

Ticker Symbol: 6248



TMP Steel Corporation

2023 Annual Report

Website for inquiries about the Annual Report:

<http://www.tmpco.com.tw>

**Website for declaring information designated by the Securities and
Futures Bureau: <http://mops.twse.com.tw>**

March 1, 2024

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V. Name of trading site for securities listed overseas and how to search for the said overseas securities: None

VI. Company website: www.tmpco.com.tw

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I. Letter to Shareholders

I. 2023 Business Accomplishments

(I) Accomplishments in Implementation of the Operation Plan

In 2023, thanks to the steady demand for steel bars in Taiwan's construction industry and the continued improvement in steel product trading performance, it continued to grow despite the downturn in the steel market. The consolidated operating revenue, Net operating margin, Profit before income tax, and profit attributable to owners of parent all hit record highs for the same period in history. The consolidated operating revenue for the full year of 2023 is NT \$7,825,660 thousand, an increase of 18.03% compared to 2022, and the profit before tax in 2023 is NT\$ 306,013 thousand, an increase of 38.43% compared to 2022.

consolidated operating revenue and profit before tax

Unit: NT\$ thousand ; %

Item	2023	2022	Growth rate (%)
Operating revenue	7,825,660	6,630,495	18.03
Net operating margin	481,183	399,522	20.44
Operating profit	229,219	232,309	(1.33)
Profit before income tax	306,013	221,059	38.43

(II) Financial revenue and expenditure and profitability

1. The net cash outflow from consolidated operating activities for the year was NT\$ 146,451 thousand, primarily increased inventory due to sales growth; the net cash outflow from consolidated investing activities stood at NT\$ 145,930 thousand, Mainly due to the acquisition of ENSURE GLOBAL CORP., LTD. shares, the increase in pledged deposit, the purchase of equipment by Plant Chang Pin, and the construction in progress of Plant Chang Pin II; and the net cash inflow from consolidated financing activities amounted to NT\$ 58,359 thousand, which was a result of bank loans increase.

2. Expenditure and Profitability

Analysis Item		Year	2023	2022
Profitability	Return on assets (%)		10.76	8.10
	Return on equity (%)		20.36	19.13
	Operating profit to paid-in capital ratio (%)		33.34	38.26
	Pre-tax net profit to paid-in capital ratio (%)		44.51	36.41
	Earnings per share(in dollars)		4.02	3.32

II. Overview of 2024 Operation Plan

The Company will continue to utilize the Group's upstream and downstream integrated resources to provide customized rebar processing and vertical integration services according to customers' needs, and to arrange for immediate delivery of steel bars to local customers in

order to shorten product manufacturing time and reduce customers' own inventory preparation. In addition to consolidating sales to existing customers, the Company has been actively developing new customers to increase its market share and keeping an eye on the trend of price changes in the steel rebar market to adjust its sales strategy in a timely manner in order to boost profit margins.

In addition, ChangPin Plant No. 2 will add new products such as hooped rebar and welded wire mesh, which will provide higher-quality and comprehensive product sales and services for the construction industry and public works. As the benefits of the new production capacity continue to emerge, The company's operations are expected to reach new heights.

TMP Steel Corp continues to improve corporate governance operations and actively promote sustainable development. This year, it continues to move towards the goal of sustainable development, implements and reviews year by year, improves and creates a business environment for sustainable development, and ensures that the interests of stakeholders are protected.

III. Future Company Development Strategy

In response to customer demand, the Company is building new steel processing plants in the Tainan Sinshih Industrial Park and Changhua Coastal Industrial Park, continuing to create its own sales channels and storage space for steel products across the nation to cater to customers' needs for construction steel processing.

IV. Impacts from External Competition, Regulatory Environment, and Overall Operational Setting

The Company stays abreast of the macroeconomic environment and market trends and introduces immediate contingency measures to address the risks arising from the fluctuations to ensure that the interests of its stakeholders are safeguarded.

Finally, on behalf of the TMP Steel Corporation team and all employees, I would like to thank all shareholders for your support and encourage over the past year. For the coming year, the Company will work even harder to reach the maximum internal consensus so that we can work better to deal with challenges in the future. It is also my hope that all of you can continue to provide us with guidance and advice. My most sincere gratitude and best wishes.

I wish everyone good health and the best in all of your endeavors.

Chairman:
Ching-Li Yen

President:
Yun-Yhieh Yang

Accounting Manager:
Uei-Ling Wang

II. Company Profile

I. Date established

Established on May 16, 1984

II. Company History

Year	Chronicle
1984	The Company was established in Xindian, Taipei County, with a capital size of NTD 5,000,000 In the early days, the products were primarily parts and components such as coils for switching power supply devices, inductors, and switching electronic transformers.
1986	The capital size was increased to NTD 7,500,000
1988	The Zhunan facility was established; The capital size was increased to NTD 15,000,000
1989	The capital size was increased to NTD 35,000,000; the sales broke NTD 100,000,000.
1990	Devoted to the research, development, and manufacturing of electronic ballasts to meet the demand on the US market and that of Taiwan Fluorescent Lamp Co., Ltd. domestically.
1991	The facility in Malaysia was established to produce a variety of transformers and the capital size was increased to NTD 87,400,000.
1992	Approved by the Ministry of Economic Affairs to be the manufacturer to receive assistance in upgrading the traditional industry; the research and development of diversified products and production automation and computerization were initiated. The subsidiary in the US was established to take charge of the sales of electronic ballasts.
1993	Taichang TMP Electronic Company Limited in China was established to produce a variety of transformers; the capital size was increased to NTD 126,870,000.
1994	The capital size was increased to NTD 152,910,000.
1995	The portfolio was expanded to include the production and sale of switching high-frequency transformers, SMT transformers, micro-inductors, and ultra-thin high-voltage transformers for computers and telecommunication products.
1996	Successfully developed the ultra-thin high-voltage transformer for notebook computers and devoted fully automated production equipment and mass production the delivery began.
1997	The capital size was reduced to NTD 80,000,000 in March in order to make up for the accumulated deficits from prior years. The capital size was again increased to NTD 136,980,000 in June. Ground

Year	Chronicle
1998	<p>was broken for the construction of the new facility in Taichang and ISO 9002 certification was obtained in June.</p> <p>Internal control audit began in October to set on the path to be TPEX-listed.</p> <p>The paid-in capital size was increased to NTD 213,080,000; public offering of shares was approved by the Securities and Futures Institute of the Ministry of Finance in June.</p> <p>Shijie TMP electronic plant was established in Dongguan.</p>
1999	<p>Mass production began in the Dongguan processing facility and it was ISO9002 certified.</p> <p>Transformers and inductors for digital cameras and mobile phones were successfully developed.</p> <p>The industrial workshops at the Fuxing section in Xindian were purchased; the goal of combining office and facility in one was completed.</p>
2000	<p>Organized capital increase in cash in July; the capital size after the increase came to NTD 253,080,000.</p> <p>Successfully developed the high-voltage transformer and the SMD inductor for PDAs.</p> <p>Successfully developed the CPU inductor of the minimum noise in the world.</p>
2000	<p>Successfully developed the thinnest high-voltage transformer for digital cameras in the world.</p>
2001	<p>Organized earnings and capital reserve transferred capital increase in July; the capital size after the increase came to NTD 304,727,000.</p> <p>Successfully developed the switching transformer suitable for digital cameras.</p> <p>Successfully developed the multi-tube balancing inductor for LCD monitors.</p> <p>Successfully developed the ADSL splitter and filter.</p> <p>Successfully developed the power inductor suitable for PDAs.</p>
2002	<p>Listed on the emerging stock market in May.</p> <p>Organized earnings and capital reserve transferred capital increase in July; the capital size after the increase came to NTD 325,220,000.</p> <p>Established the offshore TMP International Co., Ltd. and TMP Investment Limited in September, holding 100% of their shares.</p> <p>Submission for getting TPEX-listed in November.</p>
2003	<p>TPEX-listed on September 3; the stock was listed and started to be traded.</p> <p>Organized earnings and capital reserve transferred capital increase in September; the capital size after the increase came to NTD 361,380,000.</p>

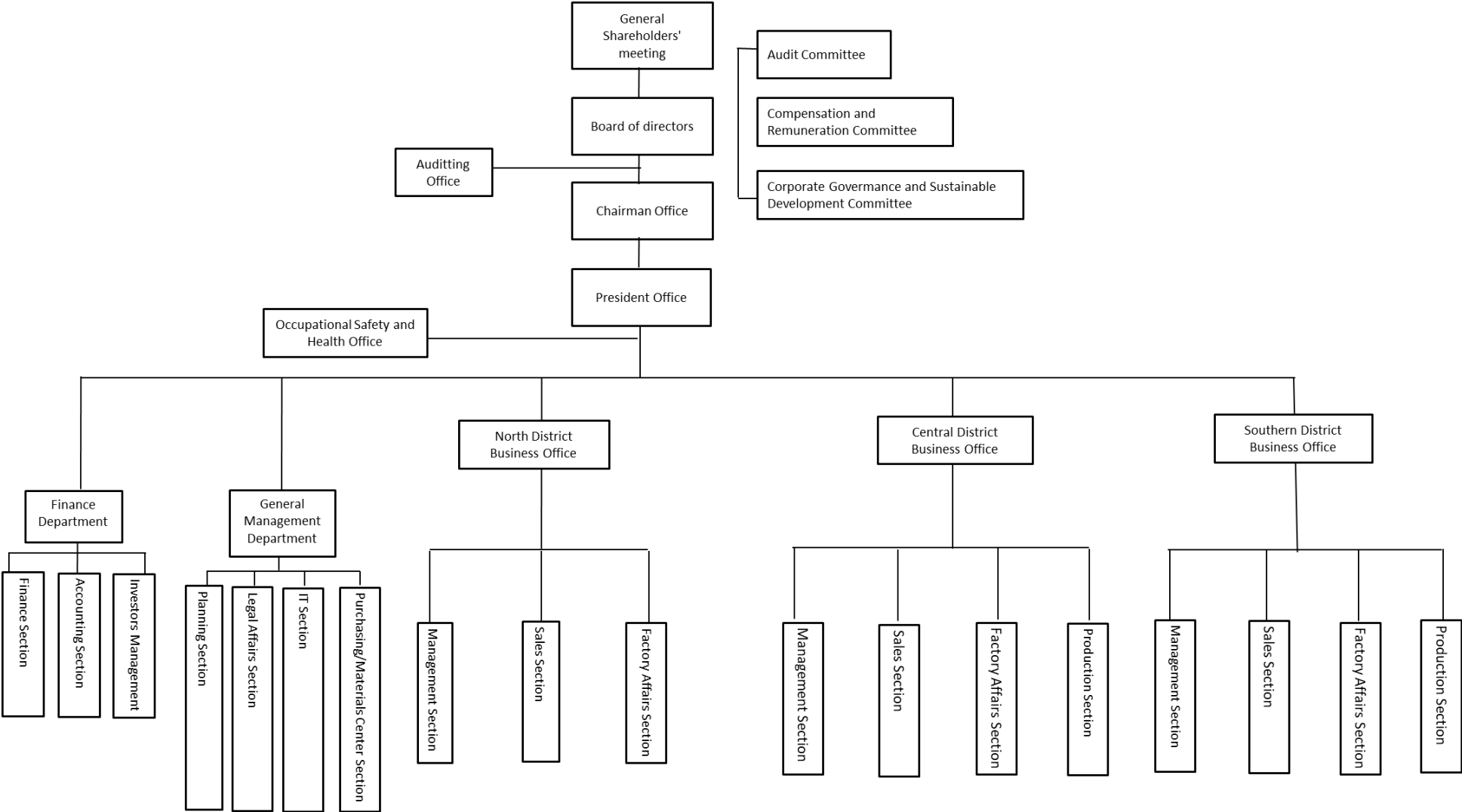
Year	Chronicle
2004	<p>The domestic convertible corporate bonds totaling NTD 150,000,000 were issued to enrich the operating capital in June.</p> <p>Organized earnings and capital reserve transferred capital increase in September; the capital size after the increase came to NTD 395,970,000.</p>
2005	<p>Organized earnings and capital reserve transferred capital increase in October; the capital size after the increase came to NTD 437,980,000.00.</p>
2006	<p>Organized conversion of corporate bonds into shares in January; the capital size after the increase came to NTD 443,870,000.</p> <p>Organized conversion of corporate bonds into shares in March; the capital size after the increase came to NTD 459,550,000.</p> <p>Organized conversion of corporate bonds into shares in July; the capital size after the increase came to NTD 460,900,000.</p> <p>Organized earnings transferred capital increase in September; the capital size after the increase came to NTD 477,870,000.</p>
2007	<p>Organized conversion of corporate bonds into shares in April; the capital size after the increase came to NTD 483,610,000.</p> <p>Organized conversion of corporate bonds into shares in July; the capital size after the increase came to NTD 484,240,000.</p> <p>Organized earnings transferred capital increase and conversion of corporate bonds into shares in October; the capital size after the increase came to NTD 510,360,000.</p>
2008	<p>Organized conversion of corporate bonds into shares in January; the capital size after the increase came to NTD 514,650,000.</p> <p>Wrote off 1000 shares of the treasury stock in October; the capital size after the write-off came to NTD 504,650,000.</p>
2009	<p>The directors and supervisors were comprehensively re-elected in November and the management team was replaced.</p>
2010	<p>TMP Electronic (South Korea) Co., Ltd. was established in March.</p> <p>The name was approved to be changed to “TMP International Co., Ltd.” in July.</p> <p>Wrote off 2000 shares of the treasury stock in November; the capital size after the write-off came to NTD 484,650,000.</p>
2012	<p>Wrote off 1000 shares of of the treasury stock in February; the capital size after the write-off came to NTD 474,650,000.</p> <p>The directors and supervisors were comprehensively re-elected in October and the management team was replaced.</p> <p>Organized capital reduction in November; the capital size after the reduction came to NTD 288,580,000.</p>
2013	<p>It was approved through the General Shareholders’ Meeting in June to</p>

Year	Chronicle
2014	<p>indirectly dispose of the shares held of the reinvested company in Mainland China, TMP Electronic Co., Ltd. in Dongguan.</p> <p>Organized private placement of securities in October; the capital size after the increase came to NTD 538,580,000.</p> <p>In the special shareholders' meeting in December, addition of the "Construction Hardware Division", revision of the scope of operation specified in the Articles of Incorporation, and disposal of the shares held of the offshore re-invested company TMP Corporation were approved.</p> <p>The disposal of the shares held of the overseas subsidiary TMP Corporation and the indirect disposal of the shares held of Taichang TMP Electronic Company Limited, the reinvested company in Mainland China were completed.</p>
2015	<p>Organized capital reduction in October; the capital size after the reduction came to NTD 161,570,000.</p> <p>Organized private placement of securities in April; the capital size after the increase came to NTD 341,570,000.</p> <p>The directors and supervisors were comprehensively re-elected in June and the management team was replaced.</p>
2016	<p>Organized capital reduction in October; the capital size after the reduction came to NTD 306,751,840.</p> <p>The name of the Company was changed in July from "TMP International Co, Ltd." to "TMP Steel Corporation".</p>
2018	<p>The common stock totaling 6,735,405 shares from the first private placement of in 2013 was TPEX-listed and traded accordingly in February.</p> <p>The plant in Pingzhen, Taoyuan, was established in June.</p>
2019	<p>The main office in Taipei was relocated in February from Neihu District to Datong District.</p> <p>To normalize the financial structure, domestic convertible corporate bonds totaling NTD 300,000,000 were issued in November.</p>
2020	<p>The common stock from the first private placement of 2013 and that from the first private placement of 2015 totaling 16,164,973 shares were TPEX-listed and traded accordingly in May.</p>
2021	<p>Built up Zhangbin Campus in Changhua in Sep. 2021</p> <p>Cash capital increase arranged in November, 2021 and the share capital is increased to be NTD456,751,840.</p>
2022	<p>Arranged conversion of corporate bond to be shares in January and the share capital increased to NTD457,115,470.</p> <p>The main office was relocated in June from Datong District to Chang Hua Coastal Industrial Park.</p>

Year	Chronicle
2024	<p>Cash capital increase arranged in August, 2022 and the share capital is increased to be NTD607,115,470.</p> <p>Arranged conversion of corporate bond to be shares in March and the share capital increased to NTD620,836,330.</p> <p>Arranged conversion of corporate bond to be shares in June and the share capital increased to NTD 682,432,950.</p> <p>Arranged conversion of corporate bond to be shares in September and the share capital increased to NTD 685,650,730.</p> <p>Arranged conversion of corporate bond to be shares in December and the share capital increased to NTD 687,531,900.(Note)</p> <p>Note : The physical registration delivery has been completed, but the change registration approval letter has not yet been obtained.</p>

III. Corporate Governance Report

I. Organizational System (I) Organizational Structure



(II) Major Departments and Their Scope of Operation

Department	Scope of Operation
Auditing Office	Assisting Board of Directors and managers in inspecting and checking the defects of internal control system and measure the effect and efficiency of the same system, and timely proposing improvement to ensure the continuous ineffective implementation and providing correction and improvement basis for the internal control system.
Chairman Office	Responsible for performing all matters resolved in Board Meeting.
President Office	<ol style="list-style-type: none"> 1. Overseeing and controlling the administration plans and budget. 2. Executing the matters resolved by Board of Directors. 3. Generally control the execution of operation goal and measures. 4. The operation situation and development plan instructed by Board of Directors and Shareholders Meeting. 5. Executing and supervising the drafts and decision making of major investment plan. 6. Establishing pricing policy and market planning and forecast.
Occupational Safety and Health Office	Responsible for managing and supervising safety/health affairs at departments and plants.
Financial Department	<p>The department is set up with Financial Section 、 Accounting Section 、 Investors Management and their duties are described below:</p> <p>Financial Section and Accounting Section :</p> <ol style="list-style-type: none"> 1. Application of credit lines with financial institutions, funds, raising of funds and the control. 2. Cashier operation, custody of cash, bank transactions, notes receiving and cashing as well as placing. 3. Taxation planning, writing off of taxes and refunding, preparing financial statements, operation analysis and expenses analysis. 4. Establishing and maintaining credit lines for customers. 5. Computation and effecting of salary and wage, handing of account payables, cost analysis, inventory, administration of fix assets. 6. Stock affairs, preparing, planning and convention of Board of Directors and Shareholders Meeting. <p>Investors Management :</p> <ol style="list-style-type: none"> 1. Maintenance of relationship with investors both domestic and overseas. 2. Planning and handling of relation with outside of the Company, such as Road Show. 3. Supervising execution of plans of the Company. 4. Supervising major investing plan. 5. Monitoring of market information.

Department	Scope of Operation
General Management Department	<p>General Management Department is set up with Planning Section 、 Legal Affairs Section 、 IT Section and Purchasing/Materials Center Section and their duties are:</p> <p>Planning Section :</p> <ol style="list-style-type: none"> 1. Executing commands of the General Manager. 2. Management of moving of projects of the Company. 3. Supervising execution of plans of the Company. <p>Legal Affairs Section : Dealing with the issues of litigation incidents and legal affairs.</p> <p>IT Section : The management and maintenance of the company's information software and hardware equipment.</p> <p>Purchasing /Materials Center Section : procurement of raw materials, fixed asset, general affair supplies</p>
North District Business Office	<p>The office is set up with Management Section 、 Sales Section 、 Factory Affairs Section and their duties are:</p> <p>Management Section :</p> <ol style="list-style-type: none"> 1. Responsible for the administration of routing affairs of the Company, personnel administration and management of information soft and hardware equipment, maintenance and operation of software security for the Company, etc. 2. Recruiting, hiring, training, and development of our human forces, etc. <p>Sales Section :</p> <ol style="list-style-type: none"> 1. Collecting market information. 2. Accepting suggestions provided by customers, vendors as well as from inside of the Company or actively collecting. data and plan for proposal of new products. 3. Developing, surveying, selecting, coordinating and servicing customers. 4. Reviewing contract and purchase orders, contacting and coordinating for production, sales and shipping control. 5. Checking, collection and control of account t receivables. 6. Accepting and handling of customer complaints and needs in services and maintenance. 7. Conveying information of quality irregularity information to Production Control Section (QC). <p>Factory Affairs Section :</p> <ol style="list-style-type: none"> 1. Establishing production plan and scheduling and materials for related units and requisition. 2. Assessment and contracting for outsourcing vendors. 3. Receiving of materials and supplies, in-process products, finished

Department	Scope of Operation
	<p>product, issuing, custody and inventory of them.</p> <ol style="list-style-type: none"> 4. Management, service and maintenance of equipment and fixtures. 5. Cutting and processing of deformed bar. 6. Production related matters.
<p>Central District Business Office and Southern District Business Office</p>	<p>The office is set up with Management Section 、 Sales Section 、 Factory Affairs Section 、 Production Section and their duties are:</p> <p>Management Section :</p> <ol style="list-style-type: none"> 1. Responsible for the administration of routing affairs of the Company, personnel administration and management of information soft and hardware equipment, maintenance and operation of software security for the Company, etc. 2. Recruiting, hiring, training, and development of our human forces, etc. <p>Sales Section :</p> <ol style="list-style-type: none"> 1. Collecting market information. 2. Accepting suggestions provided by customers, vendors as well as from inside of the Company or actively collecting. data and plan for proposal of new products. 3. Developing, surveying, selecting, coordinating and servicing customers. 4. Reviewing contract and purchase orders, contacting and coordinating for production, sales and shipping control. 5. Checking, collection and control of account t receivables. 6. Accepting and handling of customer complaints and needs in services and maintenance. 7. Conveying information of quality irregularity information to Production Control Section (QC). <p>Factory Affairs Section :</p> <ol style="list-style-type: none"> 1. Receiving of materials and supplies, in-process products, finished product, issuing, custody and inventory of them. 2. Management, service and maintenance of equipment and fixtures. 3. Cutting and processing of deformed bar. 4. Production related matters. <p>Production Section :</p> <ol style="list-style-type: none"> 1. Establishing production plan and scheduling and materials for related units and requisition. 2. Assessment and contracting for outsourcing vendors.

II. Background Information of Directors, Supervisors, President, Vice President, Assistant Vice President, and Heads of Various Departments and Branches

(I) Information of Directors

1. Directors

Date: March 1, 2024 ; Unit: shares ; %

Position	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Term in office	Initial Date Elected (Inaugurated)	Shares held upon inauguration		Shares currently held		Shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Major Experience/Education	Position held in the Company and any other company at present	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
							Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	Quantity	Ratio			Position	Name	Relation	
Chairman	Taiwan	Taiwan Steel Corporation Representative: Ching-Li Yen	Male 61-70	4/23/2020	3 years	6/29/2018	1,849,000	4.04%	2,304,054	3.29%	-	-	-	-	Department of Industrial Engineering, Feng Chia University Chairman of E-TOP METAL CO., LTD.	Chairman of E-TOP METAL CO., LTD. Chairman of E-SHENG STEEL CO., LTD. Chairman of Taiwan Iron and Steel CO., LTD. Chairman of Taiyu Investment Co., Ltd. Director of Quintain Steel Co., LTD. Director of CHUN YU WORKS & CO.,LTD. Director of OFCO Industrial Co., LTD. Director of Taiwan Steel University of Science and Technology	None	None	None	None
Director	Taiwan	Taiwan Steel Corporation Representative: Shih-Chieh Chao	Male 71-80	4/23/2020	3 years	4/23/2020	1,849,000	4.04%	2,304,054	3.29%	-	-	-	-	Department of Automation, Tsinghua University President of Connection Technology Systems Inc. President of E-TOP METAL CO., LTD. President of E-SHENG STEEL CO., LTD.	Supervisor of Taiyu Investment Co., Ltd. Director of GLORIA MATERIAL TECHNOLOGY CORP. Director of S-TECH CORP.	None	None	None	None
Director	Taiwan	Taiwan Steel Corporation Representative: Kuei-Mei Yang	Female 61-70	4/23/2020	3 years	4/28/2022	1,849,000	4.04%	2,304,054	3.29%	-	-	-	-	Jinou Girls High School Director of the Motion Picture Foundation, R.O.C.	Taipei Golden Horse Film Festival Executive Committee. Director of National Film and Audiovisual Culture Center. Member of Taipei Film Commission. Executive Director of Guitian Culture and Art Foundation. Consultant of HUMANISTIC CULTURE AND EDUCATION FOUNDATION.	None	None	None	None

Position	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Term in office	Initial Date Elected (Inaugurated)	Shares held upon inauguration		Shares currently held		Shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Major Experience/Education	Position held in the Company and any other company at present	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
							Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	Quantity	Ratio			Position	Name	Relation	
Director (Note1)	Taiwan	Taiwan Steel Corporation Representative: King-Cheng Kuo	Male 61-70	4/23/2020	3 years	1/16/2024	1,849,000	4.04%	2,304,054	3.29%	-	-	-	-	Master of Electrical Engineering, National Cheng Kung University As lecturer in department of Electronic Engineering, Southern Taiwan University Director of Amigo Technology Co., Ltd. Director of Amit Technology Corporation	As lecturer in department of Electronic Engineering, Southern Taiwan University Director of Amigo Technology Co., Ltd. Director of Amit Technology Corporation	None	None	None	None
Director (Note2)	Taiwan	Tianchuan Investment Co., Ltd. Representative: Pei-Ying Huang	Female 51-60	11/18/2009	3 years	8/11/2023	6,079,303	13.30%	6,079,303	8.69%	-	-	-	-	Department of Arts, Tainan University of Technology Vice President of E-TOP METAL CO., LTD. Senior manager of E-TOP METAL CO., LTD. Manager of E-TOP METAL CO., LTD. Assistant Manager of Financial Department at E-TOP METAL CO., LTD. Section Chief of Financial Department at E-TOP METAL CO., LTD.	Vice President of E-TOP METAL CO., LTD. Supervisor of E-SHENG STEEL CO., LTD.	None	None	None	None
Director (Note2)	Taiwan	Tianchuan Investment Co., Ltd. Representative: Wen-Hsiung Mu	Male 51-60	11/18/2009	3 years	8/11/2023	6,079,303	13.30%	6,079,303	8.69%	-	-	-	-	Department of Industrial Management and Information, Southern Taiwan University Vice President of E-SHENG STEEL CO., LTD. Assistant Manager of Sales Department at OFCO Industrial Co., LTD.	Vice President of E-SHENG STEEL CO., LTD.	None	None	None	None
Independent Director	Taiwan	Ti-miao Wu	Female 41-50	4/28/2022	3 years	4/23/2020	-	-	-	-	-	-	-	-	Master of Business Administration, National Cheng Kung University NON SHENG CO., LTD. Chief Financial Officer Genesis Photonics Inc. Chief Financial Officer	Shin Nong Technology Corporation Chief Financial Officer	None	None	None	None
Independent Director	Taiwan	Yu-chi Huang	Male 41-50	4/28/2022	3 years	4/28/2022	-	-	-	-	-	-	-	-	B.A. in Financial Law, National Taipei University Member of the Chinese affairs committee of the Taiwan Bar Association Lawyer, Tong-Li Attorneys-At-Law (Taipei) Senior Counsel, Zoomlaw Attorneys-at-Law (Taipei) Legal Advisor, PX Mart Co Legal Advisor, Eagleburgmann Taiwan Co (EKK Group, Japan)	Lawyer of YU-CHENG ATTORNEYS-AT-LAW.	None	None	None	None

Position	Nationality or Place of Registration	Name	Gender Age	Date Elected (Inaugurated)	Term in office	Initial Date Elected (Inaugurated)	Shares held upon inauguration		Shares currently held		Shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Major Experience/Education	Position held in the Company and any other company at present	Other department heads, directors, or supervisors who are the spouse or a relative within the second degree of kinship			Remarks
							Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	Quantity	Ratio			Position	Name	Relation	
Independent Director	Taiwan	Su-i Chou	Male 61-70	4/28/2022	3 years	4/28/2022	-	-	-	-	-	-	-	-	M.A. in China Studies, National Sun Yat-sen University Judge, Taiwan Kaohsiung District Court Judge and Presiding Judge, Taiwan Tainan District Court Adjunct Assistant Professor, Department of Accountancy, National Cheng Kung University Independent Director and Remuneration Committee Member, TEKOM Technology Co	Presiding Attorney, Liang Yi Law Firm Legal Advisor, Tainan Prison, Agency of Correction, Ministry of Justice Grievance Review Committee Member, Tainan Prison, Agency of Correction, Ministry of Justice	None	None	None	None

Note1 : The corporate shareholder of Taiwan Steel Corporation appointed Director King-Cheng Guo to take over the directorship of Ms. Yu-Jia Huang on 1/16/2024.

Note2 : The corporate shareholder of Tianchuan Investment Co., Ltd. appointed Director Pei-Ying Huang and Wen-Hsiung Mu to take over the directorship of Ms. Yu-Yeh Tsai and Mr. Chun-Liang Yeh on 11/8/2023.

2. Major shareholders of institutional shareholders

Date: March 1, 2024

Name of institutional shareholder	Major shareholder of the institutional shareholder
Tianchuan Investment Co., Ltd.	SAPIDO TECHNOLOGY INC. (100% of shares)
Taiwan Steel Corporation	Jinzhifu Asset Management Co., Ltd. (100% of shares)

3. Primary shareholder of any of the major shareholders that is a corporation

Date: March 1, 2024

Name of corporation	Major shareholder of the corporation
President of SAPIDO TECHNOLOGY INC.	E-TOP METAL CO., LTD. (100% of shares)
Jinzhifu Asset Management Co., Ltd.	Chun-Yi Huang (45% of shares), Chiung-Fen Wang (36% of shares), E-TOP METAL CO., LTD. (19% of shares)

4. Disclosure of professional qualification of directors and independent directors and independency information of independent directors.

Name	Professional qualification and experience(Note 1)	Independence (Note 2)	Number of other public offering companies serving as independent directors
Ching-Li Yen	<p>Equipped with the working experience in commerce, legal, financial and operation and management capability required by the Company.</p> <p>Chairman of E-TOP METAL CO., LTD. 、Chairman of E-SHENG STEEL CO., LTD. 、Chairman of Taiwan Iron and Steel CO., LTD. 、Chairman of Taiyu Investment Co., Ltd. 、Director of Quintain Steel Co., LTD. 、Director of CHUN YU WORKS & CO.,LTD. 、Director of OFCO Industrial Co., LTD. 、Director of Taiwan Steel University of Science and Technology.</p> <p>Free of situations provided under items of Clause 30 of Company Act.</p>	Not independent director. Not applicable	None
Shih-Chieh Chao	<p>Equipped with the working experience in commerce, legal, financial and operation and management capability required by the Company.</p> <p>Supervisor of Taiyu Investment Co., Ltd. 、Director of GLORIA MATERIAL TECHNOLOGY CORP. 、Director of S-TECH CORP.</p> <p>Free of situations provided under items of Clause 30 of Company Act.</p>	Not independent director. Not applicable	None
Kuei-Mei Yang	<p>Equipped with the working experience in commerce, legal, financial and operation and management capability required by the Company.</p> <p>Taipei Golden Horse Film Festival Executive Committee. 、Director of National Film and Audiovisual Culture Center. 、Member of Taipei Film Commission. 、Executive Director of Guitian Culture and Art Foundation. 、Consultant of HUMANISTIC CULTURE AND EDUCATION FOUNDATION.</p> <p>Free of situations provided under items of Clause 30 of Company Act.</p>	Not independent director. Not applicable	None
King-Cheng Kuo	<p>Equipped with the working experience in commerce, legal, and management capability required by the Company.</p> <p>Director of Electronic Engineering 、Director of Amit Technology Corporation. 、Southern Taiwan University.</p> <p>Free of situations provided under items of Clause 30 of Company Act.</p>	Not independent director. Not applicable	None
Pei-Ying Huang	<p>Equipped with the working experience in commerce, legal, financial and operation and management capability required by the Company.</p> <p>Vice president of E-TOP METAL CO., LTD. 、Supervisor of E-SHENG STEEL CO., LTD.</p> <p>Free of situations provided under items of Clause 30 of Company Act.</p>	Not independent director. Not applicable	None
Wen-Hsiung Mu	<p>Equipped with the working experience in commerce, legal, financial and operation and management capability required by the Company.</p> <p>Vice president of E-SHENG STEEL CO.,</p> <p>Free of situations provided under items of Clause 30 of Company Act.</p>	Not independent director. Not applicable	None

Name	Professional qualification and experience(Note 1)	Independence (Note 2)	Number of other public offering companies serving as independent directors
Ti-miao Wu	Equipped with the working experience in commerce, legal, financial and operation and management capability required by the Company. Shin Nong Technology Corporation Chief Financial Officer. Free of situations provided under items of Clause 30 of Company Act.	This is an independent director. The director, the spouse and relatives within 2-tiere are not director, supervisor or employee of the Company and the subsidiary. The director is not holding share of the Company and is not acting as director, supervisor.	None
Yu-chi Huang	Equipped with the working experience in commerce, legal, financial and operation and management capability required by the Company. Lawyer of YU-CHENG ATTORNEYS-AT-LAW. Free of situations provided under items of Clause 30 of Company Act.	This is an independent director. The director, the spouse and relatives within 2-tiere are not director, supervisor or employee of the Company and the subsidiary. The director is not holding share of the Company and is not acting as director, supervisor.	None
Su-i Chou	Equipped with the working experience in commerce, legal, financial and operation and management capability required by the Company. Presiding Attorney, Liang Yi Law Firm 、 Legal Advisor, Tainan Prison, Agency of Correction, Ministry of Justice 、 Grievance Review Committee Member, Tainan Prison, Agency of Correction, Ministry of Justice. Free of situations provided under items of Clause 30 of Company Act.	This is an independent director. The director, the spouse and relatives within 2-tiere are not director, supervisor or employee of the Company and the subsidiary. The director is not holding share of the Company and is not acting as director, supervisor.	None
<p>Note 1: Professional qualification and Experience: Describing the professional qualification and experience of individual director or supervisor. In case of member of Auditing Committee and is in accounting or financial profession, the background of accounting or finance and work experience shall be described, and shall explain if any situation stated under items of Clause 30 of Company Act has been involved.</p> <p>Note 2: For independent director, the independency shall be clearly described, which shall include, but not limited to whether his or herself, or spouse, relative within 2-tier relation (or using name of other person) is holding office of director or supervisor or is an employee of the Company or in the subsidiary,; if the principal or spouse or relative of two-tier relation (or using name of other person) is holding shares of the Company or in the subsidiary (reference shall be taken with Item 5, 6, 7 & 8, Para. 1, Clause 3 of Measures of Installation of Independent Directors and Things to be Complied Securities Public Issuers); whether service has been provided for the \Company in commerce, legal affair, finance, accounting, etc. and the amount of remuneration in the latest 2 years.</p>			

5. Diversity and independency of Board of Directors:

(1) For the diversification in the composition of the Board of Directors:

① The Company has set up 9 directors (including 3 independent directors) reflective of its current operational scale and developmental demand. They are experts and professionals specializing in the industry, law, or operation, among others to fulfill its policy on diversified composition of the Board of Directors. Primary policy goals include:

A. Diversification shall be taken into consideration for the composition of the Board of Directors and a suitable diversification policy is prepared reflective of its function, operational pattern, and developmental demand. It shall include, without limitation, the following criteria:

a. Basic requirements and values: gender, age, nationality, and culture, etc.

b. Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience, etc.

B. The Board members shall possess the general knowledge, skills, and attainments required for fulfilling their duties. The desired capabilities as a whole are Operational judgment 、 Accounting and financial analyses 、 Operation and management 、 Crisis management 、 Industrial knowledge 、 International market views 、 Leadership 、 Decision-making.

② Among the Board members, independent directors account for 33% and no directors who are also employees account. For the time being, the 2 independent directors have served for less than 3 years and 1 independent director has served for 4 to 6 years. In order to fulfill gender equity in the composition of the Board of Directors, the goal is to have at least one different gender. A goal for the future is to have no more than 9 years served continuously by any independent director that is re-elected and serves subsequent terms and have at least one different gender director.

③For the diversification of the Board members:

Poly-element core item		Gender	Operational judgment	Accounting and financial analyses	Operational management	Crisis management	Industrial knowledge	International market views	Leadership	Decision-making
Name of director										
Chairman	Taiwan Steel Corporation	Male	V	V	V	V	V	V	V	V
	Representative: Ching-Li Yen									
Director	Taiwan Steel Corporation	Male	V	V	V	V	V	V	V	V
	Representative: Shih-Chieh Chao									
Director	Taiwan Steel Corporation	Female	V	V		V	V	V	V	V
	Representative: Kuei-Mei Yang									
Director (Note1)	Taiwan Steel Corporation	Male	V	V	V	V	V	V	V	V
	Representative: King-Cheng Kuo									
Director (Note2)	Tianchuan Investment Co., Ltd.	Female	V	V	V	V	V	V	V	V
	Representative: Pei-Ying Huang									
Director (Note2)	Tianchuan Investment Co., Ltd.	Male	V	V	V	V	V	V	V	V
	Representative: Wen-Hsiung Mu									
Independent Director	Ti-Miao Wu	Female	V	V	V	V	V	V	V	V
Independent Director	Yu-Chi Huang	Male	V			V	V		V	V
Independent Director	Su-I Chou	Male	V			V	V		V	V

Note1 : The corporate shareholder of Taiwan Steel Corporation appointed Director King-Cheng Guo to take over the directorship of Ms. Yu-Jia Huang on 1/16/2024.

Note2 : The corporate shareholder of Tianchuan Investment Co., Ltd. appointed Director Pei-Ying Huang and Wen-Hsiung Mu to take over the directorship of Ms. Yu-Yeh Tsai and Mr. Chun-Liang Yeh on 11/8/2023.

(2) Independency of Board of Directors: There are three independent directors (including one female independent director), which is in conformity with Article 14-2 thereof, which stipulates that the number of independent directors shall not be less than two and not be less than one-fifth of the total number of directors.

(II) Profile of President, Vice President, Assistant Vice President, and Heads of Respective Departments and Branches

Date: March 1, 2024 ; Unit: shares ; %

Position	Nationality	Name	Gender	Date Elected (Inaugurated)	Shares held		Shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Major Experience/Education	Position held in any other company at present	Manager who is the spouse or a relative within the second degree of kinship			Remarks
					Quantity	Ratio	Quantity	Ratio	Quantity	Ratio			Title	Name	Relationship	
President	Taiwan	Yun-Shi Yang	Female	08/12/2021	-	-	-	-	-	-	Department of Accounting, Hsing Wu University. TMP International Co., LTD. President of the Hardware Construction Materials Division.	None	None	None	None	None
Central Taiwan Sales Department Vice President	Taiwan	Jhun-Rong Liang	Female	08/12/2021	9,000	-	-	-	-	-	Department of Business Administration, Ling Tung University. Sales Manager of E-SHENG STEEL CO., LTD. Sales Manager of E-TOP METAL CO., LTD.	None	None	None	None	None
Finance Department Manager	Taiwan	Uei-Ling Wang	Female	10/28/2022	-	-	-	-	-	-	Master of Business Administration, National Cheng Kung University. Department of Business Administration and Accounting, Chung Yuan Christian University. Assistant Manager of Finance Department at E-SHENG STEEL CO., LTD..	None	None	None	None	None

Position	Nationality	Name	Gender	Date Elected (Inaugurated)	Shares held		Shares currently held by the spouse and minor child(ren)		Shares held in someone else's name		Major Experience/Education	Position held in any other company at present	Manager who is the spouse or a relative within the second degree of kinship			Remarks
					Quantity	Ratio	Quantity	Ratio	Quantity	Ratio			Title	Name	Relationship	
											Assistant Manager of the audit department at PricewaterhouseCoopers Taiwan.					

III. Remuneration paid to directors, supervisors, the President, and Vice President in the past year

(I) Remuneration paid to directors, supervisors, the President, and Vice President in the past year(2023)

1. Remuneration paid to directors (including independent directors)

Date:December 31, 2023 ; Unit:NT\$ thousand ; %

Position	Name	Remuneration to directors								Ratio of the sum of A, B, C, and D to after-tax net profit		Related remuneration to those who are also employees								Ratio of the sum of A, B, C, D, E, F, and G to after-tax net profit		Claim of remuneration from re-invested businesses other than subsidiaries
		Rewards (A)		Retirement and pension (B)		Remuneration to directors (C)		Operational expenditure (D)				Salary, bonus, and special expenditure (E)		Retirement and pension (F)		Remuneration to employees (G)						
		The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	Cash value	Stock value	Cash value	Stock value	The Company	All companies included in the financial statement	
Chairman	Taiwan Steel Corporation Representative: Ching-Li Yen	480	480	-	-	277	277	45	45	0.30%	0.30%	3,007	3,007	-	-	-	-	-	-	1.45%	1.45%	None
Director	Taiwan Steel Corporation Representative: Shih-Chieh Chao	360	360	-	-	277	277	45	45	0.26%	0.26%	-	-	-	-	-	-	-	-	0.26%	0.26%	None
Director	Taiwan Steel Corporation Representative: Kuei-Mei Yang	360	360	-	-	277	277	45	45	0.26%	0.26%	-	-	-	-	-	-	-	-	0.26%	0.26%	None
Director (Note1)	Taiwan Steel Corporation Representative: Yu-Jia Huang	360	360	-	-	277	277	45	45	0.26%	0.26%	1,173	1,173	-	-	70	-	70	-	0.73%	0.73%	None
Director (Note2)	Tianchuan Investment Co., Ltd. Representative: Yu-Yeh Tsai	300	300	-	-	-	-	10	10	0.12%	0.12%	-	-	-	-	-	-	-	-	0.12%	0.12%	None
Director (Note2)	Tianchuan Investment Co., Ltd. Representative: Chun-Liang Yeh	300	300	-	-	-	-	30	30	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	None
Director (Note2)	Tianchuan Investment Co., Ltd. Representative: Pei-Ying Huang	60	60	-	-	277	277	15	15	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	None

Position	Name	Remuneration to directors								Ratio of the sum of A, B, C, and D to after-tax net profit		Related remuneration to those who are also employees								Ratio of the sum of A, B, C, D, E, F, and G to after-tax net profit		Claim of remuneration from re-invested businesses other than subsidiaries
		Rewards (A)		Retirement and pension (B)		Remuneration to directors (C)		Operational expenditure (D)				Salary, bonus, and special expenditure (E)		Retirement and pension (F)		Remuneration to employees (G)						
		The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company		All companies included in the financial statement		The Company	All companies included in the financial statement	
																Cash value	Stock value	Cash value	Stock value			
Director (Note2)	Tianchuan Investment Co., Ltd. Representative: Wen-Hsiung Mu	60	60	-	-	277	277	15	15	0.13%	0.13%	-	-	-	-	-	-	-	-	0.13%	0.13%	None
Independent Director	Ti-Miao Wu	480	480	-	-	277	277	45	45	0.30%	0.30%	-	-	-	-	-	-	-	-	0.30%	0.30%	None
Independent Director	Yu-Chi Huang	360	360	-	-	277	277	40	40	0.26%	0.26%	-	-	-	-	-	-	-	-	0.26%	0.26%	None
Independent Director	Su-I Chou	360	360	-	-	277	277	45	45	0.26%	0.26%	-	-	-	-	-	-	-	-	0.26%	0.26%	None

1. Please describe the payment policy, system, criteria, and structure of remuneration for independent directors and the association between factors such as responsibilities assigned, risks, and time spent, among others, and the value of the rewards paid:

(1) According to the company's Articles of Incorporation, if the final annual accounts of the Corporation show a net profit for a given year, the board of directors shall decide to allocate no more than 4% (inclusive) as directors' remuneration. The remuneration of all directors shall be based on the usual standards in the industry and reviewed by the company's remuneration committee and resolution by the board of directors.

