OFCO INDUSTRIAL CORPORATION

PARENT COMPANY ONLY FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023 AND 2022

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of OFCO Industrial Corporation

Opinion

We have audited the accompanying parent company only balance sheets of OFCO Industrial Corporation (the "Company") as of December 31, 2023 and 2022, and the related parent company only statements of comprehensive income, of changes in equity, and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

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

Key audit matters

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

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

Valuation of inventories

Description

Refer to Note 4(11) for the accounting policy on inventory valuation, Note 5(2) for the information on the uncertainty of accounting estimates and assumptions on inventory valuation and Note 6(6) for details of inventory items. As of December 31, 2023, the balances of inventories and allowance for inventory valuation losses were NT$302,049 thousand and NT$40,173 thousand, respectively.

The Company is primarily engaged in the manufacture and sales of screws and related products. Due to the market demand and fluctuations in international steel prices, there is a risk of inventories losing value or becoming obsolete. The inventories are measured at the lower of cost and net realisable value. For inventories aged over a certain period and individually identified as obsolete or slow-moving, the management determines the net realisable values based on historical information on the extent of inventory depletion, and recognizes loss on decline in market price.

Given that the amount of inventory is significant and contains many items, and the net realisable value used when assessing the inventories individually identified as obsolete or slow-moving involves subjective judgment, we considered the valuation of inventories a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Based on our understanding of the nature of the business and the industry, assessed the reasonableness of the policies and procedures in relation to the provision of allowance for inventory valuation losses.
2. Verified the correctness of the inventory aging report used for valuation, recalculated and evaluated the reasonableness of the allowance for inventory valuation losses and confirmed that the information was consistent with the policy.
3. Evaluated and randomly checked the reasonableness of the relevant statements of the net realisable value of inventories, and then evaluated the rationality of the provision of allowance for inventory valuation losses.

Cut-off of export operating revenue

Description

Refer to Note 4(27) for the accounting policies on revenue recognition.

The Company's export operating revenues account for a significant percentage of total revenue, and the export operating revenue is recognized based on the terms specified in the contracts. As different customers have different transaction terms, and the revenue recognition procedures involve manual process and judgment of the management and have a material impact on the financial statements, we considered the cut-off of export operating revenue a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding, assessed and tested the effectiveness of internal controls related to the cut-off of export operating revenue.
2. Obtained the transaction details of the export operating revenue for a specific period before and after the balance sheet date, confirmed the completeness and randomly checked the supporting documents (including confirming transaction terms, checking orders, shipping slips, customs declarations and bills of lading, etc.), to verify whether the export operating revenue has been recorded in the appropriate period.

Investments accounted for under the equity method - estimation of the stage of completion of the subsidiary's projects

Refer to Note 4(12) for the accounting policies on investments accounted for under equity method, and Note 6(7) for details of investments accounted for under equity method.

As of December 31, 2023, investment in the Company's subsidiary accounted for under equity method, Yung Fu Co., Ltd., amounted to NT$636,821 thousand, constituting 21% of the total assets, and had a material effect on the Company's financial statements. After evaluating how the subsidiary's key audit matter impact the Company's financial statements, we considered it a key audit matter for the Company which is described as follows:

Yung Fu Co., Ltd. - estimation of the stage of completion of the subsidiary's projects

Description

The construction revenue of Yung Fu Co., Ltd. arise mainly from the waste turnkey business and engineering projects such as solar power projects. Revenue from projects are recognized by adopting the percentage of completion method based on the input level during the contract period, and the contract cost is recognized as the cost in the period in which it is incurred. The stage of completion is calculated by referring to the cost incurred by each contract up to the end of the reporting period as a percentage of the estimated total cost of such contract. As the aforementioned estimated total cost involves uncertainty in accounting estimates, and that the estimated total cost can affect the calculation of stage of completion and the recognition of construction revenue, therefore, we considered the estimation of the stage of completion of projects a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding on the internal operating procedures for the calculation of estimated total cost evaluation and randomly checked the calculation of estimated total cost of major projects, and confirmed whether the cost evaluation process was consistent with the internal operating procedures.
2. For major projects of the year, randomly checked the estimated total cost that had been properly approved, including supporting documents for added and reduced amounts in the year.
3. Obtained detailed accounts of costs and expenses for the year, and randomly checked relevant vouchers to confirm whether the amount of input used to calculate the stage of completion of projects during the year had been properly accounted for.

Responsibilities of management and those charged with governance for the parent company only financial statements

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

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

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

Auditors' responsibilities for the audit of the parent company only financial statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Tzu-Shu

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan
Republic of China
March 13, 2024

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.
As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

OFCO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 499,141	17	$ 838,407	27
1110	Financial assets at fair value through profit or loss - current	6(2)	64,162	2	20,364	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)	95,707	3	80,881	3
1136	Financial assets at amortised cost - current	6(1)(4) and 8	13,326	-	6,020	-
1170	Accounts receivable, net	6(5) and 7	83,833	3	200,701	7
1200	Other receivables		19,672	1	2,592	-
1220	Current income tax assets	6(25)	5,023	-	-	-
130X	Inventories	5(2) and 6(6)	261,876	9	361,837	12
1410	Prepayments		31,071	1	39,063	1
11XX	**Total current assets**		1,073,811	36	1,549,865	51
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)(12)	127,466	4	420	-
1550	Investments accounted for under equity method	6(7) and 7	1,113,305	37	851,711	28
1600	Property, plant and equipment	6(8)(10), 7 and 8	515,762	17	492,223	16
1755	Right-of-use assets	6(9)	101,822	4	93,129	3
1840	Deferred income tax assets	6(25)	9,188	-	10,280	-
1915	Prepayments for equipment	6(8)	18,884	1	27,188	1
1920	Guarantee deposits paid		2,081	-	2,072	-
1975	Net defined benefit asset - non-current	6(13)	4,766	-	1,522	-
1990	Other non-current assets	7	14,234	1	29,563	1
15XX	**Total non-current assets**		1,907,508	64	1,508,108	49
1XXX	**Total assets**		$ 2,981,319	100	$ 3,057,973	100

(Continued)

OFCO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2023 AMOUNT	%	December 31, 2022 AMOUNT	%
	Current liabilities					
2130	Current contract liabilities	6(18)	$ 4,840	-	$ 7,032	-
2150	Notes payable		11,137	-	22,894	1
2160	Notes payable - related parties	7	10,761	-	50,314	2
2170	Accounts payable		1,626	-	7,263	-
2180	Accounts payable - related parties	7	92,640	3	37,713	1
2200	Other payables	6(11) and 7	79,638	3	119,702	4
2230	Current income tax liabilities	6(25)	-	-	31,649	1
2280	Lease liabilities - current	6(9)	12,171	1	9,940	1
21XX	**Total current liabilities**		212,813	7	286,507	10
	Non-current liabilities					
2530	Corporate bonds payable	6(12)(14)(15)	340,843	11	336,569	11
2570	Deferred income tax liabilities	6(25)	13,923	1	13,919	-
2580	Lease liabilities - non-current	6(9)	94,327	3	85,451	3
25XX	**Total non-current liabilities**		449,093	15	435,939	14
2XXX	**Total liabilities**		661,906	22	722,446	24
	Equity					
	Share capital	6(12)(14)(16)				
3110	Common stock		1,000,587	34	994,101	33
3130	Certificate of entitlement to new shares from convertible bonds		1,320	-	-	-
3140	Capital collected in advance		2,076	-	3,366	-
3200	Capital surplus	6(7)(12)(14)(15)(16)	1,095,632	36	1,102,214	36
	Retained earnings	6(3)(15)(17)				
3310	Legal reserve		35,725	1	12,997	-
3320	Special reserve		44,211	2	38,566	1
3350	Unappropriated retained earnings		154,689	5	228,494	7
3400	Other equity interest	6(3)(7)	(14,827)	-	(44,211)	(1)
3XXX	**Total equity**		2,319,413	78	2,335,527	76
	Contingent Liabilities and Commitments	7 and 9				
	Significant Events After the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 2,981,319	100	$ 3,057,973	100

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

OFCO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

	Items	Notes	2023 AMOUNT	2023 %	2022 AMOUNT	2022 %
4000	Operating revenue	6(18) and 7	$ 1,078,361	100	$ 2,020,488	100
5000	Operating costs	6(6)(13)(23)(24) and 7	(949,884)	(88)	(1,550,020)	(77)
5900	Net operating margin		128,477	12	470,468	23
	Operating expenses	6(13)(23)(24) and 7				
6100	Selling expenses		(36,391)	(4)	(62,029)	(3)
6200	General and administrative expenses		(75,891)	(7)	(84,161)	(4)
6300	Research and development expenses		(88)	-	(321)	-
6000	Total operating expenses		(112,370)	(11)	(146,511)	(7)
6900	Operating profit		16,107	1	323,957	16
	Non-operating income and expenses					
7100	Interest income	6(4)(19)	10,773	1	1,012	-
7010	Other income	6(3)(20)	10,440	1	15,486	1
7020	Other gains and losses	6(2)(21), 7 and 12	119,956	11	55,010	3
7050	Finance costs	6(9)(12)(22)	(9,494)	(1)	(9,812)	-
7070	Share of profit (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	15,940	2	(31,070)	(2)
7000	Total non-operating income and expenses		147,615	14	30,626	2
7900	**Profit before income tax**		163,722	15	354,583	18
7950	Income tax expense	6(25)	(12,883)	(1)	(70,296)	(4)
8200	**Profit for the year**		$ 150,839	14	$ 284,287	14
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit obligations	6(13)	$ 3,224	-	($ 2,886)	-
8316	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	6(3)	26,472	3	(60,371)	(3)
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(7)	3,479	-	31	-
8349	Income (tax) benefit related to components of other comprehensive income that will not be reclassified to profit or loss	6(25)	(645)	-	578	-
8300	**Other comprehensive income (loss) for the year**		$ 32,530	3	($ 62,648)	(3)
8500	**Total comprehensive income for the year**		$ 183,369	17	$ 221,639	11
	Earnings per share (in dollars)	6(26)				
9750	Basic		$	1.51	$	3.02
9850	Diluted		$	1.38	$	2.89

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

OFCO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

		Share Capital				Retained Earnings			Other Equity Interest		
	Notes	Common stock	Certificate of entitlement to new shares from convertible bonds	Capital collected in advance	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	Total equity
For the year ended December 31, 2022											
Balance at January 1, 2022		$ 885,218	$ 5,278	$ -	$ 884,951	$ -	$ 7,745	$ 129,968	$ 373	($ 38,939)	$ 1,874,594
Net income for the year ended December 31, 2022		-	-	-	-	-	-	284,287	-	-	284,287
Other comprehensive loss for the year ended Decmber 31, 2022	6(3)	-	-	-	-	-	-	(2,308)	-	(60,340)	(62,648)
Total comprehensive income (loss) for the year ended Decmber 31, 2022		-	-	-	-	-	-	281,979	-	(60,340)	221,639
Distribution of 2021 net income :											
Legal reserve		-	-	-	-	12,997	-	(12,997)	-	-	-
Special reserve		-	-	-	-	-	30,821	(30,821)	-	-	-
Cash dividends	6(17)	-	-	-	-	-	-	(84,940)	-	-	(84,940)
Distribution of cash dividends from capital surplus	6(15)	-	-	-	(31,294)	-	-	-	-	-	(31,294)
Cash capital increase	6(14)(15)	100,000	-	-	158,700	-	-	-	-	-	258,700
Proceeds from employee stock options exercised	6(14)	-	-	3,366	-	-	-	-	-	-	3,366
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	(54,695)	-	54,695	-
Conversion of convertible bonds	6(12)(15)	8,883	(5,278)	-	2,671	-	-	-	-	-	6,276
Employee stock options compensation costs	6(15)(16)	-	-	-	5,302	-	-	-	-	-	5,302
Changes in ownership interests in subsidiaries recognized	6(7)(15)	-	-	-	68,100	-	-	-	-	-	68,100
Recognized residual value of call options embedded in the convertible corporate bonds	6(12)(15)	-	-	-	13,784	-	-	-	-	-	13,784
Balance at December 31, 2022		$ 994,101	$ -	$ 3,366	$ 1,102,214	$ 12,997	$ 38,566	$ 228,494	$ 373	($ 44,584)	$ 2,335,527
For the year ended December 31, 2023											
Balance at January 1, 2023		$ 994,101	$ -	$ 3,366	$ 1,102,214	$ 12,997	$ 38,566	$ 228,494	$ 373	($ 44,584)	$ 2,335,527
Net income for the year ended December 31, 2023		-	-	-	-	-	-	150,839	-	-	150,839
Other comprehensive income for the year ended Decmber 31, 2023	6(3)	-	-	-	-	-	-	2,579	-	29,951	32,530
Total comprehensive income for the year ended Decmber 31, 2023		-	-	-	-	-	-	153,418	-	29,951	183,369
Distribution of 2022 net income :											
Legal reserve		-	-	-	-	22,728	-	(22,728)	-	-	-
Special reserve		-	-	-	-	-	5,645	(5,645)	-	-	-
Cash dividends	6(17)	-	-	-	-	-	-	(199,417)	-	-	(199,417)
Disposal of financial assets at fair value through other comprehensive income	6(3)	-	-	-	-	-	-	567	-	(567)	-
Proceeds from employee stock options exercised	6(14)	-	-	10,771	-	-	-	-	-	-	10,771
Exercise of employee stock options	6(14)(15)(16)	6,449	-	(12,061)	5,612	-	-	-	-	-	-
Conversion of convertible bonds	6(12)(14)(15)	37	1,320	-	1,981	-	-	-	-	-	3,338
Employee stock options compensation costs	6(15)	-	-	-	1,159	-	-	-	-	-	1,159
Effect of organisational restructuring	6(7)(15)	-	-	-	(15,334)	-	-	-	-	-	(15,334)
Balance at December 31, 2023		$ 1,000,587	$ 1,320	$ 2,076	$ 1,095,632	$ 35,725	$ 44,211	$ 154,689	$ 373	($ 15,200)	$ 2,319,413

