplies	Heavy oils and electrode bars etc.	338,927	338,927	
Work in process	Steel billet	1,121,231	1,266,530	
Finished goods	Steel rebars, bar steels and wire rods	645,760	745,887	
Scraps	Iron oxide	350	350	
Total		$3,024,507	$3,436,571	
Less: Allowance for inventory loss		-	-	
Net		$3,024,507	$3,436,571	

Wei Chih Steel Industrial Co., Ltd.

Statement of Other Financial Assets - Current

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Mega Bank Tainan Branch	Reserve Account	$21,689	
Other	Reserve Account	12,386	
Total		$34,075	

Wei Chih Steel Industrial Co., Ltd.
Statement of changes in financial assets at fair value through other comprehensive income - noncurrent
For the year ended December 31, 2023

Units: In thousand shares; In Thousands of New Taiwan Dollars

	Balance, January 1, 2023		Increase		Decrease		Balance, December 31, 2023				
Title	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Shareholding ratio	Amount	Collateral	Remark
Listed Company											
Taiwan Steel Union Co., Ltd.	3,351	$308,333	-	$ -	-	$ 1,341	3,351	3.01%	$306,992	None	
Unlisted Company											
Xiao Gang Warehousing Co., Ltd.	978	6,224	-	2,252	245	2,444	733	8.15%	6,032	None	
Total		$314,557		$2,252		$3,785			$313,024		

Note: Current increase of $2,252 thousand includes unrealized gain on financial assets at FVTOCI. Current decrease of $3,785 thousand includes unrealized loss on financial assets at FVTOCI 1,341 thousand and proceeds from capital reduction 2,444 thousand.

Wei Chih Steel Industrial Co., Ltd.

Statement of Refundable Deposits

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Refundable deposits	Official vehicles guarantee	$647	
	Land lease deposits	20	
	Other guarantee deposits	360	
Total		$1,027	

Wei Chih Steel Industrial Co., Ltd.

STATEMENT OF SHORT-TERM LOANS

DECEMBER 31, 2023

In Thousands of New Taiwan Dollars

Creditor	Description	Ending Balance	Contract Period	Loan Commitment	Collateral	Remark
Mega - Tainan	Loan for material purchase	$4,671	October 26, 2023~ April 23, 2024	400,000	Yes	
Mega - Tainan	Loan for material purchase	23,583	October 27, 2023~ April 24, 2024	400,000	Yes	
Mega - Tainan	Loan for material purchase	6,073	October 27, 2023~ April 24, 2024	400,000	Yes	
Taishin Bank - Tainan	Loan for material purchase	69,970	December 19, 2023~February 19, 2024	150,000	None	
Taishin Bank - Tainan	Working capital	50,000	December 25, 2023~February 25, 2024	100,000	None	
Taishin Bank - Tainan	Working capital	50,000	December 26, 2023~February 25, 2024	100,000	None	
Taishin Bank - Tainan	Loan for material purchase	28,347	November 23, 2023~ January 23, 2024	150,000	None	
Taishin Bank - Tainan	Loan for material purchase	9,856	November 23, 2023~ January 23, 2024	150,000	None	
Taishin Bank - Tainan	Loan for material purchase	25,766	December 06, 2023~February 06, 2024	150,000	None	
Taishin Bank - Tainan	Loan for material purchase	15,636	December 06, 2023~February 06, 2024	150,000	None	
EnTie Bank - Tainan	Working capital	30,000	December 22, 2023~ January 22, 2024	300,000	None	
Taipei Fubon Bank - Tainan	Loan for material purchase	41,254	November 03, 2023~ February 01, 2024	60,000	None	
Taipei Fubon Bank - Tainan	Loan for material purchase	11,175	November 03, 2023~ February 01, 2024	60,000	None	
Taipei Fubon Bank - Tainan	Loan for material purchase	3,927	November 15, 2023~ February 13, 2024	60,000	None	
O-Bank - Tainan	Loan for material purchase	5,562	October 06, 2023~ February 03, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	4,063	October 06, 2023~ February 03, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	3,469	October 06, 2023~ February 03, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	3,595	October 11, 2023~ February 08, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	3,125	October 11, 2023~ February 08, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	3,071	October 11, 2023~ February 08, 2024	200,000	None	