(2) According to the organizational regulations of the Company's Remuneration Committee, the performance evaluation and salary remuneration of directors should refer to the usual payment situation of peers, and take into account the results of personal performance evaluation, time invested, responsibilities assumed, achievement of personal goals, and responsibilities assumed. The performance of other positions, the salary and remuneration the company has given to those with equivalent positions in recent years, and the reasonableness of the relationship between individual performance and the company's operating performance and future risks are evaluated based on the achievement of the company's short-term and long-term business goals, the company's financial status, etc.

2. Besides those disclosed in the above table, remuneration paid to directors in the most recent year for having provided services to all companies covered in the financial statement (such as consultant, other than employee of the parent company, company listed under financial statements and / or invested entity): None.

Note 1: The corporate shareholder of Taiwan Steel Corporation appointed Director King-Cheng Guo to take over the directorship of Ms. Yu-Jia Huang on 1/16/2024. The remuneration was disclosed during the period of holding the position.

Note 2: The corporate shareholder of Tianchuan Investment Co., Ltd. appointed Director Pei-Ying Huang and Wen-Hsiung Mu to take over the directorship of Ms. Yu-Yeh Tsai and Mr. Chun-Liang Yeh on 11/8/2023. The remuneration was disclosed during the period of holding the position.

* The remuneration disclosed herein differs from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.

2. Remuneration to supervisors : The Company established the Audit Committee on April 23, 2020 to replace the function of supervisor.

3. Remuneration to the President and Vice President

Date:December 31, 2023 ; Unit: NT\$ thousand ; %

Position	Name	Salary (A)		Retirement and pension (B)		Bonus and special expenditure (C)		Remuneration to employees (D)				Ratio of the sum of A, B, C, and D to after-tax net profit (%)		Claim of remuneration from re-invested businesses other than subsidiaries
		The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company	All companies included in the financial statement	The Company		All companies included in the financial statement		The Company	All companies included in the financial statement	
								Cash value	Stock value	Cash value	Stock value			
President	Yun-Shi Yang	2,600	2,600	108	108	600	600	200	-	200	-	1.33%	1.33%	None
Vice President	Yu-jia Huang (Note1)	873	873	-	-	300	300	70	-	70	-	0.47%	0.47%	None
Vice President of the Northern Taiwan Business Department	Han-Hsin Cheng (Note2)	650	650	21	21	-	-	-	-	-	-	0.25%	0.25%	None
Vice President of the Central Taiwan Business Department	Jhun-Rong Liang	1,476	1,476	87	87	420	420	120	-	120	-	0.80%	0.80%	None

Note 1:Resigned on December 31, 2023 and the disclosure of remuneration is information of holding the office.

Note 2:Retired on April 30,2023 and the disclosure of remuneration is information of holding the office.

* The remuneration disclosed herein differs from the idea of income as indicated in the Income Tax Act. Therefore, this table is meant for information disclosure only, not for taxation.

4. Names of managers assigned with employee remuneration and the distribution

Date:December 31, 2022; Unit: NT\$ thousand ; %

Position	Name	Stock value	Cash value	Total	Ratio of sum to after-tax net profit (%)
President	Yun-Shi Yang	-	433	433	0.16%
Vice President	Yu-Jia Huang(Note1)				
Vice President of the Northern Taiwan Business Department	Han-Hsin Cheng(Note2)				
Vice President of the Central Taiwan Sales Department	Jhun-Rong Liang				
Manager of Finance Department	Uei-Ling Wang				

Note 1:Resigned on December 31, 2023 and the disclosure of remuneration is information of holding the office.

Note 2:Retired on April 30,2023 and the disclosure of remuneration is information of holding the office.

(II) Analysis of ratios of total remunerations paid to directors, supervisors, the President, and the Vice President of the Company over the past two years to the after-tax net profit of individual or individual financial reports and information on the policy, criteria, and combination of remunerations paid, the procedure to define the remuneration, and the correlation with business performance.

1. Analysis of ratios of total remunerations paid to directors, supervisors, the President, and the Vice President of the Company over the past two years to the after-tax net profit

Unit: NT\$ thousand ; %

Position	2023			2022		
	Total remuneration	After-tax net profit	Ratio of total remuneration to after-tax net profit %	Total remuneration	After-tax net profit	Ratio of total remuneration to after-tax net profit %
Director(including independent directors)	10,603	263,228	4.03%	9,912	177,129	5.60%
President and Vice President	7,525	263,228	2.86%	8,384	177,129	4.74%
Total	18,128	263,228	6.89%	18,521	177,129	10.46%

2. Information on the policy, criteria, and combination of remunerations paid, the procedure to define the remuneration, and the correlation with business performance.

For tasks performed on behalf of the Company, directors and supervisors may be compensated. Their compensation is to be proposed by the Compensation and Remuneration Committee and finalized through the meeting of the Board of Directors. For the President and Vice President, the compensation is to be paid according to their involvement in corporate operations and the value of their contribution; it is also to be proposed by the Compensation and Remuneration Committee and finalized through the meeting of the Board of Directors. In addition, Article 19 of the Company's Articles of Incorporation stipulates that with profits, the Company shall set aside 1% to 10% to be remunerations to its employees. The Board of Directors shall decide whether it is to be distributed in stock or in cash. The remuneration may to distributed to employees of the controlling or subordinate company that meets certain criteria. With the above-mentioned profits, the Company may, with prior finalization by the Board of Directors, set aside no higher than 4%, inclusive, to be the remuneration to directors and supervisors, which will not pose risk for the future.

The salary and compensation for the Company's directors (including independent directors) and managers is based on the overall considerations of their involvement in corporate operations and their performance. Domains considered include the implementation of the Company's core values and the

operational and managerial capabilities, the financial and sales and operational performance indicators and comprehensive management indicators, continuing education, and involvement in sustainable operation as well as other special contributions or major negative events (details are provided in the table below). They are included in the performance evaluation and considered for the distribution of compensation.

Measure	Description
Implementation of core corporate values and operational and managerial capabilities	Ethical practice, approval, and commitment are the prerequisites plus the fulfillment of operational beliefs, corporate culture, and demonstration of leadership and managerial capabilities
Financial and sales and managerial performance indicators and comprehensive management indicators	Financial and sales benchmarks: Financial and sales performance, including profitability, growth rate, leadership on the market, and quality of product, etc. Comprehensive management indicators: innovation and integration, risk management and information security, etc.
Continuing education and involvement in sustainable operation	Do the directors and managers follow regulatory requirements for continuing education and acquisition of new knowledge and are they devoted to sustainable corporate operation and the developmental activities, etc.?
Other special contributions or major negative events	International certifications or awards obtained by the Company, for example. Major negative news, improper internal management, staff frauds, etc.

IV. Status of Corporate Governance

(I) Operational Status of the Board of Directors

1. Seating and attendance of directors in the 9 (A) meetings of the Board of Directors over the past year (2023) are as follows:

Position	Name	Actual attendance (seated) frequency (B)	Attendance through proxy	Actual attendance (seated) rate (%) (B/A)	Remarks
Chairman	Taiwan Steel Corporation Representative: Ching-Li Yen	9	0	100%	
Director	Taiwan Steel Corporation Representative: Shih-Chieh Chao	9	0	100%	
Director	Taiwan Steel Corporation Representative: Kuei-Mei Yang	9	0	100%	
Director	Taiwan Steel Corporation Representative: Yu-Jia Huang	9	0	100%	Note1 (This term should be attended 9 times).
Director	Tianchuan Investment Co., Ltd. Representative: Yu-Yeh Tsai	2	0	33%	Note2 (This term should be attended 6 times).
Director	Tianchuan Investment Co., Ltd. Representative: Chun-Liang Yeh	6	0	100%	Note2 (This term should be attended 6 times).
Director	Tianchuan Investment Co., Ltd. Representative: Pei-Ying Huang	3	0	100%	Note2 (This term should be attended 6 times).
Director	Tianchuan Investment Co., Ltd. Representative: Wen-Hsiung Mu	3	0	100%	Note2 (This term should be attended 6 times).
Independent Director	Ti-Miao Wu	9	0	100%	
Independent Director	Yu-Chi Huang	8	1	89%	
Independent Director	Su-I Chou	9	0	100%	

Note 1: The corporate shareholder of Taiwan Steel Corporation appointed Director King-Cheng Guo to take over the directorship of Ms. Yu-Jia Huang on 1/16/2024.

Note 2: The corporate shareholder of Tianchuan Investment Co., Ltd. appointed Director Pei-Ying Huang and Wen-Hsiung Mu to take over the directorship of Ms. Yu-Yeh Tsai and Mr. Chun-Liang Yeh on 11/8/2023.

Other details to be documented:

- I. For matters listed in Article 14-3 of the Securities Exchange Act and other resolutions reached in Board of Directors' meetings objected to or with reservations expressed by independent directors that are recorded or documented in written statements of directors in a written statement, the date, session No., details of proposals, opinions of all independent directors, and how the Company addressed opinions of independent directors in the Board of Directors' meeting shall be stated: None.
- II. For the enforcement of recusal upon conflicts of interest among directors, the name of the director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described:

Date	Name of director	Contents of the proposal	Reason for the recusal	Participation in voting
02/17/2023	Ching-Li Yen/ Yu-chi Huang	Significantly related party transaction case - purchase of goods from E-TOP METAL CO.,.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
02/17/2023	Ching-Li Yen/ Yu-chi Huang	Significantly related party transaction case - purchase of goods from E-Sheng Steel CO., LTD.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
05/05/2023	Ching-Li Yen/ Yu-chi Huang	Significantly related party transaction case - purchase of Intangible assets from SAPIDO TECHNOLOGY INC.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
05/05/2023	Ching-Li Yen/ Yu-chi Huang	Significantly related party transaction case - Sell of goods to E-TOP METAL CO.,.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
05/05/2023	Ching-Li Yen/ Yu-chi Huang	Significantly related party transaction case - sell of goods to E-Sheng Steel CO., LTD.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
08/11/2023	Yu-chi Huang	Proposal to distribute 2022 manager's compensation.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
09/27/2023	Yu-chi Huang	Amendment to distribute 2022 manager's compensation.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
01/24/2024	Yu-chi Huang	Proposal to 2023 manager's Year-end bonuses.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
02/23/2024	Ching-Li Yen	Significantly related party transaction case - purchase of goods from E-TOP METAL CO.,.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
02/23/2024	Ching-Li Yen	Significantly related party transaction case - purchase of goods from E-Sheng Steel CO., LTD.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.

Date	Name of director	Contents of the proposal	Reason for the recusal	Participation in voting
02/23/2024	Ching-Li Yen	Significantly related party transaction case - Sell of goods to E-TOP METAL CO.,.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.
02/23/2024	Ching-Li Yen	Significantly related party transaction case - sell of goods to E-Sheng Steel CO., LTD.	Conflicting interest.	The individual excused himself and did not take part in discussions and voting.

III. The evaluation cycle and duration, and scope, approach, and content of the evaluation, among other information, of the reviews performed independently by the Board of Directors or peer reviews

Evaluation Cycle	Evaluated period	Scope of evaluation	Evaluation method	Highlights of evaluation
once every three years	10/01/2022 ~ 09/30/2023	Board of Directors	The external assessment execution unit is the Taiwan Investor Relations Institute. The association uses a questionnaire to ask board members to self-evaluate and conducts online interviews with the company's chairman, convener of functional committees, corporate governance director, and audit director.	Board composition and professional development, board decision-making quality, board operation effectiveness, internal control, and risk management, board affairs, and corporate social responsibility level. The Salary and Remuneration Committee reviewed the evaluation results on 2/23/2024 and reported to the Board of Directors on 2/23/2024.

Evaluation Cycle	Evaluated period	Scope of evaluation	Evaluation method	Highlights of evaluation
Once a year	01/01/2023 ~ 12/31/2023	Board members and functional committees	internal self-assessment questionnaire	<p>Director members: mastery of the company's goals and tasks, awareness of directors' responsibilities, degree of participation in company operations, internal relationship management and communication, directors' professional and continuing education, and internal control.</p> <p>Each functional committee: degree of participation in company operations, awareness of functional committee responsibilities, improvement of functional committee decision-making quality, functional committee composition and member selection, and internal control.</p> <p>The Salary and Remuneration Committee reviewed the evaluation results on 2/23/2024 and reported to the Board of Directors on 2/23/2024</p>

IV. Reinforced assessments of functional objectives (such as setting up the Audit Committee, promoting information transparency, etc.) of the Board of Directors and implementation status of the objectives of the specific year and over the past year:

1. The Company has the Rules of Procedure for Board of Directors' Meetings in place to be followed for the operation of the Board of Directors.
2. Important financial and sales information of the Company are announced periodically or from time to time as required by law.

(II) Operational Status of the Audit Committee and Participation of Supervisors in the Operations of the Board of Directors

1. The Committee met 8 times (A) in total over the past year (2023) and seating of independent directors in the meetings is as follows:

Position	Name	Actual attendance frequency (B)	Attendance through proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Ti-miao Wu	8	0	100%	
Committee member	Yu-Chi Huang	7	1	88%	
Committee member	Su-I Chou	8	0	100%	

Operational status of the Audit Committee in 2023 is as follows:

Date	Contents of the proposal	Decisions made	How the Company addressed opinions from the Audit Committee
02/17/2023	<ol style="list-style-type: none"> 1. Formulate “Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies” and “Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Sustainability Reports by TWSE Listed Companies”. 2. Revised the “Corporate Governance Best Practice Principles”. 3. Revised the “Procedures for the Acquisition or Disposal of Assets”. 4. Revised “Procedures of Related Party transactions” and “Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises”. 5. Significant related party transactions - Purchases of goods from E-TOPMETAL CO., LTD. 6. Significant related party transactions - Purchases of goods from E-SHENG STEEL CO., LTD. 7. Significant related party transactions - Provide transportation services from TSG Transport CO., LTD. 	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
03/10/2023	<ol style="list-style-type: none"> 1. Distribution of remuneration to employees and directors in 2022. 2. 2023 Operation Reports and Financial Statements. 3. 2023 distribution of dividends 4. 2023 Internal Control System Declaration. 5. Independence and suitability evaluation of CPAs. 6. The budget of new real property and equipment capital expenditure. 	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.

Date	Contents of the proposal	Decisions made	How the Company addressed opinions from the Audit Committee
05/05/2023	<ol style="list-style-type: none"> 1. The Consolidated Financial statements as of the March 31,2023 . 2. Pre-approval of CPAs, their firms, and firm-affiliated companies to provide Non-audit services to the company and subsidiaries and 2023 Accountant's fees review cases 3. Significant related party transactions - Purchases of intangible assets from SAPIDO TECHNOLOGY INC. 4. Significant related party transactions - sells of goods from E-TOPMETAL CO., LTD. 5. Significant related party transactions - sells of goods from E-SHENG STEEL CO., LTD. 6. Issuing new shares for the 4th Unsecured Convertible Corporate Bond. 	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
08/11/2023	<ol style="list-style-type: none"> 1. With the internal rotation of the accounting firm and changes the CPAs 2. The Consolidated Financial statements as of the June 30,2023. 3. Issuing new shares for the 4th Unsecured Convertible Corporate Bond,and handling registration of change in share capital 4. The project to be get the Right-of-use assets - south land. 5. Distribution of the employee remuneration of the managers in 2022 	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
09/27/2023	<ol style="list-style-type: none"> 1. Due to the adjustment of SAPIDO TECHNOLOGY INC.'s operating business, the contract was re-contracted through the purchase of intangible assets. 2. Changes in the distribution of the employee remuneration of the managers in 2022. 	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
11/10/2023	<ol style="list-style-type: none"> 1. The Consolidated Financial statements as of the September 30,2023. 2. Issuing new shares for the 4th Unsecured Convertible Corporate Bond,and handling registration of change in share capital. 3. The project to be get the Right-of-use assets - south land. 4. The 2024 Audit Plan. 	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
11/30/2023	<ol style="list-style-type: none"> 1. The appointment of the audit supervisor. 2. Expecting to acquire private placement of common shares from ENSURE GLOBAL CORP., LTD. 	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
12/27/2023	Redeeming of the 4rd Unsecured Convertible Corporate Bond.	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.

Highlights of Tasks Throughout the Year:

The Audit Committee consists of three independent directors and aims to help the Board of Directors fulfill its obligation to supervise over the quality and integrity of applicable accounting, audit, and financial reporting procedures and financial control.

The Audit Committee met 8 times in 2023 and matters deliberated primarily include:

1. Audit of financial statements and the accounting policy and procedure
2. Compliance

3. Corporate Risk management
4. Delegation or dismissal of CPAs and their compensation
5. Fulfillment of responsibilities of Audit Committee
6. Audit Committee performance evaluation self-assessment questionnaire

Other details to be documented:

- I. Under one of the following situations, the operation of Auditing Committee shall explain the following: Date of meeting of the Committee, Term, Content of Proposition, Content of Opinion of Objection of Independent Director, Reserved Opinion or Material Suggestions, Outcome of Resolution of Auditing Committee and the handling of opinion of Auditing Committee of the Company.
 - (I) Matters listed in Article 14-5 of the Securities and Exchange Act: Refer to the Operational Status of the Audit Committee in 2023.
 - (II) Besides those mentioned in the foregoing, other resolutions with approval by two-thirds and more of all directors despite the failure to be approved by the Audit Committee:None.
- II. For the recusal upon conflicts of interest among independent directors, the name of the independent director, details of the proposal, reason for the recusal, and participation in the voting process or not shall be described: None.
- III. Communication among the independent directors, the head of internal audit, and the CPAs (important matters communicated, method, and results of the communication over the financial standing and business operation of the Company, etc.).
 - (I) The Company's head of internal audit submits the audit report to independent directors on a monthly basis.
 - (II) The Company's head of internal audit prepares the internal audit report before and during the quarterly meeting of the Audit Committee; in case of any special condition, it will be reported to the independent directors in real time, too.
 - (III) For issues to be discussed among the head of audit, the CPAs, and the independent directors, they contact one another as needed; communications have been optimal.

Summary of the communications between independent directors and internal audit:

The Company's head of internal audit prepares the internal audit report before and during the quarterly meeting of the Audit Committee; in case of any special condition, it will be reported to the independent directors in real time, too. No special condition as mentioned above occurred in 2023.

Summary of communications between independent directors and the CPAs:

Accountants and independent directors communicate every quarter on major matters related to governance discovered during audits, with a total of 4 communications in 2023.

2. Supervisors' Involvement in Board of Directors' Operations : The company established an audit committee on April 23, 2020 to replace the supervisor, so it is not applicable.

(III) Corporate Governance Implementation Status and Deviations from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and Reasons

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Does the Company establish and disclose its corporate governance best-practice principles in accordance with the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies?	✓		The Company has established its Corporate Governance Best-Practice Principles and discloses them on the Company's website.	No significant difference
II. Shareholding Structure and Shareholder Equity				
(I) Does the company establish internal operating procedures for handling shareholder suggestions, questions, disputes or lawsuits and implement the procedures?	✓		The Company has spokespersons to address suggestions from or disputes involving shareholders and discloses the contact person and phone number on its official website to protect the rights of shareholders.	No significant difference
(II) Does the company have a list of major shareholders that have actual control over the Company and a list of ultimate owners of those major shareholders?	✓		The Company outsources shareholder-related affairs to a shareholder service agency and keeps track of its major shareholders and the ultimate controller according to the roster of shareholders prepared by the agency and periodically declares changes in shares held by directors, managers, and Top 10 shareholders with a holding ratio of 10% and above.	No significant difference
(III) Has the company established and implemented risk management and firewall mechanisms with its affiliates?	✓		Respective affiliates function independently. In addition, the Company has established the Regulations Governing Transactions with Related Parties, Specific Companies, and Enterprises within the Group that are followed in all transactions with affiliates.	No significant difference
(IV) Has the company established internal rules against insiders trading of securities taking advantage of information yet to be disclosed on the market?	✓		The Company has established the Anti-insider Trading Management Regulations to prevent its insiders from trading securities taking advantage of the information yet to be released on the market and communicates to remind insiders from time to time of not violating laws in this regard.	No significant difference
III. Composition and Responsibilities of the Board of Directors				
(I) Is Board of Directors suggesting the diversity policy and the assurance of implementation?	✓		The Company has set up 9 directors (including independent directors) reflective of its current operational scale and developmental demand. They are experts and professionals specializing in the industry, law, or operation, among others to fulfill its policy on diversified composition of the Board of Directors. Primary policy goals include: 1. Diversification shall be taken into consideration for the composition of the Board of Directors and a suitable diversification policy is prepared reflective of its function, operational pattern, and developmental demand. It shall include, without limitation, the following criteria: (1) Basic requirements and values: gender, age,	No significant difference

Evaluation item	Operational status (Note)		Summary	Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No		
			<p>nationality, and culture, etc.</p> <p>(2) Professional knowledge and skills: Professional background (such as law, accounting, industry, finance, marketing, or technology), professional skills, and industrial experience, etc.</p> <p>2.The Board members shall possess the general knowledge, skills, and attainments required for fulfilling their duties. The desired capabilities as a whole are shown below:</p> <p>(1) Operational judgment (2) Accounting and financial analyses (3) Operation and management (4) Crisis management (5) Industrial knowledge (6) International market views (7) Leadership (8) Decision-making</p> <p>3. Among the Board members, independent directors account for 33% and there are no directors who are also employees. For the time being, the 2 independent directors have served for less than 3 years and 1 independent director has served for 4 to 6 years.</p> <p>In order to fulfill gender equity in the composition of the Board of Directors, the goal is to have at least one female director. A goal for the future is to have no more than 9 years served continuously by any independent director that is re-elected and serves subsequent terms and have at least one female director.</p> <p>For the diversification in the composition of the Board of Directors, refer to P16~P17 for details.</p>	
(II) Does the company voluntarily establish other functional committees in addition to the Compensation and Remuneration Committee and the Audit Committee that are established as required by laws?	✓		The Company has set up the Compensation and Remuneration Committee and the Audit Committee as required by law. In addition, on October 28, 2011, the board of directors resolved to establish a corporate governance and sustainable development committee.	No significant difference
(III) Has the Company established standards and method for evaluating the performance of the Board of Directors, and does the Company implement the performance evaluation periodically and submit results of the performance evaluation to the Board of Directors, and use them for reference while deciding compensation and rewards for individual directors and nominating them for a second term in office?	✓		The Company has established the Board of Directors Performance Evaluation Guidelines and the evaluation method. The Compensation and Remuneration Committee will establish and discuss related policies, systems, criteria, and structures for the performance of the Board of Directors and the managers and their salary and compensation and the advice will be submitted to the Board of Directors to be discussed further.	No significant difference

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the company regularly evaluate the independence of CPAs?	✓		The Company assesses the independence and suitability of the certified public accountants (CPA) no less than once a year, based on audit quality indicators (AQIs) provided by the CPA, as described in Note 3. The results of the latest annual evaluation have been discussed and approved by the Audit Committee on February 23, 2024 and submitted to and endorsed by the Board of Directors on February 23, 2024 on the evaluation of the independence and fitness of the CPA.	No significant difference
IV. For TWSE/TPEX-listed companies, is there an exclusive (combined) unit or person for corporate governance to take charge of related matters (including without limitation providing directors and supervisors with materials required for them to carry out their tasks, taking care of Board of Directors' meetings and shareholders' meetings as required by law, registering the company and changing registered information, preparing minutes of Board of Directors' meetings and shareholders' meetings)?	✓		<p>The company passed the resolution of the board of directors on May 12, 2022, and designated Vice President Huang Yujia as the corporate governance officer. Vice President Yu-jia Huang resigned on December 31, 2023, due to the adjustment of the group's positions. Section Chief Jing-Yi Xu took over the position, and on January 24, 2024, the board of directors ratified the appointment of a corporate governance officer. Section Chief Jing-Yi Xu has more than three years of experience in financial positions in public companies.</p> <p>The corporate governance officer is primarily responsible for organizing matters relating Board of Directors' and shareholders' meetings, preparing the Board of Directors' and shareholders' meeting minutes, helping directors with inauguration and continuing education, providing directors with materials needed for them to perform tasks, and helping the directors with compliance.</p> <p>Operational status in 2023 is provided below:</p> <ol style="list-style-type: none"> 1. Help independent directors and general directors perform their function by providing the required materials and arrange continuing education for them. 2. Help with the procedures, resolutions, and compliance of the Board of Directors' meetings and shareholders' meetings. 3. Prepare the Board of Directors' meeting agenda and notify directors of it seven days in advance. Convene the meeting and provide meeting materials. If recusal of interest is required, remind the specific director in advance and complete the meeting minutes within 20 days after the meeting. 4. Register the date of the shareholders' meeting in advance as required by law, prepare the notice, the rules of procedure, and the meeting minutes within the regulatory timeframe and complete change registration after the Articles of Incorporation are revised or after the directors are re-elected. 	No significant difference

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			For detail of the corporate governance officer 2023 Advanced Study please take reference of Note 1.	
V. Has the company established a communication channel and build a designated section on its website for stakeholders (including, without limitation, shareholders, employees, customers, and suppliers, etc.) and properly respond to sustainable development issues that stakeholders are concerned about?	✓		The Company has already set up a section for stakeholders on its official website; https://www.tmpco.com.tw/stakeholder-engagement/ Respective stakeholders can give the Company advice or communicate with the Company through this section about issues concerning them. The Company will adequately address them and respond positively as soon as possible.	No significant difference
VI. Does the company designate a professional shareholder service agency to deal with affairs relating to shareholders meetings?	✓		The Company authorizes the Registrar of Yuanta Securities to address respective shareholder-related affairs of the Company.	No significant difference
VII. Disclosure of Information				
(I) Has the company established a corporate website to disclose information regarding its financial, business and corporate governance status?	✓		The Company has set up a website where information about financial operations and corporate governance is disclosed; it is: https://www.tmpco.com.tw/	No significant difference
(II) Does the Company adopt other ways of disclosing information (e.g., maintaining an English website, appointing responsible people to handle information collection and disclosure, creating a spokesperson system, webcasting investor conference on company website)?	✓		For the other information, please go to the Market Observation Post System of Taiwan Stock Exchange. The website is: https://mops.twse.com.tw/mops/web/index	No significant difference
(III) Does the Company announce and declare its Annual Financial Statement within two months after a fiscal year ends and announce and declare the financial statements for the first, second, and third quarters and operational status of each month earlier than the required deadline?	✓		The Company files the financial statements for the first, second, and third quarters and operational status in each month as required by law. Please go to the Market Observation Post System of Taiwan Stock Exchange. The website is: https://mops.twse.com.tw/mops/web/index	No significant difference
VIII. Is there any other important information available to facilitate a better understanding of the company's corporate governance operational status (including without limitation employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations	✓		1.The Company recruits and hires employees not based on their gender, ethnicity, or nationality and spares no effort in protecting the rights of employees. Each employee is enrolled in the Labor Insurance and National Health Insurance programs as required by law and pension is set aside as required by law to protect their benefits. Meanwhile, there are the Employee Welfare Committee and an optimal workplace for the employees. 2.In honor of the belief in co-prosperity and co-	No significant difference

Evaluation item	Operational status (Note)			Deviation from Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
policies, and purchasing insurance for directors and supervisors)?			<p>existence, the Company maintains good interactions and partnerships with suppliers and other stakeholders and exchange information with them. Optimal channels to ensure effective communications are available. The goal is to create long-term collaboration.</p> <p>3.For continuing education of directors and supervisors, refer to Note 2.</p> <p>4.The Company signs contracts with customers in compliance with regulatory requirements in order to protect mutual rights and obligations.</p> <p>5.The Company has its directors and supervisors covered by liability insurance in order to protect them against risks deriving from the tasks they perform.</p>	
<p>IX. Please explain the improvements already made by the Company according to the governance evaluation results released in the past year by the corporate governance center of Taiwan Stock Exchange and matters and measures to be prioritized. Improvements made according to the corporate governance findings of the eighth intake (2022): Improvements that have been made or to be made in 2023 or reinforcements and measures introduced if no improvements are made yet:</p> <p>4.25 Disclose greenhouse gas emissions in the past two years and obtain external verification.</p>				

Note 1:List of 2023 Advance Study of Chief of Corporate Governance is given below:

Date		Organizer	Course title	Hours involved	Hours of Study of current year
Start	End				
08/11/2023	08/11/2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	12
08/24/2023	08/24/2023	Corporation and Taipei Exchange	Publicity and briefing session on insider equity of main board and emerging stock board companies	3	
11/10/2023	11/10/2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality and corporate compliance	3	
12/22/2023	12/22/2023	Taiwan Investor Relations Institute	Practical analysis of the new version of corporate governance and board performance evaluation in 2023	3	

Note 2: Continuing education of directors and supervisors

Position	Name	Date		Organizer	Course title	Hours involved	Compliance with requirement	Remarks
		Start	End					
Chairmen	Representative of Taiwan Steel Corporation: Ching-Li Yen	08/11/2023	08/11/2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	Yes	
		10/25/2023	10/25/2023	Taiwan Securities Association	The latest development trend of international carbon tariffs and sustainable management strategies of the securities and financial industry	3	Yes	
		10/25/2023	10/25/2023	Taiwan Securities Association	Treat guests fairly and money laundering Control Act	3	Yes	
		11/10/2023	11/10/2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality and corporate compliance	3	Yes	
Director	Representative of Taiwan Steel Corporation: Shih-Chieh Chao	05/25/2023	05/25/2023	Taiwan Corporate Governance Association	New version of corporate governance master plan and key points of compliance	3	Yes	
		08/11/2023	08/11/2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	Yes	
Director	Representative of Taiwan Steel Corporation: Kuei-Mei Yang	05/25/2023	05/25/2023	Taiwan Corporate Governance Association	New version of corporate governance master plan and key points of compliance	3	Yes	
		08/11/2023	08/11/2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	Yes	
Director	Representative of Tianchuan Investment Co., Ltd.: Pei-Ying Huang	11/10/2023	11/10/2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality and corporate compliance	3	Yes	
		12/13/2023	12/13/2023	Taiwan Corporate Governance Association	Enterprise circular economy and sustainable development	3	Yes	
		12/15/2023	12/15/2023	Corporate Operating and sustainable Development Association	Board compliance practices and legal responsibilities of directors ,supervisors and case studies	3	Yes	
		15/20/2023	15/20/2023	Corporate Operating and sustainable Development Association	Integrity management and criminal breach of trust: theory and practice	3	Yes	
	Representative	11/10/2023	11/10/2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality and corporate compliance	3	Yes	
		12/13/2023	12/13/2023	Taiwan Corporate Governance Association	Enterprise circular economy and sustainable development	3	Yes	

Position	Name	Date		Organizer	Course title	Hours involved	Compliance with requirement	Remarks
		Start	End					
Director	of Tianchuan Investment Co.: Wen-Hsiung Mu	12/15/2023	12/15/2023	Corporate Operating and sustainable Development Association	Board compliance practices and legal responsibilities of directors ,supervisors and case studies	3	Yes	
		15/20/2023	15/20/2023	Corporate Operating and sustainable Development Association	Integrity management and criminal breach of trust: theory and practice	3	Yes	
Director	Representative of Taiwan Steel Corporation: Yu-Jia Huang	08/11/2023	08/11/2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	Yes	
		08/24/2023	08/24/2023	Taiwan Stock Exchange Corporation and Taipei Exchange	Publicity and briefing session on insider equity of main board and emerging stock board companies	3	Yes	
		11/10/2023	11/10/2023	Taiwan Corporate Governance Association	Net zero emissions, carbon neutrality and corporate compliance	3	Yes	
		12/22/2023	12/22/2023	Taiwan Investor Relations Institute	Practical analysis of the new version of corporate governance and board performance evaluation	3	Yes	
Independent Director	Ti-miao Wu	08/11/2023	08/11/2023	Taiwan Corporate Governance Association	New version of corporate governance master plan and key points of compliance	3	Yes	
		11/10/2023	11/10/2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	Yes	
Independent Director	Yu-Chi Huang	08/11/2023	08/11/2023	Taiwan Corporate Governance Association	New version of corporate governance master plan and key points of compliance	3	Yes	
		11/10/2023	11/10/2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	Yes	
Independent Director	Su-I Chou	08/11/2023	08/11/2023	Taiwan Corporate Governance Association	New version of corporate governance master plan and key points of compliance	3	Yes	
		11/10/2023	11/10/2023	Taiwan Corporate Governance Association	Trends and Challenges in Information Security Governance	3	Yes	

Note 3: Audit Quality Indicators (AQIs)

Professionalism	Quality Control	Independence	Supervision	Innovation Capability
1. Auditing experience	1. Accountant's workload	1. Percentage of non-audit services	1. External inspection of deficiencies and sanctions	Innovative planning or initiatives
2. Training hours	2. Auditing inputs	2. Customer familiarity	2. Number of letters from the competent authority	
3. Turnover	3. Engagement Quality Control Review (EQCR) situation			
4. Professional support	4. Quality support capability			

(IV) Composition and Operations of the Compensation and Remuneration Committee and Nomination Committee:

1. The company's Compensation and Remuneration Committee is composed of all independent directors of the company. All members are professionally qualified and independent. For information about their professional qualifications, experience, and independence, please refer to pages 16~17.
2. Information on the Operational Status of the Compensation and Remuneration Committee
 - (1) The Company's Compensation and Remuneration Committee has 3 members in total.
 - (2) Tenure of members of the current intake: From April 28, 2022 to April 27, 2025. The Compensation and Remuneration Committee met 5(A) times last year (2023). Qualification and attendance of members are as follows:

Position	Name	Actual attendance frequency (B)	Attendance through proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Ti-miao Wu	5	0	100%	
Committee member	Yu-Chi Huang	5	0	100%	
Committee member	Su-I Chou	5	0	100%	

I. Responsibilities of Committee and Remuneration Committee

The Company's Compensation and Remuneration Committee evaluates the Company's salary and compensation policy for directors and managers from a professional and objective perspective and provides the Board of Directors with advice for the latter's reference while making a decision. In addition, with due diligence as good-will manager, it truthfully fulfills the following responsibilities and provides advice to the Board of Directors for discussion.

II. Responsibilities of the Company’s Compensation and Remuneration Committee

- (I) Regularly review Remuneration Committee Charter and propose amendments.
- (II) Formulate and regularly review the company's directors and managers' performance evaluation standards, annual and long-term performance goals, and salary policies, systems, standards, and structures.
- (III) Regularly evaluate the achievement of the performance goals of the company's directors and managers, and determine the content and amount of individual salaries based on the evaluation results obtained from the performance evaluation standards.

III. Operational status of the Compensation and Remuneration Committee in 2023 is as follows:

Date	Contents of the proposal	Decisions made	How the Company addressed opinions from the Compensation and Remuneration Committee
02/17/2023	1. 2023 directors’s performance evaluation. 2. Revision of General Affairs Unit Salary and benefit Administration Rules of the Company.	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
03/10/2023	Distribution of remuneration to employees and directors in 2022.	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
08/11/2023	Distribution of the employee remuneration of the managers in 2022.	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
09/27/2023	Due to the adjustment of SAPIDO TECHNOLOGY INC.’s operating business, the contract was re-contracted through the purchase of intangible assets.	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
11/30/2023	The appointment of the audit supervisor.	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.

IV. Other details to be documented:

- (I) In the event that the Board of Directors does not adopt or revises advice from the Compensation and Remuneration Committee, the date, session number, details of proposals, decisions made by the Board of Directors, and how the Company addressed opinions from the Compensation and Remuneration Committee shall be stated (in the event that the compensation and remuneration approved by the Board of Directors are better than as advised by the Compensation and Remuneration Committee, the difference and the reason shall be specified): None.
- (II) For decisions made by the Compensation and Remuneration Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Compensation and Remuneration Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None.

3. The company's board of directors approved the establishment of the corporate governance and sustainable development committee on October 28, 2022. The members of the committee are composed of all independent directors of the company. All members have professional qualifications and meet independence. Their relevant professional qualifications, experience, and independence Please refer to pages 16-17 for instructions and other information.
4. Information on the Operational Status of the Corporate Governance and Sustainable Development Committee
 - (1) The Company's Corporate Governance and Sustainable Development Committee has 3 members in total.
 - (2) Tenure of members of the current intake: From October 28, 2022 to April 27, 2025. The Governance and Sustainable Development Committee met 2(A) times last year (2023). Qualification and attendance of members are as follows:

Position	Name	Actual attendance frequency (B)	Attendance through proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Ti-miao Wu	1	1	50%	
Committee member	Yu-Chi Huang	2	0	100%	
Committee member	Su-I Chou	2	0	100%	

I. Responsibilities of Governance and Sustainable Development Committee

To foster a sound corporate governance mechanism and to advance corporate social responsibility and realize the idea of sustainability in business.

II. Responsibilities of the Company's Governance and Sustainable Development Committee

(I) promoted and strengthened corporate governance organizations and systems.

(II) publicized and adopted ethical corporate management practices.

(III) pushed for and developed corporate social responsibility policies and sustainable business practices.

(IV) established an executive group to review, track and revise the implementation and effectiveness of corporate governance evaluation and sustainable development, and reported regularly to the Board of Directors.

(V) addressed the concerns of various stakeholders, including shareholders, customers, suppliers, employees, government, non-profit organizations, the community and the media, and overseen communication plans.

(VI) carried out other related activities as endorsed by the Board.

III. Operational status of the Governance and Sustainable Development Committee in 2023 is as follows:

Date	Contents of the proposal	Decisions made	How the Company addressed opinions from the Compensation and Remuneration Committee
6/30/2023	Completed the Preparation of Sustainability Report as 2022.	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.
11/10/2023	1. Formulate the company's 2023 greenhouse gas inventory and assurance schedule plan. 2. Formulate the company's 2023 sustainability report preparation and assurance schedule plan.	It was approved as is by all members.	It was submitted to the Board of Directors and was approved by all attending directors.

IV. Other details to be documented:

- (I) In the event that the Board of Directors does not adopt or revises advice from the Governance and Sustainable Development Committee, the date, session number, details of proposals, decisions made by the Board of Directors, and how the Company addressed opinions from the Governance and Sustainable Development Committee shall be stated: None.
- (II) For decisions made by the Governance and Sustainable Development Committee, as long as there are members objecting or having their reservations that are recorded or stated in writing, the date of the Governance and Sustainable Development Committee meeting, the session number, contents of the proposal, and how opinions from all members and from opposing members are handled should be described: None.

5. If the Company is installed with Nomination Committee, the composition, duties and operation shall be disclosed: This is not applicable as the Company is yet to install the Nomination Committee.

(V) Implementation status of sustainable development and climate-related information

1. Implementation of promoting sustainable development and differences and reasons from the code of practice for sustainable development of listed companies.

