

Stock Code: 2010

Chun Yuan Steel Industry Co., Ltd.
Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
and Independent Auditors' Report

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Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
2023 Financial Statements
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Chun Yuan Steel Industry Co., Ltd.

Declaration Statement

March 14, 2023

According to “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises”, for the year of 2023 (from January 1, 2023 to December, 2023), the affiliated companies of Chun Yuan Steel Industry Co., Ltd. which should be included when preparing the Consolidated Financial Statements of Affiliated Enterprises are the same as those which shall be included in the Consolidated Financial Statements of the parent and subsidiaries prepared under No.10 of International Financial Reporting Standards, and all of the related information which shall be disclosed in the Consolidated Financial Statements of Affiliated Enterprises had been disclosed in the above Consolidated Financial Statements of the parent and subsidiaries. Therefore, separate Consolidated Financial Statements of Affiliated Enterprises are not prepared.

Declared herein

Chun Yuan Steel Industry Co., Ltd.

Legal Representative: Cheng, Ye-Ming

Independent Auditors' Report

To: Chun Yuan Steel Industry Co., Ltd.

Opinion

We have audited the Consolidated Financial Statements of Chun Yuan Steel Industry Co., Ltd. and Subsidiaries (the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, consolidated statements of changes in equity, and consolidated statements of cash flows for the years ended December 31, 2023 and 2022, and notes to the Consolidated Financial Statements (including a summary of significant accounting policies).

In our opinion, the accompanying Consolidated Financial Statements present fairly, in all material respects, the financial position of the Group as of December 31, 2023 and 2022, 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, International Financial Reporting Standards, International Accounting Standards and interpretations recognized, published and made effective by the Financial Supervisory Commission.

Basis for Opinion

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

Key Audit Matters

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

Valuation of inventory

For the accounting policies regarding inventories, please refer to Note 4.8 of the Consolidated Financial Statements. Regarding accounting estimates and assumptions of inventory impairment assessment, please refer to Note 5.2(7) of the Consolidated Financial Statements.

Illustration of key audit matter:

As of December 31, 2023, the net balance of inventories of the Group was NT\$3,717,994 thousand (net of NT\$99,822 thousand of allowance for inventory valuation loss), which mainly consist of steel plates and structural steel materials, etc. Due to either changes in economic environment, advancements in manufacturing technology, or fluctuation in the price of raw materials, the products in stock may be obsolete or no longer meet the market demand, and drastic changes in the demand for and selling prices of related products may result. Since inventory valuation is relevant to significant judgement and estimates, it is regarded as a key audit matter.

Audit procedures in response:

By performing test of internal controls, we obtained understanding of the Group's assessment method for estimating impairment of its inventories and the design and implementation of the related control system. In addition, we have also performed the following major audit procedures: Assessed reasonableness of accounting policy for inventory valuation. Reviewed inventory aging reports, analyzed changes in inventory aging and evaluated if the inventory valuation had been carried out according to the accounting policy. Obtained understanding and assessed reasonableness of the basis of net realizable value adopted by the management, selected samples and agreed to the related supporting document for testing accuracy of the amounts, and assessed if the management had made proper disclosure regarding subsequent inventory evaluations

Revenue recognition

For the accounting policies regarding recognition of construction revenue, please refer to Note 6.18 of the Consolidated Financial Statements. For the related revenue disclosures, please refer to Note 6.23.

Illustration of key audit matter:

Revenue is an important index used by enterprises and investors for assessing financial and business performance. The sources of the Group's revenue are divided mainly in two categories, revenue from sales of merchandise and construction revenue. Selling prices are affected by fluctuations in market prices of materials. Construction revenue are mainly from provision of construction-related services and are recorded according to the degree of completion during the period of construction contract. The degree of completion is computed based on the percentage of cost incurred up to the reporting date for each construction contract out of the estimated total cost of the respective construction contract. Due to complexity in estimating the total cost of contract items, which often involves judgements and would affect the degree of completion and revenue recognition of constructions, recognition of revenue is regarded as a key audit matter.

Audit procedures in response:

By performing test of internal controls, we obtained understanding of the Group's assessment method for recognizing construction revenue and the design and implementation of the related

control system.

In addition, we have performed the following key audit procedures:

1. Tested whether or not the timing of revenue recognition by the company is correct, perform analysis on the top ten sales customers, compared changes, and assess if there is any material abnormality.
2. Reviewed major contracts to understand specific terms and risks of the respective contracts and assessed accuracy of revenue recognition.
3. Obtained summarized schedules of construction costs and performed the related substantive procedures, including agreeing the sampled current-period cost incurred to the related document, extra/deducted works agreed to supporting document, recomputing the construction revenue according to the degree of completion and confirming that the revenue has been properly booked.

Evaluation on expected credit loss of notes and accounts receivable

As of December 31, 2023, the net balance of notes and accounts receivable was NT\$4,638,678 thousand (net of NT\$74,619 thousand of allowance for expected credit loss), which accounted for 23% of the total consolidated assets and was material to the consolidated financial statements of the Group. Since the expected credit-loss valuation of the notes and accounts receivable, whose sign of impairment and historical rate of loss involve significant judgement by management, we consider that evaluation on expected credit loss of notes and accounts receivable to be a key audit matter.

Our audit procedures performed include the following:

1. Tested the internal controls used by the management for managing notes and accounts receivable, such as sampling and testing for understanding of the controls regarding granting of credit lines and collection of overdue accounts by responsible personnel.
2. Considered the historical experience on occurrences of expected credit loss, assessed appropriateness of the recognition policy for loss allowance, including identification for client risks and analysis of historical bad-debt ratio.
3. Verified aging intervals of notes and accounts receivables and analyzed whether or not the changes in aging were reasonable, accompanied by confirmation of accounts and understanding of subsequent receipts.
4. We also considered appropriateness of the disclosures regarding notes and accounts receivables and the related risks, as in Note 5 and Note 6 to the Consolidated Financial Statements of the Group.

Other matters

Chun Yuan Steel Industry Co., Ltd. had prepared the 2023 and 2022 Consolidated Financial Statements, along with the independent auditors' report with unqualified opinion issued, available for reference.

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

Management is responsible for preparation and fair presentation of the Consolidated Financial Statements in accordance with the Regulations Governing the Preparation of Financial Reports by

Securities Issuers, International Financial Reporting Standards, International Accounting Standards, and interpretations recognized, published and made in effect by the Financial Supervisory Commission, and for maintaining necessary internal controls relating to preparation of the Consolidated Financial Statements, to ensure that the Consolidated Financial Statements are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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



Statements (including the related notes) and whether the Consolidated Financial Statements represent the underlying transactions and events in a manner that achieve fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the guidance, supervision and performance for the audit of the Group. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned audit scope, timing of the audit and significant audit findings (including any significant deficiencies in internal control that we have identified 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 affect our independence (including the related safeguards).

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Consolidated Financial Statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless the laws or regulations preclude public disclosure on the matter or when, in extremely rare circumstances, we determine that the matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to be greater than the additional benefits brought to the public from such communication.

The engagement partners on the audit resulting in this independent auditors' report are Wang, Wu-Chang and Chen, Kui-Mei.

Wang, Wu-Chang

Chen Kui-Mei

Crowe (TW) CPAs

Taipei, Taiwan, Republic of China

March 14, 2024

Notice to Readers

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

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

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries

Consolidated Balance Sheets

As of December 31, 2023 and 2022

Code	Assets	In thousands of NTD			
		December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Assets				
1100	Cash and cash equivalents (Note 6.1)	\$ 460,539	2	\$ 1,038,269	5
1110	Financial assets measured at FVTPL – current (Note 6.2)	95,509	1	86,516	–
1139	Financial assets for hedging - current (Note 6.3)	–	–	2,154	–
1140	Contract assets - current (Note 6.23)	3,508,996	17	3,388,523	16
1150	Notes receivable, net (Note 6.4)	984,480	5	1,024,190	5
1160	Notes receivable – related party (Note 6.4, Note 7)	28,715	–	–	–
1170	Accounts receivable, net (Note 6.5)	3,553,770	18	3,775,410	18
1180	Accounts receivable - related parties, net (Note 6.5, Note 7)	71,713	–	44,763	–
1200	Other receivables	38,155	–	31,427	–
1210	Other receivables - related parties (Note 7)	3,143	–	2,508	–
1220	Current-period income tax assets	–	–	7,205	–
130x	Inventories (Note 6.6)	3,717,994	18	4,350,822	21
1410	Prepayments	140,595	1	105,601	1
1476	Other financial assets - current (Note 6.7)	230,255	1	177,556	1
1479	Other current assets - others	18,264	–	22,899	–
11xx	Total Current Assets	12,852,128	63	14,057,843	67
	Noncurrent Assets				
1517	Financial assets measured at FVTOCI – noncurrent (Note 6.8)	820,293	4	521,118	3
1550	Investments accounted for using equity method (Note 6.9)	623,471	3	564,256	3
1600	Property, plant and equipment (Note 6.10)	5,691,938	28	5,329,676	26
1755	Right-of-use assets (Note 6.11)	55,752	–	62,713	–
1780	Intangible assets	3,670	–	3,702	–
1840	Deferred income tax assets (Note 6.28)	107,661	1	153,092	1
1915	Prepayments for equipment	89,433	1	48,163	–
1920	Refundable deposits	12,789	–	11,541	–
1975	Net defined benefit assets - noncurrent	7,793	–	–	–
1990	Other noncurrent assets - others	38,404	–	42,280	–
15xx	Total Noncurrent Assets	7,451,204	37	6,736,541	33
1xxx	Total Assets	\$ 20,303,332	100	\$ 20,794,384	100

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Code	Liabilities and Equity	December 31, 2023		December 31, 2022	
		Amount	%	Amount	%
	Current Liabilities				
2100	Short-term borrowings (Note 6.13)	\$ 3,994,859	20	\$ 4,733,234	23
2110	Short-term notes payable (Note 6.14)	399,983	2	1,066,589	5
2130	Contract liabilities - current (Note 6.23)	729,821	3	397,389	2
2150	Notes payable	204,033	1	55,753	—
2160	Notes payable - related parties (Note 7)	4,351	—	21,480	—
2170	Accounts payable	812,048	4	949,772	5
2180	Accounts payable - related parties (Note 7)	43,303	—	9,851	—
2200	Other payables	508,323	3	504,108	2
2230	Current-period income tax liabilities	60,659	—	34,220	—
2250	Provisions - current (Note 6.15)	37,572	—	40,102	—
2280	Lease liabilities - current (Note 6.11)	12,981	—	12,597	—
2320	Long-term liabilities due within one year or one operating cycle (Note 6.16)	28,125	—	125,000	1
2399	Other current liabilities - others	14,353	—	14,386	—
21xx	Total Current Liabilities	6,850,411	33	7,964,481	38
	Noncurrent Liabilities				
2540	Long-term borrowings (Note 6.16)	528,125	3	393,750	2
2570	Deferred income tax liabilities (Note 6.28)	830,718	4	812,141	4
2580	Lease liabilities - noncurrent (Note 6.11)	8,150	—	13,485	—
2640	Defined benefit liability, net - noncurrent (Note 6.17)	—	—	9,522	—
2645	Guarantee deposits received	25,210	—	26,745	—
25xx	Total Noncurrent Liabilities	1,392,203	7	1,255,643	6
2xxx	Total Liabilities	8,242,614	40	9,220,124	44
	Equity				
	Equity attributable to owners of the parent				
3100	Share capital (Note 6.18)	6,476,554	32	6,476,554	31
3200	Capital surplus (Note 6.19)	177,636	1	177,178	1
3300	Retained earnings (Note 6.20)	5,312,951	26	4,835,586	23
3310	Legal reserve	1,901,157	9	1,839,531	9
3320	Special reserve	1,324,287	7	1,324,287	6
3350	Unappropriated retained earnings (accumulated deficit)	2,087,507	10	1,671,768	8
3400	Other equity (Note 6.21)	(275,047)	(1)	(277,560)	(1)
3410	Exchange differences on translation of foreign operations	(270,780)	(1)	(225,343)	(1)
3420	Unrealized gains (losses) on financial assets measured at FVTOCI	4,267	—	52,217	—
31xx	Total equity attributable to owners of the parent	11,692,094	58	11,211,758	54
36xx	Non-controlling interest (Note 6.22)	368,624	2	362,502	2
3xxx	Total Equity	12,060,718	60	11,574,260	56
	Total Liabilities and Equity	\$ 20,303,332	100	\$ 20,794,384	100

(The accompanying notes form an integral part of the consolidated financial statements)

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Consolidated Statements of Comprehensive Income
For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Code	Item	2023		2022	
		Amount	%	Amount	%
4000	Operating revenue (Note 6.23)	\$ 21,194,638	100	\$ 24,497,782	100
5000	Operating costs	(19,430,316)	(92)	(22,997,506)	(94)
5900	Gross profit (loss) from operations	1,764,322	8	1,500,276	6
	Operating expenses				
6100	Selling expenses	(438,447)	(2)	(463,869)	(2)
6200	Administrative expenses	(404,112)	(2)	(351,198)	(1)
6450	Loss (gain) on expected credit impairment	6,140	-	11,603	-
6000	Total operating expenses	(836,419)	(4)	(803,464)	(3)
6900	Operating income (loss)	927,903	4	696,812	3
	Non-operating income and expenses				
7100	Interest income	10,360	-	12,928	-
7010	Other income (Note 6.24)	149,697	1	151,157	1
7020	Other gains and losses (Note 6.25)	15,206	-	(40,906)	-
7050	Financial costs (Note 6.26)	(90,943)	-	(102,482)	(1)
7060	Share of profits of subsidiaries, associates, and joint ventures under equity method	108,953	-	76,679	-
7000	Total non-operating income and expenses	193,273	1	97,376	-
7900	Net income (loss) before income tax	1,121,176	5	794,188	3
7950	Income tax (expense) benefit (Note 6.28)	(230,454)	(1)	(180,384)	(1)
8200	NET INCOME (LOSS)	890,722	4	613,804	2
	Other comprehensive income (loss) (Note 6.29)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurements of defined benefit plan	5,873	-	61,555	1
8316	Unrealized measurement gains or losses on equity instruments at FVTOCI	36,989	-	(12,614)	-
8321	Remeasurements of defined benefit plan - associates and joint ventures	14	-	1,763	-
8326	Unrealized measurement gains or losses on equity instruments at FVTOCI - associates and joint ventures	(4,763)	-	(192)	-
8360	Items that may be subsequently reclassified into profit or loss				
8361	Exchange differences on translation of foreign operations	(52,722)	-	6,095	-
8371	Exchange differences on translation of foreign operations - associates and joint ventures	(21)	-	21	-
8300	Other comprehensive income (loss), net	(14,630)	-	56,628	1
8500	TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 876,092	4	\$ 670,432	3
8600	Net income (loss) attributed to:				
8610	Owners of the parent	\$ 875,795	4	\$ 613,218	2
8620	Non-controlling interest	14,927	-	586	-
	Subtotal	\$ 890,722	4	\$ 613,804	2
8700	Total comprehensive income or loss attributed to:				
8710	Owners of the parent	\$ 868,471	4	\$ 714,511	3
8720	Non-controlling interest	7,621	-	(44,079)	-
	Subtotal	\$ 876,092	4	\$ 670,432	3
	EARNINGS PER SHARE				
9750	Basic earnings per share (Note 6.30)	\$ 1.35		\$ 0.95	
9850	Diluted earnings per share (Note 6.30)	\$ 1.35		\$ 0.95	

(The accompanying notes form an integral part of the consolidated financial statements)

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Consolidated Statements of Changes in Equity
For the Years Ended December 31, 2023 and 2022

In thousands of NTD

Item	Equity attributable to owners of the parent										Non-controlling interest	Total equity
	Retained Earnings				Other Equity Items							
	Share capital - common shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign operations	Unrealized measurement gains (loss) on FVTOCI equity instruments	Total equity attributable to owners of the parent				
Balance, January 1, 2022	\$ 6,476,554	\$ 162,071	\$ 1,716,590	\$ 1,324,287	\$ 2,020,408	\$ 276,124	\$ 99,694	\$ 11,324,092	\$ 525,956	\$ 11,850,048		
Appropriation and distribution of earnings:												
Record legal reserve	-	-	122,941	-	(122,941)	-	-	-	-	-	-	
Cash dividends – common shares	-	-	-	-	(841,952)	-	-	(841,952)	-	(841,952)	-	
Other changes in capital surplus	-	314	-	-	-	-	-	314	-	314	-	
Other changes in capital surplus	-	-	-	-	613,218	-	-	613,218	586	613,804	-	
Net income (loss) in 2022	-	-	-	-	63,318	50,781	(12,806)	101,293	(44,665)	56,628	-	
Other comprehensive income (loss) in 2022	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (loss) in 2022	-	-	-	-	676,536	50,781	(12,806)	714,511	(44,079)	670,432	-	
Disposal of subsidiary	-	-	-	-	-	-	-	-	(43,643)	(43,643)	-	
Changes in ownership interest in subsidiaries	-	14,793	-	-	-	-	-	14,793	(14,793)	-	-	
Increase (decrease) in non-controlling interest	-	-	-	-	-	-	-	-	(60,939)	(60,939)	-	
Disposal of FVTOCI equity instruments	-	-	-	-	(60,283)	-	-	60,283	-	-	-	
Balance, December 31, 2022	\$ 6,476,554	\$ 177,178	\$ 1,839,531	\$ 1,324,287	\$ 1,671,768	\$ 225,343	\$ 52,217	\$ 11,211,758	\$ 362,502	\$ 11,574,260		
Balance, January 1, 2023	\$ 6,476,554	\$ 177,178	\$ 1,839,531	\$ 1,324,287	\$ 1,671,768	\$ 225,343	\$ 52,217	\$ 11,211,758	\$ 362,502	\$ 11,574,260		
Appropriation and distribution of earnings:												
Record legal reserve	-	-	61,626	-	(61,626)	-	-	-	-	-	-	
Cash dividends – common shares	-	-	-	-	(388,593)	-	-	(388,593)	-	(388,593)	-	
Other changes in capital surplus	-	458	-	-	-	-	-	458	-	458	-	
Other changes in capital surplus	-	-	-	-	875,795	-	-	875,795	14,927	890,722	-	
Net income (loss) in 2023	-	-	-	-	5,887	(45,437)	32,226	(7,324)	(7,306)	(14,630)	-	
Other comprehensive income (loss) in 2023	-	-	-	-	-	-	-	-	-	-	-	
Total comprehensive income (loss) in 2023	-	-	-	-	881,682	(45,437)	32,226	868,471	7,621	876,092	-	
Increase (decrease) in non-controlling interest	-	-	-	-	-	-	-	-	(1,499)	(1,499)	-	
Disposal of FVTOCI equity instruments	-	-	-	-	(15,724)	-	-	-	-	-	-	
Balance, December 31, 2023	\$ 6,476,554	\$ 177,636	\$ 1,901,157	\$ 1,324,287	\$ 2,087,507	\$ 270,780	\$ 4,267	\$ 11,692,094	\$ 368,624	\$ 12,060,718		

(The accompanying notes form an integral part of the consolidated financial statements)

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2023 and 2022

Item	In thousands of NTD	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income (loss) before income tax	\$ 1, 121, 176	\$ 794, 188
Adjustment items		
Income/gain or expense/loss items		
Depreciation expense	276, 368	266, 102
Amortization expense	17, 381	18, 079
Loss (gain) on expected credit impairment	(6, 140)	(11, 603)
Net loss (gain) on FVTPL financial assets or liabilities	(8, 993)	22, 288
Interest expense	90, 943	102, 482
Interest income	(10, 360)	(12, 928)
Dividend income	(15, 104)	(20, 143)
Share of loss (profit) of associates and joint ventures under equity method	(108, 953)	(76, 679)
Loss (gain) on disposal of property, plant and equipment	(2, 658)	(842)
Loss (gain) on disposal of investments	(2)	-
Loss (gain) from disposal of subsidiary	-	7, 584
Total income/gain or expense/loss items	232, 482	294, 340
Changes in operating assets / liabilities		
Net changes in operating assets		
(Increase) decrease in contract assets	(120, 473)	(638, 451)
(Increase) decrease in notes receivable	39, 710	460, 875
(Increase) decrease in notes receivable – related parties	(28, 715)	-
(Increase) Decrease in accounts receivable	223, 762	1, 033, 880
(Increase) Decrease in accounts receivable - related parties	(26, 950)	(43, 369)
(Increase) Decrease in other receivables	(6, 816)	22, 992
(Increase) Decrease in other receivables - related parties	(635)	494
(Increase) Decrease in inventories	634, 077	1, 325, 661
(Increase) Decrease in prepayments	(34, 993)	187, 344
(Increase) Decrease in other current assets	4, 635	13, 053
(Increase) Decrease in other operating assets	2, 205	24
Total net changes in operating assets	685, 807	2, 362, 503
Net changes in operating liabilities		
Increase (Decrease) in contract liabilities	332, 432	(212, 495)
Increase (Decrease) in notes payable	148, 280	(45, 314)
Increase (Decrease) in notes payable - related parties	(17, 129)	(33, 247)
Increase (Decrease) in accounts payable	(137, 724)	(92, 739)
Increase (Decrease) in accounts payable - related parties	33, 452	1, 394
Increase (Decrease) in other payables	7, 929	(59, 737)
Increase (Decrease) in provisions	(2, 530)	993
Increase (Decrease) in other current liabilities	2, 121	1, 174
Increase (Decrease) in defined benefit liability, net	(9, 522)	(48, 527)
Total net changes in operating liabilities	357, 309	(488, 498)
Total net changes in operating assets/liabilities	1, 043, 116	1, 874, 005
Total Adjustment items	1, 275, 598	2, 168, 345
Cash generated (used) by operating activities	2, 396, 774	2, 962, 533
Interest received	10, 448	14, 155
Dividends received	64, 835	53, 934
Interest paid	(94, 030)	(102, 273)
Income tax refunded (paid)	(133, 603)	(335, 008)
Net cash generated (used) by operating activities	2, 244, 424	2, 593, 341

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CASH FLOWS FROM INVESTING ACTIVITIES

Acquisition of FVTOCI financial assets	(290,938)		–
Returned capital from dissolution of FVTOCI financial assets		45		2,791
Returned of capital reduction from FVTOCI financial assets		23,633		–
Acquisition of FVTPL financial assets	(	25,000)		–
Disposal of FVTPL financial assets		25,002		–
Cash received from disposal of subsidiary		–	(	43,643)
Acquisition of property, plant and equipment	(	395,319)	(	185,101)
Disposal of property, plant and equipment		5,990		6,495
Decrease (increase) in refundable deposits	(	1,248)		991
Increase in other financial assets	(	52,699)		–
Decrease in other financial assets		–		402,725
Increase in prepayments for equipment	(	281,510)	(	85,793)
Increase in long-term prepayments	(	11,487)	(	19,325)
Net cash flows generated (used) by investing activities	(	1,003,531)		79,140

CASH FLOWS FROM FINANCING ACTIVITIES

Decrease in short-term borrowings	(	738,375)	(	1,379,448)
Decrease in short-term notes receivable	(	666,606)	(	362,289)
Increase in long-term borrowings		134,375		381,250
Repayment of long-term borrowings	(	96,875)		–
Increase in guarantee deposits received		–		38
Decrease in guarantee deposits received	(	1,535)		–
Repayment of lease principal	(	16,138)	(	15,303)
Distribution of cash dividends	(	388,593)	(	841,952)
Change in non-controlling interest	(	1,499)	(	60,939)
Net cash flows generated (used) by financing activities	(	1,775,246)	(	2,278,643)
Effects on cash and cash equivalents due to fluctuations in exchange rates	(	43,377)	(	11,586)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(	577,730)		382,252
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		1,038,269		656,017
CASH AND CASH EQUIVALENTS, END OF YEAR	\$	460,539	\$	1,038,269

(The accompanying notes form an integral part of the consolidated financial statements)

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended December 31, 2023 and 2022
(Amounts in thousands of NTD, unless otherwise stated)

1. General Information

Chun Yuan Steel Industry Co., Ltd. (the “Company”) was approved and founded on January 7, 1966, with initial registered capital of NT\$3,000,000. After several capital increases, the current capital is NT\$6,476,553,900, which is divided into 647,655,390 registered common shares, with NT\$10 par value each share. The main business activities of the Company are manufacturing, processing and trading of steel plates, silicon steel sheets, container parts, special steel materials, H-beam steel and undertaking of steel structure constructions, etc. For the main business activities of the Company and its subsidiaries (together, the “Group”), please refer to illustrations in Note 4.3(2).

