Stock code: 2038

HAI-KWANG ENTERPRISE CO., LTD

2023 Annual Report

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

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Name: Wu, Yu-Hui
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◎ Headquarters, Branches and Plant:

Office	Address	Phone
Head Office	No. 12, Yanhai 2nd Rd., Xiaogang Dist., Kaohsiung City, Taiwan	(07)8021011
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◎ Names, Accounting Firm, Address, Website and Telephone Number of the Certified Public Accountants for the Latest Financial Report:
Auditors: Wang, Chao-Chin and Wu, Chang-Jin
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◎ Name of any exchanges where the company's securities are traded offshore, and the method by which to access information on said offshore securities: N/A

◎ Corporate Website: http://www.haikwang.com.tw

I. Letter to Shareholders

Dear Shareholders,

In 2023, the Company sold 426,700 tons of rebar, a decrease of nearly 9.5% from the previous year. Our net operating revenue was NT$9.257 billion, a 15.53% decrease from last year. However, our net profit was NT$53 million, a 75% decline from the NT$210 million earned in 2022. In early 2023, steel prices rose month by month from the 4th quarter of 2022 to the 1st quarter of 2023 due to expectations that mainland China's post-epidemic economic recovery would drive the global economy and steel consumption. However, various economic indicators in mainland China performed worse than expected and interest rates rose. Steel prices gradually fell since the 2nd quarter of last year. In addition, steel bar production costs continued to increase due to electricity and various environmental protection costs, thus compressing the profits of this product and also resulting the annual profit to decline quarter by quarter.

Looking forward to 2024, there are many positive factors: slowing inflation, a soft landing of the US economy prompting the FED to lower interest rates, the introduction of a number of stimulus policies in mainland China, the expected return of inventories in various industries to normal, which will lead to a gradual recovery in global trade and production, the expansion of AI emerging technology applications has driven manufacturers to invest in factory expansion, and Taiwan continues to carry out major public construction projects. These factors are expected to boost Taiwan's import, export and investment momentum, and the island's GDP growth rate will exceed 3% in 2024.

For the steel industry, the 2nd half of 2023 has already reached the bottom of the economy. If the above-mentioned positive factors are fermented, the steel industry economy is expected to gradually recover. However, the global economic recovery is still full of uncertainties. Geopolitical risks such as the stalemate Russia-Ukraine war and the Israeli-Palestinian conflict may make the economic recovery short-lived. Meanwhile, Taiwan's recent increase in electricity prices, the entry into force of the European Union's CBAM (Carbon Border Adjustment Mechanism) regulations, and the global net-zero emission policy have increased the cost burden on the steel industry. Therefore, international steel prices have become increasingly difficult due to rising environmental protection costs. In particular, the selling price of steel bars using the electric arc furnace process will reflect this new wave of rising electricity prices. However, due to the slow economic recovery, overall sales volume growth is limited, plus domestic housing prices have reached a high point. Since the 1st half of 2023, the number of new building licenses issued and the number of new housing construction operations have both declined. Steel bar consumption is driven by demand from public projects and investment in factory expansion. Generally, under the interactive influence of “bulls and bears”, the steel bar market is expected to show a price increase/flat volume or slight recession situation in 2024.

The operating and production/sales status report for 2022 is presented below:

1.1 Operating Performance

1.1.1 Comparison of profitability for the Company is as follows:

Unit: NT$ thousands

	2023	2022	Change Rate (%)
Net Operating Revenue	9,257,244	10,959,584	-15.53%
Operating Costs	8,942,830	10,611,016	-15.72%
Gross Profit (Loss)	314,451	348,172	-9.68%
Operating Expenses	151,132	154,105	-1.93%
Operating Net Profit (Loss)	163,319	194,067	-15.84%
Non-operating Income (Expenses)	(102,705)	70,688	-245.29%
Profit (Loss) Before Income Tax	60,614	264,755	-77.11%
Profit (Loss) After Income Tax	53,316	210,830	-74.71%
Earnings (Losses) Per Share	0.28	1.11	-74.77%

Note: The above is the parent company only financial information.

1.1.2. Comparison of production for the Company is as follows:

Unit: Ten thousand tons

	Rebar Production		Small Billet Production	
	2023	2022	2023	2022
Taiwan	657.7	626.8	823.1	879.4
Hai Kwang	43.95	49.87	28.82	30.32
Ratio	6.68%	7.96%	3.50%	3.45%

Data source: Hai-Kwang Enterprise Co., Ltd, Taiwan Steel & Iron Industries Association

1.1.3Market share of the Company is as follows:

Unit: Ten thousand tons

	Rebar Sales Volume		Apparent Consumption (Note)		Export Volume	
	2023	2022	2023	2022	2023	2022
Taiwan	724.95	687.44	656.19	621.55	5.31	5.31
Hai Kwang	46.27	51.13	46.27	51.13	0	0
Ratio	6.38%	7.4%	7.05%	8.2%	0	0

Note: According to the statistics of the Taiwan Steel & Iron Industries Association,
Apparent Consumption = Production + Imports – Exports.

Data source: Hai-Kwang Enterprise Co., Ltd, Taiwan Steel & Iron Industries Association

1.2 Financial Revenue and Profit Analysis

Year / Ratio / Item			2023	2022
Financial Structure	Debt to asset ratio (%)		58.61	57.76
	Long term capital to fixed asset ratio (%)		189.75	208.81
Profitability	Return on assets (%)		1.38	3.1
	Return on equity (%)		1.45	5.8
	Ratio to paid-in capital	Operating net profit (loss) (%)	8.58	10.7
		Pre-tax income (loss) (%)	3.18	14.6
	Net profit (loss) ratio (%)		0.58	1.9
	Basic earnings per share after tax (NT$)		0.28	1.11

Note: The above is the individual financial information

1.3 Research and Development

1. To transform the steelmaking plant's EAF chemical energy combustion and supersonic oxygen blowing systems, robotic arm automatic temperature measurement sampling holes, scrap steel continuous horizontal feeding/preheating system and electrode control system.
2. To transform the heating furnace, rolling mill and cooling bed of the steel rolling mill. The above is in line with the trend of energy conservation and carbon reduction, and is achieved through process and equipment research and improvement to reduce energy consumption and improve production efficiency.

1.4 Overview of Business Plan

1.4.1 Operating principle

1. Continuously updating steelmaking and rolling equipment and improving processes to increase production efficiency and recovery rate, reduce material and power losses to lower costs and enhance profitability.
2. The surface treatment business works closely with customers to provide value-added technologies and problem solutions for different processes.

1.4.2 Production and Marketing Policies

1. We do not just pursue maximizing production and sales, but timely adjust inventory and order volume in response to market trends to avoid losses from falling inventory prices.
2. Stabilize product quality, improve service standards and customer satisfaction.
3. Participate in domestic public projects through direct customer cooperation and maintain good relationships with dealers to consolidate existing market share.

4. Provide complete sets of products in large, medium, and small sizes, and expand the processing capacity and service of cutting, bending and forming.

1.4.3 The Impact of the External Competitive Environment, Regulatory Environment, and Macroeconomic Conditions

Aspects of Domestic Macroeconomic Environment

Overall Economy:

In 2023, due to factors such as high interest rates, high inflation, and mainland China's post-epidemic economic performance not being as good as expected, global end-product market demand has become weak, leading to a slowdown in manufacturing activities in various countries. Coupled with the expansion of the U.S.-China chip embargo, the ongoing Russia-Ukraine war, and the Israeli-Palestinian conflict, global geopolitics is instantly tending to bloc confrontation, which will have a profound impact on global economic development and social stability. For Taiwan, the service industry has expanded after the epidemic, and industries such as retail, tourism and personnel transportation have performed well at the same time. However, the slowdown in the global economy has impacted Taiwan's exports and export orders, and the investment willingness of the business community has also been slightly affected. Taiwan's economic growth rate showed consecutive declines in the 4th quarter of 2022 and the 1st quarter of 2023, and did not turn from negative to positive until the 2nd quarter.

The performance of the world's major economies is expected to recover in 2024, and emerging markets and developing economies will also perform better than in 2023. The global economy is generally heading toward recovery. According to IMF (International Monetary Fund) estimates, the global GDP growth rate will reach 2.9% in 2024. In Q4 2023, Taiwan's annual growth rate of export orders and exports has rebounded from the bottom, and this wave of recovery will continue into the new year. In addition, the latest forecast released by the Taiwan Institute of Economic Research (TIER) in November 2023 shows that Taiwan's GDP growth rate will be 3.15% in 2024, an increase of 1.72 percentage points from the updated 1.43% in 2023.

In the 4th quarter of 2023, China's average daily crude steel output and inventory decreased month by month. In Europe, seven blast furnaces were shut down one after another, and the effect of production cuts was fermented. This reduction in supply will help restore balance to supply and demand in the steel market.

There is currently strong demand for steel in the U.S. downstream market. At the same time, the Taiwanese government is accelerating various infrastructure construction and public projects. Taking 2024 as an example, the public construction budget will reach NT$588.6 billion, a record high. Taiwan's "Forward-looking Infrastructure Development Program" continues, real estate buying sentiment are picking up, and high-tech companies have started construction of new factories. The construction industry is booming, which has also driven domestic market demand for building materials such as steel bars and beam steel. In October 2023, the World Steel Association (Worldsteel) revised upward the forecast growth rate of global steel demand in 2024 to 1.9%, with steel demand increasing by 34.6 million tons compared with 2023.

Looking forward to 2024, as manufacturing investment rebounds significantly, investment demand for emerging technologies and net-zero emissions continues to increase, and interest rate increases in Europe and the United States slow down, the performance of the global steel market is expected to be better than last year. The uncertain effects of the Israeli-Palestinian conflict, the Ukraine-Russia war and geopolitical risks in the Middle East, as well as the entry into force of EU's CBAM regulations and the requirements of global net-zero emission policies, will eventually increase the overall manufacturing cost of steel.

Analysis from the Perspective of Demand
Public Construction

According to data from the National Development Council, the public construction budget in the past five years: NT$365 billion in 2019, NT$437.8 billion in 2020, NT$501.3 billion in 2021, NT$431.8 billion in 2022, NT$587 billion in 2023. The budget is NT$588.6 billion in 2024, showing that the public construction budget continues to increase, and the government insists on strengthening the implementation rate of public construction to stabilize economic momentum.

Real Estate Market

In 2023, the transaction volume of the domestic real estate market shrank, reaching the lowest level in the past four years. The first and second half of the year showed two situations - a situation of squatting first and then jumping, that is, the buying momentum was sluggish in the first half, but gradually improved from the second half of the year. Especially after the implementation of "Preferential Housing Loans for the Youth" and the wave of home purchases at the end of the year, the housing market has gradually stabilized for self-use and property purchase, thus restraining the decline in the overall housing market. As shown in the chart below, the trend of the business cycle clock chart of the construction industry business climate test point of the TIER is found: the first quarter of 2023 is in the "pessimistic view" to the "confidence improvement" quadrant in the 2nd to 4th quarters, reflecting the housing market boom for the whole year. The trend of low and then high, the residential market was still in recession in 2023. Part of factors attributed to the government's policy of "cracking down on real estate speculation", the increase in mortgage interest rates by more than 2.0%, and the domestic economic situation not being as expected, which has caused the residential market to cool down in 2023 compared to 2022.

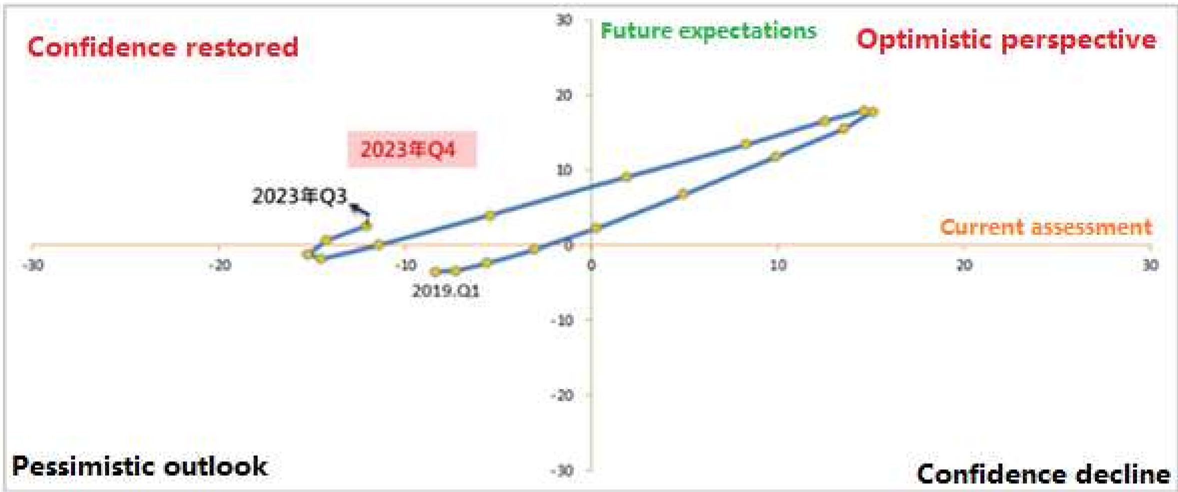


Chart: TIER "Construction Industry Business Climate Test Point Business Cycle Clock Chart" Trend Overview.

Data Source: TIER Industrial and Economic Database, December 2023

Analysis from the Perspective of Supply

Taiwan's steel industry is a domestic demand-driven industry, 100% provided by local steel plants. The land required for a new steel plant often requires more than 10,000 pings (1 ping=36 square feet). Due to the high price and scarcity of industrial land in Taiwan, most of the current steel bar market relies on existing steel mills to increase production through "replacing old ones with new ones and improving efficiency", so the annual new production capacity is quite limited. The main reason behind the impact on market supply in recent years is the imbalance in the price and volume of international small steel billets. The market is flooded with a large number of cheap small steel billets, which are then imported and processed by multiple single rolling mills to compete at price cuts. Especially due to the Russo-Ukrainian War in the recent year, Russian steel exports were restricted to Europe and the United States, and were instead sold to other countries and regions at low prices. Taiwanese steel mills purchased Russian semi-finished products at a large interest rate, and the import volume increased significantly. As a result, domestic single rolling mills increased their utilization rates and cut prices to receive orders. If the Russo-Ukrainian war continues, low-priced Russian semi-finished products will continue to enter the Taiwanese market. In response to this situation, the Company decided to reduce the proportion of self-made steel in order to reduce competition from single rolling mills.

External Competitive Environment

Taiwan's steel bar market was shut down three years ago due to the financial crisis of a single rolling mill in the southern region. As a result, the industrial order has been greatly improved. This factory was taken over by another peer in early 2023 and began to produce small-size steel bars and enter the market, however. The southern market has a long-term shortage of small-size steel bars, so the re-introduction of this item will have little impact on the market.

Regulatory Environment

Taiwan is about to move toward a "net-zero 2050" transition, and the trend that carbon emissions have a price is becoming increasingly clear. Starting from 2024, the government's public projects must take the lead in proactively disclosing carbon emissions. If steel companies want to obtain public projects in the future, they must reduce carbon emissions, otherwise they will not be able to participate in any government project bidding. Meanwhile, according to the provisions of the "Climate Change Act", it is expected that annual greenhouse gas emissions will be charged a carbon fee starting from 2024, and payment will begin in 2025.

Carbon tariffs and carbon taxes will also be implemented in the future. The EU has taken the lead in implementing the above, and the Company does not export to Europe and is not affected by this for the time being. In the face of many impacts such as the imposition of carbon fees and carbon taxes, the disclosure of carbon footprints in public projects, and the investment in equipment to improve energy consumption, the cost of carbon neutrality in steel products may be passed on to downstream companies in the future, and the "green inflation" effect will also increase. The prices of coking coal, iron ore, aluminium, nickel, copper, tin, zinc, manganese, cobalt, lithium and other metals in the international market have shown unprecedented resilience in the global economic downturn, while the environmental protection and energy costs incurred in the mining process are getting higher and higher. Under the trend of carbon reduction, the costs required by the steelmaking industry will rise accordingly. Under the trend of carbon reduction, the costs required by the steelmaking industry will rise with the trend. Taiwan’s China Steel Corporation and large steel mills in mainland China, Japan, and South Korea have announced that they will gradually replace existing blast furnaces and switch to electric furnace steelmaking as their future goal. It is expected that the supply of scrap steel, electrode rods, silicomanganese, and vanadium ferroalloys required for electric arc furnaces will be tighter. Taiwan's electricity consumption structure is facing a transformation. The proportion of nuclear power and thermal power generation is decreasing year by year, and the proportion of renewable energy power generation will replace it. However, domestic electricity prices will gradually rise, which will also bring cost pressure to electric furnace steel plants.

In short, the shortage of scrap steel supply, rising electricity, and environmental protection costs may affect steel bar prices. Consumption from real estate is viewed conservatively, while factories, shopping malls and public works continue to grow. It is estimated that Taiwan's steel consumption in 2024 will remain stable at around 5.9 million tons.

Business Development Strategies

The Company's operating development strategy for 2024 includes the following key points:

1. In line with the national goal of "net-zero carbon emissions in 2050", in addition to completing the carbon inventory and confirmation of each company in the Group, the steel mills, steel rolling mills and their reinvested electroplating, heat treatment, painting and other processes and equipment continue to improve the power and natural gas consumption.
2. To reduce the waste and waste water generated by the surface treatment business processes of steel mills, steel rolling mills, and reinvested companies, and increase the proportion of recycling and reuse.

Thank you for the support and care from all our shareholders. We wish you good health and all the best!

Chairman：Huang, Wei-Han

General Manager：Huang, Tsan-Ming

Accounting Officer：Yang, Chien-Chang

II. Company Profile

2.1 Date of Incorporation: February 24, 1969.

2.2 Company History

Year 1969 -- Capitalized at NT$5 million, the Company’s main business is buying and selling various hardware products.

Year 1972 -- The Company began engaging in shipbreaking by importing decommissioned ships and supplying all kinds of ship plates to various factories.

Year 1973 -- The capital was increased to NT$50 million, and the equipment was expanded.

Year 1974 -- The capital was increased to NT$100 million. The Company began the first phase of construction at the current site in Xiaogang Coastal Industrial Zone, setting up a full set of 30-ton steelmaking electric arc furnace equipment.

Year 1979 -- The second phase of construction project began. The Company imported the Italian DANIELI automatic continuous casting machine to produce slabs.

Year 1981 -- The continuous casting machine for steel production was completed, and the Company began test production and export of slabs. Within six months, the Company had earned US$15 million in export revenue, and was awarded the Excellent Exporter Certificate by the Bureau of Foreign Trade.

Year 1982 -- Awarded the Excellent Exporter Medal by the Bureau of Foreign Trade. It directly exported more than 70,000 tons of slabs, which received high praise for their quality from abroad. The rolling mill was completed, and the Company began to produce rebar and wire rods, with wire rods as the main product.

Year 1983 -- Awarded the Excellent Exporter Medal by the Bureau of Foreign Trade.

Year 1984 -- Awarded the Excellent Exporter Medal by the Bureau of Foreign Trade.

Year 1985 -- Awarded the Excellent Exporter Medal by the Bureau of Foreign Trade.

Year 1986 -- Awarded the Excellent Industrial Safety Maintenance Award. The capital was increased to NT$150 million to improve the financial structure. The Company purchased 1,000HM3/HR oxygen plant equipment and installed electric furnace dust collection equipment in compliance with government environmental policies.

Year 1987 -- Invested in and established a 40-ton refining furnace, purchased a 1,250-ton scrap iron processing machine, and installed a computer-controlled system for the reheating furnace.

Year 1988 -- Awarded the Excellent Exporter Medal by the Bureau of Foreign Trade. The capital was increased to NT$198 million and equipment was expanded.

Year 1989 -- Awarded the Excellent Exporter Medal by the Bureau of Foreign Trade. The Company increased its capital by NT$434,690,000 in cash, undistributed earnings of NT$158,400,000, and capital surplus of NT$8,910,000, making the total capitalization NT$800 million, and registered for retroactive handling of public issuance procedures. Additionally, the Company expanded and added a set of steelmaking equipment, including 50-ton electric arc furnace, Mitsubishi automatic continuous casting machine, 2,500NM3/HR oxygen manufacturing equipment, and dust collection equipment. The roughing mill was transformed to improve production capacity, and a comprehensive Total Quality Assurance (TQA) guidance contract was signed.

Year 1990 -- Increased its total paid-in capital to NT$968,045,600 by capitalizing on undistributed earnings of NT$160,736,400 and capital surplus of NT$7,306,200.

Year 1991 -- Received the Excellent Taxpayer Award for year 1988 of profit-seeking enterprise income tax from the National Taxation Bureau of Kaohsiung, Ministry of Finance.

Year 1992 -- Expanded the Jiaxing factory, imported the fully automatic POMINI steel rolling machine from Italy, the DANIELI cooling bed from Italy, and the finishing equipment from Takigawa Kogyo Co., Ltd. Of Japan. In addition, the Company increased its total paid-in capital to NT$1,065,000,000 by capitalizing on undistributed earnings of NT$83,404,800 and capital surplus of NT$13,552,600.

Year 1993 -- The Jiaxing factory was completed and started production in December. In addition, the Company increased its total paid-in capital to NT$1,171,500,000 by capitalizing on undistributed earnings of NT$106,500,000.

Year 1994 -- Upgraded the finishing shears and refurbished the cooling bed at the Xiaogang steel rolling plant.

Year 1995 -- The Jiaxing factory passed the ISO9002 quality assurance certification from the Bureau of Commodity Inspection.

Year 1996 -- Increased its capital by NT$200 million in cash, making the total paid-in capital NT$1,371,500,000.

Year 1997 -- Refurbished the equipment and changed the billet diameter at the Xiaogang steel rolling plant to improve efficiency and reduce costs.

Year 1998 -- The Xiaogang factory passed the ISO9002 quality assurance certification from the Bureau of Commodity Inspection.

Year 1999 -- Purchased and installed a door-frame vehicle radiation detector to strengthen the radiation detection of raw materials and finished products.

Year 2001 -- Selected as a major supplier for Taiwan High Speed Rail and Kaohsiung Mass Rapid Transit.

Year 2003 -- Increased its capital by NT$8.5 million in cash, making the total paid-in capital NT$1.38 billion.

Year 2004 -- Upgraded 30-ton furnace to 50-ton furnace to increase slab production capacity.

Year 2006 -- Annual revenue exceeded NT$ 11 billion.

Year 2007 -- Upgraded the 85-ton/hour heating furnace in the Jiaxing factory to 120-ton/hour to increase rebar production capacity.
Installed equipment to reduce dioxin emissions to meet legal requirements for the steel plant’s dust collection system.
In September, the Company was listed on the Emerging Stock.

Year 2008 -- In December, the Company was listed on the Taiwan Stock Exchange and carried out a cash capital increase of NT$160 million, with total paid-in capital increased to NT$1.54 billion.

Year 2009 -- In September, the Company carried out a cash capital increase of NT$200 million, with total paid-in capital increased to NT$1.74 billion.

Year 2011 -- In March, the Company issued secured convertible corporate bonds of NT$300 million and unsecured convertible corporate bonds of NT$500 million.

Year 2012 -- In January, the convertible corporate bonds were converted to common stocks, and the total paid-in capital increased to NT$1.82 billion.

Year 2012 -- In August, the Company acquired a shareholding of 63.05% in E Chang Iron Steel Works Co., Ltd.

Year 2012 -- In November, the Company raised NT$1.3 billion syndicated loans to strengthen operating capital and improve financial structure.

Year 2013 -- In March, the Company cancelled 93 million treasury shares, and the total paid-in capital became NT$1.726 billion.

Year 2013 -- In September, the Company established a 12-meter cooling bed at the steel mill and expanded sales of small billets.

Year 2014 -- In September, the Company reconstructed the 12-meter reheating furnace at Jiaxing rolling mill and installed high-frequency heating system and small-size rebar cutting equipment.

Year 2015 -- Established a reinforcing steel processing department at Jiaxing rolling mill to enhance service and product added value.

Year 2016 -- In February, former Chairman and founder Huang, Cang-Hai passed away, and Huang, Wei-Han was elected as chairman, while Huang, Tsan-Ming became the President.

Year 2016 -- In September, the Company established a new subsidiary, Zheng Tung Environmental Protection Tech. Co., Ltd. primarily engaged in manufacturing and surface treatment of steel wires and metal wire products.

Year 2017 -- In February, the board of directors appointed Huang, Tsan-Ming as the Chief Executive Manager and Liu, Ming-Tan as the President simultaneously

Year 2017 -- In September, the Company increased capital by NT$86,316,440 from undistributed earnings, and the total paid-in capital after the capital increase was NT$1.813 billion.

Year 2021 -- In February, the Company completed the transformation of the electric furnace and refining furnace of the B furnace at the steel mill.

Year 2021 -- In August, the trial production of two heat treatment lines at subsidiary Zheng Tung Environmental Protection Tech. Co., Ltd. began.

Year 2022 -- The formal production of four heat treatment lines at subsidiary Zheng Tung Environmental Protection Tech. Co., Ltd. began, and two lines of electroplating also started production.

Year 2023 -- In August, the third and fourth lines of electroplating equipment at subsidiary Zheng Tung were completed and officially put into use. In November, the subsidiary Zheng Tung completed the acceptance of wastewater treatment equipment and began to treat production wastewater.

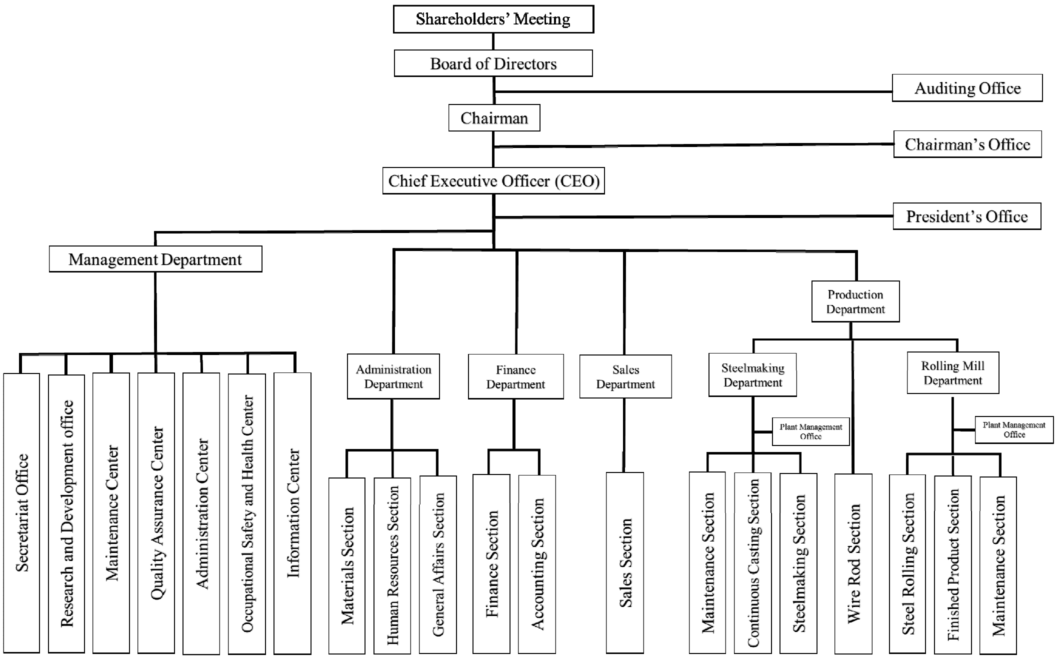
Year 2023 -- In September, the undistributed surplus of NT$90,632,260 was transferred to capital increase, and the Company's total share capital increased to NT$1.903 billion. In

October, the Company put into use of its solar power generation equipment system was officially, achieving the goal of net-zero energy.

III. Corporate Governance Report

3.1 Organization: Company structure and business of each major department

3.1.1 Organizational Chart



3.1.2 Functions of Major Departments

Department	Functions
Auditing Office	Responsible for planning, establishing, executing, and auditing all internal control operations.
President's Office	In charge of managing business operations, production management planning, and various project operations.
Chairman's Office	Adhering to board resolutions, leading managers responsible for defining major company decisions.
Steelmaking Department	Responsible for managing the production process of steelmaking equipment personnel and arranging the production process of steelmaking casting.
Rolling Mill Department	Responsible for managing the production process of rolling steel equipment personnel and arranging the production process of rebar production.
Finance Department	Responsible for financial control, budgeting, accounting cost accounting, and tax affairs.
Sales Department	Responsible for sales order shipment, raw material procurement, and finished product management.
Administration Department	Responsible for general affairs, personnel, materials, and weighbridge matters.
Quality Assurance Center	Responsible for controlling the quality assurance system of raw materials, finished products, and production processes.
Occupational Safety and Health Center	Responsible for environmental protection and occupational safety and health business correspondence, supervision, and inspection matters.
Research and Development Office	Responsible for process improvement, production technology improvement, and new product development.
Information Center	Responsible for planning and implementing the Company's information system.
Maintenance Center	Responsible for the maintenance of machinery and electrical equipment for the entire company.
Secretariat Office	Assists the Chairman in coordinating interdepartmental work and cross-departmental work promotion matters.

3.2 Information on Directors and Managerial Officers

3.2.1 Information on Directors (As of April 27, 2024)

Title	Nationality or Place of Registration	Name	Gender / Age	Date of Election (Inauguration)	Tenure	Commencement Date of First Term	No. of Shares Held at Time of Election		No.of Shares Currently Held		Shares Currently Held by Spouse and Minor Children		Shares Held Through Nominees		Principal Work Experience and Academic Qualifications	Positions Held Concurrently in the Company and/or in any Other Company	Other Officers or Directors with which the person has a relationship of Spouse or Relative Within the Second Degree			Remarks
							No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%			Title	Name	Rela-tionship	
Chairman	Taiwan R.O.C.	Huang, Wei-Han	Male / 37	2023.6	3 years	2011.6	1,896,315	1.05	1,991,130	1.05	0	0	0	0	Bachelor of Chemical and Materials Engineering, Tamkang University Executive Assistant to the Chairman and Director, Hai Kwang Enterprise Co., Ltd. Chairman, E Chang Iron Steel Works Co., Ltd. Chairman, Zheng Tung Environmental Protection Tech. Co., Ltd.	Chairman, Hai Ming Investment Co., Ltd. Director, Taiwan Steel Union Co., Ltd. Supervisor, Taiwan Steel Resources Co., Ltd. Chairman, E Chang Iron Steel Works Co., Ltd. Chairman, Zheng Tung Environmental Protection Tech. Co., Ltd.	Director and CEO	Huang, Tsan-Ming	Father -Son	Note 1
Vice Chairman	Kaohsiung City, Taiwan R.O.C.	Yu Zhan Investment Co., Ltd.	NA	2023.6	3 years	1995.6	2,004,726	1.11	1,986,962	1.04	0	0	0	0	Bachelor of Accounting, National Chung Hsing University Executive Vice President, Finance Dept. of the Company President of the Company Executive Assistant to the Chairman of the Company	Supervisor, Yu-Zhan Investment Co., Ltd. Director, E Chang Iron Steel Works Co., Ltd.				
	Taiwan R.O.C.	Representative: Wu, Yong-Ci	Male / 83	2023.6	3 years	1995.6	1,445,512	0.80	1,436,787	0.75	2,349,551	1.23	0	0						

Director	Taiwan R.O.C.	Liu, Ming-Tan	Male / 68	2023.6	3 years	2011.6	1,175,755	0.65	1,234,542	0.65	5,603,063	2.94	0	0	Master of Information Systems, University of San Francisco Executive Master of Business Administration, National Sun Yat-sen University Executive Vice President, Administration Dept. of the Company Executive Assistant to the Chairman of the Company President of the Company	Supervisor, Chao-An Investment Co., Ltd. Chairman, Shih-Pao Investment Co., Ltd. Director, E Chang Iron Steel Works Co., Ltd. Supervisor, Fuchuan Construction Co., Ltd. Executive Director, Taiwan Steel & Iron Industries Association				
Director	Kaohsiung City, Taiwan R.O.C.	You Ming Investment Co., Ltd.	NA	2023.6	3 years	2016.6	12,806,326	7.06	13,446,642	7.06	0	0	0	0	Bachelor of Statistics and Information Science, Fu Jen Catholic University Chief Executive Officer of the Company President of the Company	Director and President, E Chang Iron Steel Works Co., Ltd. Director and President, Zheng Tung Environmental Protection Tech. Co. Ltd. Director, Dongguan Ming Yao Hardware Products Co., Ltd.	Chairman	Huang, Wei-Han	Father -Son	
	Taiwan R.O.C.	Representative: Huang, Tsan-Ming	Male / 69	2023.6	3 years	2016.6	0	0	0	0	0	0	0	0						
Director	Kaohsiung City, Taiwan R.O.C.	Hai Ming Investment Co., Ltd.	NA	2023.6	3 years	2005.6	41,382,074	22.81	43,411,277	22.81	0	0	0	0	Bachelor of Accounting, Tamkang University Partner Accountant, Cheng Yang United Certified Public Accountants Firm	Director, Cheng Yang Management Consulting Company Partner Accountant, Cheng Yang United Certified Public Accountants Firm	None			
	Taiwan R.O.C.	Representative: Hong, Guo-Yu	Male / 57	2023.6	3 years	2018.6	0	0	0	0	0	0	0	0						
Director	Kaohsiung City, Taiwan R.O.C.	Hai Ming Investment Co., Ltd.	NA	2023.6	3 years	2005.6	41,382,074	22.81	43,411,277	22.81	0	0	0	0	Master of Business Administration, National ChengChi University Principal, Liansheng United Certified Public Accountants Firm	Partner Accountant, Georgia United Certified Public Accountants Firm Supervisor, E Chang Iron Steel Works Co., Ltd. Independent Director, Sunfar Computer Co., Ltd.	None			
	Taiwan R.O.C.	Representative: Chen, Shi-Cheng	Male / 70	2023.6	3 years	2005.6	0	0	0	0	0	0	0	0						

Independent Director	Taiwan R.O.C.	Yang, Chang-Xi	Male / 74	2023.6	3 years	2008.4	0	0	0	0	0	0	0	0	National Hualien University of Education Principal, Yang, Chang-Xi Law Firm	Principal, Yang, Chang-Xi Law Firm Director, CVC Technologies Inc. National Compensation Review Committee Member, Third Maintenance Engineering Office, Directorate General of Highways, Ministry of Transportation and Communications Legal Consultant, Tycoons Group Enterprise Co., Ltd.	None	
Independent Director	Taiwan R.O.C.	Guo, Shi-Xian	Male / 55	2023.6	2 years	2021.7	0	0	0	0	0	0	0	0	Bachelor of Accounting, Tamkang University Passing the CPA exam in 1997	Teaching Assistant, Department of Accounting, Tamkang University Auditor, RSM Taiwan Accountant, QunXian United Certified Public Accountants Firm	None	
Independent Director	Taiwan R.O.C.	Chen, Bo-Zhong	Male / 40	2023.6	3 years	2019.6	0	0	0	0	0	0	0	0	Bachelor of Laws, National Taipei University	Managing Director / Attorney, Berlin United Law Firm	None	
Independent Director	Taiwan R.O.C.	Huang, Min-Gong	Male / 55	2023.6	3 years	2023.6	0	0	0	0	0	0	0	0	Department of Civil Engineering, Cheng Shiu University	Chairman of Bao Shen Construction Engineering Co. Ltd. Director of Bao Shen Development Co. Ltd.	None	

Note 1: The Chairman, Huang, Wei-Han and the Director-cum-CEO, Huang, Tsan-Ming, are of Son-Father relationship. They have extensive experience in the rebar and fastener industries. The Company has appointed four independent directors, and more than half of the directors do not concurrently serve as employees or managers.

1. Major Shareholders of Institutional Shareholders

Major Shareholders of Institutional Shareholders

As of April 27, 2024

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
You Ming Investment Co., Ltd	Passion Trading Co., Ltd. (96%), Huang, Xiao-Wen (2.5%), Huang, Wei-Han (0.5%), Huang, Zheng-Han (0.5%), Huang, Yi-Zhen (0.5%)
Yu Zhan Investment Co., Ltd	Huang, Yu-Yan (32%), Wu, Cheng-Yu (18%), Wu, Wei-Qi (17%), Wu, Dai-Rong (17%), Wu, Yong-Ci (16%)
Hai Ming Investment Co., Ltd	Huang, Zheng-Han (21.1%), Huang, Wei-Han (21.1%), Huang, Yu-Jing (9.6%), Huang, Yu-Yan (8.9%), Huang, Yu-Xue (7.9%), Huang, Xiao-Wen (6.8%), Huang, Yi-Zhen (6.0%), Huang, Yu-Ping (4.9%), Lin, Wen-Chang (4.9%), Wu, Yong-Ci (3.4%)

Major Shareholders of the Entities from Table 1 that are institutions

As of April 27, 2024

Name of Institutional Shareholder	Major Shareholders of Institutional Shareholder
Passion Trading Co., Ltd.	Huang, Xiao-Wen (1.4%), Huang, Wei-Han (0.4%), Huang, Zheng-Han (0.7%), You Ming Investment Co., Ltd (67.9%), Zong Li Investment Co., Ltd (29.6%)

2.Disclosure of Information about Professional Qualifications of the Directors and Independence of Independent Directors

Condition / Name		Professional Qualification and Experiences	Independence Information	Number of Other Public Companies where the Individual Concurrently Serves as an Independent Director or a Member of the Remuneration Committee
Chairman	Huang, Wei-Han	(1) Education: Bachelor of Chemical and Materials Engineering, Tamkang University (2) Main duties: The Chairman of the Company (3) Other major current Positions: Chairman of Hai Ming Investment Co., Ltd., Director of Taiwan Steel Union Co., Ltd., Supervisor of Taiwan Steel Resources Co., Ltd., Chairman of E Chang Iron Steel Works, Co., Ltd., Chairman of Zheng Tung Environmental Protection Tech. Co. Ltd. (4) Professional experiences: With years of extensive experience in the rebar and fastener industry, leading the Company towards positive development and achieving the goal of sustainable development.	1. Whether the person and the person's spouse as well as relatives within the second degree of relationship are not a director, supervisor, or employee of the Company or any of its affiliates: No 2. Whether the person is not a shareholder who holds shares, together with those held by the person's spouse as well as relatives within the second degree of relationship (or under others' names), in an aggregate amount of 1% or more of total shares issued by the Company or ranking as one of its top ten natural-person shareholders: No The person: 1,991,130 shares (1.05%) Spouse: 0 share Other relatives within the second degree of relationship: 1,907,147 shares (1.00%)	0

Director	Liu, Ming-Tan	(1) Education: Master of Information Systems, University of San Francisco, Executive Master of Business Administration, National Sun Yat-sen University (2) Main duties: President of the Company (3) Other major current Positions: Supervisor of Chao-An Investment Co., Ltd., Chairman of Shih-Pao Investment Co., Ltd., Director of E Chang Iron Steel Works Co., Ltd., Supervisor of Fuchuan Construction Co., Ltd., Executive Director of Taiwan Steel & Iron Industries Association (4) Professional experiences: With over 40 years of experience in the rebar production industry, holding a deep and professional understanding of the industry. Assisting the Company in making significant decisions, providing appropriate advice and analysis, and leading the Company to achieve the goal of sustainable development.	1. Whether the person is not a shareholder who holds shares, together with those held by the person's spouse as well as relatives within the second degree of relationship (or under others' names), in an aggregate amount of 1% or more of total shares issued by the Company or ranking as one of its top ten natural-person shareholders: No The person: 1,234,542 shares (0.65%) Spouse: 5,603,063 shares (2.94%) Other relatives within the second degree of relationship: 0 shares	0
Director	Yu Zhan Investment Co., Ltd Representative: Wu, Yong-Ci	(1) Education: Bachelor of Accounting, National Chung Hsing University (2) Main duties: Vice Chairman of the Company (3) Other major current Positions: Supervisor of Yu-Zhan Investment Co., Ltd., Director of E Chang Iron Steel Works Co., Ltd. (4) Professional experiences: With over 40 years of experience in the rebar production industry, holding a professional understanding of financial management. Assisting the Company in making significant decisions and leading the Company to achieve the goal of sustainable development.	1. Whether the person is not a shareholder who holds shares, together with those held by the person's spouse as well as relatives within the second degree of relationship (or under others' names), in an aggregate amount of 1% or more of total shares issued by the Company or ranking as one of its top ten natural-person shareholders: No The person: 1,436,787 shares (0.75%) Spouse: 2,349,551 shares (1.23%) Other relatives within the second degree of relationship: 0 shares	0
Director	You Ming Investment Co., Ltd Representative: Huang, Tsan-Ming	(1) Education: Bachelor of Statistics and Information Science, Fu Jen Catholic University (2) Main duties: CEO and President of the Company (3) Other major current Positions: Director and President of E Chang Iron Steel Works Co., Ltd., Director and President of Zheng Tung Environmental Protection Tech. Co. Ltd., Director of Dongguan Ming Yao Hardware Products Co., Ltd. (4) Professional experiences: With years of extensive experience in the rebar and fastener industry and execution of management decision, leading the Company towards positive development and achieving the goal of sustainable development.	1. Whether the person and the person's spouse as well as relatives within the second degree of relationship are not a director, supervisor, or employee of the Company or any of its affiliates: No 2. Whether the person is not a shareholder who holds shares, together with those held by the person's spouse as well as relatives within the second degree of relationship (or under others' names), in an aggregate amount of 1% or more of total shares issued by the Company or ranking as one of its top ten natural-person shareholders: No The person: 0 shares Spouse: 0 shares Other relatives within the second degree of relationship: 3,898,277 shares (2.05%)	0
Director	Hai Ming Investment Co., Ltd. Representative: Hong, Guo-Yu	(1) Education: Bachelor of Accounting, Tamkang University (2) Main duties: Director of Cheng Yang Management Consulting Company, Partner Accountant of Cheng Yang United Certified Public Accountants Firm (3) Other major current Positions: Director of the Company. (4) Professional experiences: With experience as a professional accountant, continuously collaborating with other directors on the board in making major decisions that lead the Company towards positive development and achieving the goal of sustainable development.	The 5 directors listed on the left: 1. All meet the independence requirements of independent directors. 2. All meet the independence criteria: (1) The person or his spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the Company or any of its affiliates. (2) The person or his spouse or any relative within the second degree does not hold the shares of the Company. (3) The person does not serve as a director, supervisor, or employee of any company having a specified	0

Director	Hai Ming Investment Co., Ltd. Representative: Chen, Shi-Cheng	(1) Education: Master of Business Administration, National ChengChi University (2) Main duties: Partner Accountant of Georgia United Certified Public Accountants Firm, Supervisor of E Chang Iron Steel Works Co., Ltd., Independent Director of Sunfar Computer Co., Ltd. (3) Other major current Positions: Director of the Company. Supervisor of E Chang Iron Steel Works Co. Ltd. Independent Director of Sun Far Computer Co. Ltd. (4) Professional experiences: With experience as a professional accountant, continuously collaborating with other directors on the board in making major decisions and providing advice that lead the Company towards positive development and achieving the goal of sustainable development.	relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) (4) The person did not receive any remuneration for providing commercial, legal, financial, accounting or related services from the Company or any of its affiliates in the recent 2 years.	1
Independent Director	Yang, Chang-Xi	(1) Education: National Hualien University of Education (2) Main duties: Principal of Yang, Chang-Xi Law Firm. (3) Other major current Positions: Independent director of the Company, Director of CVC Technologies Inc., National Compensation Review Committee Member of Third Maintenance Engineering Office, Directorate General of Highways, Ministry of Transportation and Communications, Legal Consultant of Tycoons Group Enterprise Co., Ltd. (4) Professional experiences: Possessing a lawyer's license and various professional skills in legal affairs, continuously supervising the Company's major decision-making and analysis, leading the Company towards positive development, and achieving the goal of sustainable development.		0
Independent Director	Chen, Bo-Zhong	(1) Education: Bachelor of Laws, National Taipei University (2) Main duties: Independent director of the Company, Managing Director / Attorney of Berlin United Law Firm (3) Other major current Positions: Independent director of the Company (4) Professional experiences: Possessing a lawyer's license and various professional skills in legal affairs, continuously supervising the Company's major decision-making, leading the Company towards positive development, and achieving the goal of sustainable development.		0
Independent Director	Guo, Shi-Xian	(1) Education: Bachelor of Accounting, Tamkang University, Passing the CPA exam in 1997 (2) Main duties: Independent Director of the Company, Accountant of QunXian United Certified Public Accountants Firm (3) Other major current Positions: Independent director of the Company (4) Professional experiences: With experience as a professional accountant, continuously collaborating with other directors on the board in making major decisions and providing advice that lead the Company towards positive development and achieving the goal of sustainable development.		0

Independent Director	Huang, Min-Gong	(1) Education: Department of Civil Engineering, Cheng Shiu University (2) Main duties: Chairman of Bao Shen Construction Engineering Co. Ltd. Director of Bao Shen Development Co. Ltd. (3) Other major current Positions: Independent director of the Company (4) Professional experiences: With years of extensive experience in the related industry, continuously collaborating with other directors on the board in making major decisions and providing advice that lead the Company towards positive development and achieving the goal of sustainable development.		0
All directors of the Company (including independent directors) have not been involved in any of the circumstances listed in Article 30 of the Company Act.				

3. Diversity and Independence of the Board of Directors:
Based on the "Sample Template for XXX Co., Ltd. Procedures for Election of Directors" published by the Taiwan Stock Exchange, the Company incorporates the concept of diversity into its director election rules. The selection of directors should consider two general standards, namely basic requirements and values, and professional knowledge and skills in areas such as law, accounting, industry, finance, and marketing. Directors should also possess the knowledge, skills, and qualities necessary for executing their duties.
The Company's "Corporate Governance Best Practice Principles" also stipulate that directors who concurrently serve as the Company's officers should not exceed one-third of the total number of directors. Considering the overall composition of the board of directors, their professional knowledge and backgrounds, there should be at least one director with financial accounting expertise and one with relevant management experience in the steel industry. Currently, the Company has a total of 10 directors (including 4 independent directors), and their professional knowledge and skills cover different fields such as steel, business administration, industrial management, law, and accounting. Among the current directors, 3 of them have financial accounting expertise and 4 have practical management experience in the steel industry, fully implementing the goal of diversified board members. Their rich knowledge, personal insights, and business operation judgment, as well as their leadership and decision-making abilities, are highly valued by the Company for achieving future development goals such as human resource succession, equipment renewal, research and development of advanced products, building a high-value industry chain, developing smart production and sales, and dedicating to a circular economy.

Implementation of diversity policy for members of the Board of Directors:

Core Diversity Element / Name of Director	Composition								Business Management	Decision Making	Industry Knowledge	Steel Industry Management Experience	Finance and Accounting	Marketing	Law
	Gender	Employed by the Company	Ages			Tenure of Independent Directors									
			31-50	51-70	>71	< 3yrs	4-8 yrs	>9 yrs							
Huang, Wei-Han	Male		V						V	V	V	V		V	
Liu, Ming-Tan	Male	V		V					V	V	V	V		V	
Yu Zhan Investment Co., Ltd Representative: Wu, Yong-Ci	Male	V			V				V	V	V	V		V	
You Ming Investment Co., Ltd Representative: Huang, Tsan-Ming	Male	V		V					V	V	V	V		V	
Hai Ming Investment Co., Ltd. Representative: Hong, Guo-Yu	Male			V					V		V		V		
Hai Ming Investment Co., Ltd. Representative: Chen, Shi-Cheng	Male			V					V		V		V		
Yang, Chang-Xi	Male				V			V	V		V				V
Chen, Bo-Zhong	Male		V				V		V		V				V
Guo, Shi-Xian	Male			V		V			V		V		V		
Huang, Min-Gong	Male			V		V			V		V			V	

4. The Board of Directors of the Company is composed of 10 directors, 4 of which are independent directors (accounting for 40%). Among all the directors (including independent directors), except for Huang, Wei-Han, Huang, Tsan-Ming, Wu, Yong-Ci and Liu, Ming-Tan, none of the other directors has a marital relationship or falls within the second degree of relationship with each other, thus demonstrating considerable independence. Please refer to page 15 of this Annual Report for "Disclosure of Information about Professional Qualifications of the Directors and Independence of Independent Directors."

3.2.2 Information on President, Executive Vice Presidents, Vice Presidents, and the Chiefs of All the Divisions and Branch Units As of April 27, 2024

Title	Nationality	Name	Gender	Date of appointment to position	Shares held		Shares held by spouse and minor children		Shares held through nominees		Principal work experience and academic qualifications	Positions concurrently held in other companies at present	Other managerial officer(s) with which the person has a relationship of spouse or relative within the second degree			Remarks
					No. of shares	%	No. of shares	%	No. of shares	%			Title	Name	Relation-ship	
CEO	Taiwan R.O.C	Huang, Tsan-Ming	Male	2016.03	0	0	0	0	0	0	Bachelor of Statistics and Information Science, Fu Jen Catholic University Chief Executive Officer of the Company President of the Company	Director and President, E Chang Iron Steel Works Co., Ltd. President, Zheng Tung Environmental Protection Tech. Co. Ltd. Director, Dongguan Ming Yao Hardware Products Co., Ltd.	Chairman Executive Assistant to the Chairman	Huang, Wei-Han Qi, Mei-Song	Note 1	Note 2
President	Taiwan R.O.C	Liu, Ming-Tan	Male	2017.02	1,234,542	0.65	5,603,063	2.94	0	0	Master of Information Systems, University of San Francisco Executive Master of Business Administration, National Sun Yat-sen University President of the Company	Supervisor, Chao-An Investment Co., Ltd. Chairman, Shih-Pao Investment Co., Ltd. Director, E Chang Iron Steel Works Co., Ltd. Supervisor, Fuchuan Construction Co., Ltd. Executive Director, Taiwan Steel & Iron Industries Association	None			
Executive Assistant to the Chairman	Taiwan R.O.C	Qi, Mei-Song	Female	2016.03	0	0	0	0	0	0	Master of Food Science and Technology, University of California Executive Vice President, Passion Trading Co., Ltd. Finance Manager of the Company	Director and Executive Vice President, Passion Trading Co., Ltd.	CEO	Huang, Tsan-Ming	Spouse	Note 2
Vice President of Production Dept.	Taiwan R.O.C	Lin, Fu-Gui	Male	2010.05	0	0	0	0	0	0	Master of Mechatronics Engineering, National Kaohsiung University of Science and Technology Factory Director of Jiaxing Factory of the Company	None	None			
Manager of Steelmaking Dept.	Taiwan R.O.C	Luo, Yi-Yuan	Male	1998.05	9,275	0.00	0	0	0	0	Department of Marine Engineering, National Taiwan Ocean University Manager of Steelmaking Dept. of the Company	None	None			
Manager of Sales Dept.	Taiwan R.O.C	Wang, Zhen-Fu	Male	2005.12	0	0	0	0	0	0	Bachelor of Information Engineering and Computer Science, Feng Chia University Manager of Sales Dept. of the Company	None	None			
Executive Vice President of Finance Dept.	Taiwan R.O.C	Yang, Chien-Chang	Male	2014.02	0	0	0	0	0	0	Bachelor of Public Finance, National Taipei University Master of Business Administration, National Sun Yat-sen University Executive Vice President of Finance Dept. of the Company	Finance Manager and Director, E Chang Iron Steel Works Co., Ltd., Finance Manager, Zheng Tung Environmental Protection Tech. Co. Ltd.	None			
Manager of Auditing Office	Taiwan R.O.C	Zhu, Ya-Zhi	Female	2020.09	0	0	0	0	0	0	Department of Business Administration, Yung Ta Institute of Technology & Commerce Manager of Auditing Office of the Company	None	None			

Note 1: Huang, Tsan-Ming and Qi, Mei-Song have a marital relationship and they are in a relationship of parent-child with the Chairman, Huang, Wei-Han.

Note 2: Huang, Tsan-Ming and Qi, Mei-Song both possess many years of experience in the rebar and fastener industry. The Company has appointed four independent directors, and more than half of the directors do not concurrently serve as employees or managers.

3.3 Remuneration of Directors, Supervisors, President, and Executive Vice Presidents in the Most Recent Year

3.3.1. Remuneration of Directors and Independent Directors

Unit: NT$ thousands

Title	Name	Directors Remuneration								Sum of (A+B+C+D) and Ratio to Net Income (%)		Remuneration received by directors for concurrent service as an employee								Sum of (A+B+C+D+E+F+G) and Ratio to Net Income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		Base Compensation (A)		Retirement Pay and Pension (B)		Director Profit-sharing Compensation I		Expenses and Perquisites (D)				Salary, Rewards, and Special Disbursements I		Retirement Pay and Pension (F)		Employee Profit-sharing Compensation (G)						
		The Company	All Consoli-dated Entities	The Company	All Consoli-dated Entities	The Company	All Consoli-dated Entities	The Company	All Consoli-dated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidate d Entities	
																Cash	Stock	Cash	Stock			
Chairman	Huang, Wei-Han	0	252	0	0	860	860	35	63	895 1.68%	1,175 3.92%	2,660	3,860	0	0	0	0	0	0	3,555 6.67%	5,035 16.8%	25
Vice Chairman	Yu Zhan Investment Co., Ltd.	0	0	0	0	215	215	0	0	215 0.4%	215 0.72%	0	0	0	0	0	0	0	0	215 0.4%	215 0.72%	None
	Represen-tative: Wu, Yong-Ci	0	252	0	0	0	0	35	35	35 0.07%	287 0.96%	2,540	2,540	108	108	0	0	0	0	2,683 5.03%	2,935 9.79%	None
Director	Liu, Ming-Tan	0	252	0	0	215	215	35	35	250 0.47%	502 1.67%	2,420	2,420	108	108	0	0	0	0	2,778 5.21%	3,023 10.10%	None
Director	You Ming Investment Co., Ltd	0	0	0	0	215	215	0	0	215 0.4%	215 0.72%	0	0	0	0	0	0	0	0	215 0.4%	215 0.72%	None
	Represen-tative: Huang, Tsan-Ming	0	252	0	0	0	0	35	63	35 0.07%	315 1.05%	2,420	2,420	108	108	0	0	0	0	2,563 4.81%	2,843 9.48%	None
Director	Hai Ming Investment Co., Ltd. Represen-tative: Hong, Guo-Yu	0	0	0	0	215	215	28	28	243 0.46%	243 0.81%	0	0	0	0	0	0	0	0	243 0.46%	243 0.81%	None
Director	Hai Ming Investment Co., Ltd. Represen-tative: Chen, Shi-Cheng	0	252	0	0	215	215	28	28	243 0.46%	495 1.65%	0	0	0	0	0	0	0	0	243 0.46%	495 1.65%	None
Independent Director	Yang, Chang-Xi	600	600	0	0	0	0	0	0	600 1.13%	600 2.0%	0	0	0	0	0	0	0	0	600 1.13%	600 2.0%	None
Independent Director	Guo, Shi-Xian	600	600	0	0	0	0	0	0	600 1.13%	600 2.0%	0	0	0	0	0	0	0	0	600 1.13%	600 2.0%	None
Independent Director	Chen, Bo-Zhong	600	600	0	0	0	0	0	0	600 1.13%	600 2.0%	0	0	0	0	0	0	0	0	600 1.13%	600 2.0%	None

Independent Director	Huang, Min-Gong	318	318	0	0	0	0	0	0	318 0.6%	318 1.06%	0	0	0	0	0	0	0	0	318 0.6%	318 1.06%	None

1. The remuneration of independent directors is based on the “Rules for Setting Director’s Remuneration” of the Company. A fixed remuneration will be paid to the independent directors regardless of whether the Company makes a profit or incurs a loss.
2. In addition to what is disclosed in the above table, please specify the amount of remuneration received by directors in the most recent fiscal year for providing services (e.g., for serving as a non-employee consultant to the parent company /any consolidated entities / invested enterprises): None

3.3.2. Remuneration of Supervisors: Not applicable.

3.3.3. Remuneration of President and Executive Vice President

Unit: NT$ thousands

Title	Name	Salary(A)		Retirement Pay and Pension (B)		Rewards, and Special Disbursements I		Employee Profit-sharing Compensation (D)				Sum of (A+B+C+D) and Ratio to Net Income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
CEO	Huang, Tsan-Ming	2,420	2,420	108	108	0	0	0	0	0	0	2,528 4.74%	2,528 8.43%	None
President	Liu, Ming-Tan	2,420	2,420	108	108	0	0	0	0	0	0	2,528 4.74%	2,528 8.43%	None
Executive Assistant to the Chairman	Qi, Mei-Song	2,420	2,420	108	108	0	0	0	0	0	0	2,528 4.74%	2,528 8.43%	None
Executive Vice President of Finance Dept.	Yang, Chien-Chang	1,324	1,804	85	85	761	761	46	0	46	0	2,216 4.16%	2,696 9.0%	None
Executive Vice President of Production Dept.	Lin, Fu-Gui	1,315	1,315	80	80	309	309	28	0	28	0	1,732 3.25%	1,732 5.78%	None

3.3.4. Remuneration to the Five Highest Remunerated Management Personnel

Unit: NT$ thousands

Title	Name	Salary(A)		Retirement Pay and Pension (B)		Rewards, and Special Disbursements I		Employee Profit-sharing Compensation (D)				Sum of (A+B+C+D) and Ratio to Net Income (%)		Remuneration received from investee enterprises other than subsidiaries or from the parent company
		The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company		All Consolidated Entities		The Company	All Consolidated Entities	
								Cash	Stock	Cash	Stock			
CEO	Huang, Tsan-Ming	2,420	2,420	108	108	0	0	0	0	0	0	2,528 4.74%	2,528 8.43%	None
President	Liu, Ming-Tan	2,420	2,420	108	108	0	0	0	0	0	0	2,528 4.74%	2,528 8.43%	None
Executive Assistant to the Chairman	Qi, Mei-Song	2,420	2,420	108	108	0	0	0	0	0	0	2,528 4.74%	2,528 8.43%	None
Executive Vice President of Finance Dept.	Yang, Chien-Chang	1,324	1,804	85	85	761	761	46	0	46	0	2,216 4.16%	2,696 9.0%	None

Executive Vice President of Production Dept.	Lin, Fu-Gui	1,315	1,315	80	80	309	309	28	0	28	0	1,732 3.25%	1,732 5.78%	None

3.3.5. Name and Distributions of Employee Profit-Sharing Compensation to the Management Team:

As of April 27, 2024 Unit: NT$ thousands

	Title	Name	Amount in Stock	Amount in Cash (Note)	Total	Ratio of Total Amount to Net Income (%)
Managerial Officer	CEO	Huang, Tsan-Ming	0	0	0	0
	President	Liu, Ming-Tan	0	0	0	0
	Executive Assistant to the Chairman	Qi, Mei-Song	0	0	0	0
	Executive Vice President of Finance Dept.	Yang, Chien-Chang	0	46	46	0.09
	Executive Vice President of Production Dept.	Lin, Fu-Gui	0	26	26	0.05
	Vice President of Production Dept.	Luo, Yi-Yuan	0	23	23	0.05
	Manager of Sales Dept.	Wang, Zhen-Fu	0	28	28	0.05

Note: The amount is estimated in accordance with the actual distribution ratio for last year.