Evaluation item	Operational status			Deviation from the Sustainable development Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
I. Does the Company plan to set up a governance structure for promoting sustainable development and a unit specific for the	✓		I. The Company's Board of Directors resolved on October 28, 2022, to set up a Corporate Governance and Sustainable Development Committee, Composed of 3 independent directors, to push ahead with corporate social	No significant difference

Evaluation item	Operational status			Deviation from the Sustainable development Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
promotion (or as side job) and does the Board of Directors intend to authorize ranked management and report to the Board of Director?			<p>responsibility and fulfill sustainable business practices.</p> <p>II. The following five cross-department functional groups are responsible for different businesses and annual project work to implement sustainable development actions in the company's daily operations. This committee regularly tracks the results and proposes optimization or improvement plans for the next year.</p> <p>III. For the composition, operation, and current year's execution status of the Corporate Governance and Sustainability Committee, please refer to pages 38~39.</p> <p>IV. Already reported to the board of directors on 6/30/2023 and 11/10/2023: (1) Action plan for sustainable development of listed companies. (2) 2022 sustainability report. (3) 2023 of sustainability.</p> <p>V. The board of directors will listen to reports from the management team from time to time and urge the management team to make adjustments when necessary.</p>	
II. Does the Company conduct ESG (Environment, Society and Governance) issues which are related to the operations of the Company on materiality basis and set up related risk management policy and strategies?	✓		<p>I. The risk assessment boundary does not include the company's subsidiary Taiwan Iron and Steel CO., LTD. This is mainly because the subsidiary has not yet begun formal operations, and the company is the group's main operating entity. Its manufacturing capacity accounts for 100% of the entire group's production capacity and the number of employees also accounts for 100% of the entire group's production capacity. The number of employees is 100%, which is sufficiently representative of the Group's sustainable performance.</p> <p>II. Discuss with the main management the impact and probability of the impact of the three major sustainability issues on the company, namely society, environment, and corporate governance, and for the first time include the opinions of external stakeholders on the degree of concern for each sustainability issue. Based on feedback, we decide on major annual themes, formulate risk management policies that effectively identify, measure, evaluate, supervise, and control, and take specific action plans to reduce the impact of relevant risks.</p> <p>III. Based on the assessed risks, formulate relevant risk management policies. Please note 1 for details.</p>	No significant difference
III. Environmental Issues				

Evaluation item	Operational status			Deviation from the Sustainable development Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
(I) Has the company developed an appropriate environmental management system reflective of its distinctive characteristics?	✓		The company conducts greenhouse gas inventories every year according to the GHG Protocol, tracks emission reduction results, and publicly discloses them in the sustainability report and the company's website. https://www.tmpco.com.tw/en/sustainability-report/	No significant difference
(II) Has the Company endeavored to improve the efficiency of resource utilization and used recycled materials that impact the environment minimally?	✓		I. Continue to promote energy management and implement energy-saving and power-saving improvement plans with the goal of "an average annual electricity saving rate of more than 1%" from 2023 to 2025. II. Increase circular economy projects that reuse resources. III. Establish an energy management mechanism and increase the utilization rate of renewable energy. IV. The roof of the new factory building will be powered by solar energy, and the planned new office building will also adopt green building design standards.	No significant difference
(III) Does the Company evaluate potential risks and opportunities now and in the future brought about by climate change for the corporation and adopts responsive measures to issues?	✓		The company's board of directors serves as the highest supervisory unit for climate change risk governance, responsible for reviewing and formulating climate strategies, and assigns a risk management team to lead senior managers to implement climate risk management operations and regularly track the achievement of environmental sustainability goals. The risk management team is expected to report the annual climate governance implementation results to the board of directors and the corporate governance and sustainable development committee at least once a year. A detailed description of the company's climate change risk and opportunity analysis has been disclosed in the company's sustainability report. https://www.tmpco.com.tw/en/sustainability-report/	No significant difference
(IV) Does the Company tally the total greenhouse gas emissions, water usage, and waste generated over the past two years and have greenhouse gas reduction, water reduction, or other waste management policies in place?	✓		I. Greenhouse gases: (I) For the first time in 2022, a greenhouse gas inventory of all the company's factories was conducted. (II) In 2022, the total greenhouse gas emissions were 1,078.316 metric tons CO ₂ e, of which the total scope 1 greenhouse gas emissions were 133.8188 metric tons CO ₂ e; the total iron scope 2 greenhouse gas emissions	No significant difference

Evaluation item	Operational status			Deviation from the Sustainable development Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
			<p>were 944.4974 metric tons CO₂e.</p> <p>(III) In response to the trend of energy conservation and carbon reduction, the company actively develops and plans the use of renewable energy, implements and promotes energy-saving measures in the office environment, and conducts greenhouse gas inventories to understand the current status of greenhouse gas emissions in the factory. Through a series of measures, it is expected to Meet the government's 2050 net-zero carbon emissions target.</p> <p>II. Water consumption:</p> <p>(I) The total water intake of all the company's factories in 2021 and 2022 was 3.3 thousand tons and 4.537 million tons respectively.</p> <p>(II) Starting from the comprehensive implementation of water conservation in daily life, the available water resources can be used to achieve greater benefits.</p> <p>III. Total weight of waste:</p> <p>(I) The total waste processing volume of all the company's factories in 2021 and 2022 was 723.43 tons and 674.26 tons.</p> <p>(II) Through the use and management system of raw materials, we strive to increase the utilization rate of raw materials and the recycling rate of short materials during the production stage and extend the circulation as much as possible, to save energy resources and reduce the impact of waste on the environment.</p> <p>(III) The production department aims to improve the efficiency of the use of main raw materials, regularly reviews the reuse of short-term materials and the recycling of scrap iron, and proposes relevant improvement plans at supervisory meetings; the management department regularly reports on the disposal of domestic waste, and Promote the knowledge of domestic waste recycling.</p> <p>IV. The 2023 sustainability report is being prepared and is expected to be completed and published on the company's website before the end of August 2024.</p>	

Evaluation item	Operational status			Deviation from the Sustainable development Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
IV. Social Issues			https://www.tmpco.com.tw/en/sustainability-report/	
(I) Has the Company developed related management policies and procedures in accordance with applicable laws and regulations and the International Bill of Human Rights?	✓		<p>The Company has set up a section meant exclusively for its policy on human rights. The website is: https://www.tmpco.com.tw/en/human-rights-policy-2/</p> <p>The Company strictly follows local laws and regulations at operation sites around the world and other internationally acceptable human rights standards such as the International Bill of Human Rights, the International Labor Organization - Declaration of Fundamental Principles and Rights at Work, and the Ten Principles of the United Nations Global Compact and has been taken action consistent with the RBA (Responsible Business Alliance) Code of Conduct. It treats and respects all employees, contractors and temporary staff, and interns with dignity.</p> <p>The Company follows and enforces policies and puts human rights policy into action. This applies to all levels throughout the Company. Meanwhile, efforts are continued in the promotion and improvement of the management of human rights-related issues in order to reduce the risk of human rights incidents. For the policies and the management solutions to help address related human rights issues, refer to Note2 for details.</p>	No significant difference
(II) Does the Company define and enforce reasonable employee welfare measures (including compensation, leave, and other benefits, among others) and the operational performance or accomplishments are adequately reflected in the employees' compensation?	✓		Besides the Employee Welfare Committee that has been established as required by law and the implementation of the pension system, the Company has also established the Performance Incentive Management Guidelines to reward its employees.	No significant difference
(III) Does the Company provide employees with a safe and healthy work environment as well as periodic safety and health education?	✓		Employee training courses are arranged for new hires to reinforce their awareness of hazards and ideas about how to prevent against hazards.	No significant difference
(IV) Has the Company established an effective training program that helps employees develop skills over the course of	✓		The Company has established the Educational Training Guidelines and encourages employees to improve their professional knowledge and skills and to subsidize employees for the diversified courses and workshops they attend in order to	No significant difference

Evaluation item	Operational status			Deviation from the Sustainable development Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
their career?			effectively help with employees' career planning.	
(V) Does the Company comply with laws and international standards concerning customer health and safety, customer privacy, marketing, and labeling of products and services and define related policies and complaint-filing procedures to protect the rights of consumers?	✓		The Company markets products and services in compliance with applicable laws and regulations and international standards. The Company does not sell directly to ordinary consumers. For corporate customers, the Company has a specialized after-sales service unit to provide customers with after-sales service and to address respective inquiries from customers in the use of products and handles customer complaints.	No significant difference
(VI) Does the Company define supplier management policies and require that suppliers follow applicable regulations in issues such as environmental protection, occupational safety and health, or human rights of workers and how are they implemented?		✓	The Company has not defined related provisions yet now. If suppliers violate its corporate social policy, however, the collaboration may be terminated at any time. In order to protect public interest, in case of any untruthfulness indicated in the contract with suppliers, the Company may determinate it at any time and demand compensations.	A system will be set up to deal with this issue.
V. Does the Company prepare the ESG Report or other reports disclosing non-financial information of the Company by referring to international general principles or guidelines in the preparation of reports? Are there opinions from a third-party qualification unit to validate or guarantee the said reports?	✓	✓	I. The company has compiled the 2022 sustainability report by the GRI Standards of the Global Reporting Initiative (GRI), and the sustainability report on the company's website. https://www.tmpco.com.tw/en/sustainability-report/ II. The 2023 sustainability report is being prepared and is expected to be completed and published on the company's website before the end of August 2024. https://www.tmpco.com.tw/en/sustainability-report/ III. The 2022 annual sustainability report has not obtained the confirmation or guarantee opinion of the third-party verification unit. IV. The 2023 annual sustainability report only validates the greenhouse gas inventory.	No significant difference No significant difference
VI. If the Company has established its own ESG principles according to the Sustainable development Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the established principles: The company's code of practice for sustainable development was passed on February 17, 2023, and there is no significant difference between the operation and the established code.				

Evaluation item	Operational status			Deviation from the Sustainable development Best Practice Principles for TWSE/GTSM Listed Companies and reasons
	Yes	No	Summary	
VI. Other Important Information to Help Understand Utilization of Sustainable development: The sustainability report on the company's website https://www.tmpco.com.tw/en/sustainability-report/				

Note1 : Based on the assessed risks, relevant risk management policies are formulated.

Major issues	Risk assessment	Note
Corporate governance	Legal compliance	The company has submitted the report to the shareholders' meeting for approval on April 23, 2020 <ul style="list-style-type: none"> ■ Ethical Corporate Management ■ Procedures for Ethical Management and Guidelines ■ Codes of Ethical Conduct
	Risk management	The company submitted it to the board of directors for approval on November 12, 2020 "Risk Management Policies and Procedures" .
Environmental	Energy and GHG emissions	In line with the development direction of global greenhouse gas reduction strategies, we take into account the sustainable energy development goals of resource efficiency, energy conservation, and environmental protection.
	Waste management	In line with the international trend of resource sustainability and "zero waste" and the waste disposal requirements of the domestic Environmental Protection Agency, the company is committed to increasing resource recycling and reuse and implementing effective waste removal.
Society and employees	Occupational safety and health	Policy : <ul style="list-style-type: none"> ■ Following the occupational safety and health management regulations, an occupational safety and health room is set up, with dedicated personnel inspecting the work site daily. ■ Strengthen the company's occupational safety and health management and continuously improve it to comply with the provisions of the Occupational Safety and Health Law. ■ Establish a safe and hygienic working environment to prevent employees from occupational injuries.

Major issues	Risk assessment	Note
		<ul style="list-style-type: none"> Strengthen education, training, and publicity to improve employees' mentality, awareness, and abilities regarding safety and health <p>Promise :</p> <ul style="list-style-type: none"> Strengthen the company's occupational safety and health management and continuously improve on deficiencies to establish a safe and hygienic working environment and prevent and avoid employee injuries.
	Talent development cultivation	<ul style="list-style-type: none"> Remuneration policy : Comply with various labor regulations, including the Employment Service Act, Labor Standards Act, Occupational Safety and Health Act, Labor Pension Regulations, etc. Promise : It shall be handled by relevant government laws, company management regulations, relevant work rules, and agreements between labor and management.
	Product quality and safety	The company prides itself on being a "leader in safety structures" and its quality policy is "full participation, quality first, customer first" and is committed to complying with relevant laws and regulations to avoid social and environmental impacts.

Note2 : The Company's action plans and management solutions to help address human rights-related issues are as follows:

Action plan	Management solutions of the Company to address human rights-related issues
Provide a Safe and healthy workplace	Create a safe and healthy workplace to prevent against accidents and to protect the safety of employees.
Eradicate illegal discrimination and protect equal employment	Do not treat someone differently or discriminate against someone in any way because of ethnicity, class, language, thought, religion, partisanship, nationality, birthplace, gender, sexual orientation, age, marriage, appearance, five senses, disability, constellation, blood type, or prior union membership to realize respect for diversification in the workplace.
No child labor	Absolutely do not hire child labor. As of the end of February 2024, there had been zero child workers.
No forced labor	When it is necessary for the Company to extend the working hours beyond normal ones, such an extension is only allowed with prior consent obtained from the

Action plan	Management solutions of the Company to address human rights-related issues
	employees.
Create an environment where everyone loves to communicate and build an open-ended management model	Diversify the communication channels such as the employee suggestion box and periodic managerial meetings for harmonious labor-management relations.
Help employees stay healthy physically and mentally and balance between work and life	Provide benefits, periodically organize employee tours and Employee Welfare Committee events to help employees stay healthy physically and mentally.
Periodic review and evaluation of related systems and actions	Responsible units are to perform reviews and evaluations periodically and make adequate adjustments as needed.

2. Climate-related information

Item	Execution
I. State the Board's managers oversight and governance of climate related risks and opportunities.	The company's board of directors serves as the highest supervisory unit for climate change risk governance, responsible for reviewing and formulating climate strategies, and assigns a risk management team to lead senior managers to implement climate risk management operations and regularly track the achievement of environmental sustainability goals. The risk management team is expected to report the annual climate governance implementation results to the board of directors and the corporate governance and sustainable development committee at least once a year.

Item	Execution				
II. Describe how the identified climate risks and opportunities affect the business, strategy, and finance (short-term, medium-term and long-term) of the enterprise.	The Company held a climate change risk and opportunity identification meeting with members of the Environmental Sustainability Group and identified a total of 8 climate-related major risks and 4 climate-related major opportunities in 2022 based on the TCFD recommended structure assessment. (I) Climate risk				
	risk type	Risk content	Time	Countermeasures for mitigation/adaptation	financial effect
	Transition risks	【Policy and legal risks】 GHG restrictions and carbon taxes/carbon levy	short-term	2022 Complete the GHG emissions inventory. In the future, we plan to introduce the GHG external investigation operation and formulate feasible reduction plans according to the results of the inventory to achieve low-carbon production.	operating costs
	Transition risks	【Policy and legal risks】 The government increased the use standards of renewable energy.	short-term	<ul style="list-style-type: none"> ■ Expand the use and install solar power and other renewable energy facilities. ■ Set the use target of renewable energy. 	operating costs
Transition risks	【Policy and legal risks】 It may be required to adjust or change to suitable	medium-term	<ul style="list-style-type: none"> ■ Require suppliers to disclose their GHG emissions and formulate carbon dioxide reduction targets and schedules. 	procurement costs	

Item	Execution				
		suppliers in response to the carbon footprint and low-carbon trends.		<ul style="list-style-type: none"> ■ Introduce the environmental evaluation screening system of suppliers. 	
	Transition risks	<p>【Technology Risk】</p> <p>Uncertainty in new energy saving/carbon reduction technologies</p>	medium-term	Engage in projects for low-carbon production technology R&D	R&D expenses
	Transition risks	<p>【Technology Risk】</p> <p>It may be required to change to energy-saving production equipment in response to the lowcarbon trend.</p>	long-term	Carry out the energy-saving production equipment procurement evaluation and organize feasible auxiliary measures in response to the plant expansion plan of the Company	capital expenditures
	Transition risks	<p>【Market Risk】</p> <p>Increase in the demand for low-carbon products</p>	long-term	<ul style="list-style-type: none"> ■ Develop and provide low-carbon steel material products to customers. ■ Cooperate with major suppliers to jointly formulate carbon dioxide reduction targets and schedules to effectively minimize the carbon footprint 	operating income

Item	Execution			
				of products to align with customers' requirements and low-carbon trends.
	Physical risk	【Acute Risk】 Extreme climate impacts from supply chain upstream to downstream including transportation	long-term	<ul style="list-style-type: none"> ■ Enhance the control of safe inventory days of raw materials. ■ Formulate backup measures to separate procurement from suppliers.
	Physical risk	【Acute Risk】 Increase in the probability of water shortage due to climate change.	long-term	<ul style="list-style-type: none"> ■ Lengthen the water conservation safety inventory days of plants. ■ Formulate a corresponding plan for water truck allocation. ■ Set the target of a decrease in water consumption intensity.
(II) Climate opportunity				
Opportunity	Time	Countermeasures for mitigation/adaptation		financial effect
Release low-carbon products	medium-term	Cooperate with major suppliers to jointly formulate carbon dioxide reduction targets and schedules to effectively minimize the carbon footprint of products to align with customers'		operating income

Item	Execution			
			requirements and low-carbon trends.	
	Use renewable energy	short-term	<ul style="list-style-type: none"> ■ Expand the use and install solar power and other renewable energy facilities. ■ Set the use target of renewable energy 	energy-use cost
	Adopt efficient production approaches	long-term	Engage in projects for low-carbon production technology R&D.	production cost
	Improve equipment's energy-saving efficiency	medium-term	Carry out the energy-saving production equipment procurement evaluation and organize feasible auxiliary measures in response to the plant expansion plan of the Company.	energy-use cost
III. Describe the financial impacts of extreme weather events and transformational actions.	<p>(I) The increase in the frequency of typhoons or floods and the increase in the level of effects affecting the suppliers' normal production or delivery and shipping or resulting in operation interruption arising from the inability of plants to produce.</p> <p>(II) Decrease in operating income.</p> <p>(III) The transformation action is the action plan for net zero carbon emissions promoted by the company. Please refer to the table above (item II).</p>			
IV. Describe how the climate risk identification, assessment, and management processes are integrated into the overall risk management system.	TMP uses the TCFD framework to identify the risks and opportunities of climate change. Relevant department heads consider the company's current operating conditions and available resources to tailor specific, feasible, and effective climate change risk management policies for significant risk projects.			
V. If situational analysis is used to assess the resilience to climate change risks, describe the contexts,	The company has launched adaptation strategies and actions in response to climate change, including promoting low-carbon energy-saving measures, greenhouse gas inventory, resource reuse, etc., and gradually seeking opportunities to reduce energy consumption in the enterprise and			

Item	Execution
parameters, assumptions, analysis factors, and key financial implications.	various products. In the future, it also plans to gradually increase the financial impact assessment to effectively grasp the risks posed by climate change.
VI. If there is a transformation plan for managing climate related risks, describe the plan and the metrics and targets used to identify and manage physical and transformation risks.	Please refer to the II table of items ◦
VII. If internal carbon pricing is used as a planning tool, the basis for the pricing should be described.	The company currently has no plans for internal carbon pricing.
VIII.If climate related targets are set, the activities covered, the scope of greenhouse gas emissions, the planning period, and the annual progress of achievement should be stated; and if carbon offsets or renewable energy certificates (RECs) are used to achieve the relevant targets, the source and quantity of carbon credits to be offset or the quantity of renewable energy certificates (RECs) should be stated.	<p>(I) 2023, TMP plans to introduce the GHG external investigation operation and formulate feasible reduction plans according to the results of the inventory to achieve low-carbon production.</p> <p>(II) Cooperate with major suppliers to jointly formulate carbon dioxide reduction targets and schedules to effectively minimize the carbon footprint of products.</p> <p>(III) The roofs of the new factories will use solar power generation, and the planned new office buildings will also adopt green building design standards.</p>
IX. Greenhouse Gas Inventory and Confirmation .	Please refer to the table below

Note : For detailed climate-related information, please refer to the sustainability report on the company's official website <https://www.tmpco.com.tw/en/sustainability-report/>

3. Greenhouse Gas Inventory and Confirmation

Basic information of the company	According to the sustainable development road map of listed companies, at least it should be disclosed	
<ul style="list-style-type: none"> ■ Companies with capital of over NT\$10 billion in steel industry and cement industry □ Companies with capital of more than NT\$5 billion but less than NT\$10 billion. □ Companies with capital less than NT\$5 billion. 	<ul style="list-style-type: none"> ■ Individual check of parent company □ Parent company individual conviction 	<ul style="list-style-type: none"> □ Check of subsidiary company of consolidated financial report □ Consolidated financial report subsidiary conviction

2022

Category I	Total emissions (Metric tonnes CO ₂ e)	Density (Mt CO ₂ e/ million dollar)	Confirmation mechanism	Convinced case description
母公司	133.8188	0.0202	NA	NA
子公司	-	-		
合計	133.8188	0.0202		
Category II	Total emissions (Metric tonnes CO ₂ e)	Density (Mt CO ₂ e/ million dollar)	Confirmation mechanism	Convinced case description
母公司	944.4974	0.1424	NA	NA
子公司	-	-		
合計	944.4974	0.1424		

Note1 : For the first time in 2022, TMP Steel conducted a greenhouse gas inventory by the Greenhouse Gas Protocol (GHG Protocol). The boundary of the report only includes TMP Steel, and Taiwan Steel Material Corp., a subsidiary newly established by the Company in September 2022, is not included, primarily considering that the subsidiary was just founded and has not commenced formal large-scale operations. Also, TMP Steel is the major operating entity of the Group, accounting for 100% of the production capacity of the Group, and the number of employees also accounts for 100% of the number of employees of the Group; therefore, TMP Steel shall be sufficiently representative in terms of the sustainability performance of the Group.

Note2 : Emissions of greenhouse gas inventory calculated in terms of revenue (NT\$ million)

(VI) Fulfillment of Ethical Corporate Management and Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons

Evaluation item	Operational status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
I. Establishment of Ethical Corporate Management Policy and Proposal				
(I) Has the Company defined ethical corporate management policies approved by the Board of Directors and declared its ethical corporate management policies and procedures as well as the commitment of its Board of Directors and high-ranking management to implementing the management policies in its rules and external documents?	✓		The company has formulated the " Ethical Corporate Management Best Practice Principles " and " The Ethical Corporate Management Operational Procedures and Guidelines " based on actual operating conditions to standardize the board of directors and management in implementing their commitment to honest operations. In addition, the company has also publicly disclosed relevant regulations on the company's website.	No significant difference
(II) Has the Company established an evaluation mechanism for unethical behavioral risks that helps periodically analyze and evaluate business activities of relatively high unethical behavioral risks within the scope of operation and defined a solution to prevent against unethical behaviors accordingly that covers at least the preventive measures against respective acts under Article 7 Paragraph 2 of the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies?	✓		The company has formulated the " Ethical Corporate Management Best Practice Principles" and " The Ethical Corporate Management Operational Procedures and Guidelines " and combined them with the company's assessment and reward and punishment measures. In addition, it has established appropriate management measures for business activities with higher risks of dishonest conduct within the business scope. And through the "Work Rights and Responsibilities Division" layer-by-layer control to prevent the occurrence of dishonest behavior.	No significant difference
(III) Has the Company specified the operating procedures, behavioral guide, and the disciplinary and complaint-filing system in case of violation its solution to prevent against unethical behaviors, and enforced them, and periodically reflected upon and amended the foregoing solution?	✓		The company has formulated the " Ethical Corporate Management Best Practice Principles " and " The Ethical Corporate Management Operational Procedures and Guidelines " and implemented them and reviewed and revised them regularly.	No significant difference
II. Consolidation of Ethical Corporate Management				
(I) Has the Company evaluated the ethical records of parties it does business with and stipulated ethical conduct clauses in business contracts?	✓		Parties that the Company does business with are first evaluated over prior records of unethical behaviors, if any, and compliance with ethical corporate management will be included as part of the contract terms and conditions.	No significant difference

Evaluation item	Operational status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
(II) Has the Company established a dedicated unit under the Board of Directors to promote ethical corporate management and report its ethical management policy and solution to prevent against unethical behaviors and the status of implementation to the Board of Directors periodically (at least once a year)?	✓		<p>The Company has assigned the management department to be the exclusive unit that takes care of revising, enforcing, and explaining the operating procedure for ethical corporate management and the behavioral guide and the consultation service and registering and archiving reported details, among other processes and supervising their implementation and reporting to the Board of Directors any unethical behavior, the management, and subsequent improvement measures. The implementation of 2023 was reported to the board of directors on November 10, 2023.</p> <p>The implementation of ethical corporate management reported in 2023 is as follows:</p> <ol style="list-style-type: none"> 1. Organization of policy communication trainings on the ethical policy. In 2023, because of the pandemic, to go with the government's policy and advice on reduced clustering, the communication trainings were done through internal communication and presentation on issues concerning ethical corporate management (including compliance and internal control): a headcount of 57 people took part. 2. Establishment of a whistleblowing system: The Company has established the Ethical Corporate Management Best-Practice Principles and the Ethical Corporate Management Operating Procedure and Behavioral Guide and has set up the internal suggestion box, hotline, and exclusive email to facilitate whistleblowing (the information is released on the Company website). The identity of the whistleblower and the reported contents are precisely kept confidential. 3. Enforce preventive measures defined for ethical corporate management and make sure that they are valid and functional. There is the exclusive section for stakeholders on the Company's website for employees, shareholders, and related stakeholders to communicate illegal and unethical behaviors. 4. No violations of ethical corporate management were found in 2023 and no internal or external whistle-blowing letters or legal cases concerning the ethical corporate management of the Company were received. 	No significant difference
(III) Has the Company established policies to prevent against conflicts of interest, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		<p>The Company prepares its policy on the prevention against conflicts of interest and provides suitable channels for directors and managers to spontaneously explain whether there are potential conflicts between them and the Company. For proposals to be discussed by the Board of Directors that concern themselves or the</p>	No significant difference

Evaluation item	Operational status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
			corporations they represent and accordingly harm the interest of the Company, they may state their opinions and answer inquiries but may not join the discussions and voting and they shall be excused during discussion and voting and may not exercise voting rights on behalf of any other director(s).	
(IV) Has the Company created effective accounting and internal control systems to consolidate ethical corporate management and does the internal audit unit stipulates related audit plans according to the evaluation results of unethical behavioral risks and inspect compliance with the solution to prevent against unethical behaviors or authorize the CPAs to perform inspections?	✓		The Company already established applicable regulations governing its accounting system and internal control system, among others, and they are functioning effectively. The Audit Office periodically inspects compliance with the internal control system and reports to the Board of Directors. CPAs also review implementation of the internal control system of the Company on a yearly basis.	No significant difference
(V) Does the Company hold internal and external educational trainings on ethical management regularly?	✓		The Company communicates ideas about ethical corporate management from time to time in respective meetings. In the future, related educational trainings on ethical corporate management will be held periodically or from time to time as actually needed.	No significant difference
III. Whistle-blowing System of the Company				
(I) Does the Company have substantial reporting and incentive systems in place, provide convenient reporting channels, and assign appropriate specialists investigate reported matters?	✓		The Company has established the Personnel Management Regulations. If employees are found with violations of applicable requirements for ethical corporate management, they may be reported through the employee suggestion box disclosed on the Company's official website; once confirmed to be true, they will be disciplined according to the Company's disciplinary system.	No significant difference
(II) Has the Company established any standard operating procedures, subsequent measures to be adopted after the investigation is completed, or confidentiality mechanisms for handling reported matters?	✓		Upon discovery or receipt of a report on unethical behavior involving the staff of the Company, if it is confirmed to be true, the Company will ask the violator to stop any behavior immediately and impose proper dispositions. If necessary, damages may be requested through legal proceedings in order to protect the reputation and rights of the Company.	No significant difference
(III) Does the Company assure employees who reported on malpractices that they will not be improperly treated for making such reports?	✓		The Company will keep the details about the investigation and the findings strictly confidential and make sure that the rights of related people are not undermined and will take appropriate protective measures to avoid retaliation against the whistleblower.	No significant difference
IV. Reinforced Information Disclosure	✓		The Company will continue to reinforce the disclosure of related information. The Company has assigned someone to take	No significant difference

Evaluation item	Operational status (Note)			Deviation from Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies and Reasons
	Yes	No	Summary	
Has the company disclosed information regarding its ethical corporate management principles and implementation status on its website and the MOPS.?			charge of the disclosure of information on the website.	
V. If the company has its own Ethical Management Principles established according to the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies, please describe the differences between its implementation and the principles: None significant difference.				
VI. Other important information that helps understand the implementation of ethical corporate management of the company: None.				

(VII) How they may be found shall be disclosed if the company has established Corporate Governance Principles and related regulations:

The company has formulated relevant rules and regulations and disclosed them on its website "ESG". There is a "Corporate Governance" section for investors to check and download corporate governance-related rules. The company's website is:
<https://www.tmpco.com.tw/major-internal-policies/> °

(VIII) Other important information that is sufficient to boost knowledge of corporate governance may also be disclosed:

For information about corporate governance, you may search the Company's website "corporate governance" (<http://www.tmpco.com.tw>)

(IX) Implementation of Internal Control System:

1. Internal Control System Declaration

<p>TMP Steel Corporation</p> <p>Internal Control System Declaration</p> <p style="text-align: right;">Date: February 23, 2024</p> <p>For the Company's internal control system of 2023, it is hereby declared as follows according to self-assessment findings:</p> <p>I. The Company knows that establishing, enforcing, and maintaining an internal control system is the responsibility of the Company's Board of Directors and managers and has such a system in place already. It is meant to reasonably ensure fulfillment of the operational efficacy and efficiency (including profits, performance, and protection of asset security), reporting reliability, timeliness, transparency, and compliance with applicable regulations and laws and regulatory requirements, among other goals.</p> <p>II. The internal control system has its inherited restrictions that cannot be overcome with improved design. An effective internal control system can also only reasonably ensure</p>

the fulfillment of the three goals stated above and its effectiveness may change as the environment or situation changes. There is a self-surveillance mechanism, however, built inside the internal control system of the Company that helps the Company take a corrective action against deficiencies confirmed.

- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The items adopted in the Governing Regulations for determining the internal control system are the five constitutional elements of the internal control system divided according to the management and control process: 1. control environment, 2. risk assessment, 3. control process, 4. information and communication, and 5. supervision. Each element further encompasses several items. For the above-mentioned items, refer to the requirements in the "Governing Regulations".
- IV. The Company has already adopted the aforesaid items to evaluate the effectiveness in the design and implementation of its internal control system.
- V. Pursuant to the results of the above-mentioned evaluations, the Company is of the view that the design and implementation of its internal control system as of December 31, 2022 (including its supervision and management of subsidiaries), including its awareness of the extent by which the operating effects and efficiency goals are fulfilled, reliability of reports, and compliance with relevant laws and regulations, are such that it is effective and capable of reasonably ensuring that the aforementioned goals can be achieved.
- VI. This declaration constitutes a major part of the Company's Annual Report and the Company's Prospectus that are made available to the public. In case of falsification or concealment, among other illegal conditions, with the above-mentioned released contents, liabilities under Articles 20, 32, 171, and 174 of the Securities and Exchange Act will be sought.
- VII. This Declaration was approved at the meeting of the Company's Board of Directors on February 23, 2024 with no directors expressing dissent out of the 9 Directors in attendance.

TMP Steel Corporation

Chairman : Ching-Li Yen

President : Yun-Yhieh Yang

2. If review of the internal audit system is outsourced to CPAs as an exception, the CPA

Review Report shall be disclosed: None.

(X) The Company's major deficiencies improvement status for internal personnel who have received penalties for violating provisions provided by the internal control system in recent years and up to the publication date of this annual report must be listed clearly for situations when the said penalties may impact shareholders' interest or share prices: None.

(XI) Important decisions reached in shareholders' meetings and made by the Board of Directors in the past year up to the date the Annual Report was printed:

1. 2023 General Shareholders' Meeting

Date of meeting	Important decision
05/12/2023	1. Ratification of 2022 Business Report and Financial Statements. Implementation status: Passed. 2. Ratification of 2022 Earnings Distribution Proposal. Implementation status: June 13, 2023 was set to be the ex-dividend base date and distribution took place on June 29, 2023. (Cash dividends per share were distributed at NTD 2) 3. Approval of the revision to some provisions of the Company's "Articles of Incorporation". Implementation status: Passed the revision to some provisions and they were announced on the Company's website. 4. Approval of the revision to some provisions of the Company's "Procedures for Election of Directors". Implementation status: Passed the revision to some provisions and they were announced on the Company's website. 5. Approval of the revision to some provisions of the Company's "Procedures for the Acquisition or Disposal of Assets". Implementation status: Passed the revision to some provisions and they were announced on the Company's website.

2. Important decisions made by Board of Directors throughout 2023 and up to the date the Annual Report was printed

Date	Important decision
2/17/2023	1. Approval of formulating the " Sustainable Development Best Practice Principles " and "Procedures for Sustainability Report Preparation and Verification". 2. Approval of amendments to the "Administrative Measures for the Salary and Benefits of Business Units". 3. Approval of amendments to the " Corporate Governance Best Practice Principles ". 4. Approval of amendments to the " Regulations Governing the Acquisition and Disposal of Assets". 5. Approval of amendments to the "Operating Procedures for Related Party Transactions" and " Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises ".

Date	Important decision
	<ol style="list-style-type: none"> 6. Approval of significantly related party transaction - purchase of goods from E-TOP Metal Co., Ltd. 7. Approval of significantly related party transaction - purchase of goods from E-Shing Steel Co., Ltd. 8. Approval of significantly related party transaction - TSG TRANSPORT CORP. provides transportation services 9. Approval of determining the date, venue, and discussion content of the regular shareholders' meeting and accepting the content related to the proposals of more than 1% of shareholders.
3/10/2023	<ol style="list-style-type: none"> 1. Approval of greenhouse gas inventory and verification schedule planning of consolidated subsidiaries for financial statements. 2. Approval of revised the convening of the 2023 Annual Shareholders' Meeting. 3. Approval of the 2022 the Distribution of Remuneration to Employees and Directors. 4. Approval of the 2022 Business Report and Financial Statements of the company. 5. Approval of the 2022 Earnings Distribution Proposal of the company. 6. Approval of the 2022 Internal Control System Declaration of the company. 7. Approval of the independence and suitability of the company's appointment of certified accountants. 8. Approval of line of credit for loans with EnTie Bank. 9. Approval of the company's budget for new real property and equipment capital expenditure.
05/05/2023	<ol style="list-style-type: none"> 1. Approval of consolidated Financial Statements as of March 31, 2023. 2. Approval of pre-approval of CPAs, their firms, and firm-affiliated companies to provide Non-audit services to the company and subsidiaries and 2023 Accountant's fees review cases 3. Approval of significant related party transactions - Purchases of intangible assets from SAPIDO TECHNOLOGY INC. 4. Approval of significant related party transactions - sales of goods to E-TOPMETAL CO., LTD. 5. Approval of significant related party transactions – sales of goods to E-SHENG STEEL CO., LTD. 6. Issuing new shares for the 4th Unsecured Convertible Corporate Bond, and handling registration of change in share capital. 7. Approval of extension of the contract upon expiration of line of credit for loans with Mega International Commercial Bank. 8. Approval of credit conditions adjustment of loans with Taiwan Cooperative Bank. 9. Approval of 「Mega Bills Finance Co., Ltd.」 Guaranteed

Date	Important decision
	issuance of commercial paper quota case.
06/30/2023	<ol style="list-style-type: none"> 1. Approval of 2022 Sustainability Report. 2. Approval of 「DAH CHUNG BILLS FINANCE CORP」 Guaranteed issuance of commercial paper quota case.
08/11/2023	<ol style="list-style-type: none"> 1. Approval of the internal rotation of the accounting firm and changes in the CPAs. 2. Approval of consolidated Financial Statements as of June 30, 2023. 3. Issuing new shares for the 4th Unsecured Convertible Corporate Bond, and handling registration of change in share capital. 4. Approval of the project to get the Right-of-use assets - south land. 5. Approval of distribution of the employee remuneration of the managers in 2022 6. Approval of professional liability insurance for directors and key employees. 7. Approval of extension of the contract upon expiration of line of credit for loans with HUA NAN BANK. 8. Approval of line of credit for loans with BANK OF KAOHSIUNG.
09/27/2023	<ol style="list-style-type: none"> 1. Approval of due to the adjustment of SAPIDO TECHNOLOGY INC.'s operating business, the contract was re-contracted through the purchase of intangible assets. 2. Approval of changes in the distribution of the employee remuneration of the managers in 2022. 3. Approval of Credit conditions adjustment of loans with Taiwan Cooperative Bank. 4. Approval of line of credit for loans with TAICHUNG COMMERCIAL BANK.
11/10/2023	<ol style="list-style-type: none"> 1. Approval of consolidated Financial Statements as of September 30, 2023. 2. Issuing new shares for the 4th Unsecured Convertible Corporate Bond, and handling registration of change in share capital. 3. Approval of the project to get the Right-of-use assets - south land. 4. Approval of the 2024 Audit Plan 5. Extension of the contract upon expiration of line of credit for loans with EnTie Bank. 6. Extension of the contract upon expiration of line of credit for loans with First Bank.
11/30/2023	<ol style="list-style-type: none"> 1. Approval of the appointment of the audit supervisor . 2. Approval of expecting to acquire private placement of common shares from ENSURE GLOBAL CORP., LTD.
12/27/2023	Approval of redemption of the 4th Unsecured Convertible Corporate Bond.

Date	Important decision
01/24/2024	<ol style="list-style-type: none"> 1. Approval of 2023 manager year-end bonus. 2. Approval of adjustment of the company's salary scale table. 3. Approval of getting the Right-of-use assets – southland. 4. Approval of the appointment of the company's financial officer. 5. Approval of the appointment of the company's acting spokesperson. 6. Approval of the appointment of the company's corporate governance officer. 7. Approval of the revision to some provisions of the Company's organizational rights and responsibilities management regulations. 8. Approval of the company's organizational adjustment. 9. Approval of the new 「Shin Kong Bank」 line of credit. 10. Approval of determine the date, venue, and discussion content of the regular shareholders' meeting and accept the content related to the proposals of more than 1% of shareholders.
02/23/2024	<ol style="list-style-type: none"> 1. Approval of 2023 the Distribution of Remuneration to Employees and Directors. 2. Approval of the 2023 Business Report and Financial Statements of the company. 3. Approval of the 2023 Earnings Distribution Proposal of the company. 4. Approval of the 2023 Internal Control System Declaration of the company. 5. Approval of the independence and suitability of the company's appointment of certified accountants. 6. Approval of the revision to some provisions of the Company's 「Procedures for the Acquisition or Disposal of Assets」 7. Approval of the revision to some provisions of the Company's 「Approval authority table」 8. Approval of the revision to some provisions of the Company's 「Seal Management Measures」. 9. Approval of the Company's factory building and equipment budget proposal. 10. Issuing new shares for the 4th Unsecured Convertible Corporate Bond, and handling registration of change in share capital. 11. Approval of the new 「Taiwan Cooperative Bank」 line of credit for loans for the factory building, equipment, and working

Date	Important decision
	<p>capital</p> <p>12. Approval of line of credit for loans with 「Taiwan Business Bank」.</p> <p>13. Approval of the new 「Shin Kong Bank」 line of credit.</p> <p>14. Approval of significantly related party transaction - TSG TRANSPORT CORP. provides transportation services.</p> <p>15. Approval of significantly related party transaction - purchase of goods from E-TOP Metal Co., Ltd.</p> <p>16. Approval of significantly related party transaction - purchase of goods from E-Shing Steel Co., Ltd.</p> <p>17. Approval of significant related party transactions - sales of goods to E-TOPMETAL CO., LTD.</p> <p>18. Approval of significant related party transactions - sales of goods to E-SHENG STEEL CO., LTD.</p>

(XII) Main contents of different opinions of directors or supervisors that are recorded and stated in writing on important decisions made by the Board of Directors over the past year up to the date the Annual Report was printed: None.

(XIII) Summary of resignations and dismissals of the Company's Chairman, President, accounting heads, financial heads, internal audit heads, head of Corporate Governance, and R&D heads over the past year up to the date the Annual Report was printed:

Position	Name	reported to office	Date discharged	cause of dismissal or removed
Internal audit heads	Tzu-Yi Lin	08/11/2022	11/30/2023	Job adjustment
Financial heads	Yu-chi Huang	03/10/2022	12/31/2023	Resignation
Head of Corporate Governance	Yu-chi Huang	05/12/2022	12/31/2023	Resignation

V. Attesting CPA Expenditure Information

(I) Attesting CPA Expenditure information

Unit: NT\$ thousand

Name of Accounting Firm	Name of CPA	Duration of audit	Audit public expenditure	Non-audit public expenditure (Note)	Total	Remarks
Pricewaterhouse Coopers Taiwan	Yung-chieh Chao	01/01/2022 ~ 31/12/2022	-	700	700	Note1
	Huei-Yu Hsu	01/01/2023 ~ 31/12/2023	1,800	1,070	2,870	Note2
	Chung-Yu Tien					
	Ying-Hsun Liu					
	Jui-Ting Chang					
	Yung-chieh Chao					

Note1: Non-Audit Expenditure is 2022 Annual Sustainability Report NT\$ 700,000.

Note2: Non-Audit Expenditure is department transfer pricing report NT\$ 180,000, cash capital increase change registration NT\$ 90,000, 2023 Annual Sustainability Report NT\$ 600,000, and Tax Compliance Audit NT\$ 200,000.

- (II) When the accounting firm is changed and the audit public expenditure in the year of replacement is reduced compared to that in the preceding year, the audit public expenditures before and after the replacement and the reasons shall be disclosed: None.
- (III) When the audit public expenditure is reduced by more than 10% from the preceding year, the value reduced and its ratio and cause shall be disclosed: None.

VI. Information on Replacement of CPAs

(I) About the Former CPA(s)

Date replaced	Approved by the Board of on August 11, 2023		
Reason for Replacement and Description	To cooperate with internal rotation of PWC, the CPAs Tien, Chung-Yu and Lin, Tzu-Shu were replaced with Hsu, Huei-Yu and Chung-Yu from Q2 of 2023.		
Explain if the appointee or accountant is terminated or does not accept the appointment	Affected party	Certified Public Accountant	Authorizer
	Situation		
	Spontaneous termination of appointment	Not applicable	Not applicable
	Does not accept (continue with) appointment	Not applicable	Not applicable
Opinions expressed in audit reports other than no reservations issued within the most recent two years and the reason	Not applicable		
Different opinions from those of the publisher	Yes		Accounting principles or practice
			Disclosure of financial statements
			Scope or steps of inspection
			Other
	None	<input checked="" type="checkbox"/>	
	Description		
Other Matters (Those that should be disclosed as indicated in Article 10 Subparagraph 6 Items 1-4 to 1-7 of these Guidelines)	Not applicable		

(II) About the Succeeding CPA(s)

Name of Firm	PricewaterhouseCoopers Taiwan
Name of CPA	Hsu, Huei-Yu
Date Delegated	Approved by the Board of on August 11, 2023
Consultations and findings about opinions possibly signed off on the accounting approach of specific transactions and financial statements prior to authorization.	Not applicable
Written opinions of succeeding CPAs that differ from those of former CPAs	Not applicable

(III) Replies of former CPAs to Article 10 Paragraph 6 Item 1 and Item 2 Matter 3 of the Guidelines: Not applicable.

VII. Disclosure of the name, position, and duration of service at the firms or their affiliates that the Company's Chairman, President, or managers in charge of financial or accounting affairs in the past year, if any: None.

VIII. Changes in the transfer and pledge of equity among directors, supervisors, managers, and shareholders with a holding ratio exceeding 10% in the past

year and up to the date the Annual Report was printed:

(I) Changes in the Equity of Directors, Supervisors, Managers, and Major Shareholders

Unit: Share

Position	Name	2023		As of February 29, 2024	
		Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged	Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged
Chairman	Taiwan Steel Corporation	-	-	-	-
	Representative: Ching-Li Yen	-	-	-	-
Director (Note1)	Tianchuan Investment Co., Ltd.	-	-	-	-
	Representative: Yu-Yeh Tsai	(93,000)	-	-	-
Director (Note1)	Tianchuan Investment Co., Ltd.	-	-	-	-
	Representative: Chun-Liang Yeh	-	-	-	-
Director (Note1)	Tianchuan Investment Co., Ltd.	-	3,000,000	-	-
	Representative: Pei-Ying Huang	-	-	-	-
Director (Note1)	Tianchuan Investment Co., Ltd.	-	3,000,000	-	-
	Representative: Wen-Hsiung Mu	-	-	-	-
Director	Taiwan Steel Corporation	-	-	-	-
	Representative: Shih-Chieh Chao	-	-	-	-
Director	Taiwan Steel Corporation	-	-	-	-
	Representative: Kuei-Mei Yang	-	-	-	-
Director (Note2)	Taiwan Steel Corporation	-	-	-	-
	Representative: Yu-Jia Huang	-	-	-	-
Director (Note2)	Taiwan Steel Corporation	-	-	-	-
	Representative: King-Cheng Guo	-	-	-	-
Independent Director	Ti-Miao Wu	-	-	-	-
Independent Director	Yu-Chi Huang	-	-	-	-
Independent Director	Su-I Chou	-	-	-	-
President	Yun-Shi Yang	-	-	-	-
Vice President (Note3)	Yu-Jia Huang	-	-	-	-
Vice President of the Northern Taiwan Business Department (Note4)	Han-Hsin Cheng	-	-	-	-

Position	Name	2023		As of February 29, 2024	
		Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged	Increase/Decrease in the number of shares held	Increase/Decrease in the number of shares pledged
Vice President of the Central Taiwan Business Department	Jhun-Rong Liang	(6,000)	-	-	-
Manager of Finance Department	Uei-Ling Wang	-	-	-	-
Major Shareholders (Note5)	Taiyu Investment Co., Ltd.	-	-	-	-
Major Shareholders (Note6)	Jin Gang Investment Co., Ltd.	-	-	-	-

Note 1: The corporate shareholder of Tianchuan Investment Co., Ltd. appointed Director Pei-Ying Huang and Wen-Hsiung Mu to take over the directorship of Ms. Yu-Yeh Tsai and Mr. Chun-Liang Yeh on 11/8/2023.

Note2: The corporate shareholder of Taiwan Steel Corporation appointed Director King-Cheng Guo to take over the directorship of Ms. Yu-Jia Huang on 1/16/2024.

Note 3: Resigned on December 31,2023.

Note 4: Retired on April 30,2023.

Note 5: Resigned on March 1,2023.

Note 6: Resigned on July 13,2023.

(II) Information of the counterparty for the transfer of the equity of directors, supervisors, managers with a holding ratio exceeding 10% who is a related party: None.

(III) Information of the counterparty for the pledge of the equity of directors, supervisors, managers with a holding ratio exceeding 10% who is a related party: None.

