OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED 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.

OFCO INDUSTRIAL CORPORATION

Declaration of Consolidated Financial Statements of Affiliated Enterprises

For the year ended December 31, 2023, pursuant to Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises, the entities that are required to be included in the consolidated financial statements of affiliates, are the same as those required to be included in the consolidated financial statements under International Financial Reporting Standards No. 10. Also, if relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies, it shall not be required to prepare consolidated financial statements of affiliates.

Hereby declare

OFCO Industrial Corporation

March 13, 2024

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

To the Board of Directors and Shareholders of OFCO Industrial Corporation

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Valuation of inventories

Description

Refer to Note 4 (12) 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 balance of inventories and allowance for inventory valuation losses were NT$302,126 thousands and NT$40,173 thousands, respectively.

The Group 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 consider 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 (30) for the accounting policies on revenue recognition.

The Group'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 consider 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. Obtain the transaction details of the export sales operating 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.

Estimation of the stage of completion of projects

Description

Please refer to Note 4 (30) for the accounting policies.
The construction revenue of the environmental protection business of the Group 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 degree 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 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 had been properly approved, including supporting documents for added and reduced amounts in the year.
3. Obtain detailed account, 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.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of OFCO Industrial Corporation as at and for the years ended

December 31, 2023 and 2022.

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

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

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

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

Auditors' responsibilities for the audit of the consolidated financial statements

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

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

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

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and

performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Lin, Tzu-Shu

Independent Accountants

Tien, Chung-Yu

PricewaterhouseCoopers, Taiwan

Republic of China

March 13, 2024

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

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

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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)	$ 844,894	16	$ 1,222,046	30
1110	Financial assets at fair value through profit or loss - current	6(2)	66,999	1	35,480	1
1120	Financial assets at fair value through other comprehensive income - current	6(3)	95,707	2	80,881	2
1136	Financial assets at amortised cost - current	6(1)(4) and 8	74,245	2	43,784	1
1140	Current contract assets	6(24)	5,881	-	12,711	-
1150	Notes receivable, net	6(5)	74	-	144	-
1170	Accounts receivable, net	6(5)	567,419	11	425,354	10
1180	Accounts receivable - related parties	6(5) and 7	113,734	2	87,218	2
1200	Other receivables		20,844	1	2,850	-
1220	Current income tax assets	6(31)	5,423	-	209	-
130X	Inventories	5 and 6(6)	261,953	5	361,837	9
1410	Prepayments	6(7)	312,833	6	170,255	4
11XX	**Total current assets**		2,370,006	46	2,442,769	59
	Non-current assets					
1510	Financial assets at fair value through profit or loss - non-current	6(2)(17)	127,466	3	420	-
1517	Financial assets at fair value through other comprehensive income - non-current	6(3)(8)	21,842	-	-	-
1535	Financial assets at amortised cost - non-current	6(1)(4) and 8	155,184	3	101,626	2
1550	Investments accounted for under equity method	6(3)(8)	-	-	21,712	1
1600	Property, plant and equipment	6(9)(13), 7 and 8	1,091,951	21	1,180,837	28
1755	Right-of-use assets	6(10)	113,382	2	98,882	2
1760	Investment property, net	6(11) and 8	32,452	1	32,452	1
1780	Intangible assets	6(12)	813,977	16	111,768	3
1840	Deferred income tax assets	6(31)	228,682	4	86,231	2
1915	Prepayments for equipment	6(9)	118,645	2	45,287	1
1920	Guarantee deposits paid	8	15,224	-	14,142	-
1975	Net defined benefit asset - non-current	6(19)	7,397	-	4,153	-
1990	Other non-current assets	7	107,090	2	29,564	1
15XX	**Total non-current assets**		2,833,292	54	1,727,074	41
1XXX	**Total assets**		$ 5,203,298	100	$ 4,169,843	100

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OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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					
2100	Short-term borrowings	6(14) and 8	$ 156,144	3	$ 63,000	2
2110	Short-term notes and bills payable	6(15) and 8	70,007	1	95,944	2
2130	Current contract liabilities	6(24)	98,183	2	127,185	3
2150	Notes payable		19,068	1	24,934	1
2160	Notes payable - related parties	7	10,761	-	50,314	1
2170	Accounts payable		824,434	16	288,880	7
2180	Accounts payable - related parties	7	93,100	2	37,724	1
2200	Other payables	6(16) and 7	175,497	3	201,852	5
2230	Current income tax liabilities	6(31)	3,909	-	33,642	1
2280	Current lease liabilities	6(10)	15,946	-	13,585	-
2320	Long-term liabilities, current portion	6(18) and 8	306,331	6	19,124	-
21XX	**Total current liabilities**		1,773,380	34	956,184	23
	Non-current liabilities					
2527	Contract liabilities - non-current	6(24)	108,000	2	-	-
2530	Corporate bonds payable	6(17)(20)(21)	340,843	7	336,569	8
2540	Long-term borrowings	6(18) and 8	216,427	4	116,938	3
2570	Deferred income tax liabilities	6(31)	13,923	-	21,463	-
2580	Lease liabilities - non-current	6(10)	102,316	2	87,597	2
2645	Guarantee deposits received		33,628	1	35,190	1
2670	Other non-current liabilities		564	-	564	-
25XX	**Total non-current liabilities**		815,701	16	598,321	14
2XXX	**Total liabilities**		2,589,081	50	1,554,505	37
	Equity attributable to owners of parent					
	Share capital	6(17)(20)(22)				
3110	Common stock		1,000,587	19	994,101	24
3130	Certificate of entitlement to new shares from convertible bonds		1,320	-	-	-
3140	Capital collected in advance		2,076	-	3,366	-
3200	Capital surplus	4(3), 6(17)(20)(21)(22)	1,095,632	20	1,102,214	27
	Retained earnings	6(3)(23)				
3310	Legal reserve		35,725	1	12,997	-
3320	Special reserve		44,211	1	38,566	1
3350	Unappropriated retained earnings		154,689	3	228,494	5
3400	Other equity interest	6(3)	(14,827)	-	(44,211)	(1)
31XX	**Equity attributable to owners of parent**		2,319,413	44	2,335,527	56
36XX	**Non-controlling interests**	4(3) and 6(22)	294,804	6	279,811	7
3XXX	**Total equity**		2,614,217	50	2,615,338	63
	Contingent Liabilities and Commitments	6(12) and 9				
	Significant Events After the Balance Sheet Date	11				
3X2X	**Total liabilities and equity**		$ 5,203,298	100	$ 4,169,843	100

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

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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)

			Year ended December 31,			
			2023		2022	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(24) and 7	$ 4,321,072	100	$ 4,816,929	100
5000	Operating costs	6(6)(12)(19)(29)(30) and 7	(4,235,684)	(98)	(4,366,407)	(91)
5900	Net operating margin		85,388	2	450,522	9
	Operating expenses	6(12)(19)(29)(30) and 7				
6100	Selling expenses		(39,998)	(1)	(50,947)	(1)
6200	General and administrative expenses		(146,864)	(4)	(165,046)	(3)
6300	Research and development expenses		(88)	-	(321)	-
6000	Total operating expenses		(186,950)	(5)	(216,314)	(4)
6900	Operating (loss) profit		(101,562)	(3)	234,208	5
	Non-operating income and expenses					
7100	Interest income	6(4)(25)	12,838	-	1,875	-
7010	Other income	6(3)(26)	11,506	-	24,054	-
7020	Other gains and losses	6(2)(8)(10)(27), 7 and 12	119,824	3	52,534	1
7050	Finance costs	6(10)(17)(28)	(22,972)	-	(15,166)	-
7060	Share of profit of associates and joint ventures accounted for under equity method	6(8)	335	-	45	-
7000	Total non-operating income and expenses		121,531	3	63,342	1
7900	**Profit before income tax**		19,969	-	297,550	6
7950	Income tax expense	6(31)	130,401	3	(38,346)	(1)
8200	**Profit for the year**		$ 150,370	3	$ 259,204	5
	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(19)	$ 3,224	-	($ 2,886)	-
8316	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	6(3)	29,953	1	(60,371)	(1)
8320	Share of other comprehensive (loss) income of associates and joint ventures accounted for under equity method - will not be reclassified to profit or loss	6(8)	(2)	-	31	-
8349	Income (tax) benefit related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	(645)	-	578	-
8300	**Other comprehensive income (loss) for the year**		$ 32,530	1	($ 62,648)	(1)
8500	**Total comprehensive income for the year**		$ 182,900	4	$ 196,556	4
	Profit (loss) attributable to:					
8610	Owners of the parent		$ 150,839	3	$ 284,287	6
8620	Non-controlling interest		(469)	-	(25,083)	(1)
			$ 150,370	3	$ 259,204	5
	Comprehensive income (loss) attributable to:					
8710	Owners of the parent		$ 183,369	4	$ 221,639	5
8720	Non-controlling interest		(469)	-	(25,083)	(1)
			$ 182,900	4	$ 196,556	4
	Earnings per share (in dollars)	6(32)				
9750	Basic		$	1.51	$	3.02
9850	Diluted		$	1.38	$	2.89