3.3.6. Separately compare and describe total remuneration, as a percentage of net income stated in the individual financial statements, as paid by the Company and by all companies included in the consolidated financial statements during the past 2 years to directors, president and executive vice presidents, and analyze and describe remuneration policies, standards, and combinations, the procedure for determining remuneration, and its correlation to operating performance and future risk exposure

(1)The percentages of total remuneration paid by the Company and by all companies included in the consolidated financial statements during the past 2 years to the Company's Directors, President and Executive Vice Presidents in operating income after tax of the individual financial statements

Ratio of Total Amount to Net Income / Year	The Company		All Consolidated Entities	
	Total Amount paid to Directors, President and Vice Presidents	Ratio of Total Amount to Net Income (%)	Total Amount paid to Directors, President and Vice Presidents	Ratio of Total Amount to Net Income (%)
2022	24,491	11.62	30,772	14.60
2023	21,016	39.42	24,178	80.63

Explanation of difference: The difference in the ratio of total remuneration to net income after tax in the past two years is mainly due to the fact that in 2023, the individual financial statements showed a net profit after tax of NT$53,316 thousand, while in 2022, the individual net profit after tax was NT$210,830 thousand. The above-mentioned remuneration includes not only the director profit-sharing compensation of 3% allocated according to the Company's Articles of Incorporation but also the salaries received by the director and president, vice presidents who also serve as employees, which led to a lower ratio in 2023 compared to 2022.

(2)Remuneration policies, standards and combinations, the procedure for determining remuneration, and its correlation to operating performance and future risk exposure:

A. Remuneration policies: The directors' remuneration of the Company is based on the annual after-tax profit allocated according to the Company's Articles of Incorporation, and is distributed to each director based on their contribution to the Company in accordance with "Rules for Setting Director's Remuneration" of the Company. Attendance fees are paid per attendance. Managerial salaries and bonuses are handled according to the Company's salary regulations and the year-end bonus (dividend) distribution measure, and the remuneration of directors and managerial salaries are subject to approval by the Remuneration Committee.

B. Standards and combinations: Actual payment standards and combinations follow the "Rules for Setting Director's Remuneration" and the Company's salary policy, and are approved by the Remuneration Committee.

C. The procedure for determining remuneration, and its correlation to operating performance and future risk exposure:

In addition to following the Company's Articles of Incorporation, the Company's managerial salaries and directors' remuneration are also reviewed based on the Company's overall operating performance for the year and approved by the Remuneration Committee.

3.4 Implementation of Corporate Governance

3.4.1 Operation of the Board of Directors

A total of 5 board meetings were held in 2023. The attendance of directors is listed as follows:

Title	Name	Attendance in person	Attendance by proxy	In-person attendance rate (%)	Remarks
Chairman	Huang, Wei-Han	5	0	100.00	
Vice Chairman	Yu Zhan Investment Co., Ltd Representative: Wu, Yong-Ci	5	0	100.00	
Director	Liu, Ming-Tan	4	0	80.00	
Director	You Ming Investment Co., Ltd Representative: Huang, Tsan-Ming	5	0	100.00	
Director	Hai Ming Investment Co., Ltd. Representative: Hong, Guo-Yu	4	0	80.00	
Director	Hai Ming Investment Co., Ltd. Representative: Chen, Shi-Cheng	5	0	100.00	
Independent Director	Yang, Chang-Xi	5	0	100.00	
Independent Director	Chen, Bo-Zhong	5	0	100.00	
Independent Director	Guo, Shi-Xian	5	0	100.00	
Independent Director	Huang, Min-Gong	3	0	100.00	112/06/20 Newly-elected

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the board meeting date, meeting session number, content of the motion(s), the opinions of all the independent directors, and the measures taken by the Company based on the opinions of the independent directors:
   (1) Any matter under Article 14-3 of the Securities and Exchange Act: The company has established an audit committee and is therefore not subject to the provisions of Article 14-3 of the Securities and Exchange Act, in accordance with Article 14-5 of the Securities and Exchange Act.
   (2) In addition to the matters referred to above, any dissenting or qualified opinion of an independent directory that is on record or stated in writing with respect to any board resolution: None.
2. The status of implementation of recusals of directors with respect to any motions with which they may have a conflict of interest: specify the director’s name, the content of proposals, the cause for recusal, and whether and how the director voted: None.
3. TWSE Listed companies and TPEx companies shall disclose the information regarding the frequency, scope, methods and indexes of self-evaluations (or peer evaluations) of the board members. Please refer to Note 1 for details.
4. Give an evaluation of the targets that were adopted for strengthening of the functions of the board during the current and immediately preceding fiscal years (e.g., establishing an audit committee, increasing information transparency, etc.) and the measures taken toward achievement thereof.
   (1)The directors and independent directors of the Company are nominated by a candidate nomination system. The director election was held on June 20, 2023, with a term of office from June 20, 2023, to June 19, 2026.
   (2)The Audit Committee of the Company was established on June 17, 2020.
   (3) In order to strengthen the management mechanism and improve the supervision function, the Board of Directors has hereby set up the "Salary and Remuneration" and "Audit" committees to convene meetings in accordance with the organizational regulations adopted by the Board of Directors, review and discuss relevant issues, and submit conclusions and recommendations to the Board of Directors The resolution has achieved very good results. The content of the organizational regulations adopted by the Board of Directors

refers to the number of committee members, term of office, matters of authority, rules of procedure, resources that the Company should provide when exercising its authority, etc.

(4) The Company has formulated the "Board of Directors Performance Evaluation Method" and approved it by the Board of Directors. It conducts performance evaluations of the Board of Directors and functional committees at the beginning of each year. The evaluation results for 2023 have been approved by the Board of Directors held on March 12, 2024. Each director performed his duties professionally and diligently. In order to protect the directors of the Company from personal legal liability arising from acts such as errors, negligence, violations of duty, breach of trust, false or misleading statements, etc., the Company has purchased directors' liability insurance for all directors.

(5)For information on the Company's "Corporate Governance", please visit the Company's website (https://www.haikwang.com.tw) under "Investor Relations", "Shareholders' Column" and "Corporate Governance".

(6) The Company established a Corporate Governance Officer on May 9, 2022, after being approved by the Board of Directors.

Note 1: Implementation of Evaluations of the Board of Directors

Evaluation Cycle	Evaluation Period	Scope of Evaluation	Method of Evaluation	Evaluation Content
Executed once a year	Performance evaluation of the Board of Directors and Functional Committees from January 1, 2023 to December 31, 2023	Refers to the performance evaluation of the Board of Directors, functional committees and individual board members.	Internal self-evaluation of the Board of Directors and self-evaluation of board members	1. Board performance evaluation: refers to the degree of participation in the Company's operations, the quality of the board's decision-making, the composition and structure of the Board of Directors, the selection and continuous education of directors, and internal control. 2. Performance evaluation of individual board members: refers to the control of company goals and tasks; responsibilities awareness, participation in company operations, internal relationship management and communication, professional and continuing education, and internal control. 3. Functional committee performance evaluation: refers to the degree of participation in company operations, awareness of responsibilities, decision-making quality, functional committee composition and member selection, and internal control.

3.4.2.Operation of the Audit Committee:

A total of 5 (A) audit committee meetings were held in 2023. The attendance of independent directors is listed as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	In-person attendance rate (%) (B/A) (Note)	Remarks
Independent Director	Yang, Chang-Xi	5	0	100.00	None
Independent Director	Chen, Bo-Zhong	5	0	100.00	None
Independent Director	Guo, Shi-Xian (Convenor)	5	0	100.00	None

Independent Director	Huang, Min-Gong	3	0	100.00	Note 1

Note 1: Independent directors will take office after the comprehensive re-election of the regular shareholders' meeting on June 20, 2023, and should attend 3 times.

Other information required to be disclosed:

1. If any of the following circumstances exists, specify the audit committee meeting date, meeting session number, content of the proposal(s), the content of any dissenting or qualified opinion or significant recommendation of the independent directors, the outcomes of audit committee resolutions, and the measures taken by the Company based on the opinions of the audit committee:
   (1) Any matter under Article 14-5 of the Securities and Exchange Act.

Date and Session of Audit Committee Meeting	Proposal	Audit committee resolution results	The Company's response to the audit committee's opinions
2023/03/24 (The 12th meeting of the 1st Audit Committee)	1. Review of the Company's 2022 final accounts. 2. The Company's 2022 earnings distribution proposal. 3. Proposal to convert profits into capital and issue new shares. 4. Proposal for public expenses, appointment and independence assessment of accountants in 2023. 5. Revise part of the Company's "Self-inspection Operation Procedures for Internal Control Systems". 6. The Company's Assessment of the Effectiveness of the Internal Control System and "Statement on Internal Control System" of 2023. 7. To formulate the Company's "General Principles for Pre-Approval of Uncertain Service Policies". 8. To amend some provisions of the Company's "Procedures for Acquiring or Disposing of Assets". 9. To revise the Company's "Internal Material Information Processing Procedures".	All members present agreed to report to the board of directors.	It was approved by all directors present at the 15th meeting of the 18th Session Board of Directors held on March 24, 2023.
2023/05/09 (The 13th meeting of the 1st Audit Committee)	1. The Company's 2023 1st quarter Consolidated Financial Statements. 2. Proposal to provide endorsements/guarantees for "Zheng Tung Environmental Protection Tech. Co,. Ltd.." for its renewal of loan agreements with O-Bank and Union Bank of Taiwan. 3. The Company plans to dispose of the equity proposal of Zheng Tung Environmental Protection Technology (Co., Ltd.).	All members present agreed to report to the board of directors.	It was approved by all directors present at the 16th meeting of the 18th Session Board of Directors held on May 9, 2023.
2023/06/20 (The 1th meeting of the 2st Audit Committee)	1. Proposal for selecting the convener of the Company's 2nd Session "Audit Committee".	All members present agreed to report to the board of directors.	None
2023/08/09 (The 2th meeting of the 2st Audit Committee)	1. The Company's 2023 2nd quarter Consolidated Financial Statements. 2. Integrating the Group's resources to reduce capital costs, it is planned to add a loan limit of NT$200 million to NT$350 million to its subsidiary, Zheng Tung Environmental Protection Technology (Co., Ltd.). 3. The Company leases the roof of the subsidiary company – E Chang Iron Steel Works Co. Ltd. (obtains the right-of-use assets from the related party) to build renewable energy related equipment proposals.	All members present agreed to report to the board of directors.	It was approved by all directors present at the 2nd meeting of the 19th Session Board of Directors held on August 9, 2023.
2023/11/08 (The 3th meeting of the 2st Audit Committee)	1. The Company's 2023 3rd quarter Consolidated Financial Statements. 2. The Company plans to invest a total capital expenditure of NT$210 million in the steelmaking plant and Jiaxing plant to carry out a plan to replace old equipment with new ones.	All members present agreed to report to the board of directors.	It was approved by all directors present at the 3rd meeting of the 19th Session Board of Directors held on November 8, 2023.

   (2)In addition to the matters referred to above, any matter that was not approved by the audit committee but was approved by a two-thirds or greater majority resolution of the board of directors: None.

2. Implementation of recusals of independent directors with respect to any motions with which they may have a conflict of interest: specify the independent director's name, the content of the motion, the cause for recusal, and whether and how the independent director voted: None.
3. Communication between the independent directors and the internal audit officer and the CPAs that serve as external auditor (including any significant matters communicated about with respect to the state of the company's finances and business and the method(s) and outcomes of the communication):

   The internal audit officer regularly communicates with the accountants, and the audit committee holds at least two meeting per year with

the accountants to communicate and understand financial statements, accounting and auditing standards, internal control processes, tax and regulatory updates. After the end of each fiscal year, the audit committee reviews the audited financial statements and the annual report prepared by the accountants and issues an audit report. In addition, the audit committee communicates with the internal audit officer on the execution of the annual audit plan, self-inspection, internal control system statement of internal control deficiencies and abnormal matters listed in the monthly audit report, quarterly follow-up report, and self-inspection report, including the improvement measures taken by the responsible units for the internal control deficiencies and abnormal matters and the actual improvement progress. This has been operating smoothly over the years and effectively helps the audit committee to exercise its supervisory function.

3.4.3 Corporate Governance – Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and the Reasons

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
1. Has the Company established and disclosed its Corporate Governance Best-Practice Principles based on the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	V		The Company formulated the [Corporate Governance Practice Code] approved by the Board of Directors on March 20, 2015, and disclosed it on the Company's website under "Corporate Governance".	No significant difference from the "Code of Governance Practice" for listed/over-the-counter companies.
2. Shareholding Structure and Shareholders' Rights (1) Does the Company have Internal Operation Procedures for handling shareholders' suggestions, concerns, disputes and litigation matters. If yes, have these procedures been implemented accordingly? (2) Does the Company know the identity of its major shareholders and the parties with ultimate control of the major shareholders? (3) Has the Company built and implemented a risk management system and a firewall between the Company and its affiliates?	V		(1) The Company has established [Internal Major Information Processing Procedures], and the Company has a spokesperson and a deputy spokesperson who represent the Company to handle related matters when shareholders have suggestions, doubts, disputes, or lawsuits. (2) Share-related affairs are handled by the stock transfer agent, Mega Securities, in accordance with the law. The company also discloses any changes in ownership of shareholders with a stake of 5% or more. (3) The Company has legally formulated "Subsidiary Supervision Measures" and "Operating Standards Related to Financial Business Between Related	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
(4) Has the Company established internal rules prohibiting insider trading of securities based on undisclosed information?			Parties" to control risks between related companies. Manager-level supervisors of subsidiaries must report operating results to the parent company on a regular basis. (4) The Company has established a "Management System to Prevent Insider Trading", an "Ethical Code of Conduct" and "Internal Major Information Processing Procedures" to regulate those within the company who use undisclosed information in the market to engage in the trading of securities.	
3. Composition and responsibilities of the board of directors (1) Have a diversity policy and specific management objectives been adopted for the board and have they been fully implemented? (2) Has the Company voluntarily established other functional committees in addition to the remuneration committee and the audit committee?	V		(1) The Company has established procedures for the appointment of directors and independent directors, clearly defining the necessary knowledge, skills, and qualities that directors and independent directors should possess in performing their functions. There are also 4 independent directors to ensure diversity and professionalism. (2) In addition to the legally established remuneration committee and audit committee, the Company has also set up a decision-making committee to provide advice on derivative products and exchange rate fluctuations, as well as a derivative product risk control committee to control and warn against derivative product losses. In addition, a "Sustainable Development Committee" has been	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
(3) Has the Company established rules and methodology for evaluating the performance of its Board of Directors, implemented the performance evaluations on an annual basis, and submitted the results of performance evaluations to the board of directors and used them as reference in determining salary/compensation for individual directors and their nomination and additional office terms? (4) Does the Company regularly evaluate its external auditors' independence?			established on November 8, 2023. (3) The Company has established a method for evaluating the performance of the board of directors, which is evaluated by the board secretary at the end of each year and is regularly audited by the auditing office The board of directors operates in accordance with the "Rules of Procedure for Board of Directors Meetings", and independent directors perform their duties in accordance with "Rules Governing the Scope of Powers of Independent Directors". The results of the board of directors' performance evaluation are also used as a reference for reappointment nominations. The performance evaluation of last year's Board of Directors was completed at the beginning of 2024, and the evaluation results were approved by the board meeting on March 12, 2024. All directors performed their duties professionally and diligently. (4) The Company's finance department evaluates the independence of the accountant, and the results are reported to and approved by the board of directors on March 12, 2024. The accountants Wang, Zhao-Qun and Wu, Qiu-Yan of Accounting Firm Deloitte & Touche Taiwan were evaluated by the Company. They both meet the independence evaluation criteria (see Note 1) and are	

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
			capable of serving as the Company's financial report auditors. At the same time, they also comply with relevant regulations on the rotation of accountants. The Company also refers to the Audit Quality Indicators (AQIs) to evaluate the independence and competency of accountants based on 5 major aspects and 13 indicators: professionalism, quality control, independence, supervision and innovation capabilities. This evaluation covers "accounting firm level" and "audit case level" information, the relevant results have been reported to the Board of Directors on March 12, 2024.	
4. Does the TWSE/TPEx listed company have in place an adequate number of qualified corporate governance officers and has it appointed a chief corporate governance officer with responsibility corporate governance practices (including but not limited to providing information necessary for directors and supervisors to perform their duties, aiding directors and supervisors in complying with laws and regulations, organizing board meetings and annual general meetings of shareholders as required by law, and compiling minutes of board meetings and annual general meetings)?	V		The Company established the "Standard Operating Procedures for Handling Director Requests" after it was approved by the board of directors in May 2019. In May 2022, the Company appointed a corporate governance officer who, together with the board secretary and a dedicated shareholder services representative, is responsible for providing information necessary for the board of directors to carry out its duties, conducting meetings of the board of directors and shareholders in compliance with applicable laws, handling company registrations and changes, and preparing minutes of meetings. The board secretary is responsible for coordinating with various departments and responding to directors' inquiries related to corporate	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
			governance.	
5. Has the Company established channels for communicating with its stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.) and created a stakeholder's section on its company website? Does the Company appropriately respond to stakeholders' questions and concerns on important corporate social responsibility issues?	V		The Company maintains smooth communication channels with its banks and other creditors, employees, suppliers, customers, shareholders or interested parties of the Company, and respects and safeguards their due legitimate rights and interests. The Company also has a "stakeholder area" and a complaint channel on its website.	No significant difference
6. Has the Company appointed a professional shareholder services agent to handle matters related to its shareholder meetings?	V		The Company's stock-related affairs are handled by the stock transfer agency – Mega Securities.	No significant difference
7. Information Disclosure (1) Has the Company established a corporate website to disclose information regarding its financials, business, and corporate governance status? (2) Does the Company use other information disclosure channels (e.g., maintaining an English-language website, designating staff to handle information collection and disclosure, appointing spokespersons, webcasting investors conference etc.)?	V		(1) The Company has established a website to disclose information on financial operations, operational performance, financial reports, board resolutions, annual reports for shareholder meetings, and institutional policies, and provides links to the Market Observation Post System. The information disclosed by the Company is complete, and the data is updated regularly to facilitate inquiries from relevant stakeholders. (2) The Company has designated personnel to regularly and irregularly report financial and business information on the Market Observation Post System voluntarily. At the same time, the spokesperson system is actively implemented, and related regulations are	(1)(2)No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
(3) Does the company publish and report its annual financial report within two months after the end of the fiscal year, and publish and report its financial reports for the first, second, and third quarters as well as its operating statements for each month before the specified deadlines?			included in the "Procedures for Handling Material Inside Information". (3) The Company has not yet announced and filed its annual financial report within two months after the end of the fiscal year, and has not announced and filed its financial reports for the first three quarters or its operations for each month before the prescribed deadline.	(3) To actively improve financial reporting
8. Has the Company disclosed other information to facilitate a better understanding of its corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' continuing education, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors)?	V		(1) The Company arranges for directors and audit committee members to receive relevant training courses, and provides written information on regulations or amendments related to regulatory agencies, laws, and directors and audit committee members. The training and education of directors and audit committee members are reported periodically as required. (2) The Company has purchased liability insurance for all directors and audit committee members. The relevant underwriting content will be reported to the Board of Directors on March 12, 2024. (3) The Company has established the principle of avoiding conflicts of interest in its "Rules of Procedure for Board of Directors Meetings" and all directors have faithfully executed this principle in regard to matters involving stakeholders.	No significant difference

Evaluation Item	Implementation Status			Deviations from the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reasons
	Yes	No	Summary Description	
			(4) Implementation of policies to protect consumers or customers: the Company has equipped radiation detection equipment and engaged personnel with professional licenses to ensure that all raw materials and semi-finished products entering the factory are free of radiation. All products are subject to strict quality control. (5) Employee rights and care: the Company ensures all employee rights in accordance with the Labour Standards Act, and has established a welfare committee for employees, with guidelines for employee handbooks, domestic and international education and training management, and employee proposal systems. The Company proactively protects employee welfare.	

9. Please describe improvements that have already been made based on the Corporate Governance Evaluation results released for the most recent fiscal year by the Corporate Governance Center, Taiwan Stock Exchange, and specify the priority enhancement objectives and measures planned for any matters still awaiting improvement:
   The Company did not rank in the top 50% in the Corporate Governance Evaluation for both the 10th and 9th terms in 2023 and 2022, respectively. In order to enhance information transparency, The Company's Board of Directors regularly evaluates the independence and competency of certified accountants with reference to the Audit Quality Indicators (AQIs). It will also set up a "Sustainable Development Committee" in 2023 with no less than three members, one of whom will be an independent director and the other one is a director. In the future, we will continue to improve the evaluation items that have not yet been scored, such as equal treatment of shareholders, corporate social responsibility, corporate governance, and sustainable development information disclosure.

Note 1: CPA Independence Evaluation:

Evaluation Item	Assessment of the Company	Do the CPAs meet regulatory requirement for their independence?
Do the CPA and the family members not hold a direct financial interest or a material indirect financial interest of the Company?	Yes	Yes
Do the CPA and the family members not have business relations with any directors, supervisors or managerial officers that affect his/her independence?	Yes	Yes
Has the CPA not served as a director, supervisor or managerial office, or other position with material influence on audit matters in the Company or committed to serving in any of the aforementioned positions in the Company within the last two years?	Yes	Yes
Do the CPA's family members not serve as a director, supervisor or managerial officer of the Company or assume any position that has direct, material influence to the audit work during the audit period?	Yes	Yes
Is the CPA not a lineal relative, direct relative by marriage, or a collateral relative within the second degree of kinship of a director, supervisor or managerial officer of the Company during the audit period (does a close relative of the CPA serve as a director, supervisor or managerial officer of the Company or assume any position that has direct, material influence to the audit work during the audit period? If so, is the effect on the CPA's independence reduced to an acceptable level) ?	Yes	Yes
Has the CPA not accepted any gifts or endowments of material value from the Company or a director, supervisor, or managerial officer of the Company (the value of the gift or endowment is of disproportionate value in terms of social protocol)?	Yes	Yes
Has the CPA not violated any other independence matters, and is there no unresolved conflict of interest?	Yes	Yes

3.4.4 Remuneration Committee

The Company approved the formulation of the "Organization Regulations for Remuneration Committee" in the 8th meeting of the 14th Board of Directors held on August 23, 2011, in accordance with Paragraph 1, Article 14-6 of the Securities and Exchange Act and the Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter.

The Remuneration Committee is mainly responsible for formulating performance evaluation policies for Directors and Management Team, reviewing the performance of each personnel, as well as formulating and regularly assessing the remuneration of Directors and Management Team and the structure and system of remuneration.

1. Information of Remuneration Committee Members

Capacity (Note 1)	Qualifi-cations / Name	Professional qualifications and experience	Independence analysis	Number of other public companies at which the person concurrently serves as remuneration committee member
Independent Director	Yang, Chang-Xi (Convenor)	(1) Education: National Hualien University of Education (2) Main duties: Independent director of the Company, Principal of Yang, Chang-Xi Law Firm, Director of CVC Technologies Inc., National Compensation Review Committee Member of Third Maintenance Engineering Office, Directorate General of Highways, Ministry of Transportation and Communications, Legal Consultant of Tycoons Group Enterprise Co., Ltd. (3) Professional experiences: Possessing a lawyer's license and various professional skills in legal affairs, continuously supervising the Company's major decision-making and analysis, leading the Company towards positive development, and achieving the goal of sustainable development.	1. All meet the independence requirements of independent directors. 2. All meet the independence criteria: (1) The person or his spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the Company or any of its affiliates. (2) The person or his spouse or any relative within the second degree does not hold the shares of the Company. (3) The person does not serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) (4) The person did not receive any remuneration for providing commercial, legal, financial, accounting or related services from the Company or any of its affiliates in the recent 2 years.	0
Independent Director	Chen, Bo-Zhong	(1) Education: Bachelor of Laws, National Taipei University (2) Main duties: Independent director of the Company, Managing Director / Attorney of Berlin United Law Firm (3) Professional experiences: Possessing a lawyer's license and various professional skills in legal affairs, continuously supervising the Company's major decision-making, leading the Company towards positive development, and achieving the goal of sustainable development.	1. All meet the independence requirements of independent directors. 2. All meet the independence criteria: (1) The person or his spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the Company or any of its affiliates. (2) The person or his spouse or any relative within the second degree does not hold the shares of the Company. (3) The person does not serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) (4) The person did not receive any remuneration for providing commercial, legal, financial, accounting or related services from the Company or any of its affiliates in the recent 2 years.	0
Independent Director	Guo, Shi-Xian	(1) Education: Bachelor of Accounting, Tamkang University, Passing the CPA exam in 1997 (2) Main duties: Independent Director of the Company, Accountant of QunXian United Certified Public Accountants Firm (3) Professional experiences: With experience as a professional accountant, continuously collaborating with other directors on the board in making major decisions and providing advice that lead the Company towards positive development and achieving the goal of sustainable development.	1. All meet the independence requirements of independent directors. 2. All meet the independence criteria: (1) The person or his spouse or any relative within the second degree does not serve as a director, supervisor, or employee of the Company or any of its affiliates. (2) The person or his spouse or any relative within the second degree does not hold the shares of the Company. (3) The person does not serve as a director, supervisor, or employee of any company having a specified relationship with the Company (see Article 3, paragraph 1, subparagraphs 5 to 8 of the Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies) (4) The person did not receive any remuneration for providing commercial, legal, financial, accounting or related services from the Company or any of its affiliates in the recent 2 years.	0
For the experience and other current positions of Independent Directors, please refer to page 17 of this annual report.				

2. Operation of Remuneration Committee

(1) The Remuneration Committee of the Company is composed of 3 members.

(2) Tenure of the current committee members: June 20, 2023 to June 19, 2026. A total of 2 (A) remuneration committee meetings were held in 2023.

The qualification and attendance of members are listed as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	In-person attendance rate (%) (B/A) (Note)	Remarks
Convenor	Yang, Chang-Xi	2	0	100	
Member	Chen, Bo-Zhong	2	0	100	
Member	Guo, Shi-Xian	2	0	100	

Note: Their in-person attendance rate (%) should be calculated based on the number of remuneration committee meetings held and the number they attended in person during the period they were on the committee.

Other information required to be disclosed:

1. If the board of directors does not accept, or amends, any recommendation of the remuneration committee, specify the board meeting date, meeting session number, content of the recommendation(s), the outcome of the resolution(s) of the board of directors, and the measures taken by the Company with respect to the opinions given by of the remuneration committee (e.g., if the salary/compensation approved by the board is higher than the recommendation of the remuneration committee, specify the difference(s) and the reasons): None.
2. With respect to any matter for resolution by the remuneration committee, if there is any dissenting or qualified opinion of a committee member that is on record or stated in writing, specify the remuneration committee meeting date, meeting session number, content of the motion, the opinions of all members, and the measures taken by the Company with respect to the members' opinion: None.
3. The discussion reasons, resolution results and the company's handling of members' opinions of the "Salary and Remuneration Committee" in the most recent year:

"Salary and Remuneration Committee" meeting date	Motion contents	Resolution results	The Company handles the opinions of the "Salary and Remuneration Committee"
The 7th meeting of the 4th Session 2023.03.24	1. Proposal for the Company's personnel changes in 2023. 2. Proposal for promotion of deputy director Zhang Zheng-ming of the steel rolling mill. 3. 2022 employee and director remuneration distribution proposal. 4. Proposal for the amount of year-end bonuses for managers and employees in 2022. 5. Proposal for performance evaluation of directors, independent directors and managers in 2022.	Adopted with the consent of all members of the committee.	Proposed to the Board of Directors and approved by all directors present.
The 1st meeting of the 5th Session 2023.08.09	1. The Company's employee stock ownership trust proposal. 2. Proposal to amend the Company's [Organizational Regulations and Rules of Procedure of the Salary and Remuneration Committee]. 3. Revision of the salary scale and job salary scale in 2023. 4. The Company's manager promotions and personnel changes in 2023 are proposed to take effect from	Adopted with the consent of all members of the committee.	Proposed to the board of directors and approved by all directors present.

	July 1, 2023. 5. Employee salary hike proposal in 2023. 6. To formulate [Measures for the Promotion Management of Migrant Workers]		
The 2nd meeting of the 5th Session 2023.11. 08	1. The amount of bonuses for managers and employees in 2022.	Adopted with the consent of all members of the committee.	Proposed to the board of directors and approved by all directors present.

3.4.5 Promotion of Sustainable Development – Implementation Status and Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Has the Company established a governance framework for promoting sustainable development, and established an exclusively (or concurrently) dedicated unit to be in charge of promoting sustainable development? Has the board of directors authorized senior management to handle related matters under the supervision of the board?	V		In order to implement the goals of developing ESG (sustainable environment, social welfare, corporate governance) and strengthening sustainable development information disclosure, the Company passed the resolution of the 19nd meeting of the 3th Session Board of Directors on November 8, 2023 to establish the "Sustainable Development Committee", hereby strengthening the functions and management mechanism of the Board of Directors. This committee is composed of directors and company managers. There are 9 people in total, one of whom is an independent director and the other is a director of the company. It consists of 3 groups: "Sustainable Environment", "Corporate Governance" and " Social Welfare". The first "Sustainable Development Committee" meeting of the first session was held on December 5, 2023. During the meeting, the convener and chairperson of the meeting, as well as the conveners of each working group, were elected, and the sustainable action plan and work plan were reported.	No significant difference
2. Does the Company conduct risk assessments of environmental, social and corporate governance (ESG) issues related to the Company's operations in accordance with the materiality principle, and formulate relevant risk management policies or strategies?		V	The Company has formulated a "Risk Management Code of Practice" and in the future, through the operation of the "Sustainability Committee" and in accordance with the principle of materiality, it will conduct risk assessments on environmental, social and corporate governance issues related to the Company's operations.	Not applicable
3. Environmental Issues (1) Has the Company set an environmental management system designed to industry	V		(1) The Occupational Safety and Health Center of the Company has established management systems for water usage, power consumption, exhaust and waste	No significant difference

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
characteristics?			emissions in line with government and industry policies for the electric arc furnace steelmaking industry to ensure compliance.	
(2) Does the Company endeavor to use energy more efficiently and to use renewable materials with low environmental impact?			(2) The Company has obtained the necessary operation and operating permits in accordance with environmental laws and regulations, and all waste generated during operations is entrusted to qualified contractors for recycling and reuse. At the same time, the Company has implemented resource utilization projects for waste materials such as silicon carbide, incineration ash, textile/pulp and paper sludge, and zinc-manganese waste, as well as the reuse of surface treatment sludge to fulfil our social responsibility to sustainable environmental protection using electric arc furnace as the platform.	
(3) Has the Company evaluated the potential risks and opportunities posed by climate change for its business now and in the future and adopted relevant measures to address them?			(3) The board of directors of the Company has approved to allocate NT$ 250 million to build a 7KWT solar power generation facility in the board meeting of November 2020 to respond to climate change caused by greenhouse gases.	
(4) Did the company collect data for the past two years on greenhouse gas emissions, volume of water consumption, and the total weight of waste, and establish policies for greenhouse gas reduction, reduction of water consumption, or management of other wastes?			(4) The Company has a sound monitoring and treatment process for furnace dust, slag, dust, and wastewater generated in electric furnace industry, and has established safety, health, and environmental protection management systems and waste disposal operation processes. 1) Our Xiaogang and Jiaxing factories have carried out greenhouse gas inspections, including the Company's energy-saving and carbon reduction strategies, and have both obtained BSI organization-type greenhouse gas emission verification reports. 2) The greenhouse gas carbon emissions in the past two years are explained as follows: The Company entrusted DNV Business Assurance to complete the ISO 14064-1 greenhouse gas third-party verification in 2022. The verification results: Scope 1 emissions 57,532.3258 metric tons of carbon dioxide equivalent. Scope 2 emissions: 139,438.0192 metric tons of carbon dioxide equivalent. The Company's self-inspection and calculation results in 2023: Scope 1 emissions are approximately 58,388.911 metric tons of carbon dioxide equivalent, and scope 2 emissions are approximately 127,002.047 metric tons of carbon	

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			dioxide equivalent. . Regarding this part, we have recommissioned Metal Industries Research & Development Centre (MIRDC) to conduct third-party verification of ISO 14064-1 greenhouse gases. 3) The Company pays attention to the impact of climate change on its operations, actively cooperates in setting water conservation targets, reduces energy consumption and pollution gas emissions by improving equipment, promotes paperless documentation, and encourages employees to practice a carbon-free and green lifestyle.	
4. Social Issues (1) Has the company formulated relevant management policies and procedures in accordance with relevant laws and regulations and international human rights conventions? (2) Has the Company established and implemented reasonable employee welfare measures (include salary/compensation, leave, and other benefits), and are business performance or results appropriately reflected in employee salary/compensation? (3) Does the Company provide employees with a safe and healthy working environment, and implement regular safety and health education for employees?	V		(1) The Company formulates "Work Rules" in accordance with the Labour Standards Act and related regulations, and implements them accordingly. The Company does not discriminate on the basis of gender, race, or nationality when recruiting and appointing personnel. (2) The Company has a Retirement Pension Supervisory Committee and an Employee Welfare Committee, which hold regular meetings. Additionally, the Company holds an annual labor-management meeting to communicate and coordinate the rights and obligations of both labor and management. Meanwhile, employees enjoy birthday gifts, travel allowances, three annual bonuses and free health check-ups, and the Company provides club activities and children's education subsidies to fully protect employees' rights and benefits. The Company has formulated: "Employee Performance Appraisal Management Measures", "Year-End Bonus Payment Methods" and "Employee Remuneration Payment Methods", and the operating performance will be reflected in the remuneration of individual employees according to their performance. (3) To prevent workplace sexual harassment and provide a safe and healthy working environment, the Company clearly stipulates measures for preventing and dealing with sexual harassment in the "Work Rules". The Company also has a set of safety and health work regulations and regularly conducts safety and health	No significant difference

Evaluation Item	Implementation Status			Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
			education and training through its Occupational Safety and Health Center. The Company conducts annual health check-ups for employees engaged in special operations and general health check-ups for all employees. The Company has on-site nurses who can provide appropriate care in emergency situations, and also arranges for specialist doctors to provide consultation services on a monthly basis.	
(4) Has the Company established effective career development training programs for employees?			(4) The Company has established a domestic and international education and training management policy and develops annual education and training plans for each department, including digital learning courses. In addition, the financial officer, audit officer, and corporate governance officer also continue their education in compliance with legal requirements.	
(5) Does the Company comply with the relevant laws and international standards with regards to customer health and safety, customer privacy, and marketing and labelling of products and services, and implement consumer protection and grievance policies?			(5) To protect consumer rights, the Company has radiation detectors and strictly inspects raw materials and finished products during the storage process to ensure consumer health. The Company also has established standards and policies for other quality assurance items, and has a quality assurance channel for customers to file complaints.	
(6) Has the Company formulated supplier management policies requiring suppliers to comply with relevant regulations on issues such as environmental protection, occupational safety and health, or labor rights, and what is the status of their implementation?			(6) The Company strictly inspects the physical and chemical properties of finished products and labels them accordingly, in compliance with legal requirements and customer demands. The Company has also obtained multiple certifications for its products. Finished products are properly labelled with the product name and specifications. The Company has a supplier management policy that evaluates the credit status and company reputation of new suppliers, and only collaborates with stable long-term suppliers. The Company has formulated: "Supplier Management Measures" and "Vendor Evaluation and Management Operating Procedures". Every first transaction must evaluate the supplier's credit status and company reputation. In addition to requiring close cooperation from manufacturers, the Company also conducts regular evaluations to ensure delivery time and stable quality. The Company maintains good interactive relationships with its suppliers and becomes partners with suppliers who have long-term and stable	

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary Description</th></tr>
<tr><td></td><td></td><td></td><td>relationships.
Contracts have appropriate termination or termination clauses based on transaction nature and conditions, and when there is significant impact on the environment and society without explicit restrictions, the Company considers public opinion and perception and returns to a communication and negotiation system between both parties.</td><td></td></tr>
<tr><td>5. Does the Company refer to international reporting standards or guidelines when preparing its sustainability report and other reports disclosing non-financial information? Does the Company obtain third party assurance or certification for the reports above?</td><td></td><td>V</td><td>None</td><td>The Company will plan and handle it timely according to the operational needs and the regulations of the competent authority.</td></tr>
<tr><td colspan="5">6. If the Company has adopted its own sustainable development best practice principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviation from the principles in the Company’s operations:
Based on the "Code of Practice for Sustainable Development of Listed/OTC Companies", the Company has a "Code of Practice for Sustainable Development" and has disclosed it on the Market Observation Post System (MOPS) and the Company's website. In terms of practical implementation, it complies with the Company's "Code of Practice for Sustainable Development".</td></tr>
<tr><td colspan="5">7. Other important information to facilitate better understanding of the company’s promotion of sustainable development:
(1)The Company is equipped with radiation detection equipment and employs professionals with relevant licenses to ensure that all incoming raw materials and semi-finished products are free of radiation sources. Each product undergoes strict quality control to ensure that its quality meets seismic standards and to safeguard the safety of consumers’ lives and properties.
(2)The Company complies with the Radiation Detection Operations of the Atomic Energy Council, ISO9001 Quality Management System, and the Registration Certificate for Domestic Inspection by the Bureau of Standards, Metrology and Inspection.
(3)The Company cooperates with different local groups such as councilors, village chiefs’ offices, fire departments, civic groups, police and local temples to offer donations, residential fire alarms, and other related charitable acts.</td></tr>
</table>

3.4.6 Climate-related information for listed/OTC companies

(1) Implementation of climate-related information

Item	Implementation Status
1. Detail the oversight and governance of "climate-related risks and opportunities" by the Board of Directors and management.	The Company refers to the "Task Force on Climate-related Financial Disclosures (TCFD)" to establish a management model for risks and opportunities related to climate change. And the Company uses the four core projects of "Governance", "Strategy", "Risk Management" and "Indicators and Targets" to identify the significant risks and opportunities they may pose to operations, and carry out various climate change mitigation and adaptation measures, while reducing climate risks and creating sustainable development. 1.Governance: It refers to the establishment of a "Sustainable Development Committee", which is responsible for formulating corporate sustainability strategies and visions, and promoting ESG-related work and management. To regularly report to the Board of Directors on the implementation of ESG-related work, and oversee major climate-related risks and guide management strategies, important action plans and achievement of goals. 2. Strategy: The heads of each department assist in identifying relevant risks and opportunities, and submit them to the "Sustainable Environment Team" for discussion and evaluation, thus completing the identification of climate-related risks and opportunities. 3. Risk management: It refers to the assessment of transformation risks, physical risks and opportunities with reference to the structure recommended by TCFD. The heads of each department will rate each climate issue based on the "degree of possibility" and "degree of impact", and divide the possible occurrence timetable into for short term, medium term and long term. This summary risk and opportunity scoring result is classified into high, medium and low risks and opportunities through ranking. Based on this risk and opportunity level, the "Sustainable Environment Team" formulates response strategies and reports to the Board of Directors to understand and supervise the risks and issues faced by the Company. 4.Indicators and targets In order to reduce the impact of climate change on operations, the Company has introduced ISO14064-1 and cooperated with the Environmental Protection Agency to conduct greenhouse gas inventory and

	declaration. In addition to inventory of energy-consuming equipment in the factory, it has been updated year by year to be highly efficient and energy-saving facilities. In the medium to long term, the Company formulates energy-saving and carbon-reducing strategies for high-carbon emission projects, builds process energy-saving equipment, and uses alternative fuels and renewable energy, with "net-zero emissions in 2050" as its long-term goal.
2. Describe how the identified climate risks and opportunities affect the Company's business, strategy and finances (short-term, medium-term, long-term)	To be filled in (2)
3. Detail the financial impact of extreme climate events and transition actions.	To be filled in (2)
4. Describe in detail how climate risk identification, assessment and management processes are integrated into the overall risk management system.	To be filled in (2)
5. If scenario analysis is used to assess resilience to climate change risks, the scenarios, parameters, assumptions, analysis factors and main financial impacts used must be explained.	NA
6. If there is a transformation plan to manage climate-related risks, the content of the plan must be described, as well as the indicators and targets used to identify and manage entity and transformation risks.	NA
7. If internal carbon pricing is used as	NA

a planning tool, the basis for setting the price must be explained.	
8. If climate-related goals are set, information such as the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual achievement progress must be explained. If "carbon offsets" or "renewable energy certificates (RECs)" are used to achieve relevant goals, the source and quantity of carbon reduction credits or the number of renewable energy certificates (RECs) must be stated.	NA
9. Greenhouse gas inventory and confirmation, reduction goals, strategies and specific plans.	To be filled in (3) & (4)

(2) Risk and opportunity management related to climate identification

"The Global Risks Report 2024" released by the World Economic Forum (WEF) from January 15 to 19, 2024 shows that among the top ten risks in the next 10 years, environmental risks account for six of them: "Extreme weather events", "Major changes in the earth system", "Biodiversity loss and ecosystem collapse", "Natural resource shortages", "Misinformation and disinformation" and "Adverse consequences of AI technology".

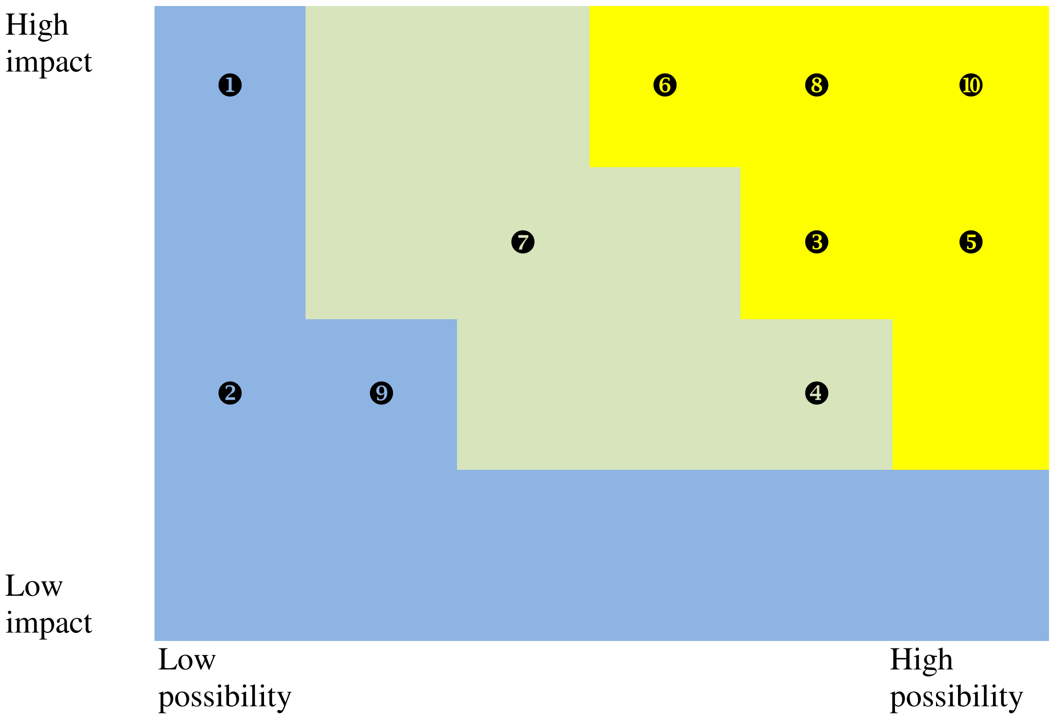
In order to achieve the purpose of corporate sustainable operation, the Company promotes risk management policies and establishes a crisis management mechanism, and at the same time cultivates employees' awareness of risk and crisis management.

(2-1) Detailed description of climate-related risks and opportunities affecting business strategies

Use the list of transformation risks, physical risks and opportunities recommended by TCFD to conduct strategic impact assessments on short, medium and long-term risk and opportunity projects.

Identification and assessment of climate-related risks and opportunities	
Time sequence	•Short term: 2023~2025 •Mid-term: 2026~2030 •Long term: 2031~2050
Risk and opportunity scale	•Degree of likelihood of occurrence. •Extent of financial impact. •Potential vulnerability level.
Risk and opportunity categories	• Transformation risks: policy and regulations, technology, market, reputation. • Physical risks: immediate, long-term. • Opportunities: resource efficiency, energy sources, products and services, markets, resilience.
Climate scenario setting	• 1.5°C scenario. • NDC scenarios. • IPCC Sixth Assessment Report on Climate Change – (SSP5-8.5) Scenario.

(2-2) Risk matrix diagram related to climate change

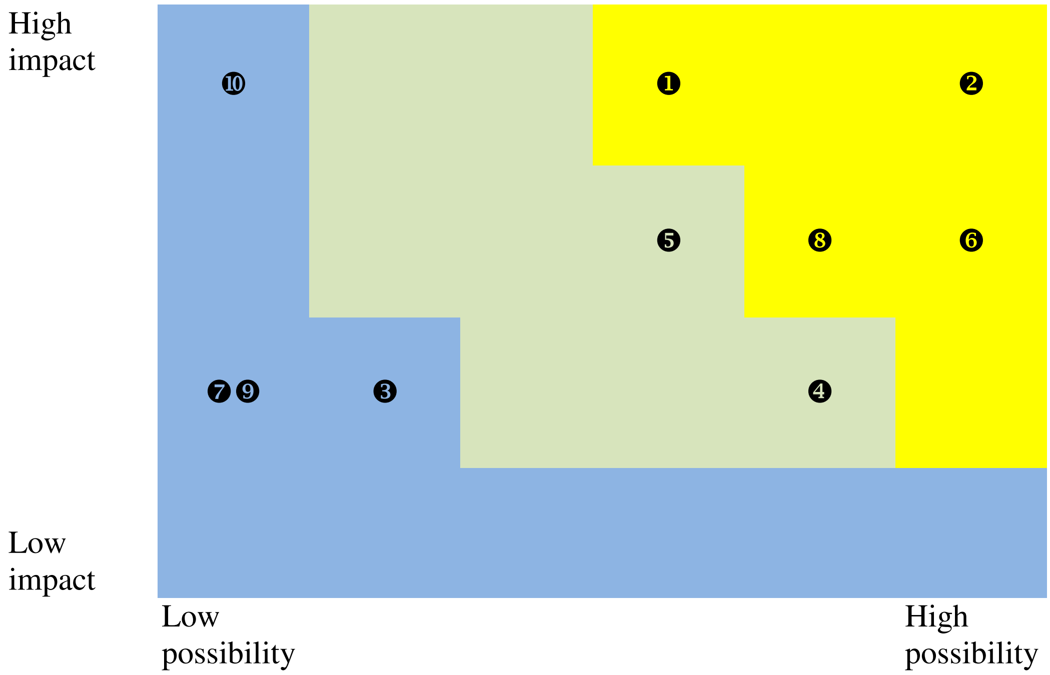


❶ Product efficiency
❷ Greenhouse gas inventory
❸ Carbon fee/carbon tax
❹ International Carbon Reduction Convention
❺ Customer behavior changes
❻ Extreme temperature changes
❼ Drought
❽ Floods
❾ Sea level rise
❿ Greenhouse gas total amount control

(2-3) Risks related to climate change and countermeasures

Risk type	Risk content	Situation description	Impact time	Financial impact	Countermeasures
Transition risk	Government imposes corporate carbon fee	The Taiwan government levies carbon fees on companies in accordance with the "Climate Change Response Act". The estimated carbon fees are short-term: NT$300/metric ton CO2e, medium-term: NT$500/metric ton CO2e, and long-term: NT$750~1,500/metric ton CO2e. ※ Environmental Information Center	Short term (1~3 years)	Decreased revenue Added expenses	●Voluntary carbon reduction to obtain carbon rights. ●"Carbon Exchange" purchases carbon rights.
Transition risk	Renewable Energy Regulations	It means that the Taiwan government requires large electricity consumers to set up renewable energy power generation facilities with 10% of the contracted capacity in accordance with the "Renewable Energy Development Ordinance". ※Renewable Energy Development Regulations	Medium term (3~10 years)	Added expenses	●To increase solar energy panel equipment. ●To use hydrogen fuel. ●To use renewable energy to generate electricity.
Transition risk	Customer behavior changes	In the post-mid-term period, customers require our products to provide carbon neutrality certificates.	Long term (10 years)	Added expenses	●To promote ISO 14068-1 to meet the expectations of customers, stakeholders, and the industry. ●To reduce and quantify greenhouse gas emissions. ●To increase credibility with accurate carbon neutral reports.
Physical risk	Number of consecutive days without rainfall (drought)	The annual maximum number of consecutive rainless days has an increasing trend in various parts of the world. The worst scenario (SSP5-8.5) falls in the middle and late 21st century, with an average increase of approximately 5.5% and 12.4%. ※ Impact of climate change	Medium term (3~10 years)	Decreased revenue	●To effectively recycle and reuse water resources. ●To effectively reduce water consumption.
Physical risk	Typhoon (flood)	Worst case scenario (RCP8.5): In the middle and late 21st century, the number of typhoons affecting Taiwan is expected to decrease by approximately 15% to 55%, the proportion of strong typhoons will increase by approximately 100% to 50%, and the change rate of typhoon rainfall will increase by 20% to 35%.	Medium term (3~10 years)	Decreased revenue	●To add water pumps and perform regular maintenance. ●To pay attention to typhoon information. ●To remove silt from ditches. ●To implement typhoon prevention education and training.

(2-4) Opportunity matrix diagram related to climate change



❶Recycling and reuse
❷Enter new markets
❸Participate in the carbon trading market
❹Use low-carbon energy
❺Water resources recycling and reuse
❻Use energy-saving/power-saving equipment
❼Reduce water consumption
❽Replace old equipment
❾Make good use of company incentives
❿Business diversification

(2-5) Climate change related opportunities and countermeasures

Risk type	Opportunity content	Situation description	Impact time	Financial impact	Countermeasures
Opportunity	Low carbon energy	Greenhouse gas emissions are regulated by competent authorities.	Long term (10 years)	Decreased costs Added revenue	●To promote ISO 14064-1 regular assessment and tracking. ●To strengthen operational management. ●To reduce greenhouse gas carbon emissions. ●To develop hydrogen fuel.
Opportunity	Carbon trading	Increased operating costs due to government carbon fee regulations	Medium term (3~10 years)	Decreased costs Added revenue	●Investment in greenhouse gas reduction costs to reduce the impact of government regulations and policies on the company. ●To adopt voluntary carbon reduction to obtain carbon rights. ●To purchase carbon rights from the exchange.
Opportunity	Equipment replacement	For 2024, the Ministry of Economic Affairs continues to provide NT$1 billion to subsidize the commercial service industry to replace energy-saving equipment.	Short term (1~3 years)	Decreased costs Added revenue	●Replacement lamps must bear an energy-saving auxiliary label. ●Energy efficiency labeling must be at least Level 2.

(3) Company greenhouse gas inventory and confirmation status in the past two years

(3-1) Greenhouse gas inventory information

Detailed information on greenhouse gas emissions (metric tons CO2e), intensity (metric tons CO2e/NT$ million) and data coverage in the past two years.

Year	Factory	Category 1 (metric tons CO_2e)	Category 2 (metric tons CO_2e)	Total emissions (metric tons CO_2e)	Density (metric tons CO_2e /NT$ million)	Inventory standards
2020	Xiaogang Factory	31,433.9993	110,224.7427	141,658.742	26.634	☑ ISO 14064-1 ☑ Greenhouse gas inspection guidelines
	Jiaxing Factory	28,312.7359	33,488.6211	61,801.357		☑ ISO 14064-1 ☑ Greenhouse gas inspection guidelines
2021	Xiaogang Factory	30,456.2503	101,998.7137	132,454.964	19.304	☑ ISO 14064-1 ☑ Greenhouse gas inspection guidelines
	Jiaxing Factory	31,110.5879	33,969.0311	65,079.619		☑ ISO 14064-1 ☑ Greenhouse gas inspection guidelines
2022	Xiaogang Factory	29,609.1277	108,229.2593	137,838.387	17.972	☑ ISO 14064-1 ☑ Greenhouse gas inspection guidelines
	Jiaxing Factory	27,923.1981	31,208.7599	59,131.958		☑ ISO 14064-1 ☑ Greenhouse gas inspection guidelines

[Note] Revenue in 2020: NT$7,639 million, revenue in 2021: NT$10,233 million, revenue in 2022: NT$10,960 million.

Note 1: Direct emissions (Category 1: refers to emissions directly from emission sources owned or controlled by the Company), indirect energy emissions (Category 2: refers to indirect greenhouse gas emissions from input electricity, heat or steam) and other indirect emissions (Category 3: refers to emissions generated by company activities, which are not indirect energy emissions, but come from emission sources owned or controlled by other companies).

Note 2: The coverage of "direct emissions" and "indirect energy emissions" data is handled in accordance with the schedule specified in the order specified in Article 10, Paragraph 2 of this Code. Other "indirect emissions" information is disclosed voluntarily.

Note 3: The greenhouse gas inventory standard refers to the Greenhouse Gas (GHG) Protocol or ISO 14064-1 issued by the International Organization for Standardization (ISO).

Note 4: The intensity of greenhouse gas emissions can be calculated per unit of product/service or turnover, but at least the data calculated in terms of turnover (NTD million) must be detailed.

(3-2) Greenhouse confirmation information

Describe in detail the assurance situation in the last two years as of the publication date of this annual report, including the scope of assurance, assurance institutions, assurance standards and assurance opinions.					
Year	Factory	Total emissions (metric tons CO_2e)	Category 1 ratio	Category 2 ratio	Assurance institutions
2020	Xiaogang Factory	141,658.742	22.19%	77.81%	SGS
	Jiaxing Factory	61,801.357	45.81%	54.19%	
2021	Xiaogang Factory	132,454.964	22.99%	77.01%	DNV
	Jiaxing Factory	65,079.619	47.80%	52.20%	
2022	Xiaogang Factory	137,838.387	21.48%	78.52%	DNV
	Jiaxing Factory	59,131.958	47.22%	52.78%	
[Note] Regarding the Company's disclosed greenhouse gas emissions in the past three years, Category 1 and Category 2 ratios are shown in the table, and are confirmed by ISO 14064-1 adopted by SGS and DNV and the greenhouse gas inspection guidelines of the Environmental Protection Agency of the Executive Yuan, and are in compliance with recognized level of reasonable assurance.					

Note 1: It must be handled in accordance with the timetable specified in Paragraph 2 of Article 10 of this Code. If the Company fails to obtain a complete greenhouse gas confidence opinion in time before the publication date of the annual report, it shall be noted that "the complete confidence information will be disclosed in the sustainability report." If a sustainability report is not prepared, it must indicate that "complete and confident information will be disclosed in MOPS" and disclose complete and confident information in the next year's annual report.

Note 2: Assurance institutions must comply with the relevant requirements for "Sustainability Report Assurance Institutions" stipulated by the Taiwan Stock Exchange Co., Ltd. and the Securities Over-the-Counter Trading Center of the Republic of China.

Note 3: For disclosure content, please refer to the best practice examples on the "Corporate Governance Center" website of the Taiwan Stock Exchange.

(4)Greenhouse gas reduction goals, strategies and specific plans

Describe in detail the greenhouse gas reduction base year and data, reduction targets, strategies, specific plans and achievement status.
Taiwan began to promulgate the "Greenhouse Gas Reduction and Management Act" in July 2015. After referring to the national intended emission reduction contribution issued by the Environmental Protection Agency, the national long-term reduction target of greenhouse gas emissions is to fall below 50% of the 2005 level in 2050 and accommodate subsequent promotion works. (In February 2023, the "Climate Change Response Act" revised the long-term reduction target: "Net-zero greenhouse gas emissions in 2050.") This year (2023), in response to the Taiwan Steel & Iron Industries Association's reduction plan, the base year was adjusted to 2018. Short-term goal: reduce carbon emissions by 7% in 2025 compared with the base year. Mid-term goal: reduce carbon emissions by 22% in 2030 compared with the base year. Long-term goal: achieve carbon neutrality in 2050. In the base year (2018), Xiaogang plant's greenhouse gas Category 1 emissions were 92,052.4379 metric tons CO_2e, and Category 2 emissions were 139,446.4451 metric tons CO_2e, totalling 231,498.883 metric tons CO_2e. In the same year, Jiaxing plant's greenhouse gas Category 1 emissions were 25,818.2766 metric tons CO_2e, and Category 2 emissions were 29,184.9484 metric tons CO_2e, totalling 55,003.225 metric tons CO_2e. By changing the 50-ton electric arc furnace to the furnace bottom tapping method, and adjusting the power consumption time in accordance with Taipower's "6-hour daily reduction measure" and "demand bidding activities" policies, in addition to many years of process and equipment improvements and replacement, the Xiaogang plant successfully achieved the 7% short-term reduction target of the Taiwan Steel & Iron Industries Association in 2019 and has maintained it until now. However, the Jiaxing plant is still 7,978.959 metric tons of CO_2e away from the target, and efforts still need to be made to achieve it. Since the international community attaches great importance to the issue of greenhouse gas control, the Company conducts legal inspections every year and logs the inspection results on the national greenhouse gas emissions information platform, hoping to use the inspection process and results to truly understand the greenhouse gas emissions. Last year (2022), we began to install an energy-saving monitoring system to comply with national policies. We completed the installation of solar photovoltaic panels this year and are scheduled to introduce the ISO 50001 energy management system and obtain certification next year (2024). In addition, the Company established a "greenhouse gas net-zero emission working team" this year, which meets regularly to develop improvement plans in order to truly reduce greenhouse gas emissions.

Note 1: It should be handled in accordance with the timetable specified in Article 10, Item 2 of this Code.

Note 2: The base year should be the year in which the consolidated financial report review is completed. For example, according to Article 10, Paragraph 2 of this Code, any company with a capital of NT$10 billion or more must complete the review of the 2024 consolidated financial report in 2025. Therefore, the base year is 2024. If the company has completed the review of the consolidated financial report in advance, the earlier year can be used as the base year. In addition, the data in the base year can be calculated using the average of a single year or several years.

Note 3: For disclosure content, please refer to the best practice examples on the "Corporate Governance Center" website of the Taiwan Stock Exchange.