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

OFCO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31, 2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 163,722	$ 354,583
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets at fair value through profit or loss		(95,097)	4,119
(Reversal of allowance) provision for inventory market price decline	6(6)	(2,068)	6,121
Share of (profit) loss of subsidiaries, associates and joint ventures accounted for under equity method	6(7)	(15,940)	31,070
Depreciation	6(8)(9)(23)	74,721	60,835
Loss on disposal of property, plant and equipment	6(21) and 7	72	2,754
Employee stock options compensation costs	6(15)(16)(24)	674	3,893
Interest income	6(19)	(10,773)	(1,012)
Dividend income	6(3)(20)	(1,387)	(5,003)
Interest expense	6(22)	9,494	9,812
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss		(39,751)	(12,393)
Other notes receivable		-	600
Accounts receivable		116,868	(76,314)
Other receivables		(17,080)	15,409
Inventories		102,029	21,397
Prepayments		7,992	14,408
Net defined benefit assets - non-current		(20)	(30)
Changes in operating liabilities			
Contract liability - current		(2,192)	(18,699)
Notes payable		(10,694)	(9,646)
Notes payable - related parties		(2,915)	1,398
Accounts payable		(5,637)	7,263
Accounts payable - related parties		54,927	(95,605)
Other payables		(33,789)	14,346
Cash inflow generated from operations		293,156	329,306
Interest received		10,773	1,012
Dividends received		1,387	5,003
Interest paid		(1,878)	(8,194)
Income taxes paid		(49,104)	(10,283)
Net cash flows from operating activities		254,334	316,844

(Continued)

OFCO INDUSTRIAL CORPORATION
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31, 2023	Year ended December 31, 2022
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through profit or loss - non-current		($ 36,000)	$ -
Acquisition of financial assets at fair value through other comprehensive income - current		(14,107)	(3,885)
Proceeds from disposal of financial assets at fair value through other comprehensive income - current	6(3)	25,753	95,092
(Increase) decrease in financial assets at amortised cost - current		(7,306)	189,506
Acquisition of investments accounted for under equity method - subsidiaries	6(7)	(257,024)	(30,000)
Cash paid for acquisition of property, plant and equipment	6(27)	(95,194)	(85,905)
Proceeds from disposal of property, plant and equipment	6(27)	120	56,105
Increase in prepayments for equipment		(25,031)	(37,042)
Increase in guarantee deposits paid		(9)	(142)
Decrease (increase) in other non-current assets		15,329	(16,488)
Net cash flows (used in) from investing activities		(393,469)	167,241
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(28)	-	1,528,570
Decrease in short-term borrowings	6(28)	-	(1,929,203)
Increase in short-term notes and bills payable	6(28)	-	190,000
Decrease in short-term notes and bills payable	6(28)	-	(220,000)
Payments of lease liabilities	6(28)	(11,485)	(8,965)
Issuance of convertible bonds payable	6(12)(28)	-	348,055
Decrease in corporate bonds payable	6(12)(28)	-	(507)
Increase in long-term borrowings	6(28)	-	87,395
Decrease in long-term borrowings	6(28)	-	(124,870)
Cash capital increase	6(14)	-	258,700
Proceeds from employee stock options exercised	6(14)	10,771	3,366
Payments of cash dividends	6(17)	(199,417)	(84,940)
Distribution of cash dividends from capital surplus	6(15)	-	(31,294)
Net cash flows (used in) from financing activities		(200,131)	16,307
Net (decrease) increase in cash and cash equivalents		(339,266)	500,392
Cash and cash equivalents at beginning of year	6(1)	838,407	338,015
Cash and cash equivalents at end of year	6(1)	$ 499,141	$ 838,407

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

OFCO INDUSTRIAL CORPORATION
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

(1) OFCO Industrial Corporation (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) on November 21, 1984. The Company is primarily engaged in the manufacture of fastener screws and related products, metal heat treatment OEM and trading.

(2) The Company’s shares have been listed on the Taipei Exchange since May 1999.

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

These parent company only financial statements were authorised for issuance by the Board of Directors on March 13, 2024.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a sale and leaseback’	January 1, 2024
Amendments to IAS 1, ‘Classification of liabilities as current or non-current’	January 1, 2024
Amendments to IAS 1, ‘Non-current liabilities with covenants’	January 1, 2024
Amendments to IAS 7 and IFRS 7, ‘Supplier finance arrangements’	January 1, 2024

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

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

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit assets recognized based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") 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.

(3) <u>Foreign currency translation</u>

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

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

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

C. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

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

(4) <u>Classification of current and non-current items</u>

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

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

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

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

(a) Liabilities that are expected to be 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;

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

(5) <u>Financial assets at fair value through profit or loss</u>

A. Financial assets at fair value through profit or loss are financial assets that are not measured at amortized cost or fair value through other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through profit or loss are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Company subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

D. The Company recognizes the dividend income when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(6) <u>Financial assets at fair value through other comprehensive income</u>

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognize changes in fair value in other comprehensive income and debt instruments which meet all of the following criteria:

(a) The objective of the Company's business model is achieved both by collecting contractual cash flows and selling financial assets; and

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value:

The changes in fair value of equity investments that were recognized in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognized as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7) Financial assets at amortized cost

A. Financial assets at amortized cost are those that meet all of the following criteria:

(a) The objective of the Company's business model is achieved by collecting contractual cash flows.

(b) The assets' contractual cash flows represent solely payments of principal and interest.

B. On a regular way purchase or sale basis, financial assets at amortized cost are recognized and derecognized using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. Interest income from these financial assets is included in finance income using the effective interest method. A gain or loss is recognized in profit or loss when the asset is derecognized or impaired.

D. The Company's time deposits which do not fall under cash equivalents are those with a short maturity period and are measured at initial investment amount as the effect of discounting is immaterial.

(8) Accounts and notes receivable

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

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

(10) Derecognition of financial assets

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs and related production overheads (allocated based on normal operating capacity). It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. If the cost exceeds net realisable value, valuation loss is accrued and recognized in operating costs. If the net realisable value reverses, valuation is eliminated within the credit balance and is recognized as deduction of operating costs.

(12) Investments accounted for using equity method / Subsidiaries

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Unrealised gains or losses resulting from inter-company transactions with subsidiaries are eliminated. The accounting policies of the subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. After acquisition of subsidiaries, the Company recognized proportionately the share of profit and loss and other comprehensive income in the income statement as part of the Company's profit and loss and other comprehensive income, respectively. When the share of loss from a subsidiary exceeds the carrying amount of Company's interest in that subsidiary, the Company continues to recognize its share in the subsidiary's loss proportionately.

D. According to "Regulations Governing the Preparation of Financial Statements by Securities Issuers", "Profit for the year" and "Other comprehensive income for the year" reported in an entity's parent company only statement of comprehensive income, shall equal to "Profit for the year" and "Other comprehensive income" attributable to owners of the parent reported in that entity's consolidated statement of comprehensive income. Total equity reported in an entity's parent company only financial statements, shall equal to entity attributable to owners of parent reported in that entity's consolidated financial statements.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost, except for those items that have been revalued in accordance with the law. Borrowing costs incurred during the construction period are capitalised.

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

C. 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. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Asset	Estimated useful lives
Buildings and structures	3～35 years
Machinery and equipment	3～23 years
Transportation equipment	4～ 9 years
Office equipment	4～11 years
Leasehold improvements	3～26 years
Other equipment	3～26 years

(14) Leasing arrangements (lessor)－operating leases

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

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

A. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Company. For short-term leases or leases of low-value assets, lease payments are recognized as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payment is comprised of fixed payments, less any lease incentives receivable.The Company subsequently measures the lease liability at amortised cost using the interest method and recognizes interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognized as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

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

(a) The amount of the initial measurement of lease liability; and

(b) Any lease payments made at or before the commencement date.

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

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

(16) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is 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 of disposal or value in use. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognized.

(17) Borrowings

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

(18) Notes and accounts payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.

B. The short-term notes and accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Convertible bonds payable

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

A. The embedded call options and put options are recognized initially at net fair value as 'financial assets or financial liabilities at fair value through profit or loss'. They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as 'gain or loss on valuation of financial assets or financial liabilities at fair value through profit or loss'.

B. The host contracts of bonds are initially recognized at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to ‘finance costs’ over the period of circulation using the effective interest method.

C. The embedded conversion options which meet the definition of an equity instrument are initially recognized in ‘capital surplus—share options’ at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

D. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

E. When bondholders exercise conversion options, the liability component of the bonds (including bonds payable and ‘financial assets or financial liabilities at fair value through profit or loss’) shall be remeasured on the conversion date. The issuance cost of converted common shares is the total book value of the abovementioned liability component and ‘capital surplus—share options’.

(20) Derecognition of financial liabilities

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

(21) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount 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 realise the asset and settle the liability simultaneously.

(22) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plan

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

(b) Defined benefit plan

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations.

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

C. Employees' compensation and directors' and supervisors' remuneration

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

(23) <u>Income tax</u>

A. 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.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company 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 of the company and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred 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 parent company only 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 or loss and does not 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 Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred 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 utilised. At each balance sheet date, unrecognized and recognized deferred income tax assets are reassessed.

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

(24) Share capital

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

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(25) Employee share-based payment

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

(26) Dividends

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

(27) Revenue recognition

A. Sales of goods

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

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

B. Sales of services

(a) The Company provides processing services. Revenue from providing services is recognized in the accounting period in which the services are rendered. For fixed price contracts, revenue is recognized based on the actual service provided to the end of the balance sheet date as a proportion of the total services to be provided.

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

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

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year. The related information is addressed below.

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the influence of different market demand and expiration date, etc., the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the valuation.

As of December 31, 2023, the carrying amount of inventories was $261,876.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 250	$ 250
Checking accounts and demand deposits	159,985	350,675
	160,235	350,925
Cash equivalents:		
Time deposits	145,125	487,482
Repurchase agreement	193,781	-
	$ 499,141	$ 838,407

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

B. As of December 31, 2023 and 2022, the Company has transferred $13,326 and $6,020 of demand deposits and repurchase agreement pledged as collateral to "financial assets at amortised cost - current", respectively.

C. Details of the Company's cash and cash equivalents pledged to others as collateral (listed as "Financial assets at amortised cost - current") as of December 31, 2023 and 2022 are described in Note 8.