Stocks of the Company are listed and available for transaction at Taiwan Stock Exchange (TWSE) since December, 1989.

The accompanying Consolidated Financial Statements are expressed in the Company’s functional currency, New Taiwan Dollars.

2. The Authorization of the Consolidated Financial Statements

The accompanying Consolidated Financial Statements were approved and authorized for release by the Board of Directors on March 14, 2024.

3. Application of New Standards, Amendments, and Interpretations

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

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

New IFRSs	Effective Date Announced by IASB (Note A)
Amendments to IAS 1 “Disclosures of Accounting Policies”	January 1, 2023 (Note A)
Amendments to IAS 8 “Definition of Accounting Estimates”	January 1, 2023 (Note B)
Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”	January 1, 2023 (Note C)
Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”	(Note D)

Note A: An entity shall apply these amendments for annual reporting periods

beginning on or after January 1, 2023.

Note B: These amendments apply to changes in accounting estimates and changes in accounting policies that occur during annual reporting periods beginning on or after January 1, 2023.

Note C: This amendment applies to transactions occurring after the beginning date of the earliest comparative period expressed (January 1, 2022), unless additional provisions are made for temporary differences related to lease and decommissioning obligations.

Note D: As a temporary exception under IAS 12, an entity shall not recognize deferred income tax assets and liabilities associated with Pillar 2 income tax, nor shall it disclose the related information. However, the entity shall disclose in its financial report that it has already applied this exception. An entity shall apply this part of the amendment retrospectively in accordance with IAS 8 since the date that the amendments were issued (May 23, 2023). An entity shall apply the remaining disclosure requirements for the annual reporting periods beginning on or after January 1, 2023 and needs not to disclose such information in its interim reports with a reporting date ending before or on December 31, 2023.

(1) Amendments to IAS 1 “Disclosures of Accounting Policies”

The amendments clarify that an entity shall disclose its material significant accounting policy information if the transaction, other event or condition to which the accounting policy information relates is material in size or nature, or a combination of both, and the accounting policy information that relates to a material transaction, other event or condition is also material to the financial statements. On the other hand, if the transaction, other event or condition to which the accounting policy information relates is immaterial in size or nature, an entity needs not to disclose the accounting policy information that relates to the immaterial transaction, other event or condition. Additionally, immaterial accounting policy information that relates to material transactions, other events or conditions need not to be disclosed, either. However, an entity’s conclusion that accounting policy information is immaterial does not affect the related disclosure requirements set out in other IFRS Standards.

(2) Amendments to IAS 8 “Definition of Accounting Estimates”

The amendments define accounting estimates as monetary amounts in financial statements that are subject to measurement uncertainty and clarify that a change in measurement techniques or inputs used to develop an accounting estimate is a change in accounting estimates unless the change is due to an error from prior periods.

(3) Amendments to IAS 12 “Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction”

The amendments narrow the exemption extent in paragraphs 15 and 24 of IAS 12 for an entity from recognizing a deferred tax asset or liability in particular circumstances. In particular, the exemption does not apply to a transaction that gives rise to equal taxable and deductible difference at the time of the transaction. At the initial application of the amendments, an entity shall, at the beginning of the earliest comparative period presented (January 1, 2022), recognize deferred taxes for all deductible and taxable temporary differences associated with lease and decommissioning liabilities and recognize the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at that date. The application of this amendment shall be deferred for all other transactions occurring after January 1, 2022.

(4) Amendments to IAS 12 “International Tax Reform — Pillar Two Model Rules”

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

Based on the Group’s assessment, the New IFRSs above have no significant effect on the Group’s financial position and financial performance.

3.2 The impact of not yet adopting the newly issued and revised IFRSs endorsed by the FSC is summarized in the following table:

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

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 “Lease Liability in a Sale and Leaseback”	January 1, 2024 (Note A)
Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”	January 1, 2024
Amendments to IAS 1 “Non-current Liabilities with Covenants”	January 1, 2024
Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”	January 1, 2024 (Note B)

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

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

(1) Amendments to IFRS 16 “Lease liability in a sale and leaseback”

The amendment clarifies that for a sale and leaseback transaction, if the transfer of the asset is treated as a sale in accordance with IFRS 15, the liabilities incurred by the seller-lessee due to the leaseback should be treated in accordance with the IFRS 16. Moreover, if any variable lease payments that do not depend on an index or rate are involved, the seller-lessee should still determine and recognize the lease liability arising from such variable payments in a manner that does not recognize gains and losses related to the retained right of use. The difference between the subsequent actual lease payment amount and the reduced carrying amount of the lease liability is recognized in profit or loss.

(2) Amendments to IAS 1 “Classification of Liabilities as Current or Noncurrent”

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

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

(3) Amendment to IAS 1 “Noncurrent Liabilities with Covenants”

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

(4) Amendments to IAS 7 and IFRS 7 “Supplier finance arrangements”

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

Based on the Company’s assessment, the application of the New IFRSs above will not have significant impact on the Company’s financial position or financial performance.

3.3 The impact of IFRSs issued by IASB but not yet endorsed and issued into effect by FSC:

New standards, interpretations and amendments issued by IASB but not endorsed and issued into effect by the FSC are as follows:

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between An Investor and Its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 – Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025

As of the issuance date of the accompanying parent company only financial statements, the Group is still evaluating the impact on its financial position and financial performance as a result of the initial adoption of the aforementioned standards or interpretations. The related impact will be disclosed when the Company completes the evaluation.

4. Summary of Significant Accounting Policies

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

4.1 Statement of Compliance

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

4.2 Basis of Preparation

- (1) 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) measured at fair value through profit or loss (“FVTPL”).
 - B. Financial assets and liabilities measured at fair value through other comprehensive income (“FVTOCI”).
 - C. Liabilities for cash-settled share-based payment agreements measured at fair value.
 - D. Defined benefit liabilities recognized based on the present value of defined benefit obligation, net of the pension fund assets.

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

4.3 Basis of Consolidation

- (1) Principles for preparing the consolidated financial statements:
 - A. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights,

to variable returns from its involvement in the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

- B. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.
- C. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss or transferred directly to retained earnings as appropriate, on the same basis as would be required if the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

(2) The subsidiaries in the consolidated financial statements:

Investor	Subsidiaries	Main Businesses	Percentage of Ownership	
			2023.12.31	2022.12.31
Chun Yuan Steel Industry Co., Ltd.	Chun Yuan Investment (Singapore) Pte Ltd . (“Chun Yuan Singapore”)	General investment activities	100.00%	100.00%
Chun Yuan Singapore	Shenzhen Hong Yuan Metal Industry Co., Ltd. (“Shenzhen Hong Yuan”)	Engage in manufacturing of zinc-plated, coating-plated, aluminum-plated and other metal plates	66.75%	66.75%
	Shenzhen Chun Yuan Steel Industry Co., Ltd. (“Shenzhen Chun Yuan”)	Manufacturing of transformer parts, rotors, stators made of reel-punched silicon steel	78.56%	78.56%
	Chun Yuan Investment (BVI) Co, Ltd. (“BVI Chun Yuan”)	General investment activities	100.00%	100.00%
BVI Chun Yuan	Shanghai Huateng Metal Processing Co., Ltd. (“Shanghai Huateng”)	Manufacturing of transformer parts, rotors, stators, home appliance cases, office furniture made of reel-punched silicon steel and processing of bicycle steel plates	80.59%	80.59%
	Qingdao Chun Yuan Precision Mechatronic Co., Ltd. (“Qingdao Chun Yuan”)	Manufacturing of new types of mechanical and electrical components, fine blanking dies, and other related metal products	95.00%	95.00%
	Shenzhen Chun Yuan	Manufacturing of transformer parts, rotors, stators made of reel-punched silicon steel	9.41%	9.41%
Shenzhen Chun Yuan	Shenzhen Hong Yuan	Engage in manufacturing of zinc-plated, coating-plated, aluminum-plated and other metal plates	22.13%	22.13%

A. Increase or decrease in consolidation subsidiaries:

The Board of Directors of Shanghai Chun Yuan resolved to dissolve the entity at November 23, 2021 with the dissolution completed at July 25, 2022 and the cancelation registration completed at September 6, 2022.

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

C. Adjustments and treatments for subsidiaries with different accounting periods: None.

D. Significant restrictions: Due to local foreign exchange controls, the cash and bank deposits in Mainland China by the amount of NT\$345,365 thousand and NT\$589,718 thousand as of December 31, 2023 and 2022, respectively, are restricted from transferring out of Mainland China (except for normal dividends).

E. The parent company’s securities held by subsidiaries: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:
After assessment by the Group, non-controlling interests held by the subsidiaries are not material.

4.4 Foreign Currency Exchange

- (1) Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars (NT\$), which is the Company's functional currency.
- (2) In preparing the financial statements of each individual consolidated entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Such exchange differences are recognized in profit or loss in the year in which they arise. Non-monetary items measured at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of non-monetary items are included in profit or loss for the year except for exchange differences arising on the translation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income. Non-monetary items that are measured in terms of historical cost in foreign currencies are not retranslated.
- (3) For the purpose of preparing consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into NT\$ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (attributed to non-controlling interests as appropriate).

4.5 Classification standards for Current and Noncurrent Assets and Liabilities

- (1) Assets that meet one of the following criteria are classified as current assets:
 - A. Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle.
 - B. Assets held mainly for trading purposes.

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

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

The Group classifies all assets that do not meet any of the above criteria as noncurrent assets.

(2) Liabilities that meet one of the following criteria are classified as current liabilities:

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

B. Liabilities arising mainly from trading activities.

C. Liabilities that are to be paid off within twelve months from the balance sheet date. (Even when long-term refinance or payment rearrangement agreements have been formed after the balance sheet date and before issuance date of the financial statements, the liabilities are current liabilities).

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

The Group classifies all liabilities that do not meet any of the above criteria as noncurrent liabilities.

4.6 Cash and cash equivalents

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

4.7 Financial instruments

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

Financial assets and financial liabilities are initially recognized at fair value. Upon initial recognition, except for financial assets and liabilities classified as measured at fair value through profit or loss, the transaction costs directly attributable to the acquisition (or issuance) of financial assets (or financial liabilities) shall be added to (or deducted from) the fair value of the financial assets (or financial liabilities). The transaction costs directly attributable to financial assets and liabilities measured at fair value through profit or loss are recognized immediately in profit or loss.

(1) Financial assets

A. Measurement type

Transaction date accounting is adopted for recording customary transactions of financial assets.

The financial assets held by the Group are classified as financial assets measured at fair value through profit or loss (“FVTPL”), financial assets measured at amortized cost, and investments in equity instruments measured at fair value through other comprehensive income (“FVTOCI”).

(A) Financial assets at fair value through profit or loss (“FVTPL financial assets”)

FVTPL financial assets include either financial assets mandatorily measured at FVTPL or designated as measured at FVTPL. Financial assets mandatorily measured at FVTPL include investments in equity instruments that are not designated as measured at FVTOCI and investments in debt instruments that are not classified as measured at amortized cost or FVTOCI.

FVTPL financial assets are measured at fair value, the generated dividends and interests are recognized as other income and interest income, respectively, and the subsequent gains or losses from re-measurements are reported in other gains and losses. Regarding the method for determining fair value, please refer to Note 12.

(B) Financial assets measured at amortized cost

If the invested financial assets by the Group meet both of the following two criteria, those assets are classified as financial assets measured at amortized cost:

- a. The purpose of holding the financial assets is to receive contractual cash flows.
- b. The contractual provisions of the investments generate cash flows on specified date(s), and such cash flows are fully for payment of the principals and the interests from the outstanding principals.

After initial recognition of the financial assets measured at amortized cost, they are subsequently measured at amortized cost computed based on the total book value determined by effective interest method, net of any impairment loss. Any foreign exchange gain or loss is recorded in profit or loss.

Except for the following two conditions, interest income is computed using the total book value of the financial assets, multiplied by the effective interest rate:

- (a) For purchased or originated credit-impaired financial asset, interest income is computed using the amortized cost of the financial assets, multiplied by the credit-adjusted effective interest rate.
- (b) For financial assets that are not purchased or originated credit-impaired but later become credit-impaired, interest income is computed using the amortized cost of the financial assets, multiplied by the effective interest rate.

(C) Equity instrument investments measured at FVTOCI

Upon initial recognition, the Group made an irrevocable choice to designate the equity instrument investments that are not held for trading, recognized for business combination or with consideration, as measured at FVTOCI.

Equity instrument investments measured at FVTOCI are measured at fair value, and the subsequent changes in fair value are reported in other comprehensive income and accumulated in other equity. Upon disposal of the investments, the accumulated gains or losses are transferred to retained earnings, without reclassification to profit or loss.

The dividends from equity instrument investments measured at FVTOCI are recorded in profit or loss when the Group's rights to receive dividends are established, unless the dividends clearly represent recovery for part of investment cost.

B. Impairment of financial assets

- (A) On each balance sheet date, based on the projected credit loss, the Group assesses impairment loss for its financial assets measured at amortized cost (including accounts receivable), investments in debt instruments measured at FVTOCI, lease receivable, and contract assets.
- (B) According to the expected credit loss in the existing period, loss allowances are recognized for accounts receivable, contract assets, and lease receivable. For other financial assets, first evaluates whether or not their credit risks increase significantly after their initial recognition, if not significantly increase, then use 12-months projected credit loss to recognize loss allowance. If significantly increased, then use the projected credit loss in the existing period to recognize loss allowance.

- (C) Projected credit loss is the weighted average credit loss using risk of default as the weight. 12-month projected credit loss represents the projected credit loss generated from defaults of the financial instruments within 12 months after the reporting date, and projected credit loss during the existing period represents projected credit loss generated from all possible defaults of the financial instruments during the projected existing period.
- (D) Through allowance accounts, impairment losses adjust and reduce book value of all financial assets, but allowance loss for debt instruments measured at FVTOCI is recorded in other comprehensive income, without reducing their book value.

C. Derecognition of financial assets

The Group derecognizes a financial asset when one of the following conditions is met:

- (A) The contractual right to receive cash flows from the financial asset is lost.
- (B) The contractual rights to receive cash flows from the financial asset have been transferred, and the Group has transferred almost all risks and rewards of ownership of the financial asset.
- (C) The Group neither retains nor transfers almost all risks and rewards of ownership of the financial asset; however, it has not retained control of the financial asset.

Upon writing off the whole financial asset measured at amortized cost, the difference between their book value and consideration received is recognized in profit or loss. Upon writing off the whole debt instrument measured at fair value through other comprehensive income or loss, the difference between their book value and the consideration received (plus the summary of any accumulated gains or losses already recognized in other comprehensive income) is recognized in profit or loss. Upon writing off the whole investment in equity instruments measured at fair value through other comprehensive income or loss, the accumulated profit or loss is transferred directly to retained earnings and will not be reclassified to profit or loss.

(2) Equity instrument

Debt and equity instruments issued by the Group are classified as financial liabilities or equity according to substance of the agreements and definition of financial debt and equity instruments. An equity instrument refers to any contract(s) that represents the residual equity (assets minus all liabilities) of an

enterprise. Equity instruments issued by the Group are recorded at the amount of acquisition proceeds, after deducting the direct issuance cost.

(3) Financial liabilities

A. Subsequent measurement

Except for the following conditions, all financial liabilities are measured at amortized costs using effective interest method:

(A) Financial liabilities measured at fair value through profit or loss refer to financial liabilities held for trading or financial assets assigned as measured at fair value through profit or loss upon initial recognition. Financial liabilities classified as held for trading refer to those that are mainly held for short-term repurchase and derivatives that are not financial guarantee contracts or assigned as effective hedge instruments. When financial liabilities meet one of the following conditions, the Group will assign them as measured at fair value through profit or loss upon initial recognition:

- a. They are hybrid (combined) contracts with embedded derivative instruments and the main contract is not an asset within the scope of IFRS 9; or
- b. May be eliminated, materially reduced in measurement, or inconsistent in recognition; or
- c. Are instruments, with written risk management policies, managed and with performances assessed based on fair value.

(B) Financial liabilities measured at fair value through profit or loss are initially measured at fair value, with related transaction costs are recorded in the current period, and subsequently measured at fair value. The changes in fair value are recorded in the current period.

(C) For financial liabilities assigned as measured at fair value through profit or loss, since the amount of change in fair value generated from changes in credit risks is recorded other comprehensive income, they are not reclassified to profit or loss later on. The changes in fair value of remaining liabilities are reported profit or loss. However, if the above accounting treatments trigger or intensify inappropriate accounting proportion, then all gains or losses of the liabilities are recorded in profit or loss.

B. Derecognition of financial liabilities

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

(4) Modification of Financial Instruments

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

If the basis for determining the contractual cash flows of a financial asset or financial liability changes resulting from interest rate benchmark reform and the change is necessary as a direct consequence of interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis, the Group applies the practical expedient to account for that change as a change in effective interest rate. If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, the Group first applies the practical expedient aforementioned to the changes required by interest rate benchmark reform, and then applies the applicable requirements to any additional changes to which that practical expedient does not apply.

4.8 Inventories

Inventories, under a perpetual system, are measured at the lower of cost and net realizable value. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the

estimated selling price in the ordinary course of business, less the estimated cost of completion and cost to complete the sales.

4.9 Investments accounted for using equity method

- (1) Associates refer to all entities over which the Group has influence but without control, generally refer to direct or indirect holding of 20% or more of the voting shares. Equity method is adopted for the investments in associates and are recognized at cost upon acquisition.
- (2) The share of profit or loss, after acquisition of the associates by the Group, is recognized in profit or loss in the current period, and the share of other comprehensive income or loss is recognized in other comprehensive income or loss. If the Group's share of loss from an associate equal or exceeds its interests in the associate, including the carrying amount of the investment in the associate determined using the equity method plus the long-term interests that, in substance, form part of the Group's net investment in the associate, the Group would not further recognize loss, unless the Group has legal obligation or constructive obligation to pay, or had made the payment on behalf of the associate.
- (3) The unrealized gains or losses generated from the transactions between the Group and the associates had been eliminated proportionate to the shareholding ratios in the associates. Unless there is evidence showing that the transferred assets are impaired, the unrealized losses are also eliminated. Necessary adjustments had been made to the accounting policies of the associates had been, in order to be consistent with the policies adopted by the Group.
- (4) When an associate issue new shares, if the Group does not purchase or acquire new shares proportionately and leads to change in shareholding ratio but the Group still maintains material influence, the increase/decrease in the net equity amount is adjusted in "Additional paid-in capital" and "Investments accounted for using equity method". If the shareholding ratio reduces, in addition to the above adjustment, the previously recorded relating gains or losses in other comprehensive income or loss, where the gains or losses shall be reclassified to profit or loss upon disposal, are reclassified to profit or loss proportionate to the reduction.
- (5) If the Group losses material influence over the associate, the remaining investment in the original associate is remeasured at fair value, and the difference between the fair value and the book value is recorded in the current-period profit or loss.

- (6) When the Group disposes of an associate, if it loses material influence over the associate, for all of the amounts that were previously recognized in other comprehensive income that were related to the associates, the accounting treatments are the same as if the Group directly disposes the related assets or liabilities. That is, if the previously recognized gains or losses as other comprehensive income or loss, upon disposal of the related assets or liabilities, would be reclassified to profit or loss, then when the material influence over the associates is lost, the gains or losses would be reclassified from equity to profit or loss. If the Group still has material influence over the associates, then only transfer out, proportionately according to the above approach, the previously recognized amount in the other comprehensive income or loss.
- (7) When the Group disposes of an associate, if it loses material influence over the associate, the additional paid-in capital related to the associate is transferred to profit or loss. If the Group still maintains material influence over the associate, then transfer to profit or loss according to the disposal ratio.