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

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

		Equity attributable to owners of the parent											
		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 transaction differences of foreign operations	Unrealised gains (losses) on valuation of financial assets at fair value through other comprehensive income	Total	Non-controlling interest	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	$ 164,369	$ 2,038,963
Net income (loss) for the year ended December 31, 2022		-	-	-	-	-	-	284,287	-	-	284,287	(25,083)	259,204
Other comprehensive loss for the year ended Decmber 31, 2022	6(3)	-	-	-	-	-	-	(2,308)	-	(60,340)	(62,648)	-	(62,648)
Total comprehensive income (loss) for the year ended Decmber 31, 2022		-	-	-	-	-	-	281,979	-	(60,340)	221,639	(25,083)	196,556
Distribution of 2021 net income :													
Legal reserve		-	-	-	-	12,997	-	(12,997)	-	-	-	-	-
Special reserve		-	-	-	-	-	30,821	(30,821)	-	-	-	-	-
Cash dividends	6(23)	-	-	-	-	-	-	(84,940)	-	-	(84,940)	-	(84,940)
Distribution of cash dividends from capital surplus	6(21)	-	-	-	(31,294)	-	-	-	-	-	(31,294)	-	(31,294)
Cash capital increase	6(20)(21)	100,000	-	-	158,700	-	-	-	-	-	258,700	-	258,700
Proceeds from employee stock options exercised	6(20)(22)	-	-	3,366	-	-	-	-	-	-	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(17)(20)(21)	8,883	(5,278)	-	2,671	-	-	-	-	-	6,276	-	6,276
Employee stock options compensation costs	6(21)(22)(30)	-	-	-	5,302	-	-	-	-	-	5,302	2,949	8,251
Changes in ownership interests in subsidiaries recognized	4(3) and 6(21)	-	-	-	68,100	-	-	-	-	-	68,100	(68,100)	-
Recognized residual value of call options embedded in the convertible corporate bonds	6(21)	-	-	-	13,784	-	-	-	-	-	13,784	-	13,784
Change in non-controlling interest		-	-	-	-	-	-	-	-	-	-	205,676	205,676
Balance at December 31, 2022		$ 994,101	$ -	$ 3,366	$ 1,102,214	$ 12,997	$ 38,566	$ 228,494	$ 373	($ 44,584)	$ 2,335,527	$ 279,811	$ 2,615,338
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	$ 279,811	$ 2,615,338
Net income (loss) for the year ended December 31, 2023		-	-	-	-	-	-	150,839	-	-	150,839	(469)	150,370
Other comprehensive income for the year ended Decmber 31, 2023	6(3)	-	-	-	-	-	-	2,579	-	29,951	32,530	-	32,530
Total comprehensive income for the year ended Decmber 31, 2023		-	-	-	-	-	-	153,418	-	29,951	183,369	(469)	182,900
Distribution of 2022 net income :													
Legal reserve		-	-	-	-	22,728	-	(22,728)	-	-	-	-	-
Special reserve		-	-	-	-	-	5,645	(5,645)	-	-	-	-	-
Cash dividends	6(23)	-	-	-	-	-	-	(199,417)	-	-	(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(20)(22)	-	-	10,771	-	-	-	-	-	-	10,771	-	10,771
Exercise of employee stock options	6(20)(21)	6,449	-	(12,061)	5,612	-	-	-	-	-	-	-	-
Conversion of convertible bonds	6(17)(20)(21)	37	1,320	-	1,981	-	-	-	-	-	3,338	-	3,338
Employee stock options compensation costs	6(21)(22)(30)	-	-	-	1,159	-	-	-	-	-	1,159	128	1,287
Effect of organisational restructuring	4(3) and 6(21)	-	-	-	(15,334)	-	-	-	-	-	(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	$ 294,804	$ 2,614,217

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

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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		$ 19,969	$ 297,550
Adjustments			
Adjustments to reconcile profit (loss)			
(Gain) loss on financial assets at fair value through profit or loss		(94,907)	4,119
(Reversal of allowance) provision for inventory market price decline	6(6)	(2,068)	6,121
Share of profit of associates and joint ventures accounted for under equity method	6(8)	(335)	(45)
Loss on disposal of investments accounted for under equity method	6(8)(27)	3,684	-
Depreciation	6(9)(10)(29)	138,563	107,008
(Gain) loss on disposal of property, plant and equipment	6(27) and 7	(11,295)	5,214
Gain from lease modification	6(10)(27)	(5)	(27)
Amortisation	6(12)(29)	15,688	808
Prepayments for equipment reclassified to expense		266	-
Unrealised concession revenue	6(12)	(717,747)	(91,638)
Employee stock options compensation costs	6(21)(22)(30)	1,287	8,251
Interest income	6(25)	(12,838)	(1,875)
Dividend income	6(3)(26)	(1,387)	(5,003)
Interest expense	6(28)	22,972	15,166
Changes in operating assets and liabilities			
Changes in operating assets			
Financial assets at fair value through profit or loss - current		(27,662)	(12,393)
Current contract assets		6,830	(12,711)
Notes receivable		70	217
Other notes receivable		-	600
Accounts receivable		(142,065)	(27,644)
Accounts receivable - related parties		(26,516)	41,717
Other receivables		(17,994)	15,459
Inventories		101,952	21,397
Prepayments		(142,578)	3,690
Net defined benefit assets - non-current		(20)	(30)
Changes in operating liabilities			
Contract liability		78,998	(51,969)
Notes payable		(4,803)	(9,454)
Notes payable - related parties		(2,915)	1,398
Accounts payable		535,554	(9,577)
Accounts payable - related parties		55,376	(95,594)
Other payables		(22,692)	39,251
Cash (outflow) inflow generated from operations		(246,618)	250,006
Interest received		12,838	1,875
Dividends received		1,387	5,003
Interest paid		(14,639)	(13,532)
Income taxes paid		(55,182)	(28,489)
Net cash flows (used in) from operating activities		(302,214)	214,863

(Continued)

OFCO INDUSTRIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED 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 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		25,753	95,092
(Increase) decrease in financial assets at amortised cost - current		(30,461)	190,768
Increase in financial assets at amortised cost - non-current		(53,558)	(76,115)
Cash paid for acquisition of property, plant and equipment	6(33)	(132,531)	(212,561)
Proceeds from disposal of property, plant and equipment	6(33)	153,496	64,113
Acquisition of intangible assets	6(12)	(150)	(962)
Increase in prepayments for equipment		(157,184)	(93,973)
(Increase) decrease in guarantee deposits paid		(1,082)	13,918
Increase in other non-current assets		(76,756)	(16,489)
Net cash flows used in investing activities		(322,580)	(40,094)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase in short-term borrowings	6(34)	541,626	1,955,439
Decrease in short-term borrowings	6(34)	(448,482)	(2,321,222)
Increase in short-term notes and bills payable	6(34)	627,800	565,600
Decrease in short-term notes and bills payable	6(34)	(653,600)	(558,400)
Payments of lease liabilities	6(34)	(16,190)	(13,263)
Issuance of convertible bonds payable	6(34)	-	348,055
Decrease in corporate bonds payable	6(17)(34)	-	(507)
Increase in long-term borrowings	6(34)	809,973	179,049
Decrease in long-term borrowings	6(34)	(423,277)	(147,852)
(Decrease) increase in guarantee deposit received	6(34)	(1,562)	13,856
Cash capital increase	6(20)	-	258,700
Proceeds from employee stock options exercised	6(20)	10,771	3,366
Payments of cash dividends	6(23)	(199,417)	(84,940)
Distribution of cash dividends from capital surplus	6(21)	-	(31,294)
Change in non-controlling interests		-	205,676
Net cash flows from financing activities		247,642	372,263
Net (decrease) increase in cash and cash equivalents		(377,152)	547,032
Cash and cash equivalents at beginning of year	6(1)	1,222,046	675,014
Cash and cash equivalents at end of year	6(1)	$ 844,894	$ 1,222,046

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

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

1. HISTORY AND ORGANISATION

(1) OFCO Industrial Corporation (the "Company") was incorporated as a company limited by shares under the provisions of the Compa－ny 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. For the major operating items of subsidiaries included in the consolidated financial statements of the Company and its subsidiaries (the "Group"), please refer to Note 4 (3).

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

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIALSTATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated 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 Group's financial condition and financial performance based on the Group's assessment.

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

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

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 Group’s financial condition and financial performance based on the Group’s assessment.

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

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

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 IASB
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 – comparative information’	January 1, 2023
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the following items, these consolidated 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 IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

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

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

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

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

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
OFCO Industrial Co., Ltd.	TSG Transport Co., Ltd.	Container rental, transportation and packing services	100.00	100.00	—
	TSG Environmental Technology Co., Ltd.	Recycling of materials, waste disposal services, etc.	100.00	100.00	—
	TSG Power amd Engineering Co,Ltd.	Energy technology services	100.00	—	Note 1
	TSG Engineering Co., Ltd.	Comprehensive construction, etc.	100.00	—	Note 2
	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	67.15	67.15	Note 3
TSG Transport Co., Ltd.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	0.34	0.34	Note 3

Name of investor	Name of subsidiary	Main business activities	Ownership (%)		Description
			December 31, 2023	December 31, 2022	
TSG Environmental Technology Co., Ltd.	Yung Fu Co., Ltd.	Commissioned operation and management of waste and business waste incineration plants and planning, design and turnkey services for small and medium-sized incinerator projects.	0.51	0.51	Note 3
Yung Fu Co., Ltd.	TSG Power and Engincering Co,Ltd.	Energy technology services	—	100.00	Note 1

(Note 1) 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).

(Note 2) 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.

(Note 3) The subsidiary, Yung Fu Co., Ltd, was applying for public listing in the future, and had conducted cash capital increase in 2022. The Company and other subsidiaries did not subscribe to the shares according to the shareholding percentage, resulting in a decrease. In 2022, the capital surplus (relative account “Non-controlling interests”) was adjusted to $68,100.