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

Items	December 31, 2023	December 31, 2022
Current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks	$ 59,921	$ 8,662
Beneficiary certificates	-	11,508
	59,921	20,170
Valuation adjustment	4,241	194
	$ 64,162	$ 20,364
Non-current items:		
Financial assets mandatorily measured at fair value through profit or loss		
Listed stocks-Private placement	$ 36,000	$ -
Call options of bonds	416	420
	36,416	420
Valuation adjustment	91,050	-
	$ 127,466	$ 420

A. The Company recognized net gain on financial assets mandatorily measured at fair value through profit or loss amounting to $103,974 and $17,289 (listed as "Other gains and losses") for the years ended December 31, 2023 and 2022, respectively.

B. No gain or loss on call options of bonds measured at fair value through profit and loss was recognized for the years ended December 31, 2023 and 2022.

C. In November 2023, the Company subscribed a total of 5,000 thousand shares of Ensure Global Corp., Ltd. through private placement, and the transfer of the private placement stock is restricted within three years.

D. The Company has no financial assets at fair value through profit or loss pledged to others as collateral.

E. Information relating to credit risk is provided in Note 12(2).

(3) Financial assets at fair value through other comprehensive income - current

Items	December 31, 2023	December 31, 2022
Equity instruments		
Listed stocks	$ 114,420	$ 125,499
Valuation adjustment	(18,713)	(44,618)
	$ 95,707	$ 80,881

A. The Company has elected to classify equity investments that are considered to be strategic investments as financial assets at fair value through other comprehensive income. Without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the financial assets at fair value through other comprehensive income held by the Company was its book value.

B. Amounts recognized in profit or loss and other comprehensive income in relation to the financial assets at fair value through other comprehensive income are listed below:

	For the years ended December 31,	
	2023	2022
Equity instruments at fair value through other comprehensive income		
Dividend income recognized in profit or loss	$ 1,387	$ 5,003
Fair value change recognized in other comprehensive income	$ 26,472	($ 60,371)
Cumulative (gains) losses reclassified to retained earnings due to derecognition	($ 567)	$ 54,695

C. Aiming to satisfy the capital needs, the Company sold its equity investments of listed stocks at fair values of $25,753 and $95,092, which resulted in cumulative (gains) losses on disposal of ($567) and $54,695 during the years ended December 31, 2023 and 2022, respectively, which were reclassified as retained earnings.

D. The Company has no financial assets at fair value through other comprehensive income pledged to others as collateral.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

(4) Financial assets at amortised cost

Items	December 31, 2023	December 31, 2022
Pledged demand deposits	$ 13,326	$ 20
Pledged repurchase agreement	-	6,000
	$ 13,326	$ 6,020

A. The Company recognized in profit or loss in relation to financial assets at amortised cost amounting to $76 and $442 (listed as "Interest income") for the years ended December 31, 2023 and 2022, respectively.

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

C. Details of the Company's financial assets at amortised cost pledged to others as collateral as of December 31, 2023 and 2022 are provided in Note 8.

D. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(5) Accounts receivable

	December 31, 2023	December 31, 2022
Accounts receivable	$ 83,856	$ 200,724
Less: Allowance for uncollectible accounts	(23)	(23)
	$ 83,833	$ 200,701

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2023	December 31, 2022
Not past due	$ 65,724	$ 60,888
Within 60 days past due	18,123	139,836
61 to 180 days past due	9	-
	$ 83,856	$ 200,724

The above ageing analysis was based on past due date.

B. As of December 31, 2023 and 2022, accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $177,185.

C. As of December 31, 2023 and 2022, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the accounts receivable held by the Company was its book value.

D. As of December 31, 2023 and 2022, the Company did not hold any collateral as security for accounts receivable.

E. Information relating to credit risk of accounts receivable is provided in Note 12(2).

F. As of December 31, 2023 and 2022, the Company had no accounts receivable pledged to others.

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 90,990	($ 24,403)	$ 66,587
Work in process	148,099	(11,382)	136,717
Finished goods	62,960	(4,388)	58,572
	$ 302,049	($ 40,173)	$ 261,876

	December 31, 2022		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 78,133	($ 23,231)	$ 54,902
Work in process	200,792	(15,028)	185,764
Finished goods	125,153	(3,982)	121,171
	$ 404,078	($ 42,241)	$ 361,837

The cost of inventories recognized as expense for the year:

	For the years ended December 31,	
	2023	2022
Cost of goods sold	$ 961,105	$ 1,558,565
(Reversal of allowance) provision for inventory market price decline (Note)	(2,068)	6,121
Loss on physical inventory	2,296	4,373
Revenue from sales of scraps	(11,449)	(20,702)
	$ 949,884	$ 1,548,357

(Note) For the year ended December 31, 2023, the Company reversed a previous inventory write-down which was accounted for as reduction of operating costs because certain inventories which were previously provided with allowance for decline in value were subsequently sold.

(7) Investments accounted for under equity method

A. Movements of investments accounted for under equity method:

	For the years ended December 31,	
	2023	2022
At January 1	$ 851,711	$ 783,241
Acquisition of investments accounted for under equity method	257,024	30,000
Share of profit or loss of investments accounted for under equity method	15,940	(31,070)
Changes in ownership interests in subsidiaries recognized	-	68,100
Effect of organisational restructuring	(15,334)	-
Employee stock options given to subsidiaries	485	1,409
Changes in other ownership interest in subsidiaries recognized	3,479	31
At December 31	$ 1,113,305	$ 851,711

B. Details of investments accounted for under equity method as follows:

	December 31, 2023	December 31, 2022
TSG Transport Corp.	$ 261,713	$ 204,716
TSG Environmental Technology Corp.	45,612	42,567
TSG Power and Engineering Corp.	146,950	-
TSG Engineering Corp.	22,209	-
Yung Fu Co., Ltd.	636,821	604,428
	$ 1,113,305	$ 851,711

C. To effectively manage the Group and increase investment profit, the Board of Directors of the Company resolved to acquire 100% equity interest of TSG Power and Engineering Corp. (formerly named TSG Power Corp.) from the subsidiary, Yung Fu Co., Ltd., in cash amounting to $194,554 on November 8, 2023, and the effective date for the transfer was set on November 30, 2023. As the transaction is considered a group organisational restructuring, the Company recognized this transaction based on the carrying amount of the shares of TSG Power and Engineering Corp. held by the subsidiary, Yung Fu Co., Ltd., at the effective date of the transfer, and accordingly, capital surplus-additional paid-in capital decreased by $15,334 (including the difference between the acquisition price and investment accounted amount of $47,919 and adjustments on capital surplus of the subsidiary, Yung Fu Co., Ltd., accounted for under equity method arising from the transaction amounting to $32,585).

D. To seek business diversification and lower investment risk, the Board of Directors of the Company resolved to acquire 100% equity interest in TSG Engineering Corp. from TSG United Co., Ltd. in cash amounting to $20,070 on November 8, 2023, and the Company participated in the cash capital increase of TSG Engineering Corp. amounting to $2,400.

E. The subsidiaries of the Company, TSG Transport Corp. and TSG Environmental Technology Corp., increased its capital in May 2023 and December 2022, respectively, and the Company acquired all of the shares in the amount of $40,000 and $30,000, respectively, which had already been paid in full.

F. For more information regarding the subsidiaries of the Company, refer to Note 4(3), "Basis of consolidation" of the Company and subsidiaries' consolidated financial statements for the year ended December 31, 2023.

G. As of December 31, 2023 and 2022, the Company has no investments accounted for under equity method pledged to others as collateral.

(8) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
January 1, 2023								
Cost	$ 92,904	$ 81,574	$ 603,135	$ 8,193	$ 18,064	$ 146,786	$ 144,944	$ 1,095,600
Accumulated depreciation	-	(67,994)	(326,051)	(4,652)	(13,418)	(97,842)	(86,086)	(596,043)
Accumulated impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	(7,334)
	$ 92,904	$ 13,580	$ 275,830	$ 3,541	$ 3,624	$ 44,293	$ 58,451	$ 492,223
For the year ended December 31, 2023								
At January 1	$ 92,904	$ 13,580	$ 275,830	$ 3,541	$ 3,624	$ 44,293	$ 58,451	$ 492,223
Additions-Cost	-	-	33,879	-	-	8,044	9,295	51,218
Transferred from prepayments for equipment	-	-	23,035	-	-	-	10,300	33,335
Depreciation	-	(2,702)	(31,799)	(686)	(578)	(9,709)	(15,348)	(60,822)
Disposals-Cost	-	-	(5,143)	(710)	(26)	-	(16,730)	(22,609)
-Accumulated depreciation	-	-	5,143	710	22	-	16,542	22,417
At December 31	$ 92,904	$ 10,878	$ 300,945	$ 2,855	$ 3,042	$ 42,628	$ 62,510	$ 515,762
December 31, 2023								
Cost	$ 92,904	$ 81,574	$ 654,906	$ 7,483	$ 18,038	$ 154,830	$ 147,809	$ 1,157,544
Accumulated depreciation	-	(70,696)	(352,707)	(4,628)	(13,974)	(107,551)	(84,892)	(634,448)
Accumulated impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	(7,334)
	$ 92,904	$ 10,878	$ 300,945	$ 2,855	$ 3,042	$ 42,628	$ 62,510	$ 515,762

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Total
January 1, 2022								
Cost	$ 92,904	$ 78,913	$ 545,322	$ 8,493	$ 16,579	$ 137,249	$ 184,044	$ 1,063,504
Accumulated depreciation	-	(66,284)	(320,240)	(5,937)	(13,328)	(90,398)	(128,035)	(624,222)
Accumulated impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	(7,510)
	$ 92,904	$ 12,629	$ 223,687	$ 2,556	$ 2,229	$ 42,200	$ 55,567	$ 431,772
For the year ended December 31, 2022								
At January 1	$ 92,904	$ 12,629	$ 223,687	$ 2,556	$ 2,229	$ 42,200	$ 55,567	$ 431,772
Additions-Cost	-	3,635	69,783	2,001	1,961	9,891	17,691	104,962
Transferred from prepayments for equipment	-	-	12,316	-	-	-	264	12,580
Depreciation	-	(2,684)	(24,692)	(963)	(512)	(7,724)	(13,832)	(50,407)
Disposals-Cost	-	(974)	(24,286)	(2,301)	(476)	(354)	(57,055)	(85,446)
-Accumulated depreciation	-	974	18,881	2,248	422	280	55,781	78,586
-Accumulated impairment	-	-	141	-	-	-	35	176
At December 31	$ 92,904	$ 13,580	$ 275,830	$ 3,541	$ 3,624	$ 44,293	$ 58,451	$ 492,223
December 31, 2022								
Cost	$ 92,904	$ 81,574	$ 603,135	$ 8,193	$ 18,064	$ 146,786	$ 144,944	$ 1,095,600
Accumulated depreciation	-	(67,994)	(326,051)	(4,652)	(13,418)	(97,842)	(86,086)	(596,043)
Accumulated impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	(7,334)
	$ 92,904	$ 13,580	$ 275,830	$ 3,541	$ 3,624	$ 44,293	$ 58,451	$ 492,223

A. As of December 31, 2023 and 2022, the Company's property, plant and equipment are all occupied by the owner for operating purpose.

B. The Company has not capitalized any interest for the years ended December 31, 2023 and 2022.

C. For more information regarding the Company's property, plant and equipment that were pledged to others as collateral as of December 31, 2023 and 2022, refer to Note 8.

D. Accumulated impairment information about the property, plant and equipment is provided in Note 6(10).

(9) Leasing arrangements－lessee

A. The Company leases various assets including buildings and business vehicles. Rental contracts are typically made for periods of 5 and 10 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Short-term leases with a lease term of 12 months or less comprise business vehicles. Low-value assets comprise air cleaners, etc.

C. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023		December 31, 2022	
	Carrying amount		Carrying amount	
Buildings	$	101,555	$	92,465
Transportation equipment		267	$	664
	$	101,822	$	93,129

	For the years ended December 31,			
	2023		2022	
	Depreciation charge		Depreciation charge	
Buildings	$	13,503	$	10,032
Transportation equipment		396		396
	$	13,899	$	10,428

D. For the years ended December 31, 2023 and 2022, the additions to right-of-use assets were $22,592 and $9,873 respectively.