4.10 Property, plant and equipment

- (1) Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized. For property, plant and equipment under construction, sample produced from testing whether the asset is functioning properly before its intended use are measured at lower of the costs or net realizable value. Proceeds from selling such an item and the cost of the item are recognized in profit or loss.
- (2) Subsequent costs are included in the asset's carrying amount or Recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repair and maintenance are recognized in profit or loss as incurred.
- (3) Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of reporting year. 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 useful lives of the various assets are as following:

Buildings	3 years~60 years
Machinery equipment	2 years~16 years
Transportation equipment	4 years~14 years
Miscellaneous equipment	3 years~10 years

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

4.11 Leases

The Group assesses whether or not a contract is a (or contains) lease on the date when the contract is formed. For contracts that contain lease component and one or more additional lease or non-lease components, based on the corresponding stand-alone price of each lease component and the summarized stand-alone prices of non-lease components, the Group allocates the proceeds of the contract to the respective lease components.

(1) When the Group is a lessee

Except for leases with low-value underlying assets or short-term leases with expense recognition on straight-line basis, the Group recognizes right-of-use assets and lease liabilities for all other leases on the starting date of the leases.

Right-of-use assets

Right-of-use assets are initially recognized at cost (including the initial measurement amount of lease liabilities, lease payments before the starting date of lease after subtracting the incentives received, the initial direct cost and estimated cost of recovering the underlying assets), then subsequently measured at the amount of costs after subtracting the accumulated depreciation and accumulated impairment losses, and then adjust the remeasurement amount of the lease liabilities.

Except for right-of-use assets which meet the definition of Investment property, right-of-use asset is listed as a stand-alone item in the consolidated balance sheet. Depreciation for right-of-use asset is recognized on straight-line basis, beginning from the starting date of the lease to either reaching the economic useful life or the lease period, whichever is earlier. But if, upon expiry of the lease period, the

Group will obtain ownership to the underlying asset, or if the cost of the right-of-use asset reflects exercising purchase for the right-of-use asset, then recognize depreciation from the starting date of the lease until reaching the economic useful life of the underlying asset.

Lease liabilities

Lease liabilities are initially measured at the present value of lease payments (including fixed payments, substantial fixed payments, variable lease payments determined by indices or fee rates, expected amount of payment by lessee under residual-value guarantee, price of reasonably expected execution price for purchasing the right-of-use asset, and expected termination penalty from execution of option to terminate the lease by the lessee during the lease period, less the lease incentive received). If the implied interest rate of the lease can be easily determined, lease payments are discounted using the interest rate. If the interest rate cannot be easily determined, then use the incremental borrowing rate of the lessee.

Lease liabilities are subsequently measured at amortized costs using the effective interest method, and interest expenses are allocated among the lease periods.

If there is change in future lease payment due to change in assessment of lease period and purchase option of underlying asset, change in expected amount of payment by lessee under residual-value guarantee, or change in indices or fee rates used to determine lease payments, the Group will re-measure the lease liabilities and adjust the right-of-use assets accordingly. But if the book value of right-of-use assets has been reduced to zero, then recognize the remaining remeasurement amount in profit or loss. Lease liabilities are listed as a standalone item in the consolidated balance sheet.

Variable lease payments not determined by indices or fee rates under lease agreements are recorded as expenses in the period as they occur.

(2) When the Group is a lessor

If almost all risks and returns attached to the underlying asset of a lease have been transferred, then classify the lease as finance lease; otherwise, classify as operating lease.

When a lease contains both land and building factors, the Group assesses the respective factors and classified the lease into either finance lease or operating lease and allocates the lease payments (including any one-time advance payment) among the land and building proportionate to the fair value of the lease rights of the land and building on the contract formation date. If the lease payments could

not be reliably allocated to the two factors, then the whole lease is classified as finance lease. However, if both of the two factors clearly meet the operating lease standards, then the whole lease is classified as operating lease.

4.12. Impairment of non-financial assets

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

4.13 Provisions

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

4.14 Employee benefits

(1) Short-term employee benefits

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

(2) Pensions

A. Defined contribution plan

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

B. Defined benefit plan

(A) The net obligation under the defined benefit plan is calculated by discounting the amount of future benefits earned by employees for current or past service and is stated at the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is estimated annually by independent actuaries using the projected unit credit method. The discount rate is the market yield rate of government bonds (at the balance sheet date) using a currency and period consistent with that of the defined benefit plan at the balance sheet date.

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

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

(3) Employees compensation and directors and supervisors remuneration

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

(4) Termination benefits

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

4.15 Share capital

Ordinary shares are classified as equity. The classification of special shares is based on assessment of the specified rights attached to the special shares against the substance of the contractual agreements and the definition of financial liabilities and equity. When the special shares show basic features of those of financial liabilities, then they are classified as liability, otherwise they are classified as equity. The incremental costs directly attributed to the issuance of new shares or subscription rights are listed as deduction item(s) in equity.

4.16 Share-based payments

- (1) The share-based payment agreements in equity and the obtained employees' services are measured based on the fair value of the equity instruments given on the payment date and are recorded as compensation costs during the vesting periods, and equity is adjusted respectively. The fair value of equity instruments should reflect the effects on the market prices under vested conditions or non-vested conditions. The recorded compensation costs are adjusted along with the expected satisfaction of service conditions and the compensation quantity of non-market price vesting conditions, until that the final recorded amount is recorded at the vested quantity on the vesting date.
- (2) The share-based payment agreements in cash, based on the fair value of liability assumed, are recorded as compensation costs and liability during the vesting period and measured at fair value of the equity instruments on each balance sheet date and payment date, with any changes recorded in profit or loss in the period when occurred.

4.17 Income tax

- (1) The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- (2) The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.
- (3) Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit (tax loss) loss), or doesn't give rise to equal taxable and deductible temporary differences. Deferred tax is provided on temporary differences arising on investments in subsidiaries,

except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined based on tax rates (and tax 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 realized or the deferred tax liability is settled.

- (4) Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.
- (5) Current income tax assets and liabilities are offset against each other and the allowance for impairment loss reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- (6) Tax credits for purchases of equipment or technology, research and development expenditures, personnel training expenditures, and equity investments are accounted for as income tax credits.

4.18 Revenue recognition

The Group use the following steps and principle to record revenue from contracts with customers:

- (1) Identify contract(s) with a customer;
- (2) Identify the performance obligations in the contract;
- (3) Determine the transaction price;
- (4) Allocate the transaction price to the performance obligations in the contract; and
- (5) Recognize revenue when (or as) the entity satisfies a performance obligation.

After the Group identifies the contractual obligations with the customers, the transaction prices are allocated to the respective contractual obligations, and revenue is recognized when the respective contractual obligations are fulfilled.

A. Revenue from sales of goods

The Group records revenue when the control of goods are transferred to the customers. Transferring control of good means delivery of goods to the customers,

and there is no un-fulfilled obligation that will affect acceptance of the goods by the customer. Delivery time means that customers have accepted the goods according to the transaction terms, the risk of obsolete and loss has been transferred to the customer, and the Group has objective evidence considering that all acceptance criteria have been satisfied.

The Group records accounts receivable upon delivery of goods, because that is the time when the Group has unconditional rights to receive the consideration.

When sending materials for processing, since the control of the ownership of the processing products is not transferred, no revenue is recognized upon delivering of materials.

B. Construction revenue

The Group undertakes steel-structure construction contracts and records revenue with passage of time. Since the input costs of construction contracts are directly related to the completion progress of the contractual obligations, the Group measures the completion progress based on the ratio of actual input costs over the expected total cost. The Group records contract assets during the progress of the construction and transfer to accounts receivable upon issuance of bills. If the construction receipts exceed the recognized revenue amount, the difference is recorded as contract liability. The purpose of the construction reserved funds withheld by the customers according to the contractual terms is to ensure that the Group completes all contractual liabilities, and the Group records the funds as contract assets before fulfillment of the contracts.

If the result of the contract fulfillment could not be reliably measured, then only records construction revenue to the extent of expected recoverable costs that has been generated.

4.19 Borrowing costs

Borrowing costs that can be directly attributed to acquisition, building or production of assets meeting certain criteria are part of the cost of the assets, until almost all the activities necessary for the assets to reach the expected condition for use or sale have been completed.

For certain borrowings, before they meet certain criteria for capital expenditures, if the investment income is earned from temporary investment, then the investment income is subtracted from the borrowing cost that meet certain criteria.

Except for the above, all other borrowing costs are recorded in profit or loss in the current period.

4.20 Derivative financial instruments and hedge accounting

The derivative financial instruments are forward exchange contract signed by the Group for managing exchange risk of the Group.

The signed derivative financial instruments are initially recorded at fair value and subsequently remeasured at fair value by the end of reporting periods, and the generated gains or losses are directly recorded in profit or loss in the period occurred. However, for designated derivatives that are effective hedge instruments, the timing for them in profit loss will depend on the nature of hedging relationships. When the fair value of derivative financial instruments is positive, they are recorded as financial assets. When the fair value is negative, record as financial liabilities.

When the Group cancels the designated hedging relationships, and the maturity, sale, contract termination, execution of the hedging instruments no longer meet the definition of hedge accounting, then hedge accounting is prospectively stopped.

The Group has assigned several derivatives as fair-value hedges for recorded assets, liabilities or confirmed commitments. When a hedge transaction starts, the relationship between the hedge instrument and the hedged item, the Group's risk management goal and the strategy for executing various hedging transactions are documented. Right after hedging begins, on a continuing basis, the Group also records and assesses whether or not the adopted derivative instruments for hedging transactions can highly and effectively offset the fair-value changes in the hedged items.

When the remaining period of the hedged items exceed 12 months, the total fair value of the derivative financial instruments is classified as either noncurrent financial asset or liability. When the remaining period of the hedged items is within 12 months, the total fair value of the derivative financial instruments is classified as either current financial asset or liability. For derivative instruments held for trading, they are classified as either current financial assets or liabilities.

Fair-value changes in derivative instruments that are assigned and are fair value hedges, along with any fair-value changes of the hedged assets or liabilities attributed to hedged risks, are recorded as "Finance costs" in profit or loss in the period occurred. And the gains or losses related to ineffective portion are recorded as "Other gains and losses" in profit or loss in the period occurred.

4.21 Government grants

Government grants are recognized at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes expenses for the related costs for which the grants are intended to compensate. If government grants are used to compensate expenses or losses that have occurred, or are granted to the Group for immediate financial support purpose and without related cost, then those grants are recorded in profit or loss in the periods when receivable. Government grants related to property, plant and equipment are recognized as non-current liabilities and are amortized to profit or loss over the estimated useful lives of the related assets using the straight-line method or recorded as an deduction item to the book value of the asset, and the subsidies are recorded in profit or loss through reduction of depreciation expenses over the useful lives of the assets.

The interest rates of the government loans obtained by the Group are lower than those in the market, the difference in the computed interest between the government loans and the market are recognized as government subsidies.

5. Critical Accounting Judgments and Major Sources of Estimation and Assumption Uncertainty

The Group takes into account the economic impact of changes in climates and related governmental policies and regulations as well as inflation and volatility in interest rate on significant accounting estimates and reviews the basic assumptions and estimation on an ongoing basis. If a change in accounting estimate affects only the current period, the effect is recognized in the current period. If a change in accounting estimate affects both current and future periods, the effects are recognized in both periods.

Critical accounting judgements, estimations, and assumptions adopted in developing the accounting policies when the Group prepares these consolidated financial statements are as following:

5.1 Critical judgements adopted by the accounting policies

(1) Business model determination for classification of financial assets

According to the reflected level of groups of financial assets jointly managed for achieving certain business purposes, the Group assesses the business model to which its financial assets belong. This assessment requires consideration on all relevant evidence, including measurement method for assets performance, risks that affect performance and the approach for determining compensation for the related managers, and requires utilization of judgements. The Group continues to assess whether its judgement for business model is appropriate or not. For this purpose, the Group monitors its financial assets measured at amortized cost that are written off before maturity date and investments in debt instruments measured

at FVTOCI, understands whether or not the reason of disposal is consistent with the goal of business model. If it is found that the business model has changed, the Group would reclassify the financial assets according to IFRS 9 and prospectively apply after the reclassification date.

(2) Revenue recognition

According to IFRS 15, the Group determines whether or not the control over the specified goods or services had been obtained by the Group prior to transferring the goods or services to the customers and determines if the Group would be a principal or an agent in the transaction. If it is determined that the Group is an agent in the transaction, then recognize net transaction amount as revenue.

If any one of the following conditions applies, the Group would be a principal:

- A. Before the goods or other assets are transferred to the customers, the Group had obtained the control over the goods or services from another party; or
- B. The Group controls the rights to the services provided by another party and has the ability to direct the party to provide the services to the customers on behalf of the Group; or
- C. The Group obtains control over the goods or services from another party, combining with other goods or services, to provide specified goods or services to the customers.

Indices used to determine whether or not the Group had obtained control over the goods or services prior to transferring the goods or services to the customers include (but not limited to):

- (A) The Group bears the main responsibility for the commitment to provide the specified goods or services.
- (B) The Group bears the risk of the inventories before and after the goods or services are transferred to the customers.
- (C) The Group has the discretionary power to determine the price.

(3) Lease period

When determining lease period, the Group considers all relevant facts and conditions that generate economic incentives to exercise (or not to exercise) options, including any anticipated changes to the facts or conditions from the starting date to the execution date of the options. Factors considered include contractual terms and conditions during the contractual period of the options, material leasehold improvement conducted during the contractual period (or expected contractual period), importance of the target assets to the Group's

operations, etc. When there is material change in material event or condition within the Group's controlling scope, re-assess the lease period.

5.2 Critical accounting estimates and assumptions

(1) Revenue recognition

Sales revenue is recognized when the control of goods or services are transferred to the customers and the contractual obligations are satisfied, and the related expected sales return, discount or other similar allowances are subtracted. The sales return and allowances are estimated based on historical experience and other known reasons, and the Group periodically reviews reasonableness of the estimates.

(2) Estimated impairment on financial assets

The assessments of impairment loss on accounts receivable, debt instruments and financial guarantee contracts are based on the Group's assumptions regarding default rate and expected loss ratio. The Group considers past experience, current market condition and prospective information to make the assumptions and choose the input value for the impairment loss assessment. If the future actual cash flows are less than expected, material impairment loss may result.

(3) Fair value measurement and evaluation procedures

When there are no market quotes in an active market for the assets and liabilities measured at fair value, the Group, according to applicable laws and regulations or its own judgement, determines whether or not to outsource the evaluation work and determine the proper fair-value evaluation technique. If level one input value could not be obtained when estimating the fair value, the Group refers to the financial condition and operating results of the investees, latest transaction prices, quotes in inactive market for the same equity instrument, quotes for similar instruments in active market, evaluation multipliers for comparable companies and other information and determine the input value. If, in the future, the actual changes in input value differ from the expected value, changes in fair value may result. To monitor if the fair-value measurement is appropriate or not, the Group periodically updates the various input value based on market conditions.

(4) Impairment assessment of tangible and intangible assets

In the course of impairment assessments, the Group determines, based on how assets are utilized and relevant industrial characteristics, the useful lives of assets and the future cash flows of a specific group of the assets. Changes in economic circumstances or the Group's strategy might result in material impairment of assets in the future.

(5) Impairment assessment for investments accounted for using equity method

When there is sign showing that a particular investments under equity method may already been impaired and the carrying amount could not be recovered, the Group immediately performs impairment assessment on the investment. The Group evaluates the recoverable amount according to the discounted present value of expected future cash flows either from operations of the investee company or from disposal of the investee company, including analyzing reasonableness of the related assumptions.

(6) Realizability of deferred income tax assets

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

(7) Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value; thus, the Group estimates the net realizable value of inventory for obsolescence and unmarketable items on balance sheet date due to the rapid technology changes and writes down inventories to the net realizable value.

(8) Calculation of net defined benefit liability

When calculating the present value of defined benefit obligations, the Group is required to apply judgment and estimates to determine the relevant actuarial assumptions at the balance sheet date, including discount rates and future salary increase rate. Any changes in actuarial assumptions may have a significantly impact on the amount of defined pension obligations of the Group.

(9) Incremental borrowing interest rate of lessee

When determining the lessee's incremental borrowing interest rate used for discounting lease payments, the risk-free rate under the same currency and relevant period is used as reference benchmark, along with consideration on the lessee's credit risk premium and specific lease adjustment (factors such as pledge of assets).

6. Description of Significant Accounting Items

6.1 Cash and cash equivalents

Item	December 31, 2023	December 31, 2022
Cash and petty cash	\$ 2, 014	\$ 2, 516
Checking account	59, 202	111, 470
Demand deposits	340, 450	737, 039
Cash equivalents		
Notes receivables	–	29, 891
Time deposits	58, 873	157, 353
Total	<u>\$ 460, 539</u>	<u>\$ 1, 038, 269</u>

Note: (1) The Group conducts businesses with financial institutions with good credit quality, and the Group conducts business with many financial institutions to diversify credit risks. The expected possibility of default is quite low.

(2) The Group does not have any cash and cash equivalents pledged to others.

6.2 Financial assets measured at FVTPL - current

Item	December 31, 2023	December 31, 2022
Mandatorily measured at FVTPL		
Domestic publicly traded shares	<u>\$ 95, 509</u>	<u>\$ 86, 516</u>

(1) The Group does not pledge any of its financial assets measured at FVTPL.

(2) Please refer to Note 12 for the related credit risk management and assessment methods.

6.3 Financial assets for hedging - current

Item	December 31, 2023	December 31, 2022
Derivative financial assets for hedging - current		
Forward exchange contract – fair value hedge	<u>\$ –</u>	<u>\$ 2, 154</u>

(1) The purpose for adopting hedge accounting is to reduce effects from inconsistent accounting treatments for the hedged items and the hedging instruments. In order to avoid exposure to the foreign-exchange effects from procurement contracts that are not recorded but are confirmed and committed, the Group engages in forward contracts to purchase Australian dollars in advance according to 1:1 hedging ratio and control the exchange rates within the Group's tolerable scope.

(2) Transaction information for hedge accounting adopted by the Group

A. December 31, 2023: None.

B. December 31, 2022:

Hedging instrument	December 31, 2022				2022	
	Nominal amount (dollar)	Book value of assets	Book value of liabilities	Record changes in fair-value of ineffective hedging basis	Average price or rate	Valuation gain or loss on FVTPL financial assets/liabilities due to ineffective hedging
Fair-value hedge:						
Exchange risk						
Forward exchange transaction	AUD 5,920,200	\$ 2,154	\$ –	\$ –	\$20,645~\$20,753	\$ –
Hedged item	Book value of assets	Accumulated adjustments on book of assets due to fair-value hedging	Book value of liabilities	Accumulated adjustments on book of liabilities due to fair-value hedging	Record changes in fair-value of ineffective hedging basis	Profit or loss recorded due to ineffective hedging
Fair-value hedging:						
Exchange risk						
Forward exchange transaction	\$ –	\$ –	\$2,154 (Note)	\$ 2,154	\$ –	\$ –

Note: Recorded as other current liabilities.

6.4 Notes receivable, net

Item	December 31, 2023	December 31, 2022
Measured at amortized costs		
Notes receivable	\$ 992,410	\$ 1,033,266
Notes receivable – related parties	28,715	–
Less: Loss allowance	(7,930)	(9,076)
Notes receivable, net	\$ 1,013,195	\$ 1,024,190

(1) As of December 31, 2023 and 2022, the Group has no notes receivable pledged to others.

(2) For disclosures relating to loss allowance for notes receivable, please refer to Note 6.5.

6.5 Accounts receivable, net

Item	December 31, 2023	December 31, 2022
Measured at amortized costs		
Accounts receivable	\$ 2, 211, 113	\$ 2, 457, 724
Construction accounts receivable	1, 372, 987	1, 349, 798
Accounts receivable - related parties	3, 167	88
Construction accounts receivable - related parties	68, 546	44, 675
Less: Loss allowance	(30, 330)	(32, 112)
Accounts receivable, net	<u>\$ 3, 625, 483</u>	<u>\$ 3, 820, 173</u>

- (1) The Group offers average 90 days credit period for accounts receivables from sale of goods. The credit standards are established based on the industrial characteristics, business scale and profitability of the transaction parties.
- (2) The Group does not pledge any of its accounts receivable to others.
- (3) A. The Group's accounts receivable are measured at amortized costs.
B. The Group adopts the simplified method in recognizing allowance for the uncollectable notes and accounts receivable based on the expected credit loss during the existing period. The expected credit loss during the existing period is the loss rate established after considering the customer's past default records, its present financial and economic conditions, and consideration on business prospect and external credit ratings for adjusting historical and present information. Since the Group's past credit loss experience shows that there was no significant difference in the types of loss among the different groups of customers, the provision matrix does not further distinguish these customer groups but only sets the expected rate of credit loss based on number of overdue days of the accounts receivable.

The Group's loss allowances (including related parties) for notes and accounts receivable (including overdue receivables) measured according to the provision matrix are as following:

December 31, 2023	Expected credit loss rate	Total book value	Loss allowance (Lifetime expected credit loss)	Amortized cost
Not overdue	0%~1%	\$4, 676, 938	\$ 38, 260	\$ 4, 638, 678
Overdue 1~30 days (Note)	0%~1%	—	—	—
Overdue 31~180 days (Note)	0%~1%	—	—	—
Overdue 181~365 days and over (Note)	100%	36, 359	36, 359	—
		<u>\$4, 713, 297</u>	<u>\$ 74, 619</u>	<u>\$ 4, 638, 678</u>
December 31, 2022	Expected credit loss rate	Total book value	Loss allowance (Lifetime expected credit loss)	Amortized cost
Not overdue	0%~1%	\$ 4, 885, 551	\$ 41, 188	\$ 4, 844, 363
Overdue 1~30 days (Note)	0%~1%	—	—	—
Overdue 31~180 days (Note)	0%~1%	—	—	—
Overdue 181~365 days and over (Note)	100%	63, 002	63, 002	—
		<u>\$ 4, 948, 553</u>	<u>\$ 104, 190</u>	<u>\$ 4, 844, 363</u>

Note: Based on the company's actual aging analysis schedule.

Expected rates of credit loss for the Group's above aging intervals (excluding abnormal accounts where 100% loss should be recognized): 0%~1% for accounts that are not overdue or overdue within 180 days; 100% for accounts overdue 181~365 days and over.