3.4.7 Ethical Corporate Management – Implementation Status and Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons:

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs (1) Does the Company have an ethical corporate management policy approved by its Board of Directors, and bylaws and publicly available documents addressing its corporate conduct and ethics policy and measures, and commitment regarding implementation of such policy from the Board of Directors and the top management team? (2) Whether the Company has established an assessment mechanism for the risk of unethical conduct; regularly analyses and evaluates, within a business context, the business activities with a higher risk of unethical conduct; has formulated a program to prevent unethical conduct with a scope no less than the activities prescribed in Article 7, paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies? (3) Does the Company clearly set out the operating procedures, behaviour guidelines, and punishment and appeal system for violations in the unethical conduct prevention program, implement it, and regularly review and revise the plan?	V		(1) The Company has established "Ethical Corporate Management Best Practice Principles" and disclosed them on the Company website. The Work Rules stipulate that employees should abide by various integrity principles during their service period, and there are "Codes of Ethical Conduct" for directors and managers. (2) The Company has established operating procedures, behavioural guidelines, disciplinary measures for violations, and complaint systems in the Work Rules. The Company also provides education and training to employees to let them fully understand the Company's determination, policies, and punishment provisions for unethical behaviour. (3) The Company handles donations and political contributions in accordance with the "Articles of Incorporation" and relevant laws and regulations. The Company requires employees in high-risk positions to sign relevant commitments and compensation agreements. The Company has never engaged in any unethical behaviour specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/TPE Listed Companies".	No significant difference
2. Ethical Management Practice (1) Does the Company assess the ethics records of those it has business relationships with and include ethical conduct related clauses in the business contracts? (2) Has the Company set up a dedicated unit to promote ethical corporate management under the board of directors, and does it regularly (at least once a year) report to the board of directors on its ethical corporate management policy and program to prevent unethical conduct and monitor their implementation? (3) Has the Company established policies to prevent conflict of interests, provided appropriate communication and complaint channels, and properly implemented such policies? (4) Does the Company have effective	V		(1) The Company conducts relevant credit checks on new customers and suppliers and sets appropriate termination or cancellation clauses in contracts based on the nature of the transaction and business conditions. If a significant breach of ethics occurs without explicit limitations, the Company will return to the communication and negotiation system between both parties. (2) The Company currently does not have any dedicated units directly reporting to the Board of Directors. However, when the Company receives allegations or reports of violations of ethical operations, it takes the initiative to investigate and handle them and report them to the responsible supervisor. (3) The Company requires employees in high-risk positions such as managers to sign relevant commitment agreements and compensation agreements. The Company also requires directors to sign a declaration of independence and actively recuse themselves from significant board decisions involving conflicts of interest. Policies on conflict of interest and complaint channels have been explicitly stated in the Company's Work Rules for ordinary employees. (4) The Company has a complete accounting system	No significant difference

Evaluation Item	Implementation Status			Deviations from the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and the Reasons
	Yes	No	Summary Description	
accounting and internal control systems in place to enforce ethical corporate management? Does the internal audit unit follow the results of unethical conduct risk assessments and devise audit plans to audit compliance with the systems to prevent unethical conduct or hire outside accountants to perform the audits? (5) Does the Company provide internal and external ethical corporate management training programs on a regular basis?			and internal control system, with an annual internal audit plan. (5) The Company regularly strengthens the promotion of employees' ethical concepts through education and training, and directors, supervisors, and managers also enhance the company's governance capabilities on ethics through external training.	
3. Implementation of Complaint Procedures (1) Has the Company established specific whistle-blowing and reward procedures, set up conveniently accessible whistle-blowing channels, and appointed appropriate personnel specifically responsible for handling complaints received from whistle-blowers? (2) Has the Company established standard operation procedures for investigating the complaints received, follow-up measures taken after investigation, and mechanisms ensuring such complaints are handled in a confidential manner? (3) Has the Company adopted proper measures to protect whistle-blowers from retaliation for filing complaints?	V		(1) To ensure that suppliers and employees can exercise their rights to report and complain in accordance with the law, internal employees, external suppliers, and customers can all report through relevant channels. The Company website also provides contact information for stakeholders. (2) The Company has established a suggestion box and an employee complaint handling system, and the methods for employees to file complaints and provide suggestions are clearly stated in the Work Rules. (3) Employees can make complaints and reports verbally or in writing, and a confidentiality and whistle-blower protection mechanism is also in place to prevent and address sexual harassment.	No significant difference
4. Strengthening Information Disclosure Does the Company disclose its ethical corporate management policies and the results of their implementation on its website and the Market Observation Post System (MOPS)?	V		The Company has established "Ethical Corporate Management Best Practice Principles" and disclosed them on the Company website.	No significant difference
5. If the Company has adopted its own ethical corporate management best practice principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies, please describe any deviations between the principles and their implementation: The Company has established "Ethical Corporate Management Best Practice Principles" that complies with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".				
6. Other important information to facilitate a better understanding of the status of operation of the company's ethical corporate management policies (e.g., the company's reviewing and amending of its ethical corporate management best practice principles): The amendments of "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles" and "Codes of Ethical Conduct for Directors and Managers" have been approved by the Board of Directors in November 2019, the 11th board meeting of the 17th session of the Board.				

3.4.8 Access and Search Method of the Corporate Governance Best-Practice Principles and Related Regulations:

1. The Company has established "Codes of Ethical Conduct for Directors and Managers", "Risk Management Policies and Procedures", "Rules Governing Procedures for Shareholders' Meeting", "Rules of Procedure for Board of Directors Meetings", "Rules Governing the Scope of Powers of Independent Directors", "Regulations for Internal Control and Internal Audit of Subsidiaries", "Ethical Corporate Management Best Practice Principles" and "Corporate Governance Best-Practice Principles". All relevant regulations are announced on the Company website to implement and promote corporate governance.
2. The Company has established the "Procedures for Handling Material Internal Information" with the approval of the board of directors. These procedures outline the

mechanisms for handling and disclosing material internal information to prevent improper disclosure and ensure the consistency and accuracy of information released by the Company to the public.

3.4.9 Other Important Information to Facilitate a Better Understanding of the Implementation of Corporate Governance at the Company:

1. Professional institutional training courses taken by/certification obtained by the Company's internal auditors, finance and accounting personnel:

Name	Training Course and Hours	Completion Certificate No.	Remarks
Yang, Chien-Chang	12 hours of continuous education program for principal accounting officers of issuers, securities firms, and securities exchanges	N/a (attached passed exam stamp)	Meets the statutory training hours
Zhu, Ya-Zhi	1. Subsidiary audit work - 6 hours 2. How auditors detect financial statement fraud - 6 hours	1. Issued by The Institute of Internal Auditors-Chinese Taiwan, Certificate No. 1124599 2. Issued by The Institute of Internal Auditors-Chinese Taiwan, Certificate No. 1127638	Meets the statutory training hours
Zheng, Yi-Ru	1. Self-assessment of Practical Skills, 6 hours 2. Analysis of common internal control management deficiencies and practical cases in enterprises - 6 hours	1. Issued by The Institute of Internal Auditors-Chinese Taiwan, Certificate No. 1127117 2. Issued by The Institute of Accounting Research and Development Foundation-Chinese Taiwan, Certificate No. 1064080	Meets the statutory training hours

2. Professional institutional training courses taken by/certification obtained by the Company's information security personnel:
   a. International Certified Internal Auditor: Finance Dept.: 1 person
   b. Domestic Certified Internal Auditor: Finance Dept.: 1 person
3. Courses and training taken by managerial officers of the Company:

Title	Name	Training Course	Hours
Executive Vice President of Finance Dept.	Yang, Chien-Chang	Continuous Education Program for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	12
Manager of Finance Dept.	Wu, Yu-Hui	Discussion on employee reward strategies and tool utilization" in enterprises	3
		Publicity meeting on sustainable development action plan for listed companies	3
		Risks and opportunities of climate change trends for business operations	3
		2023 Promotional conference on preventing insider trading	3
		Sustainable development practice seminar	3

4. Continuing Education for Directors:

Title	Name	Organizer	Course Title	Hours
Director	Huang, Wei-Han	Taiwan Corporate Governance Association	Discussion on employee reward strategies and tool utilization" in enterprises	3.0
			Risks and opportunities of climate change trends for business operations	3.0
Director	Wu, Yong-Ci	Taiwan Corporate Governance Association	Discussion on employee reward strategies and tool utilization" in enterprises	3.0
			Risks and opportunities of climate change trends for business operations	3.0
Director	Huang, Tsan-Ming	Taiwan Corporate Governance Association	Discussion on employee reward strategies and tool utilization" in enterprises	3.0
			Risks and opportunities of climate change trends for business operations	3.0

Director	Liu, Ming-Tan	Taiwan Corporate Governance Association	Discussion on employee reward strategies and tool utilization" in enterprises	3.0
			Risks and opportunities of climate change trends for business operations	3.0
Director	Hong, Guo-Yu	CPA Associations R.O.C. (Taiwan)	Accountant money laundering prevention supervision and practice	3.0
		Taiwan Corporate Governance Association	Risks and opportunities of climate change trends for business operations	3.0
Director	Chen, Shi-Cheng	Taiwan Corporate Governance Association	Discussion on employee reward strategies and tool utilization" in enterprises	3.0
			Risks and opportunities of climate change trends for business operations	3.0
Indepen-dent Director	Chen, Bo-Zhong	Taiwan Corporate Governance Association	Discussion on employee reward strategies and tool utilization" in enterprises	3.0
			Risks and opportunities of climate change trends for business operations	3.0
Indepen-dent Director	Yang, Chang-Xi	Taiwan Corporate Governance Association	Discussion on employee reward strategies and tool utilization" in enterprises	3.0
			Risks and opportunities of climate change trends for business operations	3.0
Indepen-dent Director	Guo, Shi-Xian	Taiwan Corporate Governance Association	Discussion on employee reward strategies and tool utilization" in enterprises	3.0
			Risks and opportunities of climate change trends for business operations	3.0
Indepen-dent Director	Huang, Min-Gong	Accounting Research and Development Foundation	How to correctly understand corporate governance evaluation indicators	3.0
			Analysis of relevant policies of "Sustainable Development Action Plan for Listed OTC Companies" and "Road Map"	3.0
			"Tax Crime" Legal Responsibilities and Case Analysis	3.0
		Taiwan Corporate Governance Association	Risks and opportunities of climate change trends for business operations	3.0

3.4.10 Internal Control System Execution Status:

1. Internal Control Statement

Hai-Kwang Enterprise Co., Ltd

Statement on Internal Control

Date: March 12, 2024

The Company states the following with regard to its internal control system during fiscal year 2023, based on the findings of its self-assessment:

1. The Company is fully aware that establishing, operating, and maintaining an internal control system are the responsibility of its Board of Directors and management. The Company has established such a system aimed at providing reasonable assurance of the achievement of objectives in the effectiveness and efficiency of operations (including profits, performance, and safeguard of asset security), the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three objectives mentioned above. Furthermore, the effectiveness of an internal control system may change along with changes in environment or circumstances. The internal control system of the Company contains self-monitoring mechanisms, however, and the Company takes corrective actions as soon as a deficiency is identified.
3. The Company judges the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinbelow, the "Regulations"). The internal control system judgment criteria adopted by the Regulations divide internal control into five elements based on the process of management control: (1) control environment (2) risk assessment (3) control activities (4) information and communications (5) monitoring activities. Each element further contains several items. Please refer to the Regulations for details.
4. The Company has assessed the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of the assessment mentioned in the preceding paragraph, the Company believes that as of December 31, 2022 its internal control system (including its supervision and management of subsidiaries), encompassing internal controls for understanding the degree of achievement of operational effectiveness and efficiency objectives, the reliability, timeliness, and transparency of reporting, and compliance with applicable norms and applicable laws, regulations, and bylaws, is effectively designed and operating, and reasonably assures the achievement of the above-stated objectives.
6. This Statement will become a major part of the content of the Company's Annual Report and Prospectus and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement has been passed by the Board of Directors Meeting of the Company held on March 12, 2024, where none of the 9 attending directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

Hai-Kwang Enterprise Co., Ltd

Chairman: Huang, Wei-Han

President: Huang, Tsan-Ming

2.If a CPA was engaged to conduct a special audit of the internal control system, its audit report shall be disclosed: None.

3.4.11 If there has been any legal penalty against the Company and its internal personnel, or any disciplinary penalty by the Company against its internal personnel for violation of the internal control system, during the most recent fiscal year or during the current fiscal year up to the publication date of the annual report, where the result of such penalty could have a material effect on shareholder interests or securities prices, the annual report shall disclose the penalty, the main shortcomings, and condition of improvement: None.

3.4.12 Major Resolutions of Shareholders' and Board of Directors Meetings in the Most Recent Year and as of the Date of Publication of this Annual Report:

1. Important Resolutions of the Shareholders' Meeting

Item	Date	Proposals	Resolutions
2023 Shareholders' Meeting	2023.06.20	1. Approval of the 2022 business report and financial statements. 2. Approval of the distribution of 2022 retained earnings. 3. Shareholders' Proposal of Cash Dividend Distribution of NT$0.2/per share. 4. Increase in capitalization through retained earnings and new shares issuance. 5. Amendments of "Procedures for Acquiring and Disposing of Assets" 6. Proposal for the 19th Election of the Company's Directors (including Independent Directors). 7. Proposal for Lifting the Non-competition clause for New Directors.	1. Approved unanimously. 2. Approved unanimously. 3. This case failed. 4. Approved unanimously. 5. Approved unanimously. 6. Resolution: Director: Huang, Wei-Han Director: Yu Zhan Investment Co. Ltd. Representative: Wu, Yong-Ci Director: You Ming Investment Co. Ltd. Representative: Huang, Can-Ming Director: Liu, Ming-Tan Director: Hai Ming Investment Co. Ltd. Representative: Chen, Shi-Cheng Director: Hai Ming Investment Co. Ltd. Representative: Hung, Guo-Yu Independent Director: Yang, Chang-Xi Independent Director: Chen, Bo-Zhong Independent Director: Guo, Shi-Xian Independent Director: Huang, Min-Gong 7. Approved unanimously.

2. Important Resolutions of the Board Meetings

Item	Date	Proposals	Resolutions
15th Meeting of the 18th term	2023.03.24	1. Approval of the 2022 business report and financial statements. 2. Approval of the distribution of 2022 retained earnings. 3. Increase in capitalization through retained earnings and new shares issuance. 4. Proposal for accountant's public expenses, appointment and independence assessment in 2023. 5. Amendments of the Company's "Self-inspection Methods for Internal Control Systems". 6. Approval of 2022 "Internal Control System Statement". 7. Proposal for the 19th Election of the Company's Directors	1. Approved unanimously. 2. Approved unanimously. 3. Approved unanimously. 4. Approved unanimously. 5. Approved unanimously. 6. Approved unanimously. 7. Approved unanimously. 8. Approved unanimously.

		(including Independent Directors). 8. Regarding the acceptance of nominations of shareholder director candidates for the Company's 2023 regular shareholders' meeting. 9. Proposal for Lifting the Non-competition clause for New Directors. 10. Proposal for personnel changes of the Company in 2023. 11. Promotion proposal for deputy director Zhang Zhengming of the Company's steel rolling mill. 12. Approval of the distribution of 2022 employees' remuneration and directors' and supervisors' remuneration. 13. Resolution of 2021 year-end bonuses for managers and employees. 14. Evaluation of the performance of directors, independent directors, and managers for the year 2022. 15. Proposal to increase the Company's loan and credit limit from First Bank Xiaogang Branch. 16. Proposal to formulate the Company's "General Principles for Pre-Approval of Uncertain Service Policies". 17. Amendments of "Procedures for Acquiring and Disposing of Assets" 18. Proposal to revise the Company's "Internal Material Information Processing Procedures". 19. Proposal to hold the 2023 Annual General Shareholders' Meeting on June 20, 2023.	9. Approved unanimously. 10. Approved unanimously. 11. Approved unanimously. 12. Approved unanimously. 13. Approved unanimously. 14. Approved unanimously. 15. Approved unanimously. 16. Approved unanimously. 17. Approved unanimously. 18. Approved unanimously. 19. Approved unanimously.
16th Meeting of the 18th term	2023.05.09	1. Approval of the Consolidated Financial Statements for the 1st Quarter of 2023. 2. List of director candidates nominated by the Board of Directors and proposal for qualification review. 3. Proposal to provide endorsements/guarantees for the subsidiary "Zheng Tung Environmental Protection Tech. Co,. Ltd.." for its renewal of loan agreements with O-Bank and Union Bank of Taiwan. 4. Proposal to dispose of the equity of Zheng Tung Environmental Protection Technology (Co., Ltd.). 5. Proposal to revise the loan limit with KGI Bank Kaohsiung Branch in 2023, and add a new derivative financial product line item to meet the needs of hedging transactions. 6. Proposal to amend the borrowing limits for Union Bank Of Taiwan Chiayi Branch loans in 2023. 7. Review shareholder proposals. 8. Additional proposals for the 2023 regular shareholders' meeting.	1. Approved unanimously. 2. Approved unanimously. 3. Approved unanimously. 4. Approved unanimously. 5. Approved unanimously. 6. Approved unanimously. 7. Approved unanimously. 8. Approved unanimously.
1th Meeting of the 19th term	2023.06.20	1. The selection of the 19th Chairman and Vice Chairman. 2. The selection of members of the 5th "Salary and Remuneration Committee" of the Company.	1. Resolution: Chairman: Huang, Wei-Han Vice Chairman: Wu, Yong-Ci 2. Resolution: Member: Yang, Chang-Xi (Convenor) Member: Chen, Bo-Zhong Member: Guo, Shi-Xian
2th Meeting of the 19th term	2023.08.09	1. Approval of the Consolidated Financial Statements for the 2nd Quarter of 2023. 2. Matters regarding the determination of the Company's ex-rights base date in 2023. 3. Integrating the Group's resources to reduce capital costs, it is planned to add a loan limit of NT$200 million to NT$350 million to its subsidiary, Zheng Tung Environmental Protection Technology (Co., Ltd.). 4. The Company leases the roof of the subsidiary company – E Chang Iron Steel Works Co. Ltd. (obtains the right-of-use assets from the related party) to build renewable energy related equipment proposals. 5. The Company's employee stock ownership trust proposal. 6. Proposal to amend the Company's [Organizational Regulations and Rules of Procedure of the Salary and Remuneration Committee]. 7. Amendments of the salary grade and job grade tables for the year 2023. 8. The Company's manager promotion and personnel changes in 2023 are planned to take effect from July 1, 2023. 9. Proposal for 2023 salary adjustment.	1. Approved unanimously. 2. Approved unanimously. 3. Approved unanimously. 4. Approved unanimously. 5. Approved unanimously. 6. Approved unanimously. 7. Approved unanimously. 8. Approved unanimously. 9. Approved unanimously. 10. Approved unanimously.

		10. To formulate [Measures for the Promotion Management of Migrant Workers]	
3th Meeting of the 19th term	2023.11.08	1. The Company plans to invest NT$210 million in the steelmaking plant and Jiaxing plant to upgrade and replace old equipment. 2. Approval of the distribution amount for 2022 managers and employees compensation. 3. Introduction of 2024 "Internal Audit Plan". 4. Approval of the Consolidated Financial Statements for the 3rd Quarter of 2023. 5. Approval of 2024 Budget for subsidiaries "Zheng Tung Environmental Protection Tech. Co,. Ltd.." and "E Chang Iron Steel Works Co., Ltd.". 6. Approval of 2024 Budget for the Company. 7. Formulation of the Company's "Sustainable Development Code of Practice". 8. Proposal to establish a "Sustainable Development Committee" under the Board of Directors and formulate the Company's "Organizational Rules of the Sustainability Development Committee" 9. Discussion proposal of the Company's "First Sustainable Development Committee". 10. Amendment to the Company's "Approval Authority List for Various Operations". 11. Proposal to update the "Operational Standards Related to Financial Business Between Related Parties". 12. Proposal to apply for a new short-term comprehensive loan quota from Banxin Commercial Bank. 13. Amendment to the renewal of loan and credit line from Shanghai Commercial and Savings Bank Qianjin Branch. 14. Proposal to authorize the Chairman to handle related loan operations for financing, guarantee, acceptance, and credit limit applications from various financial institutions.	1. Approved unanimously. 2. Approved unanimously. 3. Approved unanimously. 4. Approved unanimously. 5. Approved unanimously. 6. Approved unanimously. 7. Approved unanimously. 8. Approved unanimously. 9. Approved unanimously. 10. Approved unanimously. 11. Approved unanimously. 12. Approved unanimously.. 13. Approved unanimously. 14. Approved unanimously.

3. Implementation of Resolutions in the 2023 Annual General Meeting of Shareholders:

Resolutions in the 2023 Annual General Meeting of Shareholders（2023.06.20）	Implementation Result
Approval of the 2022 business report and financial statements.	This has been processed in accordance with the resolution of the shareholders' meeting.
Approval of the distribution of 2022 retained earnings.	This has been processed in accordance with the resolution of the shareholders' meeting.
Shareholders' Proposal of Cash Dividend Distribution of NT$0.2/per share.	This has been processed in accordance with the resolution of the shareholders' meeting.
Increase in capitalization through retained earnings and new shares issuance.	This has been processed in accordance with the resolution of the shareholders' meeting.
Amendments of "Procedures for Acquiring and Disposing of Assets"	This has been processed in accordance with the resolution of the shareholders' meeting.
Proposal for the 19th Election of the Company's Directors (including Independent Directors).	Resolution: Director: Huang, Wei-Han Director: Yu Zhan Investment Co. Ltd. Representative :Wu, Yong-Ci Director: You Ming Investment Co. Ltd. Representative :Huang, Can-Ming Director: Liu, Ming-Tan Director: Hai Ming Investment Co. Ltd. Representative :Chen, Shi-Cheng Director: Hai Ming Investment Co. Ltd. Representative :Hung, Guo-Yu Independent Director: Yang, Chang-Xi Independent Director: Chen, Bo-Zhong Independent Director: Guo, Shi-Xian Independent Director: Huang, Min-Gong

Proposal for Lifting the Non-competition clause for New Directors.	This has been processed in accordance with the resolution of the shareholders' meeting.

3.4.13 Major Issues of Record or Written Statements Made by Any Director Dissenting to Important Resolutions Passed by the Board of Directors in the Most Recent Year and as of the Date of Publication of this Annual Report: None

3.4.14 Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, President, CEO, and Heads of Accounting, Finance, Internal Audit, Corporate Governance and R&D in the Most Recent Year and as of the Date of Publication of this Annual Report: None

3.5 Information on the Company's Audit Fee

Unit: NT$ thousands

Name of Accounting Firm	Names of CPAs		Period Covered by the CPA Audit	Audit Fees	Non-Audit Fees	Total	Remarks
Deloitte & Touche Taiwan	Wang, Zhao-Qun	Wu, Chang-Jun	2023.01~ 2023.12	2,320	358	2,678	None

Non-Audit Service Items:

1. Tax attestation	180
2. Advance payment for audit fees and tax attestation	148
3. Others	30
Total	358

Note: This year, there were no circumstances listed in Subparagraph 1, Paragraph 5, Article 10 of the "Regulations Governing Information to be Published in Annual Reports of Public Companies."

3.6 Replacement of Certified Public Accountant:

3.6.1. Information regarding the former CPAs

<table>
<tr><td>Date of Replacement</td><td colspan="4">November 15, 2022 (Note)</td></tr>
<tr><td>Reason for Replacement and Explanation</td><td colspan="4">Change of the CPA's Position in the accounting Firm</td></tr>
<tr><td rowspan="3">Describe whether the Company terminated or the CPAs terminated or did not accept the engagement</td><td colspan="2">Parties
Circumstances</td><td>CPAs</td><td>The Company</td></tr>
<tr><td colspan="2">Terminated the engagement</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td colspan="2">No longer accepted (discontinued) the engagement</td><td>Not Applicable</td><td>Not Applicable</td></tr>
<tr><td>If the CPAs issued an audit report expressing any opinion other than an unqualified opinion during the 2 most recent years, specify the opinion and the reasons</td><td colspan="4">Not Applicable</td></tr>
<tr><td rowspan="4">Disagreement with the Company?</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Audit scope or steps</td></tr>
<tr><td></td><td colspan="2">Other</td></tr>
</table>

	No	V	
	Specify details		
Other disclosures (Any matters required to be disclosed under sub-items d to g of Article 10.6.A)	Not Applicable		

3.6.2. Information Regarding the Successor CPAs

Name of Accounting Firm	Deloitte & Touche Taiwan
Name of CPAs	Wang, Zhao-Qun Wu, Chang-Jun
Date of Engagement	November 15, 2022 (Note)
Subjects discussed and results of any consultation with the CPAs prior to the engagement, regarding the accounting treatment of or application of accounting principles to any specified transaction, or the type of audit opinion that might be issued on the company's financial report	Not Applicable
Successor CPAs' written opinion regarding the matters of disagreement between the Company and the former CPAs	Not Applicable

Note: The date of the formal appointment approved by the Board of Directors of the Company.

3.6.3. The reply letter from the former CPA regarding the Company's disclosures regarding the matters under Article 10.6.A and 10.6.B© of the Regulations: Not Applicable.

3.7 Information on the Company's Chairman, President, and the Managements in Charge of Its Finance and Accounting Operations Having Served in the Company's Auditing Firm or Its Affiliates in the Most Recent Year: None.

3.8 Stock Transfer or Changes to Stock Pledge of Directors, Supervisors, Managements, or Shareholders Holding More Than 10% of Company Shares in the Most Recent Year and as of the Date of Publication of this Annual Report

3.8.1. Changes in Shareholding of Directors, Supervisors, Managements, and Major Shareholders

Title	Name	Current Fiscal Year as of April 27, 2024		Fiscal Year 2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Chairman	Huang, Wei-Han	0	0	94,815	0
Vice Chairman/Representative of Juristic-person Director, Yu Zhan Investment Co., Ltd.	Wu, Yong-Ci	(18,000)	0	9,275	0
Director	Yu Zhan Investment Co., Ltd	(18,000)	0	236	0
Director	You Ming Investment Co., Ltd	0	0	640,316	0
CEO/Representative or Juristic-person Director, You Ming Investment Co., Ltd	Huang, Tsan-Ming	0	0	0	0
President/Director	Liu, Ming-Tan	0	0	58,787	0
Representative or Juristic-person Director, Hai Ming Investment Co., Ltd.	Chen, Shi-Cheng	0	0	0	0
Representative or Juristic-person Director, Hai Ming Investment Co., Ltd.	Hong, Guo-Yu	0	0	0	0
Independent Director	Yang, Chang-Xi	0	0	0	0
Independent Director	Guo, Shi-Xian	0	0	0	0
Independent Director	Chen, Bo-Zhong	0	0	0	0
Independent Director	Huang, Min-Gong	0	0	0	0
Shareholder Holding More Than 10% of Company Shares	Hai Ming Investment Co., Ltd.	0	0	2,067,203	0
Manager of Sales Dept.	Wang, Zhen-Fu	0	0	0	0
Manager of Steelmaking Dept.	Luo, Yi-Yuan	0	0	441	0

Title	Name	Current Fiscal Year as of April 27, 2024		Fiscal Year 2023	
		Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)	Shareholding increase (or decrease)	Pledged shareholding increase (or decrease)
Executive Assistant to the Chairman	Qi, Mei-Song	0	0	0	0
Senior Manager of Production Dept.	Lin, Fu-Gui	0	0	0	0
Executive Vice President of Finance Dept.	Yang, Chien-Chang	0	0	0	0
Manager of Auditing Office	Zhu, Ya-Zhi	0	0	0	0

3.8.2. Information on Transfers of Shareholding

Name	Reason for Transfer	Date of Transaction	Counterparty	Relationship between the counterparty and the Company, directors, supervisors, managerial officers, and major shareholders	No. of Shares	Transaction Price
Yu Zhan Investment Co., Ltd.	Surplus transferred to capital increase	2023.09	Surplus transferred to capital increase	None	100,236	10
Hai Ming Investment Co., Ltd.	Surplus transferred to capital increase	2023.09	Surplus transferred to capital increase	None	2,067,203	10
Huang, Wei-Han	Surplus transferred to capital increase	2023.09	Surplus transferred to capital increase	None	94,815	10
Wu, Yong-Ci	Surplus transferred to capital increase	2023.09	Surplus transferred to capital increase	None	72,275	10
Liu, Ming-Tan	Surplus transferred to capital increase	2023.09	Surplus transferred to capital increase	None	58,787	10
Luo, Yi-Yuan	Surplus transferred to capital increase	2023.09	Surplus transferred to capital increase	None	441	10
Yu Zhan Investment Co., Ltd.	Sell-out	2023.12	Open-market Transaction	None	100,000	19.73
Wu, Yong-Ci	Sell-out	2023.12	Open-market Transaction	None	63,000	20.69
Yu Zhan Investment Co., Ltd.	Sell-out	2024.04	Open-market Transaction	None	18,000	22
Wu, Yong-Ci	Sell-out	2024.04	Open-market Transaction	None	18,000	21.8

3. Information on Pledges of Shareholding: None.

3.9 Relationship Information, if among the Company's 10 Largest Shareholders Any One is a Related Party or a Relative Within the Second Degree of Kinship of Another

Name		Shareholding		Shareholding of Spouse and Minor Children		Total Shareholding by Nominee Arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
		Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
1	Hai Ming Investment Co., Ltd	43,411,277	22.81%	0	0	0	0	None	None	
	Representative: Huang, Wei-Han	1,991,130	1.05%	0	0	0	0	Relatives within the 2nd degree (Note)		
2	You Ming Investment Co., Ltd	13,446,642	7.06%	0	0	0	0	None	None	
	Representative: Huang, Xiao-Wen	1,087,529	0.57%	0	0	0	0	Relatives within the 2nd degree (Note)		
3	Zong Li Investment Co., Ltd	11,278,494	5.93%	0	0	0	0	None	None	
	Representative: Huang, Xiao-Wen	1,087,529	0.57%	0	0	0	0	Relatives within the 2nd degree (Note)		
4	Huang, Yu-Jing	5,603,063	2.94%	1,234,542	0.65%	0	0	Relatives within the 2nd degree (Note)		
5	Passion Trading Co., Ltd.	4,117,389	2.16%	0	0	0	0	None	None	
	Representative: Huang, Xiao-Wen	1,087,529	0.57%	0	0	0	0	Relatives within the 2nd degree (Note)		

Name		Shareholding		Shareholding of Spouse and Minor Children		Total Shareholding by Nominee Arrangements		Specify the name of the entity or person and their relationship to any of the other top 10 shareholders with which the person is a related party or has a relationship of spouse or relative within the 2nd degree		Remarks
		Shares	%	Shares	%	Shares	%	Name of entity or individual	Relationship	
6	Huang, Yu-Xue	2,998,847	1.58%	0	0	0	0	Relatives within the 2nd degree (Note)		
7	Huang, Yu-Yan	2,349,551	1.23%	1,436,787	0.75%	0	0	Relatives within the 2nd degree (Note)		
8	Huang, Wei-Han	1,991,130	1.05%	0	0	0	0	Relatives within the 2nd degree (Note)		
9	Yu Zhan Investment Co., Ltd	1,986,962	1.04%	0	0	0	0	None	None	
	Representative: Huang, Yu-Yan	2,349,551	1.23%	1,436,787	0.75%	0	0	Relatives within the 2nd degree (Note)		
10	Huang, Zheng-Han	1,907,147	1.00%	0	0	0	0	Relatives within the 2nd degree (Note)		

Note: Huang, Yu-Xue, Huang, Yu-Yan and Huang, Yu-Jing have a relationship of siblings. Huang, Xiao-Wen, Huang, Zheng-Han and Huang, Wei-Han have a relationship of siblings.

3.10 The Total Number of Shares and Total Equity Stake Held in Any Single Enterprise by the Company, Its Directors and Supervisors, Managerial Officers, and Any Companies Controlled Either Directly or Indirectly by the Company

As of March 31, 2024, Unit: Shares; %

Investee Enterprise (Note)	Investment by the Company		Investment by the Directors, Managerial Officers and Directly or Indirectly Controlled Entities of the Company		Total Investment	
	Shares	%	Shares	%	Shares	%
E Chang Iron Steel Works Co., Ltd.	18,502,495	84.10	0	-	18,502,495	84.10
Zheng Tung Environmental Protection Tech. Co., Ltd.	0	0	23,083,054	100.00	23,083,054	100.00

Note: This refers to investee enterprises in which the Company makes long-term investment calculated according to the equity method.

IV. Capital Overview

4.1 Sources of Share Capital

4.1.1. Sources of Share Capital

Month/Year	Issued Price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount (NT$ thousands)	Shares	Amount (NT$ thousands)	Sources of Capital	Capital Paid in by Assets Other Than Cash	Other
Note	10	350,000,000	3,500,000	172,632,878	1,726,329	-	-	-
106.9	10	350,000,000	3,500,000	181,264,522	1,812,645	Capital increase of NT$ 86,316,440 by retained earnings	-	The Financial Supervisory Commission announced the effective declaration On July 25, 2017, and the Ministry of Economic Affairs approved the registration under the letter No. 10601133140 on September 20, 2017.

112.9	10	350,000,000	3,500,000	190,327,748	1,903,277	Capital increase of NT$ 90,632,260 by retained earnings	-	The Financial Supervisory Commission announced the effective declaration On July 26, 2023, and the Ministry of Economic Affairs approved the registration under the letter No. 11230177500 on September 15, 2023.

Note: The authorized and paid-in capital remained unchanged from March 2013 to December 2024.

4.1.2.Issued Shares:

As of April 27, 2024; Unit: shares

Type of Stock	Authorized Capital			Remarks
	Outstanding Shares	Unissued Shares	Total	
Registered Common Shares	190,327,748	159,672,252	350,000,000	Shares of a Listed Company

4.1.3.Information Relating to the Shelf Registration System: Not Applicable

4.2 Structure of Shareholders

As of April 27, 2024

Shareholder Composition / Quantity	Government Agencies	Financial Institutions	Other Legal Entities	Individuals	Foreign Institutions and Foreign Individuals	Total
No. of Shareholders	0	3	19	21,231	51	21,304
No. of Shares Held	0	295,534	75,207,734	111,320,794	3,503,686	190,327,748
Shareholding Ratio (%)	0	0.155	39.515	58.489	1.841	100

Note: The Company doesn’t have Mainland China investors.

4.3 Shareholding Distribution Status

4.3.1. The par value per share of common stock is NT$10.

As of April 27, 2024

Range of No. of Shares Held	No. of Shareholders	Shareholding (shares)	Shareholding (%)
1 ~ 999	3,461	592,369	0.31
1,000 ~ 5,000	13,394	26,357,207	13.85
5,001 ~ 10,000	2,448	16,728,269	8.79
10,001 ~ 15,000	921	10,621,004	5.58
15,001 ~ 20,000	338	5,950,286	3.13
20,001 ~ 30,000	339	7,905,618	4.15
30,001 ~ 40,000	148	5,058,014	2.66
40,001 ~ 50,000	74	3,317,833	1.74
50,001 ~ 100,000	105	7,218,814	3.79
100,001 ~ 200,000	41	5,267,822	2.77
200,001 ~ 400,000	14	3,959,716	2.08
400,001 ~ 600,000	5	2,426,136	1.27
600,001 ~ 800,000	3	2,075,300	1.09
800,001 ~ 1,000,000	0	0	0.00
Above 1,000,001	13	92,849,360	48.79
Total	21,304	190,327,748	100.00%

4.3.2. Preferred Shares: None.

4.4 Major Shareholders

As of April 27, 2024

Shares / Names of Major Shareholders	Shareholding (shares)	Shareholding (%)
Hai Ming Investment Co., Ltd	43,411,277	22.81%
You Ming Investment Co., Ltd	13,446,642	7.07%
Zong Li Investment Co., Ltd	11,278,494	5.93%
Huang, Yu-Jing	5,603,063	2.94%
Passion Trading Co., Ltd.	4,117,389	2.16%
Huang, Yu-Xue	2,998,847	1.58%
Huang, Yu-Yan	2,349,551	1.23%
Huang, Wei-Han	1,991,130	1.05%
Yu Zhan Investment Co., Ltd	1,986,962	1.04%
Huang, Zheng-Han	1,907,147	1.00%

4.5 The Share's Market Price, Net Value, Earnings and Dividend Policy for the Past Two Years

Unit for Earnings (Losses) Per Share: NT$

<table>
<tr><th colspan="3">Fiscal Year
Item</th><th>2022</th><th>2023</th><th>Current Year to March 31</th></tr>
<tr><td rowspan="3">Market Price Per Share</td><td colspan="2">Highest</td><td>36.5</td><td>24.65</td><td>24.28</td></tr>
<tr><td colspan="2">Lowest</td><td>17.10</td><td>16.70</td><td>21.67</td></tr>
<tr><td colspan="2">Average</td><td>24.94</td><td>19.94</td><td>22.93</td></tr>
<tr><td rowspan="2">Net Value Per Share</td><td colspan="2">Before Distribution</td><td>20.16</td><td>19.44</td><td>19.61</td></tr>
<tr><td colspan="2">After Distribution (Note 1)</td><td>20.16</td><td>(Note 1)</td><td>(Note 1)</td></tr>
<tr><td rowspan="3">Earnings (Losses) Per Share</td><td colspan="2">Weighted Average Shares (thousand shares)</td><td>181,265</td><td>190,328</td><td>190,328</td></tr>
<tr><td rowspan="2">Earnings (Losses) Per Share (Note 2)</td><td>Before Retrospective Adjustments</td><td>1.11</td><td>0.28</td><td>0.24</td></tr>
<tr><td>After Retrospective Adjustments</td><td>1.10</td><td>(Note 1)</td><td>(Note 1)</td></tr>
<tr><td rowspan="4">Dividends Per Share</td><td colspan="2">Cash Dividends</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="2">Stock Dividends</td><td>Dividends from Retained Earnings</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Dividends from Capital Reserve</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td colspan="2">Accumulated Undistributed Dividends</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td rowspan="3">Return on Investment Analysis</td><td colspan="2">Price/Earnings Ratio</td><td>21.5</td><td>71.21</td><td>95.54</td></tr>
<tr><td colspan="2">Price/Dividend Ratio</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td colspan="2">Cash Dividend Yield</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Note 1: There is no plan to distribute dividends to shareholders in 2023. The profit distribution proposal has been approved by the Board of Directors and is pending approval by the 2024 Annual Shareholders' Meeting.

Note 2: Retrospective adjustments are required because of issuance of stock dividends, new share issue through employee bonus and conversion of convertible corporate bonds into common shares.

Note 3: Price/earnings ratio = average closing price per share for the year / earnings per share.

Note 4: Price / dividend ratio = average closing price per share for the year / cash dividends per share.

Note 5: Cash dividend yield = cash dividend per share / average closing price per share for the year.

4.6 Dividend Policy and Implementation Status

4.6.1. Dividend Policy: In compliance with the amendments to the Company Law, the dividend policy for this year is based on Article 23-1 and Article 23-2 of the amended "Articles of Incorporation" proposed by the Board of Directors. Please refer to the following Earnings Distribution Table for the relevant articles.

4.6.2. Attached herewith is the Earnings Distribution Table proposed by the Board of Directors on March 12, 2024, as follows:

Unit: NTD

Item	Amount	
Unappropriated earnings, beginning balance		$271,324,611
Add: Net income of 2023	53,315,768	
Less: Actuarial Benefit for 2023 included in the retained earnings	(860,662)	
Less: Appropriation for legal capital reserve 10%	(5,245,511)	47,209,595
Distributable earnings for the current period		318,534,206
Distribution Items		
Stock Dividends (NT$0/per share)		0
Unappropriated earnings, ending balance		$318,534,206
Article 23-1:If the company has recorded earnings in the final reports, it shall be handled in according to the preceding article. After paying taxes as well as making up for accumulated losses according to the law, 10% shall be raised as appropriation for legal capital reserves, and the remaining shall be set aside in compliance with the relevant laws and regulations or appropriated as special reserves. If there is still remaining balance after the aforementioned allocations, it will be combined with the unappropriated earnings, and the board of directors will prepare a profit distribution proposal for distribution of shareholder dividends and submit to the shareholders' meeting for approval. In response to its capital needs for major capital expenditures, the Company does not plan to pay dividends to shareholders.		

Note:When adopting IFRS for the first time, unrealized revaluation increments and cumulative translation adjustments (profit) were not transferred to the special reserve for revaluation surplus and were used to offset losses in subsequent years. In the year(s) following the elimination of the reasons for the original provision of the special reserve for revaluation surplus, any shortfall should be made up before distributing profits.

4.7 Impact of the Proposed Bonus Shares on the Company's Operating Performance and Earnings per Share: Not Applicable.

4.8 Remunerations of Employees, Directors and Supervisors

4.8.1.Information Relating to Remuneration of Employees and Directors in the Company's Articles of Incorporation:

The Article 23 of the Company's Articles of Incorporation is as follows: If the Company makes profits in a year, it shall allocate 2% to 3% for employee remuneration, which shall be distributed by the Board of Directors in the form of stocks or cash. The recipients include employees of subsidiary companies who meet certain conditions, and up to 3% shall be set aside for directors' remuneration, which shall be distributed in cash by the Board of Directors. The distribution of employee and director remuneration shall be reported to the shareholders' meeting. However, if the Company still has accumulated losses, the amount necessary for offsetting such losses shall be reserved in advance, and employee and director remuneration shall be allocated in accordance with the above ratio.

4.8.2.Basis for estimating the amount of employees' and directors' remuneration, and accounting treatment for discrepancies between the actual and estimated distributed amount for the period:

As there was a profit for the fiscal year 2023, according to the Company's Articles of Incorporation and the Board of Directors' resolution, employee and director remuneration were distributed. If there were significant changes to the amounts distributed due to a resolution passed by the Board of Directors prior to the publication of the annual financial statements, the adjustments to the expenses of the year in which the original provision was made would be made. If there were still changes in the amounts after the publication date of the annual financial statements, the changes would be handled according to accounting estimates and adjusted in the following year's accounts.

The earnings distribution plan for the year 2023 is still pending approval at the Annual General Shareholders' Meeting. The meeting is scheduled to be held on June 25, 2024.

4.8.3.Information on proposal of remunerations distribution of employees and directors:

Distribution of Remuneration of Employees and Directors for 2023 Approved in the Board Meeting on March 12, 2024:

Unit: NT$ thousands

	Employees' Remuneration	Directors' Remuneration
Amounts approved by the Board of Directors (All Distributed in Cash)	$ 1,934	$1,934
Amounts recognized in the Annual Consolidated Financial Statements	$ 1,934	$1,934

If there are still changes in the amount after the release of the 2023 Annual Consolidated Financial Statements, the difference will be processed according to accounting estimates and included in the profit and loss adjustment of the 2024 fiscal year.

4.8.4.Information of 2022 Distribution of Remuneration of Employees and Directors (with an indication of the number of shares, monetary amount, and stock price, of the shares distributed) and, if there is any discrepancy between the actual distribution and the recognized employee and director remuneration, additionally the discrepancy, cause, and how it is treated:

	Actual Distribution in 2023	Amount Recognized in 2022	Difference
Remuneration for Employees	8,450	8,450	0
Remuneration for Directors	8,450	8,450	0

4.9 Buyback of Treasury Stock: In the most recent year and up until the date of publication of this annual report, the Company has not repurchased any of its own shares.

4.10 Corporate Bonds: None.

4.11 Preferred Shares: None.

4.12 Global Depository Receipts: None.

4.13 Employee Stock Options and Employee Restricted Stock: None.

4.14 Issuance of New Shares for Acquisition or Exchange of Other Companies' Shares: None.

4.15 Financing Plans and Implementation: None.

V. Operational Highlights

5.1 Business Activities

5.1.1 Business Scope

1. Business Scope

CA01010 Iron and Steel Refining

CA01020 Iron and Steel Rolls over Extends and Crowding

CA01030 Steel Casting

CA01070 Scrapped Car and Boat Dismantling and Scrap Iron and Steel Metal Processing

C901990 Other Non-Metallic Mineral Products Manufacturing

CA02990 Other Metal Products Manufacturing

CA01990 Other Non-ferrous Metal Basic Industries

F401010 International Trade

ZZ99999 Any other businesses that are not prohibited or restricted by law, except for businesses requiring special approvals

2. Revenue Breakdown

Individual — Unit: NT$ thousands

Main Item	Revenue	Ratio (%)
Steel billet and rebar manufacturing and sales	9,114,987	98.47
Manufacturing and sales of wire rods such as coil, black iron wire, etc.	29,069	0.31
Rebar cutting, bending, shaping, and wire processing	113,188	1.22

Consolidated — Unit: NT$ thousands

Main Item	Revenue	Ratio (%)
Steel billet and rebar manufacturing and sales	9,114,268	97.32
Manufacturing and sales of wire rods such as coil, black iron wire, etc.	29,069	0.31
Rebar cutting, bending, shaping, and wire processing	221,752	2.37

3. The current product (service) offerings of the company include: steel billets, steel bars, iron wires, annealed wires manufacturing and trading, and processing services.
4. The newly planned product (service) to be developed is the outsourcing of surface treatment processes for fasteners.

5.1.2 Industry Overview

1. Current situation and development of the industry:

In 2023, the global raw material market (such as iron ore and coal) Although the central banks of major economies have suspended interest rate hikes, core inflation remains sticky and global high interest rates will continue for some time. Therefore, raw material prices are hovering at low levels, and the price trend of steel products has been revised downwards. In particular, it remains to be carefully observed how the uncertainty of geopolitical risks such as the Russia-Ukraine war, the Israeli-Palestinian conflict and the Red Sea crisis, as well as the entry into force of the EU's CBAM and global net-zero emissions requirements will affect steel costs in the future. The current state of the industry has the following characteristics:

(1) Perspective of demand:

In the second half of 2022, the main challenge is that the US Federal Reserve (Fed) raised interest rates a total of seven times to curb inflation, and central banks around the world followed suit, resulting in higher loan interest rates, lower housing demand, higher holding costs for construction funds, lower motivation for developers to increase building cases, and lower raw material prices, leading to a decline in steel-related product prices. The overall economic environment is not conducive to the growth of steel demand.

In early 2023, the global economic situation was not as good as expected due to the post-epidemic recovery in mainland China, and the spillover of its excess steel production capacity further affected the global steel market. The high-end interest rate environment in 2024 is not conducive to real estate and manufacturing, but infrastructure investment has shown positive development trends in many countries. Meanwhile, the chaos in the geopolitical and economic situation also hides many uncertain factors in the steel market in 2024. The forecast report (2023-2024) released by the World Steel Association (Worldsteel) in October 2023 shows that the global steel demand will continue to grow by 1.9% in 2024, taking into account the delayed effects of tightening monetary policy, with a total weight of 18.49 billion tons.

(2) Perspective of Supply:

According to the statistics of the World Steel Association (Worldsteel), the total crude steel production of major steel-producing countries in the world in 2023 was 1.891 billion tons, a decrease of 0.09% from 1.890 billion tons in 2022. The production and annual growth rate of the top five crude steel-producing countries in 2023 were: China (1.019 billion tons, balance), India (140 million tons, up 12.04%), Japan (87 million tons, down 2.5%), the United States (81 million tons, up 1.06%), and Russia (76 million tons, up 5.97%). In addition, Taiwan (19 million tons, down 7.94%), Ukraine (6 million tons, down 0.57%), and South Korea (67 million tons, up 1.27%).

Among the top five crude steel-producing countries in 2023, only India’s crude steel production increased by 12.04%. India has abundant iron ore reserves but lacks coking coal for steelmaking. Therefore, India recently signed a free trade agreement with Australia, which helps India import coking coal and promote the development of the steel industry.

In order to support economic growth and revitalize the sluggish real estate industry, the Chinese government unfortunately did not actually implement its "levelling control policy" (regulated crude steel production to not exceed previous year's level) in 2023. Therefore, China's crude steel production is balance compared to 2022.

Japan's crude steel production declined by 2.5%. Nippon Steel Corp. announced in 2021 that it would close one of Japan's largest blast furnaces and production lines and shift to green energy development. This is part of a five-year plan to reduce production capacity by 20% in the face of continuous oversupply and environmental pressures. They are considering using a 300-ton electric arc furnace (EAF) to achieve carbon reduction goals.

The crude steel production in South Korea has declined by 6.47% in 2022. Due to the low base period, the growth rate is 1.27% in 2023. In order to strengthen the implementation of carbon reduction policies, POSCO Pohang Steelworks in South Korea decided to permanently close Pohang No.1 blast furnace by the end of December 2021, reducing the annual supply of crude steel by approximately 1 million metric tons. In 2022, Typhoon Hinnamnor struck South Korea, causing a large fire at POSCO Pohang Steelworks and flooding of some of its facilities and power equipment. In 2023, crude steel output increased slightly due to economic recovery after the floods.

Therefore, There are signs of gradual recovery in supply and demand, but price changes in the entire steel market are still affected by uncertain factors such as EU's CBAM and geopolitics.

(3) Impact of the US-China trade dispute on the global economy:

According to the US Department of Commerce statistics in 2023, the US trade deficit with China expanded by $44.3 billion, an increase of 11.57%, to $427.2 billion, the largest deficit since 2010. The latest assessment report by the US Trade Representative's Office (USTR) states that the US needs to seek new strategies and update its domestic trade tools to address "China's government-led non-market policies and practices." This includes addressing issues such as subsidies, overcapacity, intellectual property theft, standards, cybersecurity, data localization requirements, restrictions on cross-border data transfers, competition policy regulations and regulatory transparency, and intellectual property, technology transfer, and service market access. It can be expected that the US-China trade dispute will continue to affect global economic development.

(4) Impact of the Russo-Ukrainian War:

On February 24, 2022, Russia officially declared war on Ukraine. Both Russia and Ukraine are major producers of steel, with an annual crude steel production of about 100 million tons according to the World Steel Association (Worldsteel). They export over 40 million tons of steel annually, mainly to Europe and Asia. Russia's major export items include scrap steel, hot-rolled steel, and steel billets, while Ukraine exports flat steel billets and hot-rolled steel. The international steel balance was disrupted due to the conflict, forcing Europe to seek alternative sources from Asia, where steel prices were already high and became even more scarce. However, Europe’s import limits on Asian steel due to tariff protection, together with the boost in American steel sales to Europe, meant that the Asian and American steel markets were both affected and quickly pushed up prices. On the other hand, Russia is the second-largest natural gas producer, the third-largest oil producer, and the sixth-largest coal producer in the world. The global imbalance between supply and demand of energy and commodities has caused a surge in prices due to the war, leading to a significant increase in European steel production costs. While short-term steel prices were affected by the cost, in the long run, companies from all countries need to invest more resources in research and development to achieve carbon neutrality, supporting long-term steel prices, and making it difficult for low steel prices to reappear.

The protracted war between Russia and Ukraine has caused inflationary pressure to become more persistent than expected. After the Federal Reserve (Fed) of U.S. raised interest rates in the second half of 2022, central banks around the world tightened simultaneously to curb inflation. The tightening policy on global monetary and financial conditions has continued without cutting interest rates, which has had an impact on global economic recovery and sluggish demand, consumption and investment.

2.Relationship with Upstream, Midstream and Downstream Companies:

(1) Upstream: The Company’s products, rebars, belong to the category of long steel products in the steel industry. The main semi-finished product is square billets. However, regardless of whether it is a long steel or a flat steel manufacturer, the production of billets requires the steelmaking process to produce square billets or square billets. Steelmaking can be divided into blast furnace steelmaking and electric furnace steelmaking. The main raw material for blast furnace steelmaking is iron ore, and the main raw material for electric furnace steelmaking is scrap steel. However, the self-sufficiency rate of raw materials required for steelmaking in Taiwan is insufficient, and scrap steel and iron ore often need to rely on imports. Once there are fluctuations in upstream raw materials, it will inevitably affect the cost of the midstream and downstream of the Taiwan steel industry. The proportion of raw material costs has a significant impact on the gross profit of steel industry companies, thus limiting the development of midstream and downstream industries in Taiwan.

(2) Midstream: The products in the midstream of the steel industry belong to the category of carbon steel, including cold and hot-rolled steel coils, rebars, wire rod coils, and bar-in-coil. As for stainless steel, it includes cold and hot-rolled stainless-steel coils, stainless steel wire rods, stainless steel sections, and subsequent cutting and processing as well as pipe making. Using general steel billets as raw materials, after rolling, they are made into coils that can be further processed to produce downstream products such as screws, nuts, and steel wires.

(3) Downstream: It includes various metal products, machinery and equipment, transportation tools, moulds, screws and nuts, steel wires and cables, industrial facilities, and various steel materials required for construction projects.

The upstream, midstream, and downstream of the steel industry are inseparable, and the prices are interdependent.

3.Product Development Trends and Competition:

The steel industry is known as the mother of industries. As mentioned earlier, the downstream products are diverse, and the biggest threat to Taiwan has always been the low-priced steel from mainland China. Therefore, the industry trend must move towards developing high-value-added products and actively participating in the development of multiple fields such as infrastructure, engineering export, new material development, automobiles, aerospace, cloud computing, medical care, and electric vehicles to promote the transformation and upgrading of the steel industry. On the other hand, with the rise of environmental awareness, domestic steel producers should accelerate their energy-saving and carbon-reducing efforts, focus on corporate social responsibility and the interests of stakeholders, and respond to the threat of foreign competition.

5.1.3 Technology and Research & Development Overview:

1. R&D expenses incurred and technology or products successfully developed during the most recent year and up to the date of publication of the annual report:

Research and development plan	Current progress	Investment amount	Main benefits
Electric arc furnace power consumption	Continuous improvement in power consumption	80 million	After improvement, power consumption has been reduced by 70 kWh/ton of steel billet, and will continue to strive towards the target of reducing it by 100 kWh/ton of steel billet.

2. Future R&D and transformation plans:

R&D plan	Expected benefits	Future budget allocation
Improvement of efficiency and energy consumption in steel rolling mills	Increase in rebar production by 10%, energy consumption reduced by 10%	50 million
Improvement of electric arc furnace power system	Increase in steel billet production by 3% and reduce power consumption by 5% per ton of steel billet	60 million

5.1.4 Short-Term and Long-Term Business Development Plans

1. In the short term, the Company will adjust the production capacity and specifications flexibly according to market demand, stabilize product quality, improve service levels, and increase customer satisfaction.
2. Improve warehouse space and shipping methods to increase shipping efficiency and reduce finished product inventory for each size.
3. Through the subsidiaries, the Company will enter the fastener production process, including heat treatment, electroplating, and paint baking, providing outsourcing services to increasing revenue.

5.2 Market and Sales Overview

5.2.1 Overall Economic Environment and Market Overview

1. International Economic Environment
In addition to the impact of the Russo-Ukrainian War, the tightening of US monetary policy may have some negative effects on emerging economies through the financial market. In addition, mainland China, which accounts for about half of the world's steel consumption, has been hit hard by the epidemic as the lockdowns affect the demand for steel in the real estate and manufacturing industries. Mainly due to the fact that the post-epidemic economic recovery was not as good as expected, coupled with the debt crisis in the real estate industry and weak domestic consumption, authorities concerned immediately released corresponding policies, including "replacing old ones with new ones and relaxing home purchase restrictions" to stabilize the economy of mainland China.
The global economy still faces many risks, including the follow-up development of US-China trade and technology disputes, the Russo-Ukrainian War causing European energy crisis that may drag down the global economy, the uncertainty of the global impact of the Israeli-Palestinian conflict and Red Sea crisis, the simultaneous increase of interest rates by global central banks may expand the degree of global economic slowdown and affect financial stability, geopolitical risks affecting supply chain layout, extreme weather, and energy transformation may all contribute to inflation and affect the global economy.

2. Domestic Economic Environment and Market Overview
After the epidemic in Taiwan in 2023, the number of people shopping, traveling, dining, going abroad and consumption increased significantly, stimulating a revival of the tourism, hotel and catering industries. The Central Bank pointed out that there are still many uncertainties affecting Taiwan's economic growth, including the ongoing Russo-Ukrainian War, rising global inflation pressures, the tightening of the US major economy's monetary policies and geopolitical risks. These four factors will all impact Taiwan's domestic prices, economy, and financial situation.
Looking ahead to 2024, the World Bank predicts global economic growth of 2.4%, lower than the 2.6% growth in 2023. In January 2024, the International Monetary Fund (IMF) released the "World Economic Outlook" report, which indicated that the economic losses resulting from the Russo-Ukrainian conflict would significantly slow

global economic growth in 2023 and intensify inflation, with a predicted global economic growth rate of 3.1% in 2024, is balance of 2022. The Central Bank predicts Taiwan's economic growth rate to be 3.12% in 2024, while the Directorate-General of Budget, Accounting and Statistics (DGBAS) predicts 3.43%, and the Taiwan Institute of Economic Research (TIER) predicts 3.15%. However, uncertainties such as the development of the COVID-19 pandemic and national policies, as well as the increase in international raw material prices caused by the Russo-Ukrainian war, the Israeli-Palestinian conflict and Red Sea crisis bring greater inflationary pressures and uncertainty to economic growth.

Table 1 Predictions of World Economic Growth Rate by Major Institutions

Unit: %

		World Bank			IMF		
		2023(e)	2024(f)	2025(f)	2023(e)	2024(f)	2025(f)
Global	GDP	2.6	2.4	2.7	3.1	3.1	3.2
Advanced Economies	GDP	1.5	1.2	1.6	1.6	1.5	1.8
US	GDP	2.5	1.6	1.7	2.5	2.1	1.7
EU	GDP	0.4	0.7	1.6	0.5	0.9	1.7
Japan	GDP	1.8	0.9	0.8	1.9	0.9	0.9
Emerging and Developing Economies	GDP	4.0	3.9	4.0	4.1	4.1	4.2
China	GDP	5.2	4.5	4.3	5.2	4.6	4.1

Note: (e) denotes estimated values; (f) denotes forecasted values.
Sources: 1. World Bank, *Global Economic Prospects*, January 2024。
2. IMF, *World Economic Outlook Update*, January 2024。

Table 2. Predictions of Taiwan Economic Growth Rate by Major Institutions

Unit: %

		Directorate-General of Budget, Accounting and Statistics (DGBAS)		Central Bank		Taiwan Institute of Economic Research (TIER)	
		2023	2024(f)	2023(f)	2024(f)	2023(f)	2024(f)
Taiwan	GDP	1.31	3.43	1.40	3.12	1.43	3.15

Note: (e) denotes estimated values; (f) denotes forecasted values.
Sources: 1. Directorate-General of Budget, Accounting and Statistics (DGBAS) press release, February 29, 2024.
2. Summary of Monetary Policy Meeting of the 20th Board of Directors and Supervisors Joint Meeting of the Central Bank, December 14, 2023.
3. Taiwan Institute of Economic Research (TIER) press releases, November 8, 2023, and January 26, 2024.

According to the latest statistics from the Ministry of the Interior, the number of building transactions in Taiwan in 2023 was 307,000 units, the first decline in nearly four years, and a new low in nearly four years, with an 3.5% year-on-year decrease. The housing market in 2023 became more conservative due to various factors, In the first half of 2023, the buying sentiment in the housing market became more conservative. However, in the second half of the year, the government launched "New Preferential Housing Loans for the Youth", which led to the number of housing purchases and transfers in the first quarter of 2024 to 81,000, representing the second highest number in 13 years. Coupled with rising electricity prices, carbon tax levies, and the expectation of a sharp increase in housing construction costs, the market generally expects that housing prices will continue to rise in the future.

"The Forward-looking Infrastructure Development Program" is a revitalization plan passed by the Taiwanese government in 2017, including the implementation of green energy, digital, water environment, rail and urban and rural construction, and is expected to invest a special budget of NT$840 billion within eight years. Benefiting from the US-China trade war, the continued increase in production costs in mainland China, the implementation of CRS (Common Reporting Standard) in 2017, and the passage of the special law on the repatriation of overseas funds in 2019, Taiwanese business capital accelerated its return to the island in 2020-2021 (after the COVID-19 epidemic). In addition, major international electronics manufacturers have invested in setting up factories in Taiwan, and developers have built shopping malls along the MRT and high-speed rail lines. With the rise of one-day living areas in Taiwan's western corridor, the "rail economy" has driven the housing market to continue to boom in the first quarter of 2024. Thus, the network also helps the real estate market to eliminate the backlog of surplus houses for many years. In particular, the transactions of land and houses in emerging rezoning areas developed around MRT and high-speed rail tracks show a phenomenon of high price and volume.