IX. Information of the relationship among Top 10 shareholders with the highest holding ratio who are related, spouses, or relatives within the second degree of kinship of each other (one another) as defined

Date: February 22, 2024 Unit: Share

Name	Shares held by the shareholder		Shares currently held by the spouse and minor child(ren)		Total shares held in someone else's name		The title or name and relationship among shareholders in the Top shareholding list who are related, spouse to each other, or relatives within the second degree of kinship		Remarks
	Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	Name	Relationship	
Jin Gang Investment Co., Ltd.	6,770,432	9.68	-	-	-	-	None	None	None
Representative: Ci-Tai Chen	-	-	-	-	-	-	None	None	None
Tianchuan Investment Co., Ltd.	6,079,303	8.69	-	-	-	-	None	None	None

Name	Shares held by the shareholder		Shares currently held by the spouse and minor child(ren)		Total shares held in someone else's name		The title or name and relationship among shareholders in the Top shareholding list who are related, spouse to each other, or relatives within the second degree of kinship		Remarks
	Quantity	Ratio	Quantity	Ratio	Quantity	Ratio	Name	Relationship	
Representative: Chuni-i Huang	-	-	-	-	-	-	None	None	None
E-TOP METAL CO., LTD.	5,934,508	8.48	-	-	-	-	E-SHENG STEEL CO., LTD.	Same representative	None
Representative: Ching-Li Yen	-	-	-	-	-	-	None	None	None
E-SHENG STEEL CO., LTD.	2,511,005	3.59	-	-	-	-	E-TOP METAL CO., LTD.	Same representative	None
Representative: Ching-Li Yen	-	-	-	-	-	-	None	None	None
Taiwan Steel Corporation	2,304,054	3.29	-	-	-	-	None	None	None
Representative: Chiung-Fen Wan	274,000	0.39	-	-	-	-	None	None	None
NewSoft Technology Corporation	2,000,000	2.86	-	-	-	-	None	None	None
Representative: Yun-Chin Li	176,000	0.25	-	-	-	-	None	None	None
Jia Jie Biomedical	1,546,108	2.21	-	-	-	-	None	None	None
Representative: He-Shwun Chen	-	-	-	-	-	-	None	None	None
Yu-hsuan Lin	951,098	1.36	-	-	-	-	None	None	None
Golden Win Steel Ind.	892,627	1.28	-	-	-	-	None	None	None
Representative: Huei-Chang Shao	-	-	-	-	-	-	None	None	None
Kuang-Nan Huang	552,842	0.79	-	-	-	-	None	None	None

X. Number of shares held by the Company, the Company’s directors, supervisors, managers, and directly or indirectly controlled businesses and the consolidated general holding ratio

Date: December 31, 2023; Unit: Share

Re-invested business	Investment made by the Company		Investment by the directors, supervisor, manager, and directly or indirectly controlled business		Comprehensive investment	
	Shares	Holding Ratio	Shares	Holding Ratio	Shares	Holding Ratio
TMP Electronic (South Korea) Co., Ltd.	-	50%	-	-	-	50%
Taiwan Iron and Steel CO.,LTD	100,000	100%	-	-	100,000	100%

IV. Fund-raising

I. Capital and Shares

(I) Source of Capital Stock

1. Issued Shares

Unit: Share, NTD

MM/YYYY	Issue price	Approved capital stock		Paid-in capital stock		Remarks		
		Quantity	Value	Quantity	Value	Source of capital stock	Using properties other than cash to write off	Other
May 1984	1,000	10,000	10,000,000	5,000	5,000,000	Established 5,000,000	-	
October 1986	1,000	10,000	10,000,000	7,500	7,500,000	Capital increase in cash 2,500,000	-	
October 1988	1,000	20,000	20,000,000	15,000	15,000,000	Capital increase in cash 7,500,000	-	
June 1989	10	3,500,000	35,000,000	3,500,000	35,000,000	Capital increase in cash 20,000,000	-	
April 1991	10	8,740,000	87,400,000	8,740,000	87,400,000	Capital increase in cash 38,500,000 Debt payment 13,900,000	-	
April 1993	10	10,550,000	105,500,000	10,550,000	105,500,000	Capital increase in cash 18,100,000	-	
December 1993	10	12,687,000	126,870,000	12,687,000	126,870,000	Capital increase in cash 17,000,000 Earnings transferred capital increase 4,370,000	-	
November 1994	10	15,291,100	152,911,000	15,291,100	152,911,000	Capital increase in cash 20,264,000 Earnings transferred capital increase 5,777,000	-	
April 1997	10	8,000,000	80,000,000	8,000,000	80,000,000	Capital reduction 72,911,000	-	
June 1997	10	13,698,000	136,980,000	13,698,000	136,980,000	Capital increase in cash 56,980,000	-	
June 1998	10	42,600,000	426,000,000	21,308,000	213,080,000	Capital increase in cash 76,100,000	-	Note 1
July 2000	10	42,600,000	426,000,000	25,308,000	253,080,000	Capital increase in cash 40,000,000	-	Note 2
July 2001	10	42,600,000	426,000,000	30,472,700	304,727,000	Earnings transferred capital increase 26,339,000 Capital reserve transferred capital increase 25,308,000	-	Note 3
July 2002	10	47,600,000	476,000,000	32,522,000	325,220,000	Earnings transferred capital increase 14,398,460 Capital reserve transferred capital	-	Note 4

MM/YYYY	Issue price	Approved capital stock		Paid-in capital stock		Remarks		
		Quantity	Value	Quantity	Value	Source of capital stock	Using properties other than cash to write off	Other
						increase 6,094,540		
September 2003	10	47,600,000	476,000,000	36,138,000	361,380,000	Earnings transferred capital increase 19,899,000 Capital reserve transferred capital increase 16,261,000	-	Note 5
September 2004	10	76,000,000	760,000,000	39,596,740	395,967,400	Earnings transferred capital increase 34,587,400	-	Note 6
October 2005	10	76,000,000	760,000,000	43,979,994	437,979,940	Earnings transferred capital increase 20,884,370 Conversion of corporate bonds to shares 21,128,170	-	Note 7
January 2006	10	76,000,000	760,000,000	44,387,182	443,871,820	Conversion of corporate bonds to shares 5,891,880	-	Note 8
April 2006	10	76,000,000	760,000,000	45,954,741	459,547,410	Conversion of corporate bonds to shares 15,675,590	-	Note 9
July 2006	10	76,000,000	760,000,000	46,089,876	460,898,760	Conversion of corporate bonds to shares 1,351,350	-	Note 10
September 2006	10	76,000,000	760,000,000	47,787,218	477,872,180	Earnings transferred capital increase 16,973,420	-	Note 11
April 2007	10	76,000,000	760,000,000	48,360,644	483,606,440	Conversion of corporate bonds to shares 5,734,260	-	Note 12
July 2007	10	76,000,000	760,000,000	48,423,581	484,235,810	Conversion of corporate bonds to shares 629,370	-	Note 13
October 2007	10	76,000,000	760,000,000	49,351,254	493,512,540	Earnings transferred capital increase 9,276,730	-	Note 14
October 2007	10	76,000,000	760,000,000	51,036,567	510,365,670	Conversion of corporate bonds to shares 16,853,130	-	Note 15
January 2008	10	76,000,000	760,000,000	51,465,138	514,651,380	Conversion of corporate bonds to shares 4,285,710	-	Note 16
November 2008	10	76,000,000	760,000,000	50,465,138	504,651,380	Write-off of treasury stock 1,000,000	-	Note 17
November 2010	10	76,000,000	760,000,000	48,465,138	484,651,380	Write-off of treasury stock 2,000,000	-	Note 18
March 2012	10	76,000,000	760,000,000	47,465,138	474,651,380	Write-off of treasury stock 1,000,000	-	Note 19
November 2012	10	76,000,000	760,000,000	28,857,972	288,579,720	Capital reduction to make up for deficits 18,607,166	-	Note 20
October	10	76,000,000	760,000,000	53,857,972	538,579,720	Private placement of	-	Note

MM/YYYY	Issue price	Approved capital stock		Paid-in capital stock		Remarks		
		Quantity	Value	Quantity	Value	Source of capital stock	Using properties other than cash to write off	Other
2013						cash for capital increase 25,000,000		21
October 2014	10	76,000,000	760,000,000	16,157,392	161,573,920	Capital reduction to make up for deficits 37,700,580	-	Note 22
April 2015	10	76,000,000	760,000,000	34,157,392	341,573,920	Private placement in cash for capital increase 18,000,000	-	Note 23
October 2015	10	76,000,000	760,000,000	30,675,184	306,751,840	Capital reduction to make up for deficits 34,822,081	-	Note 24
May 2020	10	150,000,000	1,500,000,000	30,675,184	306,751,840	-	-	Note 25
November 2021	10	150,000,000	1,500,000,000	45,675,184	456,751,840	Capital increase in cash 150,000,000	-	Note 26
January 2022	10	150,000,000	1,500,000,000	45,711,547	457,115,470	Conversion of corporate bonds to shares 363,630	-	Note 27
August 2022	10	150,000,000	1,500,000,000	60,711,547	607,115,470	Capital increase in cash 150,000,000		Note 28
March 2023	10	150,000,000	1,500,000,000	62,083,633	620,836,330	Capital increase in cash 1,372,086		Note 29
June 2023	10	150,000,000	1,500,000,000	68,243,295	682,432,950	Capital increase in cash 6,159,662		Note 30
September 2023	10	150,000,000	1,500,000,000	68,565,073	685,650,730	Capital increase in cash 321,778		Note 31
December 2023	10	150,000,000	1,500,000,000	68,575,319	685,753,190	Capital increase in cash 188,117		Note 32
February 2024	10	150,000,000	1,500,000,000	69,956,149	699,561,490	Capital increase in cash 1,202,959		Note 32

Note 1: The capital increase in cash was approved through the (1998) Taiwan Finance Certificate (I) No. 48033 letter dated June 8, 1998 from the Securities and Futures Bureau, Ministry of Finance, with records on file.

Note 2: The capital increase in cash was approved through the (2000) Taiwan Finance Certificate (II) No. 59275 letter dated July 11, 2000 from the Securities and Futures Bureau, Ministry of Finance, with records on file.

Note 3: The earnings and capital reserve transferred capital increase was approved through the (2001) Taiwan Finance Certificate (I) No. 144109 letter dated July 9, 2001 from the Securities and Futures Bureau, Ministry of Finance, with records on file.

Note 4: The earnings and capital reserve transferred capital increase was approved through the (2002) Taiwan Finance Certificate (I) No. 0910137373 letter dated July 8, 2002 from the Securities and Futures Bureau, Ministry of Finance, with records on file.

Note 5: The earnings and capital reserve transferred capital increase was approved through the (2003) Taiwan Finance Certificate (I) No. 0920128875 letter dated June 30, 2003 from the Securities and Futures Bureau, Ministry of Finance, with records on file.

Note 6: The earnings and capital reserve transferred capital increase was approved through the (2004) TPEX Listing No. 29397 Letter dated October 1, 2004 from Taipei Exchange, with records on file.

Note 7: The earnings transferred capital increase and conversion of corporate bonds into shares were approved

- through the MOEA Authorization SMEA No. 09433010840 Letter dated October 24, 2005 from the Ministry of Economic Affairs, with records on file.
- Note 8: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 09531589850 Letter dated January 18, 2006 from the Ministry of Economic Affairs, with records on file.
- Note 9: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 09532010150 Letter dated April 12, 2006 from the Ministry of Economic Affairs, with records on file.
- Note 10: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 09532549330 Letter dated July 21, 2006 from the Ministry of Economic Affairs, with records on file.
- Note 11: The earnings transferred capital increase was approved through the TPEX Supervision No. 0950027231 Letter dated October 11, 2006 from Taipei Exchange, with records on file.
- Note 12: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 09632013460 Letter dated April 24, 2007 from the Ministry of Economic Affairs, with records on file.
- Note 13: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 09632457160 Letter dated July 19, 2007 from the Ministry of Economic Affairs, with records on file.
- Note 14: The earnings transferred capital increase was approved through the TPEX Supervision No. 0960203192 Letter dated October 2, 2007 from Taipei Exchange, with records on file.
- Note 15: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 09601254950 Letter dated October 18, 2007 from the Ministry of Economic Affairs, with records on file.
- Note 16: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 09701001580 Letter dated January 7, 2008 from the Ministry of Economic Affairs, with records on file.
- Note 17: The write-off of treasury stock was approved through the MOEA Authorization Business No. 09701292590 Letter dated November 14, 2008 from the Ministry of Economic Affairs, with records on file.
- Note 18: The write-off of treasury stock was approved through the Taipei Economic Registration No. 0993179247 Letter dated December 29, 2010 from the Taipei City Government, with records on file.
- Note 19: The write-off of treasury stock was approved through the Taipei Economic Registration No. 1015012279 Letter dated March 6, 2012 from the Taipei City Government, with records on file.
- Note 20: The capital reduction to make up for deficits was approved through the FSC Securities Issue No. 1010047370 Letter dated November 6, 2012 from the Financial Supervisory Commission, Executive Yuan, with records on file.
- Note 21: The private placement in cash for capital increase was approved through the MOEA Authorization Business No. 10201217700 Letter dated October 25, 2013 from the Ministry of Economic Affairs, with records on file.
- Note 22: The capital reduction to make up for deficits was approved through the FSC Securities Issue No. 1030028983 Letter dated August 12, 2014 from the Financial Supervisory Commission, with records on file.
- Note 23: The private placement in cash for capital increase was approved through the Taipei Industry Commerce No. 10483300600 Letter dated May 4, 2015 from the Taipei City Government, with records on file.
- Note 24: The capital reduction to make up for deficits was approved through the FSC Securities Issue No. 10400391631 Letter dated October 19, 2015 from the Financial Supervisory Commission, with records on file.
- Note 25: The finalization of shares was approved through the Taipei Industry Commerce No. 10949313600 Letter dated May 19, 2020 from the Taipei City Government, with records on file.

Note26: The finalization of shares was approved through the Taipei Industry Commerce No. 11053475840 Letter dated November 16, 2021 from the Taipei City Government, with records on file.

Note27: The finalization of shares was approved through the Taipei Industry Commerce No. 11055815220 Letter dated January 4, 2022 from the Taipei City Government, with records on file.

Note28: The finalization of shares was approved through the MOEA Authorization Business No. 11101144480 Letter dated August 3, 2022 from the Ministry of Economic Affairs, with records on file.

Note29: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 11230092180 Letter dated June 1, 2023 from the Ministry of Economic Affairs, with records on file.

Note30: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 11230168210 Letter dated September 1, 2023 from the Ministry of Economic Affairs, with records on file.

Note31: The conversion of corporate bonds into shares was approved through the MOEA Authorization SMEA No. 11230226740 Letter dated December 18, 2023 from the Ministry of Economic Affairs, with records on file.

Note32: The conversion of corporate bonds into shares 1,391,076 has been completed the non-physical login delivery, but the change registration approval letter has not yet been obtained.

2. Type of Stock

March 1, 2024 Unit: Share

Type of share	Approved capital stock			Remark
	Outstanding shares(Note)	Shares yet to be issued	Total	
Common stock	69,956,149	80,043,851	150,000,000	Main Board stock

Note: The conversion of corporate bonds into shares 1,391,076 has been completed the non-physical login delivery, but the change registration approval letter has not yet been obtained.

3. It is approved to place and issue securities through self-registration: None.

(II) Shareholder Structure

February 22, 2024 Unit: people ;Share;%

Shareholder Structure	Government agency	Financial institution	Other corporations	Individual	Foreign institution and alien	Total
Quantity						
Number of people	-	-	160	15,476	18	15,654
Shares held	-	-	29,989,788	37,825,092	2,141,269	69,956,149
Holding ratio	-	-	42.87	54.07	3.06	100.00

(III) Decentralization of equity

February 22, 2024 Unit: people ;Share;%

Holding classification	Number of shareholders	Shares held	Holding ratio
1~ 999	10,356	377,451	0.54

Holding classification		Number of shareholders	Shares held	Holding ratio
1,000~	5,000	4,052	8,133,186	11.63
5,001~	10,000	603	4,931,606	7.05
10,001~	15,000	196	2,543,676	3.64
15,001~	20,000	117	2,169,342	3.10
20,001~	30,000	101	2,596,039	3.71
30,001~	40,000	58	2,066,196	2.95
40,001~	50,000	39	1,834,018	2.62
50,001~	100,000	66	4,672,713	6.68
100,001~	200,000	35	5,145,612	7.36
200,001~	400,000	20	5,479,333	7.83
400,001~	600,000	2	1,017,842	1.45
600,001~	800,000	-	-	-
800,001~	1,000,000	2	1,843,725	2.64
1,000,001	Shares and above	7	27,145,410	38.80
Total		15,654	69,956,149	100.00

(IV) List of Major Shareholders

February 22, 2024 Unit: people ;Share;%

Name of major shareholder	Shares	No. of shares held	Holding Ratio
S-Tech Investment Co., Ltd.		6,770,432	9.68
Tianchuan Investment Co., Ltd.		6,079,303	8.69
E-TOP METAL CO., LTD.		5,934,508	8.48
E-SHENG STEEL CO., LTD.		2,511,005	3.59
Taiyu Investment Co., Ltd.		2,304,054	3.29
Taiwan Steel Corporation		2,000,000	2.86
NewSoft Technology Corporation		1,546,108	2.21
Jia Jie Biomedical		951,098	1.36
Yu-hsuan Lin		892,267	1.28
Golden Win Steel Ind.		552,842	0.79
Kuang-Nan Huang		6,770,432	9.68

(V) Related information of market price per share, net value, earnings, and dividends for the past two years

Unit: NTD/thousand shares

Item	Year		2022	2023	2024 As of February 29 (Note 6)
	Market value per share	Maximum(Note 1)		25.20	36.50	32.75
Minimum (Note 1)		19.15	22.10	27.40	
Mean (Note 1)		22.10	29.60	29.99	
Net worth per share	Before distribution(Note 5)		18.80	21.02	None
	After distribution		16.77	18.66	None
Earnings per Share	Weighted average number of shares		53,314	65,464	None
Earnings per Share	Earnings per Share	Before adjustment	3.32	4.02	None
		After adjustment	3.32	4.02	None
Dividends per share	Cash dividends		2.00	2.00 (Note5)	None
	Free share assignment	-	-	-	None
		-	-	-	None
	Accumulated unpaid dividend		-	-	-
Analysis of Return on Investment	Price earnings ratios(Note 2)		6.66	7.36	None
	Price to dividend ratio(Note 3)		11.05	14.80 (Note5)	None
	Cash dividend yield(Note 4)		9.05	6.76 (Note5)	None

Note 1: List the highest and lowest market prices of common stock shares each year and calculate the mean market price of each year according to the annual trading value and trading volume.

Note 2: Price-to-earning ratio = mean closing price per share of the year/earnings per share.

Note 3: Price-to-dividend ratio = mean closing price per share of the year/cash dividends per share.

Note 4: Cash dividends yield rate = cash dividends per share/mean closing price per share of the year.

Note 5: The 2022 cash dividend distribution has been approved by a special resolution of the board of directors.

Note 6: For the net worth per share and earnings per share, the data from the latest quarter up to the date the Annual Report was printed that have been audited (reviewed and approved) by CPAs shall be provided; for the other fields, the data of the current year up to the date the Annual Report was printed should be provided.

(VI) Company's Dividend Policy and Implementation

1. Dividend policy:

After the final annual accounts, the company's net profit should first submit

taxes and make up for the previous year's losses, and 10% should be set aside as a statutory surplus reserve. The rest will be set aside or reversed to the special surplus reserve by Article 41 of the Securities and Exchange Law; the rest will be combined with the accumulated undistributed surplus at the beginning of the same period, and the board of directors will decide to retain or distribute shareholder dividends by issuing new shares. It should be submitted to the shareholders' meeting for a resolution on distribution.

Pursuant to Item 5, Article 240 of the Company Act, the Company authorizes the board meeting attended by two-thirds of the total number of directors, with the resolution adopted by a majority vote to distribute dividends and bonuses in whole or in part, and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting.

Given the fact that the industry that the Company is in is at a growing stage now, there are plans to expand operations and needs funds for several years in the future. As such, the distribution of earnings is based on the following requirements. For the Company's dividend policy, current and future development plans, the investment environment, the demand for funds, and domestic and international competition as well as shareholder's interest, among others, are taken into consideration. Each year, with the distributable earnings for the year, no less than 30% will be set aside to be the shareholder dividend bonus. If the accumulated distributable earnings are less than 1% of the paid-in capital stock, however, it is allowed not to distribute the profits. The distribution of shareholder dividend bonuses may be done in cash or in stock. Cash dividends, in particular, are no less than 10% of the total value of dividends available. The type and ratio of such earnings distributed, however, may be adjusted as decided through the shareholders' meeting depending on the actual profitability and funding status of the year.

2. Distribution of shareholder dividends proposed (decided) for the year

It was approved by a special resolution of the Board of Directors on February 23, 2024 that NTD 2 per share would be distributed in cash as the dividends for shareholders, that is, NTD 139,912,298 in total; it will be reported in the 2024 General Shareholders' Meeting.

(VII) Impacts of free share assignment intended through the current shareholders' meeting on the Company's operational performance and earnings per share: None.

(VIII) Remuneration to employees, directors, and supervisors:

1. Percentage or range of remuneration for employees and directors/supervisors as stated in the Company's Articles of Incorporation

If the Company has profits for the year, 1% to 10% shall be set aside to be

the remuneration to employees. The Board of Directors shall decide whether they will be distributed in stock or in cash. It may be distributed to employees of any subordinated or controlled company meeting certain criteria. The Company may submit the above-mentioned profits to the Board of Directors for a decision over appropriating no greater than 4%, inclusive, of it to be the remuneration to directors and supervisors.

In cases of accumulated deficits, however, the Company shall first retain those needed to write off the said deficits before the remuneration to employees and that to directors and supervisors are to be set aside by the ratios indicated in the preceding paragraph.

2. Accounting measures adopted in case of any difference between the basis for estimating the amount of remuneration for employees, directors, and supervisors, basis for calculating the number of shares included in the distribution of remuneration for employees, and the actual value distributed and their estimates of the current term:

In case of any difference between the values estimated for the current term of remunerations to employees and to directors and supervisors and those actually distributed, the difference will be recognized under profits or losses for the coming year.

3. Approval of distribution of remuneration by the Board of Directors:

The Board approved the remunerations to employees and the Company of Directors directors on February 23, 2024. NTD 3,116,000 to employees and NTD 2,493,000 to directors will be distributed as the remuneration, which was identical to the estimates made in 2023.

4. For the remuneration actually distributed to employees, directors, and supervisors for the preceding year (including the number of shares distributed, the value, and the share price), in case of any difference from that recognized, the difference, the cause and how it is handled shall be specified:

For 2022, NTD 3,500,000 to employees and NTD 2,277,000 to directors were actually distributed as the remuneration in cash, which were identical to the estimates made for 2022.

(IX) Buyback of the Company's Shares: None.

II. Corporate Bonds

Type corporate bond	Fourth unsecured conversion of corporate bonds	
Date of issue	10/26/2022	
Face value	NTD 100,000	
Issue and trading site	Taiwan	
Issue price	Issued at 100.5% of par value	
Total	NTD 200,000,000	
Interest rate	Coupon rate 0%	
Duration	3 Years Expiration date: 10/26/2025	
Guarantee institution	None	
Trustee	Trust Department, HUA NAN Bank Co., Ltd.	
Underwriter	Mega Securities Co., Ltd.	
Certified Attorney	Attorney Wei Zhongjie , Wei Zhongjie Law Firm	
Certified Public Accountant (CPA)	Pricewaterhouse Coopers Taiwan CPAs Chung-Yu Tien and Tzu-Shu Lin	
Repayment method	Lump-sum payment upon expiration	
Principal yet to be paid back	NTD 0 (As of February 29, 2024)	
Redemption or early settlement clause	Please refer to the Company's Guidelines to the Issuance and Conversion for the Fourth Domestic Unsecured Conversion of Corporate Bonds	
Name of the credit rating agency, date of the rating, and rating outcome of corporate bonds	None.	
Other additional rights	The value of converted (swapped or subscribed) common stock shares, global depository receipts, or other marketable securities as of the date the Annual Report was printed	Expired on February 19, 2024 , a total of 9,244,602 common stock shares had been converted.
	Issuance and Conversion (Swapping or Subscription) Guidelines	Please refer to the Company's Guidelines to the Issuance and Conversion for the Third Domestic Unsecured Conversion of Corporate Bonds.
Possible dilution of equity and impacts on current shareholders' rights of the Issuance and Conversion, Swapping or Subscription Guidelines and the issuance criteria	Please refer to pages 62 to 64 of the company's fourth domestic unsecured conversion corporate bond.	
Name of authorized depository	None	

Note: The Fourth secured the conversion of corporate bonds terminated on February 19, 2024, OTC trading.

Information on the conversion of corporate bonds

Unit: NTD

Type of corporate bond		Fourth domestic secured conversion of corporate bonds		
Year		2022	2023	The year up to February 19, 2024
Item				
Price of bond to be converted or swapped	Maximum	105.50	158.00	137.50
	Minimum	96.60	103.65	136.45
	Mean	99.32	129.69	136.82
Conversion price		21.50	20.20	20.20
Date of issue and conversion price at issue		Date of issue: 10/26/2022 Conversion price at issue:21.50		
How to fulfill the conversion obligation		To be delivered in new stock issued		

Note1: Due to the distribution of cash dividends on June 13, 2023, the conversion price was adjusted from NTD 21.5 to NTD 20.2.

Note2: Over-the-counter trading was terminated on February 19, 2024.

III. Preferred Stock: None.

IV. Global Depositary Receipt: None.

V. Employee Share Subscription Warrant: None. .

VI. Restricted Stock Award: None.

VII. Issuance of New Stock upon M&A or Assignment of Shares from Other Companies: None.

VIII. Implementation of the Funds Utilization Plan: Each issuance of securities by the Company was completed and absence of the efficacy of the plan did not happen.

V. Business Overview

I. Scope of Operation

(I) Scope of Operation

1. Main scope of operation

- (1) Manufacture of Power Generation, Transmission and Distribution Machinery
- (2) Lighting Equipment Manufacturing
- (3) Wired Communication Mechanical Equipment Manufacturing
- (4) Wireless Communication Mechanical Equipment Manufacturing
- (5) Electronics Components Manufacturing
- (6) Computer and Peripheral Equipment Manufacturing
- (7) Other Electrical Engineering and Electronic Machinery Equipment Manufacturing
- (8) Wholesale of Computers and Clerical Machinery Equipment
- (9) Retail Sale of Computers and Clerical Machinery Equipment
- (10) Retail Sale of Other Products
- (11) Retail sale of Other Integrated
- (12) Retail Sale No Storefront
- (13) Rental and Leasing
- (14) Performing Arts Activities
- (15) International Trade
- (16) Wholesale of Building Materials
- (17) Wholesale of Hardware
- (18) Retail Sale of Building Materials
- (19) Retail Sale of Hardware
- (20) Steel Secondary processing
- (21) Wholesale of Machinery
- (22) Wholesale of Electrical Appliances
- (23) Wholesale of Telecommunication Apparatus
- (24) Recreational Activities Venue
- (25) Housing and Building Development and Rental
- (26) Industrial Factory Development and Rental
- (27) Investment, Development and Construction in Public Construction
- (28) Real Estate Business
- (29) Real Estate Leasing
- (30) General Advertisement Service
- (31) All business items that are not prohibited or restricted by law, except those that are subject to special approval.

2. Scope of operation by the weight

Unit: NT\$ thousand

Item	Year	2023	
		Amount	%
Iron and steel building materials, etc.		7,825,660	100.00
Total		7,825,660	100.00

3. Current products and services of the Company

- (1) Steel reinforcing bar: for use in the structures of houses, buildings, and public works or constructions.
- (2) Steel reinforcing bar processing and direct delivery to construction sites across the province.

4. New products and services planned to be developed

The new products that the company plans to develop in the future are Special steel reinforcing bar processing and forming (hooping) ; spot-welded steel wire mesh ; Section steel ; Imported steel ; Rod ; Wire, etc.

(II) Industrial Overview

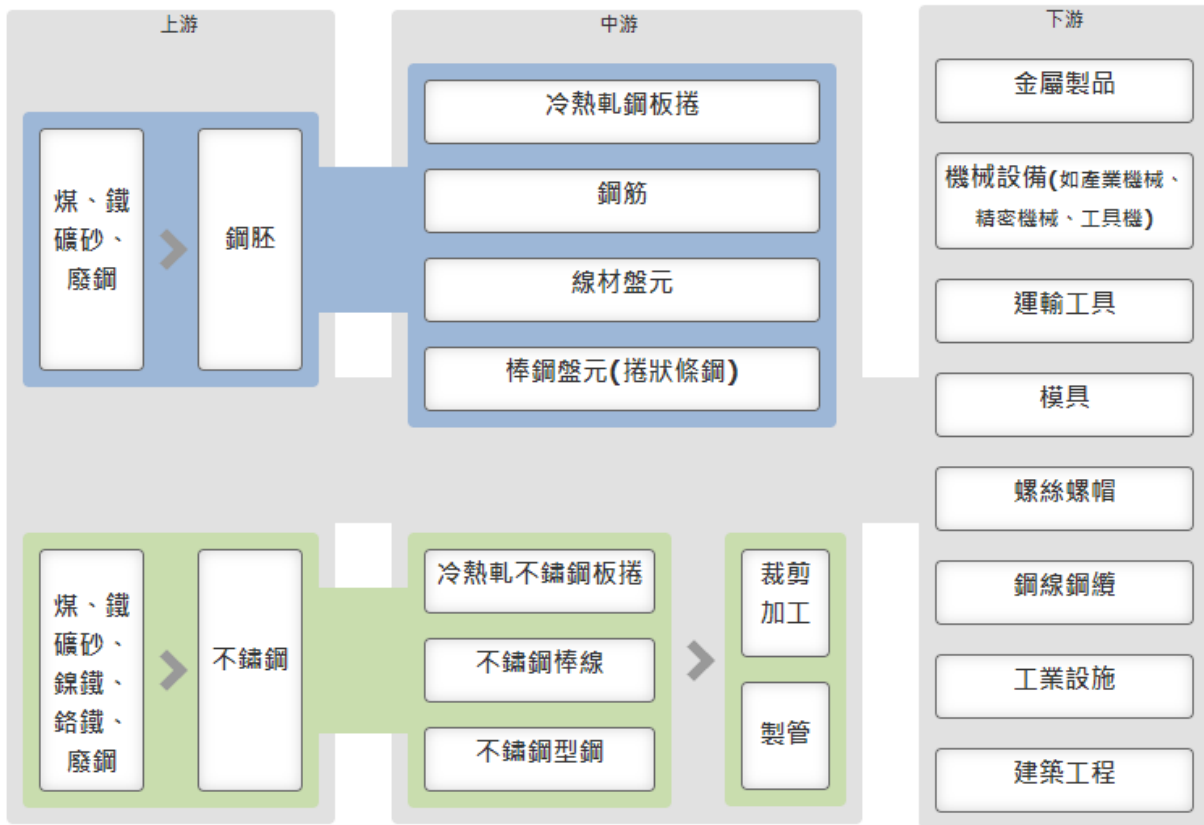
1. Current Status and Development of the Industry

The Company's main lines of business are the integrated sales and processing of steel bars and distribution services. As all of the Company's products are made of steel, the following gives an analysis of the current situation of the steel industry:

The iron and steel industry is also known as "the mother of all industries" as it is essential for the development of public and private works in a country. The iron and steel sector is highly relevant and widely used in many fields such as construction, transport, machinery and electrical appliances, and is crucial to a country's economic stability and independent defense, which is why governments attach great importance to the industry. According to manufacturing output statistics released by the Ministry of Economic Affairs in February 2024, Taiwan's iron and steel industry accounted for 8% of the nation's manufacturing output in 2023, second only to the electronic components and petrochemical sectors, indicating that the steel market's performance has a significant impact on the nation's economic growth.

The World Steel Association forecasts that global steel demand will reach 1.849 billion tonnes in 2024, up 1.9% annually, emphasizing that all negative factors in the steel industry have been reflected and the unfavorable factors have begun to subside. Coupled with the recent stabilization of China's housing market, the manufacturing index (PMI) of major economies such as the United States, China, and Europe has rebounded from the bottom, indicating that the bottom of the steel industry has passed, and the steel industry is expected to prosper this year.

2. Correlation among Upstream, Mid-stream, and Downstream of the Industry



Source: Industrial Value Chain Information Platform

Steel can be divided into two main categories in terms of material: "carbon steel" and "stainless and alloy steel."

The upstream of the carbon steel industry chain consists of raw materials such as coal, iron ore and steel scrap, as well as steel billets made therefrom in blast furnaces or electric furnaces; the midstream includes steel sheet coils, steel bars, wire rods and bars in coil made by cold and hot rolling; and the downstream has a wide range of applications, including metal products, machinery and equipment, transportation tools, molds, screws and nuts, steel wires and cables, industrial facilities and construction works, etc.

The structure of the stainless and alloy steel industry chain is similar to that of the carbon steel industry chain. Upstream, in addition to coal, iron ore and steel scrap, raw materials such as ferro-nickel and ferro-chrome are added to make alloy steel billets such as stainless steel; the mid-stream comprises hot and cold rolled steel sheet coils, wire rods and section steel, which in turn give rise to shearing processing and tube manufacturing; the downstream is the same as for carbon steel.

The Company is principally engaged in the integrated sales and processing of steel bars and distribution services, and is part of the steel bar and shearing processing industry in the midstream of the steel sector.

3. Various development trends in the industry

(1) The processing and delivery services of the professional steel reinforcing bar team of the Taiwan Steel Group meet the expectations of construction business practitioners. For the time being, the ratio of steel reinforcing bars that are prefabricated and processed at construction sites is roughly less than 30%, which is relatively low compared to the industrial division of labor in advanced countries and regions such as the Europe and Japan. As urbanization grows, the steel reinforcing bar forming industry of Taiwan may follow the European or Japanese model. As such, 50% of professional processing and processing at construction site should be a conservative goal for the mid-term of 3 to 5 years from now.

(2) Steel reinforcing bar processing models

A. Traditional model:

Steel reinforcing bar plant →wholesaler→processing at the construction site or block house→field assembly

B. Outsourcing model:

Steel reinforcing bar plant →wholesaleer→processing at the external contractor's plant→delivery to construction site →field assembly

C. One-stop integrated model:

Steel reinforcing bar plant →Forming plant →Delivery to construction site →Field assembly
(Group Businesses)

4. Product Competition

The Company's main lines of business are the integrated sales and processing of steel bars and distribution services, whereas most of the steel companies currently listed on the stock exchange in Taiwan are focused on manufacturing, which is a different type of industry. Among the sampled peers, Hai Kwang Enterprise Corp (Hai Kwang) is principally engaged in the manufacture and sale of steel billets and reinforcement bars, and its sales customers are mostly engineering construction companies and construction companies in Taiwan, which is similar to the Company; Chia Ta World Co (Chia Ta) specializes in the production and sale of general steel wire and galvanized wire, with its sales regions mainly in Taiwan, Asia and America; Chih Lien Industrial Co (Chih Lien) operates in the steel wire industry, supplying a wide range of high quality products to domestic and overseas customers, with its main products being steel wire and steel rods, sold in Taiwan, Northeast Asia and Southeast Asia.

For the time being, construction sites in Taiwan follow the forming plant and delivery to construction site model for steel reinforcing bars. The demand on the

market is gradually climbing now, with a limited number of competitors. As such, the room for growth is huge for steel reinforcing bar forming plants.

(III) Technical and Research and Development Overview

1. R&D expenses devoted over the last year up to the date the Annual Report was printed: The Company primarily steel processing now. As such, there are no R&D expenses.
2. Products successfully developed over the past year up to the date the annual report was printed:
The distribution of steel reinforcing bars and rods, among other steel products, is vertically integrated throughout the Group to shorten the lead time and to advance in processing and manufacturing, with both the quality and service satisfying to customers.

(IV) Long-and-short-term Business Development Plans

1. Short-term Development Plan

(1) Marketing strategy

The marketing service mechanism covers construction plants and projects in northern, central, and southern parts of Taiwan. With support from steel plants within the Group, the steel reinforcing bars and brands distributed by the Company need to be more diversified.

(2) Production strategy

Integration of upstream, mid-stream, and downstream: steel reinforcing bar plant → wholesaler (the Company) → processing at the external contractor's plant (the Company, that in northern, central, and southern parts of Taiwan) → delivery to construction site → field assembly.

(3) Product strategy

Add steel products, compositions, and choices available for customers to the dealership/distribution to decentralize the risk and to ensure profits and growths. Set up processing plants in northern, central, and southern parts of Taiwan to serve the customers directly.

2. Long-term Development Plan

(1) Marketing strategy

- A. Build self-owned distribution networks and sufficient warehousing spaces for steel products in the nation and work with respective heavyweight steel plants in order to provide heavyweight customers with total solutions consisting of complete steel reinforcing bar options and packages.

B. The minimum economic-scale purchase volume (MOQ) is adopted in order-taking to ensure reduced production cost and steady quality control throughout the production process.

(2) Production strategy

Consolidate self-owned automatic forming plants with the required technologies for steel reinforcing bars by introducing automated production equipment. Self-production and outsourced processing take place concurrently to reduce manpower and labor cost and to stabilize product quality. The following two operational models work with each other concurrently. Internal production and outsourced processing are regulated according to properties such as order, customer, gross profit, and delivery destination. Secondary processing orders may also be accepted from other wholesalers to fill up idle throughput.

A. Outsourcing model:

Steel reinforcing bar plant →wholesaleer (the Company)→processing at the external contractor's plant→delivery to construction site →field assembly

B. One-stop (upstream-midstream-downstream) integrated model:

Steel reinforcing bar plant → wholesaler (the Company → forming plants in northern, central, and southern parts of Taiwan)→Delivery to
(Group Businesses)
construction site →Field assembly

(3) Product Development strategy

There are complete choices of products of steel reinforcing bar packages for construction and customized pre-fabricated products for customers to choose and purchase in the Company.

II. Market and Production/Distribution Overview

(I) Market Analysis

1. Where product/services are primarily sold or provided : 100% of the company's products are sold domestically.
2. Market share

According to the statistics of industrial production, sales, and inventory of the Ministry of Economic Affairs, the sales value of the steel bar manufacturing industry in 2023 and 2022 was NT\$153.7 billion and NT\$154 billion respectively. The market shares of the Company are estimated to be 5.09% and 4.31% respectively.

3. Future supply and demand and growth on market

Looking ahead to 2024, on the demand side, the Company is engaged in

integrated sales and processing and distribution of steel bars, and its major customers are mostly domestic builders and construction companies, so the growth in demand for project procurement in the construction industry will help drive the Company's product shipments. With the recovery of the global economy, the momentum of construction projects has increased, and corporate demand for factories, offices, and commercial office buildings has increased. In addition, the demand for steel rebars in domestic construction such as public projects and public office upgrades actively promoted by the government has stabilized.

On the supply side, as the major raw material purchased by the Company is rebar, the production and quotation of steel bars have a certain degree of influence on the Company's business. According to the Taiwan Steel&Iron Industries Association, the global steel market has bottomed out, and it is predicted that the performance of the global steel market this year will be better than last year, so it views the domestic and foreign steel rebar trends positively.

In addition, ChangPin Plant No. 2 will add new products such as hooped rebar and welded wire mesh. Therefore, we are optimistic about our operating performance this year.

4. Competitive niche and advantageous and disadvantageous factors for future developments and countermeasures

(1) Advantageous factors:

A. Customized production and instant delivery service

The market demand for rebar forming and delivery to sites in Taiwan is on the rise with limited competition, so there is plenty of room for growth for rebar forming plants. The Company has factories in the north, middle and south of Taiwan, providing tailor-made steel bar processing services to suit customers' needs, offering them vertically integrated rebar processing services and delivering rebar to local customers nearby to shorten their production time and reduce their own inventory preparation.

B. Consistent supply price and quality

We have the advantage of having the support and supply from the steel mills of Taiwan Steel Group, and maintain good cooperation and stable relationship with various steel suppliers. Should a supplier be unable to ensure a stable supply or delivery time, we will seek alternative suppliers to secure materials, and confirm the quality and competitiveness of our products by considering the quality, price, delivery time and cooperation of the supplier, and work in close partnership with the supplier to keep the supply price and quality stable.

(2) Disadvantageous factors and Countermeasures:

A. The main raw material for steel bars is imported, and prices and supplies are

prone to fluctuations.

The Company is principally engaged in the processing and distribution of steel bars. The main raw material for steel bars is scrap steel and most of the scrap steel in the nation has to be imported, so fluctuations in international raw material prices will affect the cost of steel bars, and disruptions in the supply will have a consequential effect on production capacity.

Response :

The Company maintains good and long-term partnership with major rebar suppliers and continues developing other new sources of supply with stable quality. It also keeps an eye on the changing trend of supply in the international raw material market and conducts planned purchases to avoid fluctuations in raw material prices and minimize the risk of supply shortages and interruptions in operations.

B. Labor shortage, difficulty in nurturing specialists and increasing labor costs

The rebar processing industry is generally plagued by a shortage of labor and difficulties in grooming talents. As the quality of life has improved, wages have also risen, resulting in a year-on-year growth in the proportion of wages in the cost structure.

Response:

The Company continues to increase the proportion of automated production lines, optimize the working environment, and strengthen the system of personnel cultivation, training, and experience transfer, as well as improve incentives and welfare measures to reduce staff turnover and manpower requirements. We also make good use of the government's foreign labor policy to adjust the number of foreign workers in a timely manner, thereby cutting wage costs.

(II) Important purposes and production processes of main products

1. Important purposes of main products:

Main product	Purpose
Steel reinforcing bars and secondary forming process	For use in the structures of houses, buildings, and public works or constructions.

2. Production/preparation processes of main products

Steel reinforcing bars secondary forming process

Finished starting steel reinforcing bars → inventory → cut to length → bending → bundling of finished products → quality assurance → shipment

(III) Supply of Main Raw Materials

The Company mainly deals with the trading business now. Related products are supplied as follows:

Main Raw Materials	Main supplier	Supply status
Steel reinforcing bar	E-TOP, E-Sheng	Good, normal

(IV) Names of customers with 10% or more purchases (sales) and the current value and ratio of the purchases (sales) in any of the past two years. Please also describe the reason for the increase or decrease.

1. Information of suppliers accounting for 10% and more of overall purchases over the past two years

Unit: NT\$ thousand; %

Item	2022				2023			
	Name	Amount	Percentage in net purchases throughout the year (%)	Relationship with the issuer	Name	Amount	Percentage in net purchases throughout the year (%)	Relationship with the issuer
1	E-TOP	4,207,286	70.84	Significant impacts on the Company	E-TOP	4,011,603	52.34	Significant impacts on the Company
2	E-Sheng	1,137,380	19.15	Other related parties	E-Sheng	1,613,463	21.05	Other related parties
3	Other	594,298	10.01	None	Other	2,040,075	26.61	None
	Total	5,938,964	100.00		Total	7,665,141	100.00	

The reason for the increase or decrease

It is mainly due to an uptick in operating income in 2023, which in turn led to an upswing in shipments.