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

	For the years ended December 31,			
	2023		2022	
Items affecting profit or loss				
Interest expense on lease liabilities	$	1,856	$	1,144
Expense on short-term lease contracts		3,850		3,996
Expense on leases of low-value assets		58		58

F. For the years ended December 31, 2023 and 2022, the Company's total cash outflow for leases were $17,249 and $14,163, respectively.

(10) Impairment of non-financial assets

In 2023 and 2022, the Company reversed the accumulated impairment of $ — and $176, respectively due to the scrapping of other equipment. As of December 31, 2023 and 2022, the accumulated impairment loss recognized on the Company's non-financial assets was both $7,334.

(11) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	$ 23,430	$ 31,867
Processing expenses payable	13,644	15,337
Packaging expenses payable	8,412	9,592
Employees' compensation and directors' remuneration payable	6,812	14,907
Utilities expense payable	4,774	4,286
Payables for equipment	1,336	7,611
Other payables	21,230	36,102
	$ 79,638	$ 119,702

(12) Corporate bonds payable

	December 31, 2023	December 31, 2022
Unsecured convertible bonds	$ 354,457	$ 357,934
Less: Discount on bonds payable	(13,614)	(21,365)
	$ 340,843	$ 336,569

A. The Company issued the second domestic secured convertible bonds in June 2019 and issued the fourth unsecured convertible bonds in September 2022. The terms of convertible bonds issuance are as follows:

(a) The terms of the second domestic secured convertible bonds issued by the Company are as follows:

i. The Company was approved by the competent authority to raise and issue the second domestic secured convertible bonds with a total amount of $100,000 (related issuance cost was $1,667), with a coupon rate of 0% and a maturity period of 3 years from June 17, 2019 to June 17, 2022. The convertible bonds will be redeemed in cash at 101.51% of the face value of the bonds upon maturity.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (September 18, 2019) to the maturity date (June 17, 2022), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model as specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model as specified in the terms of the bonds on each effective date. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

iv. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

v. EnTie Commercial Bank, Ltd. (the "Guarantor Bank") was entrusted as guarantor banks for this convertible bonds. The guarantee period is from the date of full collection of the convertible bonds to the date of full payment of the principal and interest payable under the Plan, and the guarantee covers the outstanding principal and interest compensation payable under the Plan, which are subordinate to the principal debt.

vi. The convertible bonds matured on June 17, 2022, and the total amount of principal and interest repayment upon maturity was $507.

(b) The terms of the fourth unsecured convertible bonds issued by the Company are as follows:

i. The Company was approved by the competent authority to raise and issue the fourth domestic unsecured bonds with a total amount of $351,750 (related issuance cost was $3,695), with a coupon rate of 0% and a maturity period of 3 years from September 30, 2022 to September 30, 2025. The convertible bonds will be redeemed in cash at 102.2669% of the face value of the bonds upon maturity.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after three months of the bonds issue (December 31, 2022) to the maturity date (September 30, 2025), except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model as specified in the terms of the bonds, and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. The conversion price will be reset based on the pricing model as specified in the terms of the bonds on each effective date. If the reset conversion price is higher than the conversion price before the reset, the conversion price will not be adjusted.

iv. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from the Taipei Exchange), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. For the year ended December 31, 2022, the face value of the Company's convertible bonds of $6,200 had been converted into 360 thousand shares of common stock and together with the face value of the Company's convertible bonds of $9,500 which had been converted into 528 thousand shares of common stock but has not yet been registered as of December 31, 2021, totaling 888 thousand shares of common stock. As of the date of record for the capital increase on January 17, 2022 and May 11, 2022, the registration of changes had been completed (listed as “Share capital - common stock” of $8,883 and “Capital surplus - issue premium” of $2,746 and reversed “Capital surplus - bonds share options” of $75 and “Share capital - certificate of entitlement to new shares from convertible bonds” of $5,278”).

C. For the year ended December 31, 2023, the face value of the Company’s convertible bonds of $100 had been converted into 4 thousand shares of common stock. As of the date of record for the capital increase on March 22, 2023, the registration of changes had been completed (listed as "Common stock" of $37 and "Capital surplus - issue premium" of $63 and reversed "Capital surplus - bonds share options" $4).

D. For the year ended December 31, 2023, the face value of the Company’s convertible bonds of $3,300 had been converted into 132 thousand shares of common shares. As of December 31, 2023, the registration for the change has not yet been completed (listed as “Share capital - certificate of entitlement to new shares from convertible bonds” of $1,320 and “Capital surplus - issue premium” of $2,051 and reversed “Financial assets at fair value through profit or loss - non-current - call options of bonds” of $4 and “Capital surplus - bonds share options” of $129).

E. Regarding the issuance of convertible bonds, the equity conversion options amounting to $13,784 were separated from the liability component and were recognized in “Capital surplus - bonds stock options” in accordance with IAS 32. As of December 31, 2023 and 2022, the balances of the above “Capital surplus - bonds share options” were $13,651 and $13,784, respectively, after the issue, repurchase of bonds and the exercise of conversion rights by creditors in accordance with the conversion method. The call options and put options embedded in corporate bonds payable were separated from their host contracts and were recognized in ‘financial assets or liabilities at fair value through profit or loss’ in net amount in accordance with IFRS 9 because the economic characteristics and risks of the embedded derivatives were not closely related to those of the host contracts. The effective interest rates of the corporate bonds payable after such separation was 2.24%.

F. For more information about interest expenses recognized by the Company for the years ended December 31, 2023 and 2022, please refer to Note 6(22).

(13) <u>Pensions</u>

A. The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees’ service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees’ monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. However, the Company suspended the contributions to the Labor Pension Fund until March 31, 2024, as approved by the competent authority. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March. Related information is shown as follow:

(a) The amounts recognized in the balance sheet are as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 58)	($ 5,705)
Fair value of plan assets	4,824	7,227
Net defined benefit assets	$ 4,766	$ 1,522

(b) Movements in net defined benefit assets are as follows:

	For the year ended December 31, 2023		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	($ 5,705)	$ 7,227	$ 1,522
Interest (expense) income	(74)	94	20
	(5,779)	7,321	1,542
Remeasurements:			
Return on plan assets	-	62	62
Change in financial assumptions	(6)	-	(6)
Experience adjustments	3,168	-	3,168
	3,162	62	3,224
Paid pension	2,559	(2,559)	-
At December 31	($ 58)	$ 4,824	$ 4,766

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	($ 6,454)	$ 10,832	$ 4,378
Interest (expense) income	(45)	75	30
	(6,499)	10,907	4,408
Remeasurements:			
Return on plan assets	-	823	823
Change in financial assumptions	218	-	218
Experience adjustments	(3,927)	-	(3,927)
	(3,709)	823	(2,886)
Paid pension	4,503	(4,503)	-
At December 31	($ 5,705)	$ 7,227	$ 1,522

(c) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(d) The principal actuarial assumptions used were as follows:

	For the years ended December 31,	
	2023	2022
Discount rate	1.28%	1.30%
Future salary increases	2.00%	2.00%

Assumptions regarding future mortality experience are both set based on actuarial advice in accordance with published statistics and experience according to Taiwan Life Insurance Industry 6th Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 3)	$ 3	$ 3	($ 3)
December 31, 2022				
Effect on present value of defined benefit obligation	($ 73)	$ 74	$ 59	($ 58)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once.The method of analysing sensitivity and the method of calculating net pension liability in thebalance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(e) Expected contributions to the defined benefit pension plans of the Company for the year ending December 31, 2024 amount to $－.

(f) As of December 31, 2023, the weighted average duration of the retirement plan is 23 years. The analysis of timing of the future pension payment was as follows:

Over 5 years	$ 76

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2023 and 2022 were $4,617 and $5,113, respectively.

(14) Share capital and capital collected in advance

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

	For the years ended December 31,	
	2023	2022
At January 1	99,410	88,522
Cash capital increase	-	10,000
Conversion of employee stock options	645	-
Conversion of convertible bonds	4	888
At December 31	100,059	99,410

B. For the purposes of repaying borrowings from financial institutions and increasing the working capital to strengthen the Company’s financial structure, the Board of Directors of the Company resolved to increase the Company’s capital by issuing 10,000 thousand ordinary shares on May 11, 2023, which has been approved by Financial Supervisory Commission, with a premium of $26 (in dollars) per share, and the total amount of the capital increase was $260,000. The actual net cash capital increase was $258,700 after net of related issuance costs of $1,300, and the effective date was August 18, 2022.

C. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 180 units were exercised between November to December 2022 (the proceeds from the subscription was $3,366), 115 units were exercised between January to March 2023 (the proceeds from the subscription was $2,150) and 350 units were exercised between April to September 2023 (the proceeds from the subscription was $6,545). As of the date of record for the capital increase on January 11, 2023, March 22, 2023 and August 9, 2023, the registration of changes had been completed (listed as "Common stock" of $6,449 and "Capital surplus - Issue premium" of $5,612).

D. Among the stock option certificates obtained by the employees of the Company as of October 21, 2020, 120 units were exercised between October and December 2023, and the proceeds from the subscription was $2,076 (listed as the “Capital collected in advance”). As at December 31, 2023, the shares has not yet been registered.

E. For more information about the status of the request for conversion of the Company’s corporate bonds for the years ended December 31, 2023 and 2022, please refer to Note 6(12).

F. As of December 31, 2023, the Company’s authorised capital was $4,000,000 (including $96,000 reserved for conversion of employee stock options), and the paid-in capital was $1,000,587, consisting of 100,059 thousand shares of ordinary stock with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

(15) Capital surplus

	For the year ended December 31, 2023					
	Issuance premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Bonds share options	Employee stock options	Others	Total
At January 1	$ 915,511	$ 154,160	$ 13,784	$ 12,018	$ 6,741	$ 1,102,214
Conversion of convertible bonds	2,114	-	(133)	-	-	1,981
Conversion of employee stock options	5,612	-	-	-	-	5,612
Employee stock options forfeited	1,912	-	-	(1,912)	-	-
Employee stock options compensation costs	-	-	-	1,159	-	1,159
Effect of organisational restructuring	(15,334)	-	-	-	-	(15,334)
At December 31	$ 909,815	$ 154,160	$ 13,651	$ 11,265	$ 6,741	$ 1,095,632

	For the year ended December 31, 2022					
	Issuance premium	Difference between consideration and carrying amount of subsidiaries acquired or disposed	Bonds share options	Employee stock options	Others	Total
At January 1	$ 785,353	$ 86,060	$ 75	$ 6,722	$ 6,741	$ 884,951
Cash capital increase	158,700	-	-	-	-	158,700
Issuance of convertible bonds	-	-	13,784	-	-	13,784
Conversion of convertible bonds	2,746	-	(75)	-	-	2,671
Employee stock options forfeited	6	-	-	(6)	-	-
Employee stock options compensation costs	-	-	-	5,302	-	5,302
Changes in ownership interests in subsidiaries recognized	-	68,100	-	-	-	68,100
Distribution of cash dividends from the capital surplus	(31,294)	-	-	-	-	(31,294)
At December 31	$ 915,511	$ 154,160	$ 13,784	$ 12,018	$ 6,741	$ 1,102,214

A. Pursuant to the R.O.C Company Act, capital reserves arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital reserves should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. For more information about "Capital surplus - issuance premium", "Capital surplus - bonds share options" and "Capital surplus - employee stock options", please refer to Note 6(14), Note 6(12), and Note 6(16).

C. For more information about "Capital surplus - effect of organisational restructuring" and "Capital surplus - changes in ownership interests in subsidiaries recognized", please refer to Note 6(7).

D. On June 22, 2022, the Company's stockholders resolved the distribution of dividends from capital surplus in the amount of $31,294 ($0.35 (in dollars) per share).

(16) Share-based payment

A. Employee stock option plan

On October 21, 2020, the Company issued 3,000 units of compensatory stock option plan at a subscription price of $21.6 (in dollars) per share, which was set up based on not lower than the market price of the Company's common stock on the grant date, and the number of shares of common stock to be subscribed per unit of stock options is 1,000. If there is a change in the shares of the Company's common stock after the issuance of the stock options, the price is adjusted according to a specific formula. As of December 31, 2023, the subscription price for employee stock options has been adjusted to $17.3 (in dollars). The stock options issued are valid for a period of 5 years, and employees may exercise their stock options in annual installments after 2 years of employment from the issuance date in accordance with the employee stock option plan. The compensation cost of the Company's compensated employee stock options recognized in 2023 and 2022 (relative to the item listed as "Capital surplus - employee stock options") was $674 and $2,015, respectively. Among them, 913 thousand shares were awarded to the employees of subsidiaries over a 3-year period, so subsidiaries recognized the compensation cost in 2023 and 2022 (relative items listed in "Capital surplus - employee stock options") of $485 and $1,409, respectively.