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

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

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

(a) As of December 31, 2023 and 2022 the non-controlling interest amounted to $294,804 and $279,811, respectively. The information of non-controlling interest and respective subsidiaries is as follows:

		Non-controlling interest			
		December 31, 2023		December 31, 2022	
Name of subsidiary	Principal place of business	Amount	Ownership (%)	Amount	Ownership (%)
Yung Fu Co., Ltd.	Taiwan	$294, 804	32. 00%	$279, 811	32. 00%

(b) Summaried financial information of the subsidiary－Yung Fu Co., Ltd.:

Balance sheets	December 31, 2023	December 31, 2022
Current assets	$ 893, 909	$ 592, 216
Non-current assets	1, 552, 104	937, 326
Current liabilities	(1, 300, 448)	(529, 841)
Non-current liabilities	(213, 435)	(154, 413)
Total net assets	$ 932, 130	$ 845, 288

	For the years ended December 31,	
Statements of comprehensive income	2023	2022
Revenue	$ 1, 586, 263	$ 798, 319
Profit before income tax	($ 102, 097)	($ 118, 351)
Income tax benefit	140, 627	39, 256
Profit (loss) for the year	38, 530	(79, 095)
Total comprehensive income for the year	$ 38, 530	($ 79, 095)
Comprehensive income attributable to non-controlling interest	($ 469)	($ 25, 083)

	For the years ended December 31,	
Statements of cash flows	2023	2022
Net cash used in operating activities	($ 443, 598)	($ 151, 885)
Net cash flows (used in) investing activities	26, 001	(226, 946)
Net cash used in financing activities	399, 315	358, 317
Net decrease in cash and cash equivalents	(18, 282)	(20, 514)
Cash and cash equivalents at beginning of the year	260, 654	281, 168
Cash and cash equivalents at end of the year	$ 242, 372	$ 260, 654

(4) Foreign currency translation

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

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.

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

A. Financial assets at fair value through profit or loss are financial assets that are not measured at 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 Group measures the financial assets at fair value and recognizes the transaction costs in profit or loss. The Group subsequently measures the financial assets at fair value, and recognizes the gain or loss in profit or loss.

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

(7) Financial assets at fair value through other comprehensive income

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

(a) The objective of the Group'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 Group measures the financial assets at fair value plus transaction costs. The Group 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.

(8) 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 Group's business model is achieved by collecting contractual cash flows.

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

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

(9) Accounts and notes receivable

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

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

(10) 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 Group 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 Group recognizes the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

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

(12) 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 realizable value. Net realizable 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 realizable value reverses, valuation is eliminated within the credit balance and is recognized as deduction of operating.

(13) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in equity of the associate in 'capital surplus' in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost, except for those items that have been reralued 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 Group 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 the 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	Useful lives
Buildings and stractures (including auxiliary equipment)	3～50 years
Machinery and equipment	3～23 years
Transportation equipment	3～15 years
Office equipment	3～11 years
Leasehold improvements	1～26 years
Other equipment	2～26 years

(15) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model.

(16) 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.

(17) 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 Group. 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 to fixed payments, less any lease incentives receivable. The Group subsequently measures the lease liability at amortized 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.

(18) Intangible assets

A. Concession

Concession is stated at historical cost. Concession hes a finite useful life and is amortized on a straight-line basis over its estimated useful lives of 20 years.

B. Computer software

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

C. Goodwill

Goodwill arises in a business combination accounted for by applying the acquisition method.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell 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 amortized historical cost would have been if the impairment had not been recognized.

B. The recoverable amounts of goodwill, intangible assets with an indefinite useful life and intangible assets that have not yet been available for use are evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to groups of cash-generating units, that are expected to benefit from the synergies of the business combination. Each group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

A. 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 amortized 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.

B. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(21) Notes and accounts payable

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

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

(22) Convertible bonds payable

Convertible bonds or issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Group' s common shares by exchanging a fixed amount of cash for a fixed number of common shares), call options and put options. The Group classifies the bonds payable upon issuance as a financial asset, a financial liability or an equity instrument (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 subsequent is amortised in profit or loss as an adjustment to "finance costs" over the period of circulation using the effective interest medthod.

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'.

(23) Derecognition of financial liabilities

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

(24) 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 realized the asset and settle the liability simultaneously.

(25) 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 Group 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.

(26) Income tax

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 Group 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 domestic subsidiary and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit 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 Group 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 realized 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 utilized. 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 realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.

(27) 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.

(28) 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.

(29) 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.

(30) Revenue recognition

A. Sales of goods

(a) The Group 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 Group 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 Group provides processing services. Revenue from providing services is recognized in the accounting period in which the services are rendered 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) Logistics and distribution services provided by the Group is recognized as income during the financial reporting period in which the services are provided to customers.

(c) The Group provides ocean freight forwarding services and import and export customs clearance services, etc. Revenue from providing services is recognized in the period in which the services are provided to customers.

(d) The Group sells the electricity generated from the operation of the incinerator and the sales revenue of electricity is based on the kWh and rate actually received by Taiwan Power Company during a time period, and is recognized at the time of collection.

(e) The Group provides incinerator operation and management services, and recognizes revenue based on the volume of completed disposals over a time period.

(f) The Group's estimate about of revenues, costs and stage of completion are subject to revision whenever there is a change in circumstances. Any increase or decrease in revenues 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.

C. Revenue from construction

(a)The Group provides waste turnkey and solar power projects related services. Revenue is recognized in the accounting period in which the services are rendered. Fixed price contracts revenue is recognized at the proportion of the services actually provided to the total services to be provided as of the balance sheet date, and the proportion of completion of services is determined based on the actual cost incurred to the estimated total cost. Customers pay the contract price in accordance with the payment schedule agreed upon. When the services already provided by the Group exceed the customers' payables, they will be considered as contract assets. If the customers' payables exceed the services already provided by the Group, they will be considered as contract liabilities.

(b)The Group's estimates about revenues, costs, and stage of completion are subject to revision whenever there is a change in circumstances. Any increase or decrease in revenues 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.

D. Service concession arrangements

(a) The service concession arrangements signed between the Group and the government (the grantor), in which the Group constructs the infrastructure for the provision of public services and provides operation services during the contract period. After the operation period ends, the operating assets providing the public services will be returned to the government. The consideration received or receivable for the construction and operation services provided by the Group in accordance with the contract shall be apportioned with reference to its relative fair value, and the related revenue shall be recognized in accordance with IFRS 15 "Revenue from Contracts with Customers".

(b) The cost of providing construction or upgrading services in accordance with the service concession arrangement shall be handled in accordance with the provisions of IFRS 15 "Revenue from Contracts with Customers".

(c) The consideration received or receivable provided by the grantor shall be recognized at fair value. It shall be recognized as an intangible asset according to the way the grantor provides the consideration to the operator as agreed in the contract. The operator recognizes an intangible asset to the extent that it receives a right to charge users of the public service.

E. Revenue from waste disposal

The Group provides waste transportation and disposal and other related services. Revenue from providing services is recognized in the accounting period in which the services are rendered. The revenue from contracts is determined by multiplying the amount of waste actually processed by the unit price on the contract as of the balance sheet date.

F. Revenue from electricity sales

The Group sells the electricity generated from the operation of the incinerator and solar power generation system, and the sales revenue of electricity is based on the kWh and rate actually received by Taiwan Power Company during a time period, and is recognized at the time of collection.

G. Revenue from operation services

The Group provides incinerator operation and management services, and recognizes revenue based on the volume of completed disposals over a time period.

H. Revenue from technology

The Group provides document processing and related application services for solar power generation on behalf of clients, and recognizes revenue based on the number of completed processing over time.

(31) Operating segments

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

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

The preparation of these consolidated financial statements requires management to make critical judgments in applying the Group'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 amount of assets and liabilities within the next financial year, and the related information is addressed below:

(1) Critical judgments in applying the Group's accounting policies

None.

(2) Critical accounting estimates and assumptions

A. Evaluation of inventories

As inventories are stated at the lower of cost and net realizable value, the Group must determine the net realizable value of inventories on balance sheet date using judgements and estimates. Due to the influence of different market demand and expiration date, etc., the Group 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 evaluation.

As of December 31, 2023, the carrying amount of inventories was $261,953.

B. Revenue recognition from construction

The Group judges the estimated total cost of completion based on the characteristics of the project and various objective factors, and the revenue recognition is estimated based on the percentage of the input cost to the estimated total cost of completion. The Group regularly reviews the reasonableness of the estimates. However, changes in the industry environment and construction conditions may lead to changes in the estimated total cost of completion, which will affect the amount recognized as revenue by the Group. Refer to Note 6 (24) for the explanation of the recognition of construction revenue.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash:		
Cash on hand	$ 1,905	$ 850
Checking accounts and demand deposits	504,083	733,714
	505,988	734,564
Cash equivalents:		
Time deposits	145,125	487,482
Repurchase agreement	193,781	-
	338,906	487,482
	$ 844,894	$ 1,222,046

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

B. As of December 31, 2023 and 2022, the Group has transferred NT$229,429 and NT$144,616 of demand deposits and repurchase agreement, pledged as collateral to "financial assets at amortised cost - current" and "financial assets at amortised cost - non-current," respectively."

C. Details of the Group's cash and cash equivalents pledged to others as collateral (listed as ''Financial assets at amortised cost - current'' and ''Financial assets at amortised cost - non-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	3,027	26,624
	62,948	35,286
Valuation adjustment	4,051	194
	$ 66,999	$ 35,480
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 Group recognized net gain on financial assets mandatorily measured at fair value through profit or loss amounting to $103,842 and $17,430 (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 Group subscribed a total 5,000 of 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 Group has no financial assets at fair value through profit or loss pledged to others as collateral.