Creditor	Description	Ending Balance	Contract Period	Loan Commitment	Collateral	Remark
O-Bank - Tainan	Loan for material purchase	2,940	October 12, 2023~ February 09, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	18,770	October 18, 2023~ February 15, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	6,426	October 18, 2023~ February 15, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	4,660	October 18, 2023~ February 15, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	3,381	October 18, 2023~ February 15, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	2,095	October 18, 2023~ February 15, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	7,658	October 19, 2023~ February 16, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	4,798	October 19, 2023~ February 16, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	2,010	October 19, 2023~ February 16, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	14,314	October 20, 2023~ February 17, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	2,321	October 20, 2023~ February 17, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	11,972	October 23, 2023~ February 20, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	25,276	October 27, 2023~ February 24, 2024	200,000	None	
O-Bank - Tainan	Loan for material purchase	15,505	November 16, 2023~ March 15, 2024	200,000	None	
Chang Hwa Bank - Tainan	Loan for material purchase	10,220	November 15, 2023~ May 12, 2024	120,000	Yes	
Chang Hwa Bank - Tainan	Loan for material purchase	27,660	November 16, 2023~ May 14, 2024	120,000	Yes	
Yuanta Commercial Bank	Working capital	20,000	December 11, 2023~ November 08, 2024	80,000	None	
Yuanta Commercial Bank	Working capital	20,000	December 22, 2023~ November 08, 2024	80,000	None	
Total		$593,149				
Range of Interest Rates (%)		1.95%-2.42%				

Wei Chih Steel Industrial Co., Ltd.

STATEMENT OF SHORT-TERM NOTES AND BILLS PAYABLE

DECEMBER 31, 2023

In Thousands of New Taiwan Dollars

Item	Creditor	Contract Period	Issued Amount	Discount	Book Value	Remark
Commercial Paper	China Bills Finance Corporation	December 04, 2023~ January 03, 2024	$100,000	($16)	$99,984	
Commercial Paper	International Bills Finance Corporation	December 13, 2023~ January 05, 2024	100,000	(27)	99,973	
Commercial Paper	Ta Ching Bills Finance Corporation	December 18, 2023~ January 17, 2024	80,000	(74)	79,926	
Commercial Paper	Dah Chung Bills Finance Corporation	December 13, 2023~ January 02, 2024	50,000	(6)	49,994	
Commercial Paper	Mega Bills Finance Co., Ltd.	December 29, 2023~ January 26, 2024	100,000	(141)	99,859	
Total			$430,000	($264)	$429,736	
Range of Interest Rates					1.968%-1.988%	

Wei Chih Steel Industrial Co., Ltd.

STATEMENT OF CONTRACT LIABILITIES - CURRENT

DECEMBER 31, 2023

In Thousands of New Taiwan Dollars

Client Name	Description	Amount	Remark
Company A	Unearned sales revenue	$16,184	
Company B	Unearned sales revenue	8,203	
Company C	Unearned sales revenue	1,931	
Company D	Unearned sales revenue	1,530	
Others	Under 5%	2,151	
Total		$29,999	

Wei Chih Steel Industrial Co., Ltd.
Statement of Notes Payable
December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Unrelated parties			
Company A	Trade payable	$22,642	
Company B	Trade payable	17,819	
Others	Under 5%	276,848	
Total		$317,309	

Wei Chih Steel Industrial Co., Ltd.

Statement of Accounts Payable

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Unrelated parties			
Company A	Trade payable	$71,733	
Company B	Trade payable	50,025	
Company C	Trade payable	35,885	
Company D	Trade payable	32,725	
Company E	Trade payable	31,464	
Others	Under 5%	356,622	
Subtotal		$578,454	
Related parties			
Chien Yao Technology Co., Ltd.	Trade payable	$22,377	
Subtotal		$22,377	
Total		$600,831	

Wei Chih Steel Industrial Co., Ltd.