A. Movements in loss allowance for notes and accounts receivable (including related parties):

Item	2023	2022
Beginning balance	\$ 104, 190	\$ 115, 780
Plus: Record impairment loss	—	—
Less: Reversed for impairment loss	(6, 140)	(11, 603)
Less: Write-offs	—	—
Less: Write-down for uncollectable accounts	(22, 800)	(517)
Effects of foreign exchange difference	(631)	530
Ending balance	<u>\$ 74, 619</u>	<u>\$ 104, 190</u>

The Group does not hold any collateral or credit enhancement for its accounts receivable.

B. With regards to credit risk management and assessment method, please refer to Note 12.

6.6 Inventories and cost of goods sold

Item	December 31, 2023	December 31, 2022
Finished goods	\$ 759,477	\$ 770,536
Work in progress	56,671	92,779
Raw materials	2,849,418	3,377,999
Supplies	14,709	11,324
Inventory in transit	37,719	98,184
Total	\$ 3,717,994	\$ 4,350,822

(1) Gains and losses related to inventory recognized as cost of goods sold were as follows:

Item	2023	2022
Costs to sell inventories	\$ 13,849,040	\$ 15,924,365
Construction cost	5,945,826	7,282,068
Processing cost	106,717	104,183
Loss (gain) for market price decline (recovery) of inventories	(88,603)	45,589
(Gain) loss on inventory counts	2	(197)
Income from sale of scraps	(382,666)	(358,502)
Total operating costs	\$ 19,430,316	\$ 22,997,506

(2) The Group either reduces the book value of its inventories to their net realizable value, or records gains due to price recovery of inventories and consumption of stock. In the years of 2023 and 2022, the Group recorded (NT\$88,603) thousand and NT\$45,589 thousand of loss for market price decline (gain from price recovery) of inventories, respectively.

(3) The Group does not pledge any of its inventories.

6.7 Other financial assets - current

Item	December 31, 2023	December 31, 2022
Time deposits over 3 months	\$ 114,956	\$ 74,050
Funds repatriated under the Repatriated Offshore Funds Act	–	88,445
Restricted time deposits	114,329	14,091
Court deposits for false sequestration or provisional injunction of court	970	970
Total	\$ 230,255	\$ 177,556

- (1) For the restricted and pledged time deposits and receivable court deposits for false sequestration or provisional injunction, please refer to Note 8.
- (2) Since the Group's time deposits with original maturity date over three months do not meet the definition of cash equivalents, these time deposits are classified under Other financial assets – current and, due to immaterial discount effects from short holding period, measured at investment amount. As of December 31, 2023 and 2022, the range of market interest rates for time deposits with original maturity date over three months was 1.44%~5.10% and 0.35%~4.38%, respectively.

6.8 FVTOCI financial assets - noncurrent

	<u>December 31, 2023</u>	<u>December 31, 2022</u>
Noncurrent items:		
Equity instruments		
Domestic investments		
Listed and emerging stocks		
Clientron Corp.	\$ 148	\$ 218
TBI Motion Technology Co., Ltd.	3,230	3,645
China Ecotek Corporation	168,680	128,155
Newmax Technology Co., Ltd.	1,620	1,208
Subtotal	<u>173,678</u>	<u>133,226</u>
Unlisted stocks		
Wabo Global Trading Corporation	5,962	6,445
Chun Yuan Construction Co., Ltd.	295,302	–
Pro-Ascentek Investment Corporation	61,960	53,754
Subtotal	<u>363,224</u>	<u>60,199</u>
Foreign investments		
Unlisted stocks		
China Steel And Nippon Steel	281,166	296,452
Vietnam Joint Stock Company		
United Steel International	–	28,752
Development Corporation		
CSGT(Shenzhen) Co., Ltd.	2,225	2,489
Subtotal	<u>283,391</u>	<u>327,693</u>
Total	<u>\$ 820,293</u>	<u>\$ 521,118</u>

- (1) The Group makes the above stock investments based on medium-to-long term strategic purposes and expects to earn profits through long-term investments. Since the management of the Group considers that, if short-term fluctuations in fair value of such investments are recorded in profit or loss, it will be inconsistent

with the aforementioned long-term investment planning. Therefore, the Group had chosen to designate such investments as measured at FVTOCI.

(2) As of December 31, 2023 and 2022, the Group did not pledge any of its FVTOCI financial assets.

(3) For the related credit risk management and evaluation methods, please refer to Note 12.

6.9 Investments accounted for using equity method

Investees	December 31, 2023	December 31, 2022
Individually immaterial associates	\$ 623, 471	\$ 564, 256

(1) Associates:

A. The Group's shares of individually immaterial associates are listed below:

Shares	2023	2022
Net income (loss)	\$ 108, 953	\$ 76, 679
Other comprehensive income (loss) (net of tax)	(7)	1, 783
Total comprehensive income (loss)	\$ 108, 946	\$ 78, 462

B. The Group's shares of profit (loss) and other comprehensive income (loss) of its investments accounted for using equity method are computed using the financial statements audited by certified public accountants.

C. In years of 2023 and 2022, the cash dividends that the Group received from the associates accounted for using equity method were NT\$49,731 thousand and NT\$33,791 thousand

D. None of the Group's held investments accounted for using equity method are used as collateral or pledged.

6.10 Property, plant and equipment

	December 31, 2023	December 31, 2022
Self-use	\$ 5, 340, 906	\$ 4, 973, 113
Rent out as operating lease	351, 032	356, 563
Total	\$ 5, 691, 938	\$ 5, 329, 676

(1) Regarding amount of capitalized interests, please refer to Note 6.26.

(2) After the Group performed impairment assessment, as of December 31, 2023 and 2022, there was no sign of impairment.

(3) The Group does not pledge any of its property, plant and equipment.

Self-use

Item	December 31, 2023	December 31, 2022
Land (Note)	\$ 2,794,911	\$ 2,794,911
Buildings	2,470,454	2,459,716
Machinery equipment	4,822,025	4,665,442
Other equipment	610,287	585,403
Unfinished construction or equipment pending for inspection	830,684	514,949
Total cost	11,528,361	11,020,421
Less: Accumulated depreciation	(6,176,430)	(6,036,283)
Less: Accumulated impairment	(11,025)	(11,025)
Total	\$ 5,340,906	\$ 4,973,113

Note: Including land improvements.

	Land	Buildings	Machinery equipment	Other equipment	Unfinished construction or equipment pending for inspection	Total
Cost						
Balance, January 1, 2023	\$2,794,911	\$2,459,716	\$4,665,442	\$585,403	\$514,949	\$11,020,421
Additions	–	6,429	14,241	25,367	349,282	395,319
Disposals	–	(10,009)	(56,660)	(15,509)	–	(82,178)
Reclassification	–	26,180	228,629	15,874	(33,547)	237,136
Effect of foreign exchange differences	–	(11,862)	(29,627)	(848)	–	(42,337)
Balance, December 31, 2023	\$2,794,911	\$2,470,454	\$4,822,025	\$610,287	\$830,684	\$11,528,361
Accumulated depreciation and impairment						
Balance, January 1, 2023	\$ 24,226	\$1,789,266	\$3,726,150	\$507,666	\$ –	\$6,047,308
Depreciation expense	21	67,051	161,887	24,560	–	253,519
Disposals	–	(9,964)	(54,380)	(15,176)	–	(79,520)
Effect of foreign exchange differences	–	(9,785)	(23,353)	(714)	–	(33,852)
Balance, December 31, 2023	\$ 24,247	\$1,836,568	\$3,810,304	\$516,336	\$ –	\$6,187,455
	Land	Buildings	Machinery equipment	Other equipment	Unfinished construction or equipment pending for inspection	Total
Cost						
Balance, January 1, 2022	\$2,794,882	\$2,230,645	\$4,580,092	\$594,893	\$594,875	\$10,795,387
Additions	29	3,825	17,171	7,499	156,577	185,101
Disposals	–	(105)	(44,577)	(25,514)	–	(70,196)
Reclassification	–	215,924	89,361	7,776	(236,503)	76,558
Effect of foreign exchange differences	–	9,427	23,395	749	–	33,571
Balance, December 31, 2022	\$2,794,911	\$2,459,716	\$4,665,442	\$585,403	\$514,949	\$11,020,421

<u>Accumulated depreciation and impairment</u>						
Balance, January 1, 2022	\$	24,184	\$1,724,072	\$3,585,566	\$509,358	\$ – \$5,843,180
Depreciation expense		42	57,763	162,128	22,234	– 242,167
Disposals		–	(105)	(39,875)	(24,563)	– (64,543)
Effect of foreign exchange differences		–	7,536	18,331	637	– 26,504
Balance, December 31, 2022	\$	<u>24,226</u>	<u>\$1,789,266</u>	<u>\$3,726,150</u>	<u>\$507,666</u>	<u>\$ – \$6,047,308</u>

Rent out as operating lease

Item	December 31, 2023	December 31, 2022
Land	\$ 306,034	\$ 306,034
Buildings	379,456	379,456
Machinery equipment	95,342	95,342
Total cost	780,832	780,832
Less: Accumulated depreciation	(429,800)	(424,269)
Total	<u>\$ 351,032</u>	<u>\$ 356,563</u>

	Land	Buildings	Machinery equipment	Total
Cost				
Balance, January 1, 2023	\$ 306,034	\$ 379,456	\$ 95,342	\$ 780,832
Additions	–	–	–	–
Disposals	–	–	–	–
From self-use assets	–	–	–	–
Balance, December 31, 2023	<u>\$ 306,034</u>	<u>\$ 379,456</u>	<u>\$ 95,342</u>	<u>\$ 780,832</u>

<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2023	\$	–	\$ 337,739	\$ 86,530 \$ 424,269
Depreciation expense		–	4,690	841 5,531
Disposal		–	–	–
From self-use assets		–	–	–
Balance, December 31, 2023	\$	<u>–</u>	<u>\$ 342,429</u>	<u>\$ 87,371 \$ 429,800</u>

	Land	Buildings	Machinery equipment	Total
<u>Cost</u>				
Balance, January 1, 2022	\$ 306,034	\$ 379,456	\$ 95,342	\$ 780,832
Additions	–	–	–	–
Disposals	–	–	–	–
From self-use assets	–	–	–	–
Balance, December 31, 2022	<u>\$ 306,034</u>	<u>\$ 379,456</u>	<u>\$ 95,342</u>	<u>\$ 780,832</u>
<u>Accumulated depreciation and impairment</u>				
Balance, January 1, 2022	\$ –	\$ 331,072	\$ 85,689	\$ 416,761
Depreciation expense	–	6,667	841	7,508
From self-use assets	–	–	–	–
Disposals	–	–	–	–
Balance, December 31, 2022	<u>\$ –</u>	<u>\$ 337,739</u>	<u>\$ 86,530</u>	<u>\$ 424,269</u>

The Group rents out land, offices and factories, with leasing periods from 1~3 years. All operating lease contracts include clauses that, when lessees exercise the lease-renewal rights, the rents are adjusted according to market rates. When the lease periods are ended, the lessees do not have bargain purchase option toward the assets.

The total lease receivable amounts for the property, plant and equipment rented out as operating leases in the future are as below:

	December 31, 2023	December 31, 2022
1 st year	\$ 14,496	\$ 54,617
2 nd year	–	13,388
3 rd year	–	–
Total	<u>\$ 14,496</u>	<u>\$ 68,005</u>

As of December 31, 2023 and 2022, the market value of the Group's assets rented out as operating leases are still higher than their net book value and are not impaired.

6.11 Leases

(1) Right-of-use assets

Item	December 31, 2023	December 31, 2022
Land	\$ 47,373	\$ 48,167
Buildings	36,103	38,940
Transportation equipment	3,553	3,553
Total cost	87,029	90,660
Less: Accumulated depreciation	(31,277)	(27,947)
Less: Accumulated impairment	–	–
Net amount	\$ 55,752	\$ 62,713

Cost	Land	Buildings	Transportation equipment	Total
Balance, January 1, 2023	\$ 48,167	\$ 38,940	\$ 3,553	\$ 90,660
Increase in this period	–	11,018	–	11,018
Decrease in this period	–	(13,855)	–	(13,855)
Effects of exchange rates	(794)	–	–	(794)
Disposal of subsidiaries	–	–	–	–
Balance, December 31, 2023	\$ 47,373	\$ 36,103	\$ 3,553	\$ 87,029

Accumulated depreciation and impairment				
Balance, January 1, 2023	\$ 7,583	\$ 19,939	\$ 425	\$ 27,947
Depreciation expense	2,053	14,081	1,184	17,318
Written off in this period	–	(13,855)	–	(13,855)
Effects of exchange rates	(133)	–	–	(133)
Disposal of subsidiaries	–	–	–	–
Balance, December 31, 2023	\$ 9,503	\$ 20,165	\$ 1,609	\$ 31,277

Cost	Land	Buildings	Transportation equipment	Total
Balance, January 1, 2022	\$ 42,973	\$ 38,084	\$ 3,467	\$ 84,524
Increase in this period	4,561	6,440	3,553	14,554
Decrease in this period	–	(5,584)	(3,467)	(9,051)
Effects of exchange rates	633	–	–	633
Disposal of subsidiaries	–	–	–	–
Balance, December 31, 2022	<u>\$ 48,167</u>	<u>\$ 38,940</u>	<u>\$ 3,553</u>	<u>\$ 90,660</u>

Accumulated depreciation and impairment				
Balance, January 1, 2022	\$ 5,435	\$ 12,592	\$ 2,456	\$ 20,483
Depreciation expense	2,059	12,932	1,436	16,427
Written off in this period	–	(5,584)	(3,467)	(9,051)
Effects of exchange rates	88	–	–	88
Disposal of subsidiaries	–	–	–	–
Balance, December 31, 2022	<u>\$ 7,582</u>	<u>\$ 19,940</u>	<u>\$ 425</u>	<u>\$ 27,947</u>

(2) Lease liabilities

Item	December 31, 2023	December 31, 2022
Book value of lease liabilities		
Current	<u>\$ 12,981</u>	<u>\$ 12,597</u>
Noncurrent	<u>\$ 8,150</u>	<u>\$ 13,485</u>

Range of discount rates for lease liabilities is shown as below:

	December 31, 2023	December 31, 2022
Land	0.78%	0.78%
Buildings	0.78%	0.78%

Regarding maturity analysis for lease liabilities, please refer to Note 12.2.

(3) Material leasing activities and terms

The Group leases several land, buildings for business use, with leasing periods from 1~8.5 years. The Group has recorded the renewal rights as part of lease liabilities. In addition, according to the contracts, without consent by the lessor,

the Group may not sub-lease to third parties. As of December 31, 2023 and 2022, there was no sign of impairment on the right-of-use assets.

(4) Other lease information

A. For the Group's property, plant and equipment rented out as operating leases and agreements for investment properties, please refer to Note 6.10 "Property, plant and equipment".

B. Related lease expense information of the Group in 2023 and 2022:

Item	2023	2022
Short-term lease expense	\$ 2, 557	\$ 2, 315
Lease expense on low-value assets	\$ 1, 609	\$ 1, 441
Variable lease expense not included in lease liability measurement	\$ –	\$ –
Total cash outflow of lease (Note)	\$ 20, 473	\$ 19, 270

Note: Including principal and interest payments for lease liabilities in this period.

C. In 2023 and 2022, the Group has adopted the exemption treatment for short-term leases and low-asset-value leases and does not record the related right-of-use assets and lease liabilities.

6.12 Long-term notes receivable and receivables

	December 31, 2023	December 31, 2022
Overdue receivables	\$ 36, 359	\$ 63, 002
Less: Bad debt allowance	(36, 359)	(63, 002)
Net amount	\$ –	\$ –

(1) For the related disclosures on long-term notes receivable and allowance losses, please refer to Note 6.5.

(2) With regards to credit risk management and assessment method, please refer to Note 12.

6.13 Short-term borrowings

Nature of borrowing	December 31, 2023	
	Amount	Interest rate
Credit loan	\$ 3, 666, 024	1.66%~3.55%
Loan for purchasing materials	328, 835	1.70%~7.08%
Total	\$ 3, 994, 859	

Nature of borrowing	December 31, 2022	
	Amount	Interest rate
Credit loan	\$ 3, 543, 639	1.194%~5.345%
Loan for purchasing materials	1, 189, 595	1.35%~6.553%
Total	<u>\$ 4, 733, 234</u>	

The Group does not provide any of its financial assets, factories or equipment as collateral for its short-term borrowings and had issued separate guaranteed notes collaterals. Please refer to Note 9 for details.

6.14 Short-term notes payable

Item	December 31, 2023	December 31, 2022
Commercial papers payable	\$ 400, 000	\$ 1, 067, 000
Less: Unamortized discount	(17)	(411)
Net amount	<u>\$ 399, 983</u>	<u>\$ 1, 066, 589</u>
Range of interest rates	<u>1.45%~1.61%</u>	<u>1.232%~1.72%</u>

Commercial papers payable are guaranteed by the Bills Finance Company. Promissory notes are provided at the borrowing amounts as commitments to repay the loans. Please refer to Note IX for details.

6.15 Provisions - current

Item	December 31, 2023	December 31, 2022
Employee benefits	<u>\$ 37, 572</u>	<u>\$ 40, 102</u>

Item	2023	2022
Beginning balance	\$ 40, 102	\$ 39, 109
Accrued in this period	37, 587	40, 088
Reversed in this period	(40, 077)	(39, 127)
Foreign exchange rate effects	(40)	32
Ending balance	<u>\$ 37, 572</u>	<u>\$ 40, 102</u>

The provision for employee benefit liabilities is a valuation of employees' vested short-term service leave entitlements.

6.16 Long-term borrowings and long-term debt due within one year or one operating cycle

Item	December 31, 2023	December 31, 2022
Unsecured bank loan	\$ 556, 250	\$ 518, 750
Less: Due within 1 year	(28, 125)	(125, 000)
Long-term borrowings	\$ 528, 125	\$ 393, 750
Interest rate range	1. 76%~2. 054%	1. 34%~1. 51%

The Group provides no financial asset, plant and equipment as the collateral of long-term borrowings. Please refer to Note 9 for notes issued for guarantee.

6.17 Pensions

(1) Defined contribution plan

- A. At the end of 2004, the Group adopted the "Labor Pension Act" to handle the employees' self-appointed retirement and voluntary retirement plans. Since July 1, 2005, the Group has adopted a defined contribution pension plan under the Labor Pension Act, which is applicable to employees with nationalities of Taiwan. The Company and its employees who are under the Labor Pension Act choose to apply for the Labor Pension Plan, and contribute 6% of their monthly wages to the employees' individual accounts at the Bureau of Labor Insurance. The payment of the employee's pension depends on the amount of the employee's pension account and accumulated earnings, and is either in the form of a monthly pension or a lump-sum pension.
- B. The Group recognized total expenses of \$30,184 thousand and \$29,152 thousand in the statements of comprehensive income for the years ended December 31, 2023 and 2022, respectively, based on the amounts that should have been appropriated in accordance with the percentages specified in the defined contribution plan.

(2) Defined benefit plan

- A. The Group's pension plan under the Labor Standards Act of the R.O.C. is a government-administered defined benefit pension plan. Pension payments are based on the number of years of service and the average salary of the six months prior to the approved retirement date. The Company contributes 2% of the employees' monthly wages to the employees' pension fund, which is deposited by and in the name of the Supervisory Committee of Labor Retirement Reserve in a special account at the Bank of Taiwan. If the balance of the special account is not sufficient to cover the employees' retirement

benefits in the following year, the Company will make a lump-sum contribution to the special account at the amount of the difference by the end of March of the following year. The Bank of Taiwan has entrusted the management of this account to the Bureau of Labor Funds of the Ministry of Labor, and the Group has no right to influence the investment management strategy.

- B. The Group's obligations arising from defined benefit plans are included in the balance sheet in the following amounts.

Item	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	\$ 663, 773	\$ 713, 167
Fair value of plan assets	(671, 566)	(703, 645)
Defined benefit liability (asset), net	(\$ 7, 793)	\$ 9, 522

- C. Changes in the defined benefit liability are presented as follows.

Item	2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance, January 1, 2023	\$ 713, 167	(\$ 703, 645)	\$ 9, 522
Service cost			
Current-period service cost	4, 247	–	4, 247
Interest expense (revenue)	7, 735	(7, 842)	(107)
Recorded in profit or loss	11, 982	(7, 842)	4, 140
Remeasurements			
Plan assets returns (excluding the amount in net interests)	–	(7, 094)	(7, 094)
Actuarial (gains) losses - experience adjustments	1, 221	–	1, 221
Recorded in other comprehensive income (loss)	1, 221	(7, 094)	(5, 873)
Contribution by employer	(51, 920)	(4, 905)	(56, 825)
Payment for benefits	(10, 677)	51, 920	41, 243
Balance, December 31, 2023	\$ 663, 773	(\$ 671, 566)	(\$ 7, 793)

Item	2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liabilities
Balance, January 1, 2022	\$ 785,356	(\$ 665,751)	\$ 119,605
Service cost			
Current-period service cost	5,443	–	5,443
Interest expense (revenue)	4,685	(4,032)	653
Recorded in profit or loss	10,128	(4,032)	6,096
Remeasurements			
Plan assets returns (excluding the amount in net interests)	–	(54,795)	(54,795)
Actuarial (gains) losses - experience adjustments	(6,760)	–	(6,760)
Recorded in other comprehensive income (loss)	(6,760)	(54,795)	(61,555)
Contribution by employer	–	(31,972)	(31,972)
Payment for benefits	(7,557)	52,905	(22,652)
Balance, December 31, 2022	\$ 781,167	(\$ 703,645)	\$ 9,522

D. Because of the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

(A) Investment risk

Through self-investment or management assignment, the Bureau of Labor Funds, Ministry of Labor invests the labor pension fund in domestic and foreign equity securities, debt securities, and bank savings. However, the distributable amount to the Group's plan assets is at no less than the revenue computed based on the interest rate of 2-year time deposits in local banks.

(B) Interest rate risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the debt investments of the plan assets.

(C) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase

in the salary of the plan participants will increase the present value of the defined benefit obligation.

