TMP STEEL CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

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 precedures:

(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 as 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.

TMP STEEL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 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**		2,065,241	71	1,709,660	78
	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**		832,555	29	472,718	22
1XXX	**Total assets**		$ 2,897,796	100	$ 2,182,378	100

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TMP STEEL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 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**		1,077,878	37	624,016	29
	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**		374,702	13	417,237	19
2XXX	**Total liabilities**		1,452,580	50	1,041,253	48
	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	6(18)				
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**		1,445,216	50	1,141,125	52
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,897,796	100	$ 2,182,378	100

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

TMP STEEL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
(Expressed in thousands of New Taiwan dollars, except for earning per share amounts)

	Items	Notes	For the years ended December 31, 2023 AMOUNT	%	2022 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)	(51,354)	(1)
6450	Expect credit (losses) gains		(211)	-	7,200	-
6000	Total operating expenses		(251,964)	(3)	(167,195)	(3)
6900	Operating profit		229,219	3	232,327	3
	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)	5	-	(17)	-
7000	Total non-operating income and expenses		76,794	1	(11,268)	-
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
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8500	**Total comprehensive income for the year**		$ 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	

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

TMP STEEL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings			
	Notes	Share capital - common stock	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total equity
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		$ 607,115	$ 303,329	$ 27,371	$ 5,110	$ 198,200	$ 1,141,125
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		$ 687,532	$ 386,891	$ 45,084	$ 5,110	$ 320,599	$ 1,445,216

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

TMP STEEL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2023	2022
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 porfit 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

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TMP STEEL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
(Expressed in thousands of New Taiwan dollars)

	Notes	For the years ended December 31, 2023	2022
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

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

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 Feburary 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:

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 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:

New Standards, Interpretations and Amendments	Effective date by IASB
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:

New Standards, Interpretations and Amendments	Effective date by IASB
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by IASB
IFRS 17, 'Insurance contracts'	January 1, 2023
Amendments to IFRS 17, '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) <u>Property, plant and equipment</u>

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 deprecated. 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
Transporatation equipment	5 years
Office equipment	1 ~ 20 years
Leasehold improvements	1 ~ 10 years

(15) <u>Leasing arrangements (lessee) - right-of-use assets/lease liabilities</u>

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) <u>Intangible assets</u>

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

(17) <u>Impairment of non-financial assets</u>

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

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 139	$ 114
Checking deposits and demand deposits	270,977	262,188
	$ 271,116	$ 262,302
Cash equivalents:		
Time deposits	-	122,840
Bills under repurchase agreement	-	120,000
	$ -	$ 242,840
	$ 271,116	$ 505,142

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

Assets	December 31, 2023	December 31, 2022
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	$ -
Liabilities		
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

	December 31, 2023	December 31, 2022
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:

	For the years ended December 31,	
	2023	2022
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, 'PLEDGED 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

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

A. The ageing analysis of notes receivable and accounts receivable (including related parties) that were past due is as follows:

	December 31, 2023	December 31, 2022
Notes receivable:		
During the credit period	$ 105,691	$ 115,912
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	19,464	19,384
	$ 865,301	$ 852,982

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
	$ 755,932	$ -	$ 755,932

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

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)	-
	$ 7,344,477	$ 6,230,973

(6) Prepayments

	December 31, 2023	December 31, 2022
Residual tax credit	$ 20,820	$ -
Prepayments to suppliers	-	41,782
Others	4,219	1,661
	$ 25,039	$ 43,443

(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	$ 988	$ 983

B. Details of investments accounted for using the equity method are as follows:

	December 31, 2023	December 31, 2022
Taiwan Steel Metal Co., Ltd.	$ 988	$ 983
Korea Peibo Electronics Co., Ltd.	1,058	1,058
	2,046	2,041
Less: Accumulated impairment	(1,058)	(1,058)
	$ 988	$ 983

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
At January 1, 2023								
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)
	$ 103,606	$ 133,672	$ 104,077	$ 879	$ 33,095	$ 17,634	$ 12,285	$ 405,248
For the year ended December 31, 2023								
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	$ 103,606	$ 134,682	$ 113,559	$ 929	$ 29,242	$ 15,870	$ 6,818	$ 404,706
At December 31, 2023								
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)
	$ 103,606	$ 134,682	$ 113,559	$ 929	$ 29,242	$ 15,870	$ 6,818	$ 404,706