2. Information of customers accounting for 10% and more of overall sales over the past two years : none.

(V) Production volumes/values over the past two years

Unit: NT\$ thousand; ton

Production volume and value Main product	Year	2022			2023		
		Production Capacity	Production Volume	Production Value	Production Capacity	Production Volume	Production Value
Steel reinforcing bar		232,500	218,025	6,230,973	256,660	244,067	7,344,477
Total		232,500	218,025	6,230,973	256,660	244,067	7,344,477

(VI) Sales volumes/values in the past two years

Unit: NTD thousand; ton

Sales volume and value Main product	Year	2022				2023			
		Importation		Exportation		Importation		Exportation	
		Volume	Value	Volume	Value	Volume	Value	Volume	Value
Iron and steel building materials, etc.		279,887	6,630,495	-	-	370,803	7,825,660	-	-
Total		279,887	6,630,495	-	-	370,803	7,825,660	-	-

III. Number, mean service years, mean age, and education distribution ratio of in-service employees of the past two years up to the date the Annual Report was printed

Unit: people; %

Year		2022/12/31	2023/12/31	As of February 29, 2024
Number of employees	Technicians	35	71	37
	Managers	63	62	62
	Operators	-	-	-
	Total	98	133	99
Mean age		38.42	37.07	37.42
Mean years in service		2.16	2.00	1.86
Ratio of education distribution	Ph.D	-	-	-
	Master	3.10%	3.76%	2.90%
	University and college degree	69.40%	49.62%	51.45%
	Senior high school diploma	22.40%	46.62%	45.65%
	Below senior high school	5.10%	-	-

IV. Information on Environmental Protection Expenditure

Losses (including damages) from environmental pollutions and total value of penalties over the past year up to the date the Annual Report was printed and the countermeasures and possible expenses in the future:

Throughout 2022 up to the date the Annual Report was printed, the Company did not suffer major losses from polluting the environment and impacts from the EU ROHS. Meanwhile, the production and manufacturing of main products available at present do not lead to environmental pollutions. Except for normal environmental protection expenses from the disposal of waste, no major environmental protection-related capital expenditure is

expected in the coming years.

V. Labor-management Relations

(I) List the company's employee welfare measures, advanced education, training, retirement system and its implementation status, as well as the agreement between labor and management and the protection measures of various employee rights and interests

1. Employee Benefits

(1) The Company established its Employee Welfare Committee on March 22, 1989. Employee welfare funds are set aside from the overall operating income and employee travels are organized periodically. There is the annual leave system in place, too.

(2) Employees of the Company are entitled to benefits such as Labor Insurance and National Health Insurance coverage and payment of the pension fund. Benefits provided by the Company include the Chinese New Year prize, Labor Day prize, Dragon Boat Festival prize, Moon Festival prize, wedding and funeral subsidies, reimbursements for educational trainings, year-end party and birthday celebrations, employee bonus, and share subscription, etc.

2. Continuing education and training for employees:

(1) The Company plans related training programs reflective of the function of employees at each department to improve their professionalism and overall attainments.

(2) Employee training statement:

Unit: people ; hour; NT\$ thousand

Item	Total headcount of people	Total hours	Total cost
Professional occupational training	724	2353	345
Total	724	2353	345

3. Employees Retirement System and Implementation:

(1) The Company has established its employee retirement guidelines in compliance with the Labor Standards Act. Retirement of in-service personnel follows the requirements and the Guidelines of the Company.

(2) The Company applied for the establishment of the Labor Pension Reserve Supervisory Committee with the competent authority on February 10, 1987 and sets aside the pension reserve according to the pension fund actuarial report. Employee pension reserve at 2% of the overall salary per month is set aside and deposited in the exclusive account with the Central Trust of China. Employees who have worked for 15 years and above and are 50 years old or have worked for 20 years and above may apply for retirement.

(3) The Labor Pension Act has been enforced since July 1, 2005. According to the

Act, the Company shall set aside 6% of each employee's monthly salary to be the labor pension fund. By requirement, those who were hired before June 30, 2005 and were in service on July 1 could choose to continue to apply applicable requirements about pension fund under the Labor Standards Act or to apply the pension system under the Labor Pension Act and retain the years having worked prior to applicability of the said Act. New employees from July 1, 2005, on the other hand, could only choose to apply the pension system under the Labor Pension Act.

4. The agreement between labor and management and the protection measures of various employee rights and interests

The company has set up labor-management meetings and communicates with each other regularly. Both parties adhere to the principle of harmony and integrity to negotiate and solve problems to maintain a harmonious labor-management relationship.

5. Employee Code of Conduct and Ethical Norms:

The Company has the Employee Code of Conduct, Sexual Harassment Preventive Measures and Disciplinary Regulations in place and also detailed regulations governing the discipline and rewards/penalties for employees.

6. Working environment and protective measures for the personal safety of employees

- (1) The access surveillance system is in place and it is linked to the security company in addition to the existing Access Control Rules and Regulations Governing the Use of Employee Ids in order to protect employees' safety and management.

- (2) The Labor Safety and Health Work Rules are established to govern the maintenance and inspection of equipment, safety at work and health criteria, educational trainings, first aid and rescue, accident reporting, and presentations, etc.

- (3) Have employees covered in the Group Insurance.

- (4) No smoking is allowed in the workplace and environmental disinfection takes place periodically.

- (5) Wearing a helmet is strictly enforced in the workplace.

- (6) Wearing safety shoes is strictly enforced in the workplace.

- (7) Firefighting drills take place regularly each year.

(II) In the most recent year and as of the publication date of the annual report, the losses suffered due to labor disputes, the estimated amount, and countermeasures that may occur at present and in the future: None.

VI. Information Security Management

(I) Information Security Management

1. Information security risk management structure

- (1) The Administration Division of the company is responsible for planning, implementing and promoting information security management matters, and promoting information security awareness.
- (2) The audit department of the company is the inspection unit of information security supervision. If the inspection finds deficiencies, it will immediately ask the inspected unit to propose relevant improvement plans and report to the board of directors, and regularly track the improvement results to reduce internal information security risks.

2. Information Security Policy

- (1) Maintain sustainable operation of all information system
- (2) Preventing intrusion or destruction of hackers and virus
- (3) Preventing deliberating illegal or inappropriate use
- (4) Preventing sensitive data divulge
- (5) Avoiding human error or careless act
- (6) Maintaining safety of physical environment

3. Practical Management Program for Information Security

- (1) Computer main frame of the company and application servers are installed in the specific machine room and it has access record maintain for future reference
- (2) Inside the machine room, independent air conditioner are provided to maintain the computer equipment in a proper temperature and environment in operation and it has chemical fire extinguisher which is applicable for from ordinary fire or out of electrical apparatus.
- (3) Machine room is equipped with UPS and voltage regulator to avoid system down of accidental of instant power off of Taipower
- (4) Reminder promotion: coworkers are regularly to renew system password to maintain account security
- (5) Promotion of Information Security: Providing information security cases and document for the reference of coworkers.

(II) List, the latest fiscal year and up to date of printing of Annual Report, the loss suffered in material information security incidents, the probable effect and the corresponding measures; if it is not reasonably estimated, please explain the fact of inability in estimate reasonably: None.

VII. Important Contract

Nature of contract	Affected party	Contract start/end date	Main contents	Restrictions
Supply contract	E-TOP METAL CO., LTD.	1/1/2023-12/31/2023	Supply contract for steel reinforcing bars	None
Facility rent	E-TOP METAL CO., LTD.	1/1/2024-12/31/2024	Facility lease	None
Borrowings contract	Taiwan Cooperative Bank	10/22/2021-10/15/2031	Accelerated investment subsidy financing for small and medium-sized enterprises	Buildings as collateral

VI. Financial Overview

I. Condensed Balance Sheet and Comprehensive Income Statement of Past Five Years and Audit Opinions from the CPAs

(I) Condensed Balance Sheet-Parent Company Only

Unit:NT\$ thousand

Year		Financial data for the last five years				
		2019	2020	2021	2022	2023
Item						
Current assets		1,123,999	1,001,754	1,982,332	1,709,660	2,065,241
Property, plant, and equipment		32,459	267,325	365,957	405,248	404,706
Intangible assets		1,587	1,819	1,202	887	535
Other assets		77,418	123,890	97,945	66,583	427,314
Total assets		1,235,463	1,394,788	2,447,436	2,182,378	2,897,796
Current liabilities	Before distribution	459,112	650,280	1,449,473	624,016	1,077,878
	After distribution (Note1)	391,627	687,090	1,504,327	747,132	937,966
Non-current liabilities		359,720	359,720	287,403	417,237	374,702
Total liabilities	Before distribution	818,832	991,838	1,736,876	1,041,253	1,452,580
	After distribution (Note1)	751,347	1,028,648	1,791,730	1,164,369	1,312,668
The equity that belongs to the client of the parent company		416,631	402,950	710,560	1,141,125	1,445,216
Capital stock		306,752	306,752	457,115	607,115	687,532
Capital reserve		6,117	6,117	145,039	303,329	386,891
Retained earnings	Before distribution	104,683	90,213	108,406	230,681	370,793
	After distribution (Note1)	37,198	53,403	53,552	107,565	230,881
Other equities		(921)	(132)	-	-	-
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	416,631	402,950	710,560	1,141,125	1,445,216
	After distribution (Note1)	349,146	366,140	655,706	1,018,009	1,305,304

Note1: The amount in 2023 is the amount after the special resolution of the board of directors on February 23, 2024.

Note2:2024 As of the publication date of the annual report, there is no financial information reviewed by accountants.

(II) Condensed Balance Sheet-Consolidated

The subsidiary was newly established in September 2022.

Unit:NT\$ thousand

Year		Financial data for the last five years				
		2019	2020	2021	2022	2023
Item						
Current assets		1,123,999	1,001,754	1,982,332	1,710,643	2,066,229
Property, plant, and equipment		32,459	267,325	365,957	405,248	404,706
Intangible assets		1,587	1,819	1,202	887	535
Other assets		77,418	123,890	97,945	65,600	426,326
Total assets		1,235,463	1,394,788	2,447,436	2,182,378	2,897,796
Current liabilities	Before distribution	459,112	650,280	1,449,473	624,016	1,077,878
	After distribution (Note1)	391,627	687,090	1,504,327	747,132	937,966
Non-current liabilities		359,720	359,720	287,403	417,237	374,702
Total liabilities	Before distribution	818,832	991,838	1,736,876	1,041,253	1,452,580
	After distribution (Note1)	751,347	1,028,648	1,791,730	1,164,369	1,312,668
The equity that belongs to the client of the parent company		416,631	402,950	710,560	1,141,125	1,445,216
Capital stock		306,752	306,752	457,115	607,115	687,532
Capital reserve		6,117	6,117	145,039	303,329	386,891
Retained earnings	Before distribution	104,683	90,213	108,406	230,681	370,793
	After distribution (Note1)	37,198	53,403	53,552	107,565	230,881
Other equities		(921)	(132)	-	-	-
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	416,631	402,950	710,560	1,141,125	1,445,216
	After distribution (Note1)	349,146	366,140	655,706	1,018,009	1,305,304

Note1: The amount in 2023 is the amount after the special resolution of the board of directors on February 23, 2024.

Note2: 2024 As of the publication date of the annual report, there is no financial information reviewed by accountants.

(III) Condensed Comprehensive Income Statement-Parent Company Only

Unit:NT\$ thousand

Item	Year	Financial data of the past 5 years				
		2019	2020	2021	2022	2023
Operating revenue		3,012,489	3,115,269	4,437,556	6,630,495	7,825,660
Net operating margin		194,188	217,687	215,600	399,522	481,183
Operating profits or losses		96,086	71,214	74,605	232,327	229,219
Non-operating income and expenses		4,697	(3,613)	(3,013)	(11,268)	76,794
Profit before income tax		100,783	67,601	71,592	221,059	306,013
Profit of continuing operations Net profit of the term		88,641	53,455	58,039	177,129	263,228
Loss of discontinuing operation		-	-	-	-	-
Net profit for the period		88,641	53,455	58,039	177,129	263,228
Other comprehensive income (net income after-tax)		(625)	349	(2,261)	-	-
Total comprehensive income for the year		88,016	53,804	55,778	177,129	263,228
Net profit attributable to the owner of the parent company		88,641	53,455	58,039	177,129	263,228
Net profit attributable to non-controlling interests		-	-	-	-	-
The sum of comprehensive income attributable to the owner of the parent company		88,016	53,804	55,778	177,129	263,228
The sum of comprehensive income attributable to non-controlling interests		-	-	-	-	-
Earnings per Share		2.89	1.74	1.62	3.32	4.02

Note:2024 As of the publication date of the annual report, there is no financial information reviewed by accountants.

(IV) Condensed Comprehensive Income Statement- Consolidated

The subsidiary was newly established in September 2022.

Unit:NTD thousand

Item \ Year	Financial data of the past 5 years				
	2019	2020	2021	2022	2023
Operating revenue	3,012,489	3,115,269	4,437,556	6,630,495	7,825,660
Net operating margin	194,188	217,687	215,600	399,522	481,183
Operating profits or losses	96,086	71,214	74,605	232,309	229,219
Non-operating income and expenses	4,697	(3,613)	(3,013)	(11,250)	76,794
Profit before income tax	100,783	67,601	71,592	221,059	306,013
Profit of continuing operations Net profit of the term	88,641	53,455	58,039	177,129	263,228
Loss of discontinuing operation	-	-	-	-	-
Net profit for the period	88,641	53,455	58,039	177,129	263,228
Other comprehensive income (net income after-tax)	(625)	349	(2,261)	-	-
Total comprehensive income for the year	88,016	53,804	55,778	177,129	263,228
Net profit attributable to the owner of the parent company	88,641	53,455	58,039	177,129	263,228
Net profit attributable to non-controlling interests	-	-	-	-	-
The sum of comprehensive income attributable to the owner of the parent company	88,016	53,804	55,778	177,129	263,228
The sum of comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per Share	2.89	1.74	1.62	3.32	4.02

Note:2024 As of the publication date of the annual report, there is no financial information reviewed by accountants.

(V) Names of CPAs for the past 5 years and their audit opinions:

Year	Name of Accounting Firm	Name of CPA	Audit Opinions
2019	Deloitte Taiwan	Shiuh-Ran Cheng, Li-Chi Chen	Unqualified opinion
2020	Deloitte Taiwan	Shiuh-Ran Cheng, Yuang-Shiang Chao	Unqualified opinion

Year	Name of Accounting Firm	Name of CPA	Audit Opinions
2021	PricewaterhouseCoopers Taiwan	Tien, Chung-Yu and Lin, Tzu-Shu	Unqualified opinion
2022	PricewaterhouseCoopers Taiwan	Tien, Chung-Yu and Lin, Tzu-Shu	Unqualified opinion
2023	PricewaterhouseCoopers Taiwan	Tien, Chung-Yu and Hsu, Huei-Yu	Unqualified opinion

II. Financial Analysis of the Past Five Years

(I) Financial Analysis-Parent Company Only

Analysis Item		Year	Financial data of the past 5 years				
		2019	2020	2021	2022	2023	
Financial structure (%)	Liability-to-asset ratio	66.28	71.11	70.97	47.71	50.13	
	Ratio of long-term capital to property, plant, and equipment	2,391.79	278.50	272.70	384.55	449.69	
Solvency (%)	Current ratio	244.82	154.05	136.76	273.98	191.60	
	Quick ratio	213.37	130.76	105.65	238.57	119.15	
	Interest Protection Multiples	2,984.46	802.13	704.10	1821.51	2518.88	
Management ability	Receivable turnover ratio (frequency)	4.94	4.72	4.82	6.14	8.07	
	Average collection days	74	77	76	59	45	
	Inventory turnover ratio (frequency)	22.95	22.23	21.85	29.35	15.74	
	Payable turnover ratio (frequency)	9.02	13.81	11.84	15.53	27.01	
	Average sales days	16	16	17	12	23	
	Real estate, plants and equipment turnover ratio (frequency)	107.32	20.78	14.01	17.20	19.32	
	Total asset turnover ratio (frequency)	2.73	2.37	2.31	2.86	3.08	
Profitability	Return on assets (%)	8.28	4.65	3.51	8.10	10.76	
	Return on equity (%)	23.99	13.04	10.42	19.13	20.36	
	Pre-tax net profit to paid-in capital size ratio (%)	32.85	22.04	15.66	36.41	44.51	
	Net profit rate (%)	2.94	1.72	1.31	2.67	3.36	
	Earnings per share (NTD)	2.89	1.74	1.62	3.32	4.02	
Cash flow (%)	Cash flow ratio	Note 1	5.99	Note 1	54.10	Note 1	
	Cash flow adequacy ratio	Note 1	Note 1	Note 1	Note 1	Note 1	
	Cash re-investment ratio	Note 1	Note 1	Note 1	18.16	Note 1	
Leverage	Operating leverage	1.27	1.50	1.46	1.12	1.20	
	Financial leverage	1.04	1.16	1.19	1.06	1.06	

Please explain reasons the changes in respective financial ratios over the past two years.

(The analysis may be waived if the increase/decrease falls short of 20%.)

1. Current ratio, and quick ratio: Mainly due to the increase in borrowings required for operations and the increase in advance payments.
2. Interest coverage ratio: Primarily attributable to growth in profitability in 2023.
3. Receivables turnover ratio and average collection days: Mainly due to an increase in net sales in 2023.
4. Inventory turnover ratio (frequency), and average sales days: Mainly due to an increase in sales revenue in 2023 and the cost of goods sold and inventory also increased accordingly.
5. Accounts payable turnover ratio (frequency): Mainly due to the increase in net sales in 2023, the subsequent increase in the cost of goods sold, and the decrease in accounts payable due to early payment on a holiday on the year-end payment date.
6. Total asset turnover ratio (frequency), pre-tax net profit to paid-in capital size ratio , net profit margin and earnings per share: The demand for steel reinforcement in the construction has been stable in 2023, resulting in an increase in operating income and profit growth, which in turn led to an increase in profitability-related ratios.

Note1: Cash flow and net cash flow adequacy ratio as well as cash re-invest ratio is minus, so it is not applicable.

Note2: 2023 As of the publication date of the annual report, there is no financial information reviewed by accountants.

(II) Financial Analysis- Consolidated

Analysis Item		Year	Financial data of the past 5 years				
			2019	2020	2021	2022	2023
Financial structure (%)	Liability-to-asset ratio		66.28	71.11	70.97	47.71	50.13
	Ratio of long-term capital to property, plant, and equipment		2,391.79	278.50	272.70	384.55	449.69
Solvency (%)	Current ratio		244.82	154.05	136.76	273.98	191.69
	Quick ratio		213.37	130.76	105.65	238.57	119.24
	Interest Protection Multiples		2,984.46	802.13	704.10	1821.51	2518.88
Management ability	Receivable turnover ratio (frequency)		4.94	4.72	4.82	6.14	8.07
	Average collection days		74	77	76	59	45
	Inventory turnover ratio (frequency)		22.95	22.23	21.85	29.35	15.74
	Payable turnover ratio (frequency)		9.02	13.81	11.84	15.53	27.01
	Average sales days		16	16	17	12	23
	Real estate, plants and equipment turnover ratio (frequency)		107.32	20.78	14.01	17.20	19.32

Analysis Item		Year	Financial data of the past 5 years				
		2019	2020	2021	2022	2023	
	Total asset turnover ratio (frequency)	2.73	2.37	2.31	2.86	3.08	
Profitability	Return on assets (%)	8.28	4.65	3.51	8.10	10.76	
	Return on equity (%)	23.99	13.04	10.42	19.13	20.36	
	Pre-tax net profit to paid-in capital size ratio (%)	32.85	22.04	15.66	36.41	44.51	
	Net profit rate (%)	2.94	1.72	1.31	2.67	3.36	
	Earnings per share (NTD)	2.89	1.74	1.62	3.32	4.02	
Cash flow (%)	Cash flow ratio	Note 1	5.99	Note 1	54.10	Note 1	
	Cash flow adequacy ratio	Note 1	Note 1	Note 1	Note 1	Note 1	
	Cash re-investment ratio	Note 1	Note 1	Note 1	18.15	Note 1	
Leverage	Operating leverage	1.27	1.50	1.46	1.12	1.20	
	Financial leverage	1.04	1.16	1.19	1.06	1.06	

Please explain reasons the changes in respective financial ratios over the past two years. (The analysis may be waived if the increase/decrease falls short of 20%.)

1. Current ratio, and quick ratio: Mainly due to the increase in borrowings required for operations and the increase in advance payments.
2. Interest coverage ratio: Primarily attributable to growth in profitability in 2023.
3. Receivables turnover ratio and average collection days: Mainly due to an increase in net sales in 2023.
4. Inventory turnover ratio (frequency), and average sales days: Mainly due to an increase in sales revenue in 2023 and the cost of goods sold and inventory also increased accordingly.
5. Accounts payable turnover ratio (frequency): Mainly due to the increase in net sales in 2023, the subsequent increase in the cost of goods sold, and the decrease in accounts payable due to early payment on a holiday on the year-end payment date.
6. Total asset turnover ratio (frequency), pre-tax net profit to paid-in capital size ratio, net profit margin and earnings per share: The demand for steel reinforcement in the construction has been stable in 2023, resulting in an increase in operating income and profit growth, which in turn led to an increase in profitability-related ratios.

Note1: Cash flow and net cash flow adequacy ratio as well as cash re-invest ratio is minus, so it is not applicable.

Note2: 2023 As of the publication date of the annual report, there is no financial information reviewed by accountants.

The calculation formula is provided below:

1. Financial structure

(1) Liability-to-asset ratio = Total liabilities/ Total assets

(2) Long-term funds to fixed assets ratio = (Net value of equity + Non-current liabilities)/ Property, plant and equipment

2. Solvency

(1) Current ratio = Current assets/ Current liabilities.

(2) Quick ratio = (Current assets – Inventory – Advance payments)/Current liabilities.

(3) Interest protection multiples = Income tax and net profit before interest/Interest expenditure of current term

3. Management ability

(1) Receivables (including accounts receivable and receivable notes from operations) turnover ratio = Net sales value/ mean balance of receivables of each term (including accounts receivable and receivable notes from operations).

(2) Average collection days = 365/Receivable turnover ratio

(3) Inventory turnover ratio = Sales cost/mean inventory

(4) Payables (including accounts payable and payable notes from operations) turnover ratio = Net sales value/ mean balance of payables of each term (including accounts payable and payable notes from operations).

(5) Average sales days = 365/Inventory turnover ratio

(6) property, plant and equipment turnover ratio = Net sales value/Mean net value of property, plant and equipment

(7) Total asset turnover ratio = Net sales value/Mean total assets

4. Profitability

(1) Return on assets = [after-tax income + interest × (1-tax rate)]/gross assets on average

(2) Return on equity = after-tax profit or loss/mean value of equity

(3) Net profit rate = After-tax profits and losses/Net sales value

(4) Earnings per share = (Net profit attributable to the owner of the parent company – Preferred stock dividend)/Weighted average number of shares already issued

5. Cash flow

(1) Cash flow ratio = Net cash flow from operating activities/Current liabilities

(2) Net cash flow adequacy ratio = Net cash flow from business activities over the past five years/(capital expenditure + increase in inventory + cash dividend) over the past five years.

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends)/(gross value of property, plant and equipment + long-term investment + other non-assets + working capital)

6. Leverage:

(1) Operating leverage = (Net operating income – Change in operating costs and expenses)/Operating profit.

(2) Financial leverage = Operating profit/(Operating profit - interest expenditure).

III. Review Reports of Audit Committee of the Financial Statements over the Past Year

TMP Steel Corporation Audit Committee's Audit Report

Board of Directors sent the company's 2023 annual business report, financial statements and the distribution of surpluses to the company. The financial statements have also been audited by accountants Tien, Chung-Yu and Lin, Tzu-Shu of PricewaterhouseCoopers in Taiwan, and an unqualified audit report has been issued.

The Audit Committee has completed the verification of the business mentioned above report, individual financial statements, and the proposal for the distribution of surpluses. It is of the opinion that there was no discrepancy therein. Therefore, a statement is announced as above per the provisions of Article 14-4 of the Securities Exchange Act and Article 219 of the Company Act for your review and verification.

To the 2024 Annual Meeting of Shareholders of TMP Steel Corporation

TMP Steel Corporation

Audit Committee Convener : Ti-Miao Wu

February 23, 2024

IV. Financial Statement from Last Year

Refer to Pages 117 through 178

V. The CPA Audited and Attested Individual Financial Statements of the

Company in recent years

Refer to Pages 179 through 233

VI. Impacts of Latest Financial Difficulties Encountered by the Company and
Any of Its Affiliates on the Company's Financial Standing over the Past Year

Up to the Date the Annual Report Was Printed

The Company and its affiliates did not encounter financial difficulties in 2023 up to the date the Annual Report was printed.

VII. Discussion and Analysis of Financial Standing and Financial Performance and Risks

I. Financial standing- Consolidated

Unit: NT\$ thousand

Item \ Year	2023	2022	Difference	
			Value	%
Current assets	2,066,229	1,710,643	355,586	20.79
Non-current assets	831,567	471,735	359,832	76.28
Total assets	2,897,796	2,182,378	715,418	32.78
Current liabilities	1,077,878	624,016	453,862	72.73
Non-current liabilities	374,702	417,237	(42,535)	(10.19)
Total liabilities	1,452,580	1,041,253	411,327	39.50
Share capital	687,532	607,115	80,417	13.25
Capital reserve	386,891	303,329	83,562	27.55
Retained earnings	370,793	230,681	140,112	60.74
Other equities	-	-	-	
Total shareholder equity of parent company	1,445,216	1,141,125	304,091	26.65
Total equity	1,445,216	1,141,125	304,091	26.65
Total liabilities and shareholder equities	2,897,796	2,182,378	715,418	32.78

For items with changes by 20% and above and the changes are worth NTD 10 million and above, explanations are provided below:

1. Increase in current assets: Mainly due to the increase in inventory due to sales growth in 2023.
2. Increase in non-current assets: The main reason is that the land of Chang Pin No. 2 Factory will be leased in 2023, increasing the right-to-use assets.
3. Increase in total assets: Items 1 to 2 above consolidated.
4. Increase in current liabilities and decrease in total liabilities: Mainly due to the increase in borrowings and advance payments required for operations in 2023.
5. Increase in share capital: Mainly as a result of a cash capital increase to replenish working capital.
6. Increase in capital reserve: Primarily due to cash capital increase - share premium-ordinary.
7. Increase in retained earnings: Mainly due to increased net profit as a result of operational growth in 2023.
8. Increase in total shareholders' equity of the parent company, total equity: Items 5 to 6 above consolidated.

II. Financial performance

(I) Management Outcome Comparative Analysis- Consolidated

Unit: NT\$ thousand

Item	2023	2022	Increased (Decreased) value	Variance%
Operating revenue	7,825,660	6,630,495	1,195,165	18.03
Operating costs	7,344,477	6,230,973	1,113,504	17.87
Net operating margin	481,183	399,522	81,661	20.44
Operating expenses	251,964	167,213	84,751	50.68
Operating profits	229,219	232,309	(3,090)	(1.33)
Total non-operating income and expenses	76,794	(11,250)	88,044	(782.61)
Profit before income tax	306,013	221,059	84,954	38.43
Income tax expense	42,785	43,930	(1,145)	(2.61)
Profit of continuing operations	263,228	177,129	86,099	48.61
Net profit of the term				
Other comprehensive income(loss)	-	-	-	-
Total comprehensive income for the year	263,228	177,129	86,099	48.61

Item	2023	2022	Increased (Decreased) value	Variance%
Net profit attributable to the parent company	263,228	177,129	86,099	48.61
The sum of comprehensive income attributable to the owner of the parent company	263,228	177,129	86,099	48.61
For items with changes by 20% and above and the changes are worth NTD 10 million and above, explanations are provided below:				
<ol style="list-style-type: none"> 1. Increase in net operating margin: Mainly due to the steady demand for steel bars in Taiwan's construction industry and the performance of steel products trading, so operating income and profits have grown accordingly. 2. Increase in operating expenses: Mainly due to the increase in freight costs related to the growth in revenue. 3. Increase in total non-operating income and expenses: Mainly due to the acquisition of ENSURE GLOBAL CORP., LTD. shares and the recognition of appraisal benefits. 4. operating revenue, operating costs, gross profit, operating income, net profit before tax, net income from continuing operations for the period, total comprehensive income for the period, net income attributable to owners of the parent company, comprehensive income attributable to owners of the parent company: The increase in operating revenue was mainly due to the sustained robust demand for steel reinforcement bars in the construction sector in 2022, while the Company's profitability grew as a result of the significant increase in production and sales scale and effective control of management and marketing expenses. 5. Increase in income tax expense: Mainly due to the steady demand for steel bars in Taiwan's construction industry and the performance of steel products trading, so operating income and profits have grown accordingly. 				

(II) Possible impacts of expected sales quantities and their bases on the future financial operations of the Company and the response plan : This is not applicable as the Company does not disclose to the public its financial forecast.

III. Cash flows

(I) Analysis of Liquidity for 2023:

Unit: NT\$ thousand

Balance of cash at start of term ①	Net cash flows from operating activities ②	Cash outflows ③	Remaining (Shortage in) cash ① + ② - ③	Remedy for expected cash shortage	
				Investment plan	Financing plan
505,125	(146,451)	(87,571)	272,103	None	None
<p>1. Analysis of change in cash flows of the year:</p> <p>(1) Operating activities : Primarily increased inventory due to sales growth</p> <p>(2) Investment activities : Mainly due to the acquisition of ENSURE GLOBAL CORP., LTD. shares, the increase in pledged deposit, the purchase of equipment by Plant Chang Pin, and the construction in progress of Plant Chang Pin II.</p> <p>(3) Fund-raising activities : Mainly due to increased bank borrowings required for operations.</p> <p>2. Improvement Plan for Insufficient Liquidity: Not applicable.</p>					

(II) Analysis of Cash Liquidity in the Coming Year

Unit: NT\$ thousand

Balance of cash at start of term ①	Expected net cash flows from operating activities throughout the year ②	Expected cash outflows throughout the year ③	Expected cash balance (shortage) ① + ② - ③	Remedy for expected cash shortage	
				Investment plan	Financing plan
272,103	293,370	(317,912)	247,561	-	-
<p>1. Analysis of change in cash flows of the year:</p> <p>(1) Operating activities : Primarily by operating profit.</p> <p>(2) Investment activities : Primarily by the purchase of operating equipment and unfinished projects.</p> <p>(3) Fund-raising activities : Primarily by Distribution of dividends and borrowing due to unfinished projects.</p> <p>2. Improvement Plan for Insufficient Liquidity:None.</p>					

IV. Impacts of Major Capital Expenditure on Financial Operations in the Most Recent Year

None.

V. Main Reasons for Profits or Losses of Latest Reinvestment Policy, Improvement Plan, and Investment Plan for the Coming Year

(I) Re-investment Policy

The investments of the Company are based on needs of business operation of the Company and for the future development and the decisions are made with detail consideration of organization type, location, market situation and other items to fit with the purpose of investment, and the investments are conducted along with the internal control system of the Company and related operation regulations.

(II) Profits or losses from investments over the past year

Unit: NT\$ thousand

Name of investee	Investment Amount	Recognition of profits from 2023
TMP Electronic (South Korea) Co., Ltd.	1,599	-
Taiwan Iron and Steel CO., LTD.	1,000	5

(III) Main Reasons for Profits or Losses of Reinvestments, Improvement Plan, and Investment Plan for the Coming Year

1. TMP Electronic : The shares of the offshore reinvested company TMP Co., Ltd. were already disposed of in 2014. Due to the fact that it is impossible to obtain related financial statements of the reinvested TMP Electronic (South Korea) Co, all have been recognized as impairment loss.
2. Taiwan Iron and Steel : The operation has not yet started, the profits were mainly interest income.

VI. Analysis and evaluation of risk matters in the most recent year up to the date the Annual Report, including the following

(I) Impacts of Changes in Interest Rate, Exchange Rate, and Inflation on the Company's Profits or Losses and Countermeasures in the Future:

1. Impacts of changes in interest rate on the Company's profits or losses and countermeasures in the future:

The interest income and expenditure of the Company in 2023 were NTD3,857 thousand and NTD 12,651 thousand respectively, accounting for 0.05% and 0.16%, respectively, of the operating income. The interest income was mainly that of bank deposits while the expenditure was mainly for the financial cost of long and short-term borrowings and the interest of lease liabilities. Due to the fact that the value is minimal, its impacts on the overall operation of the Company were insignificant. In other words, changes in interest rate have limited impacts on the Company's profits or losses. In the future, however, attention will still be paid to changes in domestic and international economic environments and necessary measures will be adequately adopted in order to reduce the risk of changes in interest rate for the Company's profits or losses.

2. Impacts of changes in exchange rate on the Company's profits or losses and countermeasures in the future:

The net losses from foreign currency exchange in 2023 were NTD (7,633) thousand, accounting for (0.10)% of the operating income. The Company primarily sells to domestic customers now and its suppliers are mostly domestic ones, too. Purchases and sales of the Company are mostly in NTD. As such, fluctuating exchange rates do not have significant impacts on the Company. The Company's profits or losses from exchange are mainly the result of the fluctuating exchange rates for deposits in US Dollar shown in the Company's accounts. The Company does not have many foreign currency positions so the value of profits or losses from exchange is relatively minimal. The Company, however, also adopts the following countermeasures for fluctuating exchange rates:

- (1) Collects information about changes in exchange rates at all times to fully keep track of trends in exchange rates.
 - (2) In case of any demand in the future, corresponding financial institutions will be asked to provide professional consultation service.
 - (3) If foreign suppliers or customers are involved in the future, purchase or sales colleagues will be asked to consider possible impacts of changes in exchange rates while approaching them for business and provide quotations based on relatively conservative and robust exchange rates in order to reduce the impacts of changes in the exchange rate on the Company's profitability.
3. Impacts of inflation on the Company's profits or losses and countermeasures in the future:

Inflation does not have significant impacts on the Company's profits or losses. The Company pays attention to fluctuating prices on the market at all times and closely monitors inflation. If the cost of purchase is increased because of inflation, the Company also adequately adjusts prices of materials and their selling prices. Therefore, the Company is able to effectively control the impacts of inflation on its profitability for the time being.

- (II) Policy on engaging in high-risk and high-leverage investments, lending of funds to others, endorsement and guarantee, and transactions of derivatives, main profit or loss factors, and countermeasures in the future:

1. The Company, in honor of the robust principle and the practical management belief, is devoted exclusively to running its own businesses and is not engaged in high-risk, high-leverage investments. For lending funds to others, endorsements/guarantees, and transaction of derivatives, the Company has established the Operating Procedure for Endorsement and Guarantee, the Operating Procedure for Lending to Others, and the Procedure for the Transaction of Derivatives to govern the risk management system of transactions and to carefully evaluate its internal control procedure in compliance with applicable

requirements of the competent authority. Unless needed for hedging purposes, the Company may not engage itself in transactions of derivatives.

2. In the most recent year and up to the date of publication of the annual report, the company has not engaged in capital lending to others, endorsement guarantees, and derivative commodity transactions.

(III) Future research and development plans and R&D expenses expected to be devoted:

The main business item of the Company now is hardware construction materials and primarily their marketing and secondary processing. There are no R&D plans and R&D expenditure to be spent for the future yet.

(IV) Impacts of important domestic and international policies and regulatory changes on the Company's financial performance and the countermeasures:

The Company follows national laws and regulations and its related units pay close attention to changes in important policies and laws at all times and cooperate in adjusting the internal system and operating activities of the Company to ensure smooth operations of the Company. The Company's financial operations were not affected by changes in important domestic and international policies and laws over the past year up to the date the Annual Report was printed.

(V) Effects of technological changes (Including Information Security Risk) and industrial changes on the financial standing of the company and countermeasures:

The Company has been able to adequately keep track of and utilize technological trends in related industries. No important impacts on financial operations due to technological changes have occurred yet.

(VI) Impacts of changes in the corporate image on the management of corporate risks and the countermeasures:

The Company focuses on its main business and follows applicable regulatory requirements by proactively reinforcing internal management and improving management quality and performance in order to maintain its optimal corporate image and to increase the trust customers have in the Company. No incidents that resulted in operational crises for the Company as a result of the change in corporate image occurred over the past year up to the date the Annual Report was printed. In light of the fact that corporate crises could damage the Company significantly, however, the Company will continue to enforce respective corporate governance requirements in order to bring down the incidence of corporate risks and its impacts on the Company to a minimum.

(VII) Expected benefits and possible risks of mergers and acquisitions and countermeasures:

The Company did not have any M&A plan as of the date the Annual Report was printed. For any M&A plan in the future, the Company's Procedure for the

Acquisition or Disposal of Assets will be followed and careful evaluations will be performed in order to protect the interest of the Company and the rights of its shareholders.

(VIII) Expected benefits and possible risks of the expansion of plants and countermeasures:

In response to customer demand, the Company is continuing to build new steel processing plants, continuing to create its own sales channels and storage space for steel products across the nation to cater to customers' needs for construction steel processing.

Expected benefits from expansion of premises include 1: expanded throughput to satisfy customers' demand, which will bring about revenue growths for the Company. 2. Maximized production to create economic-scale benefits; the fixed cost per unit of production will be reduced and the competitive advantages of products will be increased. Possible risks, on the other hand, include: 1. Excessive investment values to restrict the utilization of funds. 2. Capacity utilization rate falling short of expectations. The Company's countermeasures are: 1. Slowly eliminate and transfer throughput. For production and manufacturing equipment involving higher investment values, besides elimination and replacement with new investments, production equipment with desirably optimal efficacy can be relocated together to reduce the overall investment risk to a minimum. 2. The Company closely watches the demand and supply on the market and adjusts its production volume and production schedule reflective of the demand on the market and adequately arranges the manpower in order to reduce related costs and expenditure.

To sum up, despite some risks facing the expansion, the Company has had related countermeasures in place. The expected benefits shall be able to be fulfilled to bring about the growth momentum for the Company.

(IX) Risks associated with focused purchases or sales and countermeasures:

The Company deals mainly with the integrated sales, processing, and delivery of steel reinforcing bars with customers including domestic builders and construction companies. In 2023, the Top 10 customers combined accounted for 37.76% of the net revenue of the said period. The sales to the No. 1 customer accounted only for 16.34%. In other words, customers of the Company are relatively decentralized. Over dependency on a single customer is not a concern. There is no risk of focused sales.

In terms of purchases, E-TOP accounted for 52.34% in 2023. Purchases did appear to be focused on E-TOP. E-TOP is a well-known steel material company and a related party of the Company; it is in a steady supply partnership with the Company. Products provided by E-TOP meet the Company's requirements and it is close to the Company's premise. Transactional cost from related transport can be saved. With focused purchases in large quantities, the Company also gets the preferred price to

bring down the production cost. Given multiple considerations, the Company chose E-TOP as the primary supplier of steel reinforcing bars. Nevertheless, the Company now has two suppliers from whom steel reinforcing bars are purchased and there are also many suppliers in the industry that can provide steel reinforcing bars of equal quality. Therefore, focused purchases shall not pose a risk.

(X) Impacts and risks of transfer or exchange of stock options in large quantities by directors, supervisors or heavyweight shareholders holding more than 10% of all shares on the Company and countermeasures: None.

(XI) Impacts and risks of the change in the management on the Company, risks, and response measures: None.

(XII) Litigation or non-litigation incidents

1. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company over the past two years up to the date the Annual Report was printed whose results may have significant impacts on the shareholders' equity or prices of securities; the facts of the dispute, the target value involved, the start date of the lawsuits, primary parties to the lawsuits, and their current status shall be disclosed: None.

2. Major lawsuits and non-lawsuits or administrative disputes with a finalized verdict or ongoing proceedings that involve the Company, the Company's directors, supervisors, President, actual person in charge, and shareholders holding more than 10% of all shares, and the associated companies over the past two years up to the date the Prospectus was printed whose results may have significant impacts on the shareholders' equity or prices of securities: None.

(XIII) Other important risks and countermeasures: None

VII. Other important matters

In accordance with the company's information security policy requirements, considering applicable information security requirements, and the results of risk assessment and risk treatment, the following information security goals are formulated:

(I) Protect our company's key business information from unauthorized access.

(II) Maintain the continuous operation of the core information system to ensure that the company has an information environment for the continuous operation of the business.

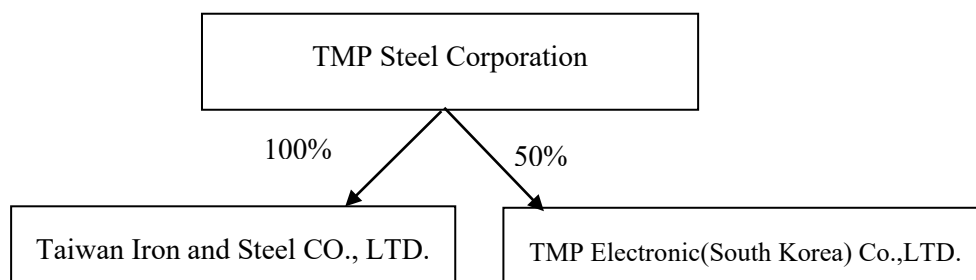
(III) Handle information security education and training, promote staff's awareness of information security and strengthen their awareness of related responsibilities.

VIII. Special Notes

I. Related Information of Affiliates

(I) Consolidated Business Report of Affiliates

1. Organizational Chart of Affiliates



2. Profile of respective affiliates

Date : December 31, 2023

Name of affiliate	Date established	Address	Paid-in Capital	Main scope of operation or production
TMP Electronic(South Korea) Co.,LTD.	3/19/2010	Seoul,Korea	USD 100,000	Sale and manufacturing of electronic parts and components
Taiwan Iron and Steel CO., LTD.	9/7/2022	No. 3,Jingjian 11th Rd., Lukang Township, Changhua County, Taiwan	NTD 1,000,000	Manufacture, sales, and trading of section steel and related steel products

3. Business overview of respective affiliates

Date : December 31, 2023 ; Unit: NT\$ thousand

Name of affiliate	Capital size	Total assets	Total liabilities	Net worth	Operating income	Operating profit	Income of current term (after-tax)	Earnings per share (after-tax)
TMP Electronic(South Korea) Co.,LTD.	1,599	-	-	-	-	-	-	-
Taiwan Iron and Steel CO., LTD.	1,000	-	-	988	-	-	5	-

(II) Consolidated Financial Statement of Affiliates

The companies that should be included in the preparation of the consolidated financial statements of affiliated companies are the same as those that should be included in the preparation of the consolidated financial statements of parents and

subsidiaries under IAS 10, and therefore no separate consolidated financial statements of affiliated companies have been prepared.

(III) Affiliation Report

None.

II. Private placement of securities over the past year up to the date the Annual Report was printed: None.

III. Holding or disposal of the Company's shares by its subsidiaries in the past year up to the date the Annual Report was printed: None.

IV. Other matters requiring supplementary information: None

IX. Matters with important impacts on shareholders' equity or prices of securities as indicated in Article 36 Paragraph 3 Subparagraph 2 of the Securities and Exchange Act over the past year up to the date the Annual Report was printed

None.