E. The main actuarial assumptions used were as follows:

Item	Measurement date	
	December 31, 2023	December 31, 2022
Discount rate	1.16%	1.17%
Future salary increase rate	1.50%	1.50%
Average duration of defined benefit obligations	6.5years	5.7years

(A) Assumptions of future mortality rates for the years ended December 31, 2023 and 2022 were based on the Taiwan Region 6th Experience Life Table.

(B) If there is any reasonable possible change in material actuarial assumption, holding other assumptions constant, would have affected increase (decrease) the defined benefit obligation by the amounts shown below:

Item	December 31, 2023	December 31, 2022
Discount rate		
0.5% increase	(\$ 22,568)	(\$ 21,395)
0.5% decrease	\$ 22,568	\$ 21,395
Future salary increase rate		
0.5% increase	\$ 22,568	\$ 20,682
0.5% decrease	(\$ 21,241)	(\$ 19,969)

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

F. The contribution that the Group expects to make to its defined benefit pension plans and payment in 2024 is NT\$4,922 thousand.

6.18 Share capital - common shares

- (1) Reconciliation of the Group's outstanding common shares and amounts from the beginning to the end of period:

Item	2023	
	Number of shares (thousands)	Amount
Balance, January 1	647, 655	\$ 6, 476, 554
Capital increase by cash	–	–
Balance, December 31	647, 655	\$ 6, 476, 554

Item	2022	
	Number of shares (thousands)	Amount
Balance, January 1	647, 655	\$ 6, 476, 554
Capital increase by cash	–	–
Balance, December 31	647, 655	\$ 6, 476, 554

- (2) As of December 31, 2023, the Company's authorized capital is NT\$7,000,000 thousand, which is divided into 700,000 thousand shares.

6.19 Capital surplus

Item	December 31, 2023	December 31, 2022
Consolidation surplus	\$ 148, 853	\$ 148, 853
Long-term investments	15, 627	15, 627
Others	13, 156	12, 698
Total	\$ 177, 636	\$ 177, 178

According to the Company Act, in addition to offsetting against accumulated loss, when a company does not have accumulated loss, the capital surplus from additional paid-in capital in excess of par during stock issuance and from gifts received may be distributed to shareholders in form of new shares or cash according to their respective shareholding ratios. And according to the Securities and Exchange Act, when reinvest the above capital surplus as additional capital, the total amount is limited to 10% of the received capital. Unless when profit surplus is insufficient to offset loss, a company shall not replenish with capital surplus. Capital surplus generated from investments accounted for using equity method shall not be used for any purpose.

6.20 Retained earnings and dividend policy

(1) According to the Company's corporate charter regarding earnings-distribution policies, 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 and special reserve based the amount of stockholders' equity deduction item in the current year. After deducting various reserve items, the remainder, if any, then either to be combined with accumulated earnings from prior years or to be appropriated, shall be proposed by the board of directors and resolved by the stockholders at the stockholders' meeting. In the event that all payments are to be made in cash, the board of directors may do so by special resolution, which shall be reported to the stockholders meeting.

(2) Dividend policy:

The Company is in a matured industry, with stable profitability and robust financial structure. Over many years, the Company commits in diversification and investments in high-value-added steel products and high-tech industry to enlarge its business base. When the board of directors plans for earnings distribution, considering the financial structure, shareholders' equity, stability of dividends, except when capital funds are required, the actual earnings distribution each year accounts for at least 50% of current-year distributable earnings, of which cash dividend should account for no less than 10%.

(3) Except for being used to offset losses or for distributing new shares or cash according to shareholding ratios, legal reserve shall not be used. However, the amount for distributing new shares or cash is limited to the portion of legal reserve that is over 25% of the total received capital.

(4) Special reserve

A. When the Group distributes earnings, according to the laws and regulations, special reserve needs to be recognized based on the debit balance of other equity items on the balance sheet date of the year. Later when the debit balance of other equity items is reversed, the reversed amount can be included in the earnings available for distribution.

B. In accordance with Jin-Guan-Zheng-Fa-Zi Letter No.1090150022, dated March 31, 2021, the amounts previously set aside by the Company as special reserve may be reversed proportionately to distributable retained earnings when the relevant assets are used, disposed of or reclassified subsequently.

Item	December 31, 2023	December 31, 2022
Recorded credit balance of other equity	\$ -	\$ -
Recorded amount due to first adoption of IFRSs	1, 324, 287	1, 324, 287
Total	<u>\$ 1, 324, 287</u>	<u>\$ 1, 324, 287</u>

- (5) The appropriations of 2022 and 2021 earnings have been approved by the shareholders in its meetings in June 2023 and June 2023, respectively. The appropriations and dividends per share were as follows:

Item	Appropriation of Earnings		Dividends Per Share (NT\$)	
	2022	2021	2022	2021
Legal reserve	\$ 61, 626	\$ 122, 941		
Cash dividends for common shares	388, 593	841, 952	\$ 0.60	\$ 1.30
Total	<u>\$ 450, 219</u>	<u>\$ 964, 893</u>		

- (6) On March 14, 2024, the Company's board of directors proposed the following plan for 2023 earnings distribution

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 86, 596	
Cash dividends for common shares	647, 655	\$ 1.00
Total	<u>\$ 734, 251</u>	

Information on the resolution of the Board of Directors' and shareholders' meetings regarding the appropriation of earnings is available from the Market Observation Post System on the website of the TWSE.

- (7) Shenzhen Chun Yuan

According to Article 46 of corporate charter :

“ When joint venture companies set aside reserve fund, business development funds or employee incentives and benefits funds from profits after income taxes are paid, with the set-aside ratio determined after discussion of the board of

directors based on operating conditions of the company. But the total amount shall be limited to 15% of after-tax profit, and the appropriation of reserve fund should be no less than 10% of after-tax profit.”

Note: Reserve fund is called Legal Reserve in the Republic of China (Taiwan).

(8) Shanghai Huateng, Shenzhen Hong Yuan, Qingdao Chun Yuan, Xiamen Chun Yuan:

The company shall set aside reserve fund and employee incentives and benefits funds from profits after income taxes are paid per regulations, with the set-aside ratio determined by the board of directors based on actual conditions. Reserve fund is mainly used in offsetting against company losses, and the set-aside ratio generally shall not be no less than 10% of after-tax profit.

6.21 Other equity

Item	Exchange differences from translation of foreign operations	Unrealized valuation (loss) gain on FVTOCI financial assets	Total
Balance, January 1, 2023	(\$ 225,343)	(\$ 52,217)	(\$ 277,560)
Exchange differences generated from translation of foreign operations - parent company	(45,416)	-	(45,416)
Unrealized valuation (loss) gain on FVTOCI financial assets	-	36,989	36,989
Share of profits of subsidiaries, associates, and joint ventures under equity method	(21)	10,961	10,940
Balance, December 31, 2023	<u>(\$ 270,780)</u>	<u>(\$ 4,267)</u>	<u>(\$ 275,047)</u>
Item	Exchange differences from translation of foreign operations	Unrealized valuation (loss) gain on FVTOCI financial assets	Total
Balance, January 1, 2022	(\$ 276,124)	(\$ 99,694)	(\$ 375,818)
Exchange differences generated from translation of foreign operations - parent company	50,761	-	50,761
Unrealized valuation (loss) gain on FVTOCI financial assets	-	(12,614)	(12,614)
Disposal of FVTOCI equity instruments	-	60,283	60,283
Share of profits of subsidiaries, associates, and joint ventures under equity method	20	(192)	(172)
Balance, December 31, 2022	<u>(\$ 225,343)</u>	<u>(\$ 52,217)</u>	<u>(\$ 277,560)</u>

6.22 Non-controlling interest

Item	2023	2022
Beginning balance	\$ 362,502	\$ 525,956
Share attributed to non-controlling interest:		
Net income (loss) in this year	14,927	586
Other comprehensive income (loss) in this year	(7,306)	(44,665)
Capital surplus – changes in equity of subsidiaries	–	(14,793)
Disposal of subsidiary	–	(43,643)
Increase (decrease) in non-controlling interest	(1,499)	(60,939)
Ending balance	<u>\$ 368,624</u>	<u>\$ 362,502</u>

6.23 Operating revenue

Item	2023	2022
Revenue from contracts with customers		
Sales revenue	\$ 14,610,528	\$ 16,712,058
Revenue from construction contracts	6,584,110	7,785,724
Total sales revenue from contracts with customers	<u>\$ 21,194,638</u>	<u>\$ 24,497,782</u>

(1) Sales revenue

The Group's merchandise sales revenue comes from sale of steel and related products, mainly sold to retailers. According to general commercial practices, the Company accepts returned products and refunds the full amount. Considering past experience, the rate of product return does not have material effect on the company.

(2) Revenue from construction contracts

Revenue from construction contracts of the Group comes from undertaking of steel structure constructions. By referencing the completion progress of the contract activities on the balance sheet date, the Group records revenue and cost, respectively, and the completion progress is measured based on the ratio of actual input cost over the expected total cost.

(3) Breakdown of revenue from contracts with customers

The Group's revenue may be divided into the following major product lines and geographical area:

2023:

Major product lines and geographical area	Steel	Construction	Total
Major market area			
Taiwan	\$9,703,653	\$6,584,110	\$16,287,763
Asia	4,906,875	–	4,906,875
Total	<u>\$14,610,528</u>	<u>\$6,584,110</u>	<u>\$21,194,638</u>

Timing for recording revenue			
Contract obligation fulfilled at a point of time	\$14,610,528	\$ –	\$14,610,528
Contract obligation fulfilled along with time	–	6,584,110	6,584,110
Total	<u>\$14,610,528</u>	<u>\$6,584,110</u>	<u>\$21,194,638</u>

2022:

Major product lines and geographical area	Steel	Construction	Total
Major market area			
Taiwan	\$11,175,764	\$7,785,724	\$18,961,488
Asia	5,536,294	–	5,536,294
Total	<u>\$16,712,058</u>	<u>\$7,785,724</u>	<u>\$24,497,782</u>

Timing for recording revenue			
Contract obligation fulfilled at a point of time	\$16,712,058	\$ –	\$16,712,058
Contract obligation fulfilled along with time	–	7,785,724	7,785,724
Total	<u>\$16,712,058</u>	<u>\$7,785,724</u>	<u>\$24,497,782</u>

(4) Contract balance

The Group records notes and accounts receivable, contract assets and contract liabilities related to revenue from contracts with customers are shown as following:

Item	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable (including related parties)	\$ 1,013,195	\$ 1,024,190	\$ 1,485,066
Accounts receivable (including related parties)	\$ 3,625,483	\$ 3,820,173	\$ 4,799,819
Contract assets - current			
Construction contracts	\$ 3,508,996	\$ 3,388,523	\$ 2,750,072
Contract liabilities - current			
Construction contracts	\$ 723,130	\$ 363,632	\$ 584,599
Sale of merchandise	\$ 6,691	\$ 33,757	\$ 25,285

(5) Changes in contract assets and contract liabilities

Changes in contract assets and contract liabilities mainly come from different timing for fulfillment of contract obligations and payment by customers.

	2023	2022
Contract assets		
Change in measurement of completion	\$ 120,473	\$ 638,451
Contract liabilities		
Change in measurement of completion	\$ 359,498	(\$ 220,967)

(6) Revenue recorded from beginning contract liabilities

	2023	2022
Beginning balance of contract liabilities		
Revenue recorded		
Sales of merchandise	\$ 33,144	\$ 25,262
Construction contracts	\$ 363,632	\$ 584,599

(7) Unfulfilled customer contracts

As of December 31, 2023 and 2022, the existing periods for the unfulfilled merchandise-sale customer contracts and construction contracts of the Group do

not exceed one year or one operating cycle and are expected to be fulfilled with revenue recorded within future one year or one operating cycle.

6.24 Other income

Item	2023	2022
Rental income	\$ 58,399	\$ 57,846
Dividend income	15,104	20,143
Commission income	22,897	23,801
Others	53,297	49,367
Total	<u>\$ 149,697</u>	<u>\$ 151,157</u>

6.25 Other gains and losses

Item	2023	2022
Net (loss) gain from FVTPL financial assets	\$ 8,993	(\$ 22,288)
Net foreign exchange (loss) gain	5,657	(5,527)
Gain on disposal of property, plant and equipment	2,658	842
Gain (loss) on disposal of investments	2	–
Gain (loss) from disposal of subsidiary	–	(7,584)
Other losses	(2,104)	(6,349)
Total	<u>\$ 15,206</u>	<u>(\$ 40,906)</u>

6.26 Financial costs

Item	2023	2022
Interest expense:		
Bank loans	\$ 105,932	\$ 111,703
Interests from lease liabilities	169	211
Less: Capitalized assets that meet the requirements	(15,158)	(9,432)
Financial costs	<u>\$ 90,943</u>	<u>\$ 102,482</u>

6.27 Employee benefits, depreciation and amortization expense

By nature	2023		
	Operating costs	Operating expenses	Total
Employee benefits			
Salary	\$ 830,099	\$ 361,547	\$ 1,191,646
Labor and health insurance	113,253	40,610	153,863
Pension	24,911	9,413	34,324
Directors compensation	–	10,903	10,903
Other employee benefits	61,964	47,398	109,362
Depreciation expense	249,331	27,037	276,368
Amortization expense	11,394	5,987	17,381
Total	<u>\$ 1,290,952</u>	<u>\$ 502,895</u>	<u>\$ 1,793,847</u>

By nature	2022		
	Operating costs	Operating expenses	Total
Employee benefits			
Salary	\$ 809,228	\$ 334,138	\$ 1,143,366
Labor and health insurance	107,132	39,469	146,601
Pension	25,663	9,585	35,248
Directors compensation	–	7,928	7,928
Other employee benefits	64,905	43,674	108,579
Depreciation expense	240,976	25,126	266,102
Amortization expense	13,217	4,862	18,079
Total	<u>\$ 1,261,121</u>	<u>\$ 464,782</u>	<u>\$ 1,725,903</u>

- (1) Based on the earnings before tax and before subtracting compensation to employees and directors, the Company shall allocate not higher than 2% as employees compensation and shall allocate not higher than 1% of annual profits as directors remuneration. In 2023 and 2022, the accrued employees compensation / directors remuneration were NT\$21,805 thousand / NT\$15,855 thousand and NT\$10,903 thousand / NT\$7,928 thousand, respectively, which were accrued based on the aforementioned 2% and 1% of earnings before tax. If subsequently, the actual distribution amounts after the issuance date of these financial statements are different from the above amounts, the difference would be adjusted and treated as changes in accounting estimates in the following year.
- (2) In 2024 and 2023, the board of directors of the Company passed the 2023 and 2022, respectively, the employees' compensation, directors' remuneration, and the related amounts recorded in the financial statements

	2023		2022	
	Employees compensation	Directors remuneration	Employees compensation	Directors remuneration
Resolved distribution amount	\$ 21,805	\$ 10,903	\$ 15,855	\$ 7,928
Amount recorded in annual financial statements	21,805	10,903	15,855	7,928
Difference amount	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>	<u>\$ –</u>

- (3) Information on employees' compensation and directors' and supervisors' remuneration of the Group as resolved by the meeting of Board of Directors is available from the Market Observation Post System at the website of the TWSE.

6.28 Income tax

(1) Income tax expense:

Item	2023	2022
<u>Current-period income tax</u>		
Income tax generated from current-period income	\$ 173,539	\$ 174,005
Deduction of income tax in Mainland China	(4,213)	(12,834)
Additional tax on undistributed earnings	–	8,052
Adjustments in respect of prior years	(2,880)	(3,832)
Total current-period income tax	166,446	165,391
<u>Deferred income tax</u>		
Initially generated or reversal of temporary differences	64,008	14,993
Deferred income tax expense	64,008	14,993
Income tax expense	\$ 230,454	\$ 180,384

(2) Income tax (expense) benefit related to other comprehensive income: None.

(3) Reconciliation between income tax (expense) and accounting profit:

Item	2023	2022
Income before income tax	\$ 1,121,176	\$ 794,188
Income before income tax at the statutory tax rate	\$ 224,235	\$ 158,837
Income tax affected by adjustment items:		
Effects from items not included when computing income tax		
Net investment loss (income) under equity method	(21,791)	(18,519)
Valuation loss (gain) on financial assets	(1,799)	4,457
Loss on expected credit impairment	(634)	19
Tax-exempt loss	(2,987)	(3,881)
Investment loss (income)	(1)	(472)
Other adjustments	(23,484)	33,564
Adjustments in respect of prior years	(2,880)	(3,832)
Deduction of income tax in Mainland China	(4,213)	(12,834)
Additional income tax on unappropriated earnings (10 %)	–	8,052
Net changes in deferred income tax	64,008	14,993
Income tax expense recognized in profit or loss	\$ 230,454	\$ 180,384

The income tax rate for the Group entities under the tax laws of Republic of China is 20%, and the applicable tax rate on unappropriated earnings is 5%. The tax amounts generated in other regions are computed according to the applicable tax rates in respective regions.

Under the revised Statute for Industrial Innovation published by the President Office on July 2019, starting from year of 2018, the unappropriated retained earnings that are used to build or acquire certain assets or technology, when reaching certain amount, may be included as an deduction item in computing unappropriated retained earnings. When the Group computes taxes on unappropriated retained earnings, only the portion of capital expenditures actually used for substantial investments was deducted.

- (4) Deferred income tax assets or liabilities generated from temporary differences, operating loss carryover, and investment credits:

Item	2023				
	Beginning balance	Recorded in profit or loss	Recorded in other comprehensive income (loss)	Exchange rate effects	Ending balance
Deferred income tax assets:					
Temporary differences					
Estimated engineering cost exceeding the amount in the contract	\$ 87,359	(\$ 36,062)	\$ -	\$ -	\$ 51,297
Defined benefit liability, net	4,457	(2,289)	-	-	2,168
Unrealized inventory valuation loss	29,256	(20,978)	-	-	8,278
Unused paid leaves	8,193	(355)	-	-	7,838
Operating loss carryover	8,457	5,904	-	-	14,361
Others	15,370	8,349	-	-	23,719
Subtotal	153,092	(45,431)	-	-	107,661
Deferred income tax liabilities					
Temporary differences					
Unrealized exchange gain	(3,173)	2,517	-	-	(656)
Reserve for unrealized land value increment	(808,968)	-	-	-	(808,968)
Others	-	(21,094)	-	-	(21,094)
Subtotal	(812,141)	(18,577)	-	-	(830,718)
Total	(\$ 659,049)	(\$ 64,008)	\$ -	\$ -	(\$ 723,057)

Item	2022				
	Beginning balance	Recorded in profit or loss	Recorded in other comprehensive income (loss)	Exchange rate effects	Ending balance
Deferred income tax assets:					
Temporary differences					
Estimated engineering cost exceeding the amount in the contract	\$ 91,617	(\$ 4,258)	\$ -	\$ -	\$ 87,359
Defined benefit liability, net	14,162	(9,705)	-	-	4,457
Unrealized inventory valuation loss	19,224	10,032	-	-	29,256
Unused paid leaves	8,687	(494)	-	-	8,193
Operating loss carryover	1,458	6,999	-	-	8,457
Others	30,138	(14,768)	-	-	15,370
Subtotal	165,286	(12,194)	-	-	153,092
Deferred income tax liabilities					
Temporary differences					
Unrealized exchange gain	(374)	(2,799)	-	-	(3,173)
Reserve for unrealized land value increment	(808,968)	-	-	-	(808,968)
Subtotal	(809,342)	(2,799)	-	-	(812,141)
Total	(\$ 644,056)	(\$ 14,993)	\$ -	\$ -	(\$ 659,049)

(5) Items not recognized as deferred income tax assets: None.

(6) The Company's income tax returns through 2021 have been assessed and approved by the Tax Authority.

(7) The 2022 corporate income tax had been filed within deadline and is currently under review by the Tax Authority.

6.29 Other comprehensive income or loss

Item	2023		
	Before tax	Income tax (expense) benefit	Net amount after tax
Items that will not be reclassified to profit or loss :			
Remeasurements of defined benefit liability	\$ 5,873	\$ -	\$ 5,873
Unrealized valuation gain (loss) on FVTOCI financial assets	36,989	-	36,989
Share of profits of subsidiaries, associates, and joint ventures under equity method:			
Remeasurements of defined benefit liability	14	-	14
Unrealized valuation gain (loss) on FVTOCI financial assets	(4,763)	-	(4,763)
Subtotal	38,113	-	38,113

Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations	(52,722)	–	(52,722)
Share of profits of subsidiaries, associates, and joint ventures under equity method:			
Exchange difference on translation of foreign operations	(21)	–	(21)
Subtotal	(52,743)	–	(52,743)
Recorded in other comprehensive income (loss)	(\$ 14,630)	\$ –	(\$ 14,630)

Item	2022		
	Before tax	Income tax (expense) benefit	Net amount after tax
Items that will not be reclassified to profit or loss:			
Remeasurements of defined benefit liability	\$ 61,555	\$ –	\$ 61,555
Unrealized valuation gain (loss) on FVTOCI financial assets	(12,614)	–	(12,614)
Share of profits of subsidiaries, associates, and joint ventures under equity method:			
Remeasurements of defined benefit liability	1,763	–	1,763
Unrealized valuation gain (loss) on FVTOCI financial assets	(192)	–	(192)
Subtotal	50,512	–	50,512
Items that may be subsequently reclassified to profit or loss:			
Exchange difference on translation of foreign operations	6,095	–	6,095
Share of profits of subsidiaries, associates, and joint ventures under equity method:			
Exchange difference on translation of foreign operations	21	–	21
Subtotal	6,116	–	6,116
Recorded in other comprehensive income (loss)	\$ 56,628	\$ –	\$ 56,628

6.30 Earnings per share

	2023	2022
A. Basic earnings per share:		
Net income in the current period (A)	\$ 875,795	\$ 613,218
Weighted-average outstanding number of shares (thousands) in the current period	647,655	647,655
Weighted-average number of shares (thousands) after retrospective adjustment (B)	647,655	647,655
Basic earnings per share (after tax) (NTD) (A)/(B)	\$ 1.35	\$ 0.95
B. Diluted earnings per share:		
Net income in the current period (C)	\$ 875,795	\$ 613,218
Weighted-average outstanding number of shares (thousands) in the current period	647,655	647,655
Effects from employees' compensation (thousand shares)	1,166	994
Weighted-average outstanding number of shares for computing diluted earnings per share (D)	648,821	648,649
Diluted earnings per share (after tax) (NTD)(C)/(D)	\$ 1.35	\$ 0.95

If the Company may choose to distribute employees' compensation either in stocks or in cash, then when computing diluted earnings per share, assuming that employees' compensation will be distributed in stocks and the potential common shares have dilution effects, the stocks are included in the weighted-average outstanding number of shares for computing diluted earnings per share. When computing diluted earnings per share before resolution to distribute employees compensation in the next year, such dilution effects from the potential common shares are continuously taken in to consideration.