(a) Details of the number of options and weighted average exercise price of compensatory stock option plan for the years ended December 31, 2023 and 2022 are as follows:

	For the year ended December 31, 2023	
Stock Options	Number of options (unit)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	2,820	$ 18.7
Options exercised	(585)	17.3~18.7
Options expired	(1,505)	17.3~18.7
Options outstanding at December 31	730	17.3
Options exercisable at December 31	638	17.3
Options approved but not yet issued at December 31	-	-

	For the year ended December 31, 2022	
Stock Options	Number of options (unit)	Weighted-average exercise price (in dollars)
Options outstanding at January 1	3,000	$ 19.5
Options exercised	(180)	18.7
Options outstanding at December 31	2,820	18.7
Options exercisable at December 31	1,320	18.7
Options approved but not yet issued at December 31	-	-

For more information about the Company’s collection of payment for 585 and 180 units of employee stock options for the years ended December 31, 2023 and 2022, please refer to Note 6(14).

(b) The fair value of the Company’s stock option plan is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	October 21, 2020
Stock price (in dollars)	$ 21.35
Exercise price (in dollars)	21.60
Dividend rate	0%
Expected price volatility	27.97%
Risk-free interest rate	0.2285%
Expected option life	5 years
Fair value per unit (per share)	NTD$5.24 (in dollars)

B. Cash capital increase reserved for employee preemption

On May 11, 2022, the Company's Board of Directors resolved to increase capital by cash, including 1,500 thousand shares reserved for employee preemption. The grand date was set on July 12, 2022 with a subscription price of NT$26 (in dollars) per share. The compensation cost (related items listed in "Capital surplus - employee stock options") recognized for the above cash capital increase reserved for employee preemption for the year ended December 31, 2022 was $1,878, whose fair value granted on grant date is measured using the Black-Scholes option-pricing model. Relevant information is as follows:

Grant date	July 22, 2022
Stock price (in dollars)	$ 26.35
Exercise price (in dollars)	26.00
Dividend rate	0%
Expected price volatility	52.43%
Risk-free interest rate	0.05374%
Expected option life	0.085 years
Fair value per unit (per share)	NTD$1.78 (in dollars)

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

(17) Retained earnings

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

B. In accordance with the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve (except when the legal reserve has already reached the total capital). Stock dividends should be appropriated. The remainder, if any, to be appropriated shall be resolved by the Company's stockholders at the stockholders' meeting. The Company's dividend policy is based on the Company's future capital budget plan to measure the capital requirements for future years, and the remaining earnings will be distributed in the form of cash dividends only after the Company has decided to use retained earnings to meet the capital requirements. The Board of Directors shall prepare a proposal for the distribution of earnings in accordance with the order and rate of distribution of earnings as provided for in these Articles of Incorporation, and the proposal shall be approved by the shareholders during their meeting.

The surplus distribution in the preceding paragraph, in accordance with Article 240, Item 5 of the Company Law, where dividends and bonus, in whole or in part, are distributed in the form of cash, the Board of Directors is authorised to make the distribution by approval of more than half of the directors present at the meeting, where more than two-thirds of the directors are present, and the report of such distribution shall be submitted to the shareholders during their meeting.

The Company considers a balanced and stable dividend policy and, depending on the demand for investment capital and the dilution of earnings per share, dividends to shareholders should be 50% to 100% of accumulated distributable earnings and should be paid in the form of appropriate stock dividends or cash dividends, with cash dividends to be distributed at no less than 50% of shareholders' dividends

C. Special reserve

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

(b) The amounts of $7,745 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1090150022, dated March 31, 2021, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently. Such amounts are reversed upon disposal or reclassified if the assets are investment property of land, and reversed over the use period if the assets are investment property other than land.

D. As resolved by the Board of Directors on March 23, 2022 and March 22, 2023, the Company recognized cash dividends distributed to owners amounting to $84,940 ($0.95 (in dollars) per share) and $199,417 ($2 (in dollars) per share) for the appropriations of 2021 and 2022 earnings, respectively. On March 13, 2024, the Board of Directors resolved for the distribution of cash dividends from 2023 earnings of $100,413 ($1 (in dollars) per share).

(18) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 1,078,361	$ 2,020,488

A. Disaggregation of revenue from contracts with customers

The Company derives revenue from the transfer of goods and services over time and at a point in time in the following major product and types of services:

	For the years ended December 31,	
	2023	2022
Revenue from sales of screws	$ 1,075,402	$ 1,695,710
Others	2,959	324,778
	$ 1,078,361	$ 2,020,488

	For the years ended December 31,	
	2023	2022
Timing of revenue recognition		
At a point in time	$ 1,078,130	$ 2,018,963
Over time	231	1,525
	$ 1,078,361	$ 2,020,488

B. The Company has recognized the following revenue-related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current			
Receipts in advance	$ 4,840	$ 7,032	$ 25,731

Revenue recognized for the years ended December 31, 2023 and 2022, which was included in the contract liabilities at the beginning of the year, amounted to $6,639 and $25,510, respectively.

(19) Interest income

	For the years ended December 31, 2023	2022
Interest income from bank deposits	$ 10,667	$ 535
Interest income from financial assets measured at amortised cost	76	442
Other interest income	30	35
	$ 10,773	$ 1,012

(20) Other income

	For the years ended December 31, 2023	2022
Compensation income	$ 3,565	$ 3,430
Dividend income	1,387	5,003
Directors' remuneration	741	2,092
Other income	4,747	4,961
	$ 10,440	$ 15,486

(21) Other gains and losses

	For the years ended December 31, 2023	2022
Net gains on financial assets at fair value through profit or loss	$ 103,974	$ 17,289
Net loss on disposals of property, plant and equipment	(72)	(2,754)
Net foreign exchange gains	16,055	40,995
Other losses	(1)	(520)
	$ 119,956	$ 55,010

(22) Finance costs

	For the years ended December 31,			
	2023		2022	
Interest expense:				
Bank borrowings	$	22	$	6,764
Convertible bonds payable		7,616		1,904
Interest expense on lease liabilities		1,856		1,144
	$	9,494	$	9,812

(23) Expenses by nature

	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expense	$ 103,027	$ 39,033	$ 142,060	$ 138,641	$ 58,976	$ 197,617
Depreciation	$ 61,967	$ 12,754	$ 74,721	$ 48,276	$ 12,559	$ 60,835

(24) Employee benefit expense

	For the year ended December 31, 2023			For the year ended December 31, 2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Wages and salaries	$ 82,611	$ 29,861	$ 112,472	$ 115,672	$ 42,668	$ 158,340
Employee compensation costs	-	674	674	-	3,893	3,893
Labor and health insurance expenses	11,155	2,195	13,350	12,105	2,477	14,582
Pension costs	3,496	1,121	4,617	3,976	1,137	5,113
Directors' remuneration	-	3,361	3,361	-	6,147	6,147
Other personnel expenses	5,765	1,821	7,586	6,888	2,654	9,542
	$ 103,027	$ 39,033	$ 142,060	$ 138,641	$ 58,976	$ 197,617

A. As at December 31, 2023 and 2022, the average number of employees of the Company were 216 and 236, which included 8 and 7 non-employee directors, respectively. The average employee benefit expense and the average wages and salaries for the years ended December 31, 2023 and 2022 were $667 and $836, $544 and $708, respectively. Adjustment of average employee salaries for the year ended December 31, 2023 was a decrease of 23%.

B. In accordance with the Articles of Incorporation of the Company, the Board of Directors is authorized to determine the remuneration of the Company’s directors based on the extent of their participation in the Company’s operations, value of contribution and the general pay levels of the industry; the remuneration policy to the managers is determined based on their position, contribution, operating performance of the Company for the year and future risks of the Company as submitted to the Board of Directors for resolution after being reviewed by the Remuneration Committee; the remuneration policy to the employees is determined based on their abilities, contribution to the Company and their performance, market value of the position, and operational risk.

C. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors’ and supervisors’ remuneration. The ratio shall be 1%~3% for employees’ compensation and shall not be higher than 3% for directors’ and supervisors’ remuneration. Employees’ compensation will be distributed in the form of shares or cash. The Company may, by a resolution adopted by more than half vote at a meeting of Board of Directors attended by two-thirds of the total number of directors, have the profit distributable as employees’ compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

The above-mentioned profit of the current year refers to the pre-tax profit before deducting employees’ compensation and directors’ remuneration.

D. For the years ended December 31, 2023 and 2022, employees’ compensation was accrued at $3,406 and $7,472, respectively; while directors’ remuneration was accrued at $3,406 and $7,435, respectively. The aforementioned amounts were recognized in salary expenses, which were estimated and accrued based on the distributable net profit of current year calculated by the percentage prescribed under the Company’s Articles of Incorporation. The employees’ compensation and directors’ remuneration for 2022 as resolved by the Board of Directors were both $7,390. The difference between the aforementioned amounts and the employees’ compensation of $7,472 and directors’ remuneration of $7,435 recognized in the 2022 financial statements by $127, mainly caused by estimation differences, had been adjusted in the profit or loss for 2023. As resolved by the Board of Directors on March 13, 2024, the employees’ compensation and directors’ remuneration were both $3,406, which will be distributed in the form of cash.

Information about employees’ compensation and directors’ remuneration of the Company as resolved by the Board of Directors will be posted in the “Market Observation Post System” at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(a) Components of income tax expense:

	For the years ended December 31,	
	2023	2022
Current tax:		
Current tax on profits for the year	$ 14,325	$ 35,136
Tax on undistributed earnings	-	60
Prior year income tax (over) underestimation	(1,893)	6,736
Total current tax	12,432	41,932
Deferred tax:		
Origination and reversal of temporary differences	451	28,364
Income tax expense	$ 12,883	$ 70,296

(b) The income tax charge relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2023	2022
Remeasurements of defined benefit obligations	$ 645	($ 578)

B. Reconciliation between income tax expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 32,745	$ 70,917
Effect from items disallowed by tax regulation	(22,730)	(3,712)
Effect from temporary differences not recognized as deferred tax	(101)	1,915
Effect from investment tax credits	-	(3,246)
Change in assessment of realisation of deferred tax assets	4,862	(2,374)
Tax on undistributed earnings	-	60
Prior year income tax (over) underestimation	(1,893)	6,736
Income tax expense	$ 12,883	$ 70,296

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

	For the year ended December 31, 2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences				
Unrealised loss on inventory market price decline	$ 8,448	($ 414)	$ -	$ 8,034
Unrealised loss on currency exchange	261	544	-	805
Pension	994	-	(645)	349
Unrealised expenses	577	(577)	-	-
	$ 10,280	($ 447)	($ 645)	$ 9,188
Deferred tax liabilities				
Temporary differences				
Pension	($ 1,385)	($ 4)	$ -	($ 1,389)
Incremental tax on land revaluation	(12,534)	-	-	(12,534)
	($ 13,919)	($ 4)	$ -	($ 13,923)
	($ 3,639)	($ 451)	($ 645)	($ 4,735)

	For the year ended December 31, 2022			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Deferred tax assets				
Temporary differences				
Unrealised loss on inventory market price decline	$ 7,224	$ 1,224	$ -	$ 8,448
Unrealised loss on currency exchange	3,415	(3,154)	-	261
Pension	416	-	578	994
Unrealised expenses	577	-	-	577
Loss carryforward	25,049	(25,049)	-	-
	$ 36,681	($ 26,979)	$ 578	$ 10,280
Deferred tax liabilities				
Temporary differences				
Pension	$ -	($ 1,385)	$ -	($ 1,385)
Incremental tax on land revaluation	(12,534)	-	-	(12,534)
	($ 12,534)	($ 1,385)	$ -	($ 13,919)
	$ 24,147	($ 28,364)	$ 578	($ 3,639)

D. The amounts of deductible temporary differences that were not recognized as deferred tax assets are as follows:

	December 31, 2023	December 31, 2022
Deductible temporary differences		
Bad debts expense	$ 4,543	$ 4,543
Impairment of assets	1,467	1,467
	$ 6,010	$ 6,010

E. The Company’s income tax returns through 2021 have been assessed and approved by the Tax Authority, and there were no disputes existing between the Company and the Authority as of March 13, 2024.