The first three phases of "the Forward-looking Infrastructure Development Program" are major public construction projects from 2017 to 2023, including: underground or elevated railways in Taoyuan, Chiayi, and Tainan; MRT and light rail construction or construction in Taoyuan, Taichung, Tainan, and Kaohsiung or its extension projects; as well as sightseeing railways, road quality improvement, comprehensive flood control management of rivers, drainage and coastal protection, rainwater sewers, farmland drainage, ponds, river roads and provincial highway bridge reconstruction in the central and southern regions. Due to the important progress and results in the implementation of the above-mentioned plans, the demand for steel for public works has increased significantly.

The Forward-looking Infrastructure Development Program will enter its Fourth Stage (2023-2024) in 2024 and a special budget of NT$209.8 billion was approved in December 2022. The government will actively meet the key demands of new industries, new technologies, and new lifestyle trends both domestically and internationally, and continue to invest in the five plus two innovative industries of green energy, next-generation semiconductors, IoT, AI, 5G, and cybersecurity, as well as the six core strategic industries, to enhance the country's competitiveness and move towards becoming a smart nation. At the same time, funds will be injected into various urban and rural construction projects to promote balanced regional development and create a happy home for the people. Appropriate guidance and assistance will also be provided to improve the execution of the program budget, drive economic growth, and create more favorable conditions for the development of the steel reinforcement industry. The surface consumption statistics are shown in Table 3.

<Table 3> Surface Consumption of Rebar/Bar Steel Statistics Table

Unit: thousand metric tons

	2022	2023
Surface Consumption of Rebar	6,215	6,562
Year-on-year Growth Rate of Rebar	2.51%	5.58%
Surface Consumption of Bar Steel	9,107	8,790
Year-on-year Growth Rate of Bar Steel	-7.52%	-3.48%

Source: Compiled and summarized by the Taiwan Steel and Iron Industries Association.

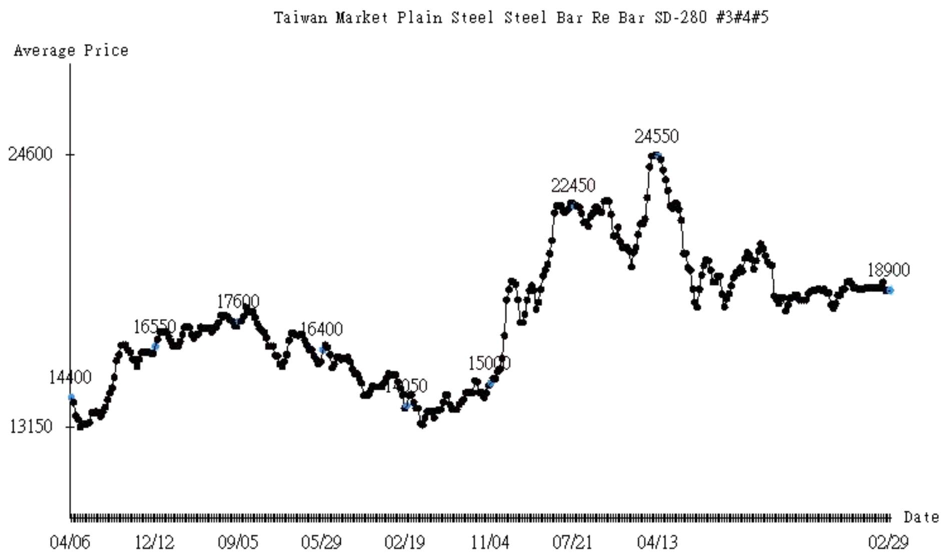
3. Market Price

With the easing of the pandemic and various countries launching stimulus policies, such as expanding infrastructure and developing the electric vehicle industry, it has led to active demand for various metals, iron ore, and other raw materials. On the other hand, due to carbon reduction requirements, climate, and the Russo-Ukrainian War, major international mining companies have reduced their supply. The supply shortage has driven the prices of iron ore, nickel, copper, and other raw materials up in the first half of 2022. However, in the second half of 2022 and 2023, global steel demand slowed down, causing prices to fall. According to the World Steel Association (Worldsteel)'s forecast, global steel demand may slightly increase by 1.9% to 1.8491 billion tons in 2024. China's steel consumption is expected to remain stable or slightly increase, but the global iron ore supply will remain loose. Therefore, the prices of related raw materials may be relatively stable with little fluctuation in the first half of 2024. The

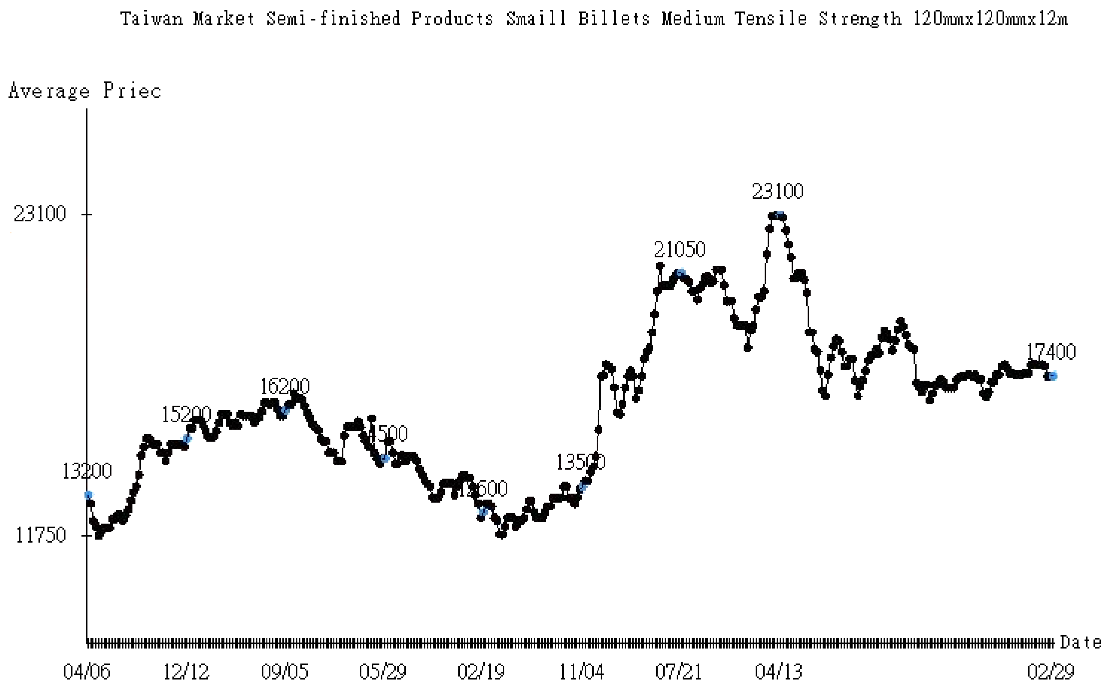
Company belongs to the bar steel industry, and the following (Table 4) shows the price trends of finished products (rebar), semi-finished products (steel billets), and raw materials (scrap steel) from April 2017 to February 2024.

<Table 4> Price Trend (April 2017 ~ February 2024)   Source: Steel World website

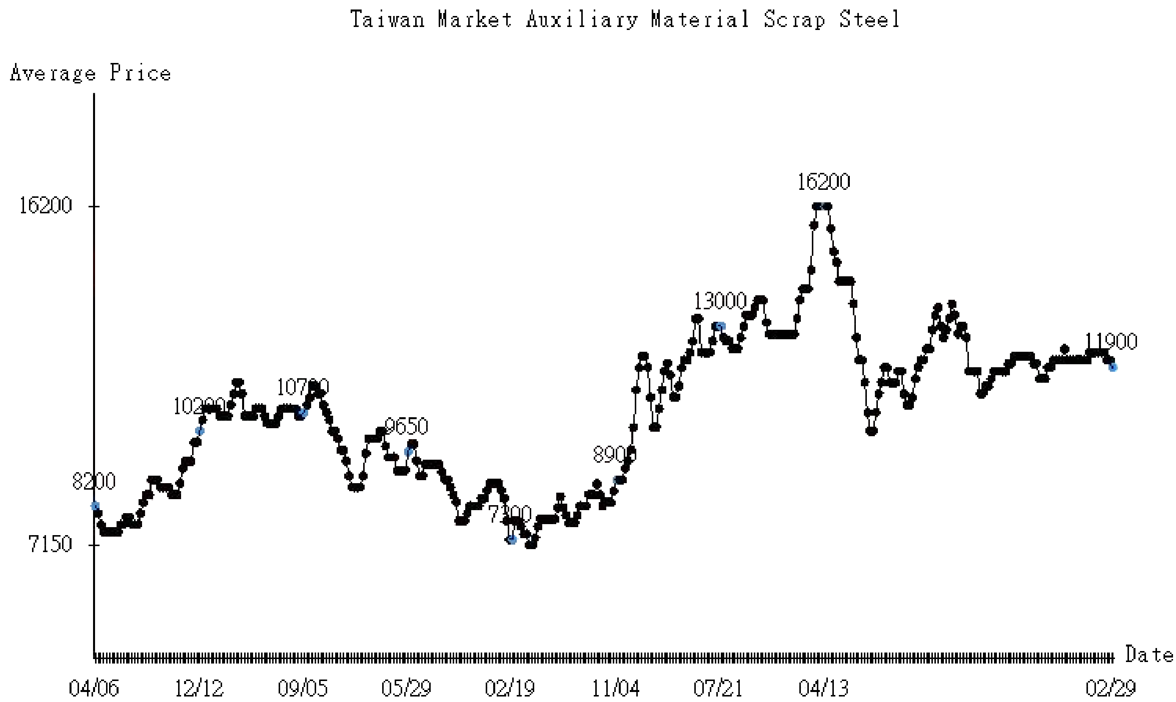
<Table 4-1> Price Trend for Plain Steel, Bar Steel and Rebar



<Table 4-2> Price Trend for Semi-finished Products, Small Billets, and Medium Tensile Strength



<Table 4-3> Price Trend for Scrap Steel



5.2.2 Market Analysis

1. Sales (Provision) Regions of Main Products (Services)

   The Company's sales and cutting and processing services for rebar are 100% in the domestic market. Although the Company has stable quality, good reputation and has obtained certifications from multiple countries (regions). In recent years, the Company's export volume of rebar was even among the best in Taiwan. In recent years, the international steel market has been disrupted by low-priced products from mainland China, so the Company moved all sales to the domestic rebar market. Moreover, the domestic rebar market is already mature and stable, and the market could still grow steadily in the past two years with few domestic competitors. With the freight and certification costs added, there is almost no possibility of import from international competitors. Therefore, the current sales strategy Is mainly to Increase the market share of domestic sales, while the export strategy will be adjusted based on the difference in steel prices between domestic and international markets, and to seize opportunities accordingly.

2. Market Share and Future Supply-Demand Situation, Growth Potential

   (1) Market Share

   In recent years, the Company's sales volume of rebar has accounted for about 8% to 9% of the domestic rebar consumption market. Currently, we are striving to increase the production capacity of the steel mill to an annual output of 600,000 tons to regain our target market share of 10% to 12% as in the past.

(2) Future Supply-Demand Situation, Growth Potential, Competitive Advantage, and Development Prospects in the Market

Future supply-demand situation and growth potential

The global demand for steel was impacted by the Russo-Ukrainian War. According to the latest forecast by the World Steel Association (Worldsteel), the global demand for steel is expected to increase slightly by 1.9% to 1.8491 billion tons in 2024. Regarding the supply of steel, China is continuously implementing the "production control policy". World Steel Dynamics (WSD) predicts that global crude steel production in 2024 will be 1.908 billion tons, a increase of 1.1% from 2023. Among them, due to the current economic development and the impact of the "levelling control policy" in mainland China, WSD predicts that China's crude steel production will decrease by 1.5% in 2024, totalling 1.025 billion metric tons. Although the rebar industry the Company is in is a domestic demand-oriented industry, it is also a relatively less affected industry. With the Forward-looking Infrastructure Development Program and the return of Taiwanese businesses, it is expected to drive a wave of domestic demand for steel in public engineering and related construction projects.

Looking ahead to 2024, the following analysis explains the favorable and unfavorable factors in the future steel market:

Favorable Factors

A. In 2024, benefiting from the slowdown in interest rate hikes by the world's major central banks, active infrastructure investment by major countries, and the end of the cycle of manufacturers destocking, the overall economic situation generates positive momentum for industries such as manufacturing and housing markets, while stimulating steel demand in related industries.

B. Due to the US-China trade war and the COVID-19 pandemic, Taiwanese businesses have returned to Taiwan to establish factories, and the construction of the Forward-looking Infrastructure Development Program has gradually increased Taiwan's consumption of rebar in the past two years. According to the Ministry of the Interior's statistics, A total of 146,000 residential building licenses was issued in Taiwan in 2023, which is a 19% decrease from 2022 due to a higher base period. the number of residential construction licenses issued in 2023 has exceeded 140,000 households for five consecutive years, which is also the largest number since 1995. The demand for steel in the future real estate and public constructions can be expected.

Unfavorable Factors

A. In terms of production capacity, in recent years, integrated steel manufacturers such as Feng Hsing and Tung Ho have successively updated or increased equipment and production capacity. With limited increase in domestic demand for rebar, market competition is quite fierce.

B. In terms of cost, the prices of international oil and gas energy, coal and iron, alloy iron and bulk commodities have soared due to the Russia-Ukraine war since the first half of 2022. In the second half of 2022, after the U.S. Federal

Reserve (Fed) began to raise interest rates and various central banks carried out simultaneous tightening, the prices of raw materials finally stopped rising and stabilized. Looking back on 2023, uncertain geopolitical risks such as the Russian-Ukrainian war reaching a stalemate, the ongoing conflict between Israel and Palestine, and the Red Sea crisis will eventually affect the future direction of steelmaking costs in steel plants. However, how to control costs during this turbulent period will be the challenge faced by the steel industry.

Competitive Advantage

A. Integrated Steelmaking and Rolling: The Company owns two electric arc furnaces with a total production capacity of approximately 600,000 to 650,000 tons. The integrated operation from steelmaking to rolling has a cost advantage over single rolling mills.

B. Quality Certification: The Company’s rebar has obtained multiple quality certifications and can supply rebar that complies with various standards, such as CNS (Chinese National Standards), ASTM (American Society for Testing and Materials), JIS (Japanese Industrial Standards), BS (British Standards), and Australian/New Zealand Standards.

C. Comprehensive Product Range: The Company’s rebar products cover various diameters and materials, and comply with safety regulations for construction use. We can provide customers with complete services to purchase compliant products.

D. Stable Supply Channels: The Company has established good and long-term partnerships with distributors, and not only supply rebar of various diameters and materials, but also provide customized rebar cutting services. In recent years, the Company has invested in related plastic shaping equipment to further provide customers with rebar bending and shaping services, enhancing product added value.

E. Asset Advantages: Both of the Company’s steelmaking and rolling plants are located on our own land, and the combined group can use up to 47,000 ping of land. This gives the Company the greatest planning advantage for future expansion, installation of production lines, providing processing services, and integrating steelmaking and rolling lines. In addition, the Company has been standing in the steel industry for more than 50 years and has cultivated professional managers with years of expertise, skills, and industry experience, which are important assets of the Company.

Development Prospects

Looking ahead to the steel industry in 2024, the impact of factors such as geopolitical risks such as the Russia-Ukraine war, the Israeli-Palestinian conflict and the Red Sea crisis, whether mainland China's "levelling control policy" is implemented and the economic recovery situation, as well as the gradual slowdown of tightening monetary policies in major economies have brought greater uncertainty to the steel industry. In the future, steel prices and demand will be affected by fluctuations in raw material prices and whether China’s steel demand will be released after the economic recovery. The Company maintains a continued wait-and-see attitude and will analyze the impact of steel prices and demand on the steel industry from the perspectives of price and quantity.

①Price perspective: The raw material for the Company's steel bar industry is scrap steel, mainly consisting of industrial, economic, consumption, and residential by-products. The supply of scrap steel was reduced due to measures such as lockdowns and border closures at the beginning of the COVID-19 pandemic in 2020, which restricted the decline in finished product prices due to insufficient demand. Therefore, as shown in the scrap steel trend chart in Table 4-3 above, it can be seen that there was a sharp decline followed by a rebound shortly after due to a decline in demand and market panic at the beginning of the pandemic.

In February 2023, a major earthquake hit Turkey, the primary purchaser of scrap steel, temporarily weakening the demand for scrap steel and causing a downturn in the international scrap steel market. However, the massive demand for reconstruction in Turkey is expected to increase the consumption of Turkish steel, and steel mills have started to accumulate inventories of raw materials such as scrap steel. This has caused the international scrap steel price to reach a maximum range of US$450 per metric ton, driving the international scrap steel market upward. Until February 2024, the price per metric ton stabilized to the range of US$398 per metric ton.

There are three main factors supporting the fundamentals of the steel industry: demand growth, green energy, and raw materials. As the governments of various countries gradually relax pandemic restrictions, they are promoting infrastructure policies to stimulate economic recovery, driving up steel demand. Green development has always been an important issue for the steel industry as it is a heavily polluting industry. In 2021, Mainland China introduced production restrictions to achieve carbon neutrality. According to the World Steel Association (Worldsteel), crude steel production in Mainland China unchanged from 2022 in 2023, indicating that China's steel production restrictions have been not effective, and this policy will continue. 2024 remains to be seen. China is the world's largest producer of crude steel (with a crude steel production of 1.019 billion tons in 2023, accounting for about half of the world's industry), and this policy is bound to affect global steel supply. In view of this, the demand driven by various countries' infrastructure policies, the flat supply of steel produced by a major steel producing country, and the stability in steel production costs, the overall situation will be favourable for the development of the steel industry.

② Sales perspective: In 2024, benefiting from the slowdown in interest rate hikes by the world's major central banks, active infrastructure investment by major countries, and the end of the cycle of manufacturers destocking are expected to bring profits for steel demands. Domestically, in addition to the "New Preferential Housing Loans for the Youth" launched by the government to stimulate the buying of self-occupied properties, the return of Taiwanese businesses and the expansion of TSMC, in December 2022, the Legislative Yuan passed the Fourth Stage of the Forward-looking Infrastructure Development Program's special budget of NT$209.8 billion, which will drive private investment, stimulate domestic demand, promote job opportunities, increase income, boost consumption momentum, and further stimulate investment to form a positive cycle of economic growth. Therefore, in the near future, public works are in the state of being about to start. The investment amount and scope of major rail and elevated transportation construction projects are relatively large, including solar power infrastructure, offshore wind power, railway construction (various MRT extension lines), urban and rural construction, and related transportation, service, local engineering, and construction industries will bring about a booming development of various types of steel demand.

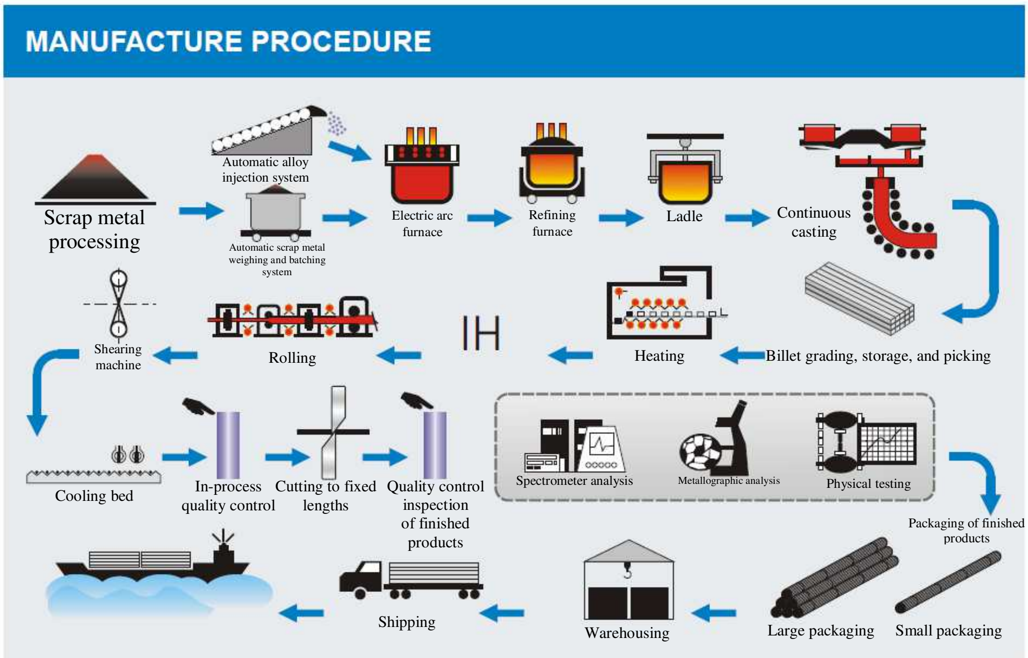
In light of this, the implementation of the government's Forward-looking Infrastructure Development Program in 2023 and the return of Taiwanese businesses to set up factories in Taiwan, the demand for steel in the real estate and public works sectors may expand the domestic market. The Company expects to maintain its competitive advantage while continuously improving equipment efficiency and raising production technology and management levels to reduce costs. On the sales front, we will improve the efficiency of utilizing raw materials, production capacity, and funding through information exchange. As for the Upstream and downstream, we will collaborate with regional partner companies to optimize procurement and logistics efficiency, making the entire industry chain more closely linked and strengthening our bargaining power and product competitiveness.

5.2.3 Applications of Main Products & Manufacturing

1. Applications of main products

Main Products	Applications
Deformed Steel Bar	Steel materials for civil engineering and construction.
Steel Billets	Semi-finished products for rolling steel bars and wire rods.
Black iron wire, annealed wire	Semi-finished products for iron wire, screws, and other fasteners.

2. Manufacturing Process of Main Products



5.2.4 Supply of Main Materials (Semi-finished Products)

1. Scrap Iron: Scrap iron is mainly supplied by domestic and Southeast Asian, Japanese, and American middlemen. In 2023, the foreign supply of scrap iron accounted for about 6.55% of the company's demand, with 93.45% supplied by domestic middlemen. The domestic and foreign supply and ratio will be adjusted according to the quality, market price, and supply of scrap iron at any time.
2. Steel Billet: Steel billet is a semi-finished product for manufacturing rebar. In addition to the steel billet produced by the Company's steelmaking plant for its own use, it also needs to be purchased externally to supplement the insufficient supply. Qualified foreign traders are the main importers, while domestic electric furnace plants provide supplementary supply.

5.2.5 Information on suppliers/clients accounting for more than 10 percent of the total purchases (sales) of goods in any of the most recent two years:

1. Suppliers accounting for more than 10 percent of the total purchases:

Unit: NT$ thousands

	2022				2023				2024 (As of March 31)			
Item	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer
1	Company A	1,468,616	15.69	None	Company A	824,236	10.73	None	Company B	674,449	33.20	None
2												
3												
4												
5												
6												
7												
8												
9												
10												
	Others	7,892,258	84.31	None	Others	6,859,715	89.27	None	Others	1,357,057	66.80	None
	Net Total Supplies	9,360,874	100		Net Total Supplies	7,683,951	100		Net Total Supplies	2,031,506	100	

Note 1: The first quarter of 2024 has already been audited by the accountant.

Note 2: For the fiscal years 2022, 2023, and 2024, Company A reduced its production of self-made steel billets and purchased additional steel billets due to the low international prices of steel billets, which were even lower than the cost of self-made steel billets at times.

2. Clients accounting for more than 10 percent of the total sales:

Unit: NT$ thousands

	2022				2023				2024 (As of March 31)			
Item	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer	Company Name	Amount	Percent (%)	Relation with Issuer
1	Company A	1,557,812	14.10	None	Company A	1,174,072	12.54	None	None	None	None	None
2												
3												
4												
5												
6												
7												
8												
9												
10												
	Others	9,487,166	85.90	None	Others	8,191,017	87.46	None	Others	2,279,763	100	None
	Net Sales	11,044,978	100		Net Sales	9,365,089	100		Net Sales	2,279,763	100	

Note 1: The first quarter of 2024 has already been audited by the accountant.
Note 2: The fluctuation coefficient of the above-mentioned periods' proportion is within the normal range.

5.2.6 Production Volume/Value in the Past Two Years (Consolidated)

Unit: (Quantity: metric tons) (Amount: NT$ thousands)

Main Products \ Year / Output	2022			2023		
	Capacity	Quantity	Amount	Capacity	Quantity	Amount
Small diameter steel bars	600,000	261,466	5,139,588	600,000	215,952	4,000,929
Medium diameter steel bars		148,625	3,039,953		161,046	3,068,941
Large diameter steel bars		100,751	2,023,419		95,075	1,832,720
Other steel products (Note 1)		151	3,566		123	34,229
Processing income (Note 2)		-	153,001		-	197,541
Total	600,000	510,993	10,359,527	600,000	472,196	9,134,360

Note 1: Refers to purchases of wire rods from external sources.

Note 2: Includes the price difference between steel bars after cutting and the finished product.

5.2.7 Sales Volume/Value in the Past Two Years (Consolidated)

Unit: (Quantity: metric tons) (Amount: NT$ thousands)

Main Products \ Year / Sales Volume and Value	2022				2023			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Small diameter steel bars	259,768	5,505,474	-	-	212,282	4,152,377	-	-
Medium diameter steel bars	152,924	3,264,840	-	-	154,944	3,075,424	-	-
Large diameter steel bars	98,557	2,092,728	-	-	95,475	1,886,467	-	-
Other steel products	62	4,517	-	-	51	29,069	-	-
Processing income	-	177,419	-	-	-	221,752	-	-
Total	511,311	11,044,978	-	-	462,752	9,367,089	-	-

5.3 Employee Information for the Past Two Years and as of the Publication of the Annual Report

Year		2022	2023	2024 (As of March 31)
Number of employees	Managers	9	18	18
	Production line staff	191	166	162
	Regular employees	123	103	100
	Total	323	287	280
Average age		45	46	47

Average years of service		7.4	7.9	8.1
Education level breakdown (%)	Doctoral degree	0	0	0
	Master's degree	12	9	9
	Bachelor's degree	139	122	117
	High school diploma	152	132	130
	Less than a high school diploma	20	24	24

5.4 Environmental Protection Expenditure Information

1. According to laws and regulations if it is required to apply for a permit for installing anti-pollution facilities, or permit of pollution drainage, or to pay anti-pollution fees, or to organize and set up an exclusively responsible unit/office for environmental issues, the description of the status of such applications, payment or establishment shall be made.

(1) The status for applying for a permit for installing anti-pollution facilities, or permit of pollution drainage:

①Xiaogang Factory

a. Kaohsiung City Stationary Pollution Source Operating Permit (Kaohsiung City Environmental Protection Bureau Air Operation Permit No. E1713-04) (Electric Arc Furnace Steelmaking Process M01), Certificate validity period: 2023/10/30-2028/5/8.

b. Kaohsiung City Stationary Pollution Source Operating Permit (Kaohsiung City Environmental Protection Bureau Air Operation Permit No. E1118-04) (Electric Arc Furnace Steelmaking Process M02) , Certificate validity period: 2023/10/30-2028/5/1.

c. Water pollution prevention and control measures and water pollution prevention and control license (Kaohsiung City Huantu Shuicuo Zi No. 00738-05).

Certificate validity period: 2023/1/21-2028/1/20.

②Jiaxing Factory

a. Kaohsiung City Stationary Pollution Source Operating Permit (Kaohsiung City Environmental Protection Bureau Air Operation Permit No. E0168-03) (Metal Rolling Process M01) , Certificate validity period: 2022/3/2-2027/3/1.

b. Kaohsiung City Stationary Pollution Source Operating Permit (Kaohsiung City Environmental Protection Bureau Air Operation Permit No. E1939-01) (Storage Yard Operation Procedure M03), Certificate validity period: 2022/10/24-2027/10/23.

③E Chang Factory

a. Kaohsiung City Stationary Pollution Source Operating Permit (Kaohsiung Environmental Protection Bureau Air Operation Permit No. E2146-00) (Metal Electroplating Process M01) , Certificate validity period: 2022/9/27-2027/9/26.

b. Kaohsiung City Stationary Pollution Source Operating Permit (Kaohsiung Environmental Protection Bureau Air Operation Permit No. E2153-00) (Metal Surface Coating Process M07) , Certificate validity period: 2022/6/28-2027/6/27.

c. Kaohsiung City Stationary Pollution Source Operating Permit (Kaohsiung Environmental Protection Bureau Air Operation Permit No. E2147-00) (Other Metal Heat Treatment Process M08) , Certificate validity period: 2022/3/29-2027/3/28.

d. Kaohsiung City Stationary Pollution Source Operating Permit (Kaohsiung Environmental Protection Bureau Air Operation Permit No. E2149-00) (Other Metal Heat Treatment Process M09) , Certificate validity period: 2022/5/17-2027/5/16.

e. Water pollution prevention and control measures and water pollution prevention and control license (Kaohsiung City Huantu Shuicuo Zi No. 01108-01).Certificate validity period: 2023/2/10-2028/2/9.

(2) The status for paying anti-pollution fees (including air pollution control fee and soil pollution control fee):

① Xiaogang Factory

Amount paid in 2017 was NT$3,797,335, in 2018 was NT$4,602,701, in 2019 was NT$3,583,779, in 2020 was NT$15,527,442, in 2021 was NT$5,215,324, and in 2022 was NT$6,518,046.

② Jiaxing Factory

Amount paid in 2018 was NT$20,631, in 2019 was NT$28,673, in 2020 was NT$26,331, in 2021 was NT$68,083, and in 2022 was NT$27,656.

③ E Chang Factory

Amount paid in 2017 was NT$0, in 2018 was NT$125,258, in 2019 was NT$21,888, in 2020 was NT$0, in 2021 was NT$0, and in 2022 was NT$0.

(3) The status for organizing and setting up an exclusively responsible unit/office for environmental issues

① Xiaogang Factory

a. Class A Dedicated Air Pollution Control Specialist: Xue, Wen-Yuan, certified by the Environmental Protection Bureau with license number (89)FA0040265.

b. Class A Waste Disposal Technician: Huang, Yao-Ching, certified by the Environmental Protection Bureau with license number (90)HA150828.

c. Class B Dedicated Wastewater and Sewage Treatment Specialist: Huang, Cheng-Che, certified by the Environmental Protection Bureau with license number (96)GA050528.

② Jiaxing Factory

a. Class A Dedicated Air Pollution Control Specialist: Lin, Fu-Gui, certified by the Environmental Protection Bureau with license number (88)FB301168.

③ E Chang Factory

a. Class B Dedicated Air Pollution Control Specialist: Chen, Chang-Yi, certified by the Environmental Protection Bureau with license number (105)FA050549.

b. Class A Waste Disposal Technician: Chen, Chang-Yi, certified by the Environmental Protection Bureau with license number (104) HA080629.

c. Dedicated Wastewater and Sewage Treatment Unit:

Class A Dedicated Wastewater and Sewage Treatment Specialist: Chen, Chang-Yi, certified by the Environmental Protection Bureau with license number (105) GA630541.

Class A Dedicated Wastewater and Sewage Treatment Specialist: Yang, Shang-Chen, certified by the Environmental Protection Bureau with license number (111) GA500394.

Class A Dedicated Wastewater and Sewage Treatment Specialist: Li, Mung-Yu, certified by the Environmental Protection Bureau with license number (112) GA360543.

2. The Company's investment on the major anti-pollution facilities, the use purpose of such facilities and the possible effects to be produced.

As of March 31, 2024 Unit: NT$ thousands

Equipment Name	Quantity	Acquisition Date	Investment Cost	Remaining Undepreciated Amount	Use and Expected Benefits
50-ton Furnace Dust Collection Equipment	1 set	79.08.01	110,751	0	To filter out the smoke and dust generated during the steelmaking process and turn it into clean air to avoid air pollution.
BSE Dioxin Reduction Equipment	1 set	108.07.01	26,510	2,001	To reduce dioxin emissions to below 0.5 nanograms to meet environmental protection standards.
Central Water Treatment Equipment	1 set	79.08.01	68,661	0	To reduce wastewater discharge and reduce pollution.
Jiaxing Factory Water Treatment Equipment	1 set	82.12.31	44,822	0	To reduce wastewater discharge and reduce

					pollution.
Zheng Tung Factory Wastewater Treatment Equipment	1 set	111.06.27	50,131	48,460	To reduce the discharge of pollutants in the surface treatment wastewater and recycle the treated wastewater for reuse.

3. The process undertaken by the Company on environmental pollution improvement for the most recent fiscal year and up to the publication date of this annual report: Roofs of Xiaogang, Jiaxing, and E Chang Factories underwent solar power installation projects from 2021 to 2023, in accordance with Article 12, Paragraph 4 of the Renewable Energy Development Act.

4. Any losses suffered by the Company in the most recent fiscal year and up to the publication date of this annual report due to environmental pollution incidents (including any compensation paid and any violations of environmental protection laws or regulations found in environmental protection inspection, specifying the disposition dates, disposition reference numbers, the articles of law violated, and the content of the dispositions), and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided.
   (1) The losses and disposition in the most recent fiscal year and up to the publication date of this annual report

Year	2023	2024 (As of the publication date of this annual report)
Disposition dates & reference numbers	2023.03.31 Kaohsiung Municipal Environmental Protection Bureau Office No. 20-112-030029	2024.02.05 Kaohsiung Municipal Environmental Protection Bureau Waste No. 40-113-020004
The articles of law violated	Article 24, Paragraph 2 of the "Air Pollution Control Act"	Article 31, item 1, paragraph 2 of the "Waste Disposal Act"
Pollution status (Type, degree)	The annual usage of raw material - ferrovanadium (104 metric tons) exceeds the approved amount (91 metric tons) listed in the license.	No output and storage information has been reported for waste dust filter bags (declared as C-0102) and waste lubricating oil (D-1703).
Compensation amount or disposition	A fine of NT$160,000 was imposed.	A fine of NT$60,000 was imposed.
Other	The license usage change has been completed.	After reporting in accordance with the law, apply for a case-by-case reuse permit with the reuse agency.

   (2) Future Response Strategy and Potential Expenses
      ①Future Response Strategy: None.
      ② Potential expenses for not taking improvement measures: None.

5. The current condition of pollution and the impact of its improvement to the profits, competitive position and capital expenditures of the company, as well as the projected major environment-related capital expenses to be made for the coming 2 fiscal years.
   (1) Impacts after improvement
      ①Impact on net profit: No significant impact.
      ②Impact on competitive position: No significant impact.
   (2) Projected major environment-related capital expenses to be made for the coming 2 fiscal years: None.

5.5 Labour Relations

1. The implementation of various employee benefit measures, training programs, retirement systems, and the status of agreements between labour and management and measures to protect the rights and interests of employees in the Company are as follows:

(1) Employee Welfare Measures:

The Company established the Employee Welfare Committee in February 1979 in accordance with the Labour Welfare Act and actively promotes various employee welfare measures:

①Marriage and funeral subsidies.

②Work-related injury condolence money.

③Various festival bonuses.

④Children's education scholarships.

⑤Encourage employees to take vacation trips and provide travel subsidies.

⑥Establish various cultural, recreational and sports clubs and provide club subsidies.

⑦Organize leisure activities.

(2) Retirement System

The Company established the Labour Retirement Reserve Fund Supervisory Committee in accordance with the Labour Standards Act in October 1986 and has been operating normally. The Company regularly sets aside retirement reserve funds every month according to the stipulated salary ratio and entrusts them to the Labour Retirement Reserve Fund Supervisory Committee. The Committee deposits the funds into a dedicated account at Bank of Taiwan and pays retirement benefits to employees in accordance with the Labour Standards Act. For employees who opt for the new labour pension system, the Company also sets aside retirement funds at a rate of 6% of their monthly salary to their personal accounts at the Labour Insurance Bureau.

(3) Further Study and Training

The Company has developed an annual education and training plan to regularly conduct new employee training and internal training courses, subsidize external professional training courses, and implement an “e-learning” system for online learning to spare no effort in enhancing employee quality and professional competence.

The following is a summary of employee further study and training in 2023:

Training Departments/Personnel	Course Topic
Various Departments/All New Employees	General Safety and Health Education Training (including occupational safety and health regulations, concepts, work rules, on-site worker safety and health regulations, fire and emergency first-aid knowledge and drills, and other safety and health knowledge related to work operations)
Hai Kwang/E Chang/Zheng Tung Contractors	Contractor On-Site Construction Management Safety and Health Education Training
Auditing Office/Zhu, Ya-Zhi/Cheng, Yi-Ju	Audit Association - In-Service Training Course for Audit Personnel
Sales Dept.	General Safety and Health Education
All members of Finance Dept.	1st to 4th Quarter Tax, Securities Regulation, Audit Law Updates, and Quarterly Double-Rate Analysis In 2023
Finance Dept./ Yang, Chien-Chang, Liu, Yu-Ling	2023 Listed Company Business Promotion Conference
Finance Dept./Wu, Yu-Hui, Liu, Yu-Ling	2023 IFRS Promotion Conference
Finance Dept./Wu, Yu-Hui	Discussion on employee reward strategies and tool utilization" in enterprises
Finance Dept./Wu, Yu-Hui, Liu, Yu-Ling	Publicity meeting on sustainable development action plan for listed companies
Finance Dept./Wu, Yu-Hui	Risks and opportunities of climate change trends for business operations
Finance Dept./Wu, Yu-Hui	2023 Promotional conference on preventing insider trading
Finance Dept./Wu, Yu-Hui	Sustainable development practice seminar
Finance Dept./ Yang, Chien-Chang, Wu, Yu-Hui	12-Hour Professional Development Program For Issuers, Securities Firms, and Stock Exchange Accounting Supervisors in 2022 (Including 6 Hours of Professional Ethics and Legal Responsibility, 3 Hours of Corporate Governance, And 3 Hours of Accounting)
Casting Subsection	Standard for Safe Operation of Start-Up and Casting of Continuous Casting Equipment and Common Accidents in Pouring
Casting Subsection	Standard for Safe Operation of Cleaning and Replacing Steel Residues at the Sprue of the Casting Mold in the Spray Room
Casting Subsection	Correction of steel barrel turntable railings, grinder cutting, and roller replacement in the 12-meter roller area
Barrel and Tank Subsection	Safety operating standards for shunt trough hanging/chain wheel mesh and hanging steel billet bracket renovation
Barrel and Tank Subsection	Safety standards for hanging shunt troughs, hanging bricks for barrel work, and laying bricks for barrels
Barrel and Tank Subsection	Standards for oxygen blowing safety, slag barrel hanging, and manual handling operations
Barrel and Tank Subsection	Standards for connecting steel barrel oil pipes, replacing slag barrels, and oxygen cleaning standards for the steel mouth of steel barrels
Barrel and Tank Subsection	Standards for safe operation of shunt tank preheating and slag dumping
Material Handling Subsection	Standard for Safe Operation of 601 Overhead Crane Entering the Furnace
Material Handling Subsection	Standard for Safe Operation of 605 Overhead Crane Entering the Furnace
Smelting Subsection	Electric furnace tamping operation
Smelting Subsection	EBT repair
Casting Subsection	Standard for Safe Operation of Start-Up and Casting of Continuous Casting Equipment and Common Accidents in Pouring
Refining Subsection	Refining furnace operation SOP

Refining Subsection	Spectrometer education and training
Electrical Department	PLC basic course
Electrical Department	Carburizing and repairing machine processes and maintenance
Electrical Department	Water treatment fire pump operating procedures
Electrical Department	Load cell calibration procedure
Mechanical Subsection	Safety work standards for using gas cutters
Mechanical Subsection	Standard for Safe Replacement of Cooling Pipes in Electric Furnace Water Cooling Equipment
Mechanical Subsection	Safety work standards for scrap grab bucket replacement and hook head welding
Mechanical Subsection	Safety operating standards for carburizing machine troubleshooting
Mechanical Subsection	Standards for safe operation of telescopic snake cage pullers when falling and picking up
Mechanical Subsection	Standard for Safe Operation of Overhead Crane Wire Rope Replacement
Mechanical Subsection	Standard for Safe Operation of Hydraulic System Maintenance and Component Replacement
All members of company	Drills to prevent and control air quality deterioration at all levels
Jiaxing Factory Production Department /Lin, Fu-Gui Vice President	On-the-job training for air pollution prevention and control personnel
Xiaogang Factory Mechanical Factory/ Xue, Wen-Yuan Factory Sub-Chief	On-the-job training for air pollution prevention and control personnel
Xiaogang Factory、Jiaxing Factory	Retraining for operators of acetylene welding equipment
Xiaogang Factory	First-aid personnel retraining
Xiaogang Factory	High pressure gas specific equipment operation (return training)
Xiaogang Factory、Jiaxing Factory	Above 3 metric tons - crane operators (initial training)
Various Departments	Overhead Crane Operator Training - Basic
Zheng Tung Factory	Below 3 metric tons - crane operators (initial training) (special class for foreigners)
Zheng Tung Factory	Hanging operators-initial training (special class for foreigners)
Various Departments/Junior Managers	CPR+AED Training
Zheng Tung Factory	First-aid personnel (initial training)
Various Departments/All Employees (Non-management employees)	General Safety and Health Education Training for In-Service Employees (All employees participate in batches)
Hai-Kwang Factory、Zheng Tung Factory/ Certified Personnel	Toxic and chemical substances of concern professional response personnel
Various Departments/Junior Managers	Heat Injury Prevention and Management Training
Various Departments	Self-defence firefighting group training
Various Departments	Emergency response drill (including security)
Various Departments/Free Participation	Four major plans -Overload stress relief lecture
Jiaxing Factory	Training for radiation detectors of steel and building materials
Steelmaking Dept. All members of Electrical Department	Q series PLC basics (1) (2)
Purchasing staff/warehouse staff	Electroplating process
Purchasing staff/warehouse staff	Material consumption control
Quality Control Section/ Xu,Bo-Xun	Internal Quality Auditor
Quality Control Section/ Lin,Bo-cong	Internal Quality Auditor
Quality Control Section/ Xu,Bo-Xun	Quality Control Inspector
Quality Control Section/ Lin,Bo-cong	Quality Control Inspector
Quality Control Section/ Xu,Bo-Xun	Instrument Calibration Technician
Quality Control Section/ Lin,Bo-cong	Instrument Calibration Technician
Quality Control Section/ Xu,Bo-Xun	Radiation Inspection Personnel
Quality Control Section/ Lin,Bo-cong	Radiation Inspection Personnel
Quality Control Section	Safety/hygiene education and training
All members of Quality Control Center Raw Materials Division	Precautions when working in a scrap iron yard
Quality Control Center Raw Materials	Precautions for handling oxidized slag

Division Weng, Jin-Hui/ Lin, Yi-Ming /Tsai, Chung-Pu	
Quality Control Center Raw Materials Division Weng, Jin-Hui/ Lin, Yi-Ming /Tsai, Chung-Pu	Precautions for handling reduced slag
Quality Control Center Raw Materials Division Tsai, Chung-Pu/ Luo,Kang-Wei/ Liang,Jia-Rong	Scrap iron acceptance summary
Quality Control Center Raw Materials Division Ling, Jing-Zhi	Training for radiation detectors of steel and building materials
Information Center	Firewall & VM settings and troubleshooting
Information Center	Security hygiene education and training for information personnel
Finished Product Section /ALL	Standard for Safe Operation of Lifting and Hoisting by Overhead Cranes
Finished Product Section /ALL	Standard for Safe Operation of Transfer Carts for Stock Handling
Finished Product Section /ALL	Standard for Troubleshooting and Safety Operation of Shearing Machines
Finished Product Section /ALL	1. Introduction to Relevant Provisions of Occupational Safety and Health Act 2. Occupational Safety and Health Video Viewing
Maintenance Section Mechanical Subsection	1. Introduction to Relevant Provisions of Occupational Safety and Health Act 2. Occupational Safety and Health Video Viewing
Rolling Mill A	1. Introduction to Relevant Provisions of Occupational Safety and Health Act 2. Occupational Safety and Health Video Viewing
Rolling Mill B	1. Introduction to Relevant Provisions of Occupational Safety and Health Act 2. Occupational Safety and Health Video Viewing
Rolling Mill C	1. Introduction to Relevant Provisions of Occupational Safety and Health Act 2. Occupational Safety and Health Video Viewing
Maintenance Section /Electrical Section	1. Introduction to Relevant Provisions of Occupational Safety and Health Act 2. Occupational Safety and Health Video Viewing
Jiaxing Electrical	1.Maintenance of High Voltage Panel, Circuit Breaker Startup, and Barrier Cleaning in Substation 2.Maintenance of Low Voltage Panel and On-site Electrical Equipment
Jiaxing Electrical	Occupational Safety Facilities Code - Prevention of electrical hazards
Jiaxing Electrical	1.Maintenance of Crane Electrical Equipment 2.Maintenance of Public Utility Electrical Equipment
Jiaxing Electrical	1. Mother fire adjustment method 2. ABB RE_615 series protective relay operation teaching
Jiaxing Mechanical	Standard for Safe operation of Pneumatic and Hydraulic Systems
Jiaxing Mechanical	Standard for Maintenance and Safety Operation of Overhead Cranes
Jiaxing Mechanical	Operating Instructions for Replacement of Blower Belts on Rolling Mills
Jiaxing Mechanical	Standard for Maintenance and Safety Operation of Production Line Equipment
Jiaxing Mechanical	Maintenance Procedure for Repairing Forced Rollers and Fixed Rollers on Arch-Shaped Equipment
Jiaxing Mechanical	Standard for Safe Use of Gas Cutting Equipment
Jiaxing Rolling Mill	New Employee Safety and Health Education and Training
Jiaxing Rolling Mill	Notification of Hazardous Factors in the Workplace Environment
Jiaxing Rolling Mill	Steel and Building Materials Radiation Inspection Personnel Training
Jiaxing Rolling Mill	Instrument Calibration Personnel
Jiaxing Rolling Mill	Internal Quality Audit
Jiaxing Rolling Mill	Instrument Calibration Personnel
Jiaxing Rolling Mill	Material Receiving Personnel

HR Section	Comprehensive basic human resources manager
HR Section	Manager of labour health insurance and Labour Standards Act
HR Section	Employee compensation manager certification course

(4) Other Important Contracts: None.

(5) Employee Rights Protection Measures:

In addition to establishing "Work Rules" in accordance with legal regulations to clearly regulate various labor conditions and protect employee rights, the Company also establishes labor-management meetings, employee welfare committees, etc. in accordance with legal regulations. Employee rights can be obtained through the above channels for fair and reasonable treatment. To date, the Company has not had any incidents that have damaged the rights and interests of employees.

(6) Employee Code of Ethics:

The Company places great emphasis on the safety, hygiene, work behaviour, and ethics of all employees, and have established Work Rules and Safety and Health Regulations to ensure the protection of employees' rights and interests.

The Company firmly believes in the following safety principles:

① Love oneself, family, and the Company.

② Safety first, smooth operation.

③ Happiness and harmony for employees and their families.

④ Production priority, sustainable management.

The Company's Work Rules include the following important provisions:

① Maintain a clear distinction between public and private affairs and respect each other's dignity and integrity in all interactions.

② Speak and act with honesty and integrity, and refrain from engaging in behavior that damages the Company's reputation, such as extravagance, luxury, or gambling.

③ Do not engage in any outside employment that interferes with the Company's business or involves the same type of business as the Company.

④ Confidentiality must be maintained regarding all trade secrets and technical information of various departments.

⑤ Do not arbitrarily access documents, letters, designs, data, etc. that are not under one's control.

⑥ Public affairs should be carefully handled, and no waste or destruction is permitted.

⑦ Carry out duties diligently and without fear of difficulty, avoidance, or undue delay.

(7) Measures to protect the Company's work environment and employees' personal safety:

The Company strictly requires all employees entering and leaving the production plant to wear safety helmets, safety shoes, protective clothing, safety belts, and other protective equipment. Before starting daily production operations, employees must undergo safety education. The work environment is regularly inspected for dust and noise, and machinery equipment is equipped with alarms, automatic shut-off devices, grounding for electrical equipment, and leakage prevention devices. The Company ensures automatic inspection of machinery equipment and holds monthly on-site visits by specialist doctors. Additionally, employees undergo annual health check-ups.

2. List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to labour disputes, and disclosing an estimate of possible expenses that could be incurred currently and in the future and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

5.6 Cyber Security Management

5.6.1 Cyber Security Risk Management Structure

1. The responsibility unit for information security in the Company is the Information Department, which has an Information Manager and professional information personnel. They are responsible for formulating internal information security policies, planning and implementing information security protection, and promoting and implementing information security policies within the Company.
2. The Auditing Department in the Company serves as the supervisory unit for information security, with an Auditing Manager and dedicated audit personnel. They are responsible for supervising the implementation of internal information security measures. If any deficiencies are found during the audit, the audited unit is immediately required to submit relevant improvement plans and specific actions, and the effectiveness of the improvements is tracked regularly to reduce internal information security risks.
3. The organizational operation model adopts a regular audit and cyclical management to ensure the achievement of reliability objectives and continuous improvement.
   Please refer to Figure 1 for details.

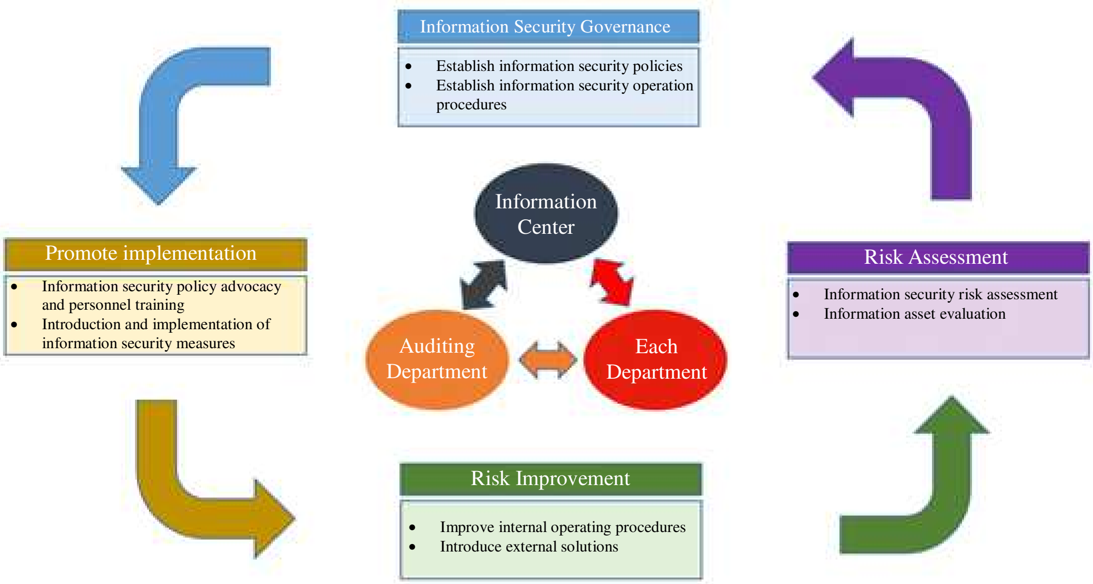


Figure 1: The Company's Cyber Security Risk Management Structure

5.6.2 Cyber Security Policies:

1. Policy Objectives:
   (1) Ensure the security of system hosts, network devices, and network communications, and reduce the risk of information assets being stolen, improperly used, leaked, tampered with, or destroyed due to human error, intentional acts, or natural disasters, and establish norms for cyber security management.
   (2) Enhance the organization's awareness of cyber security:
   ① Confidentiality: Ensure that only authorized personnel can use the information.
   ② Integrity: Ensure that the information used is correct and has not been tampered with.
   ③ Availability: Ensure that authorized personnel can access the required information.

2. Policy Contents:

(1) The Company must comply with relevant government regulations (such as the Cyber Security Management Act, Criminal Law, Copyright Law, Personal Information Protection Act, etc.) in all aspects of information security management.
(2) Prevention and warning of information hazards, regular implementation of information security education and training, and promotion of information security policies and related implementation regulations.
(3) Backup and recovery of information assets, establishing a management mechanism for the use of hosts and networks to coordinate the allocation and use of resources.
(4) Before the new system and equipment are put online, risks and security factors must be considered to prevent the occurrence of information security hazards.
(5) Establish physical and environmental security protection measures for the information machine room, and regularly maintain and upkeep them.
(6) Clearly define the authorization for the use of network systems to prevent unauthorized access.
(7) Develop an internal audit plan for the information security management system, regularly review the usage of all personnel and equipment within the scope of the information security management system, and prepare and implement corrective and preventive measures based on audit reports.
(8) Develop a contingency/back-up and restoration exercise for business continuity management to ensure the company's business continuity.
(9) All personnel of the Company are responsible for maintaining information security and must comply with the company's relevant information security management regulations.
(10) During the internal and external project management process, all information security requirements related to the project should be clearly specified and stated to ensure the confidentiality, integrity, and availability of internal and external project information, and to reduce the risk of sensitive information (including personal information) leakage and violation of laws and regulations.
(11) The evaluation and review of the information security policies should be conducted at least once a year to reflect the latest developments in management policies, government regulations, new technological advancements, and company operations, to ensure the feasibility and effectiveness of the information security management system in maintaining business operations and providing appropriate services.

5.6.3 Concrete Management Programs:

The Company's information security management mechanism includes the following three aspects:

(1) Institutional norms: Establishing the Company's information security management system to regulate the behaviour of personnel.
(2) System protection: Building an information security management system and implementing security management measures.
(3) Personnel training: Conducting information security education and training to enhance the overall awareness of information security among all employees.

5.6.4 Investments in Resources for Cyber Security Management:

1. System regulations: The Company has established multiple cyber security regulations and policies to regulate the behaviour of our personnel in regards to information security. We review these policies annually to ensure they align with changes in the operating environment and adjust them as needed.

2. System protection: To prevent various internal and external security threats, the Company has designed a multi-layered network architecture and implemented various security protection systems to enhance the overall security of our information environment. Additionally, to ensure that our personnel's operational behavior complies with the Company's regulations, we have established audit mechanisms for operational procedures and introduced security management tools to implement personnel information security management measures.
3. Personnel training: The Company regularly implements practical information security education and training courses for new personnel and periodically conducts information security opportunities for promotion to enhance our employees' knowledge and professional skills in information security.
4. Cyber security notification process: Please refer to Figure 2 for details.

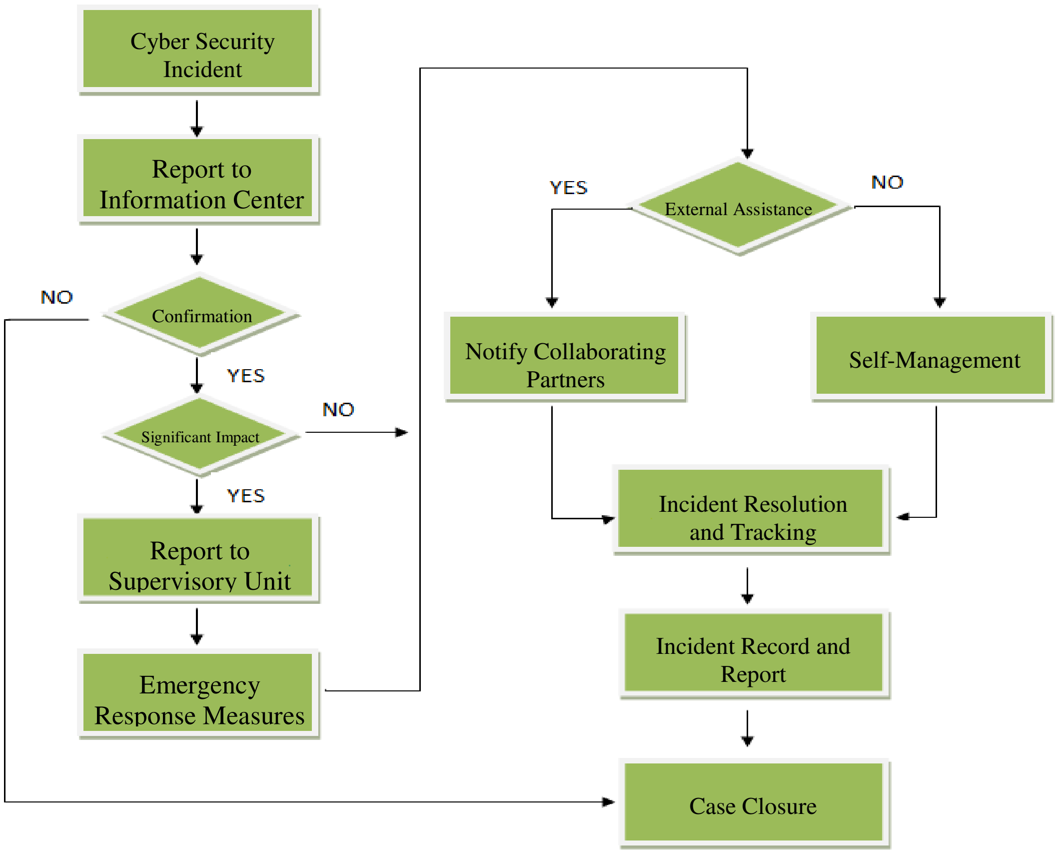


Figure 2: Cyber Security Notification Process

5.6.5 List any losses suffered by the Company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

5.7 Important Contracts

Agreement	Counterparty	Period	Major Contents	Restrictions
Loan Agreement	Union Bank of Taiwan (Note)	2022/8 ~ 2027/8	Medium-term credit agreement	None
	O-Bank	2020/6~2025/6	Medium-term credit agreement	Financial Ratio Restrictions: 1. The current ratio shall not be less than 90%. 2. The debt-to-equity ratio shall not exceed 175%. 3. Tangible net worth shall not be less than NT$3.1 billion.
	O-Bank	2022/6~2026/12	Medium-term credit agreement	Financial Ratio Restrictions: 1. The current ratio shall not be less than 90%. 2. The debt-to-equity ratio shall not exceed 175%. 3. Tangible net worth shall not be less than NT$3.1 billion.

Note: The original loan agreement period was from September 2021 to September 2026. However, the same loan agreement and terms were renewed and extended in August 2022 to August 2027.