6.31 Reconciliation of liabilities from financing activities

Item	January 1, 2023	Cash flow	Non-cash movements Other non-cash movements	December 31, 2023
Short-term borrowings	\$ 4,733,234	(\$ 738,375)	\$ -	\$ 3,994,859
Short-term notes payable	1,066,589	(667,000)	394	399,983
Long-term borrowings (including borrowings due within one year)	518,750	37,500	-	556,250
Refundable deposits	26,745	(1,535)	-	25,210
Lease liabilities	26,082	(16,138)	11,187	21,131
Total liabilities from financing activities	\$ 6,371,400	(\$ 1,385,548)	\$ 11,581	\$ 4,997,433

Item	January 1, 2022	Cash flow	Non-cash movements	
			Other non-cash movements	December 31, 2022
Short-term borrowings	\$ 6, 112, 682	(\$ 1, 379, 448)	\$ –	\$ 4, 733, 234
Short-term notes payable	1, 428, 878	(362, 000)	(289)	1, 066, 589
Long-term borrowings (including borrowings due within one year)	137, 500	381, 250	–	518, 750
Refundable deposits	26, 707	38	–	26, 745
Lease liabilities	26, 620	(15, 303)	14, 765	26, 082
Total liabilities from financing activities	\$ 7, 732, 387	(\$ 1, 375, 463)	\$ 14, 476	\$ 6, 371, 400

6.32 Disposal of subsidiary - Shanghai Chun Yuan

On November 5, 2021, the Group's Board of Directors passed a resolution for the early cessation of the operation of Shanghai Chun Yuan Steel Industry Co., Ltd. and adopted the following procedures of dissolution with the procedures completed at July 25, 2022 and the cancelation registration completed at September 6, 2022.

(1) Analysis for lost-of-control assets and liabilities on the date of loss of control

Item	Amount
Current assets	
Cash and cash equivalents	\$ 218,217
Net assets disposed	\$ 218,217

(2) Gain or loss from disposal of subsidiary

Item	Amount
Gross consideration received	\$ 174,574
Less: Net assets disposed	(218,217)
Less: Exchange differences from translation of foreign operations	(7,584)
Plus: Non-controlling interests	43,643
Loss from disposal of subsidiary	(\$ 7,584)

(3) Net cash flows from disposal of subsidiary

Item	Amount
Gross consideration received	\$ 174,574
Less: Balance of disposed cash and cash equivalents	(218,217)
Net cash outflow from disposal of subsidiary	(\$ 43,643)

7. Related Party Transactions

7.1 Parent company and ultimate controller:

The Company is the ultimate controller of the Group.

7.2 Name of related party and relationship

Name of related party	Relationship with the Company
Chun Shyang Shin Yeh Industry Co., Ltd. (“Chun Shyang Shin Yeh”)	Associate
Chun Yuan Construction Co., Ltd. (“Chun Yuan Construction”)	Associate
Sinkang Industries Co., Ltd. (“Sinkang Industries”)	Other related party
Yung Kuang Hwa Metal Industrial Co., Ltd. (“Yung Kuang Hwa”)	Other related party
Nippon Steel Trading Corporation (“Nippon Steel Trading”)	Other related party
Metal One Corporation (“Metal One”)	Other related party
Marubeni-Itochu Steel Inc. (“Marubeni-Itochu Steel”)	Other related party
Taiwan Steel Tower Co., Ltd. (“Taiwan Steel Tower”)	Other related party

Note: Nippon Steel Trading Corporation and Metal One Corporation have transferred all of their holding of 3.5%, altogether, of Shenzhen Hong Yuan to Shenzhen Chun Yuan Steel Industry Co., Ltd. at January 20, 2022; additionally, since all capital of aforementioned two companies invested in Shenzhen Chun Yuan of USD\$2,555 is withdrawn at January 21, 2022, as Shenzhen Chun Yuan conducted the capital reduction, the aforementioned two companies are thus no longer the Company’s associate since that date.

7.3 Significant transactions with related parties

The balances and transactions between the Group and the subsidiaries (related parties of the Company) had been written off when preparing the Consolidated Financial Statements and are not disclosed. The transaction details between the Group and the other related parties are disclosed as following:

(1) Purchases

Item	Related party category / Name	2023	2022
Purchases	Associate	\$ 1, 710	\$ 1, 467
	Other related party		
	Sinkang Industries	18, 983	9, 834
	Yung Kuang Hwa	3, 992	66, 450
	Marubeni-Itochu Steel	26, 452	44, 751
	Taiwan Steel Tower	15, 009	2, 706
	Others	–	677
	Total	\$ 66, 146	\$ 125, 885

Note: The transaction terms (price, payment) for the above purchases are the same as those of general non-related parties.

(2) Operating revenue

Item	Related party category / Name	2023	2022
Sales revenue	Associate	\$ 7, 232	\$ 3, 905
	Total	\$ 7, 232	\$ 3, 905

Note: The transaction terms (price, receipt) for the above sales are the same as those of general non-related parties, with 3 months of collection period.

Item	Related party category / Name	2023	2022
Construction revenue	Associate - Chun Yuan Construction	\$ 409, 089	\$ 693, 890

The Group signed construction contract with the above related party according to the agreed prices and collection deadline under the contract, However, the collections may be postponed after agreement by both sides.

Item	Related party category / Name	2023	2022
Processing revenue	Associate	\$ 8, 371	\$ 7, 948
	Other related party	–	4, 623
	Total	\$ 8, 371	\$ 12, 571

(3) Property transaction

Acquisition of property, plant and equipment

Related party category / Name	Consideration received	
	2023	2022
Associate - Chun Yuan Construction	\$ 241,472	\$ 51,841
Other related party-Yung Kuang Hwa	12	1,680
Total	<u>\$ 241,484</u>	<u>\$ 53,521</u>

A. On August 7, 2019, the board of directors of the Company reviewed and passed the resolution to build new factory in Sin Ji Industrial Park in Tainan (with total planned expenditure of NT\$181,825 thousand), of which Chun Yuan Construction Co., Ltd. was engaged for part of the construction, and the construction amount attributed to Chun Yuan Construction Co., Ltd. was NT\$144,334 thousand with additional payments of NT\$1,281 attended in April, 2022; as of December 31, 2022, the amount of accumulated payments was NT\$145,399. The construction is complete in September, 2022.

B. On July 31, 2020, the board of directors of the Company passed the resolution to engage Chun Yuan Construction Co., Ltd. for building main body of the Sanchong office building and had signed the construction contract with Chun Yuan Construction Co., Ltd. on August 21, 2020, with total construction price of NT\$795,000 thousand. Additional payments of NT\$6,600 and of NT\$6,600 are attended in August, 2021 and April, 2022, separately; as of December 31, 2023 and 2022, the amount of accumulated payments was NT\$427,578 thousand and NT\$186,105 thousand, respectively.

(4) Various expenses

Related party category / Name	2023	2022	Nature of transaction
Associate	\$ 1,193	\$ 633	Finance costs
Associate	22	48	Other expense
Other related party	–	206	Other expense
Total	<u>\$ 1,215</u>	<u>\$ 887</u>	

(5) Lease agreement

Item	Related party category	December 31, 2023	December 31, 2022
Right-of-use assets	Associate	\$ 1, 655	\$ 2, 700
	Other related party	–	1, 623
	Total	<u>\$ 1, 655</u>	<u>\$ 4, 323</u>

Item	Related party category	December 31, 2023	December 31, 2022
Lease liabilities	Associate	\$ 1, 664	\$ 2, 705
	Other related party	–	1, 635
	Total	<u>\$ 1, 664</u>	<u>\$ 4, 340</u>

Item	Related party category	2023	2022
Interest expense	Associate	\$ 17	\$ 9
	Other related party	6	19
	Total	<u>\$ 23</u>	<u>\$ 28</u>

(6) Other income

Related party category / Name	2023	2022	Nature of transaction
Associate	\$ 12, 213	\$ 8, 953	Other income
Associate - Chun Shyang Shin Yeh	53, 676	53, 617	Rental income
Associate - others	2, 007	1, 964	Rental income
Associate	33	–	Interest income
Other related party	–	94	Other income
Total	<u>\$ 67, 929</u>	<u>\$ 64, 628</u>	

A. The above rental prices are determined by referencing the market prices and after negotiation between the parties, and the rents are collected monthly or quarterly, of which the main contents of the lease contracts with Chun Yuan Construction and with Chun Shyang Shin Yeh are shown as following:

2023		
Lease subject	Lease period / Monthly rents	Amount
Chun Yuan Construction :		
No. 236, Sec. Bade, Shengting Rd.,	2022.7.1~2023.6.30/74	\$ 2, 007
Longtan Dist., Taoyuan City	2023.7.1~2024.6.30/74	
4F.-1, No. 502, Fuxing N. Rd., Taipei	2022.8.1~2023.7.31/87	
City	2023.8.1~2024.7.31/87	
8F., No. 502, Fuxing N. Rd., Taipei	2022.6.1~2023.5.31/3	
City	2023.6.1~2024.5.31/3	
Chun Shyang Shin Yeh:		
Longtan land, factory and equipment	2021.4.1~2024.3.31/4,463	53, 676
		<u>\$ 55, 683</u>

2022		
Lease subject	Lease period / Monthly rents	Amount
Chun Yuan Construction :		
No. 236, Sec. Bade, Shengting Rd.,	2021. 7. 1~2022. 6. 30/74	\$ 1, 964
Longtan Dist., Taoyuan City	2022. 7. 1~2023. 6. 30/74	
4F.-1, No. 502, Fuxing N. Rd., Taipei	2021. 8. 1~2022. 7. 31/87	
City	2022. 8. 1~2023. 7. 31/87	
8F., No. 502, Fuxing N. Rd., Taipei	2021. 6. 1~2022. 5. 31/3	
City	2022. 6. 1~2023. 5. 31/3	
Chun Shyang Shin Yeh:		
Longtan land, factory and equipment	2021. 4. 1~2024. 3. 31/4, 463	53, 617
		<u>\$ 55, 581</u>

(7) Ending balances of receivables (payables)

Item	Related party category / Name	December 31, 2023	December 31, 2022
Accounts receivable	Associate	\$ 3,167	\$ 88
Construction accounts receivable	Associate - Chun Yuan Construction	68,546	44,675
Notes receivables	Associate - Chun Yuan Construction	28,715	–
Total		100,428	44,763
Less: Loss allowance		–	–
Net amount		\$ 100,428	\$ 44,763

As of December 31, 2023 and 2022, the recorded allowance for losses on the above receivables from related parties were both zero.

Item	Related party category / Name	December 31, 2023	December 31, 2022
Other receivables	Associate	\$ 3,142	\$ 2,507
Other receivables	Other related party	1	1
		\$ 3,143	\$ 2,508

As of December 31, 2023 and 2022, the recorded allowance for losses on the above other receivables from related parties were both zero.

Item	Related party category / Name	December 31, 2023	December 31, 2022
Accounts payable	Associate - other	\$ –	\$ 1
Accounts payable	Associate - Chun Yuan Construction	41,683	6,716
Accounts payable	Other related party	1,620	3,134
Notes payable	Other related party - other	–	2,710
Notes payable	Other related party - Marubeni-Itochu Steel	4,351	18,770
Total		\$ 47,654	\$ 31,331

Item	Related party category / Name	December 31, 2023	December 31, 2022
Guarantee deposits received	Associate - Chun Shyang Shin Yeh	\$ 8,925	\$ 8,925
Guarantee deposits received	Associate - Chun Yuan Construction	148	148
Total		\$ 9,073	\$ 9,073

- (8) Contract assets (receivables for construction contracts) and Contract liabilities (payables for construction contracts)

Item	Related party category / Name	December 31, 2023	December 31, 2022
Contract assets	Associate - Chun Yuan Construction	\$ 181, 184	\$ 275, 851

Note: Contract assets (price, receipt) for the above purchases are the same as those of general non-related parties.

Item	Related party category / Name	December 31, 2023	December 31, 2022
Contract liabilities	Associate - Chun Yuan Construction	\$ 147, 958	\$ 6, 292

Note: Contract liabilities (price, payment) for the above purchases are the same as those of general non-related parties.

- (9) Others:

The Company's participation in the issuance of preferred shares for cash capital increase and increase in investment in related parties by cash is as follows:

2023:

Investee	Increase in investment		Shareholding	
	Number of shares (thousand shares)	Amount	Before capital increase	After capital increase
Associate				
Chun Yuan Construction	29, 094	\$ 290, 938	–	83. 13%

(Note) It is a subscription for preferred shares issued by associates and are recorded as a financial asset measured at FVTOCI.

2022: None.

- (10) Financing: Please refer to Note 13.1(1).

- (11) Endorsements and guarantees: Please refer to Note 13.1(2).

7.4 Key management compensation

Related party category / Name	2023	2022
Salary and other short-term employee benefits	\$ 39, 362	\$ 45, 367
Post-retirement benefits	150	191
Total	\$ 39, 512	\$ 45, 558

8. Pledged Assets

8.1 Pledging of bank deposits

Item	Purpose of pledge	December 31, 2023	December 31, 2022
Time deposit at First Commercial Bank – Minquan Branch	Guarantee deposit for construction	\$ 571	\$ 563
Time deposit at Chang Hwa Bank - Peimen Branch	Guarantee deposit for construction	600	591
Time deposit at Sunny Bank - Minsheng Branch	Guarantee deposit for construction	10,670	4,099
Demand deposit at Bank of China - Shenzhen Longxing Branch	Guarantee deposit for customs duties	–	8,838
Time deposit at Bank of China – Qingdao West Coast New Area Branch	Guarantee deposit for bank acceptance	102,488	–
Total		<u>\$ 114,329</u>	<u>\$ 14,091</u>

8.2 Other pledged assets

Name of pledged asset	Purpose of pledge	December 31, 2023	December 31, 2022
	Deposits for false		
Reserved deposit	sequestration or provisional injunction	\$ 970	\$ 970

9. Significant Contingent Liabilities and Unrecognized Contract Commitments

9.1 To secure loan facilities, offering fulfillment or warranty guarantees for construction contracts, as of December 31, 2023 and 2022, the Group issued guarantee notes of NT\$17,556,692 thousand and NT\$16,640,020 thousand, respectively, and are recorded as Guarantee notes deposits and Guarantee notes payable.

9.2 To secure fulfillment guarantees for construction contracts, as of December 31, 2023 and 2022, the Group received guarantee notes of NT\$37,553 thousand and NT\$50,502 thousand, respectively, and are recorded as Guarantee notes deposits received and Guarantee notes receivable.

9.3 As of December 31, 2023 and 2022, the details of the Group's issued yet unused letters of credit are as following:

Item	December 31, 2023	Unit: thousand dollars	
		December 31, 2022	
Letter of Credit Amount	NTD	658,127	NTD 506,568
	USD	2,650	USD 1,877
	AUD	–	AUD 9,430
	EUR	21	

10. Significant Disaster Losses: None.

11. Significant Subsequent Events : None.

12. Others

12.1 Capital risk management

Since the Group needs to maintain significant capital to pay for the needs of expansion, improving factories and equipment, the Group manages to ensure sufficient financial resources and operating plans required to satisfy the needs of operating funds, capital expenditures, research expenditures, repayment of debts, dividend payments, etc. in the coming 12 months.

12.2 Financial instruments

(1) Financial risk of financial instruments

A. Financial risk management policies

The Group's daily activities are exposed to a variety of financial risks, including market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, and liquidity risk. In order to reduce the related financial risks, the Group's overall risk management strategy focuses on identifying, assessment and avoiding uncertainties of markets in order to mitigate potential adverse effects on the Group's financial performance from market fluctuations.

The Group's material financial activities are reviewed and approved by the Board of Directors in accordance with relevant requirements and internal control mechanism, which requires the Group to comply with its financial operating policies and procedures that provide guiding principles for the overall financial risk management and accountability and separation of duties.

B. Nature and degree of material financial risks

(A) Market Risk

a. Exchange rate risk

The Group is exposed to exchange rate risks from sales, purchases, borrowing transactions in non-functional currencies and from net investments in foreign operations. The Group's functional currency is mainly in NTD. Part of the Group's foreign-currency receivables and payables are in the same currency, where hedge effects would naturally take place. Since the net investments in foreign operations are strategic investments, the Group does not perform hedging for the investments.

The Group assigns the current portion of the foreign exchange forward contracts to avoid exchange rate risks, with the adopted hedge ratio of 1:1, and most of the contract due dates are within 1 year from the reporting date. The future portion of the foreign exchange forward contracts is not assigned as hedge instrument, but is recorded as a standalone hedge cost as a component “Other equity – gains or losses of hedge instruments” under equity. The Group’s policy is to request that the critical articles of the foreign exchange forward contracts shall match with the hedged items.

Using the exchange rates, amounts and timing of the cash flows as basis, the Group determines whether or not the economic relationships between the hedged items and the hedge instruments exists. The Group uses virtual derivative instrument method to assess if the assigned derivative instruments in each hedge relationship are expected or could actually and effectively offset changes in the cash flows of the hedged items.

In the above hedge relationship, the major sources of ineffective hedges are:

Effects of credit risks of the transaction counterparties and the Company on the fair value of the foreign exchange forward contracts. Because changes in fair value of the hedged items are due to changes in exchange rates of the hedges cash flows, and do not reflect the effects from the above-mentioned credit risks and changes in the timing of the cash flows from the hedged transactions.

b. Exposure to exchange rates and sensitivity analysis (including items and amounts from transactions within the Group that were written off in the consolidated financial statements)

				December 31, 2023		
(Foreign currency: functional currency)	Foreign currency	Exchange rate	Book value	Sensitivity analysis		
			(NTD thousand)	Change scale	Effect on profit or loss	Effect on equity
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$4,405	30.71	\$135,278	Appreciate 1%	\$1,082	\$-
USD:RMB	8,254	7.0961	253,480	Appreciate 1%	2,028	-
Long-term investments accounted for using equity method						
USD:NTD	78,822	30.71	2,420,611	Appreciate 1%	-	19,365
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	3,984	30.71	122,349	Appreciate 1%	979	-
USD:RMB	1,172	7.0961	35,992	Appreciate 1%	288	-

				December 31, 2022		
(Foreign currency: functional currency)	Foreign currency	Exchange rate	Book value	Sensitivity analysis		
			(NTD thousand)	Change scale	Effect on profit or loss	Effect on equity
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$7,004	30.71	\$215,101	Appreciate 1%	\$1,721	\$-
USD:RMB	13,255	6.9669	407,061	Appreciate 1%	3,256	-
Long-term investments accounted for using equity method						
USD:NTD	86,908	30.71	2,668,933	Appreciate 1%	-	21,351
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	7,288	30.71	223,811	Appreciate 1%	1,790	-
USD:RMB	5,382	6.9669	165,281	Appreciate 1%	1,322	-

After assessment, there is no material effect on exchange gains or losses from fluctuations in exchange rates of the Group's monetary items.

c. Price risk

The Group is exposed to price risk of equity instruments since the Group holds investments in equity instruments. These equity

instrument investments are classified either as FVTPL financial assets or financial assets measured at FVTOCI.

The Group mainly invests in domestic listed equity instruments, and the prices of such equity instruments would be affected by uncertainty of future value of such instruments. If the prices of equity instruments had increased or decreased by 1%, the after-tax income / other comprehensive income for 2023 and 2022, through increase or decrease in fair value of FVTPL financial assets, would have increased (decreased) by NT\$955 thousand / NT\$865 thousand and NT\$1,737 thousand / NT\$1,322 thousand, respectively.

d. Interest rate risk

(a) The Group's interest rate risk arises primarily from its investment positions and financial liabilities. The carrying amounts of financial assets and financial liabilities exposed to interest rate risk at the reporting date were as follows:

Item	Carrying amount	
	December 31, 2023	December 31, 2022
Interest rate risk on fair value:		
Financial assets	\$ 288,158	\$ 363,830
Financial liabilities	(4,951,092)	(6,318,573)
Net amount	(\$ 4,662,934)	(\$ 5,954,743)
Interest rate risk on cash flows:		
Financial assets	\$ 340,450	\$ 737,039
Financial liabilities	—	—
Net amount	\$ 340,450	\$ 737,039

(b) Sensitivity analysis for instruments with fair value interest rate risk:

The Group does not classify any financial assets and liabilities with fixed interest rates to FVTPL financial assets or FVTOCI financial assets, nor does the Group designate any derivative instrument (interest rate swap) as hedge instrument under the fair-value hedge accounting model. Therefore, the changes in interest rates on the reporting date will not affect profit or loss and other comprehensive income.

(c) Sensitivity analysis for instruments with cash flow interest rate risk:

The Group's financial instruments with variable interest rates are assets (liabilities) with floating interest rates, and their effective interest rates will change along with fluctuations in market interest rates, which then make future cash flows fluctuate. If the market interest rate increases by 1%, the Company's 2023 and 2022 net income will increase by NT\$2,724 thousand and NT\$5,896 thousand, respectively.

(B) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk from operating activities, primarily trade receivables, and from financing activities, primarily bank deposits and various financial instruments. Credit risk is managed separately for business related and financial related exposures.

a. Business-related credit risk

In order to maintain the credit quality of trade receivables, the Group has established procedures for credit risk management related to business operations. Risk evaluation for individual customer is performed taking into account various factors that may affect the customer's payment ability, including the customer's financial condition, internal credit ratings of the Group, historical transaction records, current economic conditions, etc.

b. Financial credit risk

The Group's exposure to financial credit risk pertaining to bank deposits and other financial instruments was evaluated and monitored by the Group's treasury function. The Group only transacts with creditworthy counterparties, banks, financial institutions with investment grade, companies and government agencies; therefore, no material concern on fulfillment of contracts, thus there is no material credit risk. In addition, the Group does not classify any financial instrument as measured at amortized cost or as FVTOCI debt instruments.