(26) Earnings per share

	For the year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 150,839	99,817	$ 1.51
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 150,839	99,817	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	205	
Employees stock option	-	484	
Corporate bonds payable	6,092	13,209	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 156,931	113,715	$ 1.38

	For the year ended December 31, 2022		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders	$ 284,287	93,998	$ 3.02
Diluted earnings per share			
Profit attributable to ordinary shareholders	$ 284,287	93,998	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	359	
Corporate bonds payable	1,523	4,395	
Profit attributable to ordinary shareholders plus assumed conversion of all dilutive potential ordinary shares	$ 285,810	98,752	$ 2.89

(27) Supplemental cash flow information

A. Investing activities with partial cash receipts and payments:

	For the years ended December 31, 2023	For the years ended December 31, 2022
(a) Acquisition of property, plant and equipment	$ 51,218	$ 104,962
Add: Opening balance of notes payable (Including related parties)	46,748	23,255
Opening balance of other payables (Including related parties)	7,611	12,047
Less: Ending balance of notes payable (Including related parties)	(9,047)	(46,748)
Ending balance of other payables (Including related parties)	(1,336)	(7,611)
Cash paid for acquisition of property, plant and equipment	$ 95,194	$ 85,905

	For the years ended December 31, 2023	For the years ended December 31, 2022
(b) Disposal of property, plant and equipment	$ 120	$ 3,930
Add: Opening balance of notes receivable	-	52,175
Cash receipts from disposal of property, plant and equipment	$ 120	$ 56,105

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

	For the years ended December 31, 2023	For the years ended December 31, 2022
(a) Inventories transferred to office supplies	$ -	$ 1,724
(b) Prepayments for equipment transferred to property, plant and equipment	$ 33,335	$ 12,580
(c) Convertible bonds converted into share capital and capital surplus	$ 3,338	$ 6,276

(28) Changes in liabilities from financing activities

	Lease liabilities	Corporate bonds payable (including the current portion)	Liabilities from financing activities-gross
At January 1	$ 95,391	$ 336,569	$ 431,960
Changes in cash flow from financing activities	(11,485)	-	(11,485)
Changes in other non-cash items	22,592	4,274	26,866
At December 31	$ 106,498	$ 340,843	$ 447,341

	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Corporate bonds payable (including the current portion)	Long-term borrowings (including the current portion	Liabilities from financing activities-gross
At January 1	$ 400,633	$ 30,000	$ 94,483	$ 6,757	$ 37,475	$ 569,348
Changes in cash flow from financing activities	(400,633)	(30,000)	(8,965)	347,548	(37,475)	(129,525)
Changes in other non-cash items	-	-	9,873	(17,737)	-	(7,864)
At December 31	$ -	$ -	$ 95,391	$ 336,568	$ -	$ 431,959

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
TSG Transport Corp.	Subsidiary
Yung Fu Co., Ltd.	Subsidiary
TSG Environmental Technology Corp.	Subsidiary
TSG Power and Engineering Corp.	Subsidiary
TSG Engineering Corp.	Subsidiary
TSG United Co., Ltd.	The juristic director of the Company
Chun Yu Works & Co., Ltd.	Other related party
Chun Zu Machinery Industry Co., Ltd.	Other related party
Chun Bang Precision Co., Ltd.	Other related party
TMP Steel Co., Ltd.	Other related party
Gloria Material Technology Corp.	Other related party
S-TECH Corp.	Other related party
TSG Sports Marketing Corp.	Other related party
Golden Win Steel Industrial Corp.	Other related party

(2) Significant related party transactions

A. Sales of goods

	For the years ended December 31,	
	2023	2022
Sales of goods:		
Chun Yu Works & Co., Ltd.	$ 5,135	$ 2,868

Transaction price: Negotiated price for both related and third parties.

Collection terms (period): 15 to 90 days for related parties and 3 to 90 days for third parties by wire transfer or 60 to 90 days by letter of credit after the date of bill of lading.

B. Purchases of goods

	For the years ended December 31,	
	2023	2022
Purchases of goods:		
Chun Yu Works & Co., Ltd.	$ 447,553	$ 701,753

Transaction price: Negotiated price for both related and third parties.

Payment terms (period): Goods are purchased from related parties based on the prices and terms that would be available to third parties and the average payment terms are 1～3 months. However, both parties may negotiate to extend payment terms depending on the funds available.

C. Property transactions

(a) Acquisition of property, plant and equipment:

		For the years ended December 31,	
	Objects	2023	2022
Chun Zu Machinery Industry Co., Ltd.	Machinery and equipment	$ 35,711	$ 68,439
Other related parties	Machinery and equipment	459	178
		$ 36,170	$ 68,617

The Company purchased property, plant and equipment from related parties through negotiation.

(b) Disposal of property, plant and equipment:

		For the year ended December 31, 2023	
	Objects	Proceeds from disposal	Gains (losses) from disposal
Chun Zu Machinery Industry Co., Ltd.	Machinery and equipment	$ 684	$ -

		For the year ended December 31, 2022	
	Objects	Proceeds from disposal	Gains (losses) from disposal
Chun Yu Works & Co., Ltd.	Machinery and equipment	$ 680	$ 524

D. Equity transactions

(a) The Company acquired a 100% equity interest of TSG Power and Engineering Corp. from Yung Fu Co., Ltd. and acquired a 100% equity interest of TSG Engineering Corp. from TSG United Co., Ltd. in 2023. For more information, please refer to Note 6(7).

(b) For the years ended December 31, 2023 and 2022, the Company participated in the cash capital increase of its investments accounted for under equity method, TSG Engineering Corp., TSG Transport Corp., and TSG Environmental Technology Corp., with investment amounts of $42,400 and $30,000, respectively.

E. Mold expenses and repair expenses (listed as “Operating costs” and “Other non-current assets”)

	For the years ended December 31,	
	2023	2022
Other related parties	$ 10,548	$ 26,850

F. Freight expenses, export expenses and other expenses (listed as “Operating costs” and “Operating expenses”)

	For the years ended December 31,	
	2023	2022
Subsidiary	$ 13,492	$ 39,923

G. Accounts receivable

	December 31, 2023	December 31, 2022
Other related parties	$ 4,286	$ -

H. Notes payable

	December 31, 2023	December 31, 2022
Chun Zu Machinery Industry Co., Ltd.	$ 9,047	$ 45,685
Chun Bang Precision Co., Ltd.	1,714	4,629
	$ 10,761	$ 50,314

I. Accounts payable

	December 31, 2023	December 31, 2022
Chun Yu Works & Co., Ltd.	$ 92,640	$ 37,712

J. Other payables

	December 31, 2023	December 31, 2022
Other related parties	$ 2,149	$ 1,382
Subsidiary	2,134	2,857
	$ 4,283	$ 4,239

K. Loans to related parties

As of December 31, 2023, the Company’s loan commitments to and the actual amount used by its subsidiary, Yung Fu Co., Ltd., were $150,000 and $－, respectively. There were no such events on December 31, 2022.

L. Endorsements and guarantees

Endorsements and guarantees provided to related parties:

Endorser/ guarantor	Endorsee/guarantee	December 31, 2023
The Company	Yung Fu Co., Ltd.	$ 200,000

As of December 31, 2023, the actual amounts of endorsement/guarantee provided by the Company was $－. There were no such events on December 31, 2022.

(3) Key management compensation

	For the years ended December 31, 2023	For the years ended December 31, 2022
Salaries and other short-term employee benefits	$ 8,981	$ 9,397

8. PLEDGED ASSETS

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

Pledged asset	December 31, 2023	December 31, 2022	Purpose
Pledged demand deposits (Note 1)	$ 13,326	$ 20	Guarantee for short-term borrowings
Pledged repurchase agreement (Note 1)	-	6,000	Guarantee for short-term notes and bills payable
Land (Note 2)	-	92,904	Guarantee for short-term and long-term borrowings
Buildings and structures, net (Note 2)	-	13,580	Guarantee for short-term and long-term borrowings
	$ 13,326	$ 112,504	

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

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

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2023 and 2022, the Company's remaining balance due for construction in progress and prepayments for equipment were $28,458 and $33,522, respectively.

(2) As of December 31, 2023 and 2022, the unused letters of credit for the purchase of raw materials amounted to $55,647 and $－, respectively.

(3) As of December 31, 2023 and 2022, information about endorsements and guarantees to subsidiaries is provided in Note 7.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

In February 2024, the Company participated in the cash capital increase of Argo Yachts Development Co., Ltd. in the amount of 1,500 thousand shares, at NT$27 (in dollars) per share, and the total subscription amount was $40,500.

12. OTHERS

(1) Capital management

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

(2) Financial instruments

A. Financial instruments by category

The information on financial instruments by category is provided in Notes 6 and 12(3).

B. Financial risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts is used to hedge certain exchange rate risk. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units.

C. Significant financial risks and degrees of financial risks

(a) Market risk

i. <u>Foreign exchange risk</u>

(i) Management has set up a policy to require the Company to manage its foreign exchange risk against its functional currency. The Company is required to hedge its entire foreign exchange risk exposure with the Company treasury. Exchange rate risk is measured through a forecast of highly probable EUR and USD expenditures. Forward foreign exchange contracts are adopted to minimise the volatility of the exchange rate affecting collection forecast of accounts receivable.

(ii) The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting, and therefore accounts for financial assets or liabilities at fair value through profit or loss.

(iii) The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
EUR:NTD	$ 5,252	33.98	$ 178,463
USD:NTD	3,112	30.71	95,570
Financial liabilities			
Monetary items			
EUR:NTD	48	33.98	1,631
USD:NTD	12	30.705	368

	December 31, 2022		
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 6,382	30.71	$ 195,991
EUR:NTD	2,856	32.72	93,448
Financial liabilities			
Monetary items			
USD:NTD	104	30.71	3,194
EUR:NTD	126	32.72	4,123

Sensitivity analysis of foreign exchange risk is primarily for foreign currency monetary items at financial reporting date. If the exchange rate of NTD to USD and EUR had appreciated/depreciated by 1% with all other factors remaining constant, the Company’s net profit after tax for the years ended December 31, 2023 and 2022 would increase/decrease by $2,176 and $1,040, respectively.

Total exchange gains, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2023 and 2022, amounted to $16,055 and $40,995, respectively.

ii. Price risk

(i) The Company's equity securities, which are exposed to price risk, are the held financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

(ii) The Company's investments in equity securities comprise securities issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased by $1,916 and $208, respectively, as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would have increased/decreased by $957 and $809, respectively, as a result of other comprehensive income classified as equity investment at fair value through other comprehensive income.

iii. Cash flow and fair value interest rate risk

The Company's borrowings are financial instruments at floating rates. Thus, future cash flows will fluctuate due to changes in market interest rates and furture changes in effective rates of debt instruments. However partial interest rate risk is offset by cash and cash equivalents held at variable rates. If the borrowing interest rate had increased/decreased by 10% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have decreased/increased by $ － and $54, respectively. The main factor is that changes in interest expense result from floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages its credit risk taking into consideration the entire company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. The Company adopts the assumption under IFRS 9, that is, default occurs when the contract payments are past due over 90 days.

iv. The Company adopts management of credit risk, whereby the default occurs when the contract payments are past due over certain number of days.

v. The Company classifies customer's notes and accounts receivable in accordance with credit term. The Company applies the modified approach using the provision matrix, loss rate methodology to estimate expected credit loss. The Company uses the forecastability of conditions to adjust historical and timely information to assess the default possibility of notes and accounts receivable. Movements in relation to the Company applying the modified approach to provide loss allowance for notes receivable and accounts receivable are as follows:

	For the year ended December 31, 2023		
	Notes receivable	Accounts receivable	Total
Balance at January 1 and December 31	$ -	$ 23	$ 23

	For the year ended December 31, 2023		
	Notes receivable	Accounts receivable	Total
Balance at January 1 and December 31	$ -	$ 23	$ 23

(c) Liquidity risk

i. Cash flow forecasting is performed in Finance division of the Company. Finance division monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. Company treasury invests surplus cash in interest bearing current accounts and time deposits, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. As at December 31, 2023 and 2022, the Company held money market position of $499,141 and $838,407, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

iii. The Company has the following undrawn borrowing facilities:

	December 31, 2023	December 31, 2022
Floating rate		
Expiring within one year	$ 280,000	$ 790,000

iv. The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

December 31, 2023	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable (including related parties)	$ 21,898	$ -	$ -	$ -
Accounts payable (including related parties)	94,266	-	-	-
Other payables (including related parties)	79,638	-	-	-
Lease liabilities	13,866	14,395	45,966	39,325
Corporate bonds payable	-	-	362,492	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities				
Notes payable (including related parties)	$ 73,208	$ -	$ -	$ -
Accounts payable (including related parties)	44,976	-	-	-
Other payables (including related parties)	119,702	-	-	-
Lease liabilities	11,168	11,468	25,727	42,687
Corporate bonds payable	-	-	366,048	-

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Except for corporate bonds payable (including current portion) which is measured at present value, which is calculated based on the cash flow expected to be paid and discounted using a market rate prevailing at balance sheet date, the carrying amounts of the Company's financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost - current, accounts receivable, other receivables, guarantee deposits paid, notes payable (including related parties), accounts payable (including related parties) and other payables) are approximate to their fair values.