VI. Financial Profile

6.1 Condensed Balance Sheet and Statement of Comprehensive Income in the Past Five Years

6.1.1 Condensed Balance Sheet

Condensed Balance Sheet – Based on IFRS (Consolidated)

Unit: NT$ thousands

Item \ Fiscal Year		Financial Information for the Past Five Fiscal Years					Financial Information as of March 31 of the current Fiscal Year (Note 2)
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Current Assets		3,215,128	3,471,897	3,831,718	4,020,454	3,905,531	4,090,975
Property, Plant and Equipment		3,416,783	3,634,079	4,012,574	4,367,792	4,593,478	4,552,125
Intangible Assets		2,629	2,220	2,217	6,576	6,763	6,241
Other Assets		1,264,278	1,195,420	1,135,810	1,004,707	941,786	921,891
Total Assets		7,898,818	8,303,616	8,982,319	9,399,529	9,447,558	9,571,232
Current Liabilities	Before Distribution	3,537,456	3,165,313	3,648,018	3,680,850	3,885,637	3,984,774
	After Distribution (Note 3)	3,537,456	3,165,313	3,648,018	3,680,850	3,885,637	3,984,774
Non-current Liabilities		913,489	1,597,890	1,423,248	1,771,310	1,603,276	1,599,687
Total Liabilities	Before Distribution	4,450,945	4,763,203	5,071,266	5,452,160	5,488,913	5,584,461
	After Distribution (Note 3)	4,450,945	4,763,203	5,071,266	5,452,160	5,488,913	5,584,461
Equity Attributable to Owners of the Parent Company		2,973,293	3,064,445	3,601,695	3,653,692	3,699,058	3,731,469
Share Capital		1,812,645	1,812,645	1,812,645	1,812,645	1,903,277	1,903,277
Capital Surplus		268,471	268,471	386,681	387,863	384,489	384,489
Retained Earnings	Before Distribution	132,443	292,391	660,460	601,594	563,417	609,726
	After Distribution (Note 3)	132,443	292,391	660,460	601,594	563,417	609,726
Other Equity		759,734	690,938	741,909	851,590	847,875	833,977
Treasury Shares		0	0	0	0	0	0
Non-controlling Interests		474,580	475,968	309,358	293,677	259,587	255,302
Total Equity	Before Distribution	3,447,873	3,540,413	3,911,053	3,947,369	3,958,645	3,986,771
	After Distribution (Note 3)	3,447,873	3,540,413	3,911,053	3,947,369	3,958,645	3,986,771

Note 1: Financial information from 2018 to 2023 was audited by CPA.
Note 2: Financial information of the 1st quarter of 2024 has been reviewed by CPA.
Note 3: The earnings distribution is not applicable for the non-annual financial data of the 1st quarter of 2024.

Condensed Balance Sheet – Based on IFRS (Individual)

Unit: NT$ thousands

Item \ Fiscal Year		Financial Information for the Past Five Fiscal Years					Financial Information as of March 31 of the current Fiscal Year
		2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Current Assets		2,912,581	3,389,778	3,435,774	3,781,987	4,004,894	Not Applicable
Property, Plant and Equipment		2,288,155	2,161,484	2,244,736	2,384,739	2,603,774	
Intangible Assets		2,629	2,220	2,217	6,576	6,763	
Other Assets		1,974,794	1,974,203	2,567,507	2,475,824	2,321,734	
Total Assets		7,178,129	7,527,685	8,250,234	8,649,126	8,937,165	
Current Liabilities	Before Distribution	3,418,577	3,062,580	3,430,522	3,450,342	3,816,143	
	After Distribution (Note 2)	3,418,577	3,062,580	3,430,522	3,450,342	3,816,143	
Non-current Liabilities		786,259	1,400,660	1,218,017	1,545,092	1,421,964	
Total Liabilities	Before Distribution	4,204,836	4,463,240	4,648,539	4,995,434	5,238,107	
	After Distribution (Note 2)	4,204,836	4,463,240	4,648,539	4,995,434	5,238,107	
Equity Attributable to Owners of the Parent Company		2,973,293	3,064,445	3,601,695	3,653,692	3,699,058	
Share Capital		1,812,645	1,812,645	1,812,645	1,812,645	1,903,277	
Capital Surplus		268,471	268,471	386,681	387,863	384,489	
Retained Earnings	Before Distribution	132,443	292,391	660,460	601,594	563,417	
	After Distribution (Note 2)	132,443	292,391	660,460	601,594	563,417	
Other Equity		759,734	690,938	741,909	851,590	847,875	
Treasury Shares		0	0	0	0	0	
Non-controlling Interests		0	0	0	0	0	
Total Equity	Before Distribution	2,973,293	3,064,445	3,601,695	3,653,692	3,699,058	
	After Distribution (Note 2)	2,973,293	3,064,445	3,601,695	3,653,692	3,699,058	

Note 1: Financial information from 2018 to 2023 was audited by CPA.

Note 2: The earnings distribution of 2023 has been resolved by the Board of Directors, and is subject to the approval of Shareholders' Meeting.

6.1.2 Condensed Statement of Comprehensive Income

Condensed Statement of Comprehensive Income– Based on IFRS (Consolidated)

Unit: NT$ thousands (NT$ for earnings(losses) per share)

Item \ Fiscal Year	Financial Information for the Past Five Fiscal Year					Financial Information as of March 31 of the Current Fiscal Year (Note 2)
	2019 (Note 1)	2020 (Note 1)	2021 (Note 1)	2022 (Note 1)	2023 (Note 1)	
Operating Revenue	7,953,592	7,600,525	10,225,130	11,044,978	9,365,089	2,279,763
Gross Profit (Loss)	(189,680)	356,770	732,829	309,072	252,315	52,273
Operating Income	(332,051)	179,448	520,899	101,253	48,383	(275)
Non-operating Income and Expenses	9,643	9,927	36,989	136,820	(11,098)	49,629
Profit (Loss) Before Income Tax	(322,408)	189,375	557,888	238,073	37,285	49,354
Net Income (Loss) for the Period from Continuing Operations	(259,316)	149,541	442,960	184,099	29,987	42,102
Loss from Discontinued Operations	0	0	0	0	0	0
Net Income (Loss) for the Period	(259,316)	149,541	442,960	184,099	29,987	42,102
Other Comprehensive Income (Loss) for the Period (Net of Income Tax)	(17,432)	(65,701)	50,122	112,452	(4,598)	(13,976)
Total Comprehensive Income for the Period	(276,748)	83,840	493,082	296,551	25,389	28,126
Net Income Attributable to Owners of Parent	(253,584)	158,031	459,712	210,830	53,316	46,309
Net Income (Loss) Attributable to Non-controlling Interests	(5,732)	(8,490)	(16,752)	(26,731)	(23,329)	(4,207)
Total Comprehensive Income Attributable to Owners of Parent	(271,016)	91,152	509,672	322,712	48,740	32,411
Total Comprehensive Income Attributable to Non-controlling Interests	(5,732)	(7,312)	(16,590)	(26,161)	(23,351)	(4,285)
Earnings (Losses) Per Share	(1.40)	0.87	2.54	1.11	0.28	0.24

Note 1: Financial information from 2018 to 2023 was audited by CPA.

Note 2: Financial information of the 1st quarter of 2024 has been reviewed by CPA.

Condensed Statement of Comprehensive Income– Based on IFRS (Individual)

Unit: NT$ thousands (NT$ for earnings(losses) per share)

Item \ Fiscal Year	Financial Information for the Past Five Fiscal Year (Note 1)					Financial Information as of March 31 of the Current Fiscal Year
	2019	2020	2021	2022	2023	
Operating Revenue	7,953,592	7,639,496	10,233,447	10,959,584	9,257,244	Not Applicable
Gross Profit (Loss)	(194,390)	337,261	721,177	348,568	314,451	
Operating Income	(313,178)	203,539	569,543	194,067	163,319	
Non-operating Income and Expenses	(3,498)	(5,636)	5,095	70,688	(102,705)	
Profit (Loss) Before Income Tax	(316,676)	197,903	574,638	264,755	60,614	
Net Income (Loss) for the Period from Continuing Operations	(253,584)	158,031	459,712	210,830	53,316	
Loss from Discontinued Operations	0	0	0	0	0	
Net Income (Loss) for the Period	(253,584)	158,031	459,712	210,830	53,316	
Other Comprehensive Income (Loss) for the Period (Net of Income Tax)	(17,432)	(66,879)	49,960	111,882	(4,576)	
Total Comprehensive Income for the Period	(271,016)	91,152	509,672	322,712	48,740	
Net Income Attributable to Owners of Parent	(253,584)	158,031	459,712	210,830	53,316	
Net Income (Loss) Attributable to Non-controlling Interests	0	0	0	0	0	
Total Comprehensive Income Attributable to Owners of Parent	(271,016)	91,152	509,672	322,712	48,740	
Total Comprehensive Income Attributable to Non-controlling Interests	0	0	0	0	0	
Earnings (Losses) Per Share	(1.40)	0.87	2.54	1.11	0.28	

Note 1: Financial information from 2018 to 2023 was audited by CPA.

6.1.3 Auditors' Names and Opinions for the Past Five Years

Year	Accounting Firm	Name of CPAs	Audit Opinion
2019	Deloitte & Touche Taiwan	Hsu, Jui-Hsuan Liu, Yu-Hsiang	Unqualified Opinion
2020	Deloitte & Touche Taiwan	Wu, Chiu-Yen Wang, Zhao-Qun	Unqualified Opinion
2021	Deloitte & Touche Taiwan	Wang, Zhao-Qun Wu, Chiu-Yen	Unqualified Opinion
2022	Deloitte & Touche Taiwan	Wang, Zhao-Qun Wu, Chang-Jun	Unqualified Opinion
2023	Deloitte & Touche Taiwan	Wang, Zhao-Qun Wu, Chang-Jun	Unqualified Opinion

6.2 Five-Year Financial Analysis

6.2.1 Financial Analysis – Based on IFRS (Consolidated)

Item (Note 3) \ Fiscal Year		Financial Information for the Past Five Years (Note 1) 2019	2020	2021	2022	2023	As of March 31 of the Current Fiscal Year (Note 1)
Financial Structure (%)	Debt to Assets Ratio	56.35	57.36	56.46	58.01	58.10	58.35
	Ratio of Long-term Capital to Property, Plant and Equipment	102.89	130.51	124.27	123.00	114.71	116.38
Solvency (%)	Current Ratio	90.89	109.69	105.04	109.23	100.51	102.67
	Quick Ratio	28.03	28.41	44.53	40.89	40.07	38.04
	Times Interest Earned	(3.3)	4.68	15.82	4.74	1.43	3.17
Operating Performance	Accounts Receivable Turnover (Times)	8.92	10.35	11.11	10.15	8.26	8.18
	Average Collection Days	40.92	35.27	32.85	35.96	44.20	44.64
	Inventory Turnover (Times)	4.06	3.30	4.24	5.27	4.33	3.98
	Accounts Payable Turnover (Times)	19.11	16.58	18.53	18.37	15.62	13.64
	Average Days in Sales	90.12	110.94	86.29	69.26	84.30	91.94
	Property, Plant and Equipment Turnover (Times)	2.36	2.16	2.67	2.64	2.09	2.00
	Total Asset Turnover (Times)	0.98	0.94	1.18	1.20	0.99	0.96
Profitability	Return on Total Assets (%)	(2.40)	2.37	5.47	2.56	1.05	0.63
	Return on Equity (%)	(8.16)	4.28	11.89	4.69	0.76	1.06
	Ratio of Income Before Tax to Paid-in Capital (%) (Note 7)	(17.79)	10.45	30.78	13.13	1.96	2.59
	Net Profit (Loss) Margin (%)	(3.19)	1.97	4.33	1.67	0.32	1.85
	Earnings (Loss) Per Share (NT$)	(1.40)	0.87	2.54	1.11	0.28	0.24
Cash Flow	Cash Flow Ratio (%)	10.46	(1.74)	32.48	1.24	2.83	6.17
	Cash Flow Adequacy Ratio (%)	35.88	(29.72)	(15.65)	21.85	50.64	47.07
	Cash Reinvestment Ratio (%)	4.48	(0.61)	11.59	(2.25)	1.15	2.55
Leverage	Operating Leverage	(0.64)	2.88	1.76	9.09	16.89	(575.97)
	Financial Leverage	0.82	1.40	1.08	2.69	(1.29)	0.01
Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)							

Note 1: The above financial information has been audited or reviewed by CPA.

Note 2: Reasons for changes in the financial ratios in the most recent 2 years are as follows:

1. Solvency:
   Times Interest Earned: The decrease in earnings and the increase in Times Interest Earned in 2023 led to a decrease in the Times Interest Earned.
2. Operating Performance:
   (1)Accounts receivable turnover rate (times)/average number of cash collection days: refers to the decrease in the accounts receivable turnover rate in 2023 compared with 2022. The increase in the average cash collection days was mainly due to the decrease in net sales and the increase in the average balance of accounts receivable.
   (2) Inventory turnover rate (times)/average sales days: refers to the decrease in inventory turnover rate in 2023 compared with 2022. The increase in average sales days is mainly due to the decrease in the cost of goods sold and the increase in average inventory.
   (3) Real estate, plant and equipment turnover rate (times): It mainly refers to the decrease in real estate, plant and equipment turnover rate (times) caused by the decrease in net sales and the increase in average net fixed assets.
3. Profitability: All profitability indicators decreased in 2023 compared to 2022, mainly due to Steel prices have fallen since the 2nd quarter, and steel bar production costs have increased due to increases in electricity and environmental protection costs, which have compressed profits, resulting in full-year profits declining quarter by quarter.
4. Cash Flow: Various cash flow indicators in 2023 are reduced compared to 2022. This means that the net cash inflow from operating activities this year is NT$109,869,000, an increase of NT$64,199,000 compared with the net cash inflow from operating activities NT$45,670,000 in the previous year.
5. Leverage:
   (1) Operating leverage: refers to the increase in operating leverage caused by the decrease in net sales and variable operating costs and expenses while increasing operating profits.

(2) Financial leverage: refers to the decrease in financial leverage caused by a decrease in operating profits and an increase in interest expenses.

Note 3: The following calculation formulas apply to the analysis items above:

1. Financial structure
   (1) Debt to assets ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).
   (2) Financial leverage = operating income / (operating income – interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:

1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:

1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company’s shares have no par value or the par value per share is not NT$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

6.2.2 Financial Analysis – Based on IFRS (Individual)

Item (Note 3)	Fiscal Year	Financial Information for the Past Five Years (Note 1)					As of March 31 of the Current Fiscal Year
		2019	2020	2021	2022	2023	
Financial Structure (%)	Debt to Assets Ratio	58.58	59.29	56.34	57.76	58.61	Not Applicable
	Ratio of Long-term Capital to Property, Plant and Equipment	153.63	194.17	204.88	208.81	189.75	
Solvency (%)	Current Ratio	85.20	110.68	100.15	109.61	104.95	
	Quick Ratio	26.07	27.38	38.05	35.97	37.21	
	Times Interest Earned	(3.23)	4.85	16.27	5.16	1.72	
Operating Performance	Accounts Receivable Turnover (Times)	8.91	10.33	11.10	10.19	8.32	
	Average Collection Days	40.96	35.33	32.89	35.84	43.89	
	Inventory Turnover (Times)	4.06	3.32	4.23	5.22	4.26	
	Accounts Payable Turnover (Times)	20.13	18.32	19.34	18.53	15.75	
	Average Days in Sales	89.96	109.98	86.24	69.93	85.69	
	Property, Plant and Equipment Turnover (Times)	3.44	3.43	4.65	4.73	3.71	
	Total Asset Turnover (Times)	1.07	1.04	1.30	1.30	1.05	
Profitability	Return on Total Assets (%)	(2.61)	2.71	6.21	3.10	1.38	
	Return on Equity (%)	(8.16)	5.23	13.79	5.81	1.45	
	Ratio of Income Before Tax to Paid-in Capital (%) (Note 7)	(17.47)	10.92	31.70	14.61	3.18	
	Net Profit (Loss) Margin (%)	(3.19)	2.07	4.49	1.92	0.58	
	Earnings (Loss) Per Share (NT$)	(1.40)	0.87	2.54	1.11	0.28	
Cash Flow	Cash Flow Ratio (%)	12.17	(1.25)	35.86	2.59	4.35	
	Cash Flow Adequacy Ratio (%)	46.52	(27.40)	(13.05)	39.04	82.2	
	Cash Reinvestment Ratio (%)	5.42	(0.45)	12.75	(1.92)	1.84	
Leverage	Operating Leverage	(0.67)	2.48	1.59	4.76	5.36	
	Financial Leverage	0.81	1.34	1.07	1.49	2.07	
Please explain the causes of changes in the financial ratios in the most recent 2 fiscal years. (Analysis is not required if the increase or decrease is less than 20%.)							

Note 1: The above financial information has been audited or reviewed by CPA.

Note 2: Reasons for changes in the financial ratios in the most recent 2 years are as follows:

1. Solvency:
   Times Interest Earned: The decrease in the interest coverage ratio means that the pre-tax earnings in 2023 will decrease compared with 2022, while the interest expenses will increase.
2. Operating Performance:
   (1)Accounts receivable turnover rate (times)/average number of cash collection days: refers to the decrease in the accounts receivable turnover rate in 2023 compared with 2022. The increase in the average cash collection days was mainly due to the decrease in net sales and the increase in the average balance of accounts receivable.
   (2) Inventory turnover rate (times)/average sales days: refers to the decrease in inventory turnover rate in 2023 compared with 2022. The increase in average sales days is mainly due to the decrease in the cost of goods sold and the increase in average inventory.
   (3) Real estate, plant and equipment turnover rate (times): It mainly refers to the decrease in real estate, plant and equipment turnover rate (times) caused by the decrease in net sales and the increase in average net fixed assets.
3. Profitability: All profitability indicators decreased in 2023 compared to 2022, mainly due to Steel prices have fallen since the 2nd quarter, and steel bar production costs have increased due to increases in electricity and environmental protection costs, which have compressed profits, resulting in full-year profits declining quarter by quarter.
4. Cash Flow: The increase in various cash flow indicators in 2023 compared with 2022 means that the net cash inflow from operating activities this year is NT$166,066,000, which is an increase of NT$76,848,000 compared with the net cash inflow from operating activities of NT$89,218,000 in the previous year.
5. Leverage: The increase in leverage in 2023 was mainly due to an increase in financing costs.

Note 3: The following calculation formulas apply to the analysis items above:

1. Financial structure
   (1)Debt to assets ratio = total liabilities / total assets.
   (2)Ratio of long-term capital to property, plant and equipment = (total equity + non-current liabilities) / net property, plant and equipment.

2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Times interest earned = earnings before tax and interest expenses / current interest expenses.
3. Operating performance
   (1) Accounts receivable (including accounts receivable and notes receivable arising from business activities) turnover = net sales / average accounts receivable balance (including accounts receivable and notes receivable arising from business activities).
   (2) Average collection days = 365 / accounts receivable turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Accounts payable (including accounts payable and notes payable arising from business activities) turnover = cost of goods sold / average accounts payable balance (including accounts payable and notes payable arising from business activities).
   (5) Average days in sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net property, plant and equipment.
   (7) Total asset turnover = net sales / average total assets.
4. Profitability
   (1) Return on total assets = (net income + interest expenses * (1 - effective tax rate)) / average total assets.
   (2) Return on equity = net income after tax / average total equity.
   (3) Net profit margin = net income after tax / net sales.
   (4) Earnings per share = (income attributable to owners of parent - preferred stock dividends) / weighted average number of shares outstanding. (Note 4)
5. Cash flow
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = 5-year sum of net cash flow from operating activities / 5-year sum of (capital expenditures + increases in inventory + cash dividends).
   (3) Cash reinvestment ratio = (cash from operating activities - cash dividends) / (gross property, plant and equipment + long-term investments + other non-current assets + working capital). (Note 5)
6. Leverage:
   (1) Operating leverage = (net operating revenue – variable operating costs and expenses) / operating income (Note 6).
   (2) Financial leverage = operating income / (operating income – interest expenses).

Note 4: Special attention should be paid to the following when calculating earnings per share by the above equation:
1. The weighted average quantity of outstanding common shares shall be taken as the standard, not the quantity of outstanding shares at the end of the year.
2. If there is any cash capital increase or treasury stock transaction, take the circulation periods into account when calculating the weighted average quantity of outstanding shares.
3. If there is any capitalization of retained earnings or capital surplus, the annual and semi-annual earnings per share of past years shall be retrospectively adjusted pro rata to the size of the capital increase, without considering the issuance period of the capital increase.
4. If the preferred shares are non-convertible cumulative preferred shares, the dividend for the fiscal year (whether it has been distributed or not) shall be deducted from the net income after tax or added to the net loss after tax. If the preferred shares are non-cumulative, the dividend shall be deducted from the net income after tax if there is net income after tax and no adjustment is required in case there is loss.

Note 5: Special attention shall be paid to the following when making the calculations for cash flow analysis:
1. Net cash flow from operating activities refers to the net cash inflow from operating activities in the cash flow statement.
2. Capital expenditures refers to the annual cash outflow used in capital investment.
3. Increase in inventory is counted only when the balance at the end of the period is greater than the balance at the beginning of the period. If the inventory has decreased at the end of the year, it is counted as zero.
4. Cash dividends include the cash dividends of common stock and preferred stock.
5. Gross property, plant and equipment refers to the total property, plant and equipment without deduction of accumulated depreciation.

Note 6: The issuer shall categorize the operating costs and operating expenses into fixed ones and variable ones in accordance with their properties. If the categorization is subject to estimation or subjective judgment, attention shall be paid to ensure that it is done rationally and consistently.

Note 7: If the Company's shares have no par value or the par value per share is not NT$10, the paid-in capital involved in the calculation of the above ratio shall be replaced by the equity attributable to owners of the parent company on the balance sheet.

6.3 Audit Committee’s Review Report of the Latest Financial Report

HAI-KWANG ENTERPRISE CO., LTD
Year 2023 Audit Committee’s Review Report

The Board of Directors has prepared the Business Report, Financial Statements(including consolidated Financial Statements) and earning distribution proposal for the year ended December 31, 2023.

Certified Public Accountants of Deloitte Taiwan, Wang, Zhao-Qun and Wu, Zhang-Jun, have completed the audits and have issued an audit report.

The above-mentioned business report, financial statements and earning distribution proposal have been reviewed and determined to be correct by the Audit Committee.

We hereby submit this report in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act.

HAI-KWANG ENTERPRISE CO., LTD
Convener of the Audit Committee: Guo, Shi-Xian
March 12, 2024

6.4 Latest Consolidated Financial Statements and Independent Auditors' Report

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Financial Statements with Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Address：No. 12, Yanhai 2nd Rd., Xiaogang Dist., Kaohsiung City, Taiwan
Telephone：(07)8021011

§Table of Contents§

Declaration of Consolidated Financial Statements of Affiliated Enterprises

The companies required to be included in the consolidated financial statements (for the years ended December 31, 2023) of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the years ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard 10 “Consolidated Financial Statements.” Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we did not prepare a separate set of consolidated financial statements of affiliates.

Very truly yours,

Company Name：HAI-KWANG ENTERPRISE CO., LTD.
Chairman：Huang, Wei-Han
March 12, 2024

Independent Auditors' Report

To HAI-KWANG ENTERPRISE CO., LTD.：

Opinion

We have audited the accompanying financial statements of HAI-KWANG ENTERPRISE CO., LTD. and subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company and subsidiaries 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) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

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

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

Authenticity of sales revenue recgonition

The operating revenue of the Company and subsidiaries is mainly from the sales revenue of reinforcing steel bars. As the sales revenue of part of the items grew significantly in 2023, according to regulation of Statement of Auditing Standard, which presumes that there is significant risk in revenue, the authenticity of sales revenue recgonition of the aforementioned specific items is indentified as a key audit matter.

Please refer to Note 4 and 21 to the consolidated financial statements for the accounting policies and information disclosed of sales revenue recognition. The audit procedures for the sales revenue recgonition of the aforementioned specific items implemented are as follows：

1. Obtain an understanding and test the effectiveness of internal control related to the authenticity of sales revenue recognition；
2. Select appropriate samples of specific sales items from sales revenue account, check whether the delivery orders have been signed by customers, verify the record of receiving the payments and check whether the payers are consistent with the sales counterparties, to ensure the authenticity of revenue.

Other Matter

We have also audited the parent company only financial statements of HAI-KWANG ENTERPRISE CO., LTD. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unqualified opinion.

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

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

In preparing the consolidated financial statements, management is responsible for assessing the Company and subsidiaries'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 and subsidiaries or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also：

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from on 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 and subsidiaries'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 and subsidiaries'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, we are required 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 and subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wang, Chao-Chin and Wu, Chang-Jin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Notice to Readers

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

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

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

Assets	December 31, 2023 Amount	%	December 31, 2022 Amount	%
Current assets				
Cash and cash equivalents（Note 4 and 6）	$ 239,202	2	$ 360,852	4
Current financial assets at fair value through profit or loss（Note 4 and 7）	25,710	-	26,700	-
Current financial assets at fair value through other comprehensive income（Note 4 and 8）	70,532	1	70,840	1
Notes receivables（Note 4 and 9）	155,568	2	92,785	1
Accounts receivables, net（Note 4, 9, and 28）	1,066,113	11	953,795	10
Other receivables	7,457	-	3,349	-
Current tax assets（Note 4 and 23）	1,478	-	597	-
Inventories（Note 4, 5, and 10）	2,133,980	23	2,072,295	22
Prepayments	120,119	1	295,684	3
Other financial assets－current（Note 4, 11, and 29）	82,768	1	139,731	2
Other current assets	236	-	1,207	-
Costs to fulfill contracts－current（Note 21）	2,368	-	2,619	-
Total current assets	3,905,531	41	4,020,454	43
Non-current assets				
Non-current financial assets at fair value through other comprehensive income（Note 4 and 8）	853,786	9	858,549	9
Property, plant and equipment（Note 4, 13, and 29）	4,593,478	49	4,367,792	46
Right-of-use assets (Note 4 and 14)	12,675	-	-	-
Intangible assets（Note 4）	6,763	-	6,576	-
Deferred tax assets（Note 4 and 23）	67,515	1	89,707	1
Prepayments for equipment	85	-	49,602	1
Refundable deposits	476	-	246	-
Net defined benefit assets－non-current（Note 4 and 19）	726	-	178	-
Other non-current assets	6,523	-	6,425	-
Total non-current assets	5,542,027	59	5,379,075	57
Total assets	$ 9,447,558	100	$ 9,399,529	100
Liabilities and equity				
Current Liabilities				
Short-term borrowings（Note 15 and 29）	$ 1,702,311	18	$ 2,011,169	22
Short-term notes payables（Note 15）	849,490	9	289,490	3
Current financial liabilities at fair value through profit or loss（Note 4 and 7）	23,784	-	26,929	-
Current contract liabilities（Note 4 and 21）	208,295	2	185,290	2
Notes payables（Note 16 and 19）	64,288	1	91,226	1
Accounts payables（Note 16 and 28）	524,974	6	486,141	5
Other payables（Note 4, 17, and 28）	204,381	2	318,128	3
Current provisions（Note 4 and 18）	24,761	-	53,215	1
Lease liabilities, current portion （Note 4 and 14）	529	-	-	-
Long-term borrowings, current portion（Note 15 and 29）	271,198	3	208,297	2
Other current liabilities	11,626	-	10,965	-
Total current liabilities	3,885,637	41	3,680,850	39
Non-current liabilities				
Long-term borrowings（Note 15 and 29）	1,310,462	14	1,424,844	15
Non-current provisions（Note 4 and 18）	54,000	1	104,822	1
Deferred tax liabilities（Note 4 and 23）	226,524	2	241,633	3
Non-current lease liabilities （Note 4 and 14）	12,199	-	-	-
Guaranteed deposits received	91	-	11	-
Total non-current liabilities	1,603,276	17	1,771,310	19
Total liabilities	5,488,913	58	5,452,160	58
Equity attributable to the owner of the parent company（Note 20）				
Ordinary shares	1,903,277	20	1,812,645	19
Capital surplus	384,489	4	387,863	4
Retained earnings				
Legal reserve	83,168	1	61,865	1
Special reserve	156,469	2	156,469	2
Unappropriated earnings	323,780	3	383,260	4
Total retained earnings	563,417	6	601,594	7
Other equity	847,875	9	851,590	9
Total equity attributable to the owner of the parent company	3,699,058	39	3,653,692	39
Non-controlling interests（Note 20 and 25）	259,587	3	293,677	3
Total equity	3,958,645	42	3,947,369	42
Total liabilities and equity	$ 9,447,558	100	$ 9,399,529	100

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

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except EPS expressed in NTD)

	2023		2022	
	Amount	%	Amount	%
Operating revenue（Note 4, 21 and 28）				
Sales revenue	$ 9,143,337	98	$ 10,867,558	98
Service revenue	221,752	2	177,420	2
Total operating revenue	9,365,089	100	11,044,978	100
Operating costs（Note 4, 10, 22, and 28）				
Costs of goods sold	8,898,024	95	10,570,126	96
Service costs	214,750	3	165,780	1
Total operating costs	9,112,774	98	10,735,906	97
Net gross profit	252,315	2	309,072	3
Operating expenses（Note 22 and 28）				
Selling expenses	82,982	1	82,539	1
Administrative expenses	119,740	1	124,704	1
Research and development expense	1,210	-	576	-
Total operating expenses	203,932	2	207,819	2
Net operating income	48,383	-	101,253	1
Non-operating income and expenses（Note 22）				
Interest revenue	8,383	-	4,687	-
Other revenue	74,623	1	48,711	1
Other gains and losses	(8,101)	-	147,018	1
Finance costs	(86,003)	(1)	(63,596)	(1)
Total non-operating income and expenses	(11,098)	-	136,820	1
Profit before tax	37,285	-	238,073	2

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(continued)

	2023		2022	
	Amount	%	Amount	%
Income tax expenses (Note 4 and 23)	$ 7,298	-	$ 53,974	-
Profit	29,987	-	184,099	2
Other comprehensive income (Note 19, 20, and 23)				
Items not to be reclassified into profit or loss				
Remeasurements of defined benefit plans	(1,076)	-	2,339	-
Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	(3,737)	-	110,581	1
Income tax related to items of other comprehensive income not to be reclassified to profit or loss	215	-	(468)	-
Other comprehensive income (net of tax)	(4,598)	-	112,452	1
Total comprehensive income	$ 25,389	-	$ 296,551	3
Net profit attributable to:				
Owners of the parent	$ 53,316	-	$ 210,830	2
Non-controlling interests	(23,329)	-	(26,731)	-
	$ 29,987	-	$ 184,099	2
Total comprehensive income (loss) attributable to:				
Owners of the parent	$ 48,740	-	$ 322,712	3
Non-controlling interests	(23,351)	-	(26,161)	-
	$ 25,389	-	$ 296,551	3
Earnings per share (Note 24)				
Basic	$ 0.28		$ 1.11	
Diluted	$ 0.28		$ 1.10	

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

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES

Consolidated Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	Equity attributable to owners of parent								
			Retained earnings			Other equity			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	Total	Non-controlling interests	Total equity
Balance at January 1, 2022	$ 1,812,645	$ 386,681	$ 15,995	$ 156,469	$ 487,996	$ 741,909	$ 3,601,695	$ 309,358	$ 3,911,053
Appropriation and distribution of 2021 earnings（Note 20）									
Legal reserve	-	-	45,870	-	(45,870)	-	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(271,897)	-	(271,897)	-	(271,897)
	-	-	45,870	-	(317,767)	-	(271,897)	-	(271,897)
Profit of 2022	-	-	-	-	210,830	-	210,830	(26,731)	184,099
Other comprehensive income of 2022, net of tax	-	-	-	-	1,871	110,011	111,882	570	112,452
Total comprehensive income of 2022	-	-	-	-	212,701	110,011	322,712	(26,161)	296,551
Difference between consideration and carrying amount of subsidiaries acquired（Note 25）	-	1,182	-	-	-	-	1,182	(1,182)	-
Increase in non-controlling interests	-	-	-	-	-	-	-	11,600	11,600
Disposals of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	330	(330)	-	62	62
Balance at December 31, 2022	1,812,645	387,863	61,865	156,469	383,260	851,590	3,653,692	293,677	3,947,369
Appropriation and distribution of 2022 earnings（Note 20）									
Legal reserve	-	-	21,303	-	(21,303)	-	-	-	-
Cash dividends of ordinary shares	90,632	-	-	-	(90,632)	-	-	-	-
	90,632	-	21,303	-	(111,935)	-	-	-	-
Profit of 2023	-	-	-	-	53,316	-	53,316	(23,329)	29,987
Other comprehensive income of 2023, net of tax	-	-	-	-	(861)	(3,715)	(4,576)	(22)	(4,598)
Total comprehensive income of 2023	-	-	-	-	52,455	(3,715)	48,740	(23,351)	25,389
Difference between consideration and carrying amount of subsidiaries acquired（Note 25）	-	(3,374)	-	-	-	-	(3,374)	(10,739)	(14,113)
Balance at December 31, 2023	$ 1,903,277	$ 384,489	$ 83,168	$ 156,469	$ 323,780	$ 847,875	$ 3,699,058	$ 259,587	$ 3,958,645

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

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022
(Expressed in thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities		
Profit before tax	$ 37,285	$ 238,073
Items of income and expense		
Depreciation expenses	286,852	247,035
Amortization expenses	12,251	11,326
Net gains on financial instruments at fair value through profit or loss	(23,920)	(299,885)
Financial costs	86,003	63,596
Interest revenue	(8,383)	(4,687)
Dividends revenue	(65,276)	(40,650)
Loss from disposal of property, plant and equipment	-	2,456
Inventory valuation losses (reversal gain)	(28,134)	416
Increase in provisions	12,610	29,422
Net changes in operating assets and liabilities		
Financial instruments mandatorily measured at fair value through profit or loss	21,765	312,123
Notes receivables	(62,783)	15,808
Accounts receivables	(112,318)	67,432
Other receivables	(4,071)	(3,163)
Inventories	(33,551)	(73,143)
Prepayments	175,680	(190,236)
Other current assets	971	1,821
Costs to fulfill contracts	251	(461)
Net defined benefit assets	(1,624)	(178)
Contract liabilities	23,005	(173,118)
Notes payables	(26,142)	2,881
Accounts payables	38,833	(18,383)
Other payables	(42,148)	(14,511)
Provisions	(91,886)	(62,912)
Other current liabilities	661	356
Net defined benefit liabilities	-	(2,707)
Cash inflow generated from operations	195,931	108,711
Interest received	8,346	4,664
Interest paid	(93,527)	(67,239)
Income taxes paid	(881)	(466)
Net cash inflow provided by operating activities	109,869	45,670

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	2023	2022
Cash flows from investing activities		
Proceeds from disposal of financial assets at fair value through other comprehensive income	$ -	$ 1,730
Refund of paid-up capital from financial assets at fair value through other comprehensive income	1,334	-
Acquisition of financial assets at fair value through profit or loss	-	(15,223)
Acquisition of property, plant and equipment	(527,737)	(445,548)
Proceeds from disposal of property, plant and equipment	-	1,197
Decrease (increase) in refundable deposits	(230)	(24)
Acquisition of intangible assets	(2,088)	(5,841)
Decrease (increase) in other financial assets	56,963	(42,190)
Increase in other non-current assets	(10,448)	(8,011)
Dividends received	65,276	40,650
Net cash outflow provided by investing activities	(416,930)	(473,260)
Cash flows from financing activities		
Increase in short-term borrowings	6,889,276	10,189,807
Decrease in short-term borrowings	(7,198,134)	(9,533,185)
Increase (decrease) in short-term notes payables	560,000	(420,000)
Increase in long-term borrowings	306,000	1,056,469
Repayment of long-term borrowings	(357,481)	(690,480)
Increase in guaranteed deposits received	80	-
Repayment of principal of lease liabilities	(217)	-
Cash dividends paid	-	(271,897)
Acquisition of equity of subsidiaries	(14,113)	-
Changes in non-controlling interests	-	11,600
Net cash inflow (outflow) provided by financing activities	185,411	342,314
Decrease in cash and cash equivalents	(121,650)	(85,276)
Cash and cash equivalents at the beginning of period	360,852	446,128
Cash and cash equivalents at the end of period	$ 239,202	$ 360,852

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

HAI-KWANG ENTERPRISE CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
（Except as indicated, Expressed in thousands of New Taiwan Dollars）

1. Company history

HAI-KWANG ENTERPRISE CO., LTD. (the "Company) is established in 1969, and is principally engaged in the manufacture, processing, sales, and trade of billets and rebars.

The consolidated financial statements are expressed in the Company's functional currency, "New Taiwan Dollar."

2. Approval date and procedures of the parent company only financial statements

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on March 12, 2024.

3. New standards, amendments and interpretations adopted

(1).The Company and subsidiaries have adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively "IFRS accounting standards") endorsed and issued into effect by the Financial Supervisory Commission (the "FSC"), and the first-time adoption incurs no significant impact to the accounting policies of the Company and subsidiaries.

(2).The IFRS accounting standards endorsed and issued into effect by the FSC

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

Note 1： Unless stated otherwise, the above new, amended, or revised IFRS accounting standards are effective for annual periods beginning on or after their respective effective dates.

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

Note 3： Part of the disclosure regulations is exempt at first-time adoption of the modification.

The Company and subsidiaries assessed that the aforementioned standards and interpretations would not have a significant impact on its financial position and financial performance.

(3).The IFRS accounting standards issued by IASB but not yet endorsed by the FSC

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

Note 1： Unless stated otherwise, the above new, amended or revised IFRS standards are effective for annual periods beginning on or after their respective effective dates.

Note 2： The amendments apply to annual reporting periods beginning on or after 1 January 2025. The consolidated company shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings. When the consolidated company uses a presentation currency other than its functional currency, the consolidated company shall recognize any effect of initially applying the amendments as an adjustment to the exchange differences in the conversion of the financial statements of foreign operations under equity at the first-adoption date.

As of the date the consolidated financial statements are issued, the Company and subsidiaries is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company and subsidiaries' financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies

(1).Statement of compliance

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

(2).Basis of preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for defined benefit assets, which are recognized by present value of defined benefit obligations net of the fair value of plan assets.

Fair value measurement can be categorized by the level of observability and significant into level 1 to level 3：

1. Level 1 inputs： quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company and subsidiaries can access at the measurement date
2. Level 2 inputs： inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (the prices) or indirectly (derive from the prices)
3. Level 3 inputs：unobservable inputs for the assets or liabilities

(3).Classification of non-current and current assets and liabilities

Current assets include：

1. the assets held primarily for the purpose of trading；
2. the assets expected to be realized within twelve months after the balance sheet date；and
3. cash and cash equivalents (excluding the assets restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.）

Current liabilities include：

1. the liabilities held primarily for the purpose of trading；
2. the liabilities due to be settled within twelve months after the balance sheet date，and
3. the liabilities of which the Company and subsidiaries does not have an unconditional right to defer settlement for at least twelve months after the balance sheet date.

An asset or a liability that is not current shall be classified as a non-current asset or liability.

(4).Basis of consolidation

1. Basis of consolidation

   The Company and all the entities controlled by the Company (subsidiaries) are included in the Company and consolidated financial statements.

   Appropriate adjustments of accounting policies of the subsidiaries have been made to be uniform with the accounting policies of the Company and subsidiaries.

   All intra-group transactions, balances, unrealized gains and losses resulting from intra-group transactions are eliminated in full.

   Total comprehensive income of subsidiaries is attributed to the shareholders of the parent company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

2. Subsidiaries included in the consolidated financial statements

   Please refer to Note 21 for the details of subsidiaries, percentage of ownership and operations.

(5).Foreign currencies

In preparation the financial statements of each entity, transactions in currencies other than the entity's functional currency (foreign currencies) are translated by the rate of exchange prevailing at the dates of the transactions or measurement into the functional currency.

At the end of each reporting period, foreign currency monetary items shall be translated using the closing rate at the balance sheet date. Except the translation differences arising from hedging transactions for hedging part of the exchange rate risk, the exchange differences arising from settlement or translation of monetary items shall be recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rate at the date when the fair value was measure, and the exchange differences shall be recognized in profit or loss. When the profit or loss arising from exchange differences arising on the non-monetary items are recognize in other comprehensive income, the exchange differences arising on the retranslation of such profit or loss are also recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction, and shall not be translated again.

(6).Inventories

Inventories include raw materials, materials, work in process, goods and tailings. Inventories are valued at the lower of cost and net realizable value item by item, unless the inventories are in the same categories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The costs of inventories are calculated by weighted-average method.

(7).Property, plant and equipment

Property, plant and equipment are initially recognized by acquisition cost, and are measured subsequently by the cost less any accumulated depreciation.

Property, plant and equipment under construction are recognized by cost, including the professional service expenses and the borrowing costs eligible for capitalization. While bringing an item of property, plant and equipment to the condition necessary for it to be capable of operating in the manner intended, samples produced when testing whether the asset is functioning properly shall be measured at the lower of cost and net realizable value, and the proceeds from selling such items, and the cost of those items shall be recognized in profit or loss. After the asset is completed and brought to the condition necessary for it to be capable of operating in the manner intended, it shall be classified in the appropriate category of property, plant and equipment, and depreciated.

The property, plant and equipment acquired by 1990 are depreciated by declining balance method, and those acquired after 1990 are depreciated by straight-line method over the useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The residual value and the useful life of an item of property, plant, and equipment shall be reviewed at least at each balance sheet date and, the changes shall be accounted for as a change in an accounting estimate and applied prospectively.

The gain or loss arising from the derecognition of an item of property, plant and equipment, which is the difference between the net disposal proceeds received and the carrying amount of the asset, shall be included in profit or loss when the item is derecognized.

(8).Intangible assets

1. Separately acquired

   A separately acquired intangible asset with finite useful life shall be measured at its cost at initial recognition, and sequent measured by the cost less any accumulated amortization and any accumulated impairment losses. Intangible assets shall be depreciated over the useful life as follows by straight-line method. The estimated useful life, residual value and the amortization method shall be reviewed at the end of each reporting period. Any changes in estimates shall be applied prospectively.

2. Derecognition

   The gain or loss arising from the derecognition of an item of intangible assets, which is the difference between the net disposal proceeds received and the carrying amount of the asset, shall be included in profit or loss when the item is derecognized.

(9).Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Company and subsidiaries shall assess at each balance sheet date whether there is any indication that an item of property, plant and equipment, right-of-use assets, and intangible asset may be impaired. If any indication is present, the Company and subsidiaries shall assess the recoverable amount of the asset. If the Company and subsidiaries are unable to assess the recoverable amount of the asset, the recoverable amount of the cash-generating unit that the asset belongs to shall be assessed. Impairment of corporate assets shall be allocated to cash-generating units by a reasonable and consistent basis.

Recoverable amount is the higher of the fair value less costs of disposal and its value in use. If the recoverable amount of an asset or a cash-generating unit is less than it carrying amount, the carrying amount of the asset or cash-generating unit shall be adjusted to its recoverable amount. The impairment losses shall be recognized in profit or loss.

When assessing the impairment of a cash-generating unit, impairment of inventories recognized due to contracts with customers shall be recognized first, then impairment losses shall be recognized by the amount of the difference between the carrying amount of relevant assets of the contract costs and the considerations expected to be received less the relevant costs, and the carrying amount of relevant assets of contract costs shall be recognized in the cash-generating unit.

When the impairment loss is reversed subsequently, the carrying amount of an asset, a cash-generating unit, or a relevant asset of contract cost shall be increased to the revised recoverable amount. However, the increased carrying amount of an asset, a cash-generating unit, or a relevant asset of contract cost attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss ben recognized for the asset in prior years. The reversal of impairment losses shall be recognized in profit or loss.

(10). Financial instruments

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

Financial assets or liabilities not measured at fair value through profit or loss, shall be measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities. The transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities at fair value through profit or loss, shall be recognized in profit or loss immediately.

1. Financial assets

A regular way purchase or sale of financial assets are recognized and derecognized, as applicable, using trade date accounting.

(a) Measurement types

The financial assets held by the Company and subsidiaries can be classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

A. Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include the investments in equity instruments designated measured at fair value through other comprehensive income.

Financial assets at fair value through profit or loss are measured at fair value. The remeasurement gains or losses (including any dividend or interest from the financial assets) shall be recognized in profit or loss. Please refer to Note 27 for the determination of fair value.

B. Financial assets at amortized cost

A financial asset held by the Company and subsidiaries is measured at amortized cost if both of the following conditions are met：

a. The financial asset is held in a business model whose objective is achieved by collecting contractual cash flows；and
b. The cash flows occur at specific dates based on the contractual terms. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivables, refundable deposits, and other financial assets) shall be measured after initial recognition at amortized cost calculated by total carrying amount determined by effective interest method minus the impairment loss. Any resulting foreign exchange differences shall be recognized in profit or loss.

A financial asset is credit-impaired when significant financial difficulty of the issuer or the borrower, a breach of contract occurs, or it is becoming probable that the borrower will enter bankruptcy or other financial reorganization, or an active market for that financial asset disappears because of financial difficulties.

Cash equivalents are highly liquid time deposits due within 3 months after acquisition that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of changes in value, that the Company and subsidiaries holds them for the purpose of short-term cash commitment in operation.

C. Investments in equity instruments at fair value through other comprehensive income

At initial recognition, the Company and subsidiaries may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income shall be measured at fair value. Subsequent changes in fair value shall be recognized in other comprehensive income and accumulated in other equity. At disposal, the accumulated profit or loss recognized in other comprehensive income shall not be reclassified to profit or loss, instead, directly to retained earnings.

Dividends on investments in equity instruments at fair value through other comprehensive income shall be recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

(b) Impairment of financial assets

At each reporting date, the Company and subsidiaries shall assess the impairment losses of financial assets at amortized cost (including accounts receivables), by expected credit loss.

The Company and subsidiaries shall measure the loss allowance at an amount equal to lifetime expected credit losses for accounts receivables. If the credit risk on other financial assets has not increased significantly since initial recognition, the Company and subsidiaries shall measure the loss allowance for those financial assets at an amount equal to 12-month expected credit losses. If the credit risk on other financial assets has increased significantly since initial recognition, the Company and subsidiaries shall measure the loss allowance for those financial assets at an amount equal to lifetime expected credit losses.

Expected credit losses are the weighted average credit losses with the probability of default as the weight. 12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime expected credit loss is the expected credit losses that result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management of the Company and subsidiaries, without considering the collaterals held, the financial assets are defaulted if the circumstances as follows occur：

A. Internal or external information indicates that it is not probable for the borrower to repay the debts.

B. A financial asset is 150 days past due unless there is reasonable and supportable information to demonstrate that a lagging default criterion is more appropriate.

The impairment losses of financial assets decrease the carrying amount by allowances.

(c) Derecognition of financial assets

The Company and subsidiaries shall derecognize the financial assets when the contractual rights to the cash flows from the financial assets expire, or the Company and subsidiaries transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to others.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received shall be recognized in profit or loss. On derecognition of an investment in debt instruments at fair value through other comprehensive income in its entirety, the difference between the carrying amount and the consideration received plus accumulative profit or loss recognized in other comprehensive income shall be recognized in profit or loss. On derecognition of an investment in equity instruments at fair value through other comprehensive income in its entirety, the accumulated profit or loss shall not be reclassified to profit or loss, instead, directly to retained earnings.

2. Equity instruments

The equity instruments issued by the Company and subsidiaries are recognized by the consideration received less the costs directly attributable to issuance.

3. Financial liabilities

(a) Subsequent measurement

All the financial liabilities shall be measured at amortized cost by effective interest method, except the conditions as follows

Financial liabilities at fair value through profit or loss are financial liabilities held for trading.

Financial liabilities held for trading shall be measured at fair value. The remeasurement gains or losses shall be recognized in profit or loss. Please refer to Note 27 for the determination of fair value.

(b) Derecognition of financial liabilities

At derecognition, the difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed), shall be recognized in profit or loss.

4. Derivative instruments

The derivative instruments that the Company and subsidiaries involve are currency swap contracts, forward foreign exchange contracts, and foreign exchange option contracts, to management the Company and subsidiaries' foreign exchange rate risk.

Derivative instruments shall be measured at fair value at initial recognition when signing the contracts, and subsequently remeasured at fair value at each balance sheet date. The remeasurement gains or losses shall be recognized in profit or loss. When the fair value of a derivative instrument is a positive value, it shall be recognized as a financial asset. If the fair value is a negative value, it shall be recognized as a financial liability.

(11). Provisions

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and in consideration of the risk and uncertainty of obligations. Provisions shall be measured by the expected cash flows to settle the present obligation.

Loss reserve for purchase contracts

For signed irrevocable raw materials purchase contracts, if the unavoidable costs of meeting the obligation under the contracts exceed the economic benefits expected to be received under the contracts, loss reserve for purchase contracts shall be accrued. The accrued losses shall be recognized under operating costs in the consolidated statements of comprehensive income.

Reserve for disposals of slags payables

The slags produced during the manufacturing process shall commission qualified waste clearance and disposal organizations to make the disposals. Provisions shall be accrued based on the disposal fee payables by reference to the quantities in stock and the quotation from the disposal suppliers. The accrued expenses shall be recognized under operating costs in the consolidated statements of comprehensive income, and transferred to other payables at occurrence. If there is change in the estimated disposal fees, the change in estimate shall adjust the profit or loss in the current year.

(12). Revenue recognition

The Company and subsidiaries shall allocate the transaction price to each performance obligation after identifying performance obligations in the contracts with customers. Revenue shall be recognized at satisfaction of performance obligations

For contracts with length of time between the Company and subsidiaries transfer the promised goods or services to the customer and when the customer pays for those goods or services within 1 year, the transaction prices shall not be adjusted for significant finance components.

1. Sales of goods

   The Company and subsidiaries shall recognize revenue when the customer obtains control of that asset. It’s the time when goods are transferred to a customer (if it’s a domestic transaction), the customer has the discretion to direct the price of goods and usage, and the risk of obsolescence is transferred to the customer. The Company and subsidiaries shall recognize revenue and accounts receivables at the point of time. Receipts in advance of sales shall be recognized as contract liabilities.

In processing outsourced contracts, as the control of the ownership of the work in process to be processed is not transferred, revenue shall not be recognized when the work in process is transferred to suppliers.

2. Rendering services

Service revenue arises from rendering processing services, including rebar cutting, forming, etc., based on the contracts. Revenue shall be recognized after rending the services.

(13). Lease

At inception of a contract, the Company and subsidiaries shall assess whether the contract is (or contains) a lease.

The Company and subsidiaries as the lessee

When the Company and subsidiaries are the lessees under a lease contract, the Company and subsidiaries shall recognize a right-of-use asset and a lease liability, unless the lease contract is a short-term lease or the underlying assets of the lease is of low value,

At the commencement date, the Company and subsidiaries shall measure the right-of-use asset at cost (which comprises the amount of the initial measurement of the lease liability). After the commencement date, the Company and subsidiaries shall measure the right-of-use asset by cost less any accumulated depreciation and any accumulated impairment losses. The Company and subsidiaries shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

The Company and subsidiaries shall depreciate the right-of-use asset over the shorter of the useful life or the lease term.

At the commencement date, the Company and subsidiaries shall measure the lease liability at the present value of the lease payments. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company and subsidiaries shall use the lessee’s incremental borrowing rate.

The Company and subsidiaries shall amortize the lease liabilities by effective interest rate method, and recognize interest expense over the lease term.

(14). Borrowing costs

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

If the Company and subsidiaries borrow funds specifically for the purpose of obtaining a qualifying asset, the Company and subsidiaries shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.

Except the conditions aforementioned, other borrowing costs are recognized as an expense in the period of occurrence.

(15). 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 exchange for that service.

2. Post-employment benefits

   For defined contribution plans, the contributions shall be recognized as pension expenses during the period employees rendering services.

   Defined obligation costs (including service costs, net interests, and remeasurement) of defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. Service costs (including current service costs) and net interests of net defined benefit liabilities shall be recognized as employee benefits expenses as incurred. Remeasurement (including return on plan assets calculated by actuarial gains and losses less interests) shall be recognized in other comprehensive income as incurred and stated in retained earnings. Remeasurement will not be classified to profit or loss subsequently.

   Net defined benefit assets are determined by the amount of the surplus of the defined benefit plans.

(16). Income tax

The tax expense for the period comprises current and deferred income tax.

1. Current income tax

   The Company and subsidiaries shall determine the current profit (loss) in accordance with the rules established in R.O.C., and calculate income tax payables (recoverable) based on the profit (loss).

   An additional tax on unappropriated earnings is recognized in the year the shareholders' meeting approves the distribution of earnings.

   Adjustments to income tax payables of prior years are included in current income tax.

2. Deferred income tax

   Deferred income tax is determined by the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

   A deferred tax liability shall be generally recognized for all taxable temporary differences. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized

   Carrying amount of deferred tax assets shall be reassessed at each balance sheet date. For the deferred tax assets recognized when it has become not probable that future taxable profit will allow the deferred tax assets to be recovered, decrease the carrying amount. The Company and subsidiaries shall reassess unrecognized deferred tax assets, and shall recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered entirely or partially.

Deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Company and subsidiaries expect, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

Current and deferred income tax shall be recognized in profit or loss. However, the current and deferred income tax related to the items recognized in other comprehensive income or directly recognized in equity shall be recognized in other comprehensive income or directly in equity.

5. Major sources of uncertainty arising from significant accounting judgments, estimates, and assumptions

When the Company and subsidiaries adopt accounting policies, for information that is not available from other sources, the management has to make relevant judgments, estimates, and assumptions based on historical experiences and other relevant factors. The actual result may be different from the estimates.

When the Company and subsidiaries develop significant estimate values, the management will keep assessing estimates and basic assumptions.

Major sources of uncertainty arising from accounting estimates and assumptions－impairment of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The estimates are based on the current market condition and the historical sales experiences of similar products. Changes in market condition may significantly affect the results of estimates.

(6) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 232	$ 543
Demand deposits	212,139	207,335
Checking deposits	2,831	11,418
Cash equivalents		
Time deposits originally due within 3 months	24,000	141,556
	$239,202	$360,852

(7) Current financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Financial bonds	$ 14,889	$ 14,616
Beneficiary certificates of funds	4,461	4,114
Stocks of domestic listed companies	6,360	7,970
	$ 25,710	$26,700
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments（not designated as hedging instruments）		
Forward exchange contracts	$ 16,199	$ 1,300
Exchange option contracts	5,132	8,868
Currency swap contracts	2,453	16,761
	$ 23,784	$ 26,929

As of the balance sheet date, the currency swap contracts that are not applicable to hedge accounting and not expired are as follows：

	Currently	Maturity period	Contract amount（in thousands）
December 31, 2023			
Currency swap contracts	NTD to USD	February, 2024～June, 2024	NTD129,107／USD4,150
December 31, 2022			
Currency swap contracts	NTD to USD	September, 2023～November, 2023	NTD442,370／USD14,300

As of the balance sheet date, the forward exchange agreements that are not applicable to hedge accounting and not expired are as follows：

	Currently	Maturity period	Contract amount（in thousands）
December 31, 2023			
Pre-purchases of forward exchange	NTD to USD	January, 2024～March, 2024	NTD486,096／USD15,336
December 31, 2022			
Pre-purchases of forward exchange	NTD to USD	February, 2023～March, 2023	NTD242,667／USD7,900

As of the balance sheet date, the foreign exchange option contracts s that are not applicable to hedge accounting and not expired are as follows：

	Currently	Maturity period	Contract amount（in thousands）
December 31, 2023			
Put options of foreign exchange	USD to NTD	January, 2024	USD4,000／NTD128,800
December 31, 2022			
Put options of foreign exchange	USD to NTD	January, 2023～April, 2023	USD28,000／NTD851,500

Currency swap contracts, forward exchange agreements, and foreign exchange option contracts held by the Company and subsidiaries do not qualify for the effective hedge conditions, they are not eligible for hedge accounting.

(8) Investments in equity instrument at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Current		
Domestic investments		
Stocks of listed companies	$ 70,532	$ 70,840
Non-current		
Domestic investments		
Stocks of listed companies	$849,362	$853,071
Stocks of unlisted companies	4,424	5,478
	$853,786	$858,549

The Company and subsidiaries invested in the stock of domestic companies for mid to long-term strategic purposes, and expects to earn profits by long-term investments. As the management of the Company and subsidiaries considers that recognizing the short-term fair value fluctuations in profit or loss conflicts with the aforementioned long-term investment planning, those investments were designated as measured at fair value through other comprehensive income.

(9) Notes receivables and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivables		
Resulting from operations	$ 155,568	$ 92,785
Accounts receivables		
Total carrying amount at amortized cos	$1,066,113	$ 953,795
Less：loss allowances	-	-
	$1,066,113	$ 953,795

The average credit period of the sales of goods is 30 days～90 days. The policies adopted by the Company and subsidiaries are only trading with counterparties with good credit quality, and acquiring sufficient collaterals to decrease the risk of financial losses due to default. In order to decrease the credit risk, the management of the Company and subsidiaries is responsible for the determination of the credit lines, approval of extending credit, and other monitor procedures, to ensure the overdue accounts receivables have been taken appropriate actions for recovery. In addition, the Company and subsidiaries review the recoverable amounts of accounts receivables one by one, to ensure that appropriate impairment losses have been recognized for uncollectible accounts receivables. As a result, the management considers that the credit risk of the Company and subsidiaries has significantly decreased.

The Company and subsidiaries recognize the loss allowance for s receivables at an amount equal to the lifetime expected credit loss. The lifetime expected credit loss is evaluated based on the default records of customers, and current financial, industrial, and economic conditions. Based on the historical experiences of credit loss, as there is no significant difference in the types of losses among different groups of customers, the Company and subsidiaries do not further classify groups of customers, and only determines expected credit loss by the days after the entry dates of accounts receivables.

The age and loss allowances of receivables based on the entry dates are as follows：

December 31, 2023

	Within 60 days	61～150 days	Over 150 days	Total
Expected loss rate（%）	-	-	100	
Total carrying amount	$1,183,164	$ 38,517	$ -	$1,221,681
Loss allowances（lifetime expected credit loss）	-	-	-	-
Amortized cost	$1,183,164	$ 38,517	$ -	$1,221,681

（continued on next page）

（Brought forward）

December 31, 2022

	Within 60 days	61～150 days	Over 150 days	Total
Expected loss rate（%）	-	-	100	
Total carrying amount	$ 970,746	$ 75,834	$ -	$1,046,580
Loss allowances（lifetime expected credit loss）	-	-	-	-
Amortized cost	$ 970,746	$ 75,834	$ -	$1,046,580

10. Inventories

	December 31, 2023	December 31, 2022
Finished goods	$ 611,657	$ 421,016
Work in process	1,084,437	1,266,306
Raw materials	296,777	229,030
Materials	140,068	146,954
Merchandises	-	4,757
Tailings	1,041	4,232
	$2,133,980	$2,072,295

The sales costs related to inventories amounted to NT$8,898,024 thousand and NT$10,570,126 thousand for the years ended December 31, 2023 and 2022, respectively, which include：

	2023	2022
Inventory valuation losses (reversal gains)	($28,134)	$ 416

The reversal of the net realizable value of inventories resulted from out-sourced billet steel with low cost lowering the average cost per unit, and delivery of orders with low unit prices increasing the average order amount.

11. Other financial assets－current

	December 31, 2023	December 31, 2022
Time deposits originally due within 3 months	$ 30,000	$ 78,000
Time deposits pledge as collaterals（Note 29）	52,768	61,389
Reserve account（Note 29）	-	342
	$ 82,768	$139,731

12. Subsidiaries

(1). Entities included in the consolidated financial statements are as follows：

			Percentage of ownership		
Investor	Subsidiary	Main business	December 31, 2023	December 31, 2022	Note
The Company	E CHANG IRON STEEL WORKS CO., LTD.（E CHANG）	Manufacture, processing and trading of various iron and steel products	84.1	84.1	-
	ZHENG TUNG ENVIRONMENTAL PROTECTION TECH.（ZHENG TUNG）	Manufacture, heat treatment and surface treatment of steel wires, steel cables, and metal wires products	-	34.77	Note 1, 2, 3
E CHANG	ZHENG TUNG ENVIRONMENTAL PROTECTION TECH.（ZHENG TUNG）	Manufacture, heat treatment and surface treatment of steel wires, steel cables, and metal wires products	100	36.23	Note 1, 2, 3

Note 1：The Company gave up the subscription of the cash capital increase of ZHENG TUNG in May, 2022. The part given up by the Company was subscribed by E CHANG entirely. Therefore, the Company’s percentage of ownership to ZHENG TUNG decreased from 42.5% to 34.77%, and E CHANG’s percentage of ownership to ZHENG TUNG increased from 28.5% to 36.23%. Please refer to Note 25 for the aforementioned shares transaction.