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

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

Items	December 31, 2023	December 31, 2022
Current item:		
Equity instruments		
Listed stocks	$ 114,420	$ 125,499
Valuation adjustment	(18,713)	(44,618)
	$ 95,707	$ 80,881
Non-current item:		
Equity instruments		
Unlisted stocks	$ 18,361	$ -
Valuation adjustment	3,481	-
	$ 21,842	$ -

A. The Group 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 Group was its book value.

B. Amounts recognized in profit or loss and other comprehensive income in relation to 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	$ 29,953	($ 60,371)
Cumulative (gains) losses reclassified to retained earnings due to derecognition	($ 567)	$ 54,695

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

D. 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
Current items:		
Pledged demand deposits	$ 74,245	$ 36,990
Time deposits with a maturity of more than three months but less than one year	-	794
Pledged repurchase agreement	-	6,000
	$ 74,245	$ 43,784
Non-current items:		
Pledged demand deposits	$ 155,184	$ 101,626

A. The Group recognized in profit or loss in relation to financial assets at amortised cost accounting to NT$983 and NT$652 (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 Group was the book value.

C. Details of the Group's financial assets at amortised cost pledged 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 Group's investment in certificates of deposits are financial institutions with high credit quality, so the Group expects that the probability of counterparty default is remote.

(5) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 74	$ 144
Accounts receivable	$ 567,442	$ 425,377
Less: Allowance for uncollectible accounts	(23)	(23)
	$ 567,419	$ 425,354

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

	December 31, 2023		December 31, 2022	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 74	$ 656,678	$ 144	$ 372,759
Within 60 days past due	-	24,121	-	139,836
61 to 180 days past due	-	31	-	-
181 to 365 days past due	-	346	-	-
	$ 74	$ 681,176	$ 144	$ 512,595

The above ageing analysis was based on past due date.

B. As of December 31,2023 and 2022, notes and accounts receivable were all from contracts with customers. As of January 1, 2022, the balance of receivables from contracts with customers amounted to $579,804.

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 notes and accounts receivable held by the Group was the book value.

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

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

F. As of December 31, 2023 and 2022, the Group has no notes and accounts receivable pledged to others.

(6) Inventories

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Merchandise	$ 77	$ -	$ 77
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
	$ 302,126	($ 40,173)	$ 261,953

	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	$ 1,886,458	$ 2,562,484
(Reversal of allowance) provision for inventory market price decline (Note)	(2,068)	6,121
Loss on physical inventory	2,296	4,373
Revenue from sale of scraps	(11,449)	(20,702)
	$ 1,875,237	$ 2,552,276

(Note) For the year ended December 31, 2023, the Group 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) Prepayments:

	December 31, 2023	December 31, 2022
Prepayment for purchases	$ 110,949	$ 49,203
Prepaid expenses	80,371	15,197
Office supplies	71,472	81,907
Offset against business tax	46,536	15,876
Prepaid insurance premiums	2,300	1,036
Others	1,205	7,036
	$ 312,833	$ 170,255

(8) Investments accounted for under equity method

A. Movements in investments accounted for under equity method:

	For the years ended December 31,	
	2023	2022
At January 1	$ 21,712	$ 21,636
Share of profit or loss of investments accounted for under equity method —associates	335	45
Share of other comprehensive income of investments accounted for under equity method—associates	(2)	31
Transfer to financial assets at fair value through other comprehensive income (Note)	(22,045)	-
At December 31	$ -	$ 21,712

(Note) In September 2023, the Group did not participate in the capital increase of the investee company and lost the ability to exercise significant influence. Therefore, the remaining investment in the investee company was remeasured at fair value and transferred to "financial assets at fair value through other comprehensive income". The fair value of the financial assets was $18,361, and the difference between the fair value and the carrying amount was recognized as loss on disposal of investments accounted for under equity method $3,684 (listed as "other gains and losses").

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

	December 31, 2023	December 31, 2022
Titan Insurance Broker Co., Ltd.	$ -	$ 21,712

C. Share of the operating results of Group's insignificant affiliated, Titan Insurance Broker Co., Ltd, is summarized as follows:

	For the years ended December 31,	
	2023	2022
Profit or loss for the year from continuing operations	$ 304	($ 531)
Other comprehensive (loss) income, net of tax	(2)	31
Total comprehensive income	$ 302	($ 500)

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

(9) Property, plant and equipment

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2023									
Cost	$ 181,182	$ 165,220	$ 1,002,873	$ 71,136	$ 20,984	$ 149,633	$ 193,728	$ 45,481	$ 1,830,237
Accumulated depreciation	-	(74,001)	(350,094)	(10,738)	(14,079)	(99,910)	(93,244)	-	(642,066)
Accumulated impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	-	(7,334)
	$ 181,182	$ 91,219	$ 651,525	$ 60,398	$ 5,883	$ 45,072	$ 100,077	$ 45,481	$ 1,180,837
For the year ended December 31, 2023									
At January 1	$ 181,182	$ 91,219	$ 651,525	$ 60,398	$ 5,883	$ 45,072	$ 100,077	$ 45,481	$ 1,180,837
Additions－Cost	-	-	58,672	11,047	87	8,715	9,552	2,240	90,313
Transferred from prepayments for equipment	-	-	32,481	40,009	-	-	10,300	-	82,790
Transferred after acceptance inspection	-	-	35,576	-	-	-	-	(35,576)	-
Depreciation	-	(5,107)	(63,739)	(8,591)	(1,060)	(10,280)	(31,011)	-	(119,788)
Disposals－Cost	(74,027)	(81,828)	(5,143)	(4,914)	(81)	-	(16,730)	-	(182,723)
－Accumulated depreciation	-	17,639	5,143	1,164	33	-	16,543	-	40,522
At December 31	$ 107,155	$ 21,923	$ 714,515	$ 99,113	$ 4,862	$ 43,507	$ 88,731	$ 12,145	$ 1,091,951
December 31, 2023									
Cost	$ 107,155	$ 83,392	$ 1,124,459	$ 117,278	$ 20,990	$ 158,348	$ 196,850	$ 12,145	$ 1,820,617
Accumulated depreciation	-	(61,469)	(408,690)	(18,165)	(15,106)	(110,190)	(107,712)	-	(721,332)
Accumulated impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	-	(7,334)
	$ 107,155	$ 21,923	$ 714,515	$ 99,113	$ 4,862	$ 43,507	$ 88,731	$ 12,145	$ 1,091,951

	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Construction in progress and equipment under acceptance	Total
January 1, 2022									
Cost	$ 181,182	$ 154,488	$ 728,020	$ 47,577	$ 18,559	$ 139,841	$ 182,476	$ 13,201	$ 1,465,344
Accumulated depreciation	-	(68,335)	(321,938)	(7,498)	(13,559)	(91,618)	(126,468)	-	(629,416)
Accumulated impairment	-	-	(1,395)	-	(1,022)	(4,651)	(442)	-	(7,510)
	$ 181,182	$ 86,153	$ 404,687	$ 40,079	$ 3,978	$ 43,572	$ 55,566	$ 13,201	$ 828,418
For the year ended December 31, 2022									
At January 1	$ 181,182	$ 86,153	$ 404,687	$ 40,079	$ 3,978	$ 43,572	$ 55,566	$ 13,201	$ 828,418
Additions－Cost	-	11,706	106,824	22,874	2,914	10,146	68,043	32,280	254,787
Transferred from prepayments for equipment	-	-	192,316	14,445	-	-	264	-	207,025
Depreciation	-	(6,640)	(47,037)	(6,489)	(946)	(8,572)	(22,557)	-	(92,241)
Disposals－Cost	-	(974)	(24,287)	(13,760)	(489)	(354)	(57,055)	-	(96,919)
－Accumulated depreciation		974	18,881	3,249	426	280	55,781	-	79,591
－Accumulated impairment	-	-	141	-	-	-	35	-	176
At December 31	$ 181,182	$ 91,219	$ 651,525	$ 60,398	$ 5,883	$ 45,072	$ 100,077	$ 45,481	$ 1,180,837
December 31, 2022									
Cost	$ 181,182	$ 165,220	$ 1,002,873	$ 71,136	$ 20,984	$ 149,633	$ 193,728	$ 45,481	$ 1,830,237
Accumulated depreciation	-	(74,001)	(350,094)	(10,738)	(14,079)	(99,910)	(93,244)	-	(642,066)
Accumulated impairment	-	-	(1,254)	-	(1,022)	(4,651)	(407)	-	(7,334)
	$ 181,182	$ 91,219	$ 651,525	$ 60,398	$ 5,883	$ 45,072	$ 100,077	$ 45,481	$ 1,180,837

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

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

C. For more information regarding the Group'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 Group's property, plant and equipment is provided in Note 6 (13).

(10) Leasing arrangements－lessee

A. The Group leases various assets including buildings, land, photocopiers and business vehicles. Rental contracts are typically made for periods of 2 to 20 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Short-term leases with a lease term of 12 months or less comprise part of business vehicles, parking spaces, forklift and staff dormitory, etc. Low-value assets comprise air cleaners and photocopiers, 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
Land	$ 187	$ 344
Buildings	109,661	93,886
Transportation equipment	3,534	4,652
	$ 113,382	$ 98,882

	For the years ended December 31,	
	2023	2022
	Depreciation charge	Depreciation charge
Land	$ 365	$ 356
Buildings	16,085	11,750
Transportation equipment	2,325	2,643
Office equipment	−	18
	$ 18,775	$ 14,767

D. For the years ended December 31, 2023 and 2022, the Group's additions and remeasurements to right-of-use assets were $34,338 and $17,053, respectively.

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

	For the years ended December 31,	
	2023	2022
Items affecting profit or loss		
Interest expense on lease liabilities	$ 2,158	$ 1,301
Expense on short-term lease contracts	7,181	6,328
Expense on leases of low-value assets	1,022	802
Expense on variable lease payments	4,685	4,040
Gain on lease modification	(5)	(27)

F. For the years ended December 31, 2023 and 2022, the Group's total cash outflow for leases were $31,236 and $25,734, respectively.