**Appendix 1: Consolidated Financial Statements of the Company
from Last Year Audited and Certified by CPAs**

**Appendix 2: Individual Financial Statements of the Company from
Last Year Audited and Certified by CPAs**



TMP Steel Corporation

Chairman:
Ching-Li Yen

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TMP Steel Corporation

Opinion

We have audited the accompanying consolidated balance sheets of TMP Steel Corporation and its subsidiary (the "Group") as of December 31, 2023 and 2022, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of material accounting policies.

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

Basis for opinion

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

Key audit matters

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

Key audit matters for the Group's 2023 consolidated financial statements are stated as follows:

Existence of sales revenue from steel building materials

Description

Refer to Note 4(29) for accounting policy on revenue recognition and Note 6(19) for details of operating revenue. The Group's operating revenue for the year ended December 31, 2023 was \$7,825,660 thousand.

The Group is primarily engaged in the sales of steel building materials. As the Group has numerous trading counterparties and a high volume of transactions which would require a longer period for verification, we considered the existence of sales revenue from steel building materials a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Understood the design and assessed the effectiveness of the internal controls over sales revenue.
- B. Assessed basic information on major customers, including the details of personnel in charge, registered address, operating address, relationships with these major customers, and further evaluated the reasonableness of transactions and whether they were related to major suppliers.
- C. Selected samples of sales transactions and performed the following procedures:
 - (a) Verified whether sales transactions have original supporting documents including confirming orders, shipping documents and invoices.
 - (b) Ascertained whether material accounts receivable have been offset against the same parties to which the sales were made.
 - (c) Inspected whether there were any recurring or significant sales returns after the stated period and whether there were any abnormalities in payment collections after the stated period.
- D. Selected samples from sales transactions and sent to corresponding parties for external confirmation. Performed alternative audit procedures when responses to confirmation requests were not received on time.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of TMP Steel Corporation as at and for the years ended December 31, 2023 and 2022.

Responsibilities of management and those charged with governance for the consolidated financial statements

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period 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.

Hsu, Huei-Yu
Independent Accountants
Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan
Republic of China
February 23, 2024

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 272,103	9	\$ 506,125	23
1110	Financial assets at fair value through profit or loss - current	6(2)	122	-	-	-
1136	Financial assets at amortised cost - current	6(1)(3) and 8	60,225	2	30,000	2
1150	Notes receivable, net	6(4)	105,678	4	115,899	5
1170	Accounts receivable, net	6(4) and 12	845,696	29	833,382	38
1180	Accounts receivable - related parties	6(4), 7 and 12	-	-	206	-
1200	Other receivables	7	1,433	-	4,093	-
130X	Inventories	6(5)	755,932	26	177,495	8
1410	Prepayments	6(6)	25,040	1	43,443	2
11XX	Total current assets		<u>2,066,229</u>	<u>71</u>	<u>1,710,643</u>	<u>78</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	127,050	4	-	-
1600	Property, plant and equipment	6(8), 7 and 8	404,706	14	405,248	19
1755	Right-of-use assets	6(9)	243,270	9	41,902	2
1780	Intangible assets		535	-	887	-
1840	Deferred income tax assets	6(26)	3,189	-	2,740	-
1915	Prepayments for equipment		24,940	1	2,494	-
1920	Guarantee deposits paid		27,877	1	18,464	1
15XX	Total non-current assets		<u>831,567</u>	<u>29</u>	<u>471,735</u>	<u>22</u>
1XXX	Total assets		<u>\$ 2,897,796</u>	<u>100</u>	<u>\$ 2,182,378</u>	<u>100</u>

(Continued)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 216,108	7	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	120	-
2130	Contract liabilities - current	6(19) and 7	335,543	12	189,454	9
2150	Notes payable		9,251	-	13,877	1
2170	Accounts payable		120,492	4	2,446	-
2180	Accounts payable - related parties	7	150,607	5	247,084	11
2200	Other payables	6(11) and 7	139,968	5	98,235	5
2230	Current income tax liabilities	6(26)	21,948	1	35,219	2
2280	Lease liabilities - current	6(9)	24,931	1	7,226	-
2320	Long-term liabilities, current portion	6(12)(13) and 8	58,068	2	29,550	1
2399	Other current liabilities		962	-	805	-
21XX	Total current liabilities		<u>1,077,878</u>	<u>37</u>	<u>624,016</u>	<u>29</u>
Non-current liabilities						
2530	Corporate bonds payable	6(12) and 8	-	-	189,066	8
2540	Long-term borrowings	6(13) and 8	160,848	6	190,647	9
2570	Deferred income tax liabilities	6(26)	-	-	112	-
2580	Lease liabilities - non-current	6(9)	213,854	7	37,372	2
2640	Net defined benefit liabilities - non-current	6(14)	-	-	40	-
25XX	Total non-current liabilities		<u>374,702</u>	<u>13</u>	<u>417,237</u>	<u>19</u>
2XXX	Total liabilities		<u>1,452,580</u>	<u>50</u>	<u>1,041,253</u>	<u>48</u>
Share capital						
3110	Common stock	6(12)(15)	687,532	24	607,115	28
3200	Capital surplus	6(12)(15)(16)(17)	386,891	13	303,329	14
Retained earnings						
3310	Legal reserve		45,084	2	27,371	1
3320	Special reserve		5,110	-	5,110	-
3350	Unappropriated retained earnings		320,599	11	198,200	9
3XXX	Total equity		<u>1,445,216</u>	<u>50</u>	<u>1,141,125</u>	<u>52</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 2,897,796</u>	<u>100</u>	<u>\$ 2,182,378</u>	<u>100</u>

		For the years ended December 31,				
		2023		2022		
Items	Notes	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 7,825,660	100	\$ 6,630,495	100
5000	Operating costs	6(5)(9)(14)(24)(25) and 7	(7,344,477)	(94)	(6,230,973)	(94)
5900	Net operating margin		481,183	6	399,522	6
	Operating expenses	6(9)(14)(24)(25), 7 and 12				
6100	Selling expenses		(174,856)	(2)	(123,041)	(2)
6200	General and administrative expenses		(76,897)	(1)	(51,372)	(1)
6450	Expected credit (losses) gains		(211)	-	7,200	-
6000	Total operating expenses		(251,964)	(3)	(167,213)	(3)
6900	Operating profit		229,219	3	232,309	3
	Non-operating income and expenses					
7100	Interest income	6(3)(20)	3,857	-	1,338	-
7010	Other income	6(21) and 7	2,480	-	3,452	-
7020	Other gains and losses	6(2)(9)(22)	83,108	1	(3,199)	-
7050	Finance costs	6(9)(23) and 7	(12,651)	-	(12,841)	-
7000	Total non-operating income and expenses		76,794	1	(11,250)	-
7900	Profit before income tax		306,013	4	221,059	3
7950	Income tax expense	6(26)	(42,785)	(1)	(43,930)	-
8200	Net income for the year		\$ 263,228	3	\$ 177,129	3
8500	Total comprehensive income for the year		\$ 263,228	3	\$ 177,129	3
	Profit attributable to:					
8610	Owners of parent		\$ 263,228	3	\$ 177,129	3
	Comprehensive income attributable to:					
8710	Owners of parent		\$ 263,228	3	\$ 177,129	3
	Earnings per share (in dollars)	6(27)				
9750	Basic		\$ 4.02		\$ 3.32	
9850	Diluted		\$ 3.78		\$ 2.79	

For the year ended December 31, 2022

Balance at January 1, 2022		\$ 457,115	\$ 145,039	\$ 21,871	\$ 5,110	\$ 81,425	\$ 710,560
Net income for the year ended December 31, 2022		-	-	-	-	177,129	177,129
Total comprehensive income for the year ended December 31, 2022		-	-	-	-	177,129	177,129
Distribution of 2021 net income:							
Legal reserve		-	-	5,500	-	(5,500)	-
Cash dividends	6(18)	-	-	-	-	(54,854)	(54,854)
Issuance of common stock for cash	6(15)(16)	150,000	150,000	-	-	-	300,000
Compensation cost of employee stock options	6(16)(17)(25)	-	107	-	-	-	107
Issuance of convertible corporate bonds	6(12)	-	8,183	-	-	-	8,183
Balance at December 31, 2022		<u>\$ 607,115</u>	<u>\$ 303,329</u>	<u>\$ 27,371</u>	<u>\$ 5,110</u>	<u>\$ 198,200</u>	<u>\$ 1,141,125</u>

For the year ended December 31, 2023

Balance at January 1, 2023		\$ 607,115	\$ 303,329	\$ 27,371	\$ 5,110	\$ 198,200	\$ 1,141,125
Net income for the year ended December 31, 2023		-	-	-	-	263,228	263,228
Total comprehensive income for the year ended December 31, 2023		-	-	-	-	263,228	263,228
Distribution of 2022 net income:							
Legal reserve		-	-	17,713	-	(17,713)	-
Cash dividends	6(18)	-	-	-	-	(123,116)	(123,116)
Conversion of corporate bonds into common stock	6(12)	80,417	83,562	-	-	-	163,979
Balance at December 31, 2023		<u>\$ 687,532</u>	<u>\$ 386,891</u>	<u>\$ 45,084</u>	<u>\$ 5,110</u>	<u>\$ 320,599</u>	<u>\$ 1,445,216</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	306,013	\$	221,059
Adjustments					
Adjustments to reconcile profit (loss)					
Gain on financial assets and liabilities at fair value through profit or loss	6(2)(22)	(	91,292 )	(	350)
Expected credit losses (gains)	12		211	(	7,200)
Depreciation	6(8)(9)(24)		44,335		28,410
Gain on disposal of property, plant and equipment	6(22)	(	707 )	(	316)
Property, plant and equipment transferred to expenses	6(8)(28)		-		730
Gain from lease modification	6(9)(22)		-	(	914)
Amortisation	6(24)		421		539
Compensation cost of employee stock options	6(16)(17)(25)		-		107
Interest income	6(20)	(	3,857 )	(	1,338)
Interest expense	6(23)		12,651		12,841
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable			10,221	(	27,454)
Accounts receivable		(	12,525)		52,071
Accounts receivable - related parties			206		198,354
Other receivables	6(28)	(	3,290 )	(	3,782)
Inventories		(	578,437)		69,550
Prepayments			18,403		160,521
Changes in operating liabilities					
Contract liabilities - current			146,089	(	95,769)
Notes payable		(	4,626 )	(	11,317)
Accounts payable			118,046		1,961
Accounts payable - related parties		(	96,477 )	(	266,386)
Other payables			44,261		22,890
Other current liabilities			157		164
Net defined benefit liabilities - non-current		(	40)		-
Cash (outflow) inflow generated from operations		(	83,657)		354,371
Interest received			3,857		1,338
Interest paid		(	10,034 )	(	7,381)
Income tax paid		(	56,617 )	(	10,744)
Net cash flows (used in) from operating activities		(	146,451)		337,584

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in financial assets at amortised cost - current		(\$ 162,310)	\$ -
Decrease in financial assets at amortised cost - current		132,085	156,995
Acquisition of financial assets at fair value through profit or loss - non-current		(36,000)	-
Acquisition of financial liabilities at fair value through profit or loss - current		-	470
Cash paid for acquisition of property, plant and equipment	6(28)	(28,729)	(59,266)
Proceeds from disposal of property, plant and equipment		750	2,355
Acquisition of right-of-use asset		(19,798)	-
Acquisition of intangible assets		(69)	(224)
Increase in prepayment for equipment		(22,446)	(2,494)
(Increase) decrease in guarantee deposits paid		(9,413)	1,727
Net cash flows (used in) from investing activities		(145,930)	99,563

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term borrowings	6(29)	346,108	343,086
Decrease in short-term borrowings	6(29)	(130,000)	(565,267)
Payment of lease liabilities	6(29)	(5,648)	(8,520)
Issuance of convertible corporate bonds	6(29)	-	201,000
Decrease in corporate bonds	6(29)	-	(281,943)
Increase in long-term borrowings	6(29)	-	20,000
Decrease in long-term borrowings	6(29)	(28,985)	(63,283)
Issuance of common stock for cash	6(15)	-	300,000
Payment of cash dividends	6(18)	(123,116)	(54,854)
Net cash flows from (used in) financing activities		58,359	(109,781)
Net (decrease) increase in cash and cash equivalents		(234,022)	327,366
Cash and cash equivalents at beginning of year	6(1)	506,125	178,759
Cash and cash equivalents at end of year	6(1)	\$ 272,103	\$ 506,125

TMP STEEL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) TMP Steel Corporation (the “Company”) was incorporated on May 16, 1984 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C). The Company and its subsidiary (the “Group”) are engaged in the wholesale of hardware and building materials and the manufacture and sales of its components.

(2) The Company, formerly Taipei MultiPower Electronics Co., Ltd., changed its name to Taipei MultiPower International Co., Ltd., as approved by the shareholders during their meeting on June 15, 2010. On June 29, 2016, the shareholders during their meeting has approved to again change the Company’s name to TMP Steel Corporation.

(3) The common shares of the Company have been listed on the Taipei Exchange since September 2003.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on February 23, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board (“IASB”)
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Group

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
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

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by IASB
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Group’s financial condition and financial performance based on the Group’s assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the “IFRSs”).

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

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

(b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY'.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognised in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
TMP Steel Corporation	Taiwan Steel Material Corp.	Wholesale of hardware and sale	100.00	100.00	—

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

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

C. All foreign exchange gains and losses are presented in the statement of comprehensive income within "other gains and losses".

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

- (a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;
- (b) Assets held mainly for trading purposes;
- (c) Assets that are expected to be realised within twelve months from the balance sheet date;
- (d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

- (a) Liabilities that are expected to be settled within the normal operating cycle;
- (b) Liabilities arising mainly from trading activities;
- (c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(6) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.
- B. Time deposits and bills under repurchase agreement that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(7) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Company recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Group's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Group's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(9) Notes and accounts receivable

- A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(10) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the

ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in operating costs. If the net realisable value reverses, valuation is eliminated within credit balance and is recognised as deduction of operating costs.

(11) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(12) Derecognition of financial assets

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

(13) Leasing arrangements (lessor) - operating lease

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(14) Investments accounted for using equity method - associates

- A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity methods and are initially recognised at cost.
- B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises all changes in 'capital surplus' in proportion to its ownership.
- D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- E. When the Group disposes its investment in an associate and loses significant influence over this

associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are subsequently depreciated using the straight-line method to allocate their cost over their estimated 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 must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

<u>Assets</u>	<u>Useful lives</u>
Buildings (including auxiliary equipment)	8 ~ 50 years
Machinery and equipment	3 ~ 20 years
Transportation equipment	5 years
Office equipment	1 ~ 20 years
Leasehold improvements	1 ~ 10 years

(16) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments

are comprised of the fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

- (a) The amount of the initial measurement of lease liability; and
- (b) Any lease payments made at or before the commencement date;

The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset and remeasure the lease liability to reflect the partial or full termination of the lease, and recognise the difference in profit or loss.

(17) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(18) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(19) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(20) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

- (a) Hybrid (combined) contracts.
 - (b) They eliminate or significantly reduce a measurement or recognition inconsistency; or
 - (c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.
- B. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.
- C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(21) Notes and accounts payable

- A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
- B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(22) Convertible bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract terms. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus - share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including

‘bonds payable and ‘financial assets or liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus - share option’.

(23) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(24) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their service with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees’ compensation and directors’ remuneration

Employees’ compensation and directors’ remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(25) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised

as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

- B. For cash capital increase reserved for employee preemption, grant date is determined in accordance with the date which subscription price and amounts are agreed.

(26) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(27) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(28) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(29) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells steel building materials. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) Accounts receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Rendering of services

(a) The Group provides processing services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the service rendered up to the end of the reporting period as a proportion of the total services to be provided.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

(30) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The Group's chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

As the Group's operating scale and industry that it belongs to are not complex, estimation and valuation on carrying amounts of assets and liabilities can be verified objectively. The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. There is no significant risk that would cause a material adjustment to the carrying amount of assets and liabilities within the next financial year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 139	\$ 114
Checking deposits and demand deposits	<u>271,964</u>	<u>263,171</u>
	<u>272,103</u>	<u>263,285</u>
Cash equivalents:		
Demand deposit	-	122,840
Bills under repurchase agreement	<u>-</u>	<u>120,000</u>
	<u>-</u>	<u>242,840</u>
	<u>\$ 272,103</u>	<u>\$ 506,125</u>

A. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. Details of the Group's cash and cash equivalents pledged to others as collateral (listed as 'Financial assets at amortised cost - current') as of December 31, 2023 and 2022 are provided in Note 8, 'PLEDGED ASSETS'.

(2) Financial assets and liabilities at fair value through profit or loss

<u>Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets held for trading		
Fourth domestic convertible corporate bonds - put options	<u>\$ 122</u>	<u>\$ -</u>
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and emerging stocks - private placement	\$ 36,000	\$ -
Valuation adjustments	<u>91,050</u>	<u>-</u>
	<u>\$ 127,050</u>	<u>\$ -</u>

<u>Liabilities</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial liabilities held for trading		
Fourth domestic convertible corporate bonds - put options	\$ <u> -</u>	\$ <u> 120</u>

A. The Group recognised net gain of \$91,292 and \$350 (listed as “Other gains and losses”) for the years ended December 31, 2023 and 2022, respectively.

B. In November 2023, the Company subscribed 5,000 thousand shares of ENSURE GLOBAL CORP., LTD. through private placement. The private placement shares shall not be transferred within three years.

C. As of December 31, 2023 and 2022, the Group has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Demand deposits pledged	\$ 60, 225	\$ 10, 000
Time deposits pledged	<u> -</u>	<u> 20, 000</u>
	<u>\$ 60, 225</u>	<u>\$ 30, 000</u>

A. Amounts recognised in profit or loss in relation to the current financial assets at amortised cost is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	<u>\$ 327</u>	<u>\$ 313</u>

B. As of December 31, 2023 and 2022, without taking into account any other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Group was the carrying amount.

C. As of December 31, 2023 and 2022, the financial assets at amortised cost pledged to others as collateral are provided in Note 8, ‘PLEDGE ASSETS’.

D. Information about credit risk of financial assets at amortised cost is provided in Note 12(2), ‘Financial instruments’. The counterparties of the Group’s investments in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 105,691	\$ 115,912
Less: Allowance for uncollectible accounts	(13)	(13)
	<u>\$ 105,678</u>	<u>\$ 115,899</u>
Accounts receivable	\$ 865,301	\$ 852,776
Less: Allowance for uncollectible accounts	(19,605)	(19,394)
	<u>\$ 845,696</u>	<u>\$ 833,382</u>

A. The ageing analysis of notes receivable and accounts receivable (including related parties) that were past due but not impaired is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable:		
During the credit period	<u>\$ 105,691</u>	<u>\$ 115,912</u>
Accounts receivable:		
During the credit period	\$ 839,700	\$ 772,424
Overdue 1 to 90 days	4,683	61,046
Overdue 91 to 180 days	1,308	49
Overdue 181 to 270 days	96	26
Overdue 271 to 365 days	50	53
Overdue over 365 days	<u>19,464</u>	<u>19,384</u>
	<u>\$ 865,301</u>	<u>\$ 852,982</u>

The above ageing analysis was based on days overdue.

- B. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to \$1,191,865.
- C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.
- D. As of December 31, 2023 and 2022, the Group did not hold any collateral as security for notes and accounts receivable.
- E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	\$ 687,323	\$ -	\$ 687,323
Finished goods	68,609	-	68,609
	<u>\$ 755,932</u>	<u>\$ -</u>	<u>\$ 755,932</u>

	December 31, 2022		
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	\$ 126,168	\$ -	\$ 126,168
Finished goods	51,327	-	51,327
	<u>\$ 177,495</u>	<u>\$ -</u>	<u>\$ 177,495</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	\$ 7,353,440	\$ 6,230,973
Sales of scraps	(8,963)	-
	<u>\$ 7,344,477</u>	<u>\$ 6,230,973</u>

(6) Prepayments

	December 31, 2023	December 31, 2022
Residual tax credit	\$ 20,821	\$ -
Prepayments to suppliers	-	41,782
Others	4,219	1,661
	<u>\$ 25,040</u>	<u>\$ 43,443</u>

(7) Investment accounted for using the equity method

A. Details of investment accounted for using the equity method are as follows:

	December 31, 2023	December 31, 2022
Korea Peibo Electronics Co., Ltd.	\$ 1,058	\$ 1,058
Less: Accumulated impairment	(1,058)	(1,058)
	<u>\$ -</u>	<u>\$ -</u>

B. As of December 31, 2023 and 2022, the Group has no investment accounted for using the equity method pledged to others.

C. For the years ended December 31, 2023 and 2022, the Group did not recognise impairment loss or gain on reversal of impairment related to investments accounted for using the equity method. As

of December 31, 2023 and 2022, the carrying amount of accumulated impairment loss of investment accounted for using the equity method was \$1,058.

(8) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2023</u>								
Cost	\$103,606	\$136,392	\$ 133,803	\$ 1,001	\$ 38,014	\$ 24,689	\$ 12,285	\$ 449,790
Accumulated depreciation	—	(2,720)	(29,726)	(122)	(4,919)	(7,055)	—	(44,542)
	<u>\$103,606</u>	<u>\$133,672</u>	<u>\$ 104,077</u>	<u>\$ 879</u>	<u>\$ 33,095</u>	<u>\$ 17,634</u>	<u>\$ 12,285</u>	<u>\$ 405,248</u>
<u>For the year ended December 31, 2023</u>								
At January 1	\$103,606	\$133,672	\$ 104,077	\$ 879	\$ 33,095	\$ 17,634	\$ 12,285	\$ 405,248
Additions	—	2,372	8,251	300	710	2,790	11,778	26,201
Transferred (Note)	—	1,472	14,947	—	196	—	(17,245)	(630)
Depreciation	—	(2,834)	(13,673)	(250)	(4,759)	(4,554)	—	(26,070)
Disposals - Costs	—	—	(2,033)	—	—	—	—	(2,033)
- Accumulated depreciation	—	—	1,990	—	—	—	—	1,990
At December 31	<u>\$103,606</u>	<u>\$134,682</u>	<u>\$ 113,559</u>	<u>\$ 929</u>	<u>\$ 29,242</u>	<u>\$ 15,870</u>	<u>\$ 6,818</u>	<u>\$ 404,706</u>
<u>At December 31, 2023</u>								
Cost	\$103,606	\$140,236	\$ 154,968	\$ 1,301	\$ 38,920	\$ 27,479	\$ 6,818	\$ 473,328
Accumulated depreciation	—	(5,554)	(41,409)	(372)	(9,678)	(11,609)	—	(68,622)
	<u>\$103,606</u>	<u>\$134,682</u>	<u>\$ 113,559</u>	<u>\$ 929</u>	<u>\$ 29,242</u>	<u>\$ 15,870</u>	<u>\$ 6,818</u>	<u>\$ 404,706</u>

(Note) Transferred to other receivables.

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Leasehold improvements</u>	<u>Construction in progress and equipment to be inspected</u>	<u>Total</u>
<u>At January 1, 2022</u>								
Cost	\$103,606	\$ 699	\$ 91,765	\$ -	\$ 6,065	\$ 25,892	\$ 170,879	\$398,906
Accumulated depreciation	-	(15)	(24,563)	-	(1,679)	(5,638)	-	(31,895)
Accumulated impairment	-	-	(357)	-	(697)	-	-	(1,054)
	<u>\$103,606</u>	<u>\$ 684</u>	<u>\$ 66,845</u>	<u>\$ -</u>	<u>\$ 3,689</u>	<u>\$ 20,254</u>	<u>\$ 170,879</u>	<u>\$365,957</u>
<u>For the year ended December 31, 2022</u>								
At January 1	\$103,606	\$ 684	\$ 66,845	\$ -	\$ 3,689	\$ 20,254	\$ 170,879	\$365,957
Additions	-	4,409	5,155	804	3,925	71	47,119	61,483
Transferred (Note)	-	131,284	43,810	249	29,640	-	(205,713)	(730)
Depreciation	-	(2,705)	(9,743)	(125)	(4,159)	(2,691)	-	(19,423)
Disposals - Costs	-	-	(6,927)	(52)	(1,616)	(1,274)	-	(9,869)
- Accumulated depreciation	-	-	4,580	3	919	1,274	-	6,776
- Accumulated impairment	-	-	357	-	697	-	-	1,054
At December 31	<u>\$103,606</u>	<u>\$133,672</u>	<u>\$ 104,077</u>	<u>\$ 879</u>	<u>\$ 33,095</u>	<u>\$ 17,634</u>	<u>\$ 12,285</u>	<u>\$405,248</u>
<u>At December 31, 2022</u>								
Cost	\$103,606	\$136,392	\$ 133,803	\$ 1,001	\$ 38,014	\$ 24,689	\$ 12,285	\$449,790
Accumulated depreciation	-	(2,720)	(29,726)	(122)	(4,919)	(7,055)	-	(44,542)
	<u>\$103,606</u>	<u>\$133,672</u>	<u>\$ 104,077</u>	<u>\$ 879</u>	<u>\$ 33,095</u>	<u>\$ 17,634</u>	<u>\$ 12,285</u>	<u>\$405,248</u>

(Note) Transferred to expenses.

- A. The Group's property, plant and equipment as of December 31, 2023 and 2022 were for its own use.
- B. No interest expense was capitalised as part of property, plant and equipment for the years ended December 31, 2023 and 2022.
- C. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2023 and 2022 is provided in Note 8, 'PLEDGED ASSETS'.
- D. The Group recognised gain on reversal of impairment of \$— and \$1,054 for the years ended December 31, 2023 and 2022, respectively, due to disposal of impaired property, plant and equipment. As of December 31, 2023 and 2022, the carrying amount of accumulated impairment loss of property, plant and equipment was \$—.

(9) Leasing arrangements - lessee

- A. The Group leases various assets including plant, buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. The carrying amount of right-of-use assets and the depreciation are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 157,431	\$ —
Transportation equipment	4,756	4,582
Buildings	<u>81,083</u>	<u>37,320</u>
	<u>\$ 243,270</u>	<u>\$ 41,902</u>
	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
	<u>Depreciation</u>	<u>Depreciation</u>
Land	\$ 7,562	\$ —
Transportation equipment	2,132	1,883
Buildings	<u>8,571</u>	<u>7,104</u>
	<u>\$ 18,265</u>	<u>\$ 8,987</u>

- C. The additions to right-of-use assets were \$219,633 and \$2,034 for the years ended December 31, 2023 and 2022, respectively.
- D. The Group's due to termination of leases were \$— and \$24,445 for the years ended December 31, 2023 and 2022, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,402	\$ 743
Expense on short-term lease contracts	23,938	24,451
Expense on leases of low-value assets	222	225
Gain from lease modification	-	(914)

F. The Group's total cash outflow for leases were \$53,008 and \$33,939 for the years ended December 31, 2023 and 2022, respectively.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured bank borrowings	\$ 216,108	2.003%~2.414%	Demand deposits

There was no such situation as of December 31, 2022.

Information about interest expenses recognised in profit or loss for the year ended December 31, 2023 is provided in Note 6(23), 'Finance costs'.

(11) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued shipping fee	\$ 53,006	\$ 18,489
Accrued salaries and bonuses	29,351	17,562
Accrued manufacturing fees	16,778	16,428
Accrued import fees	12,360	-
Accrued employees' compensation and directors' remuneration	7,660	5,777
Equipment payable	1,207	3,735
Taxes payable	317	23,588
Others	19,289	12,656
	<u>\$ 139,968</u>	<u>\$ 98,235</u>

(12) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Collateral</u>
Fourth domestic unsecured convertible corporate bonds	29,146	204,534	—
Less: Discount on bonds payable	(1,442)	(15,468)	
	27,704	189,066	
Less: Current portion	(27,704)	-	
	<u>\$ -</u>	<u>\$ 189,066</u>	

- A. In October 2022, the Company issued the fourth domestic unsecured convertible bonds. The significant terms are as follows:
- (a) The Company issued \$200,000 (related issuance cost was \$4,247), 0% fourth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 26, 2022 ~ October 26, 2025) and will be redeemed in cash at 102.2669% of face value at the maturity date.
 - (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (January 27, 2023) to the maturity date (October 26, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
 - (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value after the following events occur: (i) the closing price of the Company's common shares on the Taipei Exchange is above the then conversion price by 30% or more for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (January 27, 2023) to 40 days before the maturity date (September 16, 2025).
 - (e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. For the year ended December 31, 2023, bonds totaling NT\$167,700 thousand were converted into 7,854 thousand shares of the Company (listed as "Common Stock" of \$78,536 and "Capital surplus-additional paid-in capital" of \$88,611). The change of registration has been completed. In addition, bonds totaling NT\$3,800 thousand were converted into 188 thousand shares of the Company (listed as "Common Stock" of \$1,881 and "Capital surplus-additional paid-in capital" of \$1,968). There was no such situation for the year ended December 31, 2022.
- C. Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised in 'capital surplus - share options' in accordance with IAS 32. As of December 31, 2023 and 2022, the balances of aforementioned 'capital surplus - share options' after writing off the bonds repurchased by the Company and conversion options exercised by creditors in accordance with the terms of the bonds amounted to \$1,166 and \$8,183, respectively. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'non-current financial assets or liabilities at fair value

through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rate of the bonds payable after such separation was 2.829%.

D. Information about interest expenses recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(23), 'Financial costs'.

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Secured borrowings	2020. 2~2031. 12	1. 50%~2. 355%	Demand deposits,	\$ 191, 212
Less: Current portion of long-term borrowings			land and buildings	(30, 364)
				<u>\$ 160, 848</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Secured borrowings	2020. 2~2031. 12	1. 375%~2. 23%	Demand deposits,	\$ 220, 197
Less: Current portion of long-term borrowings			time deposits, land	(29, 550)
			and buildings	<u>\$ 190, 647</u>

Information about interest expenses recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(23), 'Finance costs'.

(14) Pensions

A. The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. 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 Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March. The Group reached an agreement on June 26, 2023 with all regular employees prior to the enforcement of the Labor Pension Act on July 1, 2005 to settle the service years under the old pension system in accordance with the Labor Standards Act and the Labor Pension Act, and has applied to collect the remaining funds and cancel the account in accordance with the Article 9 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.

The Company has no employees who are subject to the pension plan under the Labour Standards Act since September 2020, and has temporarily suspended its contributions to the labour pension reserve until February 2023 as approved by the Taipei City Government, Bureau of Labour, The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>	
Present value of defined benefit obligations	\$	248
Fair value of plan assets	(	<u>208</u>)
Net defined benefit liability - non-current	\$	<u>40</u>

There was no such situation as of December 31, 2023.

- B. Effective July 1, 2005, the Group has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group were \$3,359 and \$2,618 for the years ended December 31, 2023 and 2022, respectively.

(15) Share capital

- A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	60, 711	45, 711
Issuance of common stock for cash	-	15, 000
Conversion of convertible corporate bonds into common stock	<u>8, 042</u>	-
Ending balance	<u>68, 753</u>	<u>60, 711</u>

- B. During its meeting on March 10, 2022, the Board of Directors of the Company resolved to raise additional cash through issuing 15 million new shares, which has been approved by the Securities and Futures Bureau, Financial Supervisory Commission. The shares were issued at a premium of \$20 (in dollars) per share, totaling \$300,000, with effective date set on June 30, 2022. The change of registration was completed on August 3, 2022.
- C. Information about the requests for conversion of convertible corporate bonds for the year ended December 31, 2023 is provided in Note 6(12), ‘Bonds payable’.
- D. As of December 31, 2023, the Company’s authorised capital was \$1,500,000, consisting of 68,753 thousand shares of ordinary stock, and the paid-in capital was \$687,532 with a par value of \$10 (in dollars) per share, which were issued in several installments. All proceeds from shares issued have been collected.

(16) Capital surplus

	For the year ended December 31, 2023			
	<u>Share premium</u>	<u>Stock option</u>	<u>Others</u>	<u>Total</u>
Beginning balance	\$ 294, 949	\$ 8, 183	\$ 197	\$ 303, 329
Conversion of corporate bonds into common stock	90, 579	(7, 017)	-	83, 562
Ending balance	<u>\$ 385, 528</u>	<u>\$ 1, 166</u>	<u>\$ 197</u>	<u>\$ 386, 891</u>

	For the year ended December 31, 2022			
	<u>Share premium</u>	<u>Stock option</u>	<u>Others</u>	<u>Total</u>
Beginning balance	\$ 144, 842	\$ -	\$ 197	\$ 145, 039
Issuance of common stock for cash	150, 000	-	-	150, 000
Compensation cost of employee stock options	107	-	-	107
Issuance of convertible corporate bonds	-	8, 183	-	8, 183
Ending balance	<u>\$ 294, 949</u>	<u>\$ 8, 183</u>	<u>\$ 197</u>	<u>\$ 303, 329</u>

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. Information of capital surplus generated from execution and issuance of convertible corporate bonds is provided in Note 6(12) ‘Bond payable’.
- C. Information on the compensation cost of employee stock options is provided in Note 6(17), ‘Share-based payments’.

(17) Share-based payments

On March 10, 2022, the Board of Directors meetings of the Company resolved to raise additional cash by issuing new shares, of which 2,250 thousand shares were reserve for employee preemption, with effective date set on May 25, 2022 and subscription price of \$20 (in dollars) per share. The compensation cost recognised by the Company due to the aforementioned cash capital increase reserved for employee preemption amounted to \$107 (corresponding account shown as ‘capital surplus - share options’). The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	<u>May 25, 2022</u>
Share price (in dollars)	\$ 21.95
Exercise price (in dollars)	20.00
Dividend yield	0%
Expected price volatility	31.65%
Risk-free interest rate	0.61%
Expected duration	0.09 years
Fair value in dollar (per share)	\$ 2.14 (in dollars)

The Company has no share-based payment arrangements for the year ended December 31, 2023.

(18) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. However, when the legal reserve equals to the paid-in capital, the appropriation is not required. After that, a special reserve shall be set aside or reversed in accordance with Article 41 of the Securities and Exchange Act. The remaining earnings plus the accumulated unappropriated earnings shall be proposed by the Board of Directors to be resolved at the shareholders' meeting as dividends to shareholders.

In accordance with Paragraph 5 of Article 240 of the Company Act, the Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses, in whole or in part, in the form of cash by the resolution adopted by the majority vote at their meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders.

The Company's dividend policy is in line with current and future development plans, and takes into consideration investment environment, capital requirements, domestic and overseas competition, and shareholders' interest, etc. At least 30% of the Company's distributable earnings of the year shall be appropriated as dividends and bonuses each year. However, the distribution is not required if the accumulated distributable earnings is lower than 1% of paid-in capital. Dividends and bonuses may be distributed in the form of cash or shares, and cash dividends shall account for at least 10% of the total dividends distributed. However, the type and payout ratio of dividend may be adjusted by the resolution of the shareholders during their meeting according to the actual profit and capital position of the year.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included

in the distributable earnings.

- D. On May 12, 2023 and April 28, 2022, the stockholders during their meeting resolved the distribution of cash dividends from the 2022 and 2021 earnings amounting to \$123,116 (\$2.0 (in dollars) per share) and \$54,854 (\$1.2 (in dollars) per share), respectively. On February 23, 2024, the Board of Directors proposed for the distribution of cash dividends of \$139,912 (\$2.00 (in dollars) per share). Information about the distribution of dividends by the Company as proposed by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(19) Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Sales revenue	\$ 7,825,660	\$ 6,630,240
Processing revenue	-	255
	<u>\$ 7,825,660</u>	<u>\$ 6,630,495</u>

- A. The Group derives sales revenue from the transfer of goods at point in time and processing revenue from rendering services over time.

- B. The Group has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities - current			
Advance sales receipts	<u>\$ 335,543</u>	<u>\$ 189,454</u>	<u>\$ 285,223</u>

Revenue recognised for the years ended December 31, 2023 and 2022 that was included in the contract liability balance as of January 1, 2023 and 2022 amounted to \$144,139 and \$256,520, respectively.

(20) Interest income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income from bank deposits	\$ 2,784	\$ 854
Other interest income	1,073	484
	<u>\$ 3,857</u>	<u>\$ 1,338</u>

(21) Other income

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Rental income	\$ 431	\$ 640
Other income	2,049	2,812
	<u>\$ 2,480</u>	<u>\$ 3,452</u>

(22) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 91,292	\$ 350
Net gain on disposal of property, plant and equipment	707	316
Gain from lease modification	-	914
Loss from compensation	(150)	-
Net currency exchange loss	(7,633)	(4,717)
Other losses	(1,108)	(62)
	<u>\$ 83,108</u>	<u>(\$ 3,199)</u>

(23) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Convertible corporate bonds	\$ 2,617	\$ 5,460
Bank borrowings	6,632	6,638
Lease liabilities	3,402	743
	<u>\$ 12,651</u>	<u>\$ 12,841</u>

(24) Expenses by nature

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 55,204	\$ 68,471	\$ 123,675
Depreciation	30,591	13,744	44,335
Amortisation	208	213	421
	<u>\$ 86,003</u>	<u>\$ 82,428</u>	<u>\$ 168,431</u>
	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 35,585	\$ 55,631	\$ 91,216
Depreciation	23,254	5,156	28,410
Amortisation	203	336	539
	<u>\$ 59,042</u>	<u>\$ 61,123</u>	<u>\$ 120,165</u>

(25) Employee benefit expense

	For the year ended December 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 44,398	\$ 59,766	\$ 104,164
Labour and health insurance expenses	4,643	3,715	8,358
Pension costs	1,670	1,689	3,359
Other personnel expenses	4,493	3,301	7,794
	<u>\$ 55,204</u>	<u>\$ 68,471</u>	<u>\$ 123,675</u>

	For the year ended December 31, 2022		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 29,427	\$ 47,102	\$ 76,529
Compensation cost of employee stock options	-	107	107
Labour and health insurance expenses	2,567	3,370	5,937
Pension costs	1,006	1,612	2,618
Other personnel expenses	2,585	3,440	6,025
	<u>\$ 35,585</u>	<u>\$ 55,631</u>	<u>\$ 91,216</u>

- A. The Company's distributable profit for the year (the distributable profit refers to profit before deducting tax and the employees' compensation and directors' and supervisors' remuneration below), if any, shall be used to cover accumulated deficit, and the remainder, if any, is distributed as follows: (a) 1% ~ 10% for employees' compensation, and (b) No higher than 4% for directors' and supervisors' remuneration. The aforementioned employees' compensation can be distributed in the form of stocks or cash. The employees include the employees of the Company's subsidiaries who meet the requirements stipulated by the Board of Directors. The aforementioned directors' and supervisors' remuneration can only be distributed in the form of cash. Both distributions shall be proposed by the Remuneration Committee to the Board of Directors. The Board of Directors shall resolve the distributions by approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance, and report the resolution at the shareholders' meeting.
- B. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at \$3,116 and \$3,500, respectively; while directors' remuneration were accrued at \$2,493 and \$2,277, respectively. The aforementioned amounts were recognised in salary expenses, and were estimated and accrued based on the percentage prescribed by the Company's Articles of Incorporation, depending on distributable profit for the year. The employees' compensation and directors' and supervisors' remuneration for 2022 resolved by the Board of Directors on March 10, 2023 totaled \$5,777, and the employees' compensation will be distributed in the form of cash. The employees' compensation and directors' remuneration resolved by the Board of Directors

on February 23, 2024 were \$3,116 and \$2,493, respectively, and the employees' compensation will be distributed in the form of cash. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax:		
Current tax on profits for the year	\$ 43,355	\$ 42,104
Over provision of prior year's income tax payable	(9)	-
Total current income tax	<u>43,346</u>	<u>42,104</u>
Deferred tax:		
Origination and reversal of temporary differences	(561)	1,826
Income tax expense	<u>\$ 42,785</u>	<u>\$ 43,930</u>

B. Reconciliation between income tax expense and accounting profit:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Tax calculated based on profit before tax and statutory tax rate	\$ 61,203	\$ 44,212
Effect of items disallowed by tax regulation	(18,409)	(282)
Over provision of prior year's income tax payable	(9)	-
Income tax expense	<u>\$ 42,785</u>	<u>\$ 43,930</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

For the year ended December 31, 2023				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Pension	\$ 110	(\$ 110)	\$ -	\$ -
Unrealised exchange loss	-	559	-	559
Allowance for doubtful accounts	2,630	-	-	2,630
	<u>\$ 2,740</u>	<u>\$ 449</u>	<u>\$ -</u>	<u>\$ 3,189</u>
Deferred tax liabilities:				
Temporary differences				
Unrealised exchange gain	(\$ 112)	\$ 112	\$ -	\$ -
	<u>\$ 2,628</u>	<u>\$ 561</u>	<u>\$ -</u>	<u>\$ 3,189</u>
For the year ended December 31, 2022				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Pension	\$ 110	\$ -	\$ -	\$ 110
Unrealised exchange loss	274	(274)	-	-
Allowance for doubtful accounts	4,070	(1,440)	-	2,630
	<u>\$ 4,454</u>	<u>(\$ 1,714)</u>	<u>\$ -</u>	<u>\$ 2,740</u>
Deferred tax liabilities:				
Temporary differences				
Unrealised exchange gain	\$ -	(\$ 112)	\$ -	(\$ 112)
	<u>\$ 4,454</u>	<u>(\$ 1,826)</u>	<u>\$ -</u>	<u>\$ 2,628</u>

D. The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of February 23, 2024.

(27) Earnings per share

	For the year ended December 31, 2023		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 263,228</u>	<u>65,464</u>	<u>\$ 4.02</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 263,228	65,464	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	136	
Convertible corporate bonds	<u>2,093</u>	<u>4,633</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 265,321</u>	<u>70,233</u>	<u>\$ 3.78</u>
	For the year ended December 31, 2022		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	<u>\$ 177,129</u>	<u>53,314</u>	<u>\$ 3.32</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 177,129	53,314	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	168	
Convertible corporate bonds	<u>4,368</u>	<u>11,541</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 181,497</u>	<u>65,023</u>	<u>\$ 2.79</u>

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 26,201	\$ 61,483
Add: Beginning balance of equipment payable	3,735	1,518
Less: Ending balance of equipment payable	(1,207)	(3,735)
Cash paid for acquisition of property, plant and equipment	<u>\$ 28,729</u>	<u>\$ 59,266</u>

B. Operating and investing activities with no cash flow effects:

	For the years ended December 31,	
	2023	2022
(1)Property, plant and equipment transferred to other receivables	<u>\$ 630</u>	<u>\$ -</u>
(2)Property, plant and equipment transferred to expenses	<u>\$ -</u>	<u>\$ 730</u>

(29) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2023	\$ -	\$ 44,598	\$ 189,066	\$ 220,197	\$ 453,861
Changes in cash flow from financing activities	216,108	(5,648)	-	(28,985)	181,475
Changes in other non-cash items	-	199,835	(161,362)	-	38,473
At December 31, 2023	<u>\$ 216,108</u>	<u>\$ 238,785</u>	<u>\$ 27,704</u>	<u>\$ 191,212</u>	<u>\$ 673,809</u>

	Short-term borrowings	Lease liabilities	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2022	\$ 222,181	\$ 76,443	\$ 277,533	\$ 263,480	\$ 839,637
Changes in cash flow from financing activities	(222,181)	(8,520)	(80,943)	(43,283)	(354,927)
Changes in other non-cash items	-	(23,325)	(7,524)	-	(30,849)
At December 31, 2022	<u>\$ -</u>	<u>\$ 44,598</u>	<u>\$ 189,066</u>	<u>\$ 220,197</u>	<u>\$ 453,861</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
E-Top Metal Co., Ltd. (E-Top Metal)	Significant influence to the Company
Yih Dar Lih Steel Corporation (Yih Dar Lih Steel)	Other related party (Note)
Fu Sheng Transport Co., Ltd. (Fu Sheng)	Other related party (Note)
E-Sheng Steel Co., Ltd. (E-Sheng Steel)	Other related party
TSG Transport Corp. (TSG Transport)	Other related party
TSG Environmental Technology Corp. (TSG Environmental)	Other related party
TSG Power Corp. (TSG Power)	Other related party
TSG Sports Marketing Corp. (TSG Sports)	Other related party
TSG Hawks Baseball Co., Ltd. (TSG Hawks)	Other related party
Sapido Technology Inc.(Sapido Technology)	Other related party

(Note) The companies were originally other related parties of the Group. However, the Group changed its representative as the corporate director on November 8, 2023, and thus they were no longer related parties of the Group since then.