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

December 31, 2023	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Equity securities	$ 64,162	$ 127,050	$ -	$ 191,212
Call options of corporate bonds	-	416	-	416
	$ 64,162	$ 127,466	$ -	$ 191,628
Financial assets at fair value through other comprehensive income				
Equity securities	$ 95,707	$ -	$ -	$ 95,707

December 31, 2022	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Beneficiary certificates	$ 11,508	$ -	$ -	$ 11,508
Equity securities	8,856	-	-	8,856
Call options of corporate bonds	-	420	-	420
	$ 20,364	$ 420	$ -	$ 20,784
Financial assets at fair value through other comprehensive income				
Equity securities	$ 80,881	$ -	$ -	$ 80,881

D. The methods and assumptions the Company used to measure fair value are as follows:

(a) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares	Open-end fund
Market quoted price	Closing price	Net asset value

(b) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

(c) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc.. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial at the balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

E. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present discounted value techniques and option pricing models. The call options of corporate bonds is usually evaluated according to the binomial tree convertible bond model.

F. For the years ended December 31, 2023 and 2022, there was no transfer between Level 1 and Level 2.

G. For the years ended December 31, 2023 and 2022, there was no financial instruments from Level 3.

13. SUPPLEMENTARY DISCLOSURES

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

(1) Significant transactions information

A. Loans to others: Refer to table 1.

B. Provision of endorsements and guarantees to others: Refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Refer to table 3.

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

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

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: Refer to table 4.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Refer to table 5.

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

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

J. Significant inter-company transactions during the reporting periods: Refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China)：Refer to table 7.

(3) Information on investments in Mainland China

None.

(4) Major shareholders information

Major shareholders information: Refer to table 8.

14. SEGMENT INFORMATION

None.

OFCO INDUSTRIAL CORP.
STATEMENT OF CASH AND CASH EQUIVALENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Items	Description	Amount
Cash:		
Cash on hand		$ 250
Checking Deposits		1,915
Demand Deposits - NTD		15,945
- Foreign Currency	USD 734 thousand @ 30.7	22,545
	EUR 3,519 thousand @ 33.98	119,580
		160,235
Cash equivalents:		
Time deposits - NTD	Expiration by 01.05.2024 ~ 02.03.2024 Interest rates at 1.09% ~ 1.60%	145,125
Repurchase agreement		193,781
		$ 499,141

OFCO INDUSTRIAL CORPORATION
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Name of Financial Instrument	Description	Number of Shares (in thousands)	Face Value (in dollars)	Total Amount	Interest Rate	Acquisition Cost	Fair Value: Unit Price (in dollars)	Fair Value: Total Amount	Amount of Change in The Fair Value is Attributable to Change in The Credit Risk	Note
Listed stocks	Chun Yu Works & Co., Ltd.	426	$ 10	$ 4,260	—	$ 10,012	$ 25.25	$ 10,756	—	—
	Gloria Material Technology Corp.	1,094	10	10,940	—	49,909	48.82	53,406	—	—
						59,921		$ 64,162		
						4,241				
	Valuation adjustment					$ 64,162				

OFCO INDUSTRIAL CORPORATION
STATEMENT OF FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - CURRENT
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

								Fair Value			
Name of Financial Instrument	Description	Number of Shares (in thousands)	Face Value (in dollars)	Total Amount	Interest Rate	Acquisition Cost	Accumulated Impairment	Unit Price (in dollars)	Total Amount	Total Amount	Note
Listed stocks	Taiwan Styrene Monomer Corporation	2,688	$ 10	$ 26,880	-	$ 58,387	$ -	$ -	$ 15.65	$ 42,067	—
	D-Link Corporation	1,179	10	11,790	-	28,821	-	-	19.95	23,523	—
	Jia Jie Biomedical Co., Ltd.	1,751	10	17,510	-	27,212	-	-	17.20	30,117	—
						114,420				$ 95,707	
						(18,713)					
	Valuation adjustment					$ 95,707					

OFCO INDUSTRIAL CORP.
STATEMENT OF ACCOUNTS RECEIVABLE, NET
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Client Name	Item	Amount	Note
Wurth Industrie Service Gmbh & Co. KG	Accounts receivable	$ 22,870	—
F. REYHER NCHFG. GMBH & CO. KG	〃	5,887	—
Commercial DADO S.p.A.	〃	4,241	—
Others (less than 5%)	〃	50,858	—
		83,856	
Less: Allowance for uncollectible accounts		(23)	—
		$ 83,833	

OFCO INDUSTRIAL CORP.
STATEMENT OF INVENTORIES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Amount: Cost	Amount: Net Realizable Value	Note	Collateral
Raw materials	$ 90,990	$ 67,372	Please refer to Note 4(11) for the method to determine the net realizable value.	None
Work in process	148,099	263,792		None
Finished goods	62,960	81,623		None
	302,049	$ 412,787		
Less: Allowance for valuation loss	(40,173)			
	$ 261,876			

OFCO INDUSTRIAL CORPORATION
STATEMENT OF PREPAYMENTS
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Item	Description	Amount	Note
Office supplies	—	$ 28,987	—
Others (less than 5%)	—	2,084	—
		$ 31,071	

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

	Beginning Balance		Addition		Decrease		Valuation Adjustment	Ending Balance			
Name of Financial Instruments	Number of Shares (in thousands)	Fair Value	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount	Amount	Number of Shares (in thousands)	Fair Value	Collateral	Note
Listed stocks - Private placement : Ensure Global Corp., Ltd. (Note)	-	$ -	5,000	$ 36,000	-	$ -	$ 91,050	5,000	$ 127,050	None	—
Call options of convertible bonds	-	420	-	-	-	(4)	-	-	416	None	—
		$ 420		$ 36,000		($ 4)	$ 91,050		$ 127,466		

(Note) Please refer to Note 6(2) for the information related to financial assets at fair value through profit or loss.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF CHANGES IN INVESTMENTS ACCOUNTED FOR UNDER EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

	Beginning Balance		Additions		Decrease		Ending Balance			Market Value or Net Assets Value			
Company Name	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Amount	Number of Shares (in thousands)	Percentage of Ownership	Amount	Unit Price (in dollars)	Total Amount	Collateral	Note
TSG Transport Corp.	16,000	$ 204,716	6,500	$ 56,997	-	$ -	22,500	100.00%	$ 261,713	$ 11.63	$ 261,713	None	—
TSG Environmental Technology Corp.	4,000	42,567	-	3,045	-	-	4,000	100.00%	45,612	11.40	45,612	None	—
TSG Power and Engineering Corp.	-	-	18,000	194,869	-	(47,919)	18,000	100.00%	146,950	8.16	146,950	None	—
TSG Engineering Corp	-	-	2,250	22,470	-	(261)	2,250	100.00%	22,209	9.87	22,209	None	—
Yung Fu Co., Ltd.	47,531	604,428	-	32,849	-	(456)	47,531	67.15%	636,821	13.40	636,821	None	—
		$ 851,711		$ 310,230		($ 48,636)			$ 1,113,305		$ 1,113,305		

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

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

OFCO INDUSTRIAL CORPORATION

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

FOR THE YEAR ENDED DECEMBER 31, 2023

(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(8) for the information related to property, plant and equipment and Note 4(13) for the method to determine depreciation and useful lives for assets.

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

	Buildings	Transportation Equipment	Total
Balance at January 1, 2023	$ 131,891	$ 1,980	$ 133,871
Addtions	22,592	-	22,592
Balance at December 31, 2023	$ 154,483	$ 1,980	$ 156,463

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

	Buildings		Transportation Equipment		Total	
Balance at January 1, 2023	$	39,426	$	1,316	$	40,742
Addtions		13,503		396		13,899
Balance at December 31, 2023	$	52,929	$	1,712	$	54,641

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

Please refer to Note 7 for the information related to accounts payable - related parties.

OFCO INDUSTRIAL CORP.
STATEMENT OF OTHER PAYABLES
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

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

OFCO INDUSTRIAL CORP.
STATEMENT OF CORPORATE BONDS PAYABLE
DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

					Amount								
Bonds Name	Trustee	Issuance Date	Interest Payment Date	Coupon Rate	Total Issuance Amount	Repayment Paid	Amount converted	Ending Balance	Unamortised Discounts	Carrying Amount	Repayment Term	Collateral	Note
4th unsecured convertible bonds in 2022	Mega Securities Co., Ltd.	2022.9.30	Note	Note	$ 357,934	$ -	($ 3,477)	$ 354,457	($ 13,614)	$ 340,843	Note	Note	-

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

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

Item	LeaseTerm	Discount Rate	Amount
Buildings	2021.7~2031.6	1.2%~3%	$ 94,327

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

Item	Volume (ton)	Amount	Notes
Sales:			
Screws	18,028	$ 1,091,212	—
Steel billets	136	2,573	—
Steel wire rod	8	155	—
		1,093,940	
Less: Sales returns, discounts and allowances		(15,810)	—
Operating revenue - Net		1,078,130	
Revenue of processing service	47	231	—
Operating revenue		$ 1,078,361	

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

Item	Amount
Beginning raw materials	$ 78,133
Add: Raw materials purchased	463,424
Less: Raw materials sold	(2,507)
Loss on physical inventory	(2,502)
Ending raw materials	(90,990)
Raw materials used during the year	445,558
Director labor	48,203
Manufacturing overhead	346,711
Manufacturing cost	840,472
Beginning work in process	200,792
Add: Work in process purchased	3,057
Gain on physical inventory	78
Less: Work in process sold	(5,373)
Ending work in process	(148,099)
Cost of finished goods	890,927
Beginning finished goods	125,153
Add: Gain on physical inventory	128
Less: Transferred to sample expenses	(23)
Ending finished goods	(62,960)
Cost of manufacturing and sales	953,225
Cost of raw materials sold	2,507
Cost of work in process sold	5,373
Cost of inventory sold	961,105

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

Item	Amount
Reversal of allowance for inventory market price decline	($ 2,068)
Loss on physical inventory	2,296
Revenue from sales of scraps	(11,449)
Operating costs	$ 949,884

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

Item	Description	Amount	Note
Depreciation	—	$ 61,967	—
Utilities	—	53,588	—
Plating fee	—	50,400	—
Wages and salaries	—	37,904	—
Packaging fee	—	36,786	—
Other expenses (less than 5%)	—	106,066	—
		$ 346,711	

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

Item	Description	Amount	Note
Export fees	—	$ 12,824	—
Freight	—	11,878	—
Wages and salaries	—	5,886	—
Other expenses (less than 5%)	—	5,803	—
		$ 36,391	

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

Item	Description	Amount	Note
Wages and salaries	—	$ 29,131	—
Depreciation	—	11,745	—
Donation expense	—	10,166	—
Professional service fees	—	4,203	—
Other expenses (less than 5%)	—	20,646	—
		$ 75,891	

OFCO INDUSTRIAL CORPORATION
STATEMENT OF FINANCIAL COSTS
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(22) for the information related to financial costs.