G. In determining lease terms, the Group takes into consideration all facts and circumstances that create economic incentives to exercise an option to extend or terminate leases. The assessment of lease period is reviewed if a significant event occurs which affects the assessment of options to extend or options not to terminate. Based on the assessment of the exercise or non-exercise of the right to lease renewal, the Group's right-of-use assets and lease liabilities as of December 31, 2023 and 2022, were reduced by NT$1,063 and NT$2,833, NT$1,068 and NT$2,860, respectively, and a lease modification gain of NT$5 and NT$27 were recognized (listed in "other gains or losses").

H. Impact of variable lease payments on lease liabilities.

The asset for which the subsidiary-Yung Fu Co., Ltd. adopts variable lease payments in the lease contracts are linked to the power generation revenue and publicly announced land price. The variable valuation of the lease assets is based on the revenue from power generation, area and publicly announced price of the land, and is recognized as an expense in the period when the payment conditions are triggered.

(11) Investment property

	For the years ended December 31,	
	2023	2022
	Land	Land
Beginning and ending balance		
Cost	$ 32,452	$ 32,452

A. The investment property of the Group comprises the land plots of the Liu-Huang-Zi-Ping small section in the Dingzhonggu section of Jinshan District and the Shancheng section of Jinshan District in New Taipei City. For the status of the pledged investment property as of December 31, 2023 and 2022, refer to Note 8.

B. The fair value of investment properties the Group as of December 31, 2023 and 2022 were NT$63,960 and NT$63,990, which was evaluated based on the recorded amount of real estate transactions in the neighboring areas and was categorized within Level 3 in the fair value hierarchy.

(12) Intangible assets

	Concession	Computer Software	Goodwill	Total
January 1, 2023				
Cost	$ 91,638	$ 2,176	$ 19,003	$112,817
Accumulated amortisation	(400)	(649)	-	(1,049)
	$ 91,238	$ 1,527	$ 19,003	$111,768
For the years ended December 31, 2023				
At January 1	$ 91,238	$ 1,527	$ 19,003	$111,768
Additions－acquired separately	-	150	-	150
Acquisition of service concession agreement	717,747	-	-	717,747
Amortisation charge	(15,218)	(470)	-	(15,688)
At December 31	$793,767	$ 1,207	$ 19,003	$813,977
December 31, 2023				
Cost	$809,385	$ 2,326	$ 19,003	$830,714
Accumulated amortisation and impairment	(15,618)	(1,119)	-	(16,737)
	$793,767	$ 1,207	$ 19,003	$813,977

	Concession	Computer Software	Goodwill	Total
January 1, 2022				
Cost	$ -	$ 1,214	$ 19,003	$ 20,217
Accumulated amortisation	-	(241)	-	(241)
	$ -	$ 973	$ 19,003	$ 19,976
For the years ended December 31, 2022				
At January 1	$ -	$ 973	$ 19,003	$ 19,976
Additions－acquired separately	-	962	-	962
Acquisition of service concession agreement	91,638	-	-	91,638
Amortisation charge	(400)	(408)	-	(808)
At December 31	$ 91,238	$ 1,527	$ 19,003	$111,768
December 31, 2022				
Cost	$ 91,638	$ 2,176	$ 19,003	$112,817
Accumulated amortisation	(400)	(649)	-	(1,049)
	$ 91,238	$ 1,527	$ 19,003	$111,768

A. Details of amortisation on intangible assets are as follows:

	For the years ended December 31,	
	2023	2022
Operating costs	$ 15,486	$ 444
Selling expenses	15	–
Administrative expenses	187	364
	$ 15,688	$ 808

B. Subsidiary-Yung Fu Co., Ltd. signed the "Rehabilitate, Operate and Transfer of Waste Incineration Plant in Kanding Pingtung County" with the Pingtung County Government (hereinafter collectively referred to as "both parties") in the form of ROT (Rehabilitate, Operate and Transfer) for construction and labor services. Both parties agreed to follow the Act for Promotion of Private Participation in Infrastructure Projects and regulations formulated by the relevant competent authorities to have the subsidiary Yung Fu Co., Ltd. handle the construction and operation. The operation period is 20 years, and the operating assets and operating rights are returned to Pingtung County Government when the operation period expires. The important information is summarized as follows:

(a) Yung Fu Co., Ltd. shall be responsible for the construction of the incineration plant and the maintenance and management of various facilities and equipment during the operation period, and promises to properly dispose of waste within the scope of processing capacity.

(b) During the operation period, the subsidiary Yung Fu Co., Ltd. shall calculate the remuneration for operation and maintenance to be collected from the Pingtung County Government and the land rent, waste disposal fee, price change royalties, electricity sales increase royalties and other fees payable to the county government based on the contract terms.

(c) The subsidiary Yung Fu Co., Ltd. should invest in and complete the renovation project during the period of renovation and operation, and promise to invest no less than $967,382. Before the deadline for renovation works (December 31, 2024), the subsidiary Yung Fu Co., Ltd. should invest at least $560,000 in the renovation area of the project designated by the Pingtung County Government. In the event that the contract expires due to the expiration of the period, or is terminated early due to reasons attributable to the Yung Fu Co., Ltd., the subsidiary shall unconditionally pay the shortfall of the committed investment amount to the Pingtung County Government.

(d) The subsidiary Yung Fu Co., Ltd. recognizes the rights to sell electricity and dispose of waste from the provision of construction and service upgrades and the renovation cost to be committed in the future as intangible assets and revenue from service concession, respectively in accordance with the provisions of IFRIC 12 "Service Concession Arrangements".

(e) As of December 31, 2023, Yung Fu Co., Ltd. has invested $681,673, with an achievement rate of 70.47%.

C. The Group has not capitalized any interest as intangible assets for the years ended December 31, 2023 and 2022.

D. As of December 31, 2023 and 2022, the Group has no intangible asset pledged to others as collateral.

(13) Impairment of non-financial assets

In 2023 and 2022, the Group 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 Group's non-financial assets were both $7,334.

(14) Short-term borrowings

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Secured bank borrowings	$ 156,144	2.30%～6.74%	Demand deposits, land, buildings and structures and investment property

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Secured bank borrowings	$ 63,000	2.15%～2.43%	Demand deposits and investment property

For more information about interest expense recognized by the Group for the years ended December 31, 2023 and 2022, please refer to Note 6(28).

(15) Short-term notes and bills payable

Type of borrowings	December 31, 2023	Interest rate range	Collateral
Commercial paper payable	$ 70,200	2.67%	Demand deposits and machinery and equipment
Less: Unamortised discount	(193)		
	$ 70,007		

Type of borrowings	December 31, 2022	Interest rate range	Collateral
Commercial paper payable	$ 96,000	2.40%～2.49%	Demand deposits and machinery and equipment
Less: Unamortised discount	(56)		
	$ 95,944		

A. The above commercial papers were issued and secured by Union Bank of Taiwan and International Bills Finance Corporation for short-term financing.

B. For more information about interest expenses recognized by the Group for the years ended December 31, 2023 and 2022, refer to Note 6(28).

(16) Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses payable	$ 71,558	$ 71,553
Payables for equipment	26,263	30,780
Processing expenses payable	13,753	15,337
Utilities expenses payable	11,342	4,488
Employees' compensation and directors' remuneration payable	8,492	16,705
Packaging expenses payable	8,436	9,617
Labour and health insurance payable	3,277	3,540
Spare parts expenses payable	2,600	3,346
Repair expenses payable	1,821	5,838
Business tax payable	531	2,755
Other payables	27,424	37,893
	$ 175,497	$ 201,852

(17) 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 issued 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 issued the fourth domestic unsecured convertible 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 have 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" $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 share options" in accordance with IAS 32. As of December 31, 2023 and 2022, the balance 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 expense recognized by the Group for the years ended December 31, 2023 and 2022, please refer to Note 6(28).

(18) Long-term borrowings

Type of borrowings	Maturity period	Interest rate range	December 31, 2023	Collateral
Secured bank borrowing	2026.3.2~ 2038.8.9	2.45%~ 2.82%	$ 277,758	Demand deposits, machinery and equipment and construction in progress
Unsecured bank borrowing	2024.12.31	2.67%~ 2.77%	245,000	
			522,758	
Less: Current portion			(306,331)	
			$ 216,427	

Type of borrowings	Maturity period	Interest rate range	December 31, 2022	Collateral
Secured bank borrowing	2025.7.20~ 2029.3.21	2.46%~ 2.69%	$ 136,062	Demand deposits and machinery and equipment
Less: Current portion			(19,124)	
			$ 116,938	

For more information about interest expense recognized by the Group for the years ended December 31, 2023 and 2022, please refer to Note 6(28).

(19) Pensions

A. The Group 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 Group contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. However, the Company suspended the contributions to the Labor Pension Fund until March 31, 2024, as approred by the competent authority. Also, the Group 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 Group will make contributions for the deficit by next March. Related information on the defined benefit pension plan disclosed above is as follows:

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligations	($ 5,848)	($ 11,495)
Fair value of plan assets	13,245	15,648
Net defined benefit assets	$ 7,397	$ 4,153

(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 liability
At January 1	($ 11,495)	$ 15,648	$ 4,153
Interest (expense) income	(74)	94	20
	(11,569)	15,742	4,173
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	($ 5,848)	$ 13,245	$ 7,397

	For the year ended December 31, 2022		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
At January 1	($ 12,244)	$ 19,253	$ 7,009
Interest (expense) income	(45)	75	30
	(12,289)	19,328	7,039
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	($ 11,495)	$ 15,648	$ 4,153

(c) The Bank of Taiwan was commissioned to manage the Fund of the Group'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 Group has no right to participate in managing and operating that fund and hence the Group 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 at 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 set based on actuarial advice in accordance with published statistic 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 was 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 analyzing sensitivity and the method of calculating net pension liability in the balance 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 plan of the Group 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 Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2023 and 2022 were $14,798 and $14,171, respectively.