A. Sales of goods

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
E-Sheng Steel	\$ 1,278,334	\$ 337,057
E-Top Metal	224,645	161,855
Other related parties	1,003	438
	<u>\$ 1,503,982</u>	<u>\$ 499,350</u>

Prices of goods sold to related parties and non-related parties are determined based on mutual agreement at each time, and the credit term is 14 to 60 days after monthly closing, T/T. For third parties, the credit terms ranged from 30 to 90 days after monthly closing.

B. Purchases of goods

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
E-Top Metal	\$ 4,011,603	\$ 4,207,286
E-Sheng Steel	1,613,463	1,137,380
Other related parties	28,972	12,601
	<u>\$ 5,654,038</u>	<u>\$ 5,357,267</u>

Purchase prices from related parties were the same with third parties. Payment terms of some purchases from related parties were 10 to 20 days or 60 days after monthly closing, T/T. For third parties, the payment terms were full prepayment, by issuance of letter of credit or the credit terms ranged from 30 to 90 days after monthly closing.

C. Other expenses

	For the years ended December 31,	
	2023	2022
TSG Transport	\$ 97,327	\$ 19,108
E-Top Metal	15,848	6,029
E-Sheng Steel	6,979	6,768
TSG Sports	2,003	–
TSG Hawks	1,015	–
Other related parties	224	300
	<u>\$ 123,396</u>	<u>\$ 32,205</u>

D. Rental income (listed as ‘Other income’)

	Leased assets	Rent determination method	Rent collection method	For the years ended December 31,	
				2023	2022
Other related parties	Buildings	Floating	Monthly	\$ 431	\$ 640

E. Ending balance of goods sold

	December 31, 2023	December 31, 2022
Accounts receivable:		
Yih Dar Lih Steel	\$ –	\$ 146
Other related parties	–	60
	<u>\$ –</u>	<u>\$ 206</u>

F. Other receivables

	December 31, 2023	December 31, 2022
E-Top Metal	\$ –	\$ 2,316
Other related parties	496	–
	<u>\$ 496</u>	<u>\$ 2,316</u>

G. Ending balance of goods purchased

	December 31, 2023	December 31, 2022
Accounts payable:		
E-Sheng Steel	\$ 77,492	\$ 40,940
E-Top Metal	58,187	195,898
Other related parties	14,928	10,246
	<u>\$ 150,607</u>	<u>\$ 247,084</u>

H. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TSG Transport	\$ 42,665	\$ 10,433
E-Top Metal	1,244	1,443
E-Sheng Steel	1,222	929
Other related parties	–	197
	<u>\$ 45,131</u>	<u>\$ 13,002</u>

I. Property transaction

(a) Acquisition of property, plant and equipment:

	<u>Item</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Other related parties	Buildings	\$ 784	\$ –
Other related parties	Construction in progress and equipment to be inspected	469	–
Other related parties	Transportation equipment	300	52
		<u>\$ 1,553</u>	<u>\$ 52</u>

(b) Disposal of property, plant and equipment:

	<u>Item</u>	<u>For the year ended December 31, 2023</u>	
		<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
E-Sheng Steel	Machinery and equipment	\$ 750	\$ 707
		<u>For the year ended December 31, 2022</u>	
	<u>Item</u>	<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
E-Top Metal	Transportation equipment	\$ 2,206	\$ 216

J. Contract liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
E-Sheng Steel	<u>\$ 199,358</u>	<u>\$ –</u>

(2) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 17,874	\$ 18,735
Post-employment benefits	279	385
	<u>\$ 18,153</u>	<u>\$ 19,120</u>

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose</u>
Demand deposits (Note 1)	\$ 60,225	\$ 10,000	Long-term and short-term borrowings, corporate bonds payable and letters of credit
Time deposits (Note 1)	-	20,000	Long-term and short-term borrowings and letters of credit
Land (Note 2)	103,606	103,606	Long-term borrowings
Buildings and structures (Note 2)	133,218	132,939	Long-term borrowings
	<u>\$ 297,049</u>	<u>\$ 266,545</u>	

(Note 1) Listed as 'Financial assets at amortised cost - current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2023 and 2022, the unused letters of credit for the purchase of raw materials amounted to \$33,615 and \$—, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On January 24, 2024, in response to future operational needs, the Board of Directors resolved to apply for a lease of industrial land from the Industrial Development Administration, Ministry of Economic Affairs. The land is located at Yongxin Section, Phase 1, District 1, Xinshi Industrial Park, Tainan, and temporarily numbered as 1-2~1-7、1-9~1-14. On February 23, 2024, the Board of Directors resolved to build new plants and to purchase equipments on the land located at Yongxin Section, Phase 1, District 1, Xinshi Industrial Park, Tainan, which are temporarily numbered as 1-9~1-14. The total budget of the plants and equipments are set to be \$200,000 and \$150,000, respectively.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets held for trading	\$ 122	\$ -
Financial assets mandatorily measured at fair value through profit or loss	<u>127,050</u>	<u>-</u>
	<u>\$ 127,172</u>	<u>\$ -</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 272,103	\$ 506,125
Financial assets at amortised cost	60,225	30,000
Notes receivable	105,678	115,899
Accounts receivable (including related parties)	845,696	833,588
Other receivables	1,433	4,093
Guarantee deposits paid	<u>27,877</u>	<u>18,464</u>
	<u>\$ 1,313,012</u>	<u>\$ 1,508,169</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	<u>\$ -</u>	<u>\$ 120</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 216,108	\$ -
Notes payable	9,251	13,877
Accounts payable (including related parties)	271,099	249,530
Other payables	139,968	98,235
Corporate bonds payable (including current portion)	27,704	189,066
Long-term borrowings (including current portion)	<u>191,212</u>	<u>220,197</u>
	<u>\$ 855,342</u>	<u>\$ 770,905</u>
Lease liabilities	<u>\$ 238,785</u>	<u>\$ 44,598</u>

B. Financial risk management policies

- (a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments are used to hedge certain risk.
- (b) Risk management is carried out by a treasury department under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

- i. The Group has certain purchases denominated in USD. Changes in market exchange rates would affect the fair value. However, the payment and collection periods of assets and liability positions in foreign currencies are close, thus market risk can be offset. The Group does not expect significant foreign exchange risk.
- ii. The Group's businesses involve some non-functional currency operations (the Group's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,647	30.705	\$ 234,801
EUR:NTD	38	33.98	1,291
	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,877	30.71	\$ 180,483

With regard to sensitivity analysis of foreign currency exchange rate risk, if exchange rate of NTD had appreciated/depreciated by 1% against USD and EUR with all other variables held constant, the post-tax profit would increase/decrease by \$1,889 and \$1,444 for the years ended December 31, 2023 and 2022, respectively.

- iii. The total exchange loss including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group amounted to \$7,633 and \$4,717 for the years ended December 31, 2023 and 2022, respectively.

Price risk

- i. The Group's equity securities, shown as the financial assets at fair value through other comprehensive income.
- ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,016 and \$ — , respectively.

Cash flow and fair value interest rate risk

- i. The Group's interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest risk. For the years ended December 31, 2023 and 2022, the Group's borrowings at variable rate were denominated in NTD.
- ii. With regard to sensitivity analysis of interest rate risk, if interest rate on borrowing increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$67 and \$30, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

- iii. In line with credit risk management, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default has occurred when past due over a certain period.
- vi. The Group applies the simplified approach using the provision matrix to estimate expected credit loss, and uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2023 and 2022, the provision matrix is as follows:

December 31, 2023	During the credit period	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days
Total book value	<u>\$ 945,391</u>	<u>\$ 4,683</u>	<u>\$ 1,308</u>	<u>\$ 96</u>
Expected credit rate	<u>0.02%</u>	<u>0.74%</u>	<u>28.09%</u>	<u>33.56%</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101</u>	<u>\$ 32</u>
			Individually assessed impairment	
December 31, 2023	Overdue 271~365 days	Overdue over 365 days	loss	Total
Total book value	<u>\$ 50</u>	<u>\$ 336</u>	<u>\$ 19,128</u>	<u>\$ 970,992</u>
Expected credit rate	<u>41.22%</u>	<u>100%</u>	<u>100%</u>	
Loss allowance	<u>\$ 21</u>	<u>\$ 336</u>	<u>\$ 19,128</u>	<u>\$ 19,618</u>
			Individually assessed impairment	
December 31, 2022	During the credit period	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days
Total book value	<u>\$ 888,336</u>	<u>\$ 61,046</u>	<u>\$ 49</u>	<u>\$ 26</u>
Expected credit rate	<u>0.02%</u>	<u>0.48%</u>	<u>17.53%</u>	<u>21.26%</u>
Loss allowance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7</u>
			Individually assessed impairment	
December 31, 2022	Overdue 271~365 days	Overdue over 365 days	loss	Total
Total book value	<u>\$ 53</u>	<u>\$ 256</u>	<u>\$ 19,128</u>	<u>\$ 968,894</u>
Expected credit rate	<u>30.33%</u>	<u>100%</u>	<u>100%</u>	
Loss allowance	<u>\$ 16</u>	<u>\$ 256</u>	<u>\$ 19,128</u>	<u>\$ 19,407</u>

- v. Movements in relation to the Group applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	<u>For the year ended December 31, 2023</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Beginning balance	\$ 13	\$ 19,394	\$ 19,407
Impairment loss	-	211	211
Ending balance	<u>\$ 13</u>	<u>\$ 19,605</u>	<u>\$ 19,618</u>

	<u>For the year ended December 31, 2022</u>		
	<u>Notes receivable</u>	<u>Accounts receivable</u>	<u>Total</u>
Beginning balance	\$ 13	\$ 26,594	\$ 26,607
Reversal of impairment loss	-	(7,200)	(7,200)
Ending balance	<u>\$ 13</u>	<u>\$ 19,394</u>	<u>\$ 19,407</u>

(c) Liquidity risk

- i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group treasury. Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants.
- ii. The Group has the following undrawn borrowing facilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Floating rate:		
Expiring within one year	<u>\$ 393,892</u>	<u>\$ 161,600</u>

- iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

<u>December 31, 2023</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Short-term borrowings	\$ 217,860	\$ -	\$ -	\$ -
Notes payable	9,251	-	-	-
Accounts payable (including related parties)	271,099	-	-	-
Other payables	139,968	-	-	-
Lease liabilities	26,318	36,187	68,249	141,483
Bonds payable (including current portion)	27,770	-	-	-
Long-term borrowings (including current portion)	33,771	33,430	74,855	63,728
<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 13,877	\$ -	\$ -	\$ -
Accounts payable (including related parties)	249,530	-	-	-
Other payables	98,235	-	-	-
Lease liabilities	7,843	7,690	21,322	9,860
Bonds payable	-	-	204,534	-
Long-term borrowings (including current portion)	32,841	32,790	85,981	85,091
Derivative financial liabilities:				
Convertible corporate bonds put options	-	-	120	-

- vi. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Group's investment in listed stocks through private placement (the discount on liquidity of 24.82%) is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's convertible corporate bonds put option is included in Level 3.

B. The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost-current, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables, bonds payable (including current portion) and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2023 and 2022 is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Convertible corporate bonds put options	\$ -	\$ -	\$ 122	\$ 122
Equity securities	-	127,050	-	127,050
	<u>\$ -</u>	<u>\$ 127,050</u>	<u>\$ 122</u>	<u>\$ 127,172</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial liabilities at fair value through profit or loss				
Convertible corporate bonds put options	\$ -	\$ -	\$ 120	\$ 120

The methods and assumptions the Group used to measure fair value are as follows:

- (a) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred

to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

(b) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk or liquidity risk of counterparties. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. Valuation techniques and inputs applied for Level 3 fair value measurement are as follows:

The fair value of puttable and redemption right of convertible corporate bonds is estimated by using the binomial tree model, and significant unobservable inputs are used the volatility of the stock price. When the share price volatility increases, the fair price of the derivatives will also increase.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2, and there was no transfer from or to Level 3.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Group is only required to disclose the information for the year ended December 31, 2023.

(1) Significant transactions information

A. Loans to others : None.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 1.

D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to table 2.

H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.

I. Trading in derivative instruments undertaken during the reporting period: None.

J. Significant inter-company transactions during the reporting period: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to table 3.

(3) Information on investments in Mainland China

As of December 31, 2023, there are no investments in Mainland China.

(4) Major shareholders information

Major shareholders information: Refer to table 4.

14. Segment Information

(1) General information

The Group operates business only in a single industry. The Group's chief operating decision-maker, who allocates resources and assesses performance of the Group as a whole, has identified that the Group has only one reportable operating segment.

(2) Information about segment profit or loss, assets and liabilities

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the years ended December 31,	
	2023	2022
	The Group	The Group
Segment revenue		
Revenue from external customers, net	\$ 7,825,660	\$ 6,630,495
Depreciation and amortisation	44,756	28,949
Finance costs	12,651	12,841
Segment profit before income tax	306,013	221,059
Segment assets	2,897,796	2,182,378
Non-current assets capital expenditure	68,514	64,201
Segment liabilities	1,452,580	1,041,253

(3) Reconciliation for segment income

The revenue from external customers reported to the chief operating decision-maker is measured in a manner consistent with that in the statement of comprehensive income. The amounts provided to the chief operating decision maker with respect to segment income, total assets and total liabilities are measured in a manner consistent with that of the financial statements. Therefore, such reconciliation is not required.

(4) Information on products and services

Revenue from external customers is mainly from wholesale hardware and building materials and in manufacturing and sales of its component.

Details of revenue are as follows:

	For the years ended December 31,	
	2023	2022
Sales revenue	\$ 7,825,660	\$ 6,630,240
Processing revenue	–	255
	<u>\$ 7,825,660</u>	<u>\$ 6,630,495</u>

(5) Geographical information

Geographical information for the years ended December 31, 2023 and 2022 is as follows:

	For the year ended December 31, 2023		For the year ended December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	<u>\$ 7,825,660</u>	<u>\$ 673,451</u>	<u>\$ 6,630,495</u>	<u>\$ 450,531</u>

(Note 1) The revenue per geographical location is classified based on country location of customer.

(Note 2) Non-current assets including property, plant and equipment, right-of-use assets and intangible assets.

(6) Major customer information

The Group's major customers in 2023 and 2022 constituting more than 10% of the operating revenue are as follows:

	Year ended December 31, 2023		Year ended December 31, 2022	
	Revenue	Segment	Revenue	Segment
A Company	<u>\$ 1,278,334</u>	Taiwan	<u>\$ 337,057</u>	Taiwan

TMP STEEL CORPORATION AND ITS SUBSIDIARY

Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

December 31, 2023

Table 1

Expressed in thousands of NTD

Securities held by	Marketable securities (Note)	Relationship with the securities issuer	General ledger account	As of December 31, 2023				Footnote
				Number of shares	Book value	Ownership (%)	Fair value	
TMP Steel Corporation	ENSURE GLOBAL CORP., LTD.	Other related party	Financial assets at fair value through profit or loss - non-current	5,000,000	\$ 127,050	3.16%	\$ 127,050	-

(Note) Marketable securities in the table refer to stocks, bonds, beneficiary certificates and other related derivative securities.

TMP STEEL CORPORATION AND ITS SUBSIDIARY

Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 2

Expressed in thousands of NTD

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
TMP Steel Corporation	E-TOP METAL CO., LTD.	Significant influence to the Company	Purchases	\$ 4,011,603	51%	20 days after 10 days statements	\$ -	(Note 2)	\$ 58,187	(17%)	-
	E-TOP METAL CO., LTD.	Significant influence to the Company	(Sales)	(224,645)	(3%)	60 days after monthly statements	-	(Note 3)	-	-	-
	E-SHENG STEEL CO., LTD.	Other related party	Purchases	1,613,463	21%	20 days after 10 days statements	-	(Note 2)	(77,492)	(22%)	-
	E-SHENG STEEL CO., LTD.	Other related party	(Sales)	(1,278,334)	(17%)	14 to 60 days after monthly statements	-	(Note 3)	-	-	-

(Note 1) The transactions between related parties are merely arising from reversed directions, therefore, they will not be disclosed separately.

(Note 2) The Company's payment terms with third parties are full prepayment, by issuance of letter of credit or the credit terms ranged from 30 to 90 days after monthly-closing. It is determined based on credit management policy of the company.

(Note 3) The Company's collection terms with third parties are 30 to 90 days after monthly statements. It is determined based on credit management policy of the company.

TMP STEEL CORPORATION AND ITS SUBSIDIARY

Names, locations and other information of investee companies (not including investees in Mainland China)

For the year ended December 31, 2023

Table 3

Expressed in thousands of NTD

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2023			Net profit (loss)	Investment income (loss)	Footnote
				Balance as at December 31, 2023	Balance as at December 31, 2022	Number of shares	Ownership (%)	Book value (Note)	of the investee for the year ended December 31, 2023	recognised by the Company the year ended December 31, 2023	
TMP Steel Corporation	Korea Peibo Electronics Co., Ltd.	Seoul, Korea	Purchase, sales and manufacturing of electronic components	\$ 1,599	\$ 1,599	-	50%	\$ -	\$ -	-	-
	Taiwan Steel Material Corp.	Taiwan	Wholesale of hardware	1,000	1,000	100,000	100%	988	5	5	Subsidiary

(Note) It is shown as amount net of accumulated impairment loss.

TMP STEEL CORPORATION AND ITS SUBSIDIARY

Major shareholders information

December 31, 2023

Table 4

Expressed in share

Name of major shareholders	Number of shares		Ownership (%)	Note
	Common stock			
S-Tech Investment Co., Ltd.		6,770,432	9.84%	-
Tien Chuan Investment Co., Ltd.		6,079,303	8.84%	-
E-Top Metal Co., Ltd.		5,934,508	8.63%	-

(Note) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation. The share capital which was recorded in the financial statements is different from the actual number of shares issued in dematerialised form because of the different calculation basis.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of TMP Steel Corporation

Opinion

We have audited the accompanying parent company only balance sheets of TMP Steel Corporation (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only 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 in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the parent company only financial statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the Company's 2023 parent company only financial statements are stated as follows:

Existence of sales revenue from steel building materials

Description

Refer to Note 4(28) for accounting policy on revenue recognition and Note 6(19) for details of operating revenue. The Company's operating revenue for the year ended December 31, 2023 was \$7,825,660 thousand.

The Company is primarily engaged in the sales of steel building materials. As the Company has numerous trading counterparties and a high volume of transactions which would require a longer period for verification, we considered the existence of sales revenue from steel building materials a key audit matter.

How our audit addressed the matter

We performed the following audit procedures in respect of the above key audit matter:

- A. Understood the design and assessed the effectiveness of the internal controls over sales revenue.
- B. Assessed basic information of major customers, including the details of personnel in charge, registered address, operating address, relationships with these major customers, and further evaluated the reasonableness of transactions and whether they were related to major suppliers.
- C. Selected samples of sales transactions and performed the following procedures:
 - (a) Verified whether sales transactions have original supporting documents including confirming orders, shipping documents and invoices.
 - (b) Ascertained whether material accounts receivable have been offset against the same parties to which the sales were made.
 - (c) Inspected whether there were any recurring or significant sales returns after the stated period and whether there were any abnormalities in payment collections after the stated period.
- D. Selected samples from sales transactions and sent to corresponding parties for external confirmation. Performed alternative audit procedures when responses to confirmation requests were not received on time.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

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

control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient 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 of the current period 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.

Hsu, Huei-Yu
Independent Accountants
Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan
Republic of China
February 23, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

Assets	Notes	December 31, 2023		December 31, 2022		
		AMOUNT	%	AMOUNT	%	
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 271,116	9	\$ 505,142	23
1110	Financial assets at fair value through profit or loss - current	6(2)	122	-	-	-
1136	Financial assets at amortised cost - current	6(1)(3) and 8	60,225	2	30,000	2
1150	Notes receivable, net	6(4)	105,678	4	115,899	5
1170	Accounts receivable, net	6(4) and 12	845,696	29	833,382	38
1180	Accounts receivable - related parties	6(4), 7 and 12	-	-	206	-
1200	Other receivables	7	1,433	-	4,093	-
130X	Inventories	6(5)	755,932	26	177,495	8
1410	Prepayments	6(6)	25,039	1	43,443	2
11XX	Total current assets		<u>2,065,241</u>	<u>71</u>	<u>1,709,660</u>	<u>78</u>
Non-current assets						
1510	Financial assets at fair value through profit or loss - non-current	6(2)	127,050	4	-	-
1550	Investments accounted for using equity method	6(7)	988	-	983	-
1600	Property, plant and equipment	6(8), 7 and 8	404,706	14	405,248	19
1755	Right-of-use assets	6(9)	243,270	9	41,902	2
1780	Intangible assets		535	-	887	-
1840	Deferred income tax assets	6(26)	3,189	-	2,740	-
1915	Prepayments for equipment		24,940	1	2,494	-
1920	Guarantee deposits paid		27,877	1	18,464	1
15XX	Total non-current assets		<u>832,555</u>	<u>29</u>	<u>472,718</u>	<u>22</u>
1XXX	Total assets		<u>\$ 2,897,796</u>	<u>100</u>	<u>\$ 2,182,378</u>	<u>100</u>

(Continued)

Liabilities and Equity		Notes	December 31, 2023		December 31, 2022	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(10) and 8	\$ 216,108	7	\$ -	-
2120	Financial liabilities at fair value through profit or loss - current	6(2)	-	-	120	-
2130	Contract liabilities - current	6(19) and 7	335,543	12	189,454	9
2150	Notes payable		9,251	-	13,877	1
2170	Accounts payable		120,492	4	2,446	-
2180	Accounts payable - related parties	7	150,607	5	247,084	11
2200	Other payables	6(11) and 7	139,968	5	98,235	5
2230	Current income tax liabilities	6(26)	21,948	1	35,219	2
2280	Lease liabilities - current	6(9)	24,931	1	7,226	-
2320	Long-term liabilities, current portion	6(12)(13) and 8	58,068	2	29,550	1
2399	Other current liabilities		962	-	805	-
21XX	Total current liabilities		<u>1,077,878</u>	<u>37</u>	<u>624,016</u>	<u>29</u>
Non-current liabilities						
2530	Corporate bonds payable	6(12) and 8	-	-	189,066	8
2540	Long-term borrowings	6(13) and 8	160,848	6	190,647	9
2570	Deferred income tax liabilities	6(26)	-	-	112	-
2580	Lease liabilities - non-current	6(9)	213,854	7	37,372	2
2640	Net defined benefit liabilities - non-current	6(14)	-	-	40	-
25XX	Total non-current liabilities		<u>374,702</u>	<u>13</u>	<u>417,237</u>	<u>19</u>
2XXX	Total liabilities		<u>1,452,580</u>	<u>50</u>	<u>1,041,253</u>	<u>48</u>
Share capital						
3110	Common stock	6(12)(15)	687,532	24	607,115	28
3200	Capital surplus	6(12)(15)(16)(17)	386,891	13	303,329	14
Retained earnings						
3310	Legal reserve		45,084	2	27,371	1
3320	Special reserve		5,110	-	5,110	-
3350	Unappropriated retained earnings		320,599	11	198,200	9
3XXX	Total equity		<u>1,445,216</u>	<u>50</u>	<u>1,141,125</u>	<u>52</u>
Significant contingent liabilities and unrecognised contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		<u>\$ 2,897,796</u>	<u>100</u>	<u>\$ 2,182,378</u>	<u>100</u>

		For the years ended December 31,				
		2023		2022		
Items	Notes	AMOUNT	%	AMOUNT	%	
4000	Operating revenue	6(19) and 7	\$ 7,825,660	100	\$ 6,630,495	100
5000	Operating costs	6(5)(9)(14)(24)(25) and 7	(7,344,477)	(94)	(6,230,973)	(94)
5900	Net operating margin		<u>481,183</u>	<u>6</u>	<u>399,522</u>	<u>6</u>
	Operating expenses	6(9)(14)(24)(25), 7 and 12				
6100	Selling expenses		(174,856)	(2)	(123,041)	(2)
6200	General and administrative expenses		(76,897)	(1)	(51,354)	(1)
6450	Expect credit (losses) gains		(211)	-	7,200	-
6000	Total operating expenses		(251,964)	(3)	(167,195)	(3)
6900	Operating profit		<u>229,219</u>	<u>3</u>	<u>232,327</u>	<u>3</u>
	Non-operating income and expenses					
7100	Interest income	6(3)(20)	3,852	-	1,337	-
7010	Other income	6(21) and 7	2,480	-	3,452	-
7020	Other gains and losses	6(2)(9)(22)	83,108	1	(3,199)	-
7050	Finance costs	6(9)(23) and 7	(12,651)	-	(12,841)	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(7)	<u>5</u>	-	(17)	-
7000	Total non-operating income and expenses		<u>76,794</u>	<u>1</u>	(11,268)	-
7900	Profit before income tax		<u>306,013</u>	<u>4</u>	<u>221,059</u>	<u>3</u>
7950	Income tax expense	6(26)	(42,785)	(1)	(43,930)	-
8200	Net income for the year		<u>\$ 263,228</u>	<u>3</u>	<u>\$ 177,129</u>	<u>3</u>
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8500	Total comprehensive income for the year		<u>\$ 263,228</u>	<u>3</u>	<u>\$ 177,129</u>	<u>3</u>
	Earnings per share (in dollars)	6(27)				
9750	Basic		<u>\$ 4.02</u>		<u>\$ 3.32</u>	
9850	Diluted		<u>\$ 3.78</u>		<u>\$ 2.79</u>	

For the year ended December 31, 2022

Balance at January 1, 2022		\$ 457,115	\$ 145,039	\$ 21,871	\$ 5,110	\$ 81,425	\$ 710,560
Net income for the year ended December 31, 2022		-	-	-	-	177,129	177,129
Total comprehensive income for the year ended December 31, 2022		-	-	-	-	177,129	177,129
Distribution of 2021 net income:							
Legal reserve		-	-	5,500	-	(5,500)	-
Cash dividends	6(18)	-	-	-	-	(54,854)	(54,854)
Issuance of common stock for cash	6(15)(16)	150,000	150,000	-	-	-	300,000
Compensation cost of employee stock options	6(16)(17)(25)	-	107	-	-	-	107
Issuance of convertible corporate bonds	6(12)	-	8,183	-	-	-	8,183
Balance at December 31, 2022		<u>\$ 607,115</u>	<u>\$ 303,329</u>	<u>\$ 27,371</u>	<u>\$ 5,110</u>	<u>\$ 198,200</u>	<u>\$ 1,141,125</u>

For the year ended December 31, 2023

Balance at January 1, 2023		\$ 607,115	\$ 303,329	\$ 27,371	\$ 5,110	\$ 198,200	\$ 1,141,125
Net income for the year ended December 31, 2023		-	-	-	-	263,228	263,228
Total comprehensive income for the year ended December 31, 2023		-	-	-	-	263,228	263,228
Distribution of 2022 net income:							
Legal reserve		-	-	17,713	-	(17,713)	-
Cash dividends	6(18)	-	-	-	-	(123,116)	(123,116)
Conversion of corporate bonds into common stock	6(12)	80,417	83,562	-	-	-	163,979
Balance at December 31, 2023		<u>\$ 687,532</u>	<u>\$ 386,891</u>	<u>\$ 45,084</u>	<u>\$ 5,110</u>	<u>\$ 320,599</u>	<u>\$ 1,445,216</u>

CASH FLOWS FROM OPERATING ACTIVITIES

Profit before tax		\$	306,013	\$	221,059
Adjustments					
Adjustments to reconcile profit (loss)					
Gain on financial assets and liabilities at fair value through profit or loss	6(2)(22)	(	91,292 )	(	350)
Expected credit losses (gains)	12		211	(	7,200)
Share of (gain) loss of subsidiaries, associates and joint ventures accounted for using equity method	6(7)				
		(	5)		17
Depreciation	6(8)(9)(24)		44,335		28,410
Gain on disposal of property, plant and equipment	6(22)				
		(	707 )	(	316)
Property, plant and equipment transferred to expenses	6(8)(28)				
			-		730
Gain from lease modification	6(9)(22)			(	914)
Amortisation	6(24)		421		539
Compensation cost of employee stock options	6(16)(17)(25)				107
Interest income	6(20)	(	3,852 )	(	1,337)
Interest expense	6(23)		12,651		12,841
Changes in operating assets and liabilities					
Changes in operating assets					
Notes receivable			10,221	(	27,454)
Accounts receivable		(	12,525)		52,071
Accounts receivable - related parties			206		198,354
Other receivables	6(28)		3,290	(	3,782)
Inventories		(	578,437)		69,550
Prepayments			18,404		160,521
Changes in operating liabilities					
Contract liabilities - current			146,089	(	95,769)
Notes payable		(	4,626 )	(	11,317)
Accounts payable			118,046		1,961
Accounts payable - related parties		(	96,477 )	(	266,386)
Other payables			44,261		22,890
Other current liabilities			157		164
Net defined benefit liabilities - non-current		(	40)		-
Cash (outflow) inflow generated from operations		(	83,656)		354,389
Interest received			3,852		1,337
Interest paid		(	10,034 )	(	7,381)
Income tax paid		(	56,617 )	(	10,744)
Net cash flows (used in) from operating activities		(	146,455)		337,601

(Continued)

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in financial assets at amortised cost - current		(\$	162,310)	\$	-
Decrease in financial assets at amortised cost - current			132,085		156,995
Acquisition of financial assets at fair value through profit or loss - non-current		(	36,000)		-
Acquisition of financial liabilities at fair value through profit or loss - current			-		470
Cash paid for acquisition of investments accounted for using equity method	6(7)		-	(	1,000)
Cash paid for acquisition of property, plant and equipment	6(28)	(	28,729 )	(	59,266)
Proceeds from disposal of property, plant and equipment			750		2,355
Acquisition of right-of-use assets		(	19,798)		-
Acquisition of intangible assets		(	69 )	(	224)
Increase in prepayments for equipment		(	22,446 )	(	2,494)
(Increase) decrease in guarantee deposits paid		(	9,413)		1,727
Net cash flows (used in) from investing activities		(	145,930)		98,563

CASH FLOWS FROM FINANCING ACTIVITIES

Increase in short-term borrowings	6(29)		346,108		343,086
Decrease in short-term borrowings	6(29)	(	130,000 )	(	565,267)
Payment of lease liabilities	6(29)	(	5,648 )	(	8,520)
Issuance of convertible corporate bonds	6(29)		-		201,000
Decrease in corporate bonds payable	6(29)		-	(	281,943)
Increase in long-term borrowings	6(29)		-		20,000
Decrease in long-term borrowings	6(29)	(	28,985 )	(	63,283)
Issuance of common stock for cash	6(15)		-		300,000
Payment of cash dividends	6(18)	(	123,116 )	(	54,854)
Net cash flows from (used in) financing activities			58,359	(	109,781)
Net (decrease) increase in cash and cash equivalents		(	234,026)		326,383
Cash and cash equivalents at beginning of year	6(1)		505,142		178,759
Cash and cash equivalents at end of year	6(1)	\$	271,116	\$	505,142

TMP STEEL CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) TMP Steel Corporation (the “Company”) was incorporated on May 16, 1984 as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C). The Company is engaged in the wholesale of hardware and building materials and the manufacture and sales of its components.

(2) The Company, formerly Taipei MultiPower Electronics Co., Ltd., changed its name to Taipei MultiPower International Co., Ltd., as approved by the shareholders during their meeting on June 15, 2010. On June 29, 2016, the shareholders during their meeting has approved to again change the Company’s name to TMP Steel Corporation.

(3) The common shares of the Company have been listed on the Taipei Exchange since September 2003.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on February 23, 2023.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by International Accounting Standards Board (“IASB”)</u>
Amendments to IAS 1, ‘Disclosure of accounting policies’	January 1, 2023
Amendments to IAS 8, ‘Definition of accounting estimates’	January 1, 2023
Amendments to IAS 12, ‘Deferred tax related to assets and liabilities arising from a single transaction’	January 1, 2023
Amendments to IAS 12, ‘International tax reform - pillar two model rules’	May 23, 2023

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

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

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 16, 'Lease liability in a sale and leaseback'	January 1, 2024
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

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRS Accounting Standards as endorsed by the FSC are as follows:

<u>New Standards, Interpretations and Amendments</u>	<u>Effective date by IASB</u>
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, 'Insurance contracts'	January 1, 2023
Amendment to IFRS 17, 'Initial application of IFRS 17 and IFRS 9 – comparative information'	January 1, 2023
Amendments to IAS 21, 'Lack of exchangeability'	January 1, 2025

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, the parent company only financial statements have been prepared under the historical cost convention:

- (a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
- (b) Defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5, 'CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY'.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan Dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

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

C. All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly for trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

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

(5) Cash equivalents

- A. Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value.
- B. Time deposits and bills under repurchase agreement that meet the definition above and are held for the purpose of meeting short-term cash commitment in operations are classified as cash equivalents.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortised cost or fair value through other comprehensive income.
- B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognised and derecognised using trade date accounting.
- C. At initial recognition, the Group measures the financial assets at fair value and recognises the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognises the gain or loss in profit or loss.
- D. The Group recognises the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7) Financial assets at amortised cost

- A. Financial assets at amortised cost are those that meet all of the following criteria:
 - (a) The objective of the Company's business model is achieved by collecting contractual cash flows.
 - (b) The assets' contractual cash flows represent solely payments of principal and interest.
- B. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Notes and accounts receivable

- A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.
- B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses. If the cost exceeds net realisable value, valuation loss is accrued and recognised in

operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance and is recognised as deduction of operating costs.

(10) Impairment of financial assets

For financial assets at amortised cost, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) Leasing arrangements (lessor) - operating lease

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(13) Investments accounted for using equity method - subsidiaries and related parties

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains or losses resulting from inter-company transactions with subsidiaries are eliminated. Necessary adjustments are made to the accounting policies of subsidiaries, to be consistent with the accounting policies of the Company.
- C. After the acquisition of subsidiaries, the Company recognises proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognise its share in the subsidiary's loss proportionately.
- D. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity methods and are initially recognized at cost.
- E. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

- F. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises all changes in 'capital surplus' in proportion to its ownership.
- G. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- H. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.
- I. According to Regulations Governing the Preparation of Financial Statements by Securities Issuers, "Profit for the year" and "Total other comprehensive income for the year" reported in the parent company only statement of comprehensive income, shall equal to "Profit for the year" and "Total other comprehensive income for the year" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in the parent company only financial statements shall equal to equity attributable to owners of parent reported in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.
- B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Land is not depreciated. Other property, plant and equipment apply cost model and are subsequently depreciated using the straight-line method to allocate their cost over their estimated 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 must be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a

change in estimate under IAS 8, ‘Accounting Policies, Changes in Accounting Estimates and Errors’, from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Assets	Useful lives
Buildings (including auxiliary equipment)	8 ~ 50 years
Machinery and equipment	3 ~ 20 years
Transportation equipment	5 years
Office equipment	1 ~ 20 years
Leasehold improvements	1 ~ 10 years

(15) Leasing arrangements (lessee) - right-of-use assets/lease liabilities

- A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.
- B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the fixed payments, less any lease incentives receivable. The Company subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.
- C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
 - (a) The amount of the initial measurement of lease liability; and
 - (b) Any lease payments made at or before the commencement date;
 The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset’s useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.
- D. For lease modifications that decrease the scope of the lease, the lessee shall decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease, and recognise the difference between remeasured lease liability in profit or loss.

(16) Intangible assets

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(17) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by

which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(18) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(19) Financial liabilities at fair value through profit or loss

A. Financial liabilities are classified in this category of held for trading if acquired principally for the purpose of repurchasing in the short-term. Derivatives are also categorised as financial liabilities held for trading unless they are designated as hedges or financial liabilities at fair value through profit or loss. Financial liabilities that meet one of the following criteria are designated as at fair value through profit or loss at initial recognition:

(a) Hybrid (combined) contracts.

(b) They eliminate or significantly reduce a measurement or recognition inconsistency; or

(c) They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures the financial liabilities at fair value with any gain or loss recognised in profit or loss.

C. If the credit risk results in fair value changes in financial liabilities designated as at fair value through profit or loss, they are recognised in other comprehensive income in the circumstances other than avoiding accounting mismatch or recognising in profit or loss for loan commitments or financial guarantee contracts.

(20) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(21) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The

Company classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument in accordance with the contract term. They are accounted for as follows:

- A. The embedded call options and put options are recognised initially at net fair value as ‘financial assets or financial liabilities at fair value through profit or loss’. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognised as ‘gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss’.
- B. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.
- C. The embedded conversion options which meet the definition of an equity instrument are initially recognised in ‘capital surplus - share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.
- D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.
- E. When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable and ‘financial assets or liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus – share option’.

(22) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(23) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their service with the Company in current period or prior periods. The liability recognised in the balance sheet in

respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

- ii. Remeasurements arising on defined benefit plan are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

C. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(24) Employee share-based payment

- A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.
- B. For cash capital increase reserved for employee preemption, grant date is determined in accordance with the date which subscription price and amounts are agreed.

(25) Income taxes

- A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.
- B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

- C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the balance sheet. However, the deferred tax is not accounted for an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.
- D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(26) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

A. Sales of goods

- (a) The Company manufactures and sells steel building materials, sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.
- (b) Accounts receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

B. Rendering of services

- (a) The Company provides processing services. Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the service rendered up to the end of the reporting period as a proportion of the total services to be provided.
- (b) The Company's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management becomes aware of the changes in circumstances.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

As the Company's operating scale and industry that it belongs to are not complex, the estimation and valuation of carrying amounts of assets and liabilities can be verified objectively. The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimated concerning future events. There have no significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Cash:		
Cash on hand	\$ 139	\$ 114
Checking deposits and demand deposits	<u>270, 977</u>	<u>262, 188</u>
	<u>\$ 271, 116</u>	<u>\$ 262, 302</u>
Cash equivalents:		
Time deposits	-	122, 840
Bills under repurchase agreement	<u>-</u>	<u>120, 000</u>
	<u>\$ -</u>	<u>\$ 242, 840</u>
	<u>\$ 271, 116</u>	<u>\$ 505, 142</u>

- A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
- B. Details of the Company's cash and cash equivalents pledged to others as collateral (listed as 'Financial assets at amortised cost - current') as of December 31, 2023 and 2022 are provided in Note 8, 'PLEDGED ASSETS'.

(2) Financial assets and liabilities at fair value through profit or loss

<u>Assets</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Current items:		
Financial assets held for trading		
Fourth domestic convertible corporate bonds		
- put options	\$ 122	\$ -
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed and emerging stocks — private placement	36,000	-
Valuation adjustment	91,050	-
	\$ 127,050	\$ -
<u>Liabilities</u>		
Current items:		
Financial liabilities held for trading		
Fourth domestic convertible corporate bonds		
- put options	\$ -	\$ 120

A. The Company recognised net gain of \$91,292 and \$350 (listed as “Other gains and losses”) for the years ended December 31, 2023 and 2022, respectively.

B. In November 2023, the Company subscribed 5,000 thousand shares of ENSURE GLOBAL CORP., LTD. through private placement. The private placement shares shall not be transferred within three years.

C. As of December 31, 2023 and 2022, the Company has no financial assets at fair value through profit or loss pledged to others.

(3) Financial assets at amortised cost - current

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Demand deposits pledged	\$ 60,225	\$ 10,000
Time deposits pledged	-	20,000
	\$ 60,225	\$ 30,000

A. Amounts recognised in profit or loss in relation to the current financial assets at amortised cost is as follows:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Interest income	\$ 327	\$ 313

B. As of December 31, 2023 and 2022, without taking into account any other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at amortised cost held by the Company was the carrying amount.

C. As of December 31, 2023 and 2022, the financial assets at amortised cost pledged to others as collateral are provided in Note 8, ‘PLEGGED ASSETS’.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2), 'Financial instruments'. The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(4) Notes and accounts receivable, net

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable	\$ 105,691	\$ 115,912
Less: Allowance for uncollectible accounts	(13)	(13)
	<u>\$ 105,678</u>	<u>\$ 115,899</u>
Accounts receivable	\$ 865,301	\$ 852,776
Less: Allowance for uncollectible accounts	(19,605)	(19,394)
	<u>\$ 845,696</u>	<u>\$ 833,382</u>

A. The ageing analysis of notes receivable and accounts receivable (including related parties) that were past due is as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Notes receivable:		
During the credit period	<u>\$ 105,691</u>	<u>\$ 115,912</u>
Accounts receivable:		
During the credit period	\$ 839,700	\$ 772,424
Overdue 1 to 90 days	4,683	61,046
Overdue 91 to 180 days	1,308	49
Overdue 181 to 270 days	96	26
Overdue 271 to 365 days	50	53
Overdue over 365 days	<u>19,464</u>	<u>19,384</u>
	<u>\$ 865,301</u>	<u>\$ 852,982</u>

The above ageing analysis was based on days overdue.

B. As of December 31, 2023 and 2022, notes receivable and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers (including related parties) amounted to \$1,191,865.

C. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk was the carrying amount.

D. As of December 31, 2023 and 2022, the Company did not hold any collateral as security for notes and accounts receivable.

E. Information relating to credit risk of notes and accounts receivable is provided in Note 12(2), 'Financial instruments'.