OFCO INDUSTRIAL CORPORATION
STATEMENT OF SUMMARY OF EMPLOYEE BENEFITS, DEPRECIATION, AND AMORTIZATION EXPENSES IN THE CURRENT PERIOD
FOR THE YEAR ENDED DECEMBER 31, 2023
(Expressed in thousands of New Taiwan dollars)

Please refer to Note 6(23) for the additional information related to expenses by nature and Note 6(24) for the information related to employee benefits.

OFCO Industrial Corporation

Loans to others

For the year ended December 31, 2023

Table 1

Expressed in thousands of NTD

Number	Creditor	Borrower	General ledger account	Is a related parties	Maximum outstanding balance	Ending balance	Actual amount drawn down	Interest rate	Nature for financing (Note 1)	Amount of transactions with the borrower	Reason for financing	Allowance for doubtful accounts	Collateral		Limited on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Note
													Item	Value			
0	OFCO Industrial Corporation	Yung Fu Co., Ltd.	Other receviables - related party	Y	$ 150,000	$ 150,000	$ –	–	2	$ –	Business development needs	$ –	–	$ –	$ 231,941	$ 463,883	–

(Note 1) The code represents the nature for financing as follows:

1. Trading Partner.
2. Short-term financing.

(Note 2) The maximum amount for total loan is 20% of its net value; the maximum amount for individual loans is as follows:

1. For trading partner: shall not be higher of the purchases or sales amount of the most recent year.
2. For short-term financing: shall not be exceed 10% of the Company’s net worth based on the latest audited or reviewed financial statements.

OFCO Industrial Corporation

Provision of endorsements and guarantees to others

For the year ended December 31, 2023

Table 2 Expressed in thousands of NTD

Endorser/guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship (Note 1)	Limit on endorsements/ guarantees provided for a single party	Maximum balance during the period	Outstanding balance at December 31, 2023	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsements/ guarantee amount to net worth of the endorser/guarantor company	Ceiling on total amount of endorsements/ guarantee provied	Provision of endorsements/ guarantees by parent company to subsidary	Provision of endorsements/ guarantees by subsidary to parent company	Provision of endorsements/ guarantees to party in Mainland China	Note
OFCO Industrial Corporation	Yung Fu Co., Ltd.	3	$ 231,941	$ 200,000	$ 200,000	$ -	$ -	8.62%	$ 927,765	Y	N	N	(Note 2)

(Note 1) The following code represents the relationship with the Company :

1. Trading partner.
2. Majority owned subsidiary.
3. The Company direct and indirect owns over 50% ownership of the investee company.
4. A subsidiary jointly owned over 90% by the Company.
5. Guaranteed by the Company according to the construction contract.
6. An investee company. The guarantees were provided based on the Company's proportionate share in the investee company.
7. Joint and several guaranteed by the Company according to the pre-construction contract under Consumer Protection Act.

(Note 2) The limit of total amount of endorsements shall not be higher of 40% of the Company's net worth, and the limit for a single party, except for the subsidiary owned over 90% by the Company shall not be higher of 20% of the Company's net worth, the others shall not be higher of 10% of the Company's net worth.

OFCO Industrial Corporation

Holding of marketable securities at the end of the period (excluding subsidiaries, associates and joint ventures)

December 31, 2023

Table 3

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the securities issuer	General ledger account	Ending balance				Note
				Number of shares (in thousands)	Book value	Percentage of ownership (%)	Fair value	
OFCO Industrial Corporation	Stocks:							
	Chun Yu Works & Co., Ltd.	Other related party	Financial assets at fair value through profit or loss - current	426	$ 10,756	0.14%	$ 10,756	—
	Gloria Material Technology Corp.	Other related party	Financial assets at fair value through profit or loss - current	1,094	53,406	0.21%	53,406	—
	Ensure Global Corp., Ltd.	—	Financial assets at fair value through profit or loss - non-current	5,000	127,050	3.16%	127,050	—
	Taiwan Styrene Monomer Corporation	—	Financial assets at fair value through other comprehensive income - current	2,688	42,067	0.51%	42,067	—
	D-Link Corporation	—	Financial assets at fair value through other comprehensive income - current	1,179	23,523	0.20%	23,523	—
	Jia Jie Biomedical Co., Ltd.	—	Financial assets at fair value through other comprehensive income - current	1,751	30,117	1.97%	30,117	—
Yung Fu Co.,Ltd.	Beneficiary Certificates：							
	GAM Multistock - Luxury Brands Equity USD E	—	Financial assets at fair value through profit or loss - current	—	2,837	—	2,837	—
	Stocks:							
	Titan Insurance Broker Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non - current	500	20,093	14.29%	20,093	—
TSG Environmental Technology Corp.	Stocks:							
	Titan Insurance Broker Co., Ltd.	—	Financial assets at fair value through other comprehensive income - non - current	44	1,749	1.24%	1,749	—

OFCO Industrial Corporation

Disposal of real estate reaching $300 million or 20% of paid-in capital or more

For the year ended December 31, 2023

Table 4

Expressed in thousands of NTD

Real estate disposed by	Real estate	Date of disposal	Original date of acquisition	Book value	Trade amount	Status of collection of proceeds	Gain (loss) on disposal	Name of the counterparty	Relationship	Reason for disposal	Basis for price determination	Other terms
Yung Fu Co., Ltd.	Land, building and forty-one parking lots of land serial No. 230, Fuguo Lot, Xinzhuang Dist, New Taipei City	May 2023	December 2011	$ 92,488	$ 149,624	Fully collected	$ 57,136	Hong Ye Construction., Ltd	—	Activate assets and increase working capital	(Note)	—

(Note) Refer to the appraised value and market price evaluated by Evermore Valution Estate Appraiser Firm (appraised value amounted to $150,760).

OFCO Industrial Corporation

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

For the year ended December 31, 2023

Table 5

Expressed in thousands of NTD

			Description of transaction				Description and reasons for difference in transaction terms compared to non-related party		Notes or accounts receivable/(payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases/(sales)	Amount	Percentage of total purchases/(sales)	Credit term	Unit Price	Credit term	Balance	Percentage of notes or accounts receivable/(payable)	Note
OFCO Industrial Corporation	Chun Yu Works & Co., Ltd.	Other related party	Purchases	$ 447,553	96%	Closes its accounts 30 days after the end of each month	No significant difference	No significant difference	($ 92,640)	(80%)	—
TSG Transport Corp.	Gloria Material Technology Corp.	Other related party	Sales	(293,464)	(24%)	Closes its accounts 30 days after the end of each month	No significant difference	No significant difference	39,466	22%	—
	TMP Steel Co., Ltd.	Other related party	Sales	(126,463)	(10%)	Closes its accounts 60 days after the end of each month	No significant difference	No significant difference	55,869	31%	—

OFCO Industrial Corporation

Significant inter-company transactions during the reporting period

For the year ended December 31, 2023

Table 6 | Expressed in thousands of NTD

Number (Note 1)	Company name	Name of counterparty	Relationship (Note 2)	Intercompany transactions: General ledger account	Amount	Transaction terms	Percentage of consolidated total operating revenue or total assets (Note 3)	Note
0	OFCO Industrial Corporation	Yung Fu Co., Ltd.	1	Endorsements and guarantees	$ 200,000	—	4%	
1	TSG Transport Corp.	OFCO Industrial Corporation	2	Sales	12,376	Closes its accounts 40 days after the end of each month	—	
2	Yung Fu Co., Ltd.	TSG Power and Engineering Corp.	3	Sales	9,543	As agreed by both parties	—	
				Accounts payable	3,108	—	—	
				Contract assets	3,892	—	—	
3	TSG Power and Engineering Corp.	Yung Fu Co., Ltd.	3	Sales	29,600	As agreed by both parties	1%	
				Accounts receivable	3,108	—	—	

(Note 1) The information of transactions between the Company and the consolidated subsidiaries should be noted in column "Number." The number means:

1.The number 0 represents the Company.

2.The consolidated subsidiaries are numbered in order from number 1.

(Note 2) The relationship between transaction company and counterparty is classified into one of the following three categories:

1. The Company to the consolidated subsidiary

2.The consolidated subsidiary to the Company

3.The consolidated subsidiary to another consolidated subsidiary.

(Note 3) In calculating the percentage, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenue for income statement accounts.

(Note 4) Intercompany transactions between the parent company and its subsidiaries or between subsidiaries are not disclosed repetitively since the circumstances and amounts of each transaction is the same on each side.

In addition, the disclosure threshold for significant intercompany transactions is $3 million.

OFCO Industrial Corporation

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

For the year ended December 31, 2023

Table 7 | Expressed in thousands of NTD

				Initial investment amount		Share held as at December 31, 2023					
Investor	Investee	Location	Main Businesses	Balance as at December 31, 2023	Balance as at December 31, 2022	Shares	Percentage of ownership (%)	Book value	Net profit (loss) of the investee for the year	Investment income (loss) recognized by the Company	Note
OFCO Industrial Corporation	TSG Transport Corp.	Taiwan	Container rental, transportation and packing services	$ 150,000	$ 110,000	22,500,000	100%	$ 261,713	$ 13,498	$ 13,498	Subsidiary
	TSG Environmental Technology Corp.	Taiwan	Recycling of materials, waste disposal services, etc.	40,000	40,000	4,000,000	100%	45,612	2,814	2,844	Subsidiary
	TSG Power and Engineering Corp.	Taiwan	Energy technology services	194,554	-	18,000,000	100%	146,950	315	315	Subsidiary (Note 3)
	TSG Engineering Co., Ltd	Taiwan	Comprehensive construction etc.	22,470	-	2,250,000	100%	22,209	(262)	(261)	Subsidiary
	Yung Fu Co., Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	427,301	427,301	47,530,588	67.15%	636,821	38,530	(456)	Subsidiary
TSG Transport Corp.	Yung Fu Co., Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	2,380	2,380	237,956	0.34%	6,339	38,530	-	Subsidiary (Note 2)
	Titan Insurance Broker Co., Ltd.	Taiwan	Engage in property and personal insurance brokerage services	-	19,754	500,095	14.29%	-	-	-	(Note 1) (Note 2)

Investor	Investee	Location	Main Businesses	Initial investment amount: Balance as at December 31, 2023	Initial investment amount: Balance as at December 31, 2022	Share held as at December 31, 2023: Shares	Share held as at December 31, 2023: Percentage of ownership (%)	Share held as at December 31, 2023: Book value	Net profit (loss) of the investee for the year	Investment income (loss) recognized by the Company	Note
TSG Environmental Technology Corp.	Yung Fu Co., Ltd.	Taiwan	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects	$ 3,637	$ 3,637	363,750	0.51%	$ 9,690	$ 38,530	$ -	Subsidiary (Note 2)
	Titan Insurance Broker Co., Ltd.	Taiwan	Engage in property and personal insurance brokerage services	-	1,718	43,527	1.24%	-	-	-	(Note 1) (Note 2)

(Note 1) As of September 2023, the Group did not participate in capital increase of the investee company to lose a material impact, transfer the residual investment of its investee to financial assets at fair value through other comprehensive income.
(Note 2) According to the related regulations, it is not required to disclose investment income (loss) recognized by the Company.
(Note 3) For information on the transfer of ownership of TSG Power and Engineering Corp. from Yung Fu Co., Ltd. to the Company, please refer to Note 6(7).

OFCO Industrial Corporation

Major shareholders information

December 31, 2023

Table 8

Unit: Shares

Name of major shareholders	Number of shares held	Ownership Percentage	Note
TSG United Co., Ltd.	12,000,000	11.95%	(Note 2)

(Note 1) The major shareholders information was derived from the data that the Company issued common shares (including treasury shares) and preference shares in dematerialised form which were registered and held by the shareholders above 5% on the last operating date of each quarter and was calculated by Taiwan Depository & Clearing Corporation.

The share capital on the financial statements may differ from the actual number of shares issued in dematerialised form because of a different calculation basis.

(Note 2) The basis for calculating the ownership percentage includes the number of shares of the bond conversion certificates.