(20) Share capital and capital collected in advance

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

	For the years ended December 31,	
	2023	2022
At January 1	99, 410	88, 522
Cash capital increase	–	10, 000
Conversion of employee share 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, 2022, 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 employee 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 of 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(17).

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..

(21) Capital surplus

	For the year ended December 31, 2023					
	Issurance 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 share 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					
	Issurance 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 reserve arising from paid-in capital in excess of the 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, as above, should not exceed 10% of 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 - issue premium” and “Capital surplus – bonds share options” and “Capital surplus – employee stock options”, please refer to Note 6(20), Note 6(17) and Note 6 (22).

C. For more information about “Capital surplus - effect of organizational restructuring” and “Capital surplus - changes in ownership interests in subsidiaries recognized”, please refer to Note 4(3).

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

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

	For the years ended December 31, 2023	
Share Options	Quantity (Unit)	Weighted average exercise Price (NT$)
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 years ended December 31, 2022	
Share Options	Quantity (Unit)	Weighted average exercise Price (NT$)
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(20).

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

Grant date	October 21, 2020
Stock price (in dollars)	26.35
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 grant date was set on July 12, 2022 with a subscription price of $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 12, 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		0.5374%
Expected option life		0.085 year
Fair value per unit (per share)		NTD$1.78 (in dollars)

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

C. For 2023 and 2022, the subsidiary, Yung Fu Co., Ltd. had a share-based payment arrangements as follows:

Type of arrangement	Grant date	Quantity granted	Contract Period	Vesting Conditions
Employee stock option plan	2022.01.17	520	1 year	0.5 years of service
Employee stock option plan	2022.01.17	700	1 year	1 month of service
Employee stock option plan	2022.02.16	300	1 year	1 month of service

All of the above share-based payment arrangements were settled in equity.

(a) The detailed information of the above share-based payment is as follows:

Share Options	For the year ended December 31, 2022	
	Number of optiions (Unit)	Weighted-average exercise price(in dollar)
Options outstanding at January 1	52	$ 10
Options granted	1,520	10
Options foregone	(70)	－
Options exercised	(1,502)	10
Options outstanding at December 31	－	－
Options exercisable at December 31	－	－

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

(b) The fair value of stock options granted by the subsidiary－Yung Fu Co., Ltd. on grant date is measured using Black-Scholes option-pricing model and the relevant information is as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected volatility	Expected duration	Expected dividends yield	Risk-free rate	Fair value per unit (in dollars)
Employee stock option plan	2022.01.17	$ 10.43	$ 10	30.47%	1 year	0.00%	0.31%	$ 1.48
Employee stock option plan	2022.01.17	10.43	10	30.47%	1 year	0.00%	0.31%	1.48
Employee stock option plan	2022.02.16	10.48	10	30.63%	1 year	0.00%	0.30%	1.51

(c) In 2022, the remuneration costs based on the abovementioned share-based payment transactions recognized by Yung Fu Co., Ltd. recognized was $2,949 (relevant items "Non-controlling interests"), there was no such transaction in 2023.

(23) 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 Group'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 the assets are investment property of land, and reveresd 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 the distribution of cash dividends from 2023 earnings of $100,413 ($1 (in dollars) per share).

(24) Operating revenue

	For the years ended December 31,	
	2023	2022
Revenue from contracts with customers	$ 4,321,072	$ 4,816,929

A. Disaggregation of revenue from contracts with customers

The Group 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
Revenue from sales of scrap iron	953,305	1,028,829
Revenue from construction	379,410	215,094
Logistics and transport revenue	342,478	250,698
Revenue from electricity sales	231,668	191,301
Contracting revenue	229,862	619,373
Revenue from operations	39,226	52,038
Others	132,200	437,588
	3,383,551	4,490,631
Service concession arrangements:		
Revenue from construction	688,147	91,638
Revenue from waste disposal	116,916	128,129
Revenue from electricity sales	110,953	86,283
Revenue from operations	21,505	20,248
	937,521	326,298
	$ 4,321,072	$ 4,816,929

	For the years ended December 31,	
	2023	2022
Timing of revenue recognition		
At a point in time	$ 2,849,932	$ 4,147,008
Over time	1,471,140	669,921
	$ 4,321,072	$ 4,816,929

B. The Group has recognized the following revenue-related contract assets and liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract assets - current	$ 5,881	$ 12,711	$ -
Contract liabilities - current and non-current			
Unearned receipts	$ 206,183	$ 127,185	$ 179,154

(a) 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 $18,792 and $70,933, respectively.

(b) Unfulfilled long-term contracts

For the years ended December 31, 2023 and 2022, the contract costs of the unfulfilled part of the long-term contracts signed by the subsidiary—Yung Fu Co., Ltd. with customers were $13,084 and $85,530, respectively. The management expects that the transaction price of the outstanding performance obligations as of December 31, 2023 and 2022 will be recognized as revenue from 2022 to 2024.

Except for the abovementioned contracts, all other contracts of the Group are with a less than one year or billed based on the actual operating quantity. According to IFRS 15, there is no need to disclose the transaction price of the allocation of outstanding contractual obligations for these contracts.

(25) Interest income

	For the years ended December 31, 2023	For the years ended December 31, 2022
Interest income from bank deposits	$ 11,803	$ 1,187
Interest income from financial assets measured at amortised cost	983	652
Other interest income	52	36
	$ 12,838	$ 1,875

(26) Other income

	For the years ended December 31, 2023	For the years ended December 31, 2022
Dividend income	$ 1,387	$ 5,003
Director remuneration	741	2,092
Rent income	392	1,506
Other income	8,986	15,453
	$ 11,506	$ 19,051

(27) Other gains and losses

	For the years ended December 31, 2023	For the years ended December 31, 2022
Net gains on financial assets at fair value through profit or loss	$ 103,842	$ 17,430
Gains (Losses) on disposals of property, plant and equipment	11,295	(5,214)
Net foreign exchange gains	12,607	46,425
Gains arising from lease modifications	5	27
Compensation losses	(42)	(5,270)
Loss on disposal of investments accounted for under equity method	(3,684)	-
Other losses	(4,199)	(864)
	$ 119,824	$ 52,534

(28) Finance costs

	For the years ended December 31,	
	2023	2022
Interest expense:		
Bank borrowings	$ 13,197	$ 11,960
Convertible bonds payable	7,616	1,904
Interest expense on lease liabilities	2,158	1,301
Other	1	1
	$ 22,972	$ 15,166

(29) Expenses by nature

	For the years ended December 31,					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Employee benefit expenses	$ 302,449	$ 93,502	$ 395,951	$ 305,906	$ 117,760	$ 423,666
Depreciation	$ 122,565	$ 15,998	$ 138,563	$ 85,235	$ 21,773	$ 107,008
Amortisation	$ 15,486	$ 202	$ 15,688	$ 444	$ 364	$ 808

(30) Employee benefit expense

	For the years ended December 31,					
	2023			2022		
	Operating cost	Operating expense	Total	Operating cost	Operating expense	Total
Wages and salaries	$255,035	$ 77,980	$333,015	$261,866	$ 92,682	$354,548
Employee compensation costs	–	1,287	1,287	–	8,251	8,251
Labour and health insurance expenses	28,295	6,451	34,746	25,684	7,304	32,988
Pension costs	11,563	3,235	14,798	10,539	3,632	14,171
Other personnel expenses	7,556	4,549	12,105	7,817	5,891	13,708
	$302,449	$ 93,502	$395,951	$305,906	$117,760	$423,666

A. 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 director's and supervisors' remuneration. The ratio shall be 1%～3% for employees' compensation and shall not be higher than than 3% for director's 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 cash; and in addition thereto a report of such distribution shall be submitted to the shareholders during their meeting.

B. 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, maily caused by estimation differences, had been adjusted in the profit or loss of 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.

(31) Income tax

A. Income tax (benefit) expense:

(a) Components of income tax (benefit) expense:

	For the years ended December 31, 2023	For the years ended December 31, 2022
Current tax:		
Current tax on profits for the year	$ 22,313	$ 43,242
Tax on undistributed earnings	19	462
Prior year income tax (over) underestimation	(2,097)	6,740
Total current tax	20,235	50,444
Deferred tax:		
Origination and reversal of temporary differences	(150,636)	(12,098)
Income tax (benefit) expense	($ 130,401)	$ 38,346

(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 (benefit) expense and accounting profit

	For the years ended December 31,	
	2023	2022
Tax calculated based on profit before tax and statutory tax rate	$ 40,055	$ 55,165
Effect from items disallowed by tax regulation	(22,031)	(3,731)
Effect from temporary differences not recognized as deferred tax	(6,798)	1,744
Effect from investment tax credits	-	(3,246)
Realisable changes in assessment of deferred tax assets	(139,549)	(18,788)
Tax on undistributed earnings	19	462
Prior year income tax (over) underestimation	(2,097)	6,740
Income tax (benefit) expense	($ 130,401)	$ 38,346

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	1,370	-	1,631
Pension	864	-	(645)	219
Unrealised expenses	917	230	-	1,147
Unrealised gain on sales	9,703	(9,703)	-	-
Unrealised construction cost	15,511	119,430	-	134,941
Loss carryforward	50,527	32,183	-	82,710
	$ 86,231	$ 143,096	($ 645)	$ 228,682
Deferred tax liabilities				
Temporary differences				
Pension	($ 1,385)	($ 4)	$ -	($ 1,389)
Unrealised loss on currency exchange	(847)	847	-	-
Incremental tax on land revaluation	(19,231)	6,697	-	(12,534)
	($ 21,463)	$ 7,540	$ -	($ 13,923)
	$ 64,768	$ 150,636	($ 645)	$ 214,759