(5) Inventories

	December 31, 2023		
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	\$ 687,323	\$ -	\$ 687,323
Finished goods	68,609	-	68,609
	<u>\$ 755,932</u>	<u>\$ -</u>	<u>\$ 755,932</u>

	December 31, 2022		
	Cost	Allowance for inventory valuation losses	Book value
Raw materials	\$ 126,168	\$ -	\$ 126,168
Finished goods	51,327	-	51,327
	<u>\$ 177,495</u>	<u>\$ -</u>	<u>\$ 177,495</u>

The cost of inventories recognised as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	\$ 7,353,440	\$ 6,230,973
Sales of scraps	(8,963)	-
	<u>\$ 7,344,477</u>	<u>\$ 6,230,973</u>

(6) Prepayments

	December 31, 2023	December 31, 2022
Residual tax credit	\$ 20,820	\$ -
Prepayments to suppliers	-	41,782
Others	4,219	1,661
	<u>\$ 25,039</u>	<u>\$ 43,443</u>

(7) Investments accounted for using equity method

A. Movements in investments accounted for using the equity method were as follows:

	For the years ended December 31,	
	2023	2022
Balance at January 1	\$ 983	\$ -
Acquisition of investments accounted for using	-	1,000
Share of profit or loss using the equity method	5	(17)
Balance at December 31	<u>\$ 988</u>	<u>\$ 983</u>

B. Details of investments accounted for using the equity method are as follows:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Taiwan Steel Metal Co., Ltd.	\$ 988	\$ 983
Korea Peibo Electronics Co., Ltd.	<u>1,058</u>	<u>1,058</u>
	2,046	2,041
Less: Accumulated impairment	<u>(1,058)</u>	<u>(1,058)</u>
	<u>\$ 988</u>	<u>\$ 983</u>

C. For more information regarding the subsidiaries of the Company, please refer to Note 4(3), 'Basis of consolidation' in the 2023 consolidated financial statements.

D. As of December 31, 2023 and 2022, the Company has no investment accounted for using the equity method pledged to others.

E. For the years ended December 31, 2023 and 2022, the Company did not recognise impairment loss or gain on reversal of impairment related to investments accounted for using the equity method. As of December 31, 2023 and 2022, the carrying amount of accumulated impairment loss of investments accounted for using the equity method was \$1,058.

(8) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2023</u>								
Cost	\$ 103,606	\$ 136,392	\$ 133,803	\$ 1,001	\$ 38,014	\$ 24,689	\$ 12,285	\$ 449,790
Accumulated depreciation	<u>-</u>	<u>(2,720)</u>	<u>(29,726)</u>	<u>(122)</u>	<u>(4,919)</u>	<u>(7,055)</u>	<u>-</u>	<u>(44,542)</u>
	<u>\$ 103,606</u>	<u>\$ 133,672</u>	<u>\$ 104,077</u>	<u>\$ 879</u>	<u>\$ 33,095</u>	<u>\$ 17,634</u>	<u>\$ 12,285</u>	<u>\$ 405,248</u>
<u>For the year ended December 31, 2023</u>								
At January 1	\$ 103,606	\$ 133,672	\$ 104,077	\$ 879	\$ 33,095	\$ 17,634	\$ 12,285	\$ 405,248
Additions	-	2,372	8,251	300	710	2,790	11,778	26,201
Transferred (Note)	-	1,472	14,947	-	196	-	(17,245)	(630)
Depreciation	-	(2,834)	(13,673)	(250)	(4,759)	(4,554)	-	(26,070)
Disposals - Costs	-	-	(2,033)	-	-	-	-	(2,033)
- Accumulated depreciation	<u>-</u>	<u>-</u>	<u>1,990</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,990</u>
At December 31	<u>\$ 103,606</u>	<u>\$ 134,682</u>	<u>\$ 113,559</u>	<u>\$ 929</u>	<u>\$ 29,242</u>	<u>\$ 15,870</u>	<u>\$ 6,818</u>	<u>\$ 404,706</u>
<u>At December 31, 2023</u>								
Cost	\$ 103,606	\$ 140,236	\$ 154,968	\$ 1,301	\$ 38,920	\$ 27,479	\$ 6,818	\$ 473,328
Accumulated depreciation	<u>-</u>	<u>(5,554)</u>	<u>(41,409)</u>	<u>(372)</u>	<u>(9,678)</u>	<u>(11,609)</u>	<u>-</u>	<u>(68,622)</u>
	<u>\$ 103,606</u>	<u>\$ 134,682</u>	<u>\$ 113,559</u>	<u>\$ 929</u>	<u>\$ 29,242</u>	<u>\$ 15,870</u>	<u>\$ 6,818</u>	<u>\$ 404,706</u>

(Note) Transferred to other receivables.

	Land	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Construction in progress and equipment to be inspected	Total
<u>At January 1, 2022</u>								
Cost	\$ 103,606	\$ 699	\$ 91,765	\$ -	\$ 6,065	\$ 25,892	\$ 170,879	\$ 398,906
Accumulated depreciation	-	(15)	(24,563)	-	(1,679)	(5,638)	-	(31,895)
Accumulated impairment	-	-	(357)	-	(697)	-	-	(1,054)
	<u>\$ 103,606</u>	<u>\$ 684</u>	<u>\$ 66,845</u>	<u>\$ -</u>	<u>\$ 3,689</u>	<u>\$ 20,254</u>	<u>\$ 170,879</u>	<u>\$ 365,957</u>
<u>For the year ended December 31, 2022</u>								
At January 1	\$ 103,606	\$ 684	\$ 66,845	\$ -	\$ 3,689	\$ 20,254	\$ 170,879	\$ 365,957
Additions	-	4,409	5,155	804	3,925	71	47,119	61,483
Transferred (Note)	-	131,284	43,810	249	29,640	-	(205,713)	(730)
Depreciation	-	(2,705)	(9,743)	(125)	(4,159)	(2,691)	-	(19,423)
Disposals - Costs	-	-	(6,927)	(52)	(1,616)	(1,274)	-	(9,869)
- Accumulated depreciation	-	-	4,580	3	919	1,274	-	6,776
- Accumulated impairment	-	-	357	-	697	-	-	1,054
At December 31	<u>\$ 103,606</u>	<u>\$ 133,672</u>	<u>\$ 104,077</u>	<u>\$ 879</u>	<u>\$ 33,095</u>	<u>\$ 17,634</u>	<u>\$ 12,285</u>	<u>\$ 405,248</u>
<u>At December 31, 2022</u>								
Cost	\$ 103,606	\$ 136,392	\$ 133,803	\$ 1,001	\$ 38,014	\$ 24,689	\$ 12,285	\$ 449,790
Accumulated depreciation	-	(2,720)	(29,726)	(122)	(4,919)	(7,055)	-	(44,542)
	<u>\$ 103,606</u>	<u>\$ 133,672</u>	<u>\$ 104,077</u>	<u>\$ 879</u>	<u>\$ 33,095</u>	<u>\$ 17,634</u>	<u>\$ 12,285</u>	<u>\$ 405,248</u>

(Note) Transferred to expenses.

- A. The Company's property, plant and equipment as of December 31, 2023 and 2022 were for its own use.
- B. No interest expense was capitalised as part of property, plant and equipment for the years ended December 31, 2023 and 2022.
- C. Information about the property, plant and equipment that were pledged to others as collateral as of December 31, 2023 and 2022 is provided in Note 8, 'PLEDGED ASSETS'.
- D. The Company recognised gain on reversal of impairment of \$— and \$1,054 for the years ended December 31, 2023 and 2022, respectively, due to disposal of impaired property, plant and equipment. As of December 31, 2023 and 2022, the carrying amount of accumulated impairment loss of property, plant and equipment was \$—.

(9) Leasing arrangements - lessee

- A. The Company leases various assets including plant, buildings and transportation equipment. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants.
- B. The carrying amount of right-of-use assets and the depreciation are as follows:

	December 31, 2023	December 31, 2022
	Carrying amount	Carrying amount
Land	\$ 157,431	\$ —
Transportation equipment	4,756	4,582
Buildings	81,083	37,320
	<u>\$ 243,270</u>	<u>\$ 41,902</u>
	For the years ended December 31,	
	2023	2022
	Depreciation	Depreciation
Land	\$ 7,562	\$ —
Transportation equipment	2,132	1,883
Buildings	8,571	7,104
	<u>\$ 18,265</u>	<u>\$ 8,987</u>

- C. The additions to right-of-use assets were \$219,633 and \$2,034 for the years ended December 31, 2023 and 2022, respectively.
- D. The Company's due to termination of leases were \$— and \$24,445 for the years ended December 31, 2023 and 2022, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	For the years ended December 31,	
	2023	2022
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 3,402	\$ 743
Expense on short-term lease contracts	23,938	24,451
Expense on leases of low-value assets	222	225
Gain from lease modification	-	(914)

F. The Company's total cash outflow for leases were \$53,008 and \$33,939 for the years ended December 31, 2023 and 2022, respectively.

(10) Short-term borrowings

<u>Type of borrowings</u>	<u>December 31, 2023</u>	<u>Interest rate range</u>	<u>Collateral</u>
Secured bank borrowings	\$ 216,108	2.003%~2.414%	Demand deposits

There was no such situation for the year ended December 31, 2022.

Information about interest expenses recognised in profit or loss for the year ended December 31, 2023 is provided in Note 6(23), 'Finance costs'.

(11) Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Accrued shipping fees	\$ 53,006	\$ 18,489
Accrued salaries and bonuses	29,351	17,562
Accrued manufacturing fees	16,778	16,428
Accrued import fees	12,360	-
Accrued employees' compensation and directors' remuneration	7,660	5,777
Equipment payable	1,207	3,735
Taxes payable	317	23,588
Others	19,289	12,656
	<u>\$ 139,968</u>	<u>\$ 98,235</u>

(12) Bonds payable

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Collateral</u>
Fourth domestic unsecured convertible corporate bonds	\$ 29,146	\$ 204,534	-
Less: Discount on bonds payable	(1,442)	(15,468)	
	27,704	189,066	
Less: Current portion	(27,704)	-	
	<u>\$ -</u>	<u>\$ 189,066</u>	

A. In October 2022, the Company issued the fourth domestic unsecured convertible bonds. The significant terms are as follows:

- (a) The Company issued \$200,000 (related issuance cost was \$4,247), 0% fourth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (October 26, 2022 ~ October 26, 2025) and will be redeemed in cash at 102.2669% of face value at the maturity date.
 - (b) The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (January 27, 2023) to the maturity date (October 26, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.
 - (c) The conversion price of the bonds is set up based on the pricing model in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model in the terms of the bonds on each effective date regulated by the terms. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.
 - (d) The Company may repurchase all the bonds outstanding in cash at the bonds' face value after the following events occur: (i) the closing price of the Company's common shares on the Taipei Exchange is above the then conversion price by 30% or more for 30 consecutive trading days, or (ii) the outstanding balance of the bonds is less than 10% of total initial issue amount during the period from the date after three months of the bonds issue (January 27, 2023) to 40 days before the maturity date (September 16, 2025).
 - (e) Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.
- B. For the year ended December 31, 2023, bonds totaling NT\$167,700 thousand were converted into 7,854 thousand shares of the Company (listed as "Common Stock" of \$78,536 and "Capital surplus-additional paid-in capital" of \$88,611). The change of registration has been completed. In addition, bonds totaling NT\$3,800 thousand were converted into 188 thousand shares of the Company (listed as "Common Stock" of \$1,881 and "Capital surplus-additional paid-in capital" of \$1,968). There was no such situation for the year ended December 31, 2022.
- C. Regarding the issuance of convertible bonds, the equity conversion options were separated from the liability component and were recognised in 'capital surplus - share options' in accordance with IAS 32. As of December 31, 2023 and 2022, the balances of aforementioned 'capital surplus - share options' after writing off the bonds repurchased by the Company and conversion options exercised by creditors in accordance with the terms of the bonds amounted to \$1,166 and \$8,183, respectively. The call options and put options embedded in bonds payable were separated from their host contracts and were recognised in 'non-current financial assets or liabilities at fair value through profit or loss' in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host

contracts. The effective interest rate of the bonds payable after such separation was 2.829%.

D. Information about interest expenses recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(23), 'Financial costs'.

(13) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2023</u>
Secured borrowings	2020. 2~2031. 12	1. 50%~2. 355%	Demand deposits, land and buildings	\$ 191, 212
Less: Current portion of long-term borrowings				(30, 364)
				<u>\$ 160, 848</u>

<u>Type of borrowings</u>	<u>Borrowing period</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2022</u>
Secured borrowings	2020. 2~2031. 12	1. 375%~2. 23%	Demand deposits, time deposits, land and buildings	\$ 220, 197
Less: Current portion of long-term borrowings				(29, 550)
				<u>\$ 190, 647</u>

Information about interest expenses recognised in profit or loss for the years ended December 31, 2023 and 2022 is provided in Note 6(23), 'Finance costs'.

(14) Pensions

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. The Company reached an agreement on June 26, 2023 with all regular employees prior to the enforcement of the Labor Pension Act on July 1, 2005 to settle the service years under the old pension system in accordance with the Labor Standards Act and the Labor Pension Act, and has applied to collect the remaining funds and cancel the account in accordance with the Article 9 of the Regulations for the Allocation and Management of the Workers' Retirement Reserve Funds.

The Company has no employees who are subject to the pension plan under the Labor Standards Act since September 2020, and has temporarily suspended the contributions to the labor pension

reserve until February 2023 as approved by the Taipei City Government, Bureau of Labor. The amounts recognised in the balance sheet are as follows:

	<u>December 31, 2022</u>
Present value of defined benefit obligations	\$ 248
Fair value of plan assets	(208)
Net defined benefit liability - non-current	<u>\$ 40</u>

There was no such situation as of December 31, 2023.

- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Company were \$3,359 and \$2,618 for the years ended December 31, 2023 and 2022, respectively.

(15) Share capital

- A. Movements in the number of the Company’s ordinary shares outstanding are as follows (in thousands of shares):

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Beginning balance	60,711	45,711
Issuance of common stock for cash	-	15,000
Conversion of convertible corporate bonds into common stock	<u>8,042</u>	<u>-</u>
Ending balance	<u>68,753</u>	<u>60,711</u>

- B. During its meeting on March 10, 2022, the Board of Directors of the Company resolved to raise additional cash through issuing 15 million new shares, which has been approved by the Securities and Futures Bureau, Financial Supervisory Commission. The shares were issued at a premium of \$20 (in dollars) per share, totaling \$300,000, with the effective date set on June 30, 2022. The change of registration was completed on August 3, 2022.
- C. Information about the requests for conversion of convertible corporate bonds for the year ended December 31, 2023 is provided in Note 6(12), ‘Bonds payable’.
- D. As of December 31, 2023, the Company’s authorised capital was \$1,500,000, consisting of 68,753 thousand shares of ordinary stock, and the paid-in capital was \$687,532 with a par value of \$10 (in dollars) per share, which were issued in several installments. All proceeds from shares issued have been collected.

(16) Capital surplus

	For the year ended December 31, 2023			
	<u>Share premium</u>	<u>Stock option</u>	<u>Others</u>	<u>Total</u>
Beginning balance	\$ 294, 949	\$ 8, 183	\$ 197	\$ 303, 329
Conversion of corporate bonds into common stock	<u>90, 579</u>	<u>(7, 017)</u>	<u>-</u>	<u>83, 562</u>
Ending balance	<u>\$ 385, 528</u>	<u>\$ 1, 166</u>	<u>\$ 197</u>	<u>\$ 386, 891</u>

	For the year ended December 31, 2022			
	<u>Share premium</u>	<u>Stock option</u>	<u>Others</u>	<u>Total</u>
Beginning balance	\$ 144, 842	\$ -	\$ 197	\$ 145, 039
Issuance of common stock for cash	150, 000	-	-	150, 000
Compensation cost of employee stock options	107	-	-	107
Issuance of convertible corporate bonds	<u>-</u>	<u>8, 183</u>	<u>-</u>	<u>8, 183</u>
Ending balance	<u>\$ 294, 949</u>	<u>\$ 8, 183</u>	<u>\$ 197</u>	<u>\$ 303, 329</u>

- A. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. However, capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.
- B. Information on capital surplus generated from execution and issuance of convertible corporate bonds is provided in Note 6(12) 'Bonds payable'.
- C. Information for the compensation cost of employee stock options is provided in Note 6(17), 'Shared-based payments'.

(17) Share-based payments

During its meeting on March 10, 2022, the Board of Directors of the Company resolved to raise additional cash by issuing new shares, of which 2,250 thousand shares were reserved for employee preemption, with the effective date set on May 25, 2022 and the subscription price of \$20 (in dollars) per share. The compensation cost recognised by the Company due to the aforementioned cash capital increase reserved for employee preemption amounted to \$107 (corresponding account shown as 'capital surplus - share options'). The fair value of stock options granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	<u>May 25, 2022</u>
Share price (in dollars)	\$ 21.95
Exercise price (in dollars)	20.00
Dividend yield	0%
Expected price volatility	31.65%
Risk-free interest rate	0.61%
Expected duration	0.09 years
Fair value in dollar (per share)	\$ 2.14 (in dollars)

The Company has no share-based payment arrangements for the year ended December 31, 2023.

(18) Retained earnings

A. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

B. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. However, when the legal reserve equals to the paid-in capital, the appropriation is not required. After that, a special reserve shall be set aside or reversed in accordance with Article 41 of the Securities and Exchange Act. The remaining earnings plus the accumulated unappropriated earnings shall be proposed by the Board of Directors to be resolved at the shareholders' meeting as dividends to shareholders.

In accordance with Paragraph 5 of Article 240 of the Company Act, the Board of Directors is authorised by the Company to resolve the distribution of dividends and bonuses, in whole or in part, in the form of cash by the resolution adopted by the majority vote at their meeting attended by two-thirds of the total number of directors, and then reported it to the shareholders.

The Company's dividend policy is in line with current and future development plans, and takes into consideration investment environment, capital requirements, domestic and overseas competition, and shareholders' interest, etc. At least 30% of the Company's distributable earnings of the year shall be appropriated as dividends and bonuses each year. However, the distribution is not required if the accumulated distributable earnings is lower than 1% of paid-in capital. Dividends and bonuses may be distributed in the form of cash or shares, and cash dividends shall account for at least 10% of the total dividends distributed. However, the type and payout ratio of dividend may be adjusted by the resolution of the shareholders during their meeting according to the actual profit and capital position of the year.

C. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included

in the distributable earnings.

- D. On May 12, 2023 and April 28, 2022, the stockholders during their meeting resolved the distribution of cash dividends from the 2022 and 2021 earnings amounting to \$123,116 (\$2.00 (in dollars) per share) and \$54,854 (\$1.2 (in dollars) per share), respectively. On February 23, 2023, the Board of Directors proposed for the distribution of cash dividends of \$139,912 (\$2.00 (in dollars) per share). Information about the distribution of dividends by the Company as proposed by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(19) Operating revenue

	For the years ended December 31,	
	2023	2022
Sales revenue	\$ 7,825,660	\$ 6,630,240
Processing revenue	-	255
	<u>\$ 7,825,660</u>	<u>\$ 6,630,495</u>

- A. The Company derives sales revenue from the transfer of goods at a point in time and processing revenue from rendering services over time.
- B. The Company has recognised the following revenue-related contract liabilities:

	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>January 1, 2022</u>
Contract liabilities - current			
Advance sales receipts	<u>\$ 335,543</u>	<u>\$ 189,454</u>	<u>\$ 285,223</u>

Revenue recognised for the years ended December 31, 2023 and 2022 that was included in the contract liability balance as of January 1, 2023 and 2022 amounted to \$144,139 and \$256,520, respectively.

(20) Interest income

	For the years ended December 31,	
	2023	2022
Interest income from bank deposits	\$ 2,779	\$ 853
Other interest income	1,073	484
	<u>\$ 3,852</u>	<u>\$ 1,337</u>

(21) Other income

	For the years ended December 31,	
	2023	2022
Rental income	\$ 431	\$ 640
Other income	2,049	2,812
	<u>\$ 2,480</u>	<u>\$ 3,452</u>

(22) Other gains and losses

	For the years ended December 31,	
	2023	2022
Net gain on financial assets and liabilities at fair value through profit or loss	\$ 91,292	\$ 350
Net gain on disposal of property, plant and equipment	707	316
Gain from lease modification	-	914
Loss from compensation	(150)	-
Net currency exchange loss	(7,633)	(4,717)
Other losses	(1,108)	(62)
	<u>\$ 83,108</u>	<u>(\$ 3,199)</u>

(23) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Convertible corporate bonds	\$ 2,617	\$ 5,460
Bank borrowings	6,632	6,638
Lease liabilities	3,402	743
	<u>\$ 12,651</u>	<u>\$ 12,841</u>

(24) Expenses by nature

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 55,204	\$ 68,471	\$ 123,675
Depreciation	30,591	13,744	44,335
Amortisation	208	213	421
	<u>\$ 86,003</u>	<u>\$ 82,428</u>	<u>\$ 168,431</u>

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Employee benefit expense	\$ 35,585	\$ 55,631	\$ 91,216
Depreciation	23,254	5,156	28,410
Amortisation	203	336	539
	<u>\$ 59,042</u>	<u>\$ 61,123</u>	<u>\$ 120,165</u>

(25) Employee benefit expense

	For the year ended December 31, 2023		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 44,398	\$ 53,413	\$ 97,811
Labour and health insurance expenses	4,643	3,715	8,358
Pension costs	1,670	1,689	3,359
Directors' remuneration	-	6,353	6,353
Other personnel expenses	4,493	3,301	7,794
	<u>\$ 55,204</u>	<u>\$ 68,471</u>	<u>\$ 123,675</u>

	For the year ended December 31, 2022		
	<u>Operating costs</u>	<u>Operating expenses</u>	<u>Total</u>
Wages and salaries	\$ 29,427	\$ 41,854	\$ 71,281
Compensation cost of employee stock options	-	107	107
Labour and health insurance expenses	2,567	3,370	5,937
Pension costs	1,006	1,612	2,618
Directors' remuneration	-	5,248	5,248
Other personnel expenses	2,585	3,440	6,025
	<u>\$ 35,585</u>	<u>\$ 55,631</u>	<u>\$ 91,216</u>

- A. As of December 31, 2023 and 2022, the Company had 136 and 106 employees, respectively, both including 8 non-employee directors.
- B. The Company's average employee benefit expense and average employee salaries amounted to \$917 and \$868, \$764 and \$720, for the years ended December 31, 2023 and 2022, respectively. Average employee salaries in 2023 decreased by 6.11% compared with 2022.
- C. The Company has established the Audit committee, thus, there was no supervisors' remuneration for the years ended December 31, 2023 and 2022.
- D. The salary and compensation policy of the Company are as follows:
- (a) The standard of employees' salary takes into consideration the external competitiveness and internal equity, with regard to attracting, developing, and retaining individuals of the highest caliber.
 - (b) By connecting the performance management policy with that of employees' salary and remuneration, to drive the Company toward positive development.
 - (c) Binding together factors of the achievement of the Company's long-term and short-term objectives, the respective involvement of employees, and performance in their posts, for inspiring employees to achieve their goals.
 - (d) Established the remuneration committee for the effective determination and measurement of wages and remuneration to directors and managers.

- E. The Company's distributable profit for the year (the distributable profit refers to profit before deducting tax and the employees' compensation and directors' and supervisors' remuneration below), if any, shall be used to cover accumulated deficit, and the remainder, if any, is distributed as follows: (a) 1% ~ 10% for employees' compensation, and (b) No higher than 4% for directors' and supervisors' remuneration. The aforementioned employees' compensation can be distributed in the form of stocks or cash. The employees include the employees of the Company's subsidiaries who meet the requirements stipulated by the Board of Directors. The aforementioned directors' and supervisors' remuneration can only be distributed in the form of cash. Both distributions shall be proposed by the Remuneration Committee to the Board of Directors. The Board of Directors shall resolve the distributions by approval of more than half of directors present at a meeting where more than two-thirds of the directors are in attendance, and report the resolution at the shareholders' meeting.
- F. For the years ended December 31, 2023 and 2022, employees' compensation were accrued at \$3,116 and \$3,500, respectively; while directors' remuneration were accrued at \$2,493 and \$2,277, respectively. The aforementioned amounts were recognised in salary expenses, and were estimated and accrued based on the percentage prescribed by the Company's Articles of Incorporation, depending on distributable profit for the year. The employees' compensation and directors' and supervisors' remuneration for 2022 resolved by the Board of Directors on March 10, 2023 totaled \$5,777, and the employees' compensation will be distributed in the form of cash. The employees' compensation and directors' and supervisors' remuneration resolved by the Board of Directors on February 23, 2024 were \$ 3,116 and \$2,493, respectively. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved at the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Current income tax:		
Current tax on profits for the year	\$ 43,355	\$ 42,104
Over provision of prior year's income tax payable	(9)	-
Total current income tax	<u>43,346</u>	<u>42,104</u>
Deferred tax:		
Origination and reversal of temporary differences	(561)	1,826
Income tax expense	<u>\$ 42,785</u>	<u>\$ 43,930</u>

B. Reconciliation between income tax expense and accounting profit:

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	\$ 61,203	\$ 44,212
Effect of items disallowed by tax regulation	(18,409)	(282)
Over provision of prior year's income tax payable	(9)	-
Income tax expense	<u>\$ 42,785</u>	<u>\$ 43,930</u>

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	For the year ended December 31, 2023			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Pension	\$ 110	(\$ 110)	\$ -	\$ -
Unrealised exchange loss	-	559	-	559
Allowance for doubtful accounts	2,630	-	-	2,630
	<u>\$ 2,740</u>	<u>\$ 449</u>	<u>\$ -</u>	<u>\$ 3,189</u>
Deferred tax liabilities:				
Temporary differences				
Unrealised exchange gain	(\$ 112)	\$ 112	\$ -	\$ -
	<u>\$ 2,628</u>	<u>\$ 561</u>	<u>\$ -</u>	<u>\$ 3,189</u>
	For the year ended December 31, 2022			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Temporary differences				
Pension	\$ 110	\$ -	\$ -	\$ 110
Unrealised exchange loss	274	(274)	-	-
Allowance for doubtful accounts	4,070	(1,440)	-	2,630
	<u>\$ 4,454</u>	<u>(\$ 1,714)</u>	<u>\$ -</u>	<u>\$ 2,740</u>
Deferred tax liabilities:				
Temporary differences				
Unrealised exchange gain	\$ -	(\$ 112)	\$ -	(\$ 112)
	<u>\$ 4,454</u>	<u>(\$ 1,826)</u>	<u>\$ -</u>	<u>\$ 2,628</u>

D. The Company's income tax returns through 2020 have been assessed and approved by the Tax Authority. The Company does not have any administrative remedy as of February 23, 2024.

(27) Earnings per share

	<u>For the year ended December 31, 2023</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 263,228	65,464	\$ 4.02
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 263,228	65,464	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	136	
Convertible corporate bonds	<u>2,093</u>	<u>4,633</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 265,321</u>	<u>70,233</u>	<u>\$ 3.78</u>
	<u>For the year ended December 31, 2022</u>		
	<u>Amount after tax</u>	<u>Weighted average number of ordinary shares outstanding (shares in thousands)</u>	<u>Earnings per share (in dollars)</u>
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 177,129	53,314	\$ 3.32
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders	\$ 177,129	53,314	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	168	
Convertible corporate bonds	<u>4,368</u>	<u>11,541</u>	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 181,497</u>	<u>65,023</u>	<u>\$ 2.79</u>

(28) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
Acquisition of property, plant and equipment	\$ 26,201	\$ 61,483
Add: Beginning balance of equipment payable	3,735	1,518
Less: Ending balance of equipment payable	(1,207)	(3,735)
Cash paid for acquisition of property, plant and equipment	<u>\$ 28,729</u>	<u>\$ 59,266</u>

B. Operating and investing activities with no cash flow effects:

(1) Property, plant and equipment transferred to other receivables	<u>\$ 630</u>	<u>\$ -</u>
(2) Property, plant and equipment transferred to expenses	<u>\$ -</u>	<u>\$ 730</u>

(29) Changes in liabilities from financing activities

	Short-term borrowings	Lease liabilities	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2023	\$ -	\$ 44,598	\$ 189,066	\$ 220,197	\$ 453,861
Changes in cash flow from financing activities	216,108	(5,648)	-	(28,985)	181,475
Changes in other non-cash items	-	199,835	(161,362)	-	38,473
At December 31, 2023	<u>\$ 216,108</u>	<u>\$ 238,785</u>	<u>\$ 27,704</u>	<u>\$ 191,212</u>	<u>\$ 673,809</u>

	Short-term borrowings	Lease liabilities	Bonds payable (including current portion)	Long-term borrowings (including current portion)	Liabilities from financing activities
At January 1, 2022	\$ 222,181	\$ 76,443	\$ 277,533	\$ 263,480	\$ 839,637
Changes in cash flow from financing activities	(222,181)	(8,520)	(80,943)	(43,283)	(354,927)
Changes in other non-cash items	-	(23,325)	(7,524)	-	(30,849)
At December 31, 2022	<u>\$ -</u>	<u>\$ 44,598</u>	<u>\$ 189,066</u>	<u>\$ 220,197</u>	<u>\$ 453,861</u>

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Company</u>
E-Top Metal Co., Ltd. (E-Top Metal)	Significant influence to the Company
Yih Dar Lih Steel Corporation (Yih Dar Lih Steel)	Other related party (Note)
Fu Sheng Transport Co., Ltd. (Fu Sheng)	Other related party (Note)
E-Sheng Steel Co., Ltd. (E-Sheng Steel)	Other related party
TSG Transport Corp. (TSG Transport)	Other related party
TSG Environmental Technology Corp. (TSG Environmental)	Other related party
TSG Power Corp. (TSG Power)	Other related party
TSG Sports Marketing Corp. (TSG Sports)	Other related party
TSG Hawks Baseball Co., Ltd. (TSG Hawks)	Other related party
Sapido Technology Inc.(Sapido Technology)	Other related party

(Note) The companies were originally other related parties of the Company. However, the Company changed its representative as the corporate director on November 8, 2023, and thus they were no longer related parties of the Company since then.

(2) Significant related party transactions

A. Sales of goods

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
E-Sheng Steel	\$ 1, 278, 334	\$ 337, 057
E-Top Metal	224, 645	161, 855
Other related parties	1, 003	438
	<u>\$ 1, 503, 982</u>	<u>\$ 499, 350</u>

Prices of goods sold to related parties and non-related parties are determined based on mutual agreement at each time, and the credit term is 14 to 60 days after monthly-closing, T/T. For third parties, the credit terms ranged from 30 to 90 days after monthly-closing.

B. Purchases of goods

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
E-Top Metal	\$ 4, 011, 603	\$ 4, 207, 286
E-Sheng Steel	1, 613, 463	1, 137, 380
Other related parties	28, 972	12, 601
	<u>\$ 5, 654, 038</u>	<u>\$ 5, 357, 267</u>

Purchase prices from related parties were the same with third parties. Payment terms of some purchases from related parties were 10 to 20 days or 60 days after monthly-closing, T/T. For third parties, the payment terms were full prepayment, by issuance of letter of credit or the credit terms ranged from 30 to 90 days after monthly-closing.

C. Other expenses

	For the years ended December 31,	
	2023	2022
TSG Transport	\$ 97,327	\$ 19,108
E-Top Metal	15,848	6,029
E-Sheng Steel	6,979	6,768
TSG Sports	2,003	–
TSG Hawks	1,015	–
Other related parties	224	300
	<u>\$ 123,396</u>	<u>\$ 32,205</u>

D. Rental income (listed as ‘Other income’)

	Leased assets	Rent determination method	Rent collection method	For the years ended December 31,	
				2023	2022
Other related parties	Buildings	Floating	Monthly	\$ 431	\$ 640

E. Ending balance of goods sold

	December 31, 2023	December 31, 2022
Accounts receivable:		
Yih Dar Lih Steel	\$ –	\$ 146
Other related parties	–	60
	<u>\$ –</u>	<u>\$ 206</u>

F. Other receivables

	December 31, 2023	December 31, 2022
E-Top Metal	\$ –	\$ 2,316
Other related parties	496	–
	<u>\$ 496</u>	<u>\$ 2,316</u>

G. Ending balance of goods purchased

	December 31, 2023	December 31, 2022
Accounts payable:		
E-Sheng Steel	\$ 77,492	\$ 40,940
E-Top Metal	58,187	195,898
Other related parties	14,928	10,246
	<u>\$ 150,607</u>	<u>\$ 247,084</u>

H. Other payables

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
TSG Transport	42,665	10,433
E-Top Metal	\$ 1,244	\$ 1,443
E-Sheng Steel	1,222	929
Other related parties	-	197
	<u>\$ 45,131</u>	<u>\$ 13,002</u>

I. Property transaction

(1) Acquisition of property, plant and equipment:

	<u>Item</u>	<u>For the years ended December 31,</u>	
		<u>2023</u>	<u>2022</u>
Other related parties	Buildings	\$ 784	\$ -
Other related parties	Construction in progress and equipment to be inspected	469	-
Other related parties	Transportation equipment	300	52
		<u>\$ 1,553</u>	<u>\$ 52</u>

(2) Disposal of property, plant and equipment:

	<u>Item</u>	<u>For the year ended December 31, 2023</u>	
		<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
E-Sheng Steel	Machinery and equipment	\$ 750	\$ 707
	<u>Item</u>	<u>For the year ended December 31, 2022</u>	
		<u>Disposal proceeds</u>	<u>Gain (loss) on disposal</u>
E-Top Metal	Transportation equipment	\$ 2,206	\$ 216

J. Contract liabilities

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
E-Sheng Steel	\$ 199,358	\$ -

(3) Key management compensation

	<u>For the years ended December 31,</u>	
	<u>2023</u>	<u>2022</u>
Salaries and other short-term employee benefits	\$ 17,874	\$ 18,735
Post-employment benefits	279	385
	<u>\$ 18,153</u>	<u>\$ 19,120</u>

8. PLEDGED ASSETS

The Company's assets pledged as collateral are as follows:

<u>Pledged asset</u>	<u>December 31, 2023</u>	<u>December 31, 2022</u>	<u>Purpose</u>
Demand deposits (Note 1)	\$ 60,225	\$ 10,000	Long-term and short-term borrowings, corporate bonds payable and letters of credit
Time deposits (Note 1)	–	20,000	Long-term and short-term borrowings and letters of credit
Land (Note 2)	103,606	103,606	Long-term borrowings
Buildings and structures (Note 2)	133,218	132,939	Long-term borrowings
	<u>\$ 297,049</u>	<u>\$ 266,545</u>	

(Note 1) Listed as 'Financial assets at amortised cost - current'.

(Note 2) Listed as 'Property, plant and equipment'.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

As of December 31, 2023 and 2022, the unused letters of credit for the purchase of raw materials amounted to \$33,615 and \$—, respectively.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

On January 24, 2024, in response to future operational needs, the Board of Directors resolved to apply for a lease of industrial land from the Industrial Development Administration, Ministry of Economic Affairs. The land is located at Yongxin Section, Phase 1, District 1, Xinshi Industrial Park, Tainan, and temporarily numbered as 1-2~1-7、1-9~1-14. On February 23, 2024, the Board of Directors resolved to build new plants and to purchase equipments on the land located at Yongxin Section, Phase 1, District 1, Xinshi Industrial Park, Tainan, which are temporarily numbered as 1-9~1-14. The total budget of the plants and equipments are set to be \$200,000 and \$150,000, respectively.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss		
Financial assets held for trading	\$ 122	\$ –
Financial assets mandatorily measured at fair value through profit or loss	<u>127,050</u>	<u>–</u>
	<u>\$ 127,172</u>	<u>\$ –</u>
Financial assets at amortised cost		
Cash and cash equivalents	\$ 271,116	\$ 505,142
Financial assets at amortised cost	60,225	30,000
Notes receivable	105,678	115,899
Accounts receivable (including related parties)	845,696	833,588
Other receivables	1,433	4,093
Guarantee deposits paid	<u>27,877</u>	<u>18,464</u>
	<u>\$ 1,312,025</u>	<u>\$ 1,507,186</u>
	<u>December 31, 2023</u>	<u>December 31, 2022</u>
<u>Financial liabilities</u>		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	<u>\$ –</u>	<u>\$ 120</u>
Financial liabilities at amortised cost		
Short-term borrowings	\$ 216,108	\$ –
Notes payable	9,251	13,877
Accounts payable (including related parties)	271,099	249,530
Other payables	139,968	98,235
Corporate bonds payable (including current portion)	27,704	189,066
Long-term borrowings (including current portion)	<u>191,212</u>	<u>220,197</u>
	<u>\$ 855,342</u>	<u>\$ 770,905</u>
Lease liabilities	<u>\$ 238,785</u>	<u>\$ 44,598</u>

B. Financial risk management policies

- (a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative

financial instruments are used to hedge certain risk.

- (b) Risk management is carried out by a treasury department under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company has certain purchases denominated in USD. Changes in market exchange rates would affect the fair value. However, the payment and collection periods of assets and liability positions in foreign currencies are close, thus market risk can be offset. The Company does not expect significant foreign exchange risk.

ii. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 7,647	30.705	\$ 234,801
EUR:NTD	38	33.98	1,291
	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 5,877	30.71	\$ 180,483

With regard to sensitivity analysis of foreign currency exchange rate risk, if exchange rate of NTD had appreciated/depreciated by 1% against USD and EUR with all other variables held constant, the post-tax profit would increase/decrease by \$1,889 and \$1,444 for the years ended December 31, 2023 and 2022, respectively.

- iii. The total exchange loss, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company amounted to \$7,633 and \$4,717 for the years ended December 31, 2023 and 2022, respectively.

Price risk

- i. The Company's equity securities, shown as the financial assets at fair value through other comprehensive income.
- ii. The Company's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by \$1,016 and \$—, respectively.

Cash flow and fair value interest rate risk

- i. The Company's interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest risk. During the years ended December 31, 2023 and 2022, the Company's borrowings at variable rate were denominated in NTD.
- ii. With regard to sensitivity analysis of interest rate risk, if interest rate on borrowing increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by \$67 and \$30, respectively, mainly as a result of higher/lower interest expense on floating rate borrowings.

(b) Credit risk

- i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.
- ii. The Company manages its credit risk taking into consideration the entire Company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of its new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.
- iii. In line with credit risk management, if the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default has occurred when past due over a certain period.
- vi. The Company applies the simplified approach using the provision matrix to estimate

expected credit loss, and uses the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. As of December 31, 2023 and 2022, the provision matrix is as follows:

December 31, 2023	During the credit period	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days
Total book value	\$ 945,391	\$ 4,683	\$ 1,308	\$ 96
Expected credit rate	0.02%	0.74%	28.09%	33.56%
Loss allowance	\$ -	\$ -	\$ 101	\$ 32
			Individually assessed impairment	
December 31, 2023	Overdue 271~365 days	Overdue over 365 days	loss	Total
Total book value	\$ 50	\$ 336	\$ 19,128	\$ 970,992
Expected credit rate	41.22%	100%	100%	
Loss allowance	\$ 21	\$ 336	\$ 19,128	\$ 19,618
December 31, 2022	During the credit period	Overdue 1~90 days	Overdue 91~180 days	Overdue 181~270 days
Total book value	\$ 888,336	\$ 61,046	\$ 49	\$ 26
Expected credit rate	0.02%	0.48%	17.53%	21.26%
Loss allowance	\$ -	\$ -	\$ -	\$ 7
			Individually assessed impairment	
December 31, 2022	Overdue 271~365 days	Overdue over 365 days	loss	Total
Total book value	\$ 53	\$ 256	\$ 19,128	\$ 968,894
Expected credit rate	30.33%	100%	100%	
Loss allowance	\$ 16	\$ 256	\$ 19,128	\$ 19,407

- v. Movements in relation to the Company applying the simplified approach to provide loss allowance for accounts receivable are as follows:

	For the year ended December 31, 2023		
	Notes receivable	Accounts receivable	Total
Beginning balance	\$ 13	\$ 19,394	\$ 19,407
Expected credit gain	-	211	211
Ending balance	\$ 13	\$ 19,605	\$ 19,618

	For the year ended December 31, 2022		
	Notes receivable	Accounts receivable	Total
Beginning balance	\$ 13	\$ 26,594	\$ 26,607
Reversal of impairment loss	-	(7,200)	(7,200)
Ending balance	<u>\$ 13</u>	<u>\$ 19,394</u>	<u>\$ 19,407</u>

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants.

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate:		
Expiring within one year	<u>\$ 393,892</u>	<u>\$ 161,600</u>

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
Non-derivative financial liabilities:				
Short-term borrowings	\$ 217,860	\$ -	\$ -	\$ -
Notes payable	9,251	-	-	-
Accounts payable (including related parties)	271,099	-	-	-
Other payables	139,968	-	-	-
Lease liabilities	26,318	36,187	68,249	141,483
Bonds payable (including current portion)	27,770	-	-	-
Long-term borrowings (including current portion)	33,771	33,430	74,855	63,728

<u>December 31, 2022</u>	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>	<u>More than 5 years</u>
Non-derivative financial liabilities:				
Notes payable	\$ 13,877	\$ -	\$ -	\$ -
Accounts payable (including related parties)	249,530	-	-	-
Other payables	98,235	-	-	-
Lease liabilities	7,843	7,690	21,322	9,860
Bonds payable	-	-	204,534	-
Long-term borrowings (including current portion)	32,841	32,790	85,981	85,091
Derivative financial liabilities:				
Convertible corporate bonds put options	-	-	120	-

vi. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. The fair value of the Company's investment in listed stocks through private placement (the discount on liquidity of 24.82%) is included in Level 2.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's convertible corporate bonds put option is included in Level 3.

B. The carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost-current, notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable (including related parties), other payables, bonds payable (including current portion) and long-term borrowings (including current portion) are approximate to their fair values.

C. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets at December 31, 2023 and 2022 is as follows:

<u>December 31, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Convertible corporate bonds	\$ -	\$ -	\$ 122	\$ 122
put options				
Equity securities	-	127,050	-	127,050
	<u>\$ -</u>	<u>\$ 127,050</u>	<u>\$ 122</u>	<u>\$ 127,172</u>
<u>December 31, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value				
through profit or loss				
Convertible corporate bonds				
put options	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120</u>	<u>\$ 120</u>

The methods and assumptions the Company used to measure fair value are as follows:

(a) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the balance sheet date.

(b) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. As a result, the estimate generated by valuation model will be slightly adjusted based on additional inputs, such as model risk or liquidity risk of counterparties. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. Valuation techniques and inputs applied for Level 3 fair value measurement are as follows:

The fair value of puttable and redemption right of convertible corporate bonds is estimated by using the binomial tree model, and significant unobservable inputs are used the volatility of the stock price. When the share price volatility increases, the fair price of the derivatives will also increase.

E. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and

Level 2, and there was no transfer from or to Level 3.

13. SUPPLEMENTARY DISCLOSURES

According to the current regulatory requirements, the Company is only required to disclose the information for the year ended December 31, 2023.

(1) Significant transactions information

- A. Loans to others: None.
- B. Provision of endorsements and guarantees to others: None.
- C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to Table 1.
- D. Acquisition or sale of the same security with the accumulated cost exceeding \$300 million or 20% of the Company's paid-in capital: None.
- E. Acquisition of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- F. Disposal of real estate reaching NT\$300 million or 20% of paid-in capital or more: None.
- G. Purchases or sales of goods from or to related parties reaching NT\$100 million or 20% of paid-in capital or more: Refer to Table 2.
- H. Receivables from related parties reaching NT\$100 million or 20% of paid-in capital or more: None.
- I. Trading in derivative instruments undertaken during the reporting period: None.
- J. Significant inter-company transactions during the reporting period: None

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Refer to Table 3.

(3) Information on investments in Mainland China

As of December 31, 2023, there are no investments in Mainland China.

(4) Major shareholders information

Major shareholders information: Refer to Table 4.

14. Segment Information

Not applicable.