(a) Credit concentration risk

As of December 31, 2023 and 2022, the Group's top 10 customer's account for 31.44% and 31.69% of the Group's total accounts receivables, respectively, and the credit concentration risk for the rest of accounts receivable is relatively insignificant.

(b) Measurement of expected credit impairment loss

- (i) Accounts receivable: Simplified method is adopted, please refer to Note 6.5.
- (ii) Basis for determining whether or not credit risk increases significantly: None. (The Group does not have any financial instrument classified as measured at amortized cost or FVTOCI debt instruments)

c. The Group does not hold any collateral or other credit-enhancing securities to avoid credit risk related to financial assets.

(C) Liquidity risk

a. Liquidity risk management

The objective of the Group's management of liquidity risk is to maintain sufficient cash and cash equivalents, highly liquid securities, and banking facilities to ensure that the Group has sufficient financial flexibility for its operations.

b. Maturity analysis for financial liabilities

Non-derivative financial liabilities	December 31, 2023					Contract cash flows	Book value
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years		
Short-term borrowings	\$ 4,005,518	\$ -	\$ -	\$ -	\$ -	\$ 4,005,518	\$ 3,994,859
Short-term notes and bills payable	400,000	-	-	-	-	400,000	399,983
Notes payable	204,033	-	-	-	-	204,033	204,033
Notes payable - related parties	4,351	-	-	-	-	4,351	4,351
Accounts payable	812,048	-	-	-	-	812,048	812,048
Accounts payable - related parties	43,303	-	-	-	-	43,303	43,303
Other payables	508,323	-	-	-	-	508,323	508,323
Guarantee deposits received	25,210	-	-	-	-	25,210	25,210
Long-term borrowings (including those due within 1 year)	20,972	317,502	230,703	-	-	569,177	556,250
Total	<u>\$ 6,023,758</u>	<u>\$ 317,502</u>	<u>\$230,703</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,571,963</u>	<u>\$ 6,548,360</u>

Additional information for analysis on due dates of lease liabilities:

	< 1 year	1-5 years	5-10 years	10-15 years	> 15 years	Total undiscounted lease payments	Book value
Lease liabilities	\$ 13,018	\$ 8,189	\$ –	\$ –	\$ –	\$ 21,207	\$ 21,131

Non-derivative financial liabilities	December 31, 2022					Contract cash flows	Book value
	Within 6 months	7-12 months	1-2 years	2-5 years	Over 5 years		
Short-term borrowings	\$ 4,741,224	\$ –	\$ –	\$ –	\$ –	\$ 4,741,224	\$ 4,733,234
Short-term notes payable	1,067,000	–	–	–	–	1,067,000	1,066,589
Notes payable	55,753	–	–	–	–	55,753	55,753
Notes payable - related parties	21,480	–	–	–	–	21,480	21,480
Accounts payable	949,772	–	–	–	–	949,772	949,772
Accounts payable - related parties	9,851	–	–	–	–	9,851	9,851
Other payables	504,108	–	–	–	–	504,108	504,108
Guarantee deposits received	26,745	–	–	–	–	26,745	26,745
Long-term borrowings (including those due within one year)	66,121	65,698	98,797	302,025	–	532,641	518,750
Total	<u>\$ 7,442,054</u>	<u>\$ 65,698</u>	<u>\$ 98,797</u>	<u>\$302,025</u>	<u>\$ –</u>	<u>\$ 7,908,574</u>	<u>\$ 7,886,282</u>

Additional information for analysis on due dates of lease liabilities:

	< 1 year	1-5 years	5-10 years	10-15 years	> 15 years	Total undiscounted lease payments	Book value
Lease liabilities	\$ 12,744	\$ 13,591	\$ –	\$ –	\$ –	\$ 26,335	\$ 26,082

The Group does not expect early realization or significant difference in the actual cash flows in the analysis.

(2) Types of financial instruments

As of December 31, 2023 and 2022, the carrying amounts of the Group's financial assets and financial liabilities are listed below

	December 31, 2023	December 31, 2022
<u>Financial assets</u>		
Financial assets measured at amortized cost		
Cash and cash equivalents	\$ 460,539	\$ 1,038,269
Notes and accounts receivable (including related parties)	4,638,678	4,844,363
Other receivables (including related parties)	41,298	33,935
Other financial assets - current	230,255	177,556
Refundable deposits	12,789	11,541
Financial assets at FVTOCI - noncurrent	820,293	521,118
Financial assets at FVTPL	95,509	86,516

	December 31, 2023	December 31, 2022
<u>Financial liabilities</u>		
Financial liabilities measured at amortized cost		
Short-term borrowings	3, 994, 859	4, 733, 234
Short-term notes and bills payable	399, 983	1, 066, 589
Notes and accounts payable (including related parties)	1, 063, 735	1, 036, 856
Other payables (including related parties)	508, 323	504, 108
Guarantee deposits received	25, 210	26, 745
Long-term borrowings (including those due within one year)	556, 250	518, 750

12.3 Fair value information

(1) For information regarding the fair value of the Group's financial assets and financial liabilities that are not measured at fair value, please refer to Note 12.4(3).

(2) Fair value are grouped into Levels 1 to 3 as follows:

Level 1:

Inputs for this level are openly quoted prices in active markets for the same instruments. An active market refers to a market that meets all of the following criteria: has traded merchandises of the same nature; buyer and seller with intention to trade may be found anytime in the market, and the price information is available to the public. The fair value of Group's investment in listed stocks, beneficiary certificates, and derivative instruments with openly quoted prices in active markets, etc. are all of this level.

Level 2:

Inputs in this level include observable prices other than publicly quoted prices in an active market, including observable inputs obtained directly (e.g., prices) or indirectly (e.g., derived from prices) from an active market.

Level 3:

Inputs in this level represent input parameters for measuring fair value that are not based on observable inputs available in the market.

(3) Financial instruments that are not measured at fair value

The book value of the Group's financial instruments that are not measured at fair value (including cash and cash equivalents, notes and accounts receivable, other receivables, other financial assets, refundable deposits, short-term borrowings, notes and accounts payable, other payables and guarantee deposits received) reasonably approximates their fair value.

(4) Fair value information by level:

The Group's financial instruments are measured at fair value on repetitive basis. And assets held for sale are measured at lower of book value or fair value less selling costs on non-repetitive basis. The Group's fair value information by level is shown as following schedule:

Item	December 31, 2023			
	Level 1	Level 2	Level 3	Total
Assets:				
Repetitive fair value				
FVTPL financial assets				
Equity securities	\$ 95,509	\$ -	\$ -	\$ 95,509
FVTOCI financial assets				
Equity securities				
Domestic publicly traded shares	173,678	-	-	173,678
Domestic or overseas non-publicly traded shares	-	-	646,615	646,615
Total	<u>\$ 269,187</u>	<u>\$ -</u>	<u>\$ 646,615</u>	<u>\$ 915,802</u>

Item	December 31, 2022			
	Level 1	Level 2	Level 3	Total
Assets:				
Repetitive fair value				
FVTPL financial assets				
Equity securities	\$ 86,516	\$ -	\$ -	\$ 86,516
FVTOCI financial assets				
Equity securities				
Domestic publicly traded shares	133,226	-	-	133,226
Domestic or overseas non-publicly traded shares	-	-	387,892	387,892
Total	<u>\$ 219,742</u>	<u>\$ -</u>	<u>\$ 387,892</u>	<u>\$ 607,634</u>

(5) Fair value valuation techniques for instruments measured at fair value:

A. If openly quoted prices in active markets for financial instruments are available, the Group will use the openly quoted prices in active markets as the fair value. The market prices in major exchanges or polished market prices by OTC are all basis for fair value publicly traded equity instruments and debt instruments with quoted prices in the active market.

If the open quotes can be timely and generally obtained from exchange, brokerages, underwriter, industrial union, pricing service agency or competent authority, then the financial instruments are considered having open quotes in active markets. If the above conditions could not be met, then such markets are deemed as inactive. Generally speaking, if the price

differences are quite large, significant increase in buying and selling price gap or decrease in transaction volume, then they are all indices of inactive market.

Based on classification and nature of financial instruments (that have active market) held by the Group are listed below:

(A) Listed stocks: Closing price

(B) Close fund: Closing price

B. Except for the above financial instruments with active markets, the fair values of other financial instruments are determined by using valuation techniques or by reference to quotes from counterparty. The fair values of financial instruments determined by using valuation techniques can be referred to current fair values of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including by applying model using market information available on the consolidated balance sheet date (i.e., yield curves on the Taipei Exchange, average commercial paper interest rates quoted from Reuters).

The Group's held unlisted stocks without active market, their fair value is estimated by market approach. The determination is assessed based on valuation on companies of the same type, quotes from 3rd party, net book value of the Group and operating condition. In addition, the material unobservable inputs are mainly liquidity discount, but since possible changes due to liquidity discounts would not lead to material potential financial effects, therefore, the quantified information is not disclosed.

C. Valuations for derivative financial instruments are based on valuation model widely accepted by market users, such as Discounted Cash Flow Approach and Option Pricing Model. Forward exchange contracts are generically valued based on the forward exchange rates at present time. Structured interest-rate derivative financial instruments are valued according to appropriate Option Pricing Model (such as Black-Scholes Model) or other valuation method, such as Monte Carlo simulation.

D. The Group's assets held for sale are valued using market approach (P/E ratio), using the P/E ratios of the latest identical or similar transactions as observable input values, to project the fair value of the grouped assets held for sale.

E. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

(6) Transfer between Level 1 and Level 2 of the fair value hierarchy: None.

(7) Changes in level 3 instruments:

Item	Investments in financial instruments without open quotes	
	2023	2022
Beginning balance	\$ 387, 892	\$ 407, 207
Addition in this period	290, 938	–
Gains or losses recognized in other comprehensive income or loss	(8, 883)	(19, 363)
Disposal in this period (returned capital from liquidation or capital reduction)	(23, 678)	(2, 791)
Exchange rate effects	346	2, 839
Ending balance	<u>\$ 646, 615</u>	<u>\$ 387, 892</u>

(8) Quantified information for fair value measurement of material unobservable input
(Level 3):

	December 31, 2023 Fair value	Valuation method	Material unobservable inputs	Interval (Weighted average)	Relationships between inputs and fair value
Non-derivative financial assets:					
Un-listed stocks	\$ 646, 615	Market Approach	Liquidity discount	10.00%~32.28%	The higher liquidity discount, the lower fair value

	December 31, 2022 Fair value	Valuation method	Material unobservable inputs	Interval (Weighted average)	Relationships between inputs and fair value
Non-derivative financial assets:					
Un-listed stocks	\$ 387, 892	Market Approach	Liquidity discount	10.00%~28.55%	The higher liquidity discount, the lower fair value

(9) Evaluation procedures for Level 3 fair value:

According to the Group's valuation procedures for Level 3 fair value classification, the Group's accounting department, along with outside professional appraisal institutions, share the work to independently verify the fair value of the financial instruments. The evaluation works include using independent source data to make the valuation result close to the market condition and confirming independence and reliability of the data source, consistency with other resources, and representing execution price. The required input value and data are periodically updated, and any other necessary fair value adjustments are made to ensure reasonable valuation results.

Regarding measurement for Level 3 fair value, the sensitivity analysis on reasonable potential substitute assumption of fair value:

			December 31, 2023			
Item	Input value	Change	Profit or loss		Other comprehensive income (loss)	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument						
Un-listed stocks	Liquidity discount	1%	\$ -	\$ -	\$ -	(\$129, 156)
		—1%	\$ -	\$ -	\$130, 658	\$ -
			December 31, 2022			
Item	Input value	Change	Profit or loss		Other comprehensive income (loss)	
			Favorable change	Unfavorable change	Favorable change	Unfavorable change
Financial assets						
Equity instrument						
Un-listed stocks	Liquidity discount	1%	\$ -	\$ -	\$ -	(\$ 2, 205)
		—1%	\$ -	\$ -	\$ 2, 324	\$ -

12.4 Considering that Shanghai Chun Yuan Steel Industry Co., Ltd. no longer operates, in order to avoid overall shareholder interests, the Company's board of directors passed a resolution on November 5, 2021 to end the operations of the company and to proceed with the subsequent liquidation procedures, which ended at July 25, 2022. The cancelation registration is completed at September 6, 2022.

13. Supplementary Disclosures

13.1 Information on significant transactions

- (1) Loans to others: Table 1.
- (2) Endorsements and guarantees provided to others: Table 2.
- (3) Marketable securities held at the end of the period: Table 3.
- (4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (5) Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None.
- (6) Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- (7) Total purchases from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Table 4.
- (8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: None.
- (9) Information about the derivative financial instruments transaction: None.
- (10) Business relationships and material transactions between the parent company and subsidiaries: Table 5.

13.2 Information on investees: Table 6.

13.3. Information on investment in Mainland China: Table 7.

13.4 Information on major shareholders: Table 8.

Table 1

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries

Loans to Others

December 31, 2023

In thousands of NTD and foreign currency

No.	Financing Company	Counter-party	Financial Statement Account	Related Party (Yes/No)	Maximum Balance for the Period	Ending Balance (Note 3)	Amount Actually Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note2)
													Item	Value		
1	Shenzhen Chun Yuan Steel Industry Co., Ltd. ("Shenzhen Chun Yuan")	Shenzhen Hong Yuan Metal Industry Co., Ltd. ("Shenzhen Hong Yuan")	Other receivables - related parties	Yes	\$ 173,200	\$ 173,200	\$ 173,200	3.60%	1	\$ 82,424	–	\$ –	None	\$ –	\$ 173,200	\$ 300,575
1	Shenzhen Chun Yuan	Qingdao Chun Yuan Precision Mechatronic Co., Ltd. ("Qingdao Chun Yuan")	Other receivables - related parties	Yes	86,600	–	–	3.85%	1	–	–	–	None	–	173,200	300,575

Note 1 : Nature of loan:

(1) Has business transactions, put 1.

(2) Has necessity for short-term financing, put 2.

Note 2 : Computation for financing limits to any individual entity and total financing limits by Shenzhen Chun Yuan:

(1) Total lending amount by Shenzhen Chun Yuan to others is limited to 40% of the net worth of Shenzhen Chun Yuan.

(2) Financing limits by Shenzhen Chun Yuan to each borrower:

A. Subsidiary or parent company: No more than 40% of the net worth of Shenzhen Chun Yuan.

B. Has business transactions: Accumulated lending amount shall not exceed the total business transaction amount in the latest one year. However, if with related party of Shenzhen Chun Yuan, the lending amount shall not exceed RMB40,000 thousand and no more than 40% of the net worth of Shenzhen Chun Yuan.

Table 2

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Endorsements and Guarantees Provided to Others
December 31, 2023

In thousands of NTD

No. (Note 1)	Endorsement/ Guarantee Provider	Guaranteed party		Limits on Endorsement/Guarantee Amount Provided to Each Guaranteed Party (Note 2)	Maximum Balance for the Period (Note 2)	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statements	Maximum Endorsement/Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship											
0	Chun Yuan Steel Industry Co., Ltd.	Chun Yuan Construction Co., Ltd.	Companies mutually guaranteed by contract between industrial peers based on the needs of business relationship and construction undertaking	\$ 11,692,094	\$ 707,000	\$ 7,764	\$ 7,764	\$ -	0.07%	\$ 11,692,094	N	N	N	
1	Shenzhen Chun Yuan Steel Industry Co., Ltd. ("Shenzhen Chun Yuan")	Shenzhen Hong Yuan	1. Has business transactions 2. Directly or indirectly hold over 50% voting shares of the investee company	1,689,050	1,689,050	1,105,560	985,780	-	147.13%	2,338,419	N	N	Y	

Note 1: Illustration for the "No." column:

(1) Security issuer, put 0.

(2) Investee companies, start serial numbers from 1.

Note 2: (1) The maximum limit of guarantee provided by the Company to any individual entity and maximum limit of the total amount of guarantee provided by the Company:

Total amount of guarantee provided by the Company, or total amount of guarantee provided by the Company and subsidiaries, shall not exceed the net worth of the Company.

1. Maximum limit of total guarantee provided by the Company to any individual entity:

A. Has business transactions: Shall not exceed the total transaction amount between the guaranteed party and the Company in the latest one year, and shall not exceed 10% of the Company's net worth.

B. Parent or subsidiary of the Company: Shall not exceed 50% of the Company's net worth.

C. Peer companies mutually guaranteed by contract based on the needs of construction undertaking, or providing guarantee due to joint investment per shareholding ratios: Shall not exceed the Company's net worth.

2. Maximum limit of guarantee provided by the Company and subsidiaries to any individual entity:

A. Has business transactions: Shall not exceed 10% of the Company's net worth and shall not exceed the total transaction amount between the guaranteed party and the Company in the latest one year. But if the guaranteed party is an associate of the Company or the Company's subsidiary, then shall not exceed 20% of the Company's net worth.

B. Parent or subsidiary of the Company: Shall not exceed 50% of the Company's net worth.

C. Peer companies mutually guaranteed by contract based on the needs of construction undertaking, or providing guarantee due to joint investment per shareholding ratios:

Shall not exceed the Company's net worth.

3. The computations for the maximum limits in this schedule are based on the net worth amount in the Company's latest (2022Q4) audited financial statements.

(2) Computation for maximum limit of guarantee provided by the Shenzhen Chun Yuan to any individual entity and maximum limit of the total amount of guarantee provided by the Shenzhen Chun Yuan:

Total amount of guarantee provided by the company, or total amount of guarantee provided by the company and subsidiaries, shall not exceed 20% of the net worth of the parent company.

Maximum limits of guarantee provided by the company or by the company and subsidiaries as a whole, to any individual entity:

A. Has business transactions: Shall not exceed the total transaction amount between the guaranteed party and the company in the latest one year. But if the guaranteed party is an associate of the company, then shall not exceed USD55,000 thousand and shall not exceed 20% of the net worth of Chun Yuan Steel Industry Co., Ltd.

B. Parent or subsidiary of the Company: Shall not exceed 20% of the net worth of Chun Yuan Steel Industry Co., Ltd.

C. Peer companies mutually guaranteed by contract based on the needs of construction undertaking, or providing guarantee due to joint investment per shareholding ratios: Shall not exceed the company's net worth.

"Net worth" is based on the most recent financial report audited and certified by a certified public accountant.

Table 3

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Marketable Securities Held
December 31, 2023

In thousands of NTD

Holding Company	Marketable Securities Type and Name	Relationship with the Issuer	Account	End of period				Footnote
				Shares/Units	Book Value	Percentage of Ownership (%)	Fair value	
Chun Yuan Steel Industry Co., Ltd.	United Microelectronics Corp.	-	FVTPL financial assets - current	7,994	\$ 420	-	\$ 420	
	Fubon Financial Holding Co., Ltd. – Common Shares	-	FVTPL financial assets - current	1,045,719	67,728	-	67,728	
	China Steel Corporation	-	FVTPL financial assets - current	515,613	13,921	-	13,921	
	Taiwan Mask Corporation	-	FVTPL financial assets - current	107,663	7,655	-	7,655	
	Fubon Financial Holding Co., Ltd.- A Special Shares	-	FVTPL financial assets - current	36,515	2,231	-	2,231	
	Fubon Financial Holding Co., Ltd.- B Special Shares	-	FVTPL financial assets - current	40,010	2,397	-	2,397	
	Fubon Financial Holding Co., Ltd.- C Special Shares	-	FVTPL financial assets - current	21,029	1,157	-	1,157	
	Wabo Global Trading Corporation	-	FVTOCI financial assets - noncurrent	595,000	5,962	5.00%	5,962	
	Pro-Ascentek Investment Corporation	-	FVTOCI financial assets - noncurrent	8,000,000	61,960	6.67%	61,960	
	Clientron Corp.	-	FVTOCI financial assets - noncurrent	9,645	148	-	148	
	Shieh-Tai Biochemical Technology Co., Ltd.	-	FVTOCI financial assets - noncurrent	120,339	-	-	-	
	Tbi Motion Technology Co., Ltd.	-	FVTOCI financial assets - noncurrent	100,000	3,230	-	3,230	
	China Steel And Nippon Steel Vietnam Joint Stock Company	-	FVTOCI financial assets - noncurrent	18,368,000	281,166	2.00%	281,166	
	Chien Tai Cement Co., Ltd.	-	FVTOCI financial assets - noncurrent	16	-	-	-	
	Lion Corp. Berhad	-	FVTOCI financial assets - noncurrent	890,400	-	-	-	
	China Ecotek Corporation	-	FVTOCI financial assets - noncurrent	2,990,772	168,680	-	168,680	
	Newmax Technology Co., Ltd.	-	FVTOCI financial assets - noncurrent	43,384	1,620	-	1,620	
	Shenzhen Zongmao International Trading Co., Ltd.	-	FVTOCI financial assets - noncurrent	-	2,225	7.50%	2,225	
	Chun Yuan Construction Co., Ltd. – Special Shares	-	FVTOCI financial assets - noncurrent	29,093,766	295,302	83.13%	295,302	

Table 4

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Total Purchases From or Sales to Related Parties of at least NT\$100 Million or 20% of the Paid-in Capital
December 31, 2023

In thousands of NTD

Purchasing (Selling) Company	Name of counterparty	Relationship	Transaction Details				Circumstances and reasons why the trading conditions are different from those of ordinary transactions		Notes/Accounts Receivable (Payable)			Footnote
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total	
Chun Yuan Steel Industry Co., Ltd.	Chun Yuan Construction Co., Ltd.	Investee company valued using equity method	Construction revenue	\$ 409, 089	2.45%	Collect along with construction progress	Same	–	Receivables for construction contracts	\$ 181, 184	5.63%	
									Payables for construction contracts	147, 958	19.14%	

Table 5

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Business Relationships between Parent and Subsidiaries and Significant Transactions
December 31, 2023