	For the year ended December 31, 2022			
	January 1	Recognised 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	3,421	(3,160)	-	261
Untaken vacation bonuses	228	(228)	-	-
Pension	286	-	578	864
Unrealised expenses	577	340	-	917
Unrealised gain on sales	7,525	2,178	-	9,703
Unrealised construction cost	-	15,511	-	15,511
Loss carryforward	52,232	(1,705)	-	50,527
	$ 71,493	$ 14,160	$ 578	$ 86,231
Deferred tax liabilities				
Temporary differences				
Property, plant and equipment tax differences	($ 6,867)	$ 6,867	$ -	$ -
Pension	-	(1,385)	-	(1,385)
Unrealised loss on currency exchange	-	(847)	-	(847)
Incremental tax on land revaluation	(12,534)	(6,697)	-	(19,231)
	($ 19,401)	($ 2,062)	$ -	($ 21,463)
	$ 52,092	$ 12,098	$ 578	$ 64,768

D. Expiration dates of unused loss carryforward and amounts of unrecognized deferred tax assets are as follows:

December 31, 2023				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2016~2023	$ 551,850	$ 549,284	$ 135,731	2026~2033

December 31, 2022				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred tax assets	Expiry year
2016~2022	$ 380,335	$ 380,355	$ 50,167	2026~2032

E. 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

F. 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.

(32) 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 of the parent	$ 150,839	99,817	$ 1.51
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 150,839	99,817	
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	205	
Employee share options	-	484	
Corporate bonds payable	6,092	13,209	
Profit attributable to ordinary shareholders of the parent 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 of the parent	$ 284,287	93,998	$ 3.02
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 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 of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 285,810	98,752	$ 2.89

(33) Supplemental cash flow information

A. Investing activities with partial cash payments:

	For the years ended December 31,	
	2023	2022
(a) Acquisition of property, plant and equipment	$ 90,313	$ 254,787
Add: Beginning balance of notes payable (includingrelated parties)	46,748	23,255
Beginning balance of other payables (including related parties)	30,780	12,047
Less: Ending balance of notes payable (including related parties)	(9,047)	(46,748)
Ending balance of other payables (Including related parties)	(26,263)	(30,780)
Cash paid for acquisition of property, plant and equipment	$ 132,531	$ 212,561

	For the years ended December 31,	
	2023	2022
(b) Disposal of property, plant and equipment	$ 153, 496	$ 11, 938
Add: Beginning balance of notes receivable	−	52, 175
Cash receipts from disposal of property,plant and equipment	$ 153, 496	$ 64, 113

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

	For the years ended December 31,	
	2023	2022
(a) Inventories transferred to office supplies	$ −	$ 1, 724
(b) Investments accounted for under equity method transferred to financial assets at fair value through other comprehensive income	$ 18, 361	$ −
(c) Prepayments for equipment transferred to property, plant and equipment	$ 82, 790	$ 207, 025
(d) Prepayments for equipment transferred to other non-current asstes	$ 770	$ −
(e) Convertible bonds converted into share capital and capital surplus	$ 3, 338	$ 6, 276

(34) Changes in liabilities from financing activities

	For the year ended December 31, 2023						
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Corporate bonds payable (including the current portion)	Long-term loans (including the current portion)	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 63,000	$ 95,944	$ 101,182	$ 336,569	$ 136,062	$ 35,190	$ 767,947
Changes in cash flow from financing activities	93,144	(25,800)	(16,190)	-	386,696	(1,562)	436,288
Changes in other non-cash items	-	(137)	33,270	4,274	-	-	37,407
At December 31	$ 156,144	$ 70,007	$ 118,262	$ 340,843	$ 522,758	$ 33,628	$ 1,241,642

	For the year ended December 31, 2022						
	Short-term borrowings	Short-term notes and bills payable	Lease liabilities	Corporate bonds payable (including the current portion)	Long-term loans (including the current portion)	Guarantee deposits received	Liabilities from financing activities-gross
At January 1	$ 428,783	$ 88,766	$ 100,252	$ 6,757	$ 104,865	$ 21,334	$ 750,757
Changes in cash flow from financing activities	(365,783)	7,200	(13,263)	347,548	31,197	13,856	20,755
Changes in other non-cash items	-	(22)	14,193	(17,736)	-	-	(3,565)
At December 31	$ 63,000	$ 95,944	$ 101,182	$ 336,569	$ 136,062	$ 35,190	$ 767,947

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Group
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 Co., Ltd	Other related party
Golden Win Steel Industrial Corp.	Other related party

(2) Significant related partiy transactions

A. Sale of goods

	For the years ended December 31,	
	2023	2022
Sales of goods:		
Gloria Material Technology Corp.	$ 325,769	$ 769,238
TMP Steel Co.,Ltd	126,463	-
Chun Yu Works & Co., Ltd.	47,643	102,270
Other related parties	18,002	49,913
	$ 517,877	$ 921,421

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.	$ 448,456	$ 702,681
Other related parties	15,072	773
	$ 463,528	$ 703,454

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:

	Objects	For the years ended December 31, 2023	2022
Chun Zu Machinery Industry Co., Ltd.	Machinery amd equipment	$ 35, 711	$ 68, 439
Other related parties	Machinery amd equipment	545	178
		$ 36, 256	$ 68, 617

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

(b) Disposal of property, plant and equipment:

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

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

D. Equity transactions

The Company acquired a 100% equity interest of TSG Engineering Corp. from TSG United Co., Ltd. in 2023. For more information, please refer to Note 4(3).

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	$ 11, 281	$ 26, 850

F. Accounts receivable

	For the years ended December 31, 2023	2022
GMTC Gloria Material Technology Corp.	$ 42, 331	$ 59, 551
Other related parties	71, 403	27, 667
	$ 113, 734	$ 87, 218

G. Notes payable

	For the years ended December 31, 2023	2022
Chun Zu Machinery Industry Co., Ltd.	$ 9, 047	$ 45, 685
Other related parties	1, 714	4, 629
	$ 10, 761	$ 50, 314

H. Accounts payable

	For the years ended December 31, 2023	For the years ended December 31, 2022
Chun Yu Works & Co., Ltd.	$ 92,640	$ 37,724
Other related parties	460	-
	$ 93,100	$ 37,724

I. Other payables

	For the years ended December 31, 2023	For the years ended December 31, 2022
Other related parties	$ 2,164	$ 1,436

(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	$ 19,610	$ 20,109

8. PLEDGED ASSETS

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

Pledged asset	December 31, 2023	December 31, 2022	Purpose
Demand deposits (Note 1)	$ 229,429	$ 138,616	Performance guarantee, short-term borrowings, short-term notes and bills payable and long-term borrowings
Land (Note 2)	14,251	159,297	Performance guarantee, short-term borrowings
Buildings and structures-net (Note 2)	4,665	57,056	Performance guarantee, short-term borrowings
Machinery and equipment (Note 2)	211,018	189,077	Short-term notes and bills payable and long-term borrowings
Construction in progress (Note 2)	12,145	-	Long-term borrowings
Investment property (Note	32,452	32,452	Short-term borrowings
Guarantee deposits paid	2,078	-	Performance guarantee
	$ 506,038	$ 576,498	

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

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

(Note 3) Listed as "Investment property, net".

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) As of December 31, 2023 and 2022, the Group's remaining balance due for construction in progress and prepayments for equipment were NT$48,458 and NT$53,522, 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, the performance bond issued by the bank and the Group for contracts of subsidiary－Yung Fu Co., Ltd. were NT$534,127 and NT$494,603, respectively.

(4) As of December 31, 2023, the major contracts undertaken by the subsidiary－Yung Fu Co., Ltd. are as follows:

Name of Project Owner	Construction/Service Contract	Contract Amount	Contract Period
Environmental Protection Bureau of Hsinchu City	Performance and preparation enhancement turnkey project for garbage recycling plant in Hsinchu City	$ 445,300	2023.7.3~2024.8.31
Environmental Protection Bureau of Hsinchu City	Contract of operation and management of garbage recycling plant in Hsinchu	Request for payment based on actual monthly volume processed	2022.2.16~2042.2.15
Environmental Protection Bureau of Taitung County	Performance enhancement turnkey project for Taitung County Waste and Energy Resource Center	$ 538,255	2021.1.1~2025.1.13
Environmental Protection Bureau of Pingtung County	Renovate, operate, transfer (ROT) project of Kanding Waste Incineration Plant in Pingtung County (Note)	Request for payment based on actual monthly volume processed	2021.12.22~2041.12.21

(Note) Please refer to Note 6 (12).

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

(2) Financial instruments

A. Financial instruments by category

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

B. Financial risk management policies

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

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

C. Significant financial risks and degrees of financial risks

(a) Market risk

I. Foreign exchange risk

i. The Group's management has set up a policy to require the Group to manage its foreign exchange risk against its functional currency. The companies are required to hedge their entire foreign exchange rish exposure with the Group treasury. Exchange rate risk is measured through a forecast of highly probable EUR and USD expenditures. Forward foreign exchange contracts are adopted to minimize the volatility of the exchange rate affecting collection forecast of account receivable.

ii. The Group hedges foreign exchange risk by using forward exchange contracts However, the Group does not adopt hedge accounting, and therefore accounts for financial assets or liabilities at fair value through profit or loss.

iii. The Group businesses involve certain non-functional currencies operations (the functional currency of the Company and subsidiaries is the New Taiwan dollar) and is therefore subject to exchange rate fluctuations. 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			
USD:NTD	$ 3,113	30.71	$ 95,600
EUR:NTD	5,253	33.98	178,497
Financial liabilities			
Monetary items			
EUR:NTD	139	33.98	4,723

	December 31, 2022		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 6,384	30.71	$ 196,053
EUR:NTD	2,857	32.72	93,481
JPY:NTD	281,927	0.2324	65,520
Financial liabilities			
Monetary items			
USD:NTD	104	30.71	3,194
EUR:NTD	126	32.72	4,123

(i.) 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, EUR and JPY had appreciated/depreciated by 1% with all other factors remaining constant, the Group's net profit after tax for the years ended December 31, 2023 and 2022, would have increased/decreased by $2,155 and $2,782, respectively.