Statement of Long-Term Loans And Current Portion of Long-Term Loans

December 31, 2023

In Thousands of New Taiwan Dollars

Creditors	Description	Ending balance	Contract Term (mm/dd/yy)	Mortgage or Guarantee	Remark
Mega - Tainan	Secured loan	$912,450	July 26, 2023-July 26, 2028	Land and plant	
Accelerate investment project loans for Taiwanese enterprises (Land Bank of Taiwan)	Credit loan	55,855	June 06, 2023-May 30, 2028	None	
Accelerate investment project loans for Taiwanese enterprises (Land Bank of Taiwan)	Credit loan	42,676	June 14, 2023-May 30, 2028	None	
Accelerate investment project loans for Taiwanese enterprises (Land Bank of Taiwan)	Credit loan	54,530	June 26, 2023-May 30, 2028	None	
Accelerate investment project loans for Taiwanese enterprises (Land Bank of Taiwan)	Credit loan	46,736	July 04, 2023-May 30, 2030	None	
Accelerate investment project loans for Taiwanese enterprises (Taipei Fubon Bank)	Secured loan	4,052	August 15, 2023-August 15, 2030	Machinery and equipment	
Accelerate investment project loans for Taiwanese enterprises (Taipei Fubon Bank)	Secured loan	4,234	August 15, 2023-August 15, 2030	Machinery and equipment	
Accelerate investment project loans for Taiwanese enterprises (Taipei Fubon Bank)	Secured loan	6,200	December 11, 2023-August 15, 2030	Machinery and equipment	
Accelerate investment project loans for Taiwanese enterprises (Taipei Fubon Bank)	Secured loan	1,700	December 11, 2023-August 15, 2030	Machinery and equipment	
Accelerate investment project loans for Taiwanese enterprises (Taipei Fubon Bank)	Secured loan	73,000	December 21, 2023-August 15, 2030	Machinery and equipment	
Accelerate investment project loans for Taiwanese enterprises (First Bank)	Credit loan	200,000	June 14, 2023-May 15, 2031	None	
Accelerate investment project loans for Taiwanese enterprises (First Bank)	Credit loan	40,000	June 30, 2023-June 15, 2031	None	
Accelerate investment project loans for Taiwanese enterprises (First Bank)	Credit loan	10,000	September 22,2023-June 15, 2030	None	
Accelerate investment project loans for Taiwanese enterprises (Mega Bank)	Secured loan	9,526	August 15,2023- August 15, 2030	Land and plant	
Accelerate investment project loans for Taiwanese enterprises (Mega Bank)	Secured loan	81,978	August 25,2023- August 15, 2030	Land and plant	
Accelerate investment project loans for Taiwanese enterprises (Mega Bank)	Secured loan	9,526	September 11,2023- August 15, 2030	Land and plant	

Creditors	Description	Ending balance	Contract Term (mm/dd/yy)	Mortgage or Guarantee	Remark
Accelerate investment project loans for Taiwanese enterprises (Chang Hwa Bank)	Secured loan	6,930	December 07, 2023-November 15, 2030	None	
Subtotal		$1,559,393			
Less: Unamortized discount		(5,425)			
Less: Current portion of long – term loans		(167,885)			
Total		$1,386,083			
Range of interest rates		1.595%-2.3543%			

Wei Chih Steel Industrial Co., Ltd.

Statement of Guarantee Deposits Received

December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Dust Collector’s Deposit	Dust Collector’s Deposit	$1,000	
Restaurant Deposit	Restaurant Deposit	20	
Total		$1,020	

Wei Chih Steel Industrial Co., Ltd.

Statement of Net Revenue

For The Year December 31, 2023

In Thousands of New Taiwan Dollars

Item	Description	Amount	Remark
Sales revenue:			
Steel rebars	429,042 Tons	$8,529,031	
Bar steels	44,934 Tons	1,122,084	
Billets steels	27,220 Tons	519,339	
Wire rods	14,724 Tons	360,979	
Others	77 Tons	7,535	
Subtotal of income		$10,538,968	
Less: sale return	438 Tons	(9,308)	
Less: sale discount		(45,487)	
Net sales revenue		$10,484,173	

Wei Chih Steel Industrial Co., Ltd.