(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
At January 1, 2022								
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)
	$ 103,606	$ 684	$ 66,845	$ -	$ 3,689	$ 20,254	$ 170,879	$ 365,957
For the year ended December 31, 2022								
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	$ 103,606	$ 133,672	$ 104,077	$ 879	$ 33,095	$ 17,634	$ 12,285	$ 405,248
At December 31, 2022								
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)
	$ 103,606	$ 133,672	$ 104,077	$ 879	$ 33,095	$ 17,634	$ 12,285	$ 405,248

(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
	$	243,270	$	41,902

	For the years ended December 31,			
	2023		2022	
	Depreciation		Depreciation	
Land	$	7,562	$	-
Transportation equipment		2,132		1,883
Buildings		8,571		7,104
	$	18,265	$	8,987

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
Items affecting profit or loss		
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

Type of borrowings	December 31, 2023	Interest rate range	Collateral
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

	December 31, 2023	December 31, 2022
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
	$ 139,968	$ 98,235

(12) Bonds payable

	December 31, 2023	December 31, 2022	Collateral
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)	-	
	$ -	$ 189,066	

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

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2023
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)
				$ 160,848

Type of borrowings	Borrowing period	Interest rate range	Collateral	December 31, 2022
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)
				$ 190,647

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:

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

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):

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

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			
	Share premium	Stock option	Others	Total
Beginning balance	$ 294,949	$ 8,183	$ 197	$ 303,329
Conversion of corporate bonds into common stock	90,579	(7,017)	-	83,562
Ending balance	$ 385,528	$ 1,166	$ 197	$ 386,891

	For the year ended December 31, 2022			
	Share premium	Stock option	Others	Total
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	$ 294,949	$ 8,183	$ 197	$ 303,329

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	May 25, 2022
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
	$ 7,825,660	$ 6,630,495

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:

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

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
	$ 3,852	$ 1,337

(21) Other income

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

(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)
	$ 83,108	($ 3,199)

(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
	$ 12,651	$ 12,841

(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
	$ 86,003	$ 82,428	$ 168,431

	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
	$ 59,042	$ 61,123	$ 120,165

(25) Employee benefit expense

	For the year ended December 31, 2023		
	Operating costs	Operating expenses	Total
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
	$ 55,204	$ 68,471	$ 123,675

	For the year ended December 31, 2022		
	Operating costs	Operating expenses	Total
Wages and salaries	$ 29,427	$ 41,854	$ 71,281
Compensaiton 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
	$ 35,585	$ 55,631	$ 91,216

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 reminder, 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 Feburary 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:

	For the years ended December 31,	
	2023	2022
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	43,346	42,104
Deferred tax:		
Origination and reversal of temporary differences	(561)	1,826
Income tax expense	$ 42,785	$ 43,930

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	$ 42,785	$ 43,930

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
	$ 2,740	$ 449	$ -	$ 3,189
Deferred tax liabilities:				
Temporary differences				
Unrealised exchange gain	($ 112)	$ 112	$ -	$ -
	$ 2,628	$ 561	$ -	$ 3,189

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
	$ 4,454	($ 1,714)	$ -	$ 2,740
Deferred tax liabilities:				
Temporary differences				
Unrealised exchange gain	$ -	($ 112)	$ -	($ 112)
	$ 4,454	($ 1,826)	$ -	$ 2,628

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

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 263,228	65,464	$ 4.02
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 263,228	65,464	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	–	136	
Convertible corporate bonds	2,093	4,633	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 265,321	70,233	$ 3.78

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 177,129	53,314	$ 3.32
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 177,129	53,314	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	–	168	
Convertible corporate bonds	4,368	11,541	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 181,497	65,023	$ 2.79

(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	$ 28,729	$ 59,266

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

	2023	2022
(1) Property, plant and equipment transferred to other receivables	$ 630	$ -
(2) Property, plant and equipment transferred to expenses	$ -	$ 730

(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	$216,108	$ 238,785	$ 27,704	$ 191,212	$ 673,809

	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	$ -	$ 44,598	$ 189,066	$ 220,197	$ 453,861

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
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

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

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

	For the years ended December 31,	
	2023	2022
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
	$ 5,654,038	$ 5,357,267

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
	$ 123,396	$ 32,205

D. Rental income (listed as 'Other income')

	Leased assets	Rent determination method	Rent collection method	For the years ended December 31, 2023	For the years ended December 31, 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
	$ -	$ 206

F. Other receivables

	December 31, 2023	December 31, 2022
E-Top Metal	$ -	$ 2,316
Other related parties	496	-
	$ 496	$ 2,316

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
	$ 150,607	$ 247,084

H. Other payables

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

I. Property transaction

(1) Acquisition of property, plant and equipment:

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

(2) Disposal of property, plant and equipment:

		For the year ended December 31, 2023	
	Item	Disposal proceeds	Gain (loss) on disposal
E-Sheng Steel	Machinery and equipment	$ 750	$ 707

		For the year ended December 31, 20223	
	Item	Disposal proceeds	Gain (loss) on disposal
E-Top Metal	Transportation equipment	$ 2,206	$ 216

J. Contract liabilities

	December 31, 2023	December 31, 2022
E-Sheng Steel	$ 199,358	$ –

(3) Key management compensation

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

8. PLEDGED ASSETS

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

Pledged asset	December 31, 2023	December 31, 2022	Purpose
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
	$ 297,049	$ 266,545	

(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

	December 31, 2023	December 31, 2022
Financial assets		
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	127,050	-
	$ 127,172	$ -
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	27,877	18,464
	$ 1,312,025	$ 1,507,186

	December 31, 2023	December 31, 2022
Financial liabilities		
Financial liabilities at fair value through profit or loss		
Financial liabilities held for trading	$ -	$ 120
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)	191,212	220,197
	$ 855,342	$ 770,905
Lease liabilities	$ 238,785	$ 44,598

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)			
Financial assets			
Monetary items			
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)			
Financial assets			
Monetary items			
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.

<u>Price risk</u>

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.

<u>Cash flow and fair value interest rate risk</u>

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

December 31, 2023	Overdue 271~365 days	Overdue over 365 days	Individually assessed impairment 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

December 31, 2022	Overdue 271~365 days	Overdue over 365 days	Individually assessed impairment 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	$ 13	$ 19,394	$ 19,407

(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	$ 393,892	$ 161,600

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

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
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:

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

December 31, 2022	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Convertible corporate bonds put options	$ -	$ -	$ 120	$ 120

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.

TMP STEEL CORPORATION
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item		Description	Amount
Cash:			
Cash on hand			$ 139
Checking deposits			118
Demand deposits	– New Taiwan Dollar		101,957
	– Foreign currency	USD 5,459 (in thousands), exchange rate: 30.705	167,606
		EUR 38 (in thousands), exchange rate: 33.98	1,296
			$ 271,116

TMP STEEL CORPORATION
STATEMENT OF FINANCIAL ASSETS AT AMORTISED COST - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount
Demand deposits pledged		$ 60,225

TMP STEEL CORPORATION
STATEMENT OF NOTES RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Non-related parties:			
Company A	Notes receivable	$ 21,794	—
Company B	Notes receivable	13,600	—
Company C	Notes receivable	9,242	—
Company D	Notes receivable	5,973	—
Others (less than 5%)	Notes receivable	55,082	—
		105,691	
Less: Allowance for uncollectible accounts		(13)	—
		$ 105,678	

TMP STEEL CORPORATION
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Company A	Accounts receivable	$ 106,812	—
Company B	Accounts receivable	59,087	—
Company C	Accounts receivable	45,735	—
Others (less than 5%)	Accounts receivable	653,667	—
		865,301	
Less: Allowance for uncollectible accounts		(19,605)	—
		$ 845,696	

TMP STEEL CORPORATION
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

		Amount		
Item	Description	Cost	Net Realisable Value	Note
Raw materials	—	$ 687,323	$ 736,500	Note
Finished goods	—	68,609	132,944	Note
		$ 755,932	$ 869,444	

Note: Please refer to Note 4 (9) for the method to determine the net realisable value.

TMP STEEL CORPORATION
STATEMENT OF FINANCIAL ASSETS MEASURED AT FAIR VALUE THROUGH PROFIT OR LOSS - NON-CURRENT
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Increase		Decrease		Valuation Adjustments	Ending Balance			
Name of Financial Instrument	Number of Shares (in thousands)	Fair Value	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount	Amount	Number of Shares (in thousands)	Fair Value	Collateral	Note
Listed shares:											
ENSURE GLOBAL CORP., LTD.	-	$ -	5,000	$ 36,000	-	$ -	$ 91,050	5,000	$ 127,050	None	—

TMP STEEL CORPORATION
STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to property, plant and equipment.

TMP STEEL CORPORATION

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT - ACCUMULATED DEPRECIATION

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to property, plant and equipment and Note 4(14) for the method to determine depreciation and useful lives for assets.

TMP STEEL CORPORATION
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - COST
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Land	Buildings	Transportation equipment	Total
January 1, 2023	$ -	$ 56,708	$ 7,676	$ 64,384
Additions	164,993	52,334	2,124	219,451
Remeasurement	-	-	182	182
Decreases	-	-	(1,456)	(1,456)
December 31, 2023	$ 164,993	$ 109,042	$ 8,526	$ 282,561

TMP STEEL CORPORATION
STATEMENT OF CHANGES IN RIGHT-OF-USE ASSETS - ACCUMULATED DEPRECIATION
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Land	Buildings	Transportation equipment	Total
January 1, 2023	$ -	$ 19,388	$ 3,094	$ 22,482
Additions	7,562	8,571	2,132	18,265
Decreases	-	-	(1,456)	(1,456)
December 31, 2023	$ 7,562	$ 27,959	$ 3,770	$ 39,291

TMP STEEL CORPORATION
STATEMENT OF SHORT-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Types of Loan	Description	Ending Balance	Contract Period	Interest Rate	Credit Facility	Collarteral	Note
Secured loan	First Commercial Bank	$ 51,100	2023.11.1～2024.4.24	2.30%	$ 100,000	Demand deposits	—
Secured loan	Taiwan Bussiness Bank	50,000	2023.12.29～2024.6.29	2.32%	100,000	Demand deposits	—
Secured loan	Mega International Commercial Bank	50,000	2023.11.29～2024.2.27	2.10%	70,000	Demand deposits	—
Secured loan	Taiwan Cooperative Bank	30,000	2023.11.9～2024.11.9	2.003%	150,000	Demand deposits	—
Secured loan	Hua Nan Commercial Bank	30,000	2023.11.29～2024.2.29	2.34%	90,000	Demand deposits	—
Secured loan	Entie Commercial Bank	5,008	2023.12.25～2024.1.25	2.414%	100,000	Demand deposits	—
		$ 216,108					

TMP STEEL CORPORATION
STATEMENT OF CONTRACT LIABILITIES - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Company A	Advance sales receipts	$ 199,358	—
Others (less than 5%)	Advance sales receipts	136,185	—
		$ 335,543	

TMP STEEL CORPORATION
STATEMENT OF ACCOUNTS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
Non-related parties:			
Company A	Accounts payable	$ 119,880	—
Others (less than 5%)	Accounts payable	612	—
		$ 120,492	

TMP STEEL CORPORATION
STATEMENT OF ACCOUNTS PAYABLE - RELATED PARTIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Description	Amount	Note
E-SHENG STEEL CO., LTD.	Accounts payable	$ 77,492	—
E-TOP METAL CO., LTD.	Accounts payable	58,187	—
TSG TRANSPORT CO., LTD.	Accounts payable	14,928	—
		$ 150,607	

TMP STEEL CORPORATION
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(11) for the information related to other payables.

TMP STEEL CORPORATION
STATEMENT OF INCOME TAX LIABILITIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Description	Amount	Note
Profit-seeking enterprise income tax payable	—	$ 21,948	—

TMP STEEL CORPORATION
STATEMENT OF LEASE LIABILITIES - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Lease period	Discount rate	Amount
Transportation equipment	2019.1~2027.10	1.35%~2%	$ 2,059
Buildings	2019.9~2029.5	1.53%~2%	22,872
			$ 24,931

TMP STEEL CORPORATION
STATEMENT OF LONG-TERM BORROWINGS, CURRENT PORTION
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Creditor/Bond types	Description	Amount	Terms	Rate	Collateral	Note
Fourth domestic unsecured convertible bonds	(Note)	$ 27,704	(Note)	2.829%	None	—
Taiwan Coperative Bank	Secured loan	19,845	2020.2~2031.12	1.50%~2.153%	Land, buildings	—
The Shanghai Commercial and Savings Bank, Ltd.	Secured loan	10,519	2021.6~2027.1	2.355%	Demand deposits	—
		$ 58,068				

(Note) Please refer to Note 6(12) for the information related to bonds payable.

TMP STEEL CORPORATION
STATEMENT OF LONG-TERM BORROWINGS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Creditor	Description	Expiry date	Rate	Amount	Collarteral	Note
Taiwan Cooperative Bank	Secured loan	2021.10～2031.10	1.50%	$ 91,885	Buildings	Starting from November 15, 2021 with monthly payment
〃	〃	2020.2～2031.12	2.153%	70,874	Land	Starting from January 27, 2022 with monthly payment
The Shanghai Commercial and Savings Bank, Ltd.	〃	2021.6～2026.6	2.355%	15,870	Demand deposits	Starting from July 30, 2021 with monthly payment
〃	〃	2022.1～2027.1	2.355%	12,583	Demand deposits	Starting from February 21, 2022 with monthly payment
				191,212		
			Less: Current portion	(30,364)		
				$ 160,848		

TMP STEEL CORPORATION
STATEMENT OF LEASE LIABILITIES - NON-CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Lease period	Discount rate	Amount
Land	2023.2~2043.1	1.93%	$ 147,784
Transportation equipment	2019.1~2026.10	1.35%~2%	63,282
Buildings	2019.9~2029.5	1.53%~2%	2,788
			$ 213,854

TMP STEEL CORPORATION
STATEMENT OF OPERATING REVENUE
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount		Note
	Subtotal	Total	
Sales:			
Steel building materials	$ 6,138,784		—
Steel billet	1,653,650		—
Others	38,307	$ 7,830,741	—
Less: Sales returns and discounts		(5,081)	—
Operating revenue		$ 7,825,660	

TMP STEEL CORPORATION
STATEMENT OF OPERATING COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Merchandise at January 1, 2023	$ -
Add: Merchandise purchased	1,986,353
Merchandise at December 31, 2023	(385,300)
Merchandise sold during the year	1,601,053
Raw materials at January 1, 2023	126,168
Add: Raw materials purchased	5,663,723
Less: Raw materials sold	(620,384)
Raw materials at December 31, 2023	(302,023)
Raw materials used during the year	4,867,484
Direct labor	27,325
Manufacturing overhead	125,970
Processing fees cost	113,441
Manufacturing cost	5,134,220
Finished goods at January 1, 2023	51,327
Add: Finished goods purchased	15,065
Finished goods at December 31, 2023	(68,609)
Cost of production	5,132,003
Sale of finished goods	6,733,056
Sale of raw materials	620,384
Sales from sales of scraps	(8,963)
	$ 7,344,477

TMP STEEL CORPORATION
STATEMENT OF MANUFACTURING OVERHEAD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Wages and salaries	$ 22,245
Rental expense	23,995
Utilities	7,618
Depreciation	30,591
Packing expenses	8,933
Miscellaneous expenses	10,761
Others (less than 5%)	21,827
	$ 125,970

TMP STEEL CORPORATION
STATEMENT OF SELLING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Shipping	$ 145,806
Wages and salaries	15,829
Others (less than 5%)	13,221
	$ 174,856

TMP STEEL CORPORATION
STATEMENT OF GENERAL AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount
Wages and salaries	$ 45,626
Depreciation	10,502
Professionsal service fees	7,297
Others (less than 5%)	13,472
	$ 76,897

TMP STEEL CORPORATION
STATEMENT OF OTHER GAINS AND LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(22) for the information related to other gains or losses.

TMP STEEL CORPORATION
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTISATION EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(24) for additional information related to expenses and Note 6(25) for the information related to employee benefits.

TMP Steel Corporation

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

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

			Transaction				Description and reasons for difference in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
TMP Steel Corporation	E-TOP METAL CO., LTD.	Material influence	Purchases	$ 4,011,603	51%	20 days after 10 days statements	$ -	(Note 2)	($ 58,187)	(17%)	-
	E-TOP METAL CO., LTD.	Material influence	(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 determinied 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 determinied based on credit management policy of the company.

TMP Steel Corporation

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: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Shares held as at December 31, 2023: Number of shares	Shares held as at December 31, 2023: Ownership (%)	Shares held as at December 31, 2023: Book value (Note)	Net profit (loss) of the investee for the year ended December 31, 2023	Investment income (loss) recognised by the Company for the year ended December 31, 2023	Footnote
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 and sale	1,000	1,000	100,000	100%	988	5	5	Subsidary

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

TMP Steel Corporation

Major shareholders information

December 31, 2023

Table 4 Expressed in shares

Name of major shareholders	Number of shares Common stock	Ownership (%)	Note
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.