In thousands of NTD

No. (Note 1)	Company Name	Counter-Party	Nature of Relationships (Note 2)	Transaction Details			
				Account	Amount	Transaction Terms	% to Total Consolidated Revenue or Total Assets (Note 3)
0	Chun Yuan Steel Industry Co., Ltd.	Shanghai Huateng Metal Processing Co., Ltd.	Parent to subsidiary	Other receivables	\$ 5,680	Per agreed contract	0.03
0	Chun Yuan Steel Industry Co., Ltd.	Shanghai Huateng Metal Processing Co., Ltd.	Parent to subsidiary	Other income	5,680	Per agreed contract	0.03
0	Chun Yuan Steel Industry Co., Ltd.	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Parent to subsidiary	Other receivables	4,591	Per agreed contract	0.02
0	Chun Yuan Steel Industry Co., Ltd.	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Parent to subsidiary	Other income	4,299	Per agreed contract	0.02
0	Chun Yuan Steel Industry Co., Ltd.	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Parent to subsidiary	Operating revenue	1,613	The transaction terms (price, receipt) are the same as those of general non-related parties	0.01
0	Chun Yuan Steel Industry Co., Ltd.	Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	Parent to subsidiary	Other income	4,606	Per agreed contract	0.02
1	Shenzhen Chun Yuan Steel Industry Co., Ltd.	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Subsidiary to subsidiary	Rental income	10,882	Per agreed contract	0.05
1	Shenzhen Chun Yuan Steel Industry Co., Ltd.	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Subsidiary to subsidiary	Other receivables	178,758	Per agreed contract	0.88
1	Shenzhen Chun Yuan Steel Industry Co., Ltd.	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Subsidiary to subsidiary	Interest income	5,457	Per agreed contract	0.03
1	Shenzhen Chun Yuan Steel Industry Co., Ltd.	Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	Subsidiary to subsidiary	Interest income	525	Per agreed contract	0.00
1	Shenzhen Chun Yuan Steel Industry Co., Ltd.	Shanghai Huateng Metal Processing Co., Ltd.	Subsidiary to subsidiary	Operating revenue	22,791	The transaction terms (price, receipt) are the same as those of general non-related parties	0.11
2	Shanghai Huateng Metal Processing Co., Ltd.	Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	Subsidiary to subsidiary	Operating revenue	887	The transaction terms (price, receipt) are the same as those of general non-related parties	0.00
2	Shanghai Huateng Metal Processing Co., Ltd.	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Subsidiary to subsidiary	Operating revenue	2,268	The transaction terms (price, receipt) are the same as those of general non-related parties	0.01
3	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Shanghai Huateng Metal Processing Co., Ltd.	Subsidiary to subsidiary	Accounts receivable	1,152	The transaction terms (price, receipt) are the same as those of general non-related parties	0.01
3	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Shanghai Huateng Metal Processing Co., Ltd.	Subsidiary to subsidiary	Operating revenue	12,641	The transaction terms (price, receipt) are the same as those of general non-related parties	0.06
3	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Chun Yuan Steel Industry Co., Ltd.	Subsidiary to subsidiary	Operating revenue	1,359	The transaction terms (price, receipt) are the same as those of general non-related parties	0.01
3	Shenzhen Hong Yuan Metal Industry Co., Ltd.	Shenzhen Chun Yuan Steel Industry Co., Ltd.	Subsidiary to subsidiary	Operating revenue	65,159	The transaction terms (price, receipt) are the same as those of general non-related parties	0.31
4	Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	Shanghai Huateng Metal Processing Co., Ltd.	Subsidiary to subsidiary	Operating revenue	1,099	The transaction terms (price, receipt) are the same as those of general non-related parties	0.01

Note 1: Information regarding transactions between parent and subsidiaries shall be respectively noted in the “No.” column as following :

1. Parent company, put 0.
2. Subsidiaries, start serial numbers from 1.

Note 2: Indication numbers for the following three types of relationship between the transaction parties :

1. Parent to subsidiary.
2. Subsidiary to parent.
3. Subsidiary to subsidiary

Note 3: Regarding computation for the ratio of transaction amount over the total consolidated revenue or assets, for asset or liability items, compute based on ending balance which accounts for the total consolidated assets; for profit or loss items, compute based on accumulated interim amount which accounts for the total consolidated revenue.

Note 4: Whether or not significant transactions are listed in this schedule is determined based on materiality principle of the Company.

Table 6

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Information on investees
December 31, 2023

In thousands of foreign currency and NTD
Unit of shares: Share

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held at year-end			Net income (losses) of the investee	Share of profit/loss of investee	Footnote
				Year end	Year end of last year	Number of shares	Ratio (%)	Book value			
Chun Yuan Steel Industry Co., Ltd.	Chun Yuan Construction Co., Ltd.	Taiwan	Construction industry; Design and construction for steel structures and bridges	\$ 59,635	\$ 59,635	20,729,909	26.33%	\$ 296,918	\$ 143,337	\$ 37,832	
	Chun Yuan Investment (Singapore) Pte Ltd.	Singapore	General investment activities	991,743	1,257,123	49,443,418	100.00%	2,420,611	105,472	105,472	
	Chun Shyang Shin Yeh Industry Co., Ltd.	Taiwan	Manufacturing, sale, lease and repair of auto sheet metal parts, stamping parts, molds, jigs, inspection/measuring tools.	68,568	68,568	6,856,000	48.97%	326,553	145,235	71,121	
Chun Yuan Investment (Singapore) Pte Ltd.	Chun Yuan Investment (BVI) Co, Ltd.	British Virgin Islands	General investment activities	693,135 (USD 21,900)	693,135 (USD 21,900)	-	100.00%	USD 54,051	USD 3,269	USD 3,269	

Table 7

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Information on investment in Mainland China
December 31, 2023

(1)

In thousands of foreign currency and NTD

Investee in Mainland China	Main Business Activities	Total Amount of Paid-in Capital	Investment method (Note 1)	Accumulated Outflow of Investment from Taiwan as of beginning of period	Investment Flows		Accumulated Outflow of Investment from Taiwan by the End of Period	Net Income (Losses) of the Investee	Ownership held by the Company (direct or indirect) (%)	Share of Profits/Losses (Note 2)	Carrying Amount of Investment by the End of Period	Accumulated Inward Remittance of Earnings by the End of Period
					Outflow	Inflow						
Shenzhen Chun Yuan	1. Manufacturing of transformer parts, rotors, and stators made of reel-punched silicon steel. 2. Improve operating performance.	\$ 651,398 (USD 21,245) (Note 6, Note 7)	(B)	\$ 316,773 (USD 10,630)	\$ -	\$ -	\$ 316,773 (USD 10,630)	\$ 6,897 (USD 222)	87.97%	(B).3 \$ 6,067 (USD 195)	\$ 666,718 (USD 21,710)	\$ -
Shanghai Huateng Metal Processing Co., Ltd.	1. Manufacturing of transformer parts, rotors, stators, home appliance cases, office furniture made of reel-punched silicon steel and processing of bicycle steel plates. 2. Improve operating performance, expand market.	799,583 (USD 24,800)	(B)	249,739 (USD 8,000)	-	-	249,739 (USD 8,000)	57,352 (USD 1,845)	80.59%	(B).2 46,220 (USD 1,487)	902,902 (USD 29,401)	199,711 (USD 6,758)
Shenzhen Hong Yuan Metal Industry Co., Ltd.	Engage in manufacturing of zinc-plated, coating-plated, aluminum-plated and other metal plates (cold-roll steel sheets, hot-roll steel sheets, Lead-coating tin plates, not including accessories or merchandises subjected to export permission certificates)	153,036 (USD 4,680) (Note 4, Note 8, Note 9)	(B)	68,477 (USD 2,143)	-	-	68,477 (USD 2,143)	(2,976) (USD -96)	86.21%	(B).2 (2,649) (USD -85)	186,775 (USD 6,082)	42,896 (USD 1,466)
Qingdao Chun Yuan Precision Mechatronic Co., Ltd.	Manufacturing and processing of new types of mechanical and electrical components, fine blanking dies, and other related metal products.	592,009 (USD 18,000) (Note 5)	(B)	216,497 (USD 6,700)	-	-	216,497 (USD 6,700)	65,929 (USD 2,121)	95.00%	(B).3 62,632 (USD 2,015)	684,774 (USD 22,298)	38,234 (USD 1,240)

Accumulated Investment in Mainland China by the End of Period	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$ 851, 486	\$ 990, 937	\$ 7, 236, 431

Note: The investment income or losses recorded in this period are computed based on average exchange rate of 1 USD = 31.08 NTD. And the carrying value of investments are computed based on exchange rate of 1 USD = 30.71 NTD

Note 1: Investment methods are classified into the following 3 categories :

- (A) Direct investment in Mainland China.
- (B) Indirect investment in Mainland China through third country.
- (C) Other method.

Note 2: In the “Share of Profits/Losses” column, the basis for recording the profits or losses are categorized into the following 3 categories, shall indicate clearly :

- (A) If under preparation and without profit or loss, shall indicate clearly.
- (B) Basis for recording the profits or losses are categorized into the following 3 categories, shall indicate clearly.
 1. Based on audited financial statements of international accounting firm with cooperating relationships ROC accounting firms.
 2. Audited financial statements of the Taiwan parent company.
 3. Other (self-prepared financial statements).

Note 3: According to regulation by Investment Commission, MOEA, the accumulated investment amount or ratio in the investments in Mainland China is limited to 60% of the Company’s equity or consolidated equity, whichever is higher.

Note 4: Invested 45% of shares in 2002 through the third entity Chun Yuan Investment (Singapore) Pte Ltd., and invested 25% of shares in Shenzhen Hong Yuan Metal Industry Co., Ltd. 25% via 2001 earnings of the indirectly invested Shenzhen Chun Yuan. There was no outflow of funds.

Note 5: In April 2005, after permission by Investment Commission, MOEA, invested USD17,100 thousand in Qingdao Chun Yuan Precision Mechatronic Co. through Chun Yuan Investment (Singapore) Pte Ltd. in the third region ; The company obtained business certificate on June 30, 2005, with registered paid-in capital of USD18,000 thousand.

Based on the conditions of the funds reaching Mainland China, Chun Yuan Investment (Singapore) Pte Ltd., using the above funds and distributed profits from the directly or indirectly invested subsidiaries in Mainland China over the past years, invested in Qingdao Chun Yuan Precision Mechatronic Co., Ltd. through Chun Yuan Investment (BVI) Co, Ltd. . As of December 31, 2023, the accumulated outflow of funds was USD17, 100 thousand.

Note 6: In July 2007, after permission by Investment Commission, MOEA, additional USD5,250 thousand of capital increase was directly transferred out to Chun Yuan Investment (Singapore) Pte Ltd., of which USD2,000 thousand was from distributed profits from subsidiaries in Mainland China, invested in Shenzhen Chun Yuan through Chun Yuan Investment (BVI) Co, Ltd. .

Note 7: In July 2008, after permission by Investment Commission, MOEA, additional USD2,850 thousand of capital increase was invested in Chun Yuan Investment (Singapore) Pte Ltd., along with USD1,000 thousand of earnings distribution from subsidiaries in Mainland China over the past years, purchased 14.12% of equity in Shenzhen Chun Yuan that was held by China National Nuclear Corporation (Shenzhen) Limited, Mainland China.

Note 8: In 2008, using its own capital, Shenzhen Chun Yuan purchased 15% of equity in Shenzhen Hong Yuan that was held by China National Nuclear Corporation (Shenzhen) Limited, Mainland China.

Note 9: In March 2010, after permission by Investment Commission, MOEA, additional USD2, 500 thousand of capital increase in Chun Yuan Investment (Singapore) Pte Ltd. by the Company. As of December 31, 2023, USD2, 143 thousand had been transferred out, and the fund was directly transferred for acquiring 45.79% of equity in Shenzhen Hong Yuan Metal Industry Co., Ltd.

Note 10: In June 2011, Investment Commission, MOEA approved USD16,000 thousand of investment in Xiamen Chun Yuan Precision Mechatronic Co., Ltd. through 3rd region, Chun Yuan Investment (Singapore) Pte Ltd. In April 2013, after approval by Investment Commission, MOEA, the investment amount was reduced to USD9,450 thousand. As of December 31, 2023, USD9,450 thousand had been transferred out. On November 26, 2021, Chun Yuan Singapore sold all of its equity interests in Xiamen Chun Yuan Precision Mechatronic Co., Ltd. Therefore, from that date forward, Xiamen Chun Yuan is no longer the Company's subsidiary.

Note 11: On November 5, 2021, the Group's Board of Directors passed a resolution for the early cessation of the operation of Shanghai Chun Yuan Steel Industry Co., Ltd. and adopted the following procedures of dissolution, with the dissolution completed at July 25, 2022 and the cancelation registration completed at September 6, 2022.

Note 12: The Group indirectly invested in Xiamen Chunyuan Precision Machinery & Electric Co., Ltd. in Mainland China for the equity transfer price of US\$2,668,121.43 and the residual liquidation property of Shanghai Chunyuan Steel Industry Co. Ltd. and remitted the amount to the Company on January 18, 2023, which was approved by the Investment Commission of the Ministry of Economic Affairs on February 8, 2023 under Letter No. 11200013180 of the Ministry of Economic Affairs.

(2) Material indirect transactions with Mainland China investee companies through business entities in the third region

For material direct or indirect transactions that the Group had with the Mainland China investee companies through business entities in the third region during 2023, please refer to "Information on significant transactions" and "Business relationships between parent and subsidiaries and condition of significant transactions" in the consolidated financial statements.

Table 8

Chun Yuan Steel Industry Co., Ltd. and Subsidiaries
Information on major shareholders
December 31, 2023

Name of Major Shareholders	Number of Shares Held	Percentage of Ownership (%)
Li, Wen Fa	36,300,321	5.60%

Note: The information on major shareholders in this schedule includes shareholders who held at least 5% of common shares and special shares combined (including treasury shares) and had been registered with the stock depository company on the last business day of each season. There may be different in the recorded share capital in the financial statements and the actually registered shares due to different preparation and computation basis.

14. Segment Information

14.1 The Group currently has 6 reporting segments, which are Construction Business Division, First Business Division, Second Business Division, Qingdao Chun Yuan, Shanghai Huateng, and Shenzhen Hong Yuan.

Main businesses:

Construction Business Division—Undertaking of various large construction projects (buildings, factories, bridges and equipment).

First Business Division—Manufacturing and processing of various hot-roll steel sheets, cold-roll steel sheets, coating-plated and aluminum materials.

Second Business Division—Manufacturing and selling of EI sheets suitable for various transformers, stabilizers; manufacturing and selling of iron rotor/stator cores for various motors; manufacturing and selling of various molds; manufacturing and selling of special steel materials for alloy tooling steel and structural steel; provide laser cutting, clipping, punching, pressing, welding, shaping, and other professional processing services and planning; design, manufacture, install and sell various mechanical or electronically controlled moving cabinets, light/medium/heavy material racks and other logistics storage equipment.

Qingdao Chun Yuan—Manufacturing and selling of new types of mechanical and electrical components, fine blanking dies, and other related metal products.

Shanghai Huateng—Manufacturing of cold-rolled silicon steel sheets, various metal materials, rotors, stators.

Shenzhen Hong Yuan—Manufacturing and selling of transformer parts, rotors, stators made of reel-punched silicon steel.

14.2 Basis for information on the Group's major segments:

(1) Taiwan Region: Based on strategic business units, with respective management team and provide different products and services. Since each strategic business unit requires different technologies and marketing strategies, the respective strategic business units are managed separately and report to their respective operating decision makers.

(2) Mainland China: Based on regional operating units, the respective operating units have their own management team and are managed separately and report to their respective operating decision makers.

14.3 The Group does not allocate income tax expenses (benefits) or non-regular profit or losses to the reporting segments. In addition, not all of profit or losses of the reporting segments include material non-cash items other than depreciation and amortization.

The reporting amounts are consistent with the reports used by the operating decision makers.

Except that pension expenses of each operating segment are recorded and measured on cash basis, the accounting policies of the operating segments are the same as those mentioned in the Parent company's summary of significant accounting policies. The operating profit or loss of the Group's operating segments are measured based on before-tax operating profit or loss (not including non-regular profit or losses and foreign exchange gains or losses) and are used as basis for measuring performances. The transactions and transfers among the Group's segments are regarded as arm's length transactions and measured based on current market prices.

14.4 Segment Information:

(1) 2023

Item	In thousands of NTD								Total
	Construction Business Division	First Business Division	Second Business Division	Qingdao Chun Yuan	Shanghai Huateng	Shenzhen Hong Yuan	Other Divisions	Adjustment and write-offs	
Operating revenue:									
From outside customers	\$6, 688, 228	\$7, 334, 585	\$2, 688, 256	\$1, 318, 882	\$2, 103, 038	\$ 682, 474	\$ 379, 175	\$ –	\$21, 194, 638
Revenue among segments	184, 221	238, 961	31, 756	1, 099	3, 870	79, 307	(430, 534)	(108, 680)	–
Total revenue	<u>\$6, 872, 449</u>	<u>\$7, 573, 546</u>	<u>\$2, 720, 012</u>	<u>\$1, 319, 981</u>	<u>\$2, 106, 908</u>	<u>\$ 761, 781</u>	<u>(\$ 51, 359)</u>	<u>(\$ 108, 680)</u>	<u>\$21, 194, 638</u>
Depreciation and amortization	100, 889	36, 728	51, 663	29, 798	30, 966	6, 847	36, 858	–	293, 749
Interest expense	7, 390	6, 582	4, 043	7, 308	3, 978	5, 058	56, 584	–	90, 943
Investment income (loss) recorded using equity method	–	–	–	–	–	–	429, 298	(320, 345)	108, 953
Interest income	–	7	–	2, 627	1, 747	314	5, 665	–	10, 360
Segment profit (loss)	<u>\$ 525, 980</u>	<u>\$ 182, 479</u>	<u>\$ 95, 192</u>	<u>\$ 88, 313</u>	<u>\$ 78, 924</u>	<u>(\$ 4, 971)</u>	<u>\$ 474, 307</u>	<u>(\$ 319, 048)</u>	<u>\$1, 121, 176</u>
Assets									
Capital expenditure on noncurrent assets	–	–	–	8, 185	28, 489	432	655, 979	265	693, 350
Long-term equity investments at equity	–	–	–	–	–	–	7, 144, 844	(6, 521, 373)	623, 471
Segment assets	<u>\$6, 653, 958</u>	<u>\$2, 847, 022</u>	<u>\$1, 306, 283</u>	<u>\$ 969, 657</u>	<u>\$1, 356, 391</u>	<u>\$ 460, 227</u>	<u>\$13, 554, 795</u>	<u>(\$6, 845, 001)</u>	<u>\$20, 303, 332</u>
Liabilities									
Segment liabilities	<u>\$1, 480, 179</u>	<u>\$ 313, 596</u>	<u>\$ 238, 753</u>	<u>\$ 248, 841</u>	<u>\$ 236, 026</u>	<u>\$ 255, 587</u>	<u>\$5, 799, 378</u>	<u>(\$ 329, 746)</u>	<u>\$8, 242, 614</u>

(2) 2022

In thousands of NTD									
Item	Construction Business Division	First Business Division	Second Business Division	Qingdao Chun Yuan	Shanghai Huateng	Shenzhen Chun Yuan	Other Divisions	Adjustment and write-offs	Total
Operating revenue :									
From outside customers	\$7,867,962	\$8,038,978	\$3,620,833	\$1,146,987	\$2,280,278	\$1,475,120	\$ 58,800	\$ 8,824	\$24,497,782
Revenue among segments	460	323,417	63,760	21,713	3,627	47,339	(383,328)	(76,988)	–
Total revenue	<u>\$7,868,422</u>	<u>\$8,362,395</u>	<u>\$3,684,593</u>	<u>\$1,168,700</u>	<u>\$2,283,905</u>	<u>\$1,522,459</u>	<u>(\$ 324,528)</u>	<u>(\$ 68,164)</u>	<u>\$24,497,782</u>
Depreciation and amortization	98,087	35,642	53,234	27,069	31,398	8,353	30,398	–	284,181
Interest expense	3,053	4,453	4,022	12,321	15,574	15,873	50,114	(2,928)	102,482
Investment income (loss) recorded using equity method	–	–	–	–	–	–	141,912	(65,233)	76,679
Interest income	–	4	–	1,475	1,797	320	7,911	1,421	12,928
Segment profit (loss)	<u>\$ 402,676</u>	<u>\$ 47,888</u>	<u>\$ 157,540</u>	<u>\$ 45,787</u>	<u>(\$ 15,499)</u>	<u>(\$ 15,462)</u>	<u>\$ 239,370</u>	<u>(\$ 68,112)</u>	<u>\$ 794,188</u>
Assets									
Capital expenditure on noncurrent assets	–	–	–	62,707	7,143	1,685	218,355	330	290,220
Long-term equity investments at equity	–	–	–	–	–	–	7,271,881	(6,707,625)	564,256
Segment assets	<u>\$6,343,129</u>	<u>\$3,095,752</u>	<u>\$1,859,204</u>	<u>\$ 865,766</u>	<u>\$1,580,902</u>	<u>\$ 807,642</u>	<u>\$13,630,999</u>	<u>(\$7,389,010)</u>	<u>\$20,794,384</u>
Liabilities									
Segment liabilities	\$1,372,739	\$ 614,097	\$ 432,944	\$ 153,199	\$ 497,768	\$ 596,196	\$6,043,837	(\$ 490,656)	\$9,220,124

14.5 Regional information

	Revenue from outside customers		Noncurrent assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	\$16,287,763	\$18,961,488	\$ 5,397,576	\$ 4,946,304
Asia	4,906,875	5,536,294	494,409	551,771
Americas	–	–		
Europe	–	–		
Total	\$21,194,638	\$24,497,782	\$ 5,891,985	\$ 5,498,075

14.6 Product Information

Product	2023	2022
Construction	\$ 6,625,995	\$ 7,811,542
Steel plates	8,648,320	9,526,391
Special steel plates	874,074	1,248,174
Silicon steel materials	3,928,441	4,488,315
Special steel materials	902,492	1,129,953
Processing	110,754	120,220
Others	104,562	173,187
Total	\$ 21,194,638	\$ 24,497,782

Customers that account for 10% or more of the total consolidated revenue: None.