Statement Of Operating Cost

For The Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Item	2023
Raw materials, beginning of the year	$503,621
Add: Raw materials purchased	7,289,710
Less: Raw materials, ending of the year	(918,239)
Raw materials sold	(912)
Raw materials used	$6,874,180
Supplies, beginning of the year	$368,127
Add: Supplies purchased	1,093,723
Less: Supplies, ending of the year	(338,927)
Transfer to operating expenses	(181,416)
Supplies used	$941,507
Add: Direct labor	$143,502
Factory overhead	1,755,849
Production cost	$9,715,038
Work in progress, beginning of the year	1,176,325
Work in progress purchased	-
Add: Transfer from finished goods	8,862,377
Less: Work in progress, ending of the year	(1,121,231)
Work in Progress sold	(467,114)
Scraps	(2,628)
Shut-down losses	(31,161)
Cost of finished goods	$18,131,606
Finished goods, beginning of the year	573,633
Add: Finished goods purchased	38,274
Less: Finished goods, ending of the year	(645,760)
Transfer to work in progress	(8,862,377)
Transfer to operating expenses	(5,526)
Shut-down losses	(10,128)
Cost of finished goods sold	$9,219,722
Cost adjustment items：	
Unallocated fixed factory overhead	69,212
Loss on inventory valuation (recovery gain)	-
Purchase contract loss (profit)	(721)
Total cost of goods sold	$9,288,213
Cost of raw materials sold	912
Cost of work in progress	467,114
Cost of scraps sold	2,349
Shut-down losses	41,289
Total operating cost	$9,799,877

Wei Chih Steel Industrial Co., Ltd.

Statement of Factory Overheads

For The Year Ended December 31, 2023

In Thousands of New Taiwan Dollars

Items	Amount
Indirect labor	$68,329
Rent	3,573
Freight	15,490
Postage	5
Travel	811
Repairs & maintenance	191,547
Utilities	760,114
Insurance	23,178
Processing-outsourced	26,216
Tax	3,072
Depreciation	253,780
Meal	7,860
Employee’s welfare	7,651
Consumables	256,880
Pensions	7,961
Overtime pays	35,885
Training	188
Miscellaneous purchase	3,008
Traffic	352
Others	159,161
Less: Unallocated fixed factory overhead	(69,212)
Total	$1,755,849

Wei Chih Steel Industrial Co., Ltd.
Statement of operating expenses
For the Year Ended December 31, 2023

in Thousands of New Taiwan Dollars

Item	Selling and marketing expenses	General and administrative expenses	Research and development expenses	Total
Payroll	$10,063	$44,685	$ -	$54,748
Rent	803	316	-	1,119
Stationery supplies	-	102	-	102
Traveling	907	85	-	992
Shipping	35,085	9	-	35,094
Postage	77	1,724	-	1,801
Repairs & maintenance	284	1,904	-	2,188
Advertising	43	732	-	775
Utilities	6	5,369	-	5,375
Insurance	895	7,165	-	8,060
Entertainment	420	4,250	-	4,670
Donate	-	920	-	920
Tax	-	841	-	841
Meal	261	806	-	1,067
Employee’s welfare	282	1,612	-	1,894
Commission expense	1,071	-	-	1,071
Labor cost	75	2,874	-	2,949
Overtime pay	99	2,220	-	2,319
Pension	325	2,000	-	2,325
Traffic	185	351	-	536
Export	3,491	-	-	3,491
Newspapers & Magazines	-	340	-	340
Training fee	-	27		27
Others	2,462	19,777	-	22,239
Depreciation	207	10,702	-	10,909
Amortizations	-	632	-	632
Miscellaneous equipment	44	631	-	675
Research and development expenses	-	-	10,836	10,836
Total	$57,085	$110,074	$10,836	$177,995