Note 2: ZHENG TUNG implemented capital decrease to cover up accumulated deficit and cash capital increase in April, 2023. The Company gave up the subscriptions of the shares of the cash capital increase, and the portion given up was subscribed by E CHANG in full; in addition, the Company has resolved to sell all the shares of ZHENG TUNG held to E CHANG by the board of directors in May, 2023. Please refer to Note 25 for the aforementioned shares transaction.

Note 3: As E CHANG acquired all the shares held by the Company and other shareholders outside the Group in May, 2023, E CHANG’s percentage of ownership to ZHENG TUNG has increased to 100%.

(2). The Company and subsidiaries do not hold subsidiaries that have material non-controlling interests

(3). Please refer to Table 6 for information on subsidiaries.

13. Property, plant and equipment

2023

	Self-owned land	Land improvements	Buildings and structures	Machinery equipment	Power equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost										
Balance as of January 1, 2023	$ 2,031,537	$ 32,309	$ 798,671	$ 4,526,062	$ 387,891	$ 119,157	$ 45,725	$ 120,519	$ 625,346	$ 8,687,217
Additions	-	10,917	155,840	405,997	13,350	1,835	-	247,200	(322,871)	512,268
Disposals	-	-	(93,449)	(461,796)	(37,429)	-	(27,884)	(12,232)	-	(632,790)
Balance as of December 31, 2023	2,031,537	43,226	861,062	4,470,263	363,812	120,992	17,841	355,487	302,475	8,566,695
Accumulated depreciation										
Balance as of January 1, 2023	-	9,972	450,445	3,419,606	277,937	66,591	41,804	53,070	-	4,319,425
Depreciation expenses	-	2,703	39,853	204,133	13,894	9,807	1,119	15,073	-	286,582
Disposals	-	-	(93,449)	(461,796)	(37,429)	-	(27,884)	(12,232)	-	(632,790)
Balance as of December 31, 2023	-	12,675	396,849	3,161,943	254,402	76,398	15,039	55,911	-	3,973,217
Net amount as of December 31, 2023	$ 2,031,537	$ 30,551	$ 464,213	$ 1,308,320	$ 109,410	$ 44,594	$ 2,802	$ 299,576	$ 302,475	$ 4,593,478

2022

	Self-owned land	Land improvements	Buildings and structures	Machinery equipment	Power equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost										
Balance as of January 1, 2022	$ 2,031,537	$ 30,287	$ 738,739	$ 4,102,118	$ 384,554	$ 112,251	$ 45,156	$ 88,938	$ 587,537	$ 8,121,117
Additions	-	2,022	59,932	448,011	3,712	21,784	569	32,067	37,809	605,906
Disposals	-	-	-	(24,067)	(375)	(14,878)	-	(486)	-	(39,806)
Balance as of December 31, 2022	2,031,537	32,309	798,671	4,526,062	387,891	119,157	45,725	120,519	625,346	8,687,217
Accumulated depreciation										
Balance as of January 1, 2022	-	7,699	415,710	3,263,082	265,478	72,889	40,580	43,105	-	4,108,543
Depreciation expenses	-	2,273	34,735	177,174	12,834	8,580	1,224	10,215	-	247,035
Disposals	-	-	-	(20,650)	(375)	(14,878)	-	(250)	-	(36,153)
Balance as of December 31, 2022	-	9,972	450,445	3,419,606	277,937	66,591	41,804	53,070	-	4,319,425
Net amount as of December 31, 2022	$ 2,031,537	$ 22,337	$ 348,226	$ 1,106,456	$ 109,954	$ 52,566	$ 3,921	$ 67,449	$ 625,346	$ 4,367,792

Depreciation expenses are recognized by a straight-line basis over the useful lives as follows：

Land improvements	3~35 years
Buildings and structures	
Main building of office buildings	55~60 years
Main building of plant	3~45 years
Building improvements	15~22 years
Pipe arrangements and decoration works	2~15 years
Machinery equipment	
Production equipment systems and auxiliary equipment	10~40 years
Equipment parts and maintenances	2~15 years
Power equipment	2~25 years
Transportation equipment	2~15 years
Office equipment	2~20 years
Other equipment	2~36 years

Please refer to Note 29 for the amount of property, plant and equipment pledged as collaterals for short-term borrowings.

The non-cash investing activities for the years ended December 31, 2023 and 2022 are as follows：

	2023	2022
Investing activities affect both cash and non-cash items		
Increase in property, plant and equipment	$512,268	$605,906
Decrease in prepayments for equipment	(49,402)	(145,537)
Decrease (increase) in other payables－for equipment	71,066	(7,498)
Decrease (increase) in notes payables	796	(1,202)
Interests capitalized	(6,991)	(6,121)
Cash paid	$527,737	$445,548

14. Lease agreements

(1).Right-of-use assets

	December 31, 2023
Carrying amount of right-of-use assets	
Buildings and structures	$ 12,675

	2023
Additions to right-of-use assets	$ 12,945
Depreciation expenses of right-of-use assets	
Buildings and structures	$ 270

(2).Lease liabilities

	December 31, 2023
Carrying amount of lease liabilities	
Current	$ 529
Non-current	$ 12,199

The interval of the discount rate of lease liabilities is as follows:

	December 31, 2023
Buildings and structures	2.14

(3).Significant lease activities and terms

The Company rent plant from THE ENVOY ENTERPRISE CO., LTD. to set up photovoltaics system for generating electricity. The lease term is 20 years. Rents shall be paid monthly in accordance with the lease contract. The Company has no bargain purchase price option to the underlying buildings and structures of the lease.

(4).Other information on leases

	2023
Expenses of short-term leases and leases of low-value assets	$ 19
Total cash outflows of leases	$ 350

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

15. Borrowings

(1). Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans（Note 29）	$ -	$ 529,032
Unsecured bank loans	1,702,311	1,482,137
	$1,702,311	$2,011,169
Interest rate interval (%)		
Secured bank loans	-	2.03～2.11
Unsecured bank loans	1.98～2.25	1.70～2.21

(2). Short-term notes payables

	December 31, 2023	December 31, 2022
Commercial paper payables	$850,000	$290,000
Less：Unamortized discounts	510	510
	$849,490	$289,490

The interest rates of the short-term notes payables as of December 31, 2023 and 2022 are 2.13%～2.14% and 2.06%～2.10%, respectively, The acceptance and guarantee institutions include O-Bank Bills, DAH CHUNG BILLS, MEGA BILLS, Grand Bills, Ta Ching Bills, China Bills, and International Bills.

(3). Long-term borrowings

	December 31, 2023	December 31, 2022
Unsecured bank loans	$ 6,416	$ -
Secured bank loans	1,576,145	1,634,464
Less：land establishment fee	901	1,323
	1,581,660	1,633,141
Less：current portion	271,198	208,297
	$1,310,462	$1,424,844

As of December 31, 2023 and 2022, the interest rates for long-term borrowings are 0.50%～2.66% and 1.90%～2.39%, respectively.

Long-term borrowings from bank are explained as follows：

The Company and subsidiaries borrowed bank loan which is not available for revolving use from banks, and provided property, plant and equipment as collaterals (Please refer to Note 29.). Chairman of the Company also provided joint guarantee (Please refer to Note 28.).

In addition, according to the contract of loans signed with O-Bank, the Company promised the current ratio, debt ratio, net worth of tangible assets, and average deposit balance of the Group shall conform certain percentages in the consolidated financial statements for the first half and the year during the loan period. The financial ratios and amounts in the consolidated financial statements for the years ended December 31, 2023 and 2022 did not violate the restrictions

16. Notes payables and accounts payables

The credit period of purchases of merchandises is within 3.5 months. As the Company and subsidiaries have financial risk management policies to guarantee all the payables are repaid within the agreed credit period, interests shall be not accrued.

17. Other payables

	December 31, 2023	December 31, 2022
Payables on power	$ 53,252	$ 57,787
Payroll and bonus payables	35,553	51,079
Payables on equipment	27,834	98,900
Maintenance fee payables	16,457	16,843
Disposal fee of slags and furnace dusts payables	14,070	16,525
Payables on fire compensation	11,617	9,539
Import sundry charges payables	4,864	13,530
Employees' and directors' remuneration payables	3,868	16,900
Others	36,866	37,025
	$204,381	$318,128

18. Provisions

	December 31, 2023	December 31, 2022
Current		
Reserve for disposals of slags payables	$ 24,761	$ 53,215
Non-current		
Reserve for disposals of slags payables	$ 54,000	$104,822

	Reserve for disposals of slags payables	Onerous contracts	Total
Balance as of January 1, 2023	$158,037	$ -	$158,037
Appropriation	12,610	-	12,610
Amounts paid	(91,886)	-	(91,886)
Balance as of December 31, 2023	$ 78,761	$ -	$ 78,761
Balance as of January 1, 2022	$151,072	$ 40,455	$191,527
Appropriation（Reversal）	69,877	(40,455)	29,422
Amounts paid	(62,912)	-	(62,912)
Balance as of December 31, 2022	$158,037	$ -	$158,037

19. Post-employment benefit plans

(1). Defined contributions plans

The employee pension plan under the Labor Pension Act of the R.O.C. is a defined contribution plan. Pursuant to the plan, the Company and domestic subsidiaries make monthly contributions of 6% based on each individual employee’s salary or wage to employees’ pension accounts.

(2). Defined benefit plans

The Company has a defined benefit pension plan for part of the employees managed by the government in accordance with the Labor Standards Act. 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 a specific ratio of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the “Fund”). Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement of employees who are eligible for retirement in the following year by the aforementioned method, the Company and domestic subsidiaries are required to fund the deficit in one appropriation before the end of next March. As the fund is managed by the Bureau of Labor Funds, the Company and subsidiaries has no right to participate in affecting the investment management strategies of pension fund.

The amounts presented in the consolidated balance sheets arising from the obligations incurred by the defined benefit plans are as follows：

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 37,230	$ 37,341
Fair value of plan assets	(37,956)	(37,519)
Net defined benefit assets	($ 726)	($ 178)

The changes in net defined benefit liabilities (assets) are as follows：

2023	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance as of January 1, 2023	$ 37,341	($ 37,519)	($ 178)
Service cost			
Current service cost	98	-	98
Interest expenses (revenue)	448	(452)	(4)
Recognized in profit or loss	546	(452)	94
Remeasurement			
Return on plan assets (excluding the amount included in net interest)	-	(342)	(342)
Actuarial losses－changes in financial assumptions	134	-	134
Actuarial losses－experience adjustment	1,284	-	1,284
Recognized in other comprehensive income	1,418	(342)	1,076
Funding by the employer	-	(100)	(100)
Benefits paid	(2,075)	457	(1,618)
Balance as of December 31, 2023	$ 37,230	($ 37,956)	($ 726)

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(Brought forward)

2022	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
Balance as of January 1, 2022	$ 39,428	($ 34,382)	$ 5,046
Service cost			
Current service cost	93	-	93
Interest expenses (revenue)	237	(207)	30
Recognized in profit or loss	330	(207)	123
Remeasurement			
Return on plan assets (excluding the amount included in net interest)	-	(2,802)	(2,802)
Actuarial gains－changes in financial assumptions	(936)	-	(936)
Actuarial losses－experience adjustment	1,399	-	1,399
Recognized in other comprehensive income	463	(2,802)	(2,339)
Funding by the employer	-	(128)	(128)
Benefits paid	($ 2,880)	$ -	($ 2,880)
Balance as of December 31, 2022	$ 37,341	($ 37,519)	($ 178)

The amounts of defined benefit plans recognized in profit or loss by function are as follows：

	2023	2022
Operating costs	$ 94	$ 123

The Company is exposed to the risks below because of the pension system of the “Labor Standards Act.”：

1. Investment risk
   The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc., by self-utilization and conducting the mandated management by the Bureau of Labor Funds. The distributable amount of the plan asset shall not be lower than the return calculated by the interest rate for a two-year time deposit with local banks.
2. Interest rate risk
   A decrease in the government bond interest rates and corporate bond interest rate will increase the present value of the defined benefit obligation. However, this will be partially offset by an increase in the return on the plan assets' investments in debt instruments.
3. Salary risk
   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31, 2023	December 31, 2022
Discount rate（%）	1.1	1.2
Rate of expected future salary increase（%）	1.0	1.0

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

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.1%	($134)	($150)
Decrease by 0.1%	$135	$152
Rate of expected future salary increase		
Increase by 0.1%	$114	$131
Decrease by 0.1%	($113)	($130)

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

	December 31, 2023	December 31, 2022
Expected contribution within 1 year	$ -	$336
Average maturity of defined benefit obligations	4.1 years	4 years

The Company negotiated with part of the employees applicable for defined benefit plans to settle the seniorities under the old Labor Retirement Reserve Fund in 2023 and 2022. As of December 31, 2023 and 2022, the unpaid amounts are NT$0 thousand and NT$2,880 thousand, respectively (recognized under notes payables).

20. Equity

(1). Ordinary shares

	December 31, 2023	December 31, 2022
Number of authorized shares（thousand）	350,000	350,000
Authorized capital	$3,500,000	$3,500,000
Number of fully-paid shares issued（thousand）	190,328	181,265
Share capital issued	$1,903,277	$1,812,645

The par value of ordinary shares issued is NT$10. A shareholder shall have one voting power in respect of each share in his/her/its possession and the right to receive dividends.

(2). Capital surplus

	December 31, 2023	December 31, 2022
May be used to write off accumulated losses, distribute cash, or capitalized（Note 1）		
Additional paid-in capital in excess of par	$ 207,608	$ 207,608
Conversion premiums of corporate bonds	59,319	59,319
Treasury shares transactions	966	966
Difference between consideration and carrying amount of subsidiaries acquired	116,422	119,796
May only be used to write off accumulated losses		
Changes in ownership interests in subsidiaries（Note 2）	174	174
	$ 384,489	$ 387,863

Note 1： Where a company incurs no loss, it may distribute cash dividends or capitalize by this type of capital surplus. However, where a company intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed a specific ratio of paid-in capital.

Note 2： This type of capital surplus is resulting from changes in ownership interests in subsidiaries when not actually acquiring or disposing of equity of subsidiaries', or the changes in subsidiaries' capital surplus recognized by equity method.

(3). Retained earnings and dividend policies

According to the earnings distribution regulation of the Company, if there is any net profit after closing of a fiscal year, the Company shall first pay income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, and then set aside or reverse a special reserve in accordance with regulations. If there is still remaining balance, the Company shall set aside with accumulated retained earnings-unappropriated for shareholders' dividends. The Board of Directors shall draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution or changes of the dividend.

As the industry where the Company operates in is mature, unless there is funding requirement of improving the financial structure and significant capital expenditures, the ratio of cash dividend shall not be lower than 50% of total distribution

Allocation of legal reserve is required until the accumulated legal reserve is equivalent to the total paid-in capital amount of the Company. The legal reserve may be used except for making good the deficit. If the Company incurs no loss, the legal reserve may be capitalized or distributable by cash, for the portion in excess of 25% of the paid-in capital.

The shareholders' meetings resolved the distribution of earnings for 2022 and 2021 in June, 2023 and June, 2022 as follows：

	Earnings distribution		Dividend per share（NT$）	
	2022	2021	2022	2021
Appropriation to legal reserve	$ 21,303	$ 45,870		
Stock dividend of ordinary shares	90,632	-	$ 0.5	$ -
Cash dividend of ordinary shares	-	271,897	-	1.5
	$111,935	$317,767		

The Board of Directors proposed no distribution of earnings for the year ended December 31, 2023 in March, 2024.

The distribution of earnings for 2023 shall be resolved by the shareholders' meeting held in June, 2024.

(4). Special reserve

As the increase in retained earnings was not enough to be appropriated to special reserve for first-time adoption of IFRS, the Company only set aside NT$156,469 thousand, resulting from the increase in retained earnings for first-time adoption of IFRS of NT$189,395 thousand less the amount reversed for disposal of NT$32,926 thousand, for special reserve.

(5). Unrealized valuation gains and losses from financial assets measured at fair value through other comprehensive income

	2023	2022
Beginning balance	$ 851,590	$ 741,909
Incurred in current period		
Equity instruments－unrealized gains or losses	(3,715)	110,011
Accumulated gains or losses resulting from disposal of equity instruments transferred to retained earnings.	-	(330)
Ending balance	$ 847,875	$851,590

(6). Non-controlling interests

	2023	2022
Beginning balance	$ 293,677	$ 309,358
Shares attributable to non-controlling interests		
Net loss	(23,329)	(26,731)
Increase in non-controlling interests for cash capital increase of subsidiaries	-	11,600
Amount transferred in proportion of percentage of ownership for changes in subsidiaries' net assets	(10,739)	(1,182)
Other comprehensive income		
Unrealized valuation gains and losses from financial assets measured at fair value through other comprehensive income	(22)	570
Others	-	62
Ending balance	$ 259,587	$ 293,677

21. Operating revenue

(1). Balances of contracts

	December 31, 2023	December 31, 2022	January 1, 2022
Receivables（Note 9）	$ 1,221,681	$ 1,046,580	$ 1,129,820
Current contract liabilities			
Sales of goods	$ 208,295	$ 185,290	$ 358,408

The changes in contract liabilities mainly result from the differences between the time point of fulfilling the contractual obligations and the time point of the payment.

The revenue arising from the contract liabilities in the beginning of the period recognized in 2023 and 2022 amounted to NT$182,694 thousand and NT$352,217 thousand, respectively.

(2). Classification of revenue from contracts with customers

Please refer to Note 33 for the information on the classification of revenue.

(3). Assets related to contract costs

	December 31, 2023	December 31, 2022
Costs of fulfilling contracts	$ 2,368	$ 2,619

22. Profit before tax

Profit before tax includes the items as follows：

(1). Other revenue

	2023	2022
Dividend revenue	$ 65,276	$ 40,650
Revenue from sales of scrapped ironware and containers	4,615	3,238
Others	4,732	4,823
	$ 74,623	$ 48,711

(2). Other gains and losses

	2023	2022
Net foreign exchange losses	($ 27,822)	($128,071)
Losses on disposals of property, plant and equipment	-	(2,456)
Net gains on financial instruments at fair value through profit or loss	23,920	299,885
Others	(4,199)	(22,340)
	($ 8,101)	$147,018

Net foreign exchange gains (losses) include the following items：

	2023	2022
Total foreign exchange gains	$ 12,613	$ 66,563
Total foreign exchange losses	(40,435)	(194,634)
Net losses	($ 27,822)	($128,071)

(3). Financial costs

	2023	2022
Interests of bank loans	$ 83,774	$ 65,845
Lease liabilities	114	-
Interests of short-term notes payables	9,106	3,872
Interest expenses of financial liabilities not measured at fair value through profit or loss	92,994	69,717
Less：amounts eligible for assets capitalization	6,991	6,121
	$ 86,003	$ 63,596

The information on interests eligible for capitalization is as follows：

	2023	2022
Amounts of interests capitalized	$ 6,991	$ 6,121
Interest capitalization rate（%）	1.76～2.62	1.37～2.41

(4). Depreciation and amortization

	2023	2022
Property, plant and equipment	$286,582	$247,035
Right-of-use assets	270	-
Intangible assets	1,901	1,482
Other non-current assets	10,350	9,844
	$299,103	$258,361
Depreciation expenses by function		
Operating costs	$264,091	$226,843
Operating expenses	22,761	20,192
	$286,852	$247,035
Amortization expenses by function		
Operating costs	$ 9,908	$ 9,275
Operating expenses	2,343	2,051
	$ 12,251	$ 11,326

(5). Employee benefits expenses

	2023	2022
Short-term employee benefits		
Payroll and bonuses	$339,129	$355,834
Labor and health insurance	33,217	30,222
Others	9,043	8,970
	381,389	395,026
Post-employment benefits		
Defined contribution plans	11,936	11,335
Defined benefit plans（Note 19）	94	123
	12,030	11,458
Total employee benefits expenses	$393,419	$406,484
Summarized by function		
Operating costs	$309,789	$309,484
Operating expenses	83,630	97,000
	$393,419	$406,484

(6). Employee's remuneration and directors' remuneration

According to the Company's Articles of Incorporation, the Company shall allocate remuneration to employees at the rate of 2%～ 3% of profit before tax without deducting employee's remuneration and directors' remuneration, and to directors and supervisors at the rate of no higher than 3% of profit before tax without deducting employee's remuneration and directors' remuneration during the period.

The amounts of employees', directors' remuneration (all by cash) for the years ended December 31, 2023 and 2022 resolved by the Board of Directors in March 2024 and 2023 are as follows：

	2023	2022
Employees' remuneration	$ 1,934	$ 8,450
Directors' remuneration	1,934	8,450
	$ 3,868	$ 16,900

If there is any change in the amount after the date of authorizing the consolidated financial statements of the year for issue, it will be treated as a change in accounting estimates, and adjusted in the financial statement of the next year.

The amounts of employees', directors' remuneration (all by cash) for the years ended December 31, 2022 and 2021 resolved by the Board of Directors in March 2023 and 2022 and recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021 are as follows：

	2022		2021	
	Employees' remuneration	Directors' remuneration	Employees' remuneration	Directors' remuneration
Distribution amounts resolved by the Board of Directors（all paid by cash）	$ 8,450	$ 8,450	$ 15,118	$ 18,048
Amounts recognized in the consolidated financial statements of the year	$ 8,450	$ 8,450	$ 12,097	$ 18,048

If the actual distribution amount in 2021 is different from the amount recognized in the consolidated financial statements, the difference shall adjust the profit or loss in 2022.

The information about the employees', directors' compensation resolved by the Board of Directors is available at the Market Observation Post System website of TWSE.

23. Income tax

(1). Composition of income tax expenses recognized in profit or loss

	2023	2022
Current income tax		
Adjustments relating to current income tax in prior years	$ -	$ 48
	7,298	53,926
	$ 7,298	$ 53,974

A reconciliation between the accounting income and the income tax expenses is as follow：

	2023	2022
Profit before tax	$ 37,285	$238,073
Income tax expenses calculated by profit before tax multiplying the enacted tax rates	$ 7,457	$ 47,615
Permanent differences	(34,469)	(6,425)
Unrecognized loss carryforwards	35,064	13,167
Unrecognized temporary differences	(754)	(431)
Adjustments relating to current income tax in prior years	-	48
	$ 7,298	$ 53,974

(2). Current tax assets

	December 31, 2023	December 31, 2022
Current tax assets		
Income tax refund receivables	$1,478	$597

(3). Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows：

2023

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred tax assets				
Temporary differences				
Allowances for inventory valuation losses	$ 11,657	($ 5,631)	$ -	$ 6,026
Loss carryforwards	46,006	(226)	-	45,780
Unrealized disposals of slags payables	21,039	(15,855)	-	5,184
Others	11,005	(480)	-	10,525
	$ 89,707	($ 22,192)	$ -	$ 67,515

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(Brought forward)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred tax liabilities				
Temporary differences				
Reserve for land value increment tax	$226,134	$ -	$ -	$226,134
Book-tax differences of depreciation expenses	15,311	(15,311)	-	-
Others	188	417	(215)	390
	$241,633	($ 14,894)	($ 215)	$226,524

2022

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred tax assets				
Temporary differences				
Allowances for inventory valuation losses	$ 19,665	($ 8,008)	$ -	$ 11,657
Loss carryforwards	96,419	(50,413)	-	46,006
Unrealized disposals of slags payables	19,646	1,393	-	21,039
Others	9,189	2,284	(468)	11,005
	$144,919	($ 54,744)	($ 468)	$ 89,707

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred tax liabilities				
Temporary differences				
Reserve for land value increment tax	$226,134	$ -	$ -	$226,134
Book-tax differences of depreciation expenses	15,830	(519)	-	15,311
Others	487	(299)	-	188
	$242,451	($ 818)	$ -	$241,633

(4). Unused loss carryforwards not recognized as deferred tax assets in balance sheets are as follows

	December 31, 2023	December 31, 2022
Loss carryforwards	$354,365	$187,988

(5). Information on unused loss carryforwards

As of December 31, 2023, the information on loss carryforward is as follows：

Uneducated balance	Last deductible year
$ 100	2026
4,049	2027

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(Brought forward)

Uneducated balance	Last deductible year
$ 3,342	2028
244,345	2029
22,677	2030
49,033	2031
86,683	2032
173,039	2033
$ 583,268	

(6). Verification of income tax

The declaration of the Company and subsidiaries' profit-seeking enterprise income tax has been verified by the tax collection authority until 2021.

24. Earnings per share

When calculating earnings per share, the effect of stock dividend distribution has been adjusted retrospectively. The base date of the stock dividend distribution is on September 3, 2023. Due to the retrospective adjustment, the basic and diluted earnings per share have changed as follows:

Unit: NTD per share

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	$ 1.16	$ 1.11
Diluted earnings per share	$ 1.16	$ 1.10

Profit and weighted average number of ordinary shares outstanding used to calculate earnings per share are as follows：

	2023	2022
Profit attributable to owners of the Company	$ 53,316	$210,830

Number of shares

Unit：thousands of shares

	2023	2022
Weighted average number of ordinary shares outstanding used to calculate basic and diluted earnings per share	190,328	190,328
Add：Diluted potential ordinary shares－employees' remuneration	175	478
Diluted weighted average number of ordinary shares outstanding (thousand)	190,503	190,806

The Company may distribute the employees' remuneration in stock or in cash. Therefore, when calculating the diluted earnings per share, assume the employees' remunerations to be paid in stock, and add the diluted potential ordinary shares into the calculation of diluted weighted average number of ordinary shares outstanding to calculate the diluted earnings per share. In calculating the diluted earnings per share in the next year before distribution of employees' remuneration, the Company shall keep considering the dilution of the potential ordinary shares.

25. Equity transactions with the non-controlling interests

The Company gave up the subscription of shares issued by cash capital increase of the subsidiary, ZHENG TUNG, in May, 2022, and the subsidiary, E CHANG, acquired ZHENG TUNG's shares in full in May, 2023.As the aforementioned transactions did not change the Company's control over E CHANG and ZHENG TUNG, they shall be treated as equity transactions. The changes are as follows：

	2023	2022
Consideration in cash paid	($ 14,113)	$ -
Amount of non-controlling interests that shall be transferred out calculated by the changes in relative equity of carrying amount of subsidiaries' net assets	10,739	1,182
Differences of equity transactions	($ 3,374)	$ 1,182

The differences of aforementioned equity transactions were recognized as capital surplus－difference between consideration and carrying amount of subsidiaries acquired.

26. Capital risk management

The Company and subsidiaries manage capital to maximize the return on shareholders' equity by optimize the balances of debts and equity, under the premise of ensuring the capability of continuous operation of each entity in the Company and subsidiaries. The entire strategies of the Company and subsidiaries in 2023 did not change.

The capital structure of the Company and subsidiaries comprises bank loans and equity attributable to owners of the Company.

Except explained in Note 15, the Company and subsidiaries do not have to abide by other external capital regulations.

27. Financial instruments

(1). Fair value information－financial instruments not measured at fair value

The management of the Company and subsidiaries considers that the carrying value of financial assets and financial liabilities not measured at fair value approach the fair value.

(2). Fair value information—financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Stocks of domestic listed companies	$ 6,360	$ -	$ -	$ 6,360
Beneficiary certificates of funds	4,461	-	-	4,461
Financial bonds	-	14,889	-	14,889
	$ 10,821	$ 14,889	$ -	$ 25,710
Financial assets at fair value through other comprehensive income				
Stocks of domestic listed companies	$919,894	$ -	$ -	$919,894
Stocks of domestic unlisted companies	-	-	4,424	4,424
	$919,894	$ -	$ 4,424	$924,318
Financial liabilities at fair value through profit or loss				
Foreign exchange option contracts	$ -	$ 5,132	$ -	$ 5,132
Forward exchange agreements	-	16,199	-	16,199
Currency swap contracts	-	2,453	-	2,453
	$ -	$ 23,784	$ -	$ 23,784

(continued on next page)

(Brought forward)

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Stocks of domestic listed companies	$ 7,970	$ -	$ -	$ 7,970
Beneficiary certificates of funds	4,114	-	-	4,114
Financial bonds	-	14,616	-	14,616
	$ 12,084	$ 14,616	$ -	$ 26,700
Financial assets at fair value through other comprehensive income				
Stocks of domestic listed companies	$923,911	$ -	$ -	$923,911
Stocks of domestic unlisted companies	-	-	5,478	5,478
	$923,911	$ -	$ 5,478	$929,389
Financial liabilities at fair value through profit or loss				
Currency swap contracts	$ -	$ 16,761	$ -	$ 16,761
Foreign exchange option contracts	-	8,868	-	8,868
Forward exchange agreements	-	1,300	-	1,300
	$ -	$ 26,929	$ -	$ 26,929

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

2. A reconciliation of financial assets in the scope of level 3 fair value measurement

	Financial assets at fair value through other comprehensive income	
	2023	2022
Beginning balance	$ 5,478	$ 5,412
Recognized in other comprehensive income	(1,054)	66
Ending balance	$ 4,424	$ 5,478

3. Valuation techniques and inputs of level 2 fair value measurement

Types of financial instruments	Valuation techniques and inputs
Derivative instruments	For derivative instruments with quoted prices in an active market, the fair value shall be the quoted prices in an active market. If there is no market price for reference, fair value shall be estimated by valuation methods. The estimates and assumptions used in the valuation methods used by the Company and subsidiaries are consistent with the information on estimates and assumptions used by market participants in pricing financial instruments, and the information is available for the Company and subsidiaries. The Company and subsidiaries calculate the fair value of individual contract by the forcing exchange rate indicated in the quotation systems of correspondent banks and the forward rates at maturity of individual currency swap contracts and forward exchange agreements. The fair value of option derivative instruments is calculated by option pricing model.
Financial bonds	The estimates and assumptions used in the valuation methods by the Company and subsidiaries are based on the self-valuation of correspondent banks and the estimated quotations of relevant bonds.

4. Valuation techniques and inputs of level 3 fair value measurement

The fair value of stocks of domestic unlisted companies are estimated by reference to the net value in the most recent period or the transaction prices of invests.

(3). Types of financial instruments

Financial assets	December 31, 2023	December 31, 2022
Mandatorily measured at fair value	$ 25,710	$ 26,700
Current and non-current financial assets at fair value through other comprehensive income	924,318	929,389
Financial assets at amortized cost（Note 1）	1,551,584	1,550,758

Financial liabilities	December 31, 2023	December 31, 2022
Mandatorily measured at fair value	23,784	26,929
Measured at amortized cost（Note 2）	4,927,195	4,829,306

Note 1： The balances include cash and cash equivalents, notes receivables, accounts receivables, other receivables, other financial assets－current and refundable deposits, etc. which are financial assets at amortized cost.

Note 2： The balances include short-term borrowings, short-term notes payables, notes payables, accounts payables, other payables, long-term borrowings (including current portion) and guaranteed deposits received, etc., which are financial liabilities at amortized cost.

(4). Financial risk management purposes and policies

The financial instruments of the Company and subsidiaries primarily include equity investments, accounts receivables, accounts payables, short-term notes payables, long-term and short-term bank loans, and lease liabilities. The financial management department of the Company and subsidiaries services for each operating unit, overall management the funds and exchange procurement, and monitors and manage the financial risk relating to operations of the Company and subsidiaries by the internal risk report of analysis of exposure to risks based on the extent and scope of risks. The risks include market risk (including foreign currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

The Company and subsidiaries hedge the risks by derivative financial instruments, to decrease the impact by the risks. The utilization of derivative instruments is regulated by the policies approved by the Board of Directors, which are the written principles of foreign exchange risk, interest rate risk, the utilization of derivative financial instruments and the investments of residual working capital. Internal auditors continuously review the compliance to the policies and the exposure amount based on the audit plans. The Company and subsidiaries do not trade financial instruments (including derivative financial instruments) by speculative purposes.

1. Market risk

The Company and subsidiaries' exposure to financial risks, including risk of changes in foreign exchange rate and changes in interest rates, result from operating activities. The Company and subsidiaries decrease the foreign exchange risk resulting from purchase commitments in foreign currencies by currency swap contracts, forward exchange agreements and foreign exchange option contracts.

There is no change in the exposure to market risk of financial instruments and the management and measurement to the exposure.

(a) Foreign currency risk

The Company and subsidiaries' exposure to foreign currency risk relates primarily to the purchases denominated in foreign currencies. Please refer to Note 31 for the carrying amounts of monetary assets and liabilities denominated in different currencies from the functional currency as of the balance sheet date.

The carrying amounts of derivatives exposed to foreign currency risk as of the balance sheet date are as follows：

	December 31, 2023	December 31, 2022
Liabilities	$ 23,784	$ 26,929

<u>Sensitivity analysis</u>

The Company and subsidiaries are mainly affected by the fluctuations of the exchange rate of USD.

The table below is the sensitivity analysis under the circumstances of a strengthening/weakening of 1% of the functional currency against the USD. 1% is the sensitivity rate used for the Company and subsidiaries to report foreign currency risk to key management, and also the evaluation of possible reasonable variation range.

The sensitivity analysis only includes the outstanding monetary items denominated in foreign currencies. Scenario 1 below is the impact to the Company and subsidiaries' profit or loss under the circumstance of a strengthening of 1% of the functional currency against the USD; Scenario 2 below is the impact to the Company and subsidiaries' profit or loss under the circumstance of a weakening of 1% of the functional currency against the USD：

	Increase in profit before tax（decrease）（Note）	
	2023	2022
Profit or loss under scenario 1	($ 419)	($ 1,300)
Profit or loss under scenario 2	419	1,300

Note： Primarily originated from the outstanding bank deposits and borrowings denominated in USD as of the balance sheet date.

(b) Interest rate risk

As the Company and subsidiaries acquire fund from both financial liabilities at fixed inters rates (including short-term notes payables, and lease liabilities) and financial liabilities at floating interest rates (including long-term and short-term borrowings), the Company and subsidiaries are exposed to interest rate risk. The Company and subsidiaries manage interest rate risk by determination of borrowing financial liabilities at fixed or floating inters rates based on the market interest rates of various financing instruments.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk at the balance sheet date are as follows：

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
Financial assets	$ 106,768	$ 281,287
Financial liabilities	862,218	289,490
With cash flow interest rate risk		
Financial assets	212,139	207,335
Financial liabilities	3,283,971	3,644,310

Sensitivity analysis

The sensitivity analysis below is determined by the exposure to interest rate risk of the aforementioned financial instruments at the balance sheet date. The analysis is based on the assumption that the amounts of outstanding assets and liabilities at the balance sheet date are outstanding during the reporting period. An increase or decrease of 1% is the rate used for the Company and subsidiaries to report interest rates to key management, and also the evaluation of possible reasonable variation range.

If all other variables were to remain constant, an increase of 1% in the interest rate would have decreased the profit before tax by NT$30,718 thousand and NT$34,370 thousand for the years ended December 31, 2023 and 2022, respectively. This is primarily resulting from the exposure to cash flow interest rate risk of the borrowings and bank deposits with floating interest rates held by the Company and subsidiaries.

(c) Other price risk

The Company and subsidiaries' exposure to equity price risk results from the investments in beneficiary certificates of funds and stocks of domestic listed and unlisted companies.

A decrease/increase of 1% in the prices of the equity instrument, would have decreased/increased the profit before tax for the years ended December 31, 2023 and 2022 by NT$108 thousand and NT$121 thousand, respectively, because of the decrease/increase in the fair value of financial assets at fair value through profit or loss, and would have decreased/increased other comprehensive income by NT$9,243 thousand and NT$9,294 thousand, respectively, because of the decrease/increase in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Company and subsidiaries. As of the balance sheet date, the max exposure to credit risk due to financial losses resulted from default on the contractual obligations is primarily from the carrying amounts of financial assets recognized in the consolidated financial balance sheets.

The policies of the Company and subsidiaries are rating main customers by other public available financial information and transaction records and acquiring receipts in advance or irrevocable L/C with sufficient amount as guarantees, to decrease the risk due to financial losses resulted from default. The Company and subsidiaries control credit risk subsequently by monitoring exposure to credit risk continuously and credit ratings of counterparties.

As the counterparties of the derivative financial instruments transactions are domestic large financial institutions, the credit risk is not high.

The credit risk of the Company and subsidiaries is significantly concentrated in customers as follows. The reason of the significant concentration of credit risk is the characteristic of the industry. The balances of notes receivables and accounts receivables from the customers with significant concentration of credit risk are as follows：

	December 31, 2023	December 31, 2022
Notes and accounts receivables		
Company A	$119,775	$192,439

As of December 31, 2023 and 2022, the ratios from the aforementioned customers are 10% and 18%, respectively.

3. Liquidity risk

The Company and subsidiaries manage and maintain sufficient cash for operating use and decreasing the impact from the fluctuations of cash flows.

As of December 31, 2023 and 2022, the unused credit lines of short-term bank loans amounted to NT$2,495,419 thousand and NT$2,979,831 thousand, respectively.

Liquidity risk table

The table below analyzed the residual contracts of non-derivative financial liabilities with agreed repayment periods by maturity, which is based on the earliest date on which repayment may be required, and prepared by the undiscounted cash flows of financial liabilities, including the cash flows of interests and principals.

The bank loans of the Company and subsidiaries that may be required to repay immediately are listed in the earliest period of the table below, without considering the possibility that the banks enforce the right immediately. The maturity analysis of other non-derivative financial liabilities is prepared by the agreed repayment date.

As the agreed repaid periods of short-term borrowings are close to for the balance sheet date, the cash flows of the interests paid by floating interest rates, the undiscounted interest amounts are accrued the actual interest rates of the correspondent banks as of the balance sheet date; the interest rates of long-term borrowings are based on the interest rates of Chunghwa Post Co. plus a fixed rate. As the Company and subsidiaries assess that the impact of the changes in future interest rates is not significant, the amounts of undiscounted interest are accrued by the interest rates in the most recent period.

December 31, 2023	Within 3 months	3 months to 1 year	Over 1 year	Total
Non-derivative financial liabilities				
Liabilities without bearing interests	$ 793,643	$ -	$ 91	$ 793,734
Lease liabilities	199	596	14,776	15,571
Instruments with fixed interest rates	850,000	-	-	850,000
Instruments with floating interest rates	983,835	1,032,612	1,363,227	3,379,674
	$2,627,677	$1,033,208	$1,378,094	$5,038,979

December 31, 2022	Within 3 months	3 months to 1 year	Over 1 year	Total
Non-derivative financial liabilities				
Liabilities without bearing interests	$ 895,495	$ -	$ 11	$ 895,506
Instruments with fixed interest rates	290,000	-	-	290,000
Instruments with floating interest rates	1,098,528	1,167,564	1,489,982	3,756,074
	$2,284,023	$1,167,564	$1,489,993	$4,941,580

The amounts of the aforementioned non-derivative liabilities with floating interest rates may change because of the differences between the floating interest rates and the estimated interest rates at the balance sheet date.

The table below explains the liquidity analysis of derivative financial instruments. The amounts of derivative instruments by net settlement are prepared by the undiscounted net cash inflows and outflows. The amounts of derivative instruments by gross settlement are prepared by the undiscounted total cash inflows and outflows. When the payable amounts are not fixed, the disclosed amounts shall refer to the average exchange rate at the balance sheet date.

December 31, 2023	Required to repay immediately or within 1 month	1 to 3 months	3 months to 1 year
Net settlement			
Foreign exchange option contracts	($ 3,427)	$ -	$ -
Gross settlement			
Currency swap contracts			
Inflows	$ -	$ 105,537	$ 21,117
Outflows	-	(107,520)	(21,587)
	$ -	($ 1,983)	($ 470)
Forward exchange agreements			
Inflows	$ 316,203	$ 153,694	$ -
Outflows	(329,291)	(156,805)	-
	($ 13,088)	($ 3,111)	$ -
Foreign exchange option contracts			
Inflows	$ 32,000	$ -	$ -
Outflows	(33,705)	-	-
	($ 1,705)	$ -	$ -

（continued on next page）

(Brought forward)

December 31, 2022	Required to repay immediately or within 1 month	1 to 3 months	3 months to 1 year
Net settlement			
Foreign exchange option contracts	($ 477)	($ 2,095)	($ 6,296)
Gross settlement			
Currency swap contracts			
Inflows	$ -	$ -	$ 425,609
Outflows	-	-	(442,370)
	$ -	$ -	($ 16,761)
Forward exchange agreements			
Inflows	$ -	$ 241,367	$ -
Outflows	-	(242,667)	-
	$ -	($ 1,300)	$ -

28. Related party transactions

(1). Related party names and relationships

Name of related party	Relationship
Taiwan Steel Union Co., Ltd. (Taiwan Steel Union)	The Company is the legal person director.
Huang, Wei-Han	Chairman of the Company
PASSION TRADING CO., LTD. (PASSION TRADING)	Substantive related party
YOMING INVETMENT CO., LTD. (YOMING INVETMENT)	Substantive related party
SEA BRIGHT INVESTMENT LIMITED (SEA BRIGHT INVESTMENT)	Substantive related party

(2). Transactions in operations

1. Sales

Type of related party	2023	2022
Substantive related party	$14,109	$ 8,312

2. Purchases

Type of related party	2023	2022
Substantive related party	$ 12,599	$ 13,143

The transaction prices of purchases and sales with related parties are based general transaction conditions, and the payment terms are the same as general customers (suppliers).

(3). Receivables from related parties

Account	Type of related party	December 31, 2023	December 31, 2022
Accounts receivables	Substantive related party	$ 380	$ 1,398

(4). Payables to related parties

Account	Type of related party	December 31, 2023	December 31, 2022
Accounts payables	Substantive related party	$ 907	$ 869
Other payables	The Company is the legal person director.	$ 1,547	$ 428
	Substantive related party	462	2,362
		$ 2,009	$ 2,790

The balances of outstanding payables to related parties are not guaranteed and will be repaid by cash.

(5). Other related party transactions

1. Manufacturing expenses

Account	Type of related party	2023	2022
Disposal fee of furnace dusts	The Company is the legal person director.	$ 7,377	$ 1,886

2. Professional services expenses

Account	Type of related party	2023	2022
Service expenses	Substantive related party	$2,400	$ 2,400

3. Guarantees

The Chairman, Huang, Wei-Han provided joint guarantees for the long-term and short-term borrowings as of December 31, 2023 and 2022.

(6). Information on key management personnel compensation

Total compensation of the directors and other key management are as follows：

	2023	2022
Short-term employee benefits（including payrolls, remunerations, and bonuses）	$ 27,559	$ 27,161
Post-employment benefits	558	470
	$ 28,117	$ 27,631

29. Pledge assets

The assets pledge as collaterals for bank guarantees, margins of derivative instruments, and bank financing provided by the Company and subsidiaries are as follows：

	Carrying amount	
	December 31, 2023	December 31, 2022
Property, plant and equipment		
Land（including appraisal increments）	$1,114,255	$1,114,255
Buildings and structures	98,400	100,355
Machinery equipment	331,284	132,737
Unfinished constructions	-	142,246
Other financial assets－current		
Negotiable certificates of deposits	52,768	61,389
Reserve accounts	-	342
	$1,596,707	$1,551,324

30. Significant contingencies and unrecognized contract commitments

As of December 31, 2023, the significant contingencies and unrecognized contract commitments of the Company and subsidiaries are as follows：

(1). The balance of the unused issued L/C for purchasing raw materials amounted to NT$229,395 thousand.

(2). The unpaid amount of the contract signed with suppliers for purchasing assets and equipment maintenance of the Company and subsidiaries amounted to NT$174,336 thousand.

(3). The purchase commitments not performed amounted to NT$756,164 thousand, which are irrevocable purchase contracts.

(4). Currency swap contracts, forward exchange agreements and exchange option contracts not expired：Please refer to Note 7.

31. Information on foreign-currency-denominated assets and liabilities that have significant influence

The information on foreign-currency-denominated assets and liabilities that have significant influence of the Company and subsidiaries is as follows：

Unit：foreign currencies／NTD in thousands；exchange rates in NTD

	Foreign currency	Exchange rate	Carrying amount
December 31, 2023			
Financial assets which are monetary items			
USD	$ 1,361	30.755	$ 41,854
December 31, 2022			
Financial assets which are monetary items			
USD	4,226	30.76	129,999

Net foreign exchange gains (losses) (including realized and unrealized) for the year ended December 31, 2023 and 2022 amounted to NT$(27,822) thousand and NT$(128,071) thousand, respectively.

32. Other disclosures

(1). Information on signification transactions and (2) Information on investees

1. Loans to others：Please refer to Table 1.
2. Provision of endorsements and guarantees to others：Please refer to Table 2.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries)：Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital or more：None.
5. Acquisition of real estate reaching NT$300 million or 20% of the Company's paid-in capital or more：None.
6. Disposal of real estate reaching NT$300 million or 20% of the Company's paid-in capital or more：None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more：None.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more：Please refer to Table 4.
9. Trading in derivative instruments：Please refer to Note 7.
10. Others：business relationships among the parent company and subsidiaries, and significant intercompany transactions：Please refer to Table 5.
11. Information on investees：Please refer to Table 6.

(3). Information on investees in Mainland China： The Company does not have investees in Mainland China.

(4). Information on major shareholders：names, number and percentage of shares held of the shareholders with over 5% of percentage of ownership：Table 7

33. Segment information

Segment information is provided to the chief operating decision maker to allocate resources and evaluate segment performance. The Company and subsidiaries are principally engaged in the manufacture and sales of billets and reinforcing steel bars, and real estate rental and leasing business. The chief operating decision maker regard the Company and subsidiaries individually reportable segments.

The information on revenue, operating results and assets of the Company and subsidiaries for the years ended December 31, 2023 and 2022 are as follows.

(1). Segment revenue and operating results

	The Company	E CHANG	ZHENG TUNG	Adjustments and write-offs	Consolidated
2023					
Revenue from customers other than the parent and consolidated subsidiaries	$ 9,256,525	$ -	$ 108,564	$ -	$ 9,365,089
Revenue from the parent and consolidated subsidiaries	719	37,520	-	(38,239)	-
Total revenue	$ 9,257,244	$ 37,520	$ 108,564	($ 38,239)	$ 9,365,089
Segment income (losses)	$ 163,319	($ 2,959)	($ 110,550)	($ 1,427)	$ 48,383
Interest revenue	7,707	5,062	161	(4,547)	8,383
Financial costs	(84,609)	-	(7,807)	6,413	(86,003)
Other non-operating income and expenses	(25,803)	(94,851)	628	186,548	66,522
Profit (loss) before tax	60,614	(92,748)	(117,568)	186,987	37,285
Income tax expenses	7,298	-	-	-	7,298
Profit (loss)	$ 53,316	($ 92,748)	($ 117,568)	$ 186,987	$ 29,987
Identifiable segment assets	$ 8,937,165	$ 1,169,435	$ 629,398	($ 1,288,440)	$ 9,447,558
Identifiable segment liabilities	$ 5,238,107	$ 179,575	$ 516,135	($ 444,904)	$ 5,488,913
2022					
Revenue from customers other than the parent and consolidated subsidiaries	$ 10,957,658	$ -	$ 87,320	$ -	$ 11,044,978
Revenue from the parent and consolidated subsidiaries	1,926	26,575	-	(28,501)	-
Total revenue	$ 10,959,584	$ 26,575	$ 87,320	($ 28,501)	$ 11,044,978
Segment income (losses)	$ 194,067	($ 8,654)	($ 84,862)	$ 702	$ 101,253
Interest revenue	3,415	3,133	55	(1,916)	4,687
Financial costs	(63,596)	-	(3,144)	3,144	(63,596)
Other non-operating income and expenses	130,869	(4,449)	1,268	68,041	195,729
Profit (loss) before tax	264,755	(9,970)	(86,683)	69,971	238,073
Income tax expenses	53,925	49	-	-	53,974
Profit (loss)	$ 210,830	($ 10,019)	($ 86,683)	$ 69,971	$ 184,099
Identifiable segment assets	$ 8,649,126	$ 1,909,876	$ 565,761	($ 1,725,234)	$ 9,399,529
Identifiable segment liabilities	$ 4,995,434	$ 173,555	$ 504,930	($ 221,759)	$ 5,452,160

(2). Other segment information

	Depreciation and amortization	
	2023	2022
The Company	$ 234,939	$ 222,771
E CHANG	26,554	19,948
ZHENG TUNG	37,610	15,642
	$ 299,103	$ 258,361

(3). Revenue from main products and services

	2023	2022
Sales revenue－deformed steel bar	$ 9,114,268	$ 10,863,574
Sales revenue－others	29,069	3,984
Service revenue	221,752	177,420
	$ 9,365,089	$ 11,044,978

(4). Geographical information

The main operating location of the Company and subsidiaries is Taiwan and there is no exporting transaction for the years ended December 31, 2023 and 2022.

The information on revenue from external customers of the Company and subsidiaries by customers' located country and non-current assets by assets' locations is as follows ：

	Revenue from external customers		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 9,365,089	$ 11,044,978	$ 4,619,524	$ 4,430,395

Non-current assets exclude financial instruments, refundable deposits, net defined obligation assets and deferred tax assets.

(5). Information on major customers

The customer with revenue accounting for 10% of sales revenue are as follows：

	2023	2022
Customer A	$1,174,072	$1,557,812

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Loans to others
For the Year Ended December 31, 2023

Table 1

Expressed in thousands of New Taiwan Dollars
（Except as indicated）

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Interests rate interval （%）	Nature of financing	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	ZHENG TUNG ENVIRONMENTAL PROTECTION TECH.	Other receivables－related parties	Yes	$ 350,000	$ 350,000	$ 300,000	0.59%Floating rate of one-year time deposit in postal savings plus 0.59%	Note 1	$ -	The operating capital required for building plant and the beginning of mass production	$ -	-	$ -	$ 369,906	$ 739,812	Note 2

Note 1：In need of short-term financing
Note 2：According to the “Operational Procedures for Loaning of Company Funds,” the amount loaned to single recipient shall not exceed the amount of 10% of the net worth in financial statements of the most recent period, and the total amount loaned shall not exceed the amount of 20% of the net worth in financial statements of the most recent period.

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Provision of endorsements and guarantees to others
For the Year Ended December 31, 2023

Table 2

Expressed in thousands of New Taiwan Dollars
（Except as indicated）

No.	Name of guarantor and endorser	Guarantee and endorsee		Limitation on amount of guarantees and endorsements for a specific enterprise（Note 1）	Highest balance for guarantee and endorsements during the period	Balance of guarantees and endorsements, end of year	Actual usage amount	Property pledged for guarantee and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements（%）	Maximum amount for guarantees and endorsements（Note 2）	Parent company endorsements/guarantees for subsidiary	Subsidiary endorsements/guarantees for the parent company	Endorsements/guarantees for companies in Mainland China
		Company name	Relation ship										
0	The Company	ZHENG TUNG	The Company directly or indirectly holds more than 50% of voting shares of the subsidiary	$369,906	$319,470	$319,470	$ 51,400	$126,470	8.64	$739,812	Y	N	N

Note 1：According to the “Operational Procedures for Provision of Endorsements and Guarantees,” the amount of endoresements and guarantees provided for a single enterprise shall not exceed the amount of 10% of the net worth in audited or reviewed financial statements of the most recent period, and the total amount of endoresements and guarantees provided by the Company and subsidiaries as a whole for a single enterprise shall not exceed the amount of 20% of the net worth in audited or reviewed financial statements of the most recent period.

Note 2：According to the “Operational Procedures for Provision of Endorsements and Guarantees,” the total amount of endoresements and guarantees provided shall not exceed the amount of 20% of the net worth in audited or reviewed financial statements of the most recent period, and the total amount of endoresements and guarantees provided by the Company and subsidiaries as a whole shall not exceed the amount of 30% of the net worth in audited or reviewed financial statements of the most recent period.

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Holding of marketable securities at the end of the period
December 31, 2023

Table 3

Expressed in thousands of New Taiwan Dollars
(Except as indicated)

Name of holder	Category and name of security	Relationship with the Company	Account	Ending balance				Note
				Number of shares	Carrying amount	Percentage of ownership (%)	Fair value	
The Company	Stock							
	Taiwan Steel Union Co., Ltd.	The Company is the legal person director.	Current financial assets at fair value through other comprehensive income	419,000	$ 38,380	0.4	$ 38,380	
			Non-current financial assets at fair value through other comprehensive income	9,272,512	$849,362	8.3	$849,362	
	Shiao Kang Warehousing Corp		Non-current financial assets at fair value through other comprehensive income	399,940	4,424	4.4	4,424	
					$853,786		$853,786	
	Shin Kong Financial Holding Co., Ltd.－preferred B share		Current financial assets at fair value through profit or loss	222,000	$ 6,360	0.1	$ 6,360	
E CHANG	Stock							
	Taiwan Steel Union Co., Ltd.	The Company is the legal person director.	Current financial assets at fair value through other comprehensive income	351,000	$ 32,152	0.3	$ 32,152	
	Beneficiary certificates of fund							
	Shin Kong Environmental Sustainability Bond Fund		Current financial assets at fair value through profit or loss	500,000	$ 4,461	-	$ 4,461	
	Financial bonds							
	HSBC 4.375		Current financial assets at fair value through profit or loss	500,000	$ 14,889	-	$ 14,889	

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
December 31, 2023

Table 4

Expressed in thousands of New Taiwan Dollars
（Except as indicated）

The Company recognizing receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate （%）	Overdue receivables from related parties		Amounts of receivables from related parties collected in subsequent period	Allowance for bad debt	Note
					Amount	Collection status			
The Company	ZHENG TUNG	Subsidiary	$300,595	-	$ -	-	$ -	$ -	Note

Note：Other receivables are not applicable to the calculation of turnover rate. The transactions between the parent and subsidiaries are eliminated at preparing the consolidated financial statements.

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Business relationships among the parent company and subsidiaries, and significant intercompany transactions
For the Year Ended December 31, 2023

Table 5

Expressed in thousands of New Taiwan Dollars

				Intercompany transactions			
No.	Name of company	Counterparty	Relationship	Item	Amount	Transaction terms	Percentage accounting for the consolidated total revenue or total assets%
0	The Company	E CHANG	Parent to subsidiary	Right-of-use assets	$ 15,513	Based on the amount agreed in contracts	0.17
0	The Company	ZHENG TUNG	Parent to subsidiary	Service expenses	22,179	Based on the amount agreed in contracts	0.24
0	The Company	ZHENG TUNG	Parent to subsidiary	Other receivables	300,595	Based on the amount agreed in contracts	3.18
1	E CHANG	ZHENG TUNG	Subsidiary to subsidiary	Lease income	28,129	Based on the amount agreed in contracts	0.30
2	ZHENG TUNG	E CHANG	Subsidiary to subsidiary	Right-of-use assets	85,615	Based on the amount agreed in contracts	0.91

Note： The transactions between the parent and subsidiaries are eliminated at preparing the consolidated financial statements.

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Information on investees
For the Year Ended December 31, 2023

Table 6

Expressed in thousands of New Taiwan Dollars
(Except as indicated)

Investor company	Investee company	Location	Main business	Original investment amount		Ownership as of December 31, 2023			Profit (loss) of investees in the current period	Gain (loss) of investees recognized in the current period	Note
				December 31, 2023	December 31, 2022	Number of shares	Percentage (%)	Carrying amount			
The Company	E CHANG	Taiwan	Manufacture, processing and trading of various iron and steel products	$ 1,223,892	$ 1,223,892	18,502,495	84.1	$ 1,365,764	($ 92,747)	($ 78,002)	Subsidiary
The Company	ZHENG TUNG	Taiwan	Manufacture, heat treatment and surface treatment of steel wires, steel cables, and metal wires products	-	76,500	-	-	-	(117,568)	(10,293)	Subsidiary
E CHANG	ZHENG TUNG	Taiwan	Manufacture, heat treatment and surface treatment of steel wires, steel cables, and metal wires products	280,735	79,700	23,083,054	100	114,891	(117,568)	(98,691)	

Note： The transactions between the parent and subsidiaries are eliminated at preparing the consolidated financial statements.

HAI-KWANG ENTERPRISE CO., LTD.
Information on major shareholders
December 31, 2023

Table 7

Name of major shareholders	Shares	
	Number of shares held	Percentage of ownership（%）
Haiming Investment Co., Ltd.	43,411,277	22.80
Youming Investment Co.,Ltd.	13,446,642	7.06
Zongli Investment Co., Ltd.	11,279,494	5.92

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

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

6.5 Latest Individual Financial Statements and Independent Auditors' Report

HAI-KWANG ENTERPRISE CO., LTD.

Parent Company Only Financial Statements with Independent Auditors' Report

For the Years Ended December 31, 2023 and 2022

Address：No. 12, Yanhai 2nd Rd., Xiaogang Dist., Kaohsiung City, Taiwan
Telephone：(07)8021011

§Table of Contents§

Independent Auditors' Report

To HAI-KWANG ENTERPRISE CO., LTD.：

Opinion

We have audited the accompanying financial statements of HAI-KWANG ENTERPRISE CO., LTD. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

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

<u>Authenticity of revenue recgonition</u>

The operating revenue of the Company is mainly from the sales revenue of reinforcing steel bar. As the sales revenue of part of the items grew significantly in 2023, according to regulation of Statement of Auditing Standard, which presumes that there is significant risk in revenue, the authenticity of sales revenue recgonition of the aforementioned specific items is indentified as a key audit matter.

Accounting policies and disclosure information regarding revenue recognition are disclosed in Note 4 and 21 of the Parent Company Only financial statements.

The audit procedures for the sales revenue recgonition of the aforementioned specific items implemented are as follows：

1. Obtain an understanding and test the effectiveness of internal control related to the authenticity of sales revenue recognition；

2. Select appropriate samples of specific sales items from sales revenue account, check whether the delivery orders have been signed by customers, verify the record of receiving the payments and check whether the payers are consistent with the sales counterparties, to ensure the authenticity of revenue.

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

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

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

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

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

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also：

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than from on 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, we are required to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

The engagement partners on the audits resulting in this independent auditors' report are Wang, Chao-Chin and Wu, Chang-Jin.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 12, 2024

Notice to Readers

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

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

HAI-KWANG ENTERPRISE CO., LTD.

Parent Company Only Balance Sheets

December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	December 31, 2023		December 31, 2022	
Assets	Amount	%	Amount	%
Current assets				
Cash and cash equivalents（Note 4 and 6）	$ 176,075	2	$ 167,687	2
Current financial assets at fair value through profit or loss（Note 4 and 7）	6,360	-	7,970	-
Current financial assets at fair value through other comprehensive income（Note 4 and 8）	38,380	-	38,548	-
Notes receivables（Note 4 and 9）	154,423	2	92,190	1
Accounts receivables, net（Note 4, 9, and 27）	1,044,931	12	934,843	11
Other receivables	7,234	-	3,224	-
Other receivables－related parties（Note 27）	300,646	3	150,556	2
Current tax assets（Note 23）	900	-	343	-
Inventories（Note 4, 5, and 10）	2,130,516	24	2,068,569	24
Prepayments	96,081	1	266,747	3
Other financial assets－current（Note 4, 11, and 28）	49,194	1	50,115	1
Other current assets	154	-	1,195	-
Total current assets	4,004,894	45	3,781,987	44
Non-current assets				
Non-current financial assets at fair value through other comprehensive income（Note 4 and 8）	853,786	10	858,549	10
Investments accounted for using equity method（Note 4 and 12）	1,365,764	15	1,474,437	17
Property, plant and equipment（Note 4, 13, 27 and 28）	2,603,774	29	2,384,739	28
Right-of-use assets（Note 4, 14 and 27）	28,188	-	-	-
Intangible assets（Note 4）	6,763	-	6,576	-
Deferred tax assets（Note 4 and 23）	67,515	1	89,707	1
Prepayments for equipment	-	-	48,860	-
Refundable deposits	334	-	104	-
Net defined benefit assets－non-current（Note 4 and 19）	726	-	178	-
Other non-current assets	5,421	-	3,989	-
Total non-current assets	4,932,271	55	4,867,139	56
Total assets	$ 8,937,165	100	$ 8,649,126	100
Liabilities and equity				
Current Liabilities				
Short-term borrowings（Note 15 and 28）	$ 1,702,311	19	$ 1,921,169	22
Short-term notes payables（Note 15）	849,490	10	289,490	3
Current financial liabilities at fair value through profit or loss（Note 4 and 7）	23,784	-	23,396	-
Current contract liabilities（Note 4 and 21）	208,295	2	185,290	2
Notes payables（Note 16 and 19）	52,789	1	89,144	1
Accounts payables（Note 16 and 27）	518,365	6	475,514	6
Other payables（Note 17 and 27）	177,425	2	218,965	3
Current provisions（Note 4 and 18）	24,761	-	53,215	1
Lease liabilities, current portion （Note 4, 14 and 27）	1,114	-	-	-
Long-term borrowings, current portion（Note 15 and 28）	256,682	3	192,814	2
Other current liabilities	1,127	-	1,345	-
Total current liabilities	3,816,143	43	3,450,342	40
Non-current liabilities				
Long-term borrowings（Note 15 and 28）	1,241,495	14	1,325,857	16
Non-current provisions（Note 4 and 18）	54,000	1	104,822	1
Deferred tax liabilities（Note 4 and 23）	99,293	1	114,402	1
Non-current lease liabilities （Note 4, 14 and 27）	27,165	-	-	-
Guaranteed deposits received	11	-	11	-
Total non-current liabilities	1,421,964	16	1,545,092	18
Total liabilities	5,238,107	59	4,995,434	58
Equity（Note 20）				
Ordinary shares	1,903,277	21	1,812,645	21
Capital surplus	384,489	4	387,863	4
Retained earnings				
Legal reserve	83,168	1	61,865	1
Special reserve	156,469	2	156,469	2
Unappropriated earnings	323,780	3	383,260	4
Total retained earnings	563,417	6	601,594	7
Other equity	847,875	10	851,590	10
Total equity	3,699,058	41	3,653,692	42
Total liabilities and equity	$ 8,937,165	100	$ 8,649,126	100

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

HAI-KWANG ENTERPRISE CO., LTD.

Parent Company Only Statements of Comprehensive Income

For the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars, except EPS expressed in NTD)

	2023		2022	
	Amount	%	Amount	%
Operating revenue（Note 4, 21, and 27）				
Sales revenue	$ 9,144,056	99	$ 10,869,484	99
Service revenue	113,188	1	90,100	1
Total operating revenue	9,257,244	100	10,959,584	100
Operating costs（Note 4, 10, 22, and 27）				
Costs of goods sold	8,892,919	96	10,570,511	97
Service costs	49,911	-	40,505	-
Total operating costs	8,942,830	96	10,611,016	97
Net gross profit	314,414	4	348,568	3
Less：Unrealized gains from sales	102	-	396	-
Add: Realized gains from sales	139	-	-	-
Realized net operating profit	314,451	4	348,172	3
Operating expenses（Note 22 and 27）				
Selling expenses	66,658	1	66,581	-
Administrative expenses	83,943	1	87,170	1
Research and development expense	531	-	354	-
Total operating expenses	151,132	2	154,105	1
Net operating income	163,319	2	194,067	2
Non-operating income and expenses（Note 22 and 27）				
Interest revenue	7,707	-	3,415	-
Other revenue	72,066	1	47,404	-
Other gains and losses	(9,574)	-	123,870	1

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(continued)

	2023 Amount	2023 %	2022 Amount	2022 %
Financial costs	($ 84,609)	(1)	($ 63,596)	(1)
Share of losses of subsidiaries accounted for using equity method	(88,295)	(1)	(40,405)	-
Total non-operating income and expenses	(102,705)	(1)	70,688	-
Profit before tax	60,614	1	264,755	2
Income tax expenses (Note 4 and 23)	7,298	-	53,925	-
Profit	53,316	1	210,830	2
Other comprehensive income (Note 19, 20, and 23)				
Items not to be reclassified into profit or loss				
Remeasurements of defined benefit plans	(1,076)	-	2,339	-
Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	(3,597)	-	106,672	1
Share of other comprehensive income of subsidiaries accounted for using equity method	(118)	-	3,339	-
Income tax related to items of other comprehensive income not to be reclassified to profit or loss	215	-	(468)	-
Other comprehensive income (net of tax)	(4,576)	-	111,882	1
Total comprehensive income	$ 48,740	1	$ 322,712	3
Earnings per share (Note 24)				
Basic	$ 0.28		$ 1.11	
Diluted	$ 0.28		$ 1.10	

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

HAI-KWANG ENTERPRISE CO., LTD.

Parent Company Only Statements of Changes in Equity

For the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

			Retained earnings				Other equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings	Unrealized valuation gains and losses from equity instrument investments measured at fair value through other comprehensive income	Total equity
Balance at January 1, 2022	$ 1,812,645	$ 386,681	$ 15,995	$ 156,469	$ 487,996	$ 660,460	$ 741,909	$ 3,601,695
Appropriation and distribution of 2021 earnings（Note 20）								
Legal reserve	-	-	45,870	-	(45,870)	-	-	-
Cash dividends of ordinary shares	-	-	-	-	(271,897)	(271,897)	-	(271,897)
	-	-	45,870	-	(317,767)	(271,897)	-	(271,897)
Profit of 2022	-	-	-	-	210,830	210,830	-	210,830
Other comprehensive income of 2022, net of tax	-	-	-	-	1,871	1,871	110,011	111,882
Total comprehensive income of 2022	-	-	-	-	212,701	212,701	110,011	322,712
Difference between consideration and carrying amount of subsidiaries acquired（Note 12）	-	1,182	-	-	-	-	-	1,182
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	330	330	(330)	-
Balance at December 31, 2022	1,812,645	387,863	61,865	156,469	383,260	601,594	851,590	3,653,692
Appropriation and distribution of 2023 earnings（Note 20）								
Legal reserve	-	-	21,303	-	(21,303)	-	-	-
Cash dividends of ordinary shares	90,632	-	-	-	(90,632)	(90,632)	-	-
	90,632	-	21,303	-	(111,935)	(90,632)	-	-
Profit of 2023	-	-	-	-	53,316	53,316	-	53,316
Other comprehensive income of 2023, net of tax	-	-	-	-	(861)	(861)	(3,715)	(4,576)
Total comprehensive income of 2023	-	-	-	-	52,455	52,455	(3,715)	48,740
Difference between consideration and carrying amount of subsidiaries acquired（Note 12）	-	(3,374)	-	-	-	-	-	(3,374)
Balance at December 31, 2023	$ 1,903,277	$ 384,489	$ 83,168	$ 156,469	$ 323,780	$ 563,417	$ 847,875	$ 3,699,058

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

HAI-KWANG ENTERPRISE CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended December 31, 2023 and 2022

(Expressed in thousands of New Taiwan Dollars)

	2023	2022
Cash flows from operating activities		
Profit before tax	$ 60,614	$ 264,755
Items of income and expense		
Depreciation expenses	224,301	213,011
Amortization expenses	10,918	9,822
Net gains on financial instruments at fair value through profit or loss	(23,286)	(300,228)
Financial costs	84,609	63,596
Interest revenue	(7,707)	(3,415)
Dividends revenue	(62,995)	(39,166)
Share of losses of subsidiaries accounted for using equity method	88,295	40,405
Loss from disposal and scrap of property, plant and equipment	-	2,036
Inventory valuation losses (reversal gains)	(28,159)	416
Increase in provisions	12,610	29,422
Others	(37)	396
Net changes in operating assets and liabilities		
Financial instruments mandatorily measured at fair value through profit or loss	25,284	307,472
Notes receivables	(62,233)	15,956
Accounts receivables	(110,088)	81,991
Other receivables (including related parties)	(3,896)	(2,910)
Inventories	(33,788)	(71,737)
Prepayments	170,781	(183,519)
Other current assets	1,041	1,752
Net defined benefit assets	(1,624)	(178)
Contract liabilities	23,005	(173,118)
Notes payables	(26,959)	2,958
Accounts payables	42,851	(24,661)
Other payables	(43,579)	(20,306)
Provisions	(91,886)	(62,912)
Other current liabilities	(218)	424
Net defined benefit liabilities	-	(2,707)

（continued on next page）

(continued)

	2023	2022
Cash inflows generated from operations	$ 247,854	$ 149,555
Interest received	7,503	3,126
Interest paid	(88,734)	(63,196)
Income taxes refund (paid)	(557)	(267)
Net cash inflow provided by operating activities	166,066	89,218
Cash flows from investing activities		
Refund of paid-up capital from financial assets at fair value through other comprehensive income	1,334	-
Acquisition of property, plant and equipment	(397,357)	(242,660)
Proceeds from disposal of property, plant and equipment	-	1,491
Increase in refundable deposits	(230)	-
Increase in other receivables－related parties	(150,000)	(150,291)
Acquisition of intangible assets	(2,088)	(5,841)
Decrease (increase) in other financial assets	921	(2,574)
Increase in other non-current assets	(10,449)	(6,907)
Dividends received	62,995	39,166
Net cash outflows provided by investing activities	(494,874)	(367,616)
Cash flows from financing activities		
Increase in short-term borrowings	6,859,276	10,147,307
Decrease in short-term borrowings	(7,078,134)	(9,503,185)
Increase (Decrease) in short-term notes payables	560,000	(420,000)
Increase in long-term borrowings	178,000	1,020,000
Repayment of long-term borrowings	(198,494)	(662,887)
Repayment of principal of lease liabilities	(375)	-
Distribution of cash dividends	-	(271,897)
Disposals of shares of subsidiaries (not resulting in loss of control)	16,923	-
Net cash inflows provided by financing activities	337,196	309,338
Increase (decrease) in cash and cash equivalents	8,388	30,940
Cash and cash equivalents at the beginning of period	167,687	136,747
Cash and cash equivalents at the end of period	$ 176,075	$ 167,687

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

HAI-KWANG ENTERPRISE CO., LTD.
Notes to the Parent Company Only Financial Statements
For the Years Ended December 31, 2023 and 2022
（Except as indicated, Expressed in thousands of New Taiwan Dollars）

1. Company history

HAI-KWANG ENTERPRISE CO., LTD. (the “Company) is established in 1969, and is principally engaged in the manufacture, processing, sales, and trade of billets and reinforcing steel bars.

The consolidated financial statements are expressed in the Company’s functional currency, “New Taiwan Dollar.”

2. Approval date and procedures of the parent company only financial statements

The accompanying consolidated financial statements were authorized for issue by the Board of Directors on March 12, 2024.

3. New standards, amendments and interpretations adopted

(1). The Company has adopted the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively “IFRS accounting standards”) endorsed and issued into effect by the Financial Supervisory Commission (the “FSC”), and the first-time adoption incurs no significant impact to the accounting policies of the Company.

(2). The IFRS accounting standards endorsed and issued into effect by the FSC

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

Note 1： Unless stated otherwise, the above new, amended, or revised IFRS accounting standards are effective for annual periods beginning on or after their respective effective dates.

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

Note 3： Part of the disclosure regulations is exempt at first-time adoption of the modification.

The Company assessed that the aforementioned standards and interpretations would not have a significant impact on its financial position and financial performance.

(3). The IFRS accounting standards issued by IASB but not yet endorsed by the FSC

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

Note 1：Unless stated otherwise, the above new, amended or revised IFRS standards are effective for annual periods beginning on or after their respective effective dates.

Note 2：The amendments apply to annual reporting periods beginning on or after 1 January 2025. The consolidated company shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings. When the consolidated company uses a presentation currency other than its functional currency, the consolidated company shall recognize any effect of initially applying the amendments as an adjustment to the exchange differences in the conversion of the financial statements of foreign operations under equity at the first-adoption date.

As of the date the consolidated financial statements are issued, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. Summary of significant accounting policies

(1). Statement of compliance

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

(2). Basis of preparation

The accompanying consolidated financial statements have been prepared on the historical cost basis except for defined benefit assets or liabilities, which are recognized by present value of defined benefit obligations net of the fair value of plan assets.

Fair value measurement can be categorized by the level of observability and significant into level 1 to level 3：

1. Level 1 inputs： quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date
2. Level 2 inputs： inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (the prices) or indirectly (derive from the prices)
3. Level 3 inputs：unobservable inputs for the assets or liabilities

In preparing the parent company only financial statements, the investments in subsidiaries, associate or joint ventures are accounted for using equity method. In order to make the profit or loss during the period and other comprehensive income presented in parent company only financial reports the same as the allocations of profit or loss during the period and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owners' equity presented in the parent company only financial reports the same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, the differences of accounting treatment between the individual basis and the consolidated basis are adjusted by "investments accounted for using equity method," share of profit or loss of subsidiaries accounted for using equity method ," " share of other comprehensive income of subsidiaries accounted for using equity method " and relevant equity items.

(3). Classification of non-current and current assets and liabilities

Current assets include：

1. the assets held primarily for the purpose of trading；
2. the assets expected to be realized within twelve months after the balance sheet date；and
3. cash and cash equivalents (excluding the assets restricted from being exchanged or used to settle a liability for at least twelve months after the balance sheet date.）。

Current liabilities include：

1. the liabilities held primarily for the purpose of trading；
2. the liabilities due to be settled within twelve months after the balance sheet date，and
3. the liabilities of which the Company does not have an unconditional right to defer settlement for at least twelve months after the balance sheet date.

An asset or a liability that is not current shall be classified as a non-current asset or liability.

(4). Foreign currencies

In preparation the financial statements of each entity, transactions in currencies other than the entity's functional currency (foreign currencies) are translated by the rate of exchange prevailing at the dates of the transactions or measurement into the functional currency.

At the end of each reporting period, foreign currency monetary items shall be translated using the closing rate at the balance sheet date. Except the translation differences arising from hedging transactions for hedging part of the exchange rate risk, the exchange differences arising from settlement or translation of monetary items shall be recognized in profit or loss.

Non-monetary items that are measured at fair value in a foreign currency shall be translated using the exchange rate at the date when the fair value was measure, and the exchange differences shall be recognized in profit or loss. When the profit or loss arising from exchange differences arising on the non-monetary items are recognize in other comprehensive income, the exchange differences arising on the retranslation of such profit or loss are also recognized in other comprehensive income.

Non-monetary items that are measured in terms of historical cost in a foreign currency shall be translated using the exchange rate at the date of the transaction, and shall not be translated again.

(5). Inventories

Inventories include raw materials, materials, work in process, goods and tailings. Inventories are valued at the lower of cost and net realizable value item by item, unless the inventories are in the same categories. Net realizable value is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The costs of inventories are calculated by weighted-average method.

(6). Investments in subsidiaries

The Company accounts for investments in subsidiaries by equity method.

Subsidiaries are entities controlled by the Company.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognized the Company’s share of profit or loss and other comprehensive income of the associate as well as the distribution received. The Company also recognizes its share in the changes in the equity of associates.

Changes in the Company’s ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. The differences between the carrying amount of the investments and the fair value of consideration paid or received are recognized in equity.

If the Company’s share of losses of a subsidiary equals or exceeds its interest in the subsidiary (including the carrying amount of the investments in subsidiaries accounted for using equity method and other long-term interests in substance forming part of the Company’s net investment in the subsidiaries), the Company continues recognizing its share of further losses.

The Company evaluates impairment by taking consideration the cash-generating unit in the entire financial statements and compare the recoverable amount and the carrying amount. If the recoverable amount increases, the impairment loss shall be reversed. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss ben recognized for the asset in prior years. Impairment losses attributable to goodwill may not be reversed subsequently.

If the Company loses control of a subsidiary, the Company shall measure the investment retained by fair value at the date that control is lost. The difference between the fair value of the investment retained with any consideration received and the carrying amount of the investment at the date that control is lost shall be recognized in profit or loss. In addition, the Company shall account for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Company had directly disposed of the related assets or liabilities.

The unrealized gains or losses resulting from the downstream transactions between the Company shall be eliminated in the parent company only financial statements. The gains or losses resulting from upstream and lateral transactions is recognized in the parent company only financial statements to the extent that are not related to the Company's interests in the subsidiaries.

(7). Property, plant and equipment

Property, plant and equipment are initially recognized by acquisition cost, and are measured subsequently by the cost less any accumulated depreciation.

Property, plant and equipment under construction are recognized by cost, including the professional service expenses and the borrowing costs eligible for capitalization. While bringing an item of property, plant and equipment to the condition necessary for it to be capable of operating in the manner intended, samples produced when testing whether the asset is functioning properly shall be measured at the lower of cost and net realizable value, and the proceeds from selling such items, and the cost of those items shall be recognized in profit or loss. After the asset is completed and brought to the condition necessary for it to be capable of operating in the manner intended, it shall be classified in the appropriate category of property, plant and equipment, and depreciated.

The property, plant and equipment acquired by 1990 are depreciated by declining balance method, and those acquired after 1990 are depreciated by straight-line method over the useful lives. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item shall be depreciated separately. The residual value and the useful life of an item of property, plant, and equipment shall be reviewed at least at each balance sheet date and, the changes shall be accounted for as a change in an accounting estimate and applied prospectively.

The gain or loss arising from the derecognition of an item of property, plant and equipment, which is the difference between the net disposal proceeds received and the carrying amount of the asset, shall be included in profit or loss when the item is derecognized.

(8). Intangible assets

1. Separately acquired

   A separately acquired intangible asset with finite useful life shall be measured at its cost at initial recognition, and sequent measured by the cost less any accumulated amortization and any accumulated impairment losses. Intangible assets shall be depreciated over the useful life as follows by straight-line method. The estimated useful life, residual value and the amortization method shall be reviewed at the end of each reporting period. Any changes in estimate values shall be applied prospectively.

2. Derecognition

   The gain or loss arising from the derecognition of an item of intangible assets, which is the difference between the net disposal proceeds received and the carrying amount of the asset, shall be included in profit or loss when the item is derecognized.

(9). Impairment of property, plant and equipment, right-of-use assets, and intangible assets

The Company shall assess at each balance sheet date whether there is any indication that an item of property, plant and equipment, right-of-use assets, and intangible asset may be impaired. If any indication is present, the Company shall assess the recoverable amount of the asset. If the Company are unable to assess the recoverable amount of the asset, the recoverable amount of the cash-generating unit that the asset belongs to shall be assessed. Impairment of corporate assets shall be allocated to cash-generating units by a reasonable and consistent basis.

Recoverable amount is the higher of the fair value less costs of disposal and its value in use. If the recoverable amount of an asset or a cash-generating unit is less than it carrying amount, the carrying amount of the asset or cash-generating unit shall be adjusted to its recoverable amount. The impairment losses shall be recognized in profit or loss.

When assessing the impairment of a cash-generating unit, impairment of inventories recognized due to contracts with customers shall be recognized first, then impairment losses shall be recognized by the amount of the difference between the carrying amount of relevant assets of the contract costs and the considerations expected to be received less the relevant costs, and the carrying amount of relevant assets of contract costs shall be recognized in the cash-generating unit.

When the impairment loss is reversed subsequently, the carrying amount of an asset, a cash-generating unit, or a relevant asset of contract cost shall be increased to the revised recoverable amount. However, the increased carrying amount of an asset, a cash-generating unit, or a relevant asset of contract cost attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss ben recognized for the asset in prior years. The reversal of impairment losses shall be recognized in profit or loss.

(10). Financial instruments

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

Financial assets or liabilities not measured at fair value through profit or loss, shall be measured at fair value plus transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities. The transaction costs that are directly attributable to the acquisition or issue of financial assets and liabilities at fair value through profit or loss, shall be recognized in profit or loss immediately.

1. Financial assets

   A regular way purchase or sale of financial assets are recognized and derecognized, as applicable, using trade date accounting.

   (a) Measurement types

   The financial assets held by the Company can be classified as financial assets at fair value through profit or loss, financial assets at amortized cost, and investments in equity instruments at fair value through other comprehensive income.

   A. Financial assets at fair value through profit or loss

   Financial assets at fair value through profit or loss are financial assets mandatorily measured at fair value through profit or loss. Financial assets mandatorily measured at fair value through profit or loss include the investments in equity instruments designated measured at fair value through other comprehensive income.

   Financial assets at fair value through profit or loss are measured at fair value. The remeasurement gains or losses (including any dividend or interest from the financial assets) shall be recognized in profit or loss. Please refer to Note 26 for the determination of fair value.

   B. Financial assets at amortized cost

   A financial asset held by the Company is measured at amortized cost if both of the following conditions are met：

a. The financial asset is held in a business model whose objective is achieved by collecting contractual cash flows；and

b. The cash flows occur at specific dates based on the contractual terms. The contractual terms of the financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial assets at amortized cost (including cash and cash equivalents, notes and accounts receivables, other receivables, refundable deposits, and other financial assets) shall be measured after initial recognition at amortized cost calculated by total carrying amount determined by effective interest method minus the impairment loss. Any resulting foreign exchange differences shall be recognized in profit or loss.

A financial asset is credit-impaired when significant financial difficulty of the issuer or the borrower, a breach of contract occurs, or it is becoming probable that the borrower will enter bankruptcy or other financial reorganization, or an active market for that financial asset disappears because of financial difficulties.

Cash equivalents are highly liquid time deposits and bonds with repurchase agreement due within 3 months after acquisition that are readily convertible to known amounts of cash and with maturity dates that do not present significant risks of changes in value, that the Company holds them for the purpose of short-term cash commitment in operation.

C. Investments in equity instruments at fair value through other comprehensive income

At initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value of an investment in an equity instrument that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at fair value through other comprehensive income shall be measured at fair value. Subsequent changes in fair value shall be recognized in other comprehensive income and accumulated in other equity. At disposal, the accumulated profit or loss recognized in other comprehensive income shall not be reclassified to profit or loss, instead, directly to retained earnings.

Dividends on investments in equity instruments at fair value through other comprehensive income shall be recognized in profit or loss, unless the dividend clearly represents a recovery of part of the cost of the investment.

(b) Impairment of financial assets

At each reporting date, the Company shall assess the impairment losses of financial assets at amortized cost (including accounts receivables), by expected credit loss.

The Company shall measure the loss allowance at an amount equal to lifetime expected credit losses for accounts receivables. If the credit risk on other financial assets has not increased significantly since initial recognition, the Company shall measure the loss allowance for those financial assets at an amount equal to 12-month expected credit losses. If the credit risk on other financial assets has increased significantly since initial recognition, the Company shall measure the loss allowance for those financial assets at an amount equal to lifetime expected credit losses.

Expected credit losses are the weighted average credit losses with the probability of default as the weight. 12-month expected credit losses are the portion of lifetime expected credit losses that represent the expected credit losses that result from default events on a financial instrument that are possible within the 12 months after the reporting date. Lifetime expected credit loss is the expected credit losses that result from all possible default events over the expected life of a financial instrument.

For the purpose of internal credit risk management of the Company, without considering the collaterals held, the financial assets are defaulted if the circumstances as follows occur：

A. Internal or external information indicates that it is not probable for the borrower to repay the debts.

B. A financial asset is 150 days past due unless there is reasonable and supportable information to demonstrate that a lagging default criterion is more appropriate.

The impairment losses of financial assets decrease the carrying amount by allowances.

(c) Derecognition of financial assets

The Company shall derecognize the financial assets when the contractual rights to the cash flows from the financial assets expire, or the Company transfers the financial assets and substantially all the risks and rewards of ownership of the financial assets to others.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the carrying amount and the consideration received shall be recognized in profit or loss. On derecognition of an investment in debt instruments at fair value through other comprehensive income in its entirety, the difference between the carrying amount and the consideration received plus accumulative profit or loss recognized in other comprehensive income shall be recognized in profit or loss. On derecognition of an investment in equity instruments at fair value through other comprehensive income in its entirety, the accumulated profit or loss shall not be reclassified to profit or loss, instead, directly to retained earnings.

2. Equity instruments

The equity instruments issued by the Company are recognized by the consideration received less the costs directly attributable to issuance.

3. Financial liabilities

(a) Subsequent measurement

All the financial liabilities shall be measured at amortized cost by effective interest method, except the conditions as follows

Financial liabilities at fair value through profit or loss are financial liabilities held for trading.

Financial liabilities held for trading shall be measured at fair value. The remeasurement gains or losses shall be recognized in profit or loss. Please refer to Note 26 for the determination of fair value.

(b) Derecognition of financial liabilities

At derecognition, the difference between the carrying amount of a financial liability extinguished or transferred to another party and the consideration paid (including any non-cash assets transferred or liabilities assumed), shall be recognized in profit or loss.

4. Derivative instruments

The derivative instruments that the Company involve are currency swap contracts, forward foreign exchange contracts, and foreign exchange option contracts, to management the Company' foreign exchange rate risk.

Derivative instruments shall be measured at fair value at initial recognition when signing the contracts, and subsequently remeasured at fair value at each balance sheet date. The remeasurement gains or losses shall be recognized in profit or loss. When the fair value of a derivative instrument is a positive value, it shall be recognized as a financial asset. If the fair value is a negative value, it shall be recognized as a financial liability.

(11). Provisions

The amount recognized as a provision shall be the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, and in consideration of the risk and uncertainty of obligations. Provisions shall be measured by the expected cash flows to settle the present obligation.

Loss reserve for purchase contracts

For signed irrevocable raw materials purchase contracts, if the unavoidable costs for meeting the obligation under the contracts exceed the economic benefits expected to be received under the contracts, loss reserve for purchase contracts shall be accrued. The accrued losses shall be recognized under operating costs in the parent company only statements of comprehensive income.

Reserve for disposals of slags payables

The slags produced during the manufacturing process shall commission qualified waste clearance and disposal organizations to make the disposals. Provisions shall be accrued based on the disposal fee payables by reference to the quantities in stock and the quotation from the disposal suppliers. The accrued expenses shall be recognized under operating costs in the consolidated statements of comprehensive income, and transferred to other payables at occurrence. If there is change in the estimated disposal fees, the change in estimate shall adjust the profit or loss in the current year.

(12). Revenue recognition

The Company shall allocate the transaction price to each performance obligation after identifying performance obligations in the contracts with customers. Revenue shall be recognized at satisfaction of performance obligations

For contracts with length of time between the Company transfer the promised goods or services to the customer and when the customer pays for those goods or services within 1 year, the transaction prices shall not be adjusted for significant finance components.

1. Sales of goods

   The Company shall recognize revenue when the customer obtains control of that asset. It's the time when goods are transferred to a customer (if it's a domestic transaction), the customer has the discretion to direct the price of goods and usage, and the risk of obsolescence is transferred to the customer. The Company shall recognize revenue and accounts receivables at the point of time. Receipts in advance of sales shall be recognized as contract liabilities.

   In processing outsourced contracts, as the control of the ownership of the work in process to be processed is not transferred, revenue shall not be recognized when the work in process is transferred to suppliers.

2. Rendering services

   Service revenue arises from rendering processing services, including rebar cutting, forming, etc., based on the contracts. Revenue shall be recognized after rending the services.

(13). Lease

At inception of a contract, the Company shall assess whether the contract is (or contains) a lease.

The Company as the lessee

When the Company are the lessees under a lease contract, the Company shall recognize a right-of-use asset and a lease liability, unless the lease contract is a short-term lease or the underlying assets of the lease is of low value,

At the commencement date, the Company shall measure the right-of-use asset at cost (which comprises the amount of the initial measurement of the lease liability). After the commencement date, the Company shall measure the right-of-use asset by cost less any accumulated depreciation and any accumulated impairment losses.

The Company shall recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.
The Company shall depreciate the right-of-use asset over the shorter of the useful life or the lease term.
At the commencement date, the Company shall measure the lease liability at the present value of the lease payments. The lease payments shall be discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company shall use the lessee's incremental borrowing rate.
The Company shall amortize the lease liabilities by effective interest rate method, and recognize interest expense over the lease term.

(14). Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset form part of the cost of that asset shall be capitalized as part of the costs of the assets, until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.
If the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the Company shall determine the amount of borrowing costs eligible for capitalization as the actual borrowing costs incurred on that borrowing during the period less any investment income on the temporary investment of those borrowings.
Except the conditions aforementioned, other borrowing costs are recognized as an expense in the period of occurrence.

(15). 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 exchange for that service.
2. Post-employment benefits
   For defined contribution plans, the contributions shall be recognized as pension expenses during the period employees rendering services.
   Defined obligation costs (including service costs, net interests, and remeasurement) of defined benefit plans are calculated annually by independent actuaries using the projected unit credit method. Service costs (including current service costs) and net interests of net defined benefit liabilities shall be recognized as employee benefits expenses as incurred. Remeasurement (including return on plan assets calculated by actuarial gains and losses less interests) shall be recognized in other comprehensive income as incurred and stated in retained earnings. Remeasurement will not be classified to profit or loss subsequently.
   Net defined benefit assets are determined by the amount of the surplus of the defined benefit plans.

(16). Income tax

The tax expense for the period comprises current and deferred income tax.

1. Current income tax

   The Company shall determine the current profit (loss) in accordance with the rules established in R.O.C., and calculate income tax payables (recoverable) based on the profit (loss).

   An additional tax on unappropriated earnings is recognized in the year the shareholders' meeting approves the distribution of earnings.

   Adjustments to income tax payables of prior years are included in current income tax.

2. Deferred income tax

   Deferred income tax is determined by the temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

   A deferred tax liability shall be generally recognized for all taxable temporary differences. A deferred tax asset shall be recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilized.

   Carrying amount of deferred tax assets shall be reassessed at each balance sheet date. For the deferred tax assets recognized when it has become not probable that future taxable profit will allow the deferred tax assets to be recovered, decrease the carrying amount. The Company shall reassess unrecognized deferred tax assets, and shall recognize a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered entirely or partially.

   Deferred income tax assets and liabilities shall be measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow the manner in which the Company expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

3. Current and deferred income tax

   Current and deferred income tax shall be recognized in profit or loss. However, the current and deferred income tax related to the items recognized in other comprehensive income or directly recognized in equity shall be recognized in other comprehensive income or directly in equity.

5. Major sources of uncertainty arising from significant accounting judgments, estimates, and assumptions

When the Company adopts accounting policies, for information that is not available from other sources, the management has to make relevant judgments, estimates, and assumptions based on historical experiences and other relevant factors. The actual result may be different from the estimates.

When the Company and subsidiaries develop significant estimate values, the management will keep assessing estimates and basic assumptions.

Major sources of uncertainty arising from accounting estimates and assumptions－impairment of inventories

Net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated cost of completion and the estimated cost necessary to make the sale. The estimates are based on the current market condition and the historical sales experiences of similar products. Changes in market condition may significantly affect the results of estimates.

6. Cash

	December 31, 2023	December 31, 2022
Cash on hand and revolving funds	$ 166	$ 487
Demand deposits	173,407	156,232
Checking deposits	2,502	10,968
	$176,075	$167,687

7. Current financial instruments at fair value through profit or loss

	December 31, 2023	December 31, 2022
Financial assets mandatorily measured at fair value through profit or loss		
Non-derivative financial assets		
Stocks of domestic listed companies	$ 6,360	$ 7,970
Financial liabilities mandatorily measured at fair value through profit or loss		
Non-derivative instruments（not designated as hedging instruments）		
Foreign exchange option contracts	$ 16,199	$ 1,300
Forward exchange agreements	5,132	5,335
Currency swap contracts	2,453	16,761
	$ 23,784	$ 23,396

As of the balance sheet date, the currency swap contracts that are not applicable to hedge accounting and not expired are as follows：

	Currently	Maturity period	Contract amount（in thousands）
December 31, 2023			
Currency swap contracts	NTD to USD	February, 2024～June, 2024	NTD129,107／USD4,150
December 31, 2022			
Currency swap contracts	NTD to USD	September, 2023～November, 2023	NTD442,370／USD14,300

As of the balance sheet date, the forward exchange agreements that are not applicable to hedge accounting and not expired are as follows：

	Currently	Maturity period	Contract amount（in thousands）
December 31, 2023			
Pre-purchases of forward exchange	NTD to USD	January, 2024～March, 2024	NTD486,096／USD15,336
December 31, 2022			
Pre-purchases of forward exchange	NTD to USD	February, 2023～March, 2023	NTD242,667／USD7,900

As of the balance sheet date, the foreign exchange option contracts s that are not applicable to hedge accounting and not expired are as follows：

	Currently	Maturity period	Contract amount（in thousands）
December 31, 2023			
Put options of foreign exchange	USD to NTD	January, 2024	USD4,000／NTD128,800
December 31, 2022			
Put options of foreign exchange	USD to NTD	January, 2023～April, 2023	USD22,000／NTD669,000

Currency swap contracts, forward exchange agreements, and foreign exchange option contracts held by the Company does not qualify for the effective hedge conditions, they are not eligible for hedge accounting.

8. Investments in equity instrument at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Current		
Domestic investments		
Stocks of listed companies	$ 38,380	$ 38,548
Non-current		
Domestic investments		
Stocks of listed companies	$849,362	$853,071
Stocks of unlisted companies	4,424	5,478
	$853,786	$858,549

The Company invested in the stock of domestic companies for mid to long-term strategic purposes, and expects to earn profits by long-term investments. As the management of the Company considers that recognizing the short-term fair value fluctuations in profit or loss conflicts with the aforementioned long-term investment planning, those investments were designated as measured at fair value through other comprehensive income.

9. Notes receivables and accounts receivables

	December 31, 2023	December 31, 2022
Notes receivables		
Resulting from operations	$ 154,423	$ 92,190
Accounts receivables		
At amortized cost		
Total carrying amount at amortized cos	$1,044,931	$ 934,843
Less：loss allowances	-	-
	$1,044,931	$ 934,843

The average credit period of the sales of goods is 30 days～90 days. The policies adopted by the Company are only trading with counterparties with good credit quality, and acquiring sufficient collaterals to decrease the risk of financial losses due to default. In order to decrease the credit risk, the management of the Company is responsible for the determination of the credit lines, approval of extending credit, and other monitor procedures, to ensure the overdue accounts receivables have been taken appropriate actions for recovery. In addition, the Company review the recoverable amounts of accounts receivables one by one, to ensure that appropriate impairment losses have been recognized for uncollectible accounts receivables. As a result, the management considers that the credit risk of the Company has significantly decreased. The Company recognizes the loss allowance for s receivables at an amount equal to the lifetime expected credit loss. The lifetime expected credit loss is evaluated based on the default records of customers, and current financial, industrial, and economic conditions. Based on the historical experiences of credit loss, as there is no significant difference in the types of losses among different groups of customers, the Company does not further classify groups of customers, and only determines expected credit loss by the days after the entry dates of accounts receivables.

The age and loss allowances of receivables based on the entry dates are as follows：

December 31, 2023

	Within 60 days	61～150 days	Over 150 days	Total
Expected loss rate（%）	-	-	100	
Total carrying amount	$ 1,160,838	$ 38,516	$ -	$ 1,199,354
Loss allowances（lifetime expected credit loss）	-	-	-	-
Amortized cost	$ 1,160,838	$ 38,516	$ -	$ 1,199,354

December 31, 2022

	Within 60 days	61～150 days	Over 150 days	Total
Expected loss rate（%）	-	-	100	
Total carrying amount	$ 951,686	$ 75,347	$ -	$ 1,027,033
Loss allowances（lifetime expected credit loss）	-	-	-	-
Amortized cost	$ 951,686	$ 75,347	$ -	$ 1,027,033

10. Inventories

	December 31, 2023	December 31, 2022
Work in process	$1,084,437	$1,266,306
Finished goods	611,657	421,016
Raw materials	296,777	229,030
Materials	136,604	143,228
Merchandises	-	4,757
Tailings	1,041	4,232
	$2,130,516	$2,068,569

The sales costs related to inventories amounted to NT$8,892,919 thousand and NT$10,570,511 thousand for the years ended December 31, 2023 and 2022, respectively, which include：

	2023	2022
Inventory valuation losses (reversal gains)	($28,159)	$ 416

The reversal of the net realizable value of inventories resulted from out-sourced billet steel with low cost lowering the average cost per unit, and delivery of orders with low unit prices increasing the average order amount.

11. Other financial assets－current

	December 31, 2023	December 31, 2022
Time deposits pledge as collaterals（Note 28）	$ 49,194	$ 49,773
Reserve account（Note 28）	-	342
	$ 49,194	$ 50,115

12. Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Investments in subsidiaries		
E CHANG IRON STEEL WORKS CO., LTD.（E CHANG）	$ 1,365,764	$ 1,453,658
ZHENG TUNG ENVIRONMENTAL PROTECTION TECH.（ZHENG TUNG）	-	20,779
	$ 1,365,764	$ 1,474,437

Please refer to Note 5 for the information on investees.

		Percentage of ownership		
Subsidiary	Main business	December 31, 2023	December 31, 2022	Note
E CHANG	Manufacture, processing and trading of various iron and steel products	84.1	84.1	-
ZHENG TUNG	Manufacture, heat treatment and surface treatment of steel wires, steel cables, and metal wires products	-	34.77	Note 1, 2

Note 1：The Company gave up the subscription of the cash capital increase of ZHENG TUNG in May, 2022. The part given up by the Company was subscribed by E CHANG entirely. Therefore, the Company’s percentage of ownership to ZHENG TUNG decreased from 42.5% to 34.77%, and E CHANG’s percentage of ownership to ZHENG TUNG increased from 28.5% to 36.23%. Please refer to Note 12 and 25 in the consolidated financial statements for the aforementioned shares transaction.

Note 2: ZHENG TUNG implemented capital decrease to cover up accumulated deficit and cash capital increase in April, 2023. The Company gave up the subscriptions of the shares of the cash capital increase, and the portion given up was subscribed by E CHANG in full; in addition, the Company has resolved to sell all the shares of ZHENG TUNG held to E CHANG by the board of directors in May, 2023. Please refer to Note 12 and 25 in the consolidated financial statements for the aforementioned shares transaction.

13. Property, plant and equipment

2023

	Self-owned land	Buildings and structures	Machinery equipment	Power equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost									
Balance as of January 1, 2023	$ 1,114,255	$ 643,928	$ 4,274,829	$ 389,394	$ 106,949	$ 45,260	$ 76,453	$ 26,653	$ 6,677,721
Additions	-	36,559	147,595	13,349	1,130	-	228,750	15,487	442,870
Disposals	-	(93,449)	(461,796)	(37,429)	-	(27,884)	(12,232)	-	(632,790)
Balance as of December 31, 2023	1,114,255	587,038	3,960,628	365,314	108,079	17,376	292,971	42,140	6,487,801
Accumulated depreciation									
Balance as of January 1, 2023	$ -	$ 462,111	$ 3,402,013	$ 279,441	$ 61,505	$ 41,669	$ 46,243	$ -	$ 4,292,982
Depreciation expenses	-	27,038	166,924	13,893	7,795	963	7,222	-	223,835
Disposals	-	(93,449)	(461,796)	(37,429)	-	(27,884)	(12,232)	-	(632,790)
Balance as of December 31, 2023	-	395,700	3,107,141	255,905	69,300	14,748	41,233	-	3,884,027
Net amount as of December 31, 2023	$ 1,114,255	$ 191,338	$ 853,487	$ 109,409	$ 38,779	$ 2,628	$ 251,738	$ 42,140	$ 2,603,774

2022

	Self-owned land	Buildings and structures	Machinery equipment	Power equipment	Transportation equipment	Office equipment	Other equipment	Unfinished construction and equipment pending acceptance	Total
Cost									
Balance as of January 1, 2022	$ 1,114,255	$ 620,719	$ 4,023,858	$ 386,057	$ 100,043	$ 44,980	$ 64,892	$ 6,718	$ 6,361,522
Additions	-	23,209	275,051	3,712	21,784	280	12,570	19,935	356,541
Disposals	-		(24,080)	(375)	(14,878)	-	(1,009)	-	(40,342)
Balance as of December 31, 2022	1,114,255	643,928	4,274,829	389,394	106,949	45,260	76,453	26,653	6,677,721
Accumulated depreciation									
Balance as of January 1, 2022	-	436,232	3,261,676	266,982	69,757	40,578	41,561	-	4,116,786
Depreciation expenses	-	25,879	161,293	12,834	6,626	1,091	5,288	-	213,011
Disposals	-	-	(20,956)	(375)	(14,878)	-	(606)	-	(36,815)
Balance as of December 31, 2022	-	462,111	3,402,013	279,441	61,505	41,669	46,243	-	4,292,982
Net amount as of December 31, 2022	$ 1,114,255	$ 181,817	$ 872,816	$ 109,953	$ 45,444	$ 3,591	$ 30,210	$ 26,653	$ 2,384,739

Depreciation expenses are recognized by a straight-line basis over the useful lives as follows：

Buildings and structures	
Main building of office buildings	55~60 years
Main building of plant	5~45 years
Building improvements	15~22 years
Pipe arrangements and decoration works	2~15 years
Machinery equipment	
Production equipment systems and auxiliary equipment	10~40 years
Equipment parts and maintenances	2~10 years
Power equipment	2~25 years
Transportation equipment	2~15 years
Office equipment	2~20 years
Other equipment	2~36 years

Please refer to Note 28 for the amount of property, plant and equipment pledged as collaterals for short-term borrowings.

The non-cash investing activities for the years ended December 31, 2023 and 2022 are as follows：

	2023	2022
Investing activities affect both cash and non-cash items		
Increase in property, plant and equipment	$442,870	$356,541
Decrease in prepayments for equipment	(48,745)	(100,264)
Decrease (increase) in notes payables	$ 9,396	($ 5,710)
Increase in other payables－for equipment	(2,572)	(5,829)
Interests capitalized	(3,592)	(2,078)
Cash paid	$397,357	$242,660

14. Lease agreements

(5).Right-of-use assets

	December 31, 2023
Carrying amount of right-of-use assets	
Buildings and structures	$ 28,188

	2023
Additions to right-of-use assets	$ 28,654
Depreciation expenses of right-of-use assets	
Buildings and structures	$ 466

(6).Lease liabilities

	December 31, 2023
Carrying amount of lease liabilities	
Current	$ 1,114
Non-current	$ 27,165

The interval of the discount rate of lease liabilities is as follows:

	December 31, 2023
Buildings and structures	2.14

(7).Significant lease activities and terms

The Company rent plant from THE ENVOY ENTERPRISE CO., LTD. to set up photovoltaics system for generating electricity. The lease term is 20 years. Rents shall be paid monthly in accordance with the lease contract. The Company has no bargain purchase price option to the underlying buildings and structures of the lease.

(8).Other information on leases

	2023
Expenses of short-term leases and leases of low-value assets	$9,169
Total cash outflows of leases	$9,742

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

15. Borrowings

(1). Short-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans（Note 28）	$ -	$ 529,032
Unsecured bank loans	1,702,311	1,392,137
	$1,702,311	$1,921,169
Interest rate interval (%)		
Secured bank loans	-	2.03～2.11
Unsecured bank loans	1.98～2.25	1.70～2.21

(2). Short-term notes payables

	December 31, 2023	December 31, 2022
Commercial paper payables	$850,000	$290,000
Less：Unamortized discounts	510	510
	$849,490	$289,490

The interest rates of the short-term notes payables as of December 31, 2023 and 2022 are 2.13%～2.14% and 2.06%～2.10%, respectively, The acceptance and guarantee institutions include O-Bank Bills, DAH CHUNG BILLS, MEGA BILLS, Grand Bills, Ta Ching Bills, China Bills, and International Bills.

(3). Long-term borrowings

	December 31, 2023	December 31, 2022
Secured bank loans	$1,499,078	$1,519,994
Less：land establishment fee	901	1,323
	1,498,177	1,518,671
Less：current portion	256,682	192,814
	$1,241,495	$1,325,857

As of December 31, 2023 and 2022, the interest rates for long-term borrowings are 2.15%～2.32% and 1.90%～2.36%, respectively.

Long-term borrowings from bank are explained as follows：

The Company borrowed bank loan which is not available for revolving use from banks, and provided property, plant and equipment as collaterals (Please refer to Note 28.). Chairman of the Company also provided joint guarantee (Please refer to Note 27.).

In addition, according to the contract of loans signed with O-Bank, the Company promised the current ratio, debt ratio, net worth of tangible assets, and average deposit balance of the Group shall conform certain percentages in the consolidated financial statements for the first half and the year during the loan period. The financial ratios and amounts in the consolidated financial statements for the years ended December 31, 2023 and 2022 did not violate the restrictions.

16. Notes payables and accounts payables

The credit period of purchases of merchandises is within 3.5 months. As the Company has financial risk management policies to guarantee all the payables are repaid within the agreed credit period, interests shall be not accrued.

17. Other payables

	December 31, 2023	December 31, 2022
Payables on power	$ 53,252	$ 57,787
Payroll and bonus payables	29,731	43,967
Payables on equipment	20,412	17,840
Maintenance fee payables	16,457	16,843
Disposal fee of slags and furnace dusts payables	14,070	16,525
Payables on fire compensation	11,617	9,539
Import sundry charges payables	4,864	13,530
Employees' and directors' remuneration payables	3,868	16,900
Others	23,154	26,034
	$177,425	$218,965

18. Provisions

	December 31, 2023	December 31, 2022
Current		
Reserve for disposals of slags payables	$ 24,761	$ 53,215
Non-current		
Reserve for disposals of slags payables	$ 54,000	$104,822

	Reserve for disposals of slags payables	Onerous contracts	Total
Balance as of January 1, 2023	$ 158,037	$ -	$ 158,037
Appropriation	12,610	-	12,610
Amounts paid	(91,886)	-	(91,886)
Balance as of December 31, 2023	$ 78,761	$ -	$ 78,761
Balance as of January 1, 2022	$ 151,072	$ 40,455	$ 191,527
Appropriation (Reversal)	69,877	(40,455)	29,422
Amounts paid	(62,912)	-	(62,912)
Balance as of December 31, 2022	$ 158,037	$ -	$ 158,037

19. Post-employments benefit plans

(1). Defined contribution plans

The employee pension plan under the Labor Pension Act of the R.O.C. is a defined contribution plan. Pursuant to the plan, the Company and domestic subsidiaries make monthly contributions of 6% based on each individual employee's salary or wage to employees' pension accounts.

(2). Defined benefit plans

The Company has a defined benefit pension plan for part of the employees managed by the government in accordance with the Labor Standards Act. 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 a specific ratio of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent Supervisory Committee of Labor Retirement Reserve Fund (the "Fund"). Before the end of each year, the Company assesses the balance in the aforementioned Fund. If the balance in the Fund is inadequate to pay the retirement of employees who are eligible for retirement in the following year by the aforementioned method, the Company and domestic subsidiaries are required to fund the deficit in one appropriation before the end of next March. As the fund is managed by the Bureau of Labor Funds, the Group has no right to participate in affecting the investment management strategies of pension fund.The amounts presented in the parent company only balance sheets arising from the obligations incurred by the defined benefit plans are as follows：

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	$ 37,230	$ 37,341
Fair value of plan assets	(37,956)	(37,519)
Net defined benefit assets	($ 726)	($ 178)

The changes in net defined benefit liabilities (assets) are as follows：

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities (assets)
2023			
Balance as of January 1, 2023	$ 37,341	($ 37,519)	($ 178)
Service cost			
Current service cost	98	-	98
Interest expenses (revenue)	448	(452)	(4)
Recognized in profit or loss	546	(452)	94
Remeasurement			
Return on plan assets (excluding the amount included in net interest)	-	(342)	(342)
Actuarial losses－changes in financial assumptions	134	-	134
Actuarial losses－experience adjustment	1,284	-	1,284
Recognized in other comprehensive income	1,418	(342)	1,076
Funding by the employer	-	(100)	(100)
Benefits paid	(2,075)	457	(1,618)
Balance as of December 31, 2023	$ 37,230	($ 37,956)	($ 726)
2022			
Balance as of January 1, 2022	$ 39,428	($ 34,382)	$ 5,046
Service cost			
Current service cost	93	-	93
Interest expenses (revenue)	237	(207)	30
Recognized in profit or loss	330	(207)	123
Remeasurement			
Return on plan assets (excluding the amount included in net interest)	-	(2,802)	(2,802)
Actuarial gains－changes in financial assumptions	(936)	-	(936)
Actuarial losses－experience adjustment	1,399	-	1,399
Recognized in other comprehensive income	463	(2,802)	(2,339)
Funding by the employer	-	(128)	(128)
Benefits paid	($ 2,880)	$ -	($ 2,880)
Balance as of December 31, 2022	$ 37,341	($ 37,519)	($ 178)

The amounts of defined benefit plans recognized in profit or loss by function are as follows：

	2023	2022
Operating costs	$ 94	$123

The Company is exposed to the risks below because of the pension system of the "Labor Standards Act."：

1. Investment risk
   The plan assets are invested in domestic and foreign equity securities, debt securities, and bank deposits, etc., by self-utilization and conducting the mandated management by the Bureau of Labor Funds. The distributable amount of the plan asset shall not be lower than the return calculated by the interest rate for a two-year time deposit with local banks.
2. Interest rate risk
   A decrease in the government bond interest rates and corporate bond interest rate will increase the present value of the defined benefit obligation. However, this will be partially offset by an increase in the return on the plan assets' investments in debt instruments.
3. Salary risk
   The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

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

	December 31, 2023	December 31, 2022
Discount rate（%）	1.1	1.2
Rate of expected future salary increase（%）	1.0	1.0

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

	December 31, 2023	December 31, 2022
Discount rate		
Increase by 0.1%	($134)	($150)
Decrease by 0.1%	$135	$152
Rate of expected future salary increase		
Increase by 0.1%	$114	$131
Decrease by 0.1%	($113)	($130)

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

	December 31, 2023	December 31, 2022
Expected contribution within 1 year	$ -	$336
Average maturity of defined benefit obligations	4.1 years	4 years

The Company negotiated with part of the employees applicable for defined benefit plans to settle the seniorities under the old Labor Retirement Reserve Fund in 2023 and 2022. As of December 31, 2023 and 2022, the unpaid amounts are NT$0 thousand and NT$2,880 thousand, respectively (recognized under notes payables).

20. Equity

(1). Ordinary shares

	December 31, 2023	December 31, 2022
Number of authorized shares（thousand）	350,000	350,000
Authorized capital	$3,500,000	$3,500,000
Number of fully-paid shares issued（thousand）	190,328	181,265
Share capital issued	$1,903,277	$1,812,645

The par value of ordinary shares issued is NT$10. A shareholder shall have one voting power in respect of each share in his/her/its possession and the right to receive dividends.

(2). Capital surplus

	December 31, 2023	December 31, 2022
May be used to write off accumulated losses, distribute cash, or capitalized（Note 1）		
Additional paid-in capital in excess of par	$207,608	$207,608
Conversion premiums of corporate bonds	59,319	59,319
Treasury shares transactions	966	966
Difference between consideration and carrying amount of subsidiaries acquired	116,422	119,796
May only be used to write off accumulated losses		
Changes in ownership interests in subsidiaries（Note2）	174	174
	$384,489	$387,863

Note 1： Where a company incurs no loss, it may distribute cash dividends or capitalize by this type of capital surplus. However, where a company intends to capitalize the aforementioned capital surplus, the total amount per year shall not exceed a specific ratio of paid-in capital.

Note 2： This type of capital surplus is resulting from changes in ownership interests in subsidiaries when not actually acquiring or disposing of equity of subsidiaries', or the changes in subsidiaries' capital surplus recognized by equity method.

(3).Retained earnings and dividend policies

According to the earnings distribution regulation of the Company, if there is any net profit after closing of a fiscal year, the Company shall first pay income tax, offset losses in previous years, set aside a legal capital reserve at 10% of the profits left over, and then set aside or reverse a special reserve in accordance with regulations. If there is still remaining balance, the Company shall set aside with accumulated retained earnings-unappropriated for shareholders' dividends. The Board of Directors shall draw up a meeting regarding the issue of profit distribution and report to the shareholders' meeting for the resolution of the distribution or changes of the dividend.

As the industry where the Company operates in is mature, unless there is funding requirement of improving the financial structure and significant capital expenditures, the ratio of cash dividend shall not be lower than 50% of total distribution

Allocation of legal reserve is required until the accumulated legal reserve is equivalent to the total paid-in capital amount of the Company. The legal reserve may be used except for making good the deficit. If the Company incurs no loss, the legal reserve may be capitalized or distributable by cash, for the portion in excess of 25% of the paid-in capital.

The shareholders' meetings resolved the distribution of earnings for 2022 and 2021 in June, 2023 and June, 2022 as follows：

	Earnings distribution		Dividend per share	
	2022	2021	2022	2021
Appropriation to legal reserve	$ 21,303	$ 45,870		
Stock dividend of ordinary shares	90,632	-	$ 0.5	$ -
Cash dividend of ordinary shares	-	271,897	-	1.5
	$ 111,935	$ 317,767		

The Board of Directors proposed no distribution of earnings for the year ended December 31, 2023 in March, 2024.

The distribution of earnings for 2023 shall be resolved by the shareholders' meeting held in June, 2024.

(4). Special reserve

As the increase in retained earnings was not enough to be appropriated to special reserve for first-time adoption of IFRS, the Company only set aside NT$156,469 thousand, resulting from the increase in retained earnings for first-time adoption of IFRS of NT$189,395 thousand less the amount reversed for disposal of NT$32,926 thousand, for special reserve.

(5). Unrealized valuation gains and losses from financial assets measured at fair value through other comprehensive income

	2023	2022
Beginning balance	$851,590	$741,909
Incurred in current period		
Equity instruments－unrealized gains or losses	(3,715)	110,011
Share of subsidiaries accounted for using equity method	(118)	3,339
Accumulated gains or losses resulting from disposal of equity instruments transferred to retained earnings.	-	(330)
Ending balance	$847,875	$851,590

21. Operating revenue

(1). Balances of contracts

	December 31, 2023	December 31, 2022	January 1, 2022
Receivables（Note 9）	$1,199,354	$1,027,033	$1,124,980
Current contract liabilities			
Sales of goods	$ 208,295	$ 185,290	$ 358,408

The changes in contract liabilities mainly result from the differences between the time point of fulfilling the contractual obligations and the time point of the payment.

The revenue arising from the contract liabilities in the beginning of the period recognized in 2023 and 2022 amounted to NT$182,694 thousand and NT$352,217 thousand, respectively.

(2). Classification of revenue from contracts with customers

	2023	2022
Sales revenue		
Deformed steel bar	$ 9,114,987	$ 10,864,968
Others	29,069	4,516
Service revenue	113,188	90,100
	$ 9,257,244	$ 10,959,584

22. Profit before tax

Profit before tax includes the items as follows：

(1). Interest revenue

	2023	2022
Loans to related parties（Note 27）	$ 4,548	$ 1,916
Bank deposits	3,159	1,499
	$ 7,707	$ 3,415

(2). Other revenue

	2023	2022
Dividend revenue	$ 62,995	$ 39,166
Revenue from sales of scrapped ironware and containers	4,286	3,063
Others	4,785	5,175
	$ 72,066	$ 47,404

(3). Other gains and losses

	2023	2022
Net gains on financial instruments (liabilities) at fair value through profit or loss	$ 23,286	$300,228
Net foreign exchange gains (losses)	(28,756)	(152,133)
Others	(4,104)	(24,225)
	($ 9,574)	$123,870

Net foreign exchange gains (losses) include the following items：

	2023	2022
Total foreign exchange gains	$ 10,428	$ 26,171
Total foreign exchange losses	(39,184)	(178,304)
Net gains (losses)	($ 28,756)	($152,133)

(4). Financial costs

	2023	2022
Interests of bank loans	$ 78,897	$ 61,802
Lease liabilities	198	-
Interests of short-term notes payables	9,106	3,872
Interest expenses of financial liabilities not measured at fair value through profit or loss	88,201	65,674
Less：amounts eligible for assets capitalization	3,592	2,078
	$ 84,609	$ 63,596

The information on interests eligible for capitalization is as follows：

	2023	2022
Amounts of interests capitalized	$ 3,592	$ 2,078
Interest capitalization rate（%）	2.07～2.21	1.37～2.38

(5). Depreciation and amortization

	2023	2022
Property, plant and equipment	$223,835	$213,011
Right of use assets	466	-
Intangible assets	1,901	1,482
Property, plant and equipment	9,017	8,340
	$235,219	$222,833

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(Brought forward)

	2023	2022
Depreciation expenses by function		
Operating costs	$217,220	$206,813
Operating expenses	7,081	6,198
	$224,301	$213,011
Amortization expenses by function		
Operating costs	$ 9,017	$ 8,340
Operating expenses	1,901	1,482
	$ 10,918	$ 9,822

(6). Employee benefits expenses

	2023	2022
Short-term employee benefits		
Payroll and bonuses	$265,962	$271,423
Labor and health insurance	27,437	25,682
Others	8,050	7,458
	301,449	304,563
Post-employment benefits		
Defined contribution plans	10,205	9,560
Defined benefit plans（Note 19）	94	123
	10,299	9,683
	$311,748	$314,246
Summarized by function		
Operating costs	$246,017	$242,088
Operating expenses	65,731	72,158
	$311,748	$314,246

(7). Employee's remuneration and directors' and supervisors' remuneration

According to the Company's Articles of Incorporation, the Company shall allocate remuneration to employees at the rate of 2%～ 3% of profit before tax without deducting employee's remuneration and directors' and supervisors' remuneration, and to directors and supervisors at the rate of no higher than 3% of profit before tax without deducting employee's remuneration and directors' and supervisors' remuneration during the period.

The amounts of employees', directors', and supervisors' remuneration (all by cash) for the years ended December 31, 2023 and 2022 resolved by the Board of Directors in March 2023 and 2022 are as follows：

	2023	2022
Employees' remuneration	$ 1,934	$ 8,450
Directors' remuneration	1,934	8,450
	$ 3,868	$ 16,900

If there is any change in the amount after the date of authorizing the consolidated financial statements of the year for issue, it will be treated as a change in accounting estimates, and adjusted in the financial statement of the next year.

The amounts of employees', directors', and supervisors' remuneration (all by cash) for the years ended December 31, 2022 and 2021 resolved by the Board of Directors in March 2023 and 2022 and recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021 are as follows：

	2022		2021	
	Employees' remuneration	Directors' remuneration	Employees' remuneration	Directors' remuneration
Distribution amounts resolved by the Board of Directors（all paid by cash）	$ 8,450	$ 8,450	$ 15,118	$ 18,048
Amounts recognized in the parent company only financial statements of the year	$ 8,450	$ 8,450	$ 12,097	$ 18,048

If the actual distribution amount in 2021 is different from the amount recognized in the parent company only financial statements, the difference shall adjust the profit or loss in 2022.The information about the employees', directors', and supervisors' compensation resolved by the Board of Directors is available at the Market Observation Post System website of TWSE.

23. Income tax

(1). Composition of income tax expenses recognized in profit or loss

	2023	2022
Deferred income tax		
Incurrent in current period	$ 7,298	$ 53,925

A reconciliation between the accounting income and the income tax expenses is as follow：

	2023	2022
Profit before tax	$ 60,614	$ 264,755
Income tax expenses calculated by profit before tax multiplying the enacted tax rates	$ 12,123	$ 52,951
Permanent differences	(4,825)	974
	$ 7,298	$ 53,925

(2). Current tax assets

	December 31, 2023	December 31, 2022
Current tax assets		
Income tax refund receivables	$900	$343

(3). Deferred tax assets and liabilities

Changes in deferred tax assets and liabilities are as follows：

2023

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Allowances for inventory valuation losses	$ 11,657	($ 5,631)	$ -	$ 6,026
Loss carryforwards	46,006	(226)	-	45,780
Unrealized disposals of slags payables	21,039	(15,855)	-	5,184
Others	11,005	(480)	-	10,525
	$ 89,707	($ 22,192)	$ -	$ 67,515

Deferred tax liabilities	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Reserve for land value increment tax	$ 98,902	$ -	$ -	$ 98,902
Book-tax differences of depreciation expenses	15,311	(15,311)	-	-
Others	189	417	(215)	391
	$114,402	($ 14,894)	($ 215)	$ 99,293

2022

Deferred tax assets	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Temporary differences				
Allowances for inventory valuation losses	$ 19,665	($ 8,008)	$ -	$ 11,657
Loss carryforwards	96,419	(50,413)	-	46,006
Unrealized disposals of slags payables	19,646	1,393	-	21,039
Others	9,189	2,284	(468)	11,005
	$144,919	($ 54,744)	($ 468)	$ 89,707

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(Brought forward)

	Beginning balance	Recognized in profit or loss	Recognized in other comprehensive income	Ending balance
Deferred tax liabilities				
Temporary differences				
Reserve for land value increment tax	$ 98,902	$ -	$ -	$ 98,902
Book-tax differences of depreciation expenses	15,830	(519)	-	15,311
Others	489	(300)	-	189
	$115,221	($ 819)	$ -	$114,402

(4). Information on unused loss carryforwards

As of December 31, 2023, the information on loss carryforward is as follows：

Uneducated balance	Last deductible year
$ 228,903	2029

(5). Verification of income tax

The declaration of the Company's profit-seeking enterprise income tax has been verified by the tax collection authority until 2021.

24. Earnings per share

When calculating earnings per share, the effect of stock dividend distribution has been adjusted retrospectively. The base date of the stock dividend distribution is on September 3, 2023. Due to the retrospective adjustment, the basic and diluted earnings per share have changed as follows:

Unit: NTD per share

	Before retrospective adjustment	After retrospective adjustment
Basic earnings per share	$ 1.16	$ 1.11
Diluted earnings per share	$ 1.16	$ 1.10

Profit and weighted average number of ordinary shares outstanding used to calculate earnings per share are as follows：

	2023	2022
Profit attributable to owners of the Company	$ 53,316	$210,830

Number of shares

Unit：thousands of shares

	2023	2022
Weighted average number of ordinary shares outstanding used to calculate basic and diluted earnings per share	190,328	190,328
Add：Diluted potential ordinary shares－employees' remuneration	175	478
Diluted weighted average number of ordinary shares outstanding (thousand)	190,503	190,806

The Company may distribute the employees' remuneration in stock or in cash. Therefore, when calculating the diluted earnings per share, assume the employees' remunerations to be paid in stock, and add the diluted potential ordinary shares into the calculation of diluted weighted average number of ordinary shares outstanding to calculate the diluted earnings per share. In calculating the diluted earnings per share in the next year before distribution of employees' remuneration, the Company shall keep considering the dilution of the potential ordinary shares.

25. Capital risk management

The Company manages capital to maximize the return on shareholders' equity by optimize the balances of debts and equity, under the premise of ensuring the capability of continuous operation of the Company. The entire strategies of the Company in 2023 did not change.

The capital structure of the Company comprises bank loans and equity.

Except explained in Note 15, the Company does not have to abide by other external capital regulations.。

26. Financial instruments

(1). Fair value information－financial instruments not measured at fair value

The management of the Company considers that the carrying value of financial assets and financial liabilities not measured at fair value approach the fair value, or the fair value cannot be measured reliably.

(2). Fair value information－financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Stocks of domestic listed companies	$ 6,360	$ -	$ -	$ 6,360

（Continued on next page）

（Brought forward）

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Stocks of domestic listed companies	$ 887,742	$ -	$ -	$ 887,742
Stocks of domestic unlisted companies	-	-	4,424	4,424
	$ 887,742	$ -	$ 4,424	$ 892,166
Financial liabilities at fair value through profit or loss				
Foreign exchange option contracts	$ -	$ 5,132	$ -	$ 5,132
Forward exchange agreements	-	16,199	-	16,199
Currency swap contracts	-	2,453	-	2,453
	$ -	$ 23,784	$ -	$ 23,784

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through profit or loss				
Stocks of domestic listed companies	$ 7,970	$ -	$ -	$ 7,970
Financial assets at fair value through other comprehensive income				
Stocks of domestic listed companies	$ 891,619	$ -	$ -	$ 891,619
Stocks of domestic unlisted companies	-	-	5,478	5,478
	$ 891,619	$ -	$ 5,478	$ 897,097
Financial liabilities at fair value through profit or loss				
Foreign exchange option contracts	$ -	$ 5,335	$ -	$ 5,335
Forward exchange agreements	-	1,300	-	1,300
Currency swap contracts	-	16,761	-	16,761
	$ -	$ 23,396	$ -	$ 23,396

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

2. A reconciliation of financial assets in the scope of level 3 fair value measurement

	Financial assets at fair value through other comprehensive income	
	2023	2022
Beginning balance	$ 5,478	$ 5,412
Recognized in other comprehensive income	(1,054)	66
Ending balance	$ 4,424	$ 5,478

3. Valuation techniques and inputs of level 2 fair value measurement

Types of financial instruments	Valuation techniques and inputs
Derivative instruments	For derivative instruments with quoted prices in an active market, the fair value shall be the quoted prices in an active market. If there is no market price for reference, fair value shall be estimated by valuation methods. The estimates and assumptions used in the valuation methods used by the Company are consistent with the information on estimates and assumptions used by market participants in pricing financial instruments, and the information is available for the Company. The Company calculates the fair value of individual contract by the foreign exchange rate indicated in the quotation systems of correspondent banks and the forward rates at maturity of individual currency swap contracts and forward exchange agreements. The fair value of option derivative instruments is calculated by option pricing model.

4. Valuation techniques and inputs of level 3 fair value measurement

The fair value of stocks of domestic unlisted companies are estimated by reference to the net value in the most recent period or the transaction prices of investee.

(3). Types of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Mandatorily measured at fair value	$ 6,360	$ 7,970
Current and non-current financial assets at fair value through other comprehensive income	892,166	897,097
Financial assets at amortized cost（Note 1）	1,732,837	1,398,719
Financial liabilities		
Mandatorily measured at fair value	23,784	23,396
Measured at amortized cost（Note 2）	4,798,568	4,512,964

Note 1： The balances include cash, notes receivables, accounts receivables, other receivables (including related parties), other financial assets－current and refundable deposits, etc. which are financial assets at amortized cost.

Note 2： The balances include short-term borrowings, short-term notes payables, notes payables, accounts payables, other payables, long-term borrowings (including current portion) and guaranteed deposits received, etc., which are financial liabilities at amortized cost.

(4). Financial risk management purposes and policies

The financial instruments of the Company primarily include equity investments, accounts receivables, accounts payables, short-term notes payables, long-term and short-term bank loans, and lease liabilities. The financial management department of the Company services for each operating unit, overall management the funds and exchange procurement, and monitors and manage the financial risk relating to operations of the Company by the internal risk report of analysis of exposure to risks based on the extent and scope of risks. The risks include market risk (including foreign currency risk, interest rate risk, and other price risk), credit risk and liquidity risk.

The Company hedges the risks by derivative financial instruments, to decrease the impact by the risks. The utilization of derivative instruments is regulated by the policies approved by the Board of Directors, which are the written principles of foreign exchange risk, interest rate risk, the utilization of derivative financial instruments and the investments of residual working capital. Internal auditors continuously review the compliance to the policies and the exposure amount based on the audit plans. The Company does not trade financial instruments (including derivative financial instruments) by speculative purposes.

1. Market risk

The Company's exposure to financial risks, including risk of changes in foreign exchange rate and changes in interest rates, result from operating activities. The Company decreases the foreign exchange risk resulting from purchase commitments in foreign currencies by currency swap contracts, forward exchange agreements and foreign exchange option contracts.

There is no change in the exposure to market risk of financial instruments and the management and measurement to the exposure.

(a) Foreign currency risk

The Company' exposure to foreign currency risk relates primarily to the purchases denominated in foreign currencies. Please refer to Note 30 for the carrying amounts of monetary assets and liabilities denominated in different currencies from the functional currency as of the balance sheet date.

The carrying amounts of derivatives exposed to foreign currency risk as of the balance sheet date are as follows：

	December 31, 2023	December 31, 2022
Liabilities	$ 23,784	$ 23,396

Sensitivity analysis

The Company is mainly affected by the fluctuations of the exchange rate of USD.

The table below is the analysis under the circumstances of a strengthening/weakening of 1% of the functional currency against the USD. 1% is the sensitivity rate used for the Company to report foreign currency risk to key management, and also the evaluation of possible reasonable variation range.

The sensitivity analysis only includes the outstanding monetary items denominated in foreign currencies. Scenario 1 below is the impact to the Company' profit or loss under the circumstance of a strengthening of 1% of the functional currency against the USD; Scenario 2 below is the impact to the Company' profit or loss under the circumstance of a weakening of 1% of the functional currency against the USD：

	Increase in profit before tax（decrease）（Note）	
	2023	2022
Profit or loss under scenario 1	($ 403)	($ 309)
Profit or loss under scenario 2	403	309

Note： Primarily originated from the outstanding bank deposits denominated in USD as of the balance sheet date.

(b) Interest rate risk

As the Company acquires fund from both financial liabilities at fixed inters rates (including short-term notes payables, and lease liabilities) and financial liabilities at floating interest rates (including long-term and short-term borrowings), the Company is exposed to interest rate risk. The Company manages interest rate risk by determination of borrowing financial liabilities at fixed or floating inters rates based on the market interest rates of various financing instruments.

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk at the balance sheet date are as follows：

	December 31, 2023	December 31, 2022
With fair value interest rate risk		
Financial assets	$ 49,194	$ 50,115
Financial liabilities	877,769	289,490
With cash flow interest rate risk		
Financial assets	173,407	156,232
Financial liabilities	3,200,488	3,439,840

Sensitivity analysis

The sensitivity analysis below is determined by the exposure to interest rate risk of the aforementioned financial instruments at the balance sheet date. The analysis is based on the assumption that the amounts of outstanding assets and liabilities at the balance sheet date are outstanding during the reporting period. An increase or decrease of 1% is the rate used for the Company to report interest rates to key management, and also the evaluation of possible reasonable variation range.

If all other variables were to remain constant, an increase of 1% in the interest rate would have decreased the profit before tax by NT$30,271 thousand and NT$32,836 thousand for the years ended December 31, 2023 and 2022, respectively. This is primarily resulting from the exposure to cash flow interest rate risk of the borrowings and bank deposits with floating interest rates held by the Company.

(c) Other price risk

The Company’s exposure to equity price risk results from the investments in stocks of domestic listed and unlisted companies.

A decrease/increase of 1% in the prices of the equity instrument, would have decreased/increased the profit before tax for the years ended December 31, 2023 and 2022 by NT$64 thousand and NT$80 thousand, respectively, because of the decrease/increase in the fair value of financial assets at fair value through profit or loss, and would have decreased/increased other comprehensive income by NT$8,922 thousand and NT$8,971 thousand, respectively, because of the decrease/increase in the fair value of financial assets at fair value through other comprehensive income.

2. Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial losses to the Company. As of the balance sheet date, the max exposure to credit risk due to financial losses resulted from default on the contractual obligations is primarily from.：

(a) Carrying amounts of financial assets recognized in the parent company only balance sheets

(b) The contingencies resulting from financial guarantees provided by the Company. The Company provided performance endorsements and guarantees for the financing of subsidiaries. Please refer to Note 27 and Table 2 for the off-balance sheet max exposure to credit risk resulting from the guarantees.

The policies of the Company are rating main customers by other public available financial information and transaction records and acquiring receipts in advance or irrevocable L/C with sufficient amount as guarantees, to decrease the risk due to financial losses resulted from default. The Company controls credit risk subsequently by monitoring exposure to credit risk continuously and credit ratings of counterparties.

As the counterparties of the derivative financial instruments transactions are domestic large financial institutions, the credit risk is not high.

The credit risk of the Company is significantly concentrated in customers as follows. The reason of the significant concentration of credit risk is the characteristic of the industry. The balances of notes receivables and accounts receivables from the customers with significant concentration of credit risk are as follows：

	December 31, 2023	December 31, 2022
Notes and accounts receivables		
Company A	$119,775	$192,439

As of December 31, 2023 and 2022, the ratios from the aforementioned customers are 10% and 19%, respectively.

3. Liquidity risk

The Company manages and maintains sufficient cash for operating use and decreasing the impact from the fluctuations of cash flows.

As of December 31, 2023 and 2022, the unused credit lines of long-term and short-term bank loans amounted to NT$2,495,419 thousand and NT$2,969,831 thousand, respectively.

Liquidity risk table

The table below analyzed the residual contracts of non-derivative financial liabilities with agreed repayment periods by maturity, which is based on the earliest date on which repayment may be required, and prepared by the undiscounted cash flows of financial liabilities, including the cash flows of interests and principals.

The bank loans of the Company that may be required to repay immediately are listed in the earliest period of the table below, without considering the possibility that the banks enforce the right immediately. The maturity analysis of other non-derivative financial liabilities is prepared by the agreed repayment date.

As the agreed repaid periods of short-term borrowings are close to for the balance sheet date, the cash flows of the interests paid by floating interest rates, the undiscounted interest amounts are accrued the actual interest rates of the correspondent banks as of the balance sheet date; the interest rates of long-term borrowings are based on the interest rates of Chunghwa Post Co. plus a fixed rate. As the Company assesses that the impact of the changes in future interest rates is not significant, the amounts of undiscounted interest are accrued by the interest rates in the most recent period.

	Within 3 months	3 months to 1 year	Over 1 year	Total
December 31, 2023				
Non-derivative financial liabilities				
Liabilities without bearing interests	$ 748,579	$ -	$ 11	$ 748,590
Lease liabilities	440	1,320	32,868	34,628
Instruments with fixed interest rates	850,000	-	-	850,000
Instruments with floating interest rates	980,544	1,019,934	1,290,672	3,291,150
Financial guarantee liabilities	-	2,850	48,550	51,400
	$ 2,579,563	$ 1,024,104	$ 1,372,101	$ 4,975,768
December 31, 2022				
Non-derivative financial liabilities				
Liabilities without bearing interests	$ 783,623	$ -	$ 11	$ 783,634
Instruments with fixed interest rates	290,000	-	-	290,000
Instruments with floating interest rates	1,004,814	1,153,252	1,388,627	3,546,693
Financial guarantee liabilities	90,000	-	114,470	204,470
	$ 2,168,437	$ 1,153,252	$ 1,503,108	$ 4,824,797

The amounts of the aforementioned non-derivative liabilities with floating interest rates may change because of the differences between the floating interest rates and the estimated interest rates at the balance sheet date.

The table below explains the liquidity analysis of derivative financial instruments. The amounts of derivative financial instruments by net settlement are prepared by the undiscounted net cash inflows and outflows of the contracts. The amounts of derivative instruments by gross settlement are prepared by the undiscounted total cash inflows and outflows. When the payable amounts are not fixed, the disclosed amounts shall refer to the average exchange rate at the balance sheet date.

	Required to repay immediately or within 1 month	1 to 3 months	3 months to 1 year
December 31, 2023			
Net settlement			
Foreign exchange option contracts	($ 3,427)	$ -	$ -
Gross settlement			
Currency swap contracts			
Inflows	$ -	$ 105,537	$ 21,117
Outflows	-	(107,520)	(21,587)
	$ -	($ 1,983)	($ 470)
Forward exchange agreements			
Inflows	$ 316,203	$ 153,694	$ -
Outflows	(329,291)	(156,805)	-
	($ 13,088)	($ 3,111)	$ -
Foreign exchange option contracts			
Inflows	$ 32,000	$ -	$ -
Outflows	(33,705)	-	-
	($ 1,705)	$ -	$ -
December 31, 2022			
Net settlement			
Foreign exchange option contracts	($ 477)	($ 2,095)	($ 2,763)
Gross settlement			
Currency swap contracts			
Inflows	$ -	$ -	$ 425,609
Outflows	-	-	(442,370)
	$ -	$ -	($ 16,761)
Forward exchange agreements			
Inflows	$ -	$ 241,367	$ -
Outflows	-	(242,667)	-
	$ -	($ 1,300)	$ -

27. Related party transactions

(1). Related party names and relationships

Name of related party	Relationship
Taiwan Steel Union Co., Ltd.（Taiwan Steel Union）	The Company is the legal person director.
Huang, Wei-Han	Chairman of the Company
PASSION TRADING CO., LTD.（PASSION TRADING）	Substantive related party
E CHANG IRON STEEL WORKS CO., LTD.（E CHANG）	Subsidiary
ZHENG TUNG ENVIRONMENTAL PROTECTION TECH.（ZHENG TUNG）	Subsidiary

(2). Transactions in operations

1. Sales

Type of related party	2023	2022
Substantive related party	$ 13,861	$ 6,620
Subsidiary	719	1,926
	$ 14,580	$ 8,546

2. Purchases

Type of related party	2023	2022
Substantive related party	$ 12,599	$ 13,143
Subsidiary	932	2,244
	$ 13,531	$ 15,387

The transaction prices of purchases and sales with related parties are based general transaction conditions, and the payment terms are the same as general customers (suppliers).

(3). Receivables from related parties

Account	Type of related party	December 31, 2023	December 31, 2022
Accounts receivables	Substantive related party	$ 349	$ 1,387
Other receivables	Subsidiary	$ 300,646	$ 150,556

(4). Payables to related parties

Account	Type of related party	December 31, 2023	December 31, 2022
Accounts payables	Substantive related party	$ 907	$ 869
Other payables	Substantive related party	$ -	$ 262
	Subsidiary	1,630	2,367
	The Company is the legal person director.	1,547	428
		$ 3,177	$ 3,057

The balances of outstanding payables to related parties are not guaranteed and will be repaid by cash.

(5). Property, plant and equipment acquired

Type of related party	Considerations paid	
	December 31, 2023	December 31, 2022
Subsidiary	$ -	$ 706

(6). Lease agreements

Type of related party	2023	2022
Acquisition of right-of-use assets		
Subsidiary	$ 15,709	$ -

Account	Type of related party	December 31, 2023	December 31, 2022
Lease liabilities (including current and non-current)	Subsidiary	$15,551	$ -

Type of related party	2023	2022
Interest expenses		
Subsidiary	$ 84	$ -
Lease expenses		
Subsidiary	$ 9,150	$ 7,630

The Company rents buildings and structures from subsidiaries. The lease term is 20 years. The rents refer to the level of similar assets, and paid by a fixed lease payment monthly based on the lease contracts. Rent expenses are for qualified short-term lease and leases for which the underlying land and plant are of low value.

(7). Other related party transactions

1. Manufacturing expenses

Account	Type of related party	2023	2022
Disposal fee of furnace dusts	The Company is the legal person director.	$ 7,377	$ 1,886

2. Rendering services

The Company transferred employees from subsidiaries for operating use. The service expenses for the years ended December 31, 2023 and 2022 amounted to NT$22,179 thousand and NT$33,021 thousand, respectively (recognized under operating costs and operating expenses).

3. Guarantees

The Chairman, Huang, Wei-Han provided joint guarantees for the long-term and short-term borrowings as of December 31, 2023 and 2022.

(8). Loans to related parties

As of December 31, 2023 and 2022, the balance of the loans to ZHENG TUNG amounted to NT$300,000 thousand and NT$150,000 thousand, respectively. The interests of the loan are calculated by the average interest rates of short-term borrowings from financial institutions. The loan is unsecured. After assessment, no impairment loss shall be recognized for the loan.

Interest revenue for the aforementioned loans is as follows：

Interest revenue

Type of related party	2023	2022
Subsidiary	$ 4,548	$ 1,916

(9). Endorsements and guarantees

The Company provided guarantees for subsidiary, ZHENG TUNG's financing：

Purpose of guarantee	December 31, 2023	December 31, 2022
Guarantees for financing		
Guaranteed amount	$319,470	$319,470
Amount of actual usage	51,400	204,470

(10). Information on key management personnel compensation

Total compensation of the directors and other key management are as follows：

	2023	2022
Short-term employee benefits（including payrolls, remunerations, and bonuses）	$ 24,031	$ 24,020
Post-employment benefits	558	470
	$ 24,589	$ 24,490

28. Pledged assets

The assets pledge as collaterals for bank guarantees, margins of derivative instruments, and bank financing provided by the Company for the Company are as follows：

	Carrying amount	
	December 31, 2023	December 31, 2022
Property, plant and equipment		
Land（including appraisal increments）	$ 1,114,255	$ 1,114,255
Buildings and structures	98,400	100,355
Machinery equipment	34,412	41,466
Other financial assets－current		
Negotiable certificates of deposits	49,194	49,773
Reserve accounts	-	342
	$ 1,296,261	$ 1,306,191

29. Significant contingencies and unrecognized contract commitments

As of December 31, 2023, the significant contingencies and unrecognized contract commitments of the Company are as follows：

(1). The balance of the unused issued L/C for purchasing raw materials amounted to NT$229,395 thousand.

(2). The unpaid amount of the contract signed with suppliers for purchasing assets and equipment maintenance of the Company amounted to NT$58,454 thousand.

(3). The purchase commitments not performed amounted to NT$756,164 thousand, which are irrevocable purchase contracts.

(4). Currency swap contracts, forward exchange agreements and exchange option contracts not expired：Please refer to Note 7.

30. Information on foreign-currency-denominated assets and liabilities that have significant influence

The information below is stated by the foreign currencies other than the functional currency of each entity of the Company. The exchange rates disclosed are the exchange rates of the translations between the currencies and the functional currency. The information on foreign-currency-denominated assets and liabilities that have significant influence is as follows：

Unit：foreign currencies／NTD in thousands；exchange rates in NTD

	Foreign currency	Exchange rate	Carrying amount
December 31, 2023			
Financial assets which are monetary items			
USD	$ 1,311	30.755	$ 40,330
December 31, 2022			
Financial assets which are monetary items			
USD	1,003	30.760	30,852

Net foreign exchange gains (losses) (including realized and unrealized) for the year ended December 31, 2023 and 2022 amounted to NT$(28,756) thousand and NT$(152,133) thousand, respectively. As there are many types of foreign currency transaction amounts, it is not possible to disclose the exchange gains and losses by foreign currencies without significant influence.

31. Other disclosures

(1). Information on signification transactions and (2) Information on investees

1. Loans to others：Please refer to Table 1.
2. Provision of endorsements and guarantees to others：Please refer to Table 2.
3. Holding of marketable securities at the end of the period (excluding investment in subsidiaries)：Please refer to Table 3.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the Company's paid-in capital or more：None.
5. Acquisition of real estate reaching NT$300 million or 20% of the Company's paid-in capital or more：None.
6. Disposal of real estate reaching NT$300 million or 20% of the Company's paid-in capital or more：None.
7. Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more：None.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more：Please refer to Table 4.
9. Trading in derivative instruments：Please refer to Note 7.
10. Information on investees：Please refer to Table 5.

(3). Information on investees in Mainland China： The Company does not have investees in Mainland China.

(4). Information on major shareholders：names, number and percentage of shares held of the shareholders with over 5% of percentage of ownership：Table 6

32. Segment information

As segment information has been disclosed in the consolidated financial statements, it is not disclosed in the parent company only financial statements.

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Loans to others
For the Year Ended December 31, 2023

Table 1

Expressed in thousands of New Taiwan Dollars
(Except as indicated)

No.	Name of lender	Name of borrower	Account	Related party	Highest balance of financing to other parties during the period	Ending balance	Actual usage amount during the period	Interests rate interval (%)	Nature of financing	Transaction amount for business between two parties	Reasons for short-term financing	Allowance for bad debt	Collateral		Individual funding loan limits	Maximum limit of fund financing	Note
													Item	Value			
0	The Company	ZHENG TUNG ENVIRONMENTAL PROTECTION TECH.	Other receivables－related parties	Yes	$ 350,000	$ 350,000	$ 300,000	0.59%Floating rate of one-year time deposit in postal savings plus 0.59%	Note 1	$ -	The operating capital required for building plant and the beginning of mass production	$ -	-	$ -	$ 369,906	$ 739,812	Note 2

Note 1： In need of short-term financing
Note 2： According to the "Operational Procedures for Loaning of Company Funds," the amount loaned to single recipient shall not exceed the amount of 10% of the net worth in financial statements of the most recent period, and the total amount loaned shall not exceed the amount of 20% of the net worth in financial statements of the most recent period.

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Provision of endorsements and guarantees to others
For the Year Ended December 31, 2023

Table 2

Expressed in thousands of New Taiwan Dollars
（Except as indicated）

No.	Name of guarantor and endorser	Guarantee and endorsee		Limitation on amount of guarantees and endorsements for a specific enterprise（Note 1）	Highest balance for guarantee and endorsements during the period	Balance of guarantees and endorsements, end of year	Actual usage amount	Property pledged for guarantee and endorsements	Ratio of accumulated amounts of guarantees and endorsements to net worth of the latest financial statements（%）	Maximum amount for guarantees and endorsements（Note 2）	Parent company endorsements/guarantees for subsidiary	Subsidiary endorsements/guarantees for the parent company	Endorsements/guarantees for companies in Mainland China
		Company name	Relation ship										
0	The Company	ZHENG TUNG	The Company directly or indirectly holds more than 50% of voting shares of the subsidiary	$369,906	$319,470	$319,470	$ 51,400	$126,470	8.64	$739,812	Y	N	N

Note 1： According to the “Operational Procedures for Provision of Endorsements and Guarantees,” the amount of endorsements and guarantees provided for a single enterprise shall not exceed the amount of 10% of the net worth in audited or reviewed financial statements of the most recent period, and the total amount of endorsements and guarantees provided by the Company as a whole for a single enterprise shall not exceed the amount of 20% of the net worth in audited or reviewed financial statements of the most recent period.

Note 2： According to the “Operational Procedures for Provision of Endorsements and Guarantees,” the total amount of endorsements and guarantees provided shall not exceed the amount of 20% of the net worth in audited or reviewed financial statements of the most recent period, and the total amount of endorsements and guarantees provided by the Company as a whole shall not exceed the amount of 30% of the net worth in audited or reviewed financial statements of the most recent period.

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Holding of marketable securities at the end of the period
December 31, 2023

Table 3

Expressed in thousands of New Taiwan Dollars
（Except as indicated）

Name of holder	Category and name of security	Relationship with the Company	Account	Ending balance				Note
				Number of shares	Carrying amount	Percentage of ownership （%）	Fair value	
The Company	Stock							
	Taiwan Steel Union Co., Ltd.	The Company is the legal person director.	Current financial assets at fair value through other comprehensive income	419,000	$ 38,380	0.4	$ 38,380	
			Non-current financial assets at fair value through other comprehensive income	9,272,512	$849,362	8.3	$849,362	
	Shiao Kang Warehousing Corp.		Non-current financial assets at fair value through other comprehensive income	399,940	4,424	4.4	4,424	
					$853,786		$853,786	
	Shin Kong Financial Holding Co., Ltd.－preferred B share		Current financial assets at fair value through profit or loss	222,000	$ 6,360	0.1	$ 6,360	
E CHANG	Stock							
	Taiwan Steel Union Co., Ltd.	The Company is the legal person director.	Current financial assets at fair value through other comprehensive income	351,000	$ 32,152	0.3	$ 32,152	
	Beneficiary certificates of fund							
	Shin Kong Environmental Sustainability Bond Fund		Current financial assets at fair value through profit or loss	500,000	$ 4,461	-	$ 4,461	
	Financial bonds							
	HSBC 4.375		Current financial assets at fair value through profit or loss	500,000	$ 14,889	-	$ 14,889	

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more
December 31, 2023

Table 4

Expressed in thousands of New Taiwan Dollars
（Except as indicated）

The Company recognizing receivables	Counterparty	Relationship	Balance of receivables from related parties	Turnover rate （%）	Overdue receivables from related parties		Amounts of receivables from related parties collected in subsequent period	Allowance for bad debt	Note
					Amount	Collection status			
The Company	ZHENG TUNG	Subsidiary	$300,595	-	$ -	-	$ -	$ -	Note

Note： Other receivables are not applicable to the calculation of turnover rate. The transactions between the parent and subsidiaries are eliminated at preparing the consolidated financial statements.

HAI-KWANG ENTERPRISE CO., LTD. and Subsidiaries
Information on investees
For the Year Ended December 31, 2023

Table 5

Expressed in thousands of New Taiwan Dollars
(Except as indicated)

Investor company	Investee company	Location	Main business	Original investment amount		Ownership as of December 31, 2023			Profit (loss) of investees in the current period	Gain (loss) of investees recognized in the current period	Note
				December 31, 2023	December 31, 2022	Number of shares	Percentage (%)	Carrying amount			
The Company	E CHANG	Taiwan	Manufacture, processing and trading of various iron and steel products	$ 1,223,892	$ 1,223,892	18,502,495	84.1	$ 1,365,764	($ 92,747)	($ 78,002)	Subsidiary
The Company	ZHENG TUNG	Taiwan	Manufacture, heat treatment and surface treatment of steel wires, steel cables, and metal wires products	-	76,500	-	-	-	(117,568)	(10,293)	Subsidiary
E CHANG	ZHENG TUNG	Taiwan	Manufacture, heat treatment and surface treatment of steel wires, steel cables, and metal wires products	280,735	79,700	23,083,054	100	114,891	(117,568)	(98,691)	

Note: The transactions between the parent and subsidiaries are eliminated at preparing the consolidated financial statements.

HAI-KWANG ENTERPRISE CO., LTD.
Information on major shareholders
December 31, 2023

Table 6

Name of major shareholders	Shares	
	Number of shares held	Percentage of ownership（%）
SEA BRIGHT INVESTMENT LIMITED	43,411,277	22.80
YOMING INVETMENT CO., LTD.	13,446,642	7.06
ZONGLI INVESTMENT CO., LTD.	11,279,494	5.92

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

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

6.6 If the Company and Its Affiliates Encounter any Financial Difficulties in the Past Year and as of the Publication Date of the Annual Report, the Impact on the Company's Financial Status Shall Be Listed: None.

VII. Review and Analysis of Financial Status and Financial Performance and Risk Management

7.1 Financial Status

Unit: NT$ thousand

Item \ Year	2023	2022	Difference	
			Amount	%
Current Assets	3,905,531	4,020,454	-114,923	-3%
Property, Plant and Equipment	4,593,478	4,367,792	225,686	5%
Intangible Assets	6,763	6,576	187	3%
Other Assets	941,786	1,004,707	-62,921	-6%
Total Assets	9,447,558	9,399,529	48,029	1%
Current Liabilities	3,885,637	3,680,850	204,787	6%
Noncurrent Liabilities	1,603,276	1,771,310	-168,034	-9%
Total Liabilities	5,488,913	5,452,160	36,753	1%
Capital Stock	1,903,277	1,812,645	90,632	5%
Capital Surplus	384,489	387,863	-3,374	-1%
Retained Earnings	563,417	601,594	-38,177	-6%
Other Equity	847,875	851,590	-3,715	0%
Non-controlling Interest	259,587	293,677	-34,090	-12%
Total Equity	3,958,645	3,947,369	11,276	0%
Analysis of changes in financial ratios (changes of 20% and above NT$10,000 thousand): None.				

7.2 Financial Performance

Unit: NT$ thousand

	2023	2022	Increase (Decrease) Amount	Percentage Change (%)
Net Operating Revenues	$9,365,089	$11,044,978	$-1,679,889	-15%
Operating Costs	9,112,774	10,735,906	-1,623,132	-15%
Gross Profit (Loss)	252,315	309,072	-56,757	-18%
Operating Expenses	203,932	207,819	-3,887	-2%
Net Profit (Loss) from Operations	48,383	101,253	-52,870	-52%
Non-operating Income and Expenses	-11,098	136,820	-147,918	-108%
Profit (Loss) Before Income Tax	37,285	238,073	-200,788	-84%
Income Tax (Expense) Benefit	-7,298	-53,974	46,676	-86%
Profit (Loss) after Income Tax	$29,987	$184,099	-154,112	-84%

Analysis of changes in financial ratios:

1. Gross profit/Net profit from operations: The gross profit for the entire year decreased by NT$52,870 thousand (-52%), mainly due to decline of both steel bar sales and ton profits. Under the influence of the Russia-Ukraine war and U.S. interest rate hikes starting in 2022, steel demand has weakened and inventory digestion has been slow. Coupled with the financial crisis in mainland China's real estate industry, various economic indicators are not as good as expected. Builders and investors have become more conservative in real estate investment, and both the price and volume of steel bars have fallen. In addition, in response to the global carbon reduction trend, international blast furnace steelmaking is gradually is gradually switching to electric furnaces. The demand for scrap steel has increased sharply, and prices have risen instead of falling. However, due to the increase in

electricity prices every year, production costs have also increased, compressing the profit per ton of steel bars.

2. Non-operating income and expenses: This is mainly due to the valuation gains and losses of financial assets and exchange gains and losses affected by exchange rates. Although interest rates have stabilized and will no longer rise in 2023, the U.S. dollar is still a strong currency. The New Taiwan dollar continues to depreciate, but the depreciation is not significant. It was not until November and December that the U.S. dollar index weakened rapidly due to market optimism that the FED was about to cut interest rates. The New Taiwan dollar strengthened, and the Company suffered losses from the derivative financial products it undertook for outsourcing steel billets. Overall, the impact for the whole year is not significant. In the previous year, the New Taiwan dollar depreciated significantly due to multiple interest rate hikes in the United States. The asset appraisal benefits generated by the financial products undertaken by the Company exceeded the exchange losses caused by the depreciation of foreign currency borrowings.
3. Profit before income tax and profit after income tax: For details on the reasons for the decrease, please see the analysis of the reasons for the decrease in operating net profit and non-operating income and expenses.
4. Income tax expense: The decrease was due to the decrease in profit before income tax in 2023.
5. Estimated sales quantity for next year and its basis: In the face of Taipower's continued increase in electricity prices, the EU's CBAM taking effect and global net-zero emission requirements, the steel industry's cost burden will become increasingly heavy. International steel prices are also becoming difficult due to rising environmental costs. In particular, the selling price of steel bars using the electric arc furnace process will reflect this new wave of rising electricity prices. However, due to the slow economic recovery, overall sales volume growth is limited, plus domestic housing prices have reached a high point. Since the 1st half of 2023, the number of new building licenses issued and the number of new housing construction operations have both declined. Steel bar consumption is driven by demand from public projects and investment in factory expansion. Generally, under the interactive influence of “bulls and bears”, the steel bar market is expected to show a price increase/flat volume or slight recession situation in 2024.
6. Possible impacts on the Company’s future financial operations and corresponding plans Due to environmental protection issues, production costs will only rise instead of fall, and steel bar prices will also be maintained at a certain level. In the coming year, the Company will continue to focus on increasing production capacity to reduce idle losses and reduce inventory levels to minimize loss on market price drops. At the same time, the Company needs to accurately judge the domestic and international billet prices, and when a reasonable price difference appears, it will purchase a large amount in the short term to reduce the cost of imported billets.

7.3 Cash Flow

1. Analysis of Changes in Cash Flow for the Current Year

Unit: NT$ thousands

Cash, Beginning of Year	Net Cash Flow from Operating Activities	Net Cash Flow from Investment Activities	Net Cash Flow from Financing Activities	Cash Surplus (Deficit)	Leverage of Cash Deficit	
					Investment Plans	Financing Plans
360,852	109,869	-416,930	185,411	239,202	N/A	N/A

Analysis of change in cash flow:

(1) Operating activities: The net cash inflow from operating activities refers to the start of depreciation after the completion of the construction of solar energy, subsidiary wastewater plant and other equipment this year, resulting in a significant increase in the amount of depreciation.

In addition, the purchase of steel billets was delayed due to overseas shipping schedules, so the advance payment was reduced.

(2) Investment activities: The net cash outflow from investing activities mainly refers to the acquisition of additional equipment such as solar energy and subsidiary wastewater plants.

(3) Financing activities: Net cash inflow from financing activities refers to short-term notes payable due to increased demand for materials.

2. Corrective Measures to be Taken in response to Illiquidity: Not applicable.

(1) Liquidity Analysis for the Latest 2 Years

Item \ Year	2023	2022	Variance (%)
Cash Flow Ratio (%)	2.83	1.24	1.59
Cash Flow Adequacy Ratio (%)	50.64	21.85	28.79
Cash Reinvestment Ratio (%)	1.15	-2.25	3.4

(1) The above table shows the consolidated ratio.
(2) Analysis of financial ratio change:
① An increase in cash flow ratio means an increase in cash flow from operating activities.
② The increase in the cash flow admissible ratio refers to the increase in cash flow from operating activities in the past five years. Although capital expenditures continue to increase, inventory is adjusted and controlled based on orders and production conditions, so it does not increase but decrease.
③ Cash reinvestment ratio means there was dividend distribution in 2022 but not in 2023.

3. Cash Flow Analysis for the Coming Year Unit: NT$ thousands

Estimated Cash, Beginning of Year	Estimated Net Cash Flow from Operating Activities	Estimated Cash Outflow	Cash Surplus (Deficit) + -	Leverage of Cash Surplus (Deficit)	
				Investment Plans	Financing Plans
239,202	796,038	(690,652)	313,588	N/A	N/A

Analysis of change in cash flow for 2024 (data source: annual budget for 2024):
Operating activities: In the next year, both the steelmaking plant and the Jiaxing plant will consider major equipment renovations to reduce inventory and financial pressure. Operating activities in 2024 are expected to show net cash inflows.
Investment activities: It refers to the upgrade of the AAS system and continuous casting equipment improvement of furnace B in HAI-KWANG steel plant, as well as the transformation of rolling mill equipment and equipment replacement in the cooling bed area of Jiaxing Plant.
Financing activities: The Company expects to raise long-term borrowings to finance equipment renovations and improve its financial structure.

7.4 Impact of Major Capital Expenditure in the Most Recent Year on the Financial Status: None.

7.5 Investment Policy in the Last Year, Main Causes for Profits or Losses, Improvement Plans and Investment Plans for the Coming Year

1. Investment Policy in the Last Year:
In September 2016, the Company invested in the establishment of a subsidiary, Zheng Tung Environmental Protection Tech. Co. Ltd. (“Zheng Tung”), specializing in the surface treatment and heat treatment of fasteners, with a registered capital of NT$10 million. The Company held a 60% stake at the time and as of the first quarter of 2023, the paid-in capital of Zheng Tung has reached NT$220 million. The total shares held by the Company were 34.77%. As of the end of 2022, Zheng Tung’s accumulated losses had reached half of its paid-in capital. To improve the financial structure and future development, Zheng Tung will carry out a capital reduction according to the relevant provisions of the

Company Act to offset the losses, and then proceed with a cash capital increase to raise funds for the equipment required for plant operation. In May of the same year, the board of directors resolved to sell all the shares held in Zheng Tung Company to its subsidiary E Chang Iron Steel Works Co. Ltd. E Chang also acquired all the shares held by the Company and non-group shareholders in May 2023, bringing the shareholding ratio of E Chang to Zheng Tung to 100%. At present, E Chang also rents out the wastewater plant and the Steel 4 and 5 factories to Zheng Tung to provide OEM services for fastener manufacturing processes. In addition, the Company has invested in Taiwan Steel Union Co., Ltd. and Xiaogang Storage Co., Ltd. for many years, for whose waste disposal and waste steel loading and unloading businesses are related to the Company's operations. The investments are not aimed at operating control.

2. Main Causes for Profits or Losses: In 2023, the Company recognized investment losses of NT$78,002 thousand and NT$10,293 thousand for E Chang and Zheng Tung, respectively, and received a dividend income of NT$62,995 thousand from Taiwan Steel Union Co., Ltd.
3. Improvement Plans: In response to the adjustment in electricity prices, the Company will formulate a new quotation model to actively develop customers and win orders. In addition to increasing capacity utilization, the Company will also accelerate the promotion of wastewater plant business to increase profitability.
4. Investment Plans for the Coming Year:
   (1) In order to promote corporate integration and improve operational efficiency, it is expected that subsidiary E Chang Company will merge with Zheng Tung Company in 2024 to improve the financial structure. In the future, E Chang plans to raise funds through debt or capital increase to meet operational needs.
   (2) Future investment plans still focus on improving the process, reducing costs and improving efficiency. The steelmaking plant is expected to update the AAS system of furnace B and improve the continuous casting equipment, while the Jiaxing plant will renovate the rolling mill equipment and replace the cooling bed area equipment.

7.6 Analysis of Risk Management in the Most Recent Year and as of the Publication Date of the Annual Report

Risk Item		Impact on the Company	Future Response Measures
1. The effect upon the Company's profits (losses) of interest and exchange rate fluctuations and changes in the inflation rate, and response measures to be taken in the future.	Interest rate	The market is optimistic that the FED is about to cut interest rates, but Taiwan's electricity prices have increased. In order to curb inflation, the central bank still raised interest rates by half a yard (0.125 percentage points). Rising interest rates will result in an increase in the Company's interest expenses.	Taiwan raised interest rates by half a yard in response to the increase in electricity prices. However, inflation in the United States has gradually eased recently, and people from all walks of life also expect that the FED will gradually cut interest rates in the next year. This is really good news for the Company. It remains to be seen in the future the impact of interest rate cuts on the Company reducing financial pressure.
	Exchange rate	The Company borrows in USD for the purchase of some imported scrap iron raw materials and semi-finished products. Therefore, the appreciation of the NTD benefits the Company, while depreciation is unfavourable.	The Company will use foreign exchange forward contracts, foreign currency options, and currency swap to mitigate risks.

	Inflation rate	Inflation will cause a relative increase in both the Company's related book costs and income, but it will not have a significant impact on the Company's earnings.	None
2. The Company's policy regarding high-risk investments, highly leveraged investments, loans to other parties, endorsements, guarantees, and derivatives transactions; the main reasons for the profits/losses generated thereby; and response measures to be taken in the future.		The Company has provided subsidiary, Zheng Tung, with endorsement guarantee for NT$319,470 thousand and a loan of NT$350 million. The subsidiary is engaged in surface treatment of fasteners related to the steel industry of the Company to provide stable processing services to diversify the risks of volatile business operations.	The Company's Articles of Incorporation stipulate that funds shall not be loaned or endorsed by any person or entity other than its subsidiaries. In addition, the current "Procedures for Acquiring and Disposing of Assets" only allow for forward foreign exchange and limited authorized trading of currency options by the board of directors.
3. Research and development work to be carried out in the future, and further expenditures expected for research and development work.		Improvement in the efficiency of rebar production in the steelmaking and rolling mills, increasing the degree of automation, and implementing energy-saving and cost-reducing plans.	The total investment in various equipment is expected to reach NT$290 million.
4. Effect on the Company's financial operations of important policies adopted and changes in the legal environment at home and abroad, and measures to be taken in response.		The Environmental Protection Agency of the Executive Yuan renamed the "Greenhouse Gas Reduction and Management Act" as the "Climate Change Response Act" on February 15, 2023, and starting in 2024, annual greenhouse gas emissions will be included in carbon fee calculations. The expedition will officially start in 2025.	The Company has added solar equipment and invested in improving related energy consumption.
5. Effect on the Company's financial operations of developments in science and technology as well as industrial change, and measures to be taken in response.		For information on industrial change, please refer to 5.2 Market and Sales Overview for further explanations.	Please refer to the "Competitive Advantage" and "Development Prospects" sections for details.
6. Effect on the Company's crisis management of changes in the Company's corporate image, and measures to be taken in response.		None	None
7. Expected benefits and possible risks associated with any merger and acquisitions, and mitigation measures being or to be taken.		None	None
8. Expected benefits and possible risks associated with any plant expansion, and mitigation measures being or to be taken.		None	None
9. Risks associated with any consolidation of sales or purchasing operations, and mitigation measures being or to be taken.		The Company's revenue is not concentrated on any specific customer, and those with close business relationships are long-term, high-quality customers. The procurement of goods is based on production needs and price considerations, and they are not related parties of the Company.	The Company will evaluate the creditworthiness of its customers and take measures such as requiring advance payments or obtaining irrevocable letters of credit to mitigate the credit risk of concentrated sales.
10. Effect upon and risk to the Company in the event a major quantity of shares belonging to a director, supervisor, or shareholder holding greater than a 10 percent stake in the Company has been transferred or has otherwise changed hands, and mitigation measures being or to be taken.		None	None

11. Effect upon and risk to company associated with any change in governance personnel or top management, and mitigation measures being or to be taken.	None	None
12. Litigious and non-litigious matters.	None	None
13. Other important risks, and mitigation measures being or to be taken: cyber security risks	Cybersecurity threats such as hacking, distributed denial-of-service attacks, computer viruses, and data breaches can cause business interruption.	The company has appointed a cybersecurity manager and dedicated personnel, installed firewalls, implemented access control measures, and established contingency plans for recovery and backup.

7.7 Other Important Matters:

1. Evaluation basis and foundation for the provision of asset and liability valuation items

(1) Derecognition of financial assets

The merging company may delist financial assets only when the contractual rights to the cash flows from the financial assets have expired, or when the financial assets have been transferred and all risks and rewards of ownership have been transferred to another entity.

When a financial asset measured at amortized cost is detached in its entirety, the difference between its carrying amount and the consideration received will be recognized as profit or loss. If equity instrument investments measured at fair value are deducted as a whole through other comprehensive profits and losses, their accumulated profits and losses are directly transferred to retained earnings and are not reclassified as profit or loss.

(2) Impairment of tangible assets

The Company assesses on each balance sheet date whether there is any indication that a tangible asset may be impaired. If any impairment indicator exists, the recoverable amount of the asset is estimated, which is the higher of its fair value less costs to sell and its value in use. If the recoverable amount of an individual asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. Reversals of impairment losses are recognized in the income statement.

(3) Inventory

In addition to the provisions of International Accounting Standard 2 “Inventories”, the valuation and presentation of the Company's inventory also refer to the “Inventory Provision Policy” established by International Financial Reporting Standards. The evaluation is carried out according to the following three methods:

A. Inventory: Valued based on the net realizable value by sales location, production location, and inventory category. If the book value is lower than the net realizable value, the difference is provided for as loss on inventory price decline. Net realizable value refers to the estimated selling price under normal circumstances minus the cost of completion and selling expenses.

Item	Valuation Basis
Raw materials and work-in -progress	Valued based on the net realizable value (NRV) after deducting the selling expense rate and processing cost from the market price or contract price of the finished goods as of the balance sheet

	date.
Finished goods	Valued based on the NRV after deducting the selling expense rate from the market price or contract price of the finished goods as of the balance sheet date.
Materials	Valued based on the market price as of the balance sheet date, or if not available, based on the most recent average purchase cost.
Purchase contracts	Valued based on the NRV after deducting the selling expense rate and processing cost from the market price or contract price of the finished goods as of the balance sheet date.

B. Obsolete and slow-moving inventories: Primarily for items such as electrode rods, ferrosilicon, dolomite, coke, and refractory materials, an allowance for obsolete and slow-moving inventories is provided based on the net realizable value and the age of the inventory.

Age of Inventory	Over 1 year but less than 5 years	5 to10 years	Over 10 years
Provision rate	10%	50%	100%

C. Loss on Purchase Contracts: For irrevocable raw material purchase contracts, when the unavoidable costs of fulfilling the contractual obligations exceed the expected economic benefits from the contract, a provision for loss on purchase contracts payable is estimated.

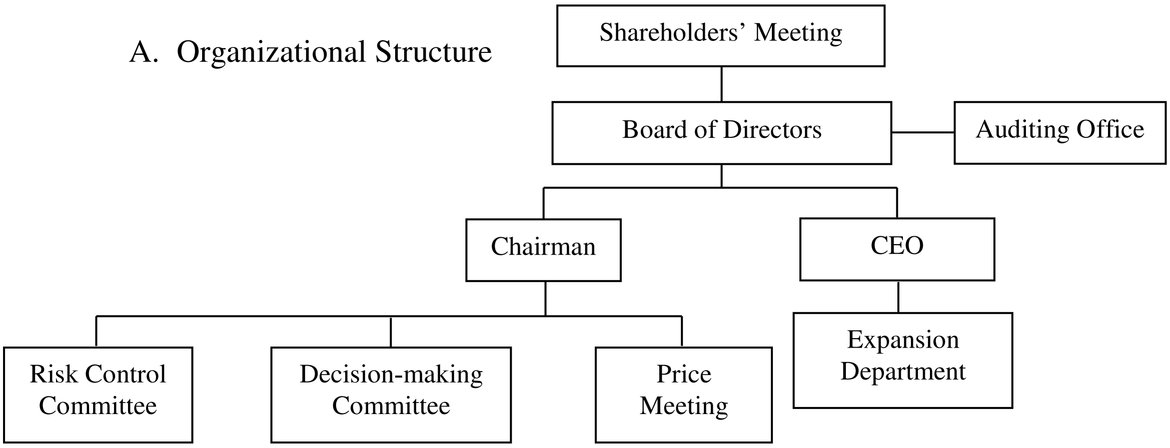
2. Key performance indicators for the steel industry's special characteristics: There are two main performance indicators used to measure the performance of the electric arc furnace steel-making process in the Company's steel industry: the first one is the recovery rate, and the second one is the processing fee;
   (1) The recovery rate refers to the ratio of producing steel billets or steel bars from scrap steel or steel billets input.
   (2) The processing fee refers to the labour, materials, and manufacturing costs required in the production process.

   The Company's research and development direction is mainly focused on how to improve the recovery rate and reduce processing fee to reduce production costs.
3. Policy and Organizational Structure for Risk Management

   The Company's products are mainly sold domestically, but domestic steel prices are influenced by international steel prices, which are beyond the control of domestic manufacturers. Additionally, the cost of raw materials, including scrap steel, accounts for approximately 60% to 75% of the cost of goods sold. Therefore, the Company's major risk lies in the impact of international scrap steel price fluctuations on its operations. The timing, price, and quantity of scrap steel purchases have a decisive effect on the Company's gross profit margin. To manage this risk, the Company has established the "Regulations for Raw Material Procurement and Inventory Management" and formed a "Decision-making Committee" and a "Risk Control Committee." The Company also regularly convenes "Price Meeting" attended by the Chairman, CEO, President, Sales and Finance Departments to consider economic conditions, steel market trends, inventory changes, exchange rate fluctuations, and formulate the price and quantity for expected steel bar sales and procurement of raw materials, the hedging quotas and exchange rates for forward foreign exchange and foreign currency options. The steel industry to which the Company belongs is a capital-intensive industry. The funding requirements for expanding production capacity and equipment renovation are large and closely related to the Company's long-term profitability and financial structure. To prudently manage these risks, the

Company has set up an "Expansion Department." The management units and their functions related to the Company's risk management are shown in the table below:

A. Organizational Structure



B. Organizational Functions

Risk Organization	Responsibilities
Auditing Office	Planning, setting up, executing, and auditing all internal control operations.
Price Meeting	Summarizing the latest market dynamics and inventory status each week to formulate weekly sales and procurement plans.
Expansion Dept.	Evaluating the capacity and equipment expansion and renovation of the steelmaking plant, rolling mill, and subsidiaries.
Decision-Making Committee	Responsible for making significant decisions, such as financing, fundraising, derivative products, credit policy, adjustment of business proportion, and production utilization rate, proposed by the finance, sales, and production departments.
Risk Management Committee	Consists of three members who manage all types of risks comprehensively and develop risk management rules and regulations. Any relevant risk management matters planned and executed by the Company's board of directors will be reported regularly to the board and timely reflected to the board on the implementation of risk management.

4. Valuation techniques and assumptions used to measure fair value: For financial instruments with standard terms and conditions and actively traded in markets, fair value is determined based on market quotes. If market prices are not available, estimation methods are used. The estimates and assumptions used by the consolidated company in the valuation methods are consistent with the information used by market participants when pricing financial instruments.
5. Endorsement guarantees, financing provided to others, and transaction information on derivative products involving related parties: The Company's subsidiaries, E Chang Iron Steel Works Co., Ltd. and Zheng Tung Environmental Protection Tech. Co. Ltd., are not involved in endorsement

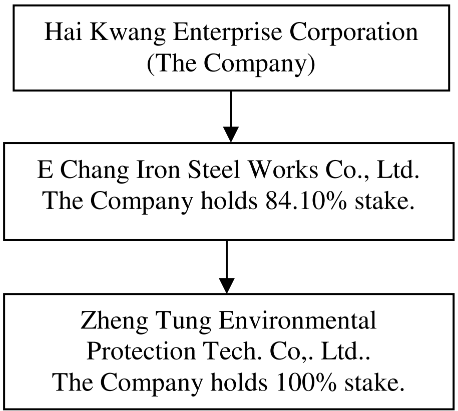
guarantees, financing provided to others, or transactions involving derivative products.

VIII. Special Disclosures:

8.1 Information related to the Company's affiliates: the consolidated business report compiled in accordance with the FSC's Regulations Governing Preparation of Consolidated Business Reports Covering Affiliated Enterprises, Consolidated Financial Statements Covering Affiliated Enterprises, and Reports on Affiliations for the most recent year.

8.1.1 Summary of Affiliated Companies

1. Organization Chart



2. Basic Information of Affiliated Companies

Unit: NT$ thousands

Company Name	Date Founded	Address	Paid-in Capital	Main Business Activities
E Chang Iron Steel Works Co., Ltd.	June 1969	No. 2, Yongguang St., Xiaogang Dist., Kaohsiung City	220,000	Manufacturing, processing, and sales of various steel products.
Zheng Tung Environmental Protection Tech. Co. Ltd.	September 2016	No. 2, Yongguang St., Xiaogang Dist., Kaohsiung City	230,831	Manufacturing, heat treatment, and surface treatment of steel wire, steel cable, and metal wire products.

3. Information About Same Shareholders of Entities that Are Presumed to Have a Relationship of Control or Subordination: None.
4. Business Scope and Relationships of Affiliated Companies: E Chang invests in the upstream process of the fastener industry - wire drawing subcontracting services, and Zheng Tung invests in the midstream and downstream process of the fastener industry - surface treatment subcontracting services.
5. Directors, Supervisors and Presidents of Affiliated Companies

Company Name	Title	Name or Representative	Shareholding	
			Shares	%
E Chang Iron Steel Works Co., Ltd.	Chairman	Hai-Kwang Enterprise Co., Ltd (Representative: Huang, Wei-Han)	18,502,495	84.10%
	Director	Hai-Kwang Enterprise Co., Ltd (Representative: Huang, Tsan-Ming)		
	Director	Hai-Kwang Enterprise Co., Ltd		

		(Representative: Qi, Mei-Song)		
	Director	Hai-Kwang Enterprise Co., Ltd (Representative: Wu, Yong-Ci)		
	Director	Liu, Ming-Tan	-	-
	Director	Wang, Han-Chang	-	-
	Director	Yang, Chien-Chang	-	-
	Director	Huang, Xiao-Wen	-	-
	Director	Huang, Yi-Zhen	-	-
	Supervisor	Chen, Shi-Cheng	-	-
	President	Huang, Tsan-Ming	-	-
Zheng Tung Environmental Protection Tech. Co. Ltd.	Chairman	E Chang Iron Steel Works Co., Ltd. (Representative: Huang, Wei-Han)	23,083,054	100%

8.1.2 Operating Overview of Affiliated Companies for 2023

Unit: NT$ thousands,
Earnings (Losses) Per Share: NT$

Company Name	Capital	Total Assets	Total Liabilities	Net Value	Operating Revenues	Operating Profit (Loss)	Net Profit (Loss) (After Tax)	Earnings (Losses) Per Share
E Chang Iron Steel Works Co., Ltd.	220,000	1,169,435	179,575	989,860	37,519	(2,959)	(92,747)	(4.2)
Zheng Tung Environmental Protection Tech. Co. Ltd.	230,831	629,397	516,134	113,263	108,563	(110,550)	(117,568)	(5.1)

8.1.3The Companies that should be included in the preparation of affiliated enterprises' consolidated financial statements according to the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises," and the companies that should be included in the preparation of parent-subsidiary relationship companies' consolidated financial statements according to "International Financial Reporting Standards No. 10," are the same. Moreover, related information that should be disclosed in the affiliated enterprises' consolidated financial statements have all already been disclosed in the above-mentioned parent-subsidiary relationship companies' consolidated financial statements. Thus, affiliated enterprises' consolidated financial statements will not be separately prepared. The Company has placed its Declaration on the first page of the parent-subsidiary relationship companies' consolidated financial statements.

8.2 Where the Company has carried out a private placement of securities during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, disclose the date on which the placement was approved by the board of directors or by a shareholders meeting, the amount thus approved, the basis for and reasonableness of the pricing, the manner in which the specified persons were selected, the reasons why the private placement method was necessary, the targets of the private placement, their qualifications, subscription amounts, subscription price, relationship with the Company, participation in the operations of the company, actual subscription (or conversion) price, the difference between the actual subscription (or conversion) price and the reference price, the effect of the private placement on shareholders' equity, and, for the period from receipt of payment in full to the completion of the related capital allocation plan, the status of use of the capital raised through the private placement of securities, the implementation progress of the plan, and the realization of the benefits of the plan: None

8.3 Holding or disposal of shares in the Company by the Company's subsidiaries during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report: None.

8.4 Other matters that require additional description: None.

8.5 If any of the situations listed in Article 36, paragraph 3, subparagraph 2 of the Securities and Exchange Act, which might materially affect shareholders' equity or the price of the Company's securities, has occurred during the most recent fiscal year or during the current fiscal year up to the date of publication of the annual report, such situations shall be listed one by one: None.

HAI-KWANG ENTERPRISE CO., LTD

Chairman　Huang, Wei-Han