(ii.) The total exchange gain, including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2023 and 2022, amounted to $12,607 and $46,425, respectively.

II. Price risk

i. The Group'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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, post-tax profit for the years ended December 31, 2023 and 2022 would have increased/decreased were $1,945 and $359, 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 $1,176 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 Group's borrowings are financial instruments at floating rates. Thus, future cash flows will fluctuate due to changes in market interest rates and future changes in effective rates of debt instruments. However, partial interest rate risk is offset by cash and cash equivalents held at variable rate. 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 $564 and $223, 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 Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

II. The Group manages its credit risk taking into consideration the entire group's concern. According to the Group's credit policy, the Group is responsible for managing and analysing the credit risk for each of 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 Group adopts the assumption under IFRS 9, that is, default occurs when the contract payments were past due over 90 days.

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

V. The Group classifies customer's notes and accounts receivable in accordance with credit term. The Group applies the modified approach using provision matrix, loss rate methodology to estimate expected credit loss. The Group used 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 Group applying the modified approach to provide loss allowance for notes 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, 2022		
	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 Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

II. Surplus cash held by the Group over and above balance required for working capital management are transferred to the Group treasury. Group 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 of December 31, 2023 and 2022, the position of money market held by the Group were $844,894 and $1,222,046, respectively, that are expected to readily generate cash flows for managing liquidity risk.

III. The Group has the following undrawn borrowing facilities::

	December 31, 2023	December 31, 2022
Floating rate		
Expiring within one year	$ 773, 439	$ 2, 566, 495
Expiring beyond one year	787, 645	176, 000
	$ 1, 561, 084	$ 2, 742, 495

IV. The table below analyses the Group'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:				
Short-term borrowings	$ 158,612	$ -	$ -	$ -
Short-term notes and bills payable	70,200	-	-	-
Notes payable (including related parties)	29,829	-	-	-
Accounts payable (including related parties)	917,534	-	-	-
Other payables	175,497	-	-	-
Lease liabilities	17,667	17,048	47,769	45,175
Corporate bonds payable	-	-	362,492	-
Long-term borrowings(including current portion)	319,652	70,318	86,677	77,978
Guarantee deposits	-	-	33,628	-

December 31, 2022	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Non-derivative financial liabilities:				
Short-term borrowings	$ 63,969	$ -	$ -	$ -
Short-term notes and bills payable	96,000	-	-	-
Notes payable (including related parties)	75,248	-	-	-
Accounts payable (including related parties)	326,604	-	-	-
Other payables	201,852	-	-	-
Lease liabilities	14,907	13,468	35,901	42,687
Corporate bonds payable	-	-	366,048	-
Long-term borrowings(including current portion)	22,101	21,634	35,060	75,333
Guarantee deposits	-	35,190	-	-

(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 Group’s investment in beneficiary certificates and listed stocks 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 Group’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. The fair value of the Group’s investment in stock of private entity is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(11).

C. Except for corporate bonds payable (including current portion) which is measured at a 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 Group’s financial instruments not measured at fair value (including cash and cash equivalents, financial assets at amortised cost (including current and non-current portion), notes receivable, accounts receivable (including related parties), other receivables, guarantee deposits paid, short-term borrowings, short-term notes and bills payable, notes payable (including related parties), accounts payable (including related parties), other payables, long-term borrowings (including current portion), and guarantee deposits received) are approximate to their fair values..

D. 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:				
Beneficiary certificates	$ 2,837	$ -	$ -	$ 2,837
Equity securities	64,162	127,050	-	191,212
Call options of corporate bonds	-	416	-	416
	$ 66,999	$ 127,466	$ -	$ 194,465
Financial assets at fair value through other comprehensive income				
Equity securities	$ 95,707	$ -	$ 21,842	$ 117,549

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	$ 26,624	$ -	$ -	$ 26,624
Equity securities	8,856	-	-	8,856
Call options of corporate bonds	-	420	-	420
	$ 35,480	$ 420	$ -	$ 35,900
Financial assets at fair value through other comprehensive income				
Equity securities	$ 80,881	$ -	$ -	$ 80,881

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

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

	Listed shares	Open-end funds
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 consolidated 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 Group's financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk, etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

F. The valuation of derivative financial instruments is based on valuation models 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.

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

H. The following chart is the movement of Level 3 for the years ended December 31, 2023 and 2022:

For the year ended December 31, 2023		Equity instrument
Balance at January 1	$	-
Transfer from investments accounted for under equity method		18,361
Gain recognized in other comprehensive income		3,481
Balance at December 31	$	21,842

For the years ended December 31, 2022, there was no such situation of Level 3.

(Note) Information of transfer from investments accounted for under equity method, please refer to Note 6(8).

I. Financial division is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the resource of information is independent, reliable and in line with other resources and represented as the exercisable price, and frequently calibrating valuation model, performing back-testing, updating inputs used to the valuation model and making any other necessary adjustments to the fair value.

J. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2023	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 21,842	Market comparable companies	(a)Price-book ratio multiplier	2.78%	The higher the multiplier, the higher the fair value
			(b)Discount for lack of marketability	20%	The higher the discount for lack of marketability, the lower the fair value

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

K. The Group has carefully assessed the valuation models and assumptions used to measure fair value. However, use of different valuation models or assumptions may result in different measurement. The following is the effect on profit or loss or on other comprehensive income of financial assets and liabilities categorized within Level 3 if the inputs used to valuation models have changed:

			December 31, 2023			
			Recognised in profit or loss		Recognised in other comprehensive income	
	Input	Change	Favourable change	Unfavourable change	Favourable change	Unfavourable change
Financial assets						
Equity instrument	Price-book ratio multiplier	±5%	$ -	$ -	$ 1,005	$ (1,005)
	Discount for lack of marketability	±10%	-	-	502	(502)
			$ -	$ -	$ 1,507	($ 1,507)

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

13. SUPPLEMENTARY DISCLOSURES

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

(1) Significant transactions information

A. Loans to others: 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 period: None.

J. Significant inter-company transactions during the reporting period: 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

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the chief operating decision-maker that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information during this period.

(2) Measurement of segment information

The chief operating decision-maker evaluates the performance of operating segments based on pretax income excluding non-recurring income or expenses. For details of operating segments' accounting policies, refer to Note 4.

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

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

For the year ended December 31, 2023

	Screws Department	Transportation Department	Environmental Business Department	Others	Total
Revenue from external customers	$ 1,078,361	$1,170,062	$ 2,072,649	$ -	$ 4,321,072
Revenue from internal customers	-	51,603	-	-	51,603
Interest income	10,773	405	1,640	20	12,838
Depreciation and amortisation	74,721	8,066	71,463	-	154,250
Interest expense	9,494	409	13,069	-	22,972
Segment income (loss) before tax	144,487	5,230	(129,487)	(261)	19,969
Segment assets	1,867,993	443,619	2,869,241	22,445	5,203,298
Segment liabilities	659,773	186,421	1,742,651	236	2,589,081

For the year ended December 31, 2022

	Screws Department	Transportation Department	Environmental Business Department	Total
Revenue from external customers	$ 2,020,488	$ 1,896,222	$ 900,219	$ 4,816,929
Revenue from internal customers	-	39,943	-	39,943
Interest income	1,012	160	703	1,875
Depreciation and amortisation	60,835	6,356	40,625	107,816
Interest expense	9,812	394	4,960	15,166
Segment income (loss) before tax	423,011	(4,825)	(120,636)	297,550
Segment assets	2,207,932	323,514	1,638,397	4,169,843
Segment liabilities	719,615	121,667	713,223	1,554,505

(4) Reconciliation for segment income

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

(5) Information on products and services

Revenue from external customers mainly comes from scrap iron trading, screws and related products, contracting business, waste turnkey and engineering projects such as solar farms, transportation, electricity sales, contracted operations of incinerators and metal thermal treatments and other businesses. For details of reuenues, refer to Note 6 (24).

(6) Geographical information

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

	For the years ended December 31,			
	2023		2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 3, 252, 744	$ 2, 277, 497	$ 3, 132, 228	$ 1, 498, 790
Germany	482, 321	–	714, 174	–
USA	125, 675	–	295, 757	–
Other countries	460, 332	–	674, 770	–
	$ 4, 321, 072	$ 2, 277, 497	$ 4, 816, 929	$ 1, 498, 790

(7) Major customer information

Major customer information of the Group (revenue is more than 10% of consolidated net operating income) for the years ended December 31, 2023 and 2022 are as follows:

	Year ended December 31, 2023	Year ended December 31, 2022
Company A	$ 980, 648	$ 899, 450
Company B	739, 251	223, 771
Company C	325, 858	769, 238
Company D	139, 778	496, 599
	$ 2, 185, 535	$ 2, 389, 058

OFCO Industrial Corp. and subsidiaries

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 Item	Collateral Value	Limited on loans granted to a single party (Note 2)	Ceiling on total loans granted (Note 2)	Note
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 Corp. and subsidiaries

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	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.

<u>OFCO Industrial Corp. and subsidiaries</u>

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

<u>December 31, 2023</u>

Table 3

Expressed in thousands of NTD

Investor	Type and name of securities	Relationship with the securities issuer	General ledger account	Ending balance: Number of shares (in thousands)	Ending balance: Book value	Ending balance: Percentage of ownership (%)	Ending balance: Fair value	Note
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 Corp. and subsidiaries

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 Corp. and subsidiaries

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 Corp. and subsidiaries

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 Corp. and subsidiaries

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)

				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
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 of 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 Corp. and subsidiaries

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.