SAN SHING FASTECH CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS

WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED

DECEMBER 31, 2023 AND 2022

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The reader is advised that the parent company only financial statements have been prepared originally in Chinese. In the event of a conflict between the financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Parent Company Only Financial Statements

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Independent Auditors' Report Translated from Chinese

To San Shing Fastech Corp.

Opinion

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

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. Based on our audits, 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 2023 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Loss Allowance of Accounts receivable

As of December 31, 2023, the Company's net accounts receivable amounted to NT$1,234,309 thousand, representing 15% of the parent company only total assets which is significant for the financial statements. Since the loss allowance of accounts receivable is measured by the expected credit loss for the duration of the accounts receivable, the measurement of expected credit loss involves making judgement, analysis and estimates, and the result will affect net accounts receivable. Therefore, we considered this a key audit matter.

Our audit procedures included, but are not limited to, assessing the appropriateness of expected credit loss for accounts receivable; understanding and testing the effectiveness of the internal control over accounts receivable collection established by management; sampling customers to perform confirmation and reviewing the collection in subsequent period to evaluate recoverability; testing the accuracy of aging and analyzing changes in aging to assess reasonableness; testing the relevant statistical information of loss rate calculated by rolling rate; considering the rationality of the prospective information and assessing the appropriateness of expected credit loss. Please refer to Note 5 and 6 in notes to the parent company only financial statements.

2. Inventory Valuation

As of December 31, 2023, the Company's net inventories amounted to NT$1,538,894 thousand, representing 18% of the parent company only total assets which is significant for the financial statements. Due to a high degree of customization for main finished goods and work in progress, obsolete and slow-moving inventory valuation requires significant judgement of management. Therefore, we considered this a key audit matter.

Our audit procedures included, but not limited to, understanding and testing the effectiveness of the internal control over inventory valuation which includes management of the inventory aging; evaluating the appropriateness of accounting policies for obsolete and slow-moving inventory; evaluating the physical inventory stock take plan provided by the management and choosing the significant location to perform the observation and inspect the status for any write-downs or write-offs of inventory; testing the correctness of aging intervals in inventory aging schedule and the appropriateness of the movement and assessing the inventory reserve percentage to confirm the reasonableness of management's determination of the provisions to reduce the valuation of inventory to net realizable value. Please refer to Note 5 and 6 in notes to the parent company only financial statements.

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Responsibilities of Management and Those Charged with Governance for the Parent Company only Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Parent Company only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in 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 the parent company only financial statements.

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

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1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 2023 parent company only financial statements 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.

/s/ Hung, Kuo-Sen

/s/ Chen, Cheng-Chu

Ernst & Young, Taiwan

March 7, 2024

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such parent company only financial statements are those generally accepted and applied in the Republic of China.

Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or Standards on Auditing of the Republic of China, and their applications in practice. As the financial statements are the responsibility of the management, Ernst & Young 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.

English Translation of Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP.

PARENT COMPANY ONLY BALANCE SHEETS

December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	December 31, 2023	%	December 31, 2022	%
Current assets					
Cash and cash equivalents	4/6.(1)	$1,662,476	20	$1,500,291	18
Financial assets at fair value through profit or loss, current	4/6.(2)	2,045	-	-	-
Notes receivable, net	4/6.(4)&(13)	3,668	-	2,900	-
Notes receivable - related parties, net	4/6.(4)&(13)/7	-	-	5,765	-
Accounts receivable, net	4/6.(5)&(13)	1,181,344	14	1,237,654	15
Accounts receivable - related parties, net	4/6.(5)&(13)/7	52,965	1	17,119	-
Other receivables		23,549	-	15,560	-
Other receivables - related parties	7	5,757	-	1,618	-
Inventories, net	4/6.(6)	1,538,894	18	1,692,800	21
Prepayments		5,779	-	4,941	-
Total current assets		4,476,477	53	4,478,648	54
Non-current assets					
Financial assets measured at amortized cost, non-current	4/6.(3)/8	24,254	-	6,236	-
Investments accounted for using the equity method	4/6.(7)	957,335	12	851,305	10
Property, plant and equipment	4/6.(8)/7/8	2,839,470	34	2,852,639	35
Deferred tax assets	4/6.(18)	54,858	1	54,955	1
Other non-current assets		7,633	-	20,419	-
Other financial assets - non-current		18,000	-	-	-
Total non-current assets		3,901,550	47	3,785,554	46
Total assets		$8,378,027	100	$8,264,202	100

Liabilities and Equity	Notes	December 31, 2023	%	December 31, 2022	%
Current liabilities					
Financial liabilities at fair value through profit or loss, current	4/6.(9)	$975	-	$16,772	-
Contract liabilities, current	4/6.(12)/7	48,619	1	66,355	1
Notes payable		373	-	227,829	3
Notes payable - related parties	7	-	-	88,719	1
Accounts payable		317,822	4	83,294	1
Accounts payable - related parties	7	123,777	1	23,626	-
Other payables		364,516	4	348,431	4
Other payables - related parties	7	169	-	645	-
Current tax liabilities	4	212,251	3	214,869	3
Other current liabilities		21,040	-	1,444	-
Total current liabilities		1,089,542	13	1,071,984	13
Non-current liabilities					
Deferred tax liabilities	4/6.(18)	237,608	3	236,442	3
Other non-current liabilities	7	41,574	-	38,196	-
Net defined benefit liabilities, non-current	4/6.(10)	41,886	1	57,279	1
Total non-current liabilities		321,068	4	331,917	4
Total liabilities		1,410,610	17	1,403,901	17
Equity	4/6.(11)				
Capital					
Common stock		2,949,401	35	2,949,401	36
Capital surplus		429,321	5	429,222	5
Retained earnings					
Legal reserve		1,476,544	18	1,369,779	16
Special reserve		259,309	3	259,309	3
Unappropriated earnings		1,905,672	23	1,896,448	23
Total retained earnings		3,641,525	44	3,525,536	42
Other components of equity		(52,830)	(1)	(43,858)	-
Total equity		6,967,417	83	6,860,301	83
Total liabilities and equity		$8,378,027	100	$8,264,202	100

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

English Translation of Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

Accounting	Notes	For the years ended December 31			
		2023	%	2022	%
Operating revenues	4/6.(12)/7	$5,848,798	100	$6,375,050	100
Operating costs	4/6.(6)&(14)&(15)/7	(4,498,355)	(77)	(4,824,688)	(76)
Gross profit		1,350,443	23	1,550,362	24
Unrealized gross profit on sales		(4,882)	-	(5,391)	-
Realized gross profit on sales		5,391	-	6,093	-
Gross profit, net		1,350,952	23	1,551,064	24
Operating expenses	4/6.(14)&(15)/7				
Sales and marketing expenses		(188,368)	(3)	(354,037)	(6)
General and administrative expenses		(133,300)	(2)	(145,819)	(2)
Research and development expenses		(31,642)	(1)	(30,173)	-
Expected credit losses	4/6.(13)	(395)	-	-	-
Subtotal		(353,705)	(6)	(530,029)	(8)
Operating income		997,247	17	1,021,035	16
Non-operating income and expenses	4/6.(16)				
Interest income		11,875	-	4,745	-
Other income		22,323	-	25,947	-
Other gains and losses		38,434	1	63,232	1
Finance costs		(140)	-	(323)	-
Share of profit or loss of subsidiaries by equity method	6.(7)	141,293	3	173,407	3
Subtotal		213,785	4	267,008	4
Income from continuing operations before income tax		1,211,032	21	1,288,043	20
Income tax expense	4/6.(18)	(213,950)	(4)	(227,656)	(3)
Profit from continuing operations		997,082	17	1,060,387	17
Net income		997,082	17	1,060,387	17
Other comprehensive income (loss)	6.(17)				
Items that will not be reclassified subsequently to profit or loss					
Remeasurements of defined benefit pension plans		4,659	-	9,070	-
Income tax related to items that will not be reclassified subsequently		(932)	-	(1,814)	-
Items that may be reclassified subsequently to profit or loss					
Exchange differences on translation of foreign operations		(11,215)	-	12,405	-
Income tax related to items that may be reclassified subsequently		2,243	-	(2,481)	-
Total other comprehensive income (loss), net of tax		(5,245)	-	17,180	-
Total comprehensive income		$991,837	17	$1,077,567	17
Earnings per share (NTD)	6.(19)				
Earnings per share-Basic		$3.38		$3.60	
Earnings per share-Diluted		$3.38		$3.59	

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

English Translation of Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Accounting	Common Stock	Capital Surplus	Retained Earnings			Other Components of Equity	Total
			Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	
Balance as of January 1, 2022	$2,949,401	$429,132	$1,271,053	$259,309	$1,812,351	($53,782)	$6,667,464
Appropriation and distribution of 2021 retained earnings:							
Legal reserve	-	-	98,726	-	(98,726)	-	-
Cash dividends	-	-	-	-	(884,820)	-	(884,820)
Other changes in capital surplus	-	90	-	-	-	-	90
Net income for the year ended December 31, 2022	-	-	-	-	1,060,387	-	1,060,387
Other comprehensive income (loss), net of tax for the year ended December 31, 2022	-	-	-	-	7,256	9,924	17,180
Total comprehensive income (loss)	-	-	-	-	1,067,643	9,924	1,077,567
Balance as of December 31, 2022	$2,949,401	$429,222	$1,369,779	$259,309	$1,896,448	($43,858)	$6,860,301
Balance as of January 1, 2023	$2,949,401	$429,222	$1,369,779	$259,309	$1,896,448	($43,858)	$6,860,301
Appropriation and distribution of 2022 retained earnings:							
Legal reserve	-	-	106,765	-	(106,765)	-	-
Cash dividends	-	-	-	-	(884,820)	-	(884,820)
Other changes in capital surplus	-	99	-	-	-	-	99
Net income for the year ended December 31, 2023	-	-	-	-	997,082	-	997,082
Other comprehensive income (loss), net of tax for the year ended December 31, 2023	-	-	-	-	3,727	(8,972)	(5,245)
Total comprehensive income (loss)	-	-	-	-	1,000,809	(8,972)	991,837
Balance as of December 31, 2023	$2,949,401	$429,321	$1,476,544	$259,309	$1,905,672	($52,830)	$6,967,417

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

English Translation of Financial Statements Originally Issued in Chinese

SAN SHING FASTECH CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the years ended December 31, 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Accounting	For the years ended December 31	
	2023	2022
Cash flows from operating activities:		
Net income before tax	$1,211,032	$1,288,043
Adjustments to reconcile net income before tax to net cash provided by operating activities:		
Depreciation	160,786	177,161
Expected credit losses	395	-
Net loss of financial assets and liabilities at fair value through profit or loss	17,873	73,771
Interest expense	140	323
Interest income	(11,875)	(4,745)
Share of (profit) of subsidiaries by equity method	(141,293)	(173,407)
(Gains) on disposal and abandonment of property, plant and equipment	(455)	(200)
Others	(509)	(702)
Changes in operating assets and liabilities:		
Mandatorily financial assets at fair value through profit or loss	(35,715)	(29,997)
Notes receivable	(768)	594
Notes receivable - related parties	5,765	497
Accounts receivable	55,915	(127,383)
Accounts receivable - related parties	(35,846)	13,473
Other receivables	(7,989)	17,115
Other receivables - related parties	(4,139)	(229)
Inventories	153,906	289,558
Prepayments	(838)	566
Other financial assets	(18,000)	-
Contract liabilities	(17,736)	8,247
Notes payable	(227,456)	(41,382)
Notes payable - related parties	(88,719)	(2,152)
Accounts payable	234,528	(18,820)
Accounts payable - related parties	100,151	48
Other payables	16,085	12,130
Other payables - related parties	(476)	(524)
Other current liabilities	19,596	117
Net defined benefit liabilities	(10,734)	(22,947)
Cash generated from operations	1,373,624	1,459,155
Income tax paid	(213,994)	(195,122)
Net cash provided by operating activities	1,159,630	1,264,033

Accounting	For the years ended December 31	
	2023	2022
Cash flows from investing activities:		
Acquisition of financial assets measured at amortized cost	(18,018)	-
Proceeds from disposal of financial assets measured at amortized cost	-	28,306
Acquisition of investment accounted under the equity method	(102,000)	-
Acquisition of property, plant and equipment	(128,950)	(108,655)
Proceeds from disposal of property, plant and equipment	488	200
Increase in other non-current assets	(5,914)	(17,324)
Interest received	11,875	4,745
Dividends received	126,557	127,540
Net cash (used in) provided by investing activities	(115,962)	34,812
Cash flows from financing activities:		
Increase in other non-current liabilities	3,378	-
Decrease in other non-current liabilities	-	(1,599)
Cash dividends	(884,820)	(884,820)
Interest paid	(140)	(323)
Others	99	90
Net cash used in financing activities	(881,483)	(886,652)
Net increase in cash and cash equivalents	162,185	412,193
Cash and cash equivalents at beginning of period	1,500,291	1,088,098
Cash and cash equivalents at end of period	$1,662,476	$1,500,291

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

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. History and organization

SAN SHING FASTECH CORP. ("the Company") was incorporated in 1965. The main activities of the Company includes manufacturing, processing, marketing and export business of bolts, nuts, steel wires and related machinery, machinery parts, tools. The Company's common shares were publicly listed on Taipei Exchange (TPEx) on January 17, 1998 and started to list on Taiwan Stock Exchange Corporation (TWSE) on September 16, 2011.

2. Date and procedures for authorization of financial statements for issue

The parent company only financial statements for the years ended December 31, 2023 and 2022 were authorized for issue by the Board of Directors on March 7, 2024.

3. Newly issued or revised standards and interpretations

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), and Interpretations issued, revised or amended which are recognized by the Financial Supervisory Commission (FSC) and became effective for annual periods beginning on or after January 1, 2023. The adoption of these new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board (IASB) which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	Classification of Liabilities as Current or Non-current (Amendments to IAS 1)	January 1, 2024
B	Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)	January 1, 2024
C	Non-current Liabilities with Covenants (Amendments to IAS 1)	January 1, 2024
D	Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)	January 1, 2024

A. Classification of Liabilities as Current or Non-current (Amendments to IAS 1)

These are the amendments to paragraphs 69-76 of *IAS 1 "Presentation of Financial statements"* and the amended paragraphs related to the classification of liabilities as current or non-current.

B. Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in *IFRS 16 "Lease,"* thereby supporting the consistent application of the standard.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Non-current Liabilities with Covenants (Amendments to IAS 1)

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

D. Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

The abovementioned amendments that are applicable for annual periods beginning on or after January 1, 2024 have no material impact on the Company.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as of the date of issuance of the Company's financal statements are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
A	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
B	IFRS 17 "Insurance Contracts"	January 1, 2023
C	Lack of Exchangeability (Amendments to IAS 21)	January 1, 2025

The Company will apply for standards or interpretations issued by IASB but not yet endorsed by FSC in future periods and the potential impacts arising from the adoption on the Company's financial statements are summarized as follows:

A. *IFRS 10 "Consolidated Financial Statements"* and *IAS 28 "Investments in Associates and Joint Ventures"* – Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in *IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures,"* in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

B. Lack of Exchangeability (Amendments to IAS 21)

These amendments specify whether a currency is exchangeable into another currency and, when it is not, to determining the exchange rate to use and the disclosures to provide. The amendments apply for annual reporting periods beginning on or after January 1, 2025.

The Company is currently evaluating the potential impact of the aforementioned standards and interpretations to the Company's financial position and performance, and the related impact will be disclosed when the evaluation is completed.

4. Summary of material accounting policies

(1) Statement of compliance

The parent company only financial statements for the years ended December 31, 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of preparation

According to article 21 of the Regulations, the profit or loss and other comprehensive income presented in the parent company only financial reports will be the same as the allocations of profit or loss and of other comprehensive income attributable to owners of the parent presented in the financial reports prepared on a consolidated basis, and the owner's equity presented in the parent company only financial reports will be same as the equity attributable to owners of the parent presented in the financial reports prepared on a consolidated basis. Therefore, the investments in subsidiaries will be disclosed under "Investments accounted for using the equity methods" in the parent company only financial report and change in value will be adjusted.

The parent company only financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The parent company only financial statements are expressed in thousands of New Taiwan Dollars ("NT$") unless otherwise stated.

(3) Foreign currency transactions

The Company's parent company only financial statements are presented in its functional currency, New Taiwan Dollars (NTD).

Transactions in foreign currencies are initially recorded by the Company at their respective functional currency rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

A. Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

B. Foreign currency items within the scope of *IFRS 9 "Financial Instruments"* are accounted for based on the accounting policy for financial instruments.

C. Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NTD at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

A. The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
B. The Company holds the asset primarily for the purpose of trading.
C. The Company expects to realize the asset within twelve months after the reporting period.
D. The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

A. The Company expects to settle the liability in its normal operating cycle.
B. The Company holds the liability primarily for the purpose of trading.
C. The liability is due to be settled within twelve months after the reporting period.
D. The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. 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.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

Financial assets and financial liabilities within the scope of *IFRS 9 "Financial Instruments"* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

A. Financial assets: recognition and measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

a. the Company's business model for managing the financial assets and
b. the contractual cash flow characteristics of the financial asset.

<u>Financial assets measured at amortized cost</u>

A financial asset is measured at amortized cost if both of the following conditions are met and presented as notes receivable, accounts receivable, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

a. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue which is calculated by using the effective interest method is recognized in profit or loss. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

a. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
b. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

a. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
b. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

a. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
b. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
c. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
    i. Purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
    ii. Financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Besides, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial asset measured at fair value through profit or loss

Financial assets are classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets are measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement are recognized in profit or loss which includes any dividend or interest received on such financial assets.

B. Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the balance sheet.

The Company measures expected credit losses of a financial instrument in a way that reflects:

a. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
b. the time value of money; and
c. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

The loss allowance is measured as follows:

a. At an amount equal to twelve-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

b. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
c. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.
d. For lease receivables arising from transactions within the scope of IFRS 16, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

C. Derecognition of financial assets

A financial asset is derecognized when:

a. The rights to receive cash flows from the financial asset have expired.
b. The Company has transferred the financial asset and substantially all the risks and rewards of the asset have been transferred.
c. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

D. Financial liabilities and equity

<u>Classification between liabilities or equity</u>

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument.

<u>Equity instruments</u>

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

<u>Financial liabilities</u>

Financial liabilities within the scope of *IFRS 9 "Financial Instruments"* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

<u>Financial liabilities at fair value through profit or loss</u>

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated as at fair value through profit or loss.

A financial liability is classified as held for trading if:

a. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
b. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
c. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

a. it eliminates or significantly reduces a measurement or recognition inconsistency; or
b. a group of financial liabilities or financial assets and financial liabilities is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities measured at amortized cost

Financial liabilities measured at amortized cost include payables and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged, cancelled or expired.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

E. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss except for derivatives that are designated as and effective hedging instruments which are classified as financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The changes in fair value of derivatives are taken directly to profit or loss, except for the effective portion of hedges, which is recognized in either profit or loss or equity according to types of hedges used.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

A. In the principal market for the asset or liability, or
B. In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:
Raw materials – Purchase cost on a weighted average method.
Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for using the equity method

The Company's investment in subsidiaries is expressed as "investments accounted for using equity method" in accordance with Article 21 of the Regulations Governing the Preparation of Financial Reports by Securities Issuers, with necessary evaluation and adjustment made to ensure that the current profit and loss and other comprehensive income of parent company only financial reports are the same as the apportionment of the current profit and loss and other comprehensive income attributable to the owners of the parent company in the financial reports prepared on the basis of consolidation, and the owner's equity of parent company only financial reports is the same as that in the financial reports prepared on the basis of consolidation. These adjustments are mainly based on the consideration of the treatment of the consolidated financial statements of the investee subsidiaries in accordance with *IFRS 10 "Consolidated Financial Statements"* and the differences in the application of IFRS at different levels of reporting entities, and debits or credits are made to the "investments accounted for using equity method," "share of profit and loss of subsidiaries, affiliated enterprises and joint ventures by equity method" or "share of other comprehensive income of subsidiaries, affiliated enterprises and joint ventures by equity method."

The Company's investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company's share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Company and the associate or joint venture are eliminated to the extent of the Company's related interest in the associate or joint venture.

When changes in the net assets of an associate or a joint venture occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company's percentage of ownership interests in the associate or joint venture, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate or joint venture on a prorata basis.

When the associate or joint venture issues new stock, and the Company's interest in an associate or a joint venture is reduced or increased as the Company fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in Additional Paid in Capital and Investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with *IAS 28* "*Investments in Associates and Joint Ventures."* If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with *IAS 36 "Impairment of Assets."* In determining the value in use of the investment, the Company estimates:

A. Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
B. The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate or an investment in a joint venture is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in *IAS 36 "Impairment of Assets."*

Upon loss of significant influence over the associate or joint venture, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of *IAS 16 "Property, plant and equipment."* When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Buildings	7～60 years
Machinery and equipment	5～13 years
Transportation equipment	2～10 years
Other equipment	2～31 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

The Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

A. the right to obtain substantially all of the economic benefits from use of the identified asset; and
B. the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

A. fixed payments (including in-substance fixed payments), less any lease incentives receivable;
B. variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
C. amounts expected to be payable by the lessee under residual value guarantees;
D. the exercise price of a purchase option if the Company is reasonably certain to exercise that option; and
E. payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortized cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

A. the amount of the initial measurement of the lease liability;
B. any lease payments made at or before the commencement date, less any lease incentives received;
C. any initial direct costs incurred by the lessee; and
D. an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies *IAS 36 "Impairment of Assets"* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company's intangible assets is as follows:

	Other intangible assets
Useful lives	Finite (5 years)
Amortization method used	Amortized on a straight-line basis
Internally generated or acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of *IAS 36 "Impairment of Assets"* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or Companys of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Treasury shares

Own equity instruments which are reacquired (treasury shares) are recognized at cost and deducted from equity. Any difference between the carrying amount and the consideration is recognized in equity.

(17) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods and rendering of services. The accounting policies are explained as follows:

<u>Sale of goods</u>

The Company manufactures and sells products. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company is fastener products and revenue is recognized based on the consideration stated in the contract. For part sales of goods transactions, they accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts to the Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. And the warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 30 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract. For some of the contracts, the Company has transferred the goods to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. Besides, in accordance with IFRS 9, the Company measures the loss allowance for a contract asset at an amount equal to the lifetime expected credit losses.

Rendering of services

The Company provides services of pre- and post-production of fasteners. The determination of price is different depending on the content of the services: negotiation and quotation basis. As the Company provides wire pickling, wire drawing, heat treatment, surface treatment and testing based on agreements with clients, clients send payment after passing final acceptance and obtaining benefits. Accordingly, the performance obligations are satisfied over time, and the related revenue are recognized after clients' acceptance.

Most of the contractual considerations of the Company are collected evenly throughout the contract period. When the Company has performed the services to customers but does not has a right to an amount of consideration that is unconditional, these contacts should be presented as contract assets. However, for some rendering of services contracts, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component is arised.

(18) Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(19) Post-employment benefits

All regular employees of the Company are entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore, fund assets are not included in the Company's parent company only financial statements.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

A. the date of the plan amendment or curtailment, and
B. the date that the Company recognizes restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(20) Income taxes

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved by the Shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

A. Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences;
B. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

A. Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences;
B. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. Significant accounting judgements, estimates and assumptions

The preparation of the Company’s parent company only financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(1) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flows model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(2) Inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(3) Impairment of non-financial assets

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model. The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(4) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions. These include the determination of the discount rate and changes of the future salary etc.

(5) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies.

(6) Accounts receivable – estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivable is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may aries. Please refer to Note 6 for more details.

6. Contents of significant accounts

(1) Cash and cash equivalents

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Cash on hand & demand deposits	$819,954	$800,517
Time deposits	332,451	300,000
Investments in bonds with resale agreements	510,071	399,774
Total	$1,662,476	$1,500,291

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

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	$2,045	$—

Financial assets at fair value through profit or loss were not pledged.

(3) Financial assets measured at amortized cost

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Time deposits	$24,254	$6,236
Current	$—	$—
Non-current	24,254	6,236
Total	$24,254	$6,236

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 6. (13) for more details on loss allowance and Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Notes receivable and Notes receivable - related parties

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Notes receivable	$3,668	$2,900
Less: loss allowance	—	—
Subtotal	3,668	2,900
Notes receivable - related parties	—	5,765
Less: loss allowance	—	—
Subtotal	—	5,765
Total	$3,668	$8,665

Notes receivable were not pledged.

The Company follows the requirement of IFRS 9 to assess the impairment. Please refer to Note 6. (13) for more details on loss allowance and Note 12 for details on credit risk.

(5) Accounts receivable and Accounts receivable - related parties

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Accounts receivable	$1,192,929	$1,248,844
Less: loss allowance	(11,585)	(11,190)
Subtotal	1,181,344	1,237,654
Accounts receivable - related parties	52,965	17,119
Less: loss allowance	—	—
Subtotal	52,965	17,119
Total	$1,234,309	$1,254,773

Accounts receivable were not pledged.

Accounts receivable are generally on 30～90 day terms. The total carrying amount for the years ended December 31, 2023 and 2022 are NT$1,245,894 thousand and NT$1,265,963 thousand, respectively. Please refer to Note 6. (13) for more details on loss allowance of accounts receivable for the years ended December 31, 2023 and 2022. Please refer to Note 12 for more details on credit risk management.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Inventories

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Raw materials	$386,682	$456,134
Supplies	228,488	236,937
Work in progress	491,952	480,921
Finished goods	431,772	518,808
Total	$1,538,894	$1,692,800

The cost of inventories recognized in expenses amounts to NT$4,498,355 thousand and NT$4,824,688 thousand, respectively, for the year ended December 31, 2023 and 2022, including the write-down of inventories of NT$0 thousand and NT$5,000 thousand.

The aforementioned inventories were not pledged.

(7) Investments accounted for using the equity method

	As at			
	Dec. 31, 2023		Dec. 31, 2022	
Investees	Carrying amounts	Percentage of ownership (%)	Carrying amounts	Percentage of ownership (%)
Investments in subsidiaries:				
San Shing Heat-Treating Co., Ltd.	$93,252	100.00%	$84,990	100.00%
Hexico Enterprise Co., Ltd.	509,658	95.00%	518,389	95.00%
Acku Metal Industries (M) SDN. BHD.	266,447	57.90%	247,926	57.90%
Li Meng Technology Co., Ltd.	87,978	51.00%	—	—
Subtotal	$957,335		$851,305	

The summarized financial information of the investment in the subsidiaries is as follows:

	For the years ended December 31	
	2023	2022
Profit from continuing operations	$141,293	$173,407
Other comprehensive income (post-tax)	—	—
Total comprehensive income (loss)	$141,293	$173,407

The subsidiaries had no contingent liabilities or capital commitments as at December 31, 2023 and 2022.

(8) Property, plant and equipment

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Owner occupied property, plant and equipment	$2,839,470	$2,852,639

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Machinery and equipment	Transportation equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at Jan. 1, 2023	$1,991,686	$1,499,548	$3,082,997	$157,754	$267,750	$29,019	$7,028,754
Additions	–	5,632	62,763	9,448	41,532	9,575	128,950
Disposals	–	–	(18,167)	(3,833)	(99,653)	–	(121,653)
Transfers	–	–	37,011	–	3,863	(22,174)	18,700
As at Dec. 31, 2023	$1,991,686	$1,505,180	$3,164,604	$163,369	$213,492	$16,420	$7,054,751
As at Jan. 1, 2022	$1,973,763	$1,488,385	$3,053,080	$152,460	$252,753	$23,774	$6,944,215
Additions	17,923	5,689	46,739	5,869	12,561	19,874	108,655
Disposals	–	–	(30,669)	(577)	(624)	–	(31,870)
Transfers	–	5,474	13,847	2	3,060	(14,629)	7,754
As at Dec. 31, 2022	$1,991,686	$1,499,548	$3,082,997	$157,754	$267,750	$29,019	$7,028,754
Depreciation and impairment:							
As at Jan. 1, 2023	$–	($1,007,025)	($2,796,399)	($149,647)	($223,044)	$–	($4,176,115)
Depreciation	–	(33,484)	(109,029)	(3,775)	(14,498)	–	(160,786)
Disposals	–	–	18,139	3,827	99,654	–	121,620
As at Dec. 31, 2023	$–	($1,040,509)	($2,887,289)	($149,595)	($137,888)	$–	($4,215,281)
As at Jan. 1, 2022	$–	($974,090)	($2,699,865)	($146,949)	($209,920)	$–	($4,030,824)
Depreciation	–	(32,935)	(127,203)	(3,275)	(13,748)	–	(177,161)
Disposals	–	–	30,669	577	624	–	31,870
As at Dec. 31, 2022	$–	($1,007,025)	($2,796,399)	($149,647)	($223,044)	$–	($4,176,115)
Net carrying amount							
As at Dec. 31, 2023	$1,991,686	$464,671	$277,315	$13,774	$75,604	$16,420	$2,839,470
As at Dec. 31, 2022	$1,991,686	$492,523	$286,598	$8,107	$44,706	$29,019	$2,852,639

Property, plant and equipment – Due to the land included agricultural-used land adjacent to the factory, the registration of land is unable to be transferred to the Company's own title until the conditions to apply for the certificate of industrial-used land are fulfilled. The Company holds a lien on the land in order to preserve ownership of the asset.

Please refer to Note 8 for more details on property, plant and equipment under pledge.

(9) Financial liabilities at fair value through profit or loss, current

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Held for trading:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	$975	$16,772

(10) Post-employment benefits plan

Defined contribution plan

The employee pension plan under the Labor Pension Act of the R.O.C. (the Act) is a defined contribution plan. For the defined contribution plan, the Company will make monthly contributions of no less than 6% of the monthly wages of the employees. The Company has made monthly contributions of 6% based on each individual employee's salary or wage to employees' pension accounts subject to the plan.

Expenses under the defined contribution plan for the years ended December 31, 2023 and 2022 were NT$40,097 thousand and NT$39,770 thousand, respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, the Company contributes an amount equivalent to 9% of the employees' total salaries and wages on a monthly basis to the pension fund deposited at the Bank of Taiwan in the name of the administered pension fund committee. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is invested in-house or under mandate, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk.

With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute NT$688 thousand to its defined benefit plan during the twelve months beginning after December 31, 2023.

The average duration of the defined benefits plan obligation as at December 31, 2023 and 2022 will expire in 16 and 17 years.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Pension costs recognized in profit or loss for the years ended December 31, 2023 and 2022 :

	For the years ended December 31	
	2023	2022
Current period service costs	$310	$333
Net interest expense of net defined benefit liability (asset)	842	616
Total	$1,152	$949

Changes in the defined benefit obligation and fair value of plan assets are as follows :

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Present value of the defined benefit obligation	$53,742	$83,128
Plan assets at fair value	(11,856)	(25,849)
Other non-current liabilities - accrued pension liabilities (assets) recognized on the balance sheets	$41,886	$57,279

Reconciliation of liability (asset) of the defined benefit plan are as follows:

	Present value of the defined benefit obligation	Plan assets at fair value	Net defined benefit liability (asset)
As at Jan. 1, 2023	$83,128	($25,849)	$57,279
Current period service costs	310	—	310
Net interest expense (income)	1,222	(380)	842
Subtotal	84,660	(26,229)	58,431
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in financial assumptions	1,204	—	1,204
Experience adjustments	(5,595)	—	(5,595)
Remeasurements of benefit assets	—	(268)	(268)
Subtotal	(4,391)	(268)	(4,659)
Payments from the plan	(26,527)	26,527	—
Contributions by employer	—	(11,886)	(11,886)
As at Dec. 31, 2023	$53,742	($11,856)	$41,886
As at Jan. 1, 2022	$122,124	($32,828)	$89,296
Current period service costs	333	—	333
Net interest expense (income)	843	(227)	616
Subtotal	123,300	(33,055)	90,245
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	249	—	249
Actuarial gains and losses arising from changes in financial assumptions	121	—	121
Experience adjustments	(6,039)	—	(6,039)
Remeasurements of benefit assets	—	(3,401)	(3,401)
Subtotal	(5,669)	(3,401)	(9,070)
Payments from the plan	(34,503)	34,503	—
Contributions by employer	—	(23,896)	(23,896)
As at Dec. 31, 2022	$83,128	($25,849)	$57,279

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Discount rate	1.33%	1.47%
Expected rate of salary increases	2.80%	2.80%

Sensitivity analysis of each significant actuarial assumption :

	For the years ended December 31			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	—	$4,165	—	$6,760
Discount rate decrease by 0.5%	$4,560	—	$7,423	—
Future salary increase by 0.5%	$4,469	—	$7,285	—
Future salary decrease by 0.5%	—	$4,127	—	$6,707

The sensitivity analysis above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analysis may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analysis compared to the previous period.

(11) Equities

A. Common stock

The Company’s authorized capital were both NT$3,000,000 thousand as at December 31, 2023 and 2022. The Company’s issued capital were both NT$2,949,401 thousand, divided into 294,940 thousand shares as at December 31, 2023 and 2022, each at a par value of NT$10.

B. Capital surplus

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Additional paid-in capital	$123,182	$123,182
Treasury share transactions	299,415	299,415
Other	6,724	6,625
Total	$429,321	$429,222

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

C. Retained earnings and dividend policy

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

a. Payment of all taxes and dues.
b. Offset prior years' operation losses.
c. Legal reserve, which is 10% of leftover profits.
d. Allocation or reverse of special reserves as required by law or competent authorities.
e. The distribution of the remaining portion, if any, will be recommended by the Board of Directors and resolved in the shareholders' meeting.

The above distribution of dividends to shareholders, if carried out in the form of cash payment, shall be authorized by a resolution passed by a two-thirds majority of the directors present at the meeting, with a quorum of more than half of the directors present, and shall be reported to the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future investment environment, fund requirements, domestic and international competition and capital budgets; as well as the interest of the shareholders, share bonus equilibrium and long-term financial planning etc. The Board of Directors shall make the distribution proposal annually and present it at the shareholders' meeting. The distribution of dividends may not be lower than 10% of distributable surplus annually. No dividend will be distributed if the accumulated distributable surplus is less 2% of the paid-in capital. In the case of distribution of dividends, the cash dividends should take precedence over share dividends, of which the cash dividend ratio shall not be less than 50% of the total dividends distributed.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When distributing the distributable earnings, the Company retroactively sets aside a special reserve for the difference between the balance of the special reserve and the net deduction of other equity items as per law when the IFRS is adopted for the first time. If there is a subsequent reversal of the net deduction of other equity, the special reserve may be reversed for the portion of the net deduction of other equity reversed to distribute earnings.

On March 31, 2021, the FSC issued Order No. Financial-Supervisory-Securities-Corporate-1090150022, which sets out the following provisions for compliance:

On a public company's first-time adoption of the IFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the special reserve in the amount equal to the reversal may be released for earnings distribution.

The Company's special reserve set aside for the first-time adoption of IFRS amounted NT$259,309 thousand as of December 31, 2023 and 2022. There is no change during the period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Details of the 2023 and 2022 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and shareholders' meeting on March 7, 2024 and June 14, 2023, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2023	2022	2023	2022
Legal reserve	$100,081	$106,765		
Common stock - cash dividend	$884,820	$884,820	$3.00	$3.00

Note: Legal reserve for 2023 is subject to the resolution of shareholders' meeting which will be held on June 13, 2024.

Please refer to Note 6. (15) for details on employees' compensation and remuneration to directors.

(12) Operating revenue

	For the years ended December 31	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$5,789,994	$6,319,287
Rendering of services	43,390	41,819
Other operating revenue	15,414	13,944
Total	$5,848,798	$6,375,050

Information on revenue from contracts with customers during the years ended December 31, 2023 and 2022 are as follows:

A. Disaggregation of revenue

For the year ended December 31, 2023:

	Fastener Dept.	Machine/ Tooling Dept.	Other Dept.	Total
Sale of goods	$4,779,364	$702,247	$308,383	$5,789,994
Rendering of services	42,474	916	—	43,390
Other	—	—	15,414	15,414
Total	$4,821,838	$703,163	$323,797	$5,848,798
Timing of revenue recognition				
At a point in time	$4,779,364	$702,247	$308,383	$5,789,994
Over time	42,474	916	15,414	58,804
Total	$4,821,838	$703,163	$323,797	$5,848,798

For the year ended December 31, 2022:

	Fastener Dept.	Machine/ Tooling Dept.	Other Dept.	Total
Sale of goods	$5,266,823	$682,343	$370,121	$6,319,287
Rendering of services	40,914	905	—	41,819
Other	—	—	13,944	13,944
Sale of goods	$5,307,737	$683,248	$384,065	$6,375,050
Timing of revenue recognition				
At a point in time	$5,266,823	$682,343	$370,121	$6,319,287
Over time	40,914	905	13,944	55,763
Total	$5,037,737	$683,248	$384,065	$6,375,050

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Contract balances

Contract liabilities, current

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Sale of goods	$48,619	$66,355

The significant changes in the Company's balances of contract liabilities for the years ended December 31, 2023 and 2022 are as follows:

	For the years ended December 31	
	2023	2022
The beginning balance transferred to revenue	$53,771	$42,442
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	$36,035	$50,689

C. Transaction price allocated to unsatisfied performance obligations

The Company's transaction price allocated to unsatisfied performance obligations amounted to NT48,619 thousand and NT$66,355 thousand as at December 31, 2023 and 2022. The Company will recognize revenue as the Company satisfies its performance obligations over time that aligns with progress toward completion of a contract in the future. The estimate of the transaction price does not include any estimated amounts of variable consideration that are constrained.

D. Assets recognized from costs to fulfil a contract

None.

(13) Expected credit losses

	For the years ended December 31	
	2023	2022
Operating expenses - expected credit losses		
Notes receivable	$—	$—
Accounts receivable	395	—
Subtotal	395	—
Non-operating income and expenses - expected credit losses		
Financial assets measured at amortized cost	—	—
Total	$395	$—

Please refer to Note 12 for more details on credit risk.

The credit risk for the Company's financial assets measured at amortized cost is assessed as low as at December 31, 2023 and 2022. Considering all counterparties are the financial institutions with good credit rating, there is no need for the provision for expected credit losses.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at December 31, 2023 and 2022 are as follows:
The Company considers the Companying of accounts receivable by counterparties' credit rating, which the Company evaluates specific Companys of counterparties individually, the total book value of accounts receivable that are more than one year overdue is NT$10,467 thousand and NT$10,072 thousand, respectively, should be recognized 100% loss allowance, and the remaining is measured by using a provision matrix. Details are as follows:

As at December 31, 2023

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$944,317	$238,661	$52,513	$3,586	$18	$—	$1,239,095
Loss ratio	0%	0%	1%	10%	20%	0%	
Lifetime expected credit losses	—	—	(756)	(358)	(4)	—	(1,118)
Subtotal	$944,317	$238,661	$51,757	$3,228	$14	$—	$1,237,977
Carrying Amount							$1,237,977

As at December 31, 2022

	Not yet due	Overdue					
	(Note)	<=30 days	31-60 days	61-90 days	91-180 days	>=181 days	Total
Gross carrying amount	$1,002,869	$213,175	$33,552	$14,960	$—	$—	$1,264,556
Loss ratio	0%	0%	0%	7%	0%	0%	
Lifetime expected credit losses	—	—	—	(1,118)	—	—	(1,118)
Subtotal	$1,002,869	$213,175	$33,552	$13,842	$—	$—	$1,263,438
Carrying Amount							$1,263,438

Note: The Company's notes receivable are not overdue.

The movement in the provision for impairment of notes receivable and accounts receivable during the years ended December 31, 2023 and 2022 are as follows:

	Notes receivable	Accounts receivable
As at January 1, 2023	$—	$11,190
Addition for the current period	—	395
The effect of exchange rate changes	—	—
As at December 31, 2023	$—	$11,585
As at January 1, 2022	$—	$11,190
Addition for the current period	—	—
The effect of exchange rate changes	—	—
As at December 31, 2022	$—	$11,190

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Lease

A. Company as a lessee

The Company leases various properties, including building and office equipment. The lease terms range from 1 to 3 years.

The Company's leases effect on the financial performance and cash flows are as follows:

Income and costs relating to leasing activities

	For the years ended December 31	
	2023	2022
The expenses relating to short-term leases	$960	$960
The expenses relating to leases of low-value assets	1,018	952
Total	$1,978	$1,912

(15) Summary statement of employee benefits, depreciation and amortization expenses by function are as follows:

By function / By feature	For the years ended December 31					
	2023			2022		
	Operating costs	Operating expenses	Total amount	Operating costs	Operating expenses	Total amount
Employee benefits expense						
Salaries	$831,482	133,207	$964,689	$830,802	143,912	$974,714
Labor and health insurance	$83,662	11,479	$95,141	$81,899	10,668	$92,567
Pension	$35,902	5,347	$41,249	$35,682	5,037	$40,719
Director's remuneration	$－	4,130	$4,130	$－	3,920	$3,920
Other employee benefits expense	$59,163	8,027	$67,190	$59,349	8,007	$67,356
Depreciation	$151,030	9,756	$160,786	$167,009	10,152	$177,161

Note：

A. The number of employees for the years ended December 31, 2023 and 2022 are 1,406 and 1,405, respectively, of which 7 directors are not the Company's employees.

B. The Company whose stocks are either listed on the TWSE or traded on the TPEx should have additional disclosure of the following information:

a. The Company's average employee benefit expenses for the years ended December 31, 2023 and 2022 were NT$835 thousand and NT$841 thousand, respectively. ("employee benefit expenses minus director's remuneration" divided "the number of Company's employees minus non-employee directors")

b. The Company’s average salary expenses for the years ended December 31, 2023 and 2022 were NT$690 thousand and NT$697 thousand. (“salary expenses” divided “the number of Company’s employees minus non-employee directors”)

c. The Company’s adjustment of average salary expenses for the year ended December 31, 2023 decreased 1%. (“salary expenses of the present year minus the previous year” divided “salary expense of the present year”)

d. The Company has set up the Audit Committee in replace of supervisors and therefore it does not recognize the supervisors’ remuneration.

e. The Company's employee compensation includes monthly salary (including salary, meal/transportation allowance, special bonus, etc.), performance bonus (holiday bonus, employees’ remuneration) and year-end bonus. The salary are mainly based on market quotations, company’s operations and overall economic conditions, as well as the company’s competitiveness, internal fairness and legitimacy, etc., to formulate a competitive salary system. Performance bonus (holiday bonus, employee’s remuneration) are issued based on the Company's operating performance and assessing individual performance of employees to reward their contributions and motivate employees to continue their efforts. Year-end bonus is paid based on the company's earnings performance.

According to the Articles of Incorporation, no less than 1.5% of profit of the current year is distributable as employees’ compensation and no more than 1% of profit of the current year is distributable as remuneration to directors. However, the Company’s accumulated losses shall have been covered. The Company may, by a resolution adopted by a majority 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 in the form of shares or in cash; and in addition thereto a report of such distribution is submitted to the shareholders’ meeting. Information on the board of directors’ resolution regarding the employees’ compensation and remuneration to directors can be obtained from the “Market Observation Post System” on the website of the TWSE.

Based on the profit of the years ended December 31, 2023 and 2022, the Company estimated the amounts of the employees’ compensation and remuneration to directors for the years ended December 31, 2023 and 2022 to be 1.5% of profit of the current year and 0% of profit of the current year, respectively, recognized as employee benefits expense. Differences between the estimated amount and the actual distribution of the employees’ compensation and remuneration to directors would be recognized in profit or loss of the subsequent year. If the Board of Directors resolved to distribute employees’ compensation in the form of stocks, the number of stocks distributed was calculated based on the closing price one day earlier than the date of resolution.

A resolution was passed at a board of directors meeting held on March 7, 2024 to distribute NT$18,600 thousand and NT$0 thousand in cash as employees’ compensation and remuneration to directors of 2023, respectively. No material differences existed between the estimated amount and the actual distribution of the employees’ compensation and remuneration to directors for the year ended December 31, 2023.

No material differences existed between the estimated amount and the actual distribution of the employees’ compensation and remuneration to directors for the year ended December 31, 2022.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(16) Non-operating income and expenses

A. Interest income

	For the years ended December 31	
	2023	2022
Financial assets measured at amortized cost	$11,875	$4,745

B. Other income

	For the years ended December 31	
	2023	2022
Other income - other	$22,323	$25,947

C. Other gains and losses

	For the years ended December 31	
	2023	2022
Gains on disposal of property, plant and equipment	$455	$200
Foreign exchange gains	55,853	136,866
(Losses) on financial assets / liabilities at fair value through profit or loss	(17,872)	(73,771)
Others	(2)	(63)
Total	$38,434	($63,232)

D. Finance costs

	For the years ended December 31	
	2023	2022
Interest on borrowings from bank	($140)	($323)

(17) Components of other comprehensive income

For the year ended December 31, 2023:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income, net of tax
Items that will not to be reclassified subseqently to profit or loss:					
Remeasurements of defined benefit pension plans	$4,659	$—	$4,659	($932)	$3,727
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	(11,215)	—	(11,215)	2,243	(8,972)
Total other comprehensive income (loss)	($6,556)	$—	($6,556)	$1,311	($5,245)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended December 31, 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income (loss), before tax	Income tax relating to components of other comprehensive income (loss)	Other comprehensive income, net of tax
Items that will not to be reclassified subseqently to profit or loss:					
Remeasurements of defined benefit pension plans	$9,070	$—	$9,070	($1,814)	$7,256
Items that may be reclassified subsequently to profit or loss:					
Exchange differences on translation of foreign operations	12,405	—	12,405	(2,481)	9,924
Total other comprehensive income (loss)	$21,475	$—	$21,475	($4,295)	$17,180

(18) Income tax

A. The major components of income tax expense (income) are as follows:

Income tax expense (income) recognized in profit or loss

	For the years ended December 31	
	2023	2022
Current income tax expense (income):		
Current income tax charge	$213,383	$215,392
Adjustments in respect of current income tax of prior periods	(2,007)	979
Deferred tax expense (income):		
Deferred tax expense (income) relating to origination and reversal of temporary differences	2,574	11,285
Total income tax expense	$213,950	$227,656

Income tax relating to components of other comprehensive income (loss)

	For the years ended December 31	
	2023	2022
Deferred tax expense (income):		
Exchange differences on translation of foreign operations	($2,243)	$2,481
Remeasurements of defined benefit pension plans	932	1,814
Income tax relating to components of other comprehensive income (loss)	($1,311)	$4,295

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rates is as follows:

	For the years ended December 31	
	2023	2022
Accounting profit before tax from continuing operations	$1,211,032	$1,288,043
Tax at the domestic rates applicable to profits in the country concerned	$242,206	$257,608
Tax effect of revenues exempt from taxation	(22,297)	(27,294)
Tax effect of expenses not deductible for tax purposes	—	12
Corporate income surtax on undistributed retained earnings	—	186
Adjustments in respect of current income tax of prior periods	(2,007)	979
Others	(3,952)	(3,835)
Total income tax expense recognized in profit or loss	$213,950	$227,656

C. Deferred tax assets / liabilities relate to the following:

	For the year ended December 31, 2023			
	Beginning balance as at Jan. 1, 2023	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2023
Temporary differences				
Allowance for inventory valuation losses	$24,614	$—	$—	$24,614
Investments accounted for using the equity method	(35,260)	(5,947)	—	(41,207)
Exchange differences on translation of foreign operations	10,964	—	2,243	13,207
Net defined benefit liabilities, non-current	11,456	(2,147)	(932)	8,377
Reserve for land appreciation tax	(195,992)	—	—	(195,992)
Others	2,731	5,520	—	8,251
Deferred tax (expense)		($2,574)	($1,311)	
Net deferred tax assets / liabilities	($181,487)			($182,750)
Reflected in balance sheet as follows:				
Deferred tax assets	$54,955			$54,858
Deferred tax liabilities	($236,442)			($237,608)

	For the year ended December 31, 2022			
	Beginning balance as at Jan. 1, 2022	Deferred tax income (expense) recognized in profit or loss	Deferred tax income (expense) recognized in other comprehensive income	Ending balance as at Dec. 31, 2022
Temporary differences				
Allowance for inventory valuation losses	$23,614	$1,000	$—	$24,614
Investments accounted for using the equity method	(27,887)	(7,373)	—	(35,260)
Exchange differences on translation of foreign operations	13,445	—	(2,481)	10,964
Net defined benefit liabilities, non-current	17,859	(4,589)	(1,814)	11,456
Reserve for land appreciation tax	(195,992)	—	—	(195,992)
Others	3,054	(323)	—	2,731
Deferred tax (expense)		($11,285)	($4,295)	
Net deferred tax assets / liabilities	($165,907)			($181,487)
Reflected in balance sheet as follows:				
Deferred tax assets	$63,410			$54,955
Deferred tax liabilities	($229,317)			($236,442)

D. The assessment of income tax returns

As of December 31, 2023, the Company's income tax returns for the year through 2021 assessed and approved up by the Tax Authority.

(19) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended December 31	
	2023	2022
A. Basic earnings per share		
Net income (in thousand NT$)	$997,082	$1,060,387
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	294,940	294,940
Basic earnings per share (NT$)	$3.38	$3.60

	For the years ended December 31	
	2023	2022
B. Diluted earnings per share		
Net income (in thousand NT$)	$997,082	$1,060,387
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	294,940	294,940
Effect of dilution:		
Employee compensation - stock (in thousands)	329	391
Weighted average number of ordinary shares outstanding after dilution (in thousands)	295,269	295,331
Diluted earnings per share (NT$)	$3.38	$3.59

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of completion of the financial statements.

7. Related party transactions

Information of the related parties that had transactions with the Company during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
San Shing Heat-Treating Co., Ltd.	Subsidiary
Hexico Enterprise Co., Ltd.	Subsidiary
Li Meng Technology Co., Ltd.	Subsidiary
Acku Metal Industries (M) Sdn.Bhd. (ACKU)	Subsidiary
Taifas Corporation	Other related party (Director)
Interactive Corporation	Other related party
Kuan Meis Co., Ltd.	Other related party
Wonsan Steel Enterprises Ltd.	Other related party
Tainan San Shing Social Welfare and Charity Foundation	Other related party

Significant transactions with the related parties

(1) Sales

	For the years ended December 31	
	2023	2022
Subsidiary		
Hexico Enterprise Co., Ltd.	$104,712	$164,446
San Shing Heat-Treating Co., Ltd.	1,022	561
Subtotal	105,734	165,007
Other related party		
Interactive Corporation	224,967	209,481
Taifas Corporation	105,461	116,272
Wonsan Steel Enterprises Ltd.	3,039	14,655
Kuan Meis Co., Ltd.	462	454
Subtotal	333,929	340,862
Total	$439,663	$505,869

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Sales to related parties are basically the same as those to third parites. The collection terms are opened sight letter of credit or net 30 days.

(2) Purchases

	For the years ended December 31	
	2023	2022
Subsidiary		
Hexico Enterprise Co., Ltd.	$192,150	$234,323
Other related party		
Wonsen Steel Enterprises Ltd.	33,790	—
Total	$225,940	$234,323

Purchase from related parties are basically the same as those from third parties. The payment terms are paid after receipt of goods.

(3) Notes receivable - related parties

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Subsidiary		
Hexico Enterprise Co., Ltd.	$—	$3,049
San Shing Heat-Treating Co., Ltd.	—	2,716
Subtotal	$—	$5,765

(4) Accounts receivable - related parties

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Subsidiary		
Hexico Enterprise Co., Ltd.	$28,165	$7,837
San Shing Heat-Treating Co., Ltd.	112	344
Subtotal	28,277	8,181
Other related party		
Interactive Corporation	13,515	256
Taifas Corporation	11,173	8,530
Kuan Meis Co., Ltd.	—	152
Subtotal	24,688	8,938
Total	$52,965	$17,119

(5) Other receivables - related parties

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Subsidiary		
San Shing Heat-Treating Co., Ltd.	$4,757	$1,612
Hexico Enterprise Co., Ltd.	1,000	6
Total	$5,757	$1,618

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Notes payable - related parties

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Subsidiary		
Hexico Enterprise Co., Ltd.	$—	$51,214
San Shing Heat-Treating Co., Ltd.	—	37,505
Total	$—	$88,719

(7) Accounts payable - related parties

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Subsidiary		
Hexico Enterprise Co., Ltd.	$66,411	$11,681
San Shing Heat-Treating Co., Ltd.	57,366	11,945
Total	$123,777	$23,626

(8) Other payables - related parties

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Subsidiary		
San Shing Heat-Treating Co., Ltd.	$169	$85
Other related party		
Interactive Corporation	—	560
Total	$169	$645

(9) Contract liabilities, current

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Other related party		
Taifas Corporation	$775	$816

(10) Other non-current liabilities - guarantee deposits received

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Subsidiary		
Hexico Enterprise Co., Ltd.	$32	$32
Other related party		
Taifas Corporation	3,296	3,094
Kuan Meis Co., Ltd.	74	74
Subtotal	3,370	3,168
Total	$3,402	$3,200

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Property transactions

Acquisition of property, plant and equipment

	Purchase price	
	For the years ended December 31	
	2023	2022
Other related party		
Wonsan Steel Enterprises Ltd.	$1,760	$−

The terms of property transactions with the related parties are mainly based on the results of market survey and the contract between the parties.

(12) Operating expenses - donations

	For the years ended December 31	
	2023	2022
Other related party		
Tainan San Shing Social Welfare and Charity Foundation	$5,000	$5,000

(13) Other

For 2023 and 2022, the Company paid NT$154,461 thousand and NT$141,374 thousand to the subsidiary - San Shing Heat – Treating Co., Ltd. for processing fee which was recorded under Manufacturing overhead – processing fee.

(14) Key management personnel compensation

	For the years ended December 31	
	2023	2022
Short-term employee benefits	$22,432	$32,387

8. Assets pledged as collateral

The following table lists assets of the Company pledged as collateral:

	As at		
Items	Dec. 31, 2023	Dec. 31, 2022	Secured liabilities
Property, plant and equipment - land and buildings	$1,478,641	$1,486,682	Line of credit & Short-term loans
Financial assets measured at amortized cost	24,254	6,236	Import tariffs & Subsidy from the Ministry of Economic Affairs
Total	$1,502,895	$1,492,918	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

9. Significant contingencies and unrecognized contract commitments

(1) As of December 31, 2023, outstanding letters of credit with unused credit line amounted USD116 thousand and NTD 93,090 thousand.
(2) The guaranteed note for purchasing the raw materials from China Steel Corporation amounted NT$92,000 thousand.
(3) The guaranteed note for borrowing from the financial instutions amounted NT$1,491,500 thousand.
(4) The guaranteed note for purchasing natural gas from Shin Nan Natural Gas Co., Ltd. amount NT$250 thousand.

10. Losses due to major disasters

None.

11. Significant subsequent events

None.

12. Others

(1) Categories of financial instruments

Financial Assets

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Financial assets at fair value through profit and loss:		
Mandatorily measured at fair value through profit or loss	$2,045	$—
Financial assets measured at amortized cost:		
Cash and cash equivalents (exclude cash on hand)	1,662,176	1,499,991
Financial assets measured at amortized cost	24,254	6,236
Notes receivable	3,668	8,665
Accounts receivable	1,234,309	1,254,773
Other receivables	29,306	17,178
Other non-current assets - refundable deposits	1,767	1,720
Other financial assets - non-current	18,000	—
Subtotal	2,973,480	2,788,563
Total	$2,975,525	$2,788,563

Financial Liabilities

	As at	
	Dec. 31, 2023	Dec. 31, 2022
Financial liabilities measured at amortized cost:		
Payables	$806,657	$772,544
Other non-current liabilities - guarantee deposits received	41,574	38,196
Subtotal	$848,231	$810,740
Financial liability at fair value through profit or loss:		
Held for trading	975	16,772
Total	$849,206	$827,512

(2) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activates. The Company identifies, measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, interest rate risk and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change independently from other risk variable, there is usually interdependencies between risk variables. However, the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense are denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and EUR. The information of the sensitivity analysis is as follows:

A. When NTD strengthens / weakens against USD by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased / increased by NT$5,170 thousand and NT$5,700 thousand, respectively.

B. When NTD strengthens / weakens against EUR by 1%, the profit for the years ended December 31, 2023 and 2022 is decreased / increased by NT$7,510 thousand and NT$8,091 thousand, respectively.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt instrument investments at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The Company manages its interest rate risk by having a balanced portfolio of fixed and variable loans. Hedge accounting does not apply to these swaps as they do not qualify for it.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended December 31, 2023 and 2022 to increase / decrease by NT$1,686 thousand and NT$1,506 thousand, respectively.

Equity price risk

The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

(4) Credit risk management

Credit risk is the risk that a counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts and notes receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, rating from credit rating agencies, historical experience, prevailing economic condition and the Company's internal rating criteria, etc. Certain counter parties' credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment or insurance.

As of December 31, 2023 and 2022, accounts receivable from top ten customers represented 62% and 58% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivable was insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. Except for the loss allowance of accounts receivable measured at lifetime expected credit losses, the remaining debt instrument investments which are not measured at fair value through profit or loss, low credit risk for these investments is a prerequisite upon acquisition and by using their credit risk as a basis for the distinction of categories. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates. The impairment assessment method and related indicators of debt instrument investments are described as follows:

			Total carrying amount as at	
Level of credit risk	Indicator	Measurement method for expected credit losses	Dec. 31, 2023	Dec. 31, 2022
Low credit risk	Debt instruments with credit rating above BBB and counterparty with good credit risk	12-month expected credit losses	$24,254	$6,236
Simplified approach (Note)	(Note)	Lifetime expected credit losses	$1,249,562	$1,274,628

Note: By using simplified approach loss allowance is measured at (lifetime expected credit losses), including notes receivable and accounts receivable.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

When the credit risk on debt instrument investments has increased, the Company will dispose that investments in order to minimize the credit losses. When assessing the expected credit losses, the evaluation of the forward-looking information (which available without undue cost and effort), it is mainly based on the macroeconomic information and industrial information (including the indicators such as industry growth rate) and further adjusts the credit loss ratio if there is significant impact from forward-looking information.

(5) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments, bank borrowings, convertible bonds and finance leases. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as of the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at Dec. 31, 2023					
Payables	$806,657	—	—	—	$806,657
Guarantee deposits received	$—	41,574	—	—	$41,574
As at Dec. 31, 2022					
Payables	$772,544	—	—	—	$772,544
Guarantee deposits received	$—	38,196	—	—	$38,196

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at Dec. 31, 2023					
Inflows	$—	$—	$—	$—	$—
Outflows	—	—	—	—	—
Net	$—	$—	$—	$—	$—
As at Dec. 31, 2022					
Inflows	$433,293	$—	$—	$—	$433,293
Outflows	(451,037)	—	—	—	(451,037)
Net	($17,744)	$—	$—	$—	($17,744)

The table above contains the undiscounted net cash flows of derivative financial instruments.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended December 31, 2023:

	Short-term loans	Other non-current liabilities	Total liabilities from financing activities
As of Jan. 1, 2023	$—	$38,196	$38,196
Cash flows	—	3,378	3,378
As of Dec. 31, 2023	$—	$41,574	$41,574

Reconciliation of liabilities for the year ended December 31, 2022:

	Short-term loans	Other non-current liabilities	Total liabilities from financing activities
As of Jan. 1, 2022	$—	$39,795	$39,795
Cash flows	—	(1,599)	(1,599)
As of Dec. 31, 2022	$—	$38,196	$38,196

(7) Fair values of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the GreTai Securities Market, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

B. Fair value of financial instruments measured at amortized cost

The carrying amounts of the Company's financial assets and financial liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12. (9) for fair value measurement hierarchy for financial instruments of the Company.

(8) Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at December 31, 2023, and 2022 is as follows:

<u>Forward currency contracts</u>

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items (by contract)	Notional Amount		Contract Period
As at December 31, 2023			
Sell EUR / Buy NTD	EUR	4,005	2023.11.08～2024.02.07
Sell USD / Buy NTD	USD	1,693	2023.12.11～2024.01.05
Sell EUR / Buy USD	EUR	3,000	2023.11.20～2024.02.29

Items (by contract)	Notional Amount		Contract Period
As at December 31, 2022			
Sell EUR / Buy NTD	EUR	12,390	2022.04.11～2023.06.07
Sell USD / Buy NTD	USD	1,470	2022.12.13～2023.01.18

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

A. Fair value measurement hierarchy:

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date
Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
Level 3: Unobservable inputs for the asset or liability

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company’s assets and liabilities:

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company’s assets and liabilities measured at fair value on a recurring basis is as follows:

	As at December 31, 2023			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$－	2,045	－	$2,045
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	$－	975	－	$975

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	As at December 31, 2022			
	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contract	$—	—	—	$—
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contract	$—	16,772	—	$16,772

Transfers between Level 1 and Level 2 during the period

During the years ended December 31, 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	As at December 31, 2023		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$16,822	30.735	$517,020
EUR	$22,102	33.980	$751,041

	As at December 31, 2022		
	Foreign currencies (thousand)	Foreign exchange rate	NTD (thousand)
Financial assets			
Monetary items:			
USD	$18,563	30.708	$570,017
EUR	$24,699	32.760	$809,149

The above information is disclosed based on the carrying amount of foreign currency (after conversion to functional currency).

The Company's function currency are various, and hence is not able to disclose the information of exchange gains or losses by each significant assets and liabilities denominated in foreign currencies. The exchange gains of monetary financial assets and liabilities were NT$55,853 thousand and NT$136,866 thousand for the years ended December 31, 2023 and 2022, respectively.

(11) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios to support its business and maximize the stockholders' value. To maintain or adjust the capital structure, the Company may adjust the dividend payment to stockholders, return capital to stockholders or issue new shares.

13. Additional disclousures

(1) Information on significant transactions and reinvestments

A. Financing provided to others for the year ended December 31, 2023: None.
B. Endorsement / Guarantee provided to others for the year ended December 31, 2023: Please refer to Attachment 1.
C. Securities held as of December 31, 2023: None.
D. Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
E. Acquistion of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
F. Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
G. Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2023: Please refer to Attachment 2.
H. Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended December 31, 2023: None.
I. Investees over whom the Company exercises significant influence or control directly or indirectly (excluding investment in Mainland China): Please refer to Attachment 3.
J. Financial instruments and derivative transactions: Please refer to Note 12.

(2) Information on investments in mainland China: Not applicable.

(3) Information of major shareholders: Please refer to Attachment 4.

SAN SHING FASTECH CORP. - (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 1

Endorsement / Guarantee provided to others for the year ended December 31, 2023:

No. (Note 1)	Endorsor / Guarantor	Receiving party		Limit of guarantee / endorsement amount for receiving party (Note 3)	Maximum balance for the period (Note 4)	Ending balance (Note 5)	Actual amount provided	Amount of collateral guarantee / endorsement	Percentage of accumulated guarantee amount to net assets value from the lastest financial statement	Limit of total guarantee / endorsement amount (Note 3)	Parent company endorsed / guarantee for the subsidiaries (Note 7)	Subsidiaries endorsed / guarantee for the parent company (Note 7)	Endorsement or guarantee for entities in China (Note 7)
		Company name	Relationship (Note 2)										
0	SAN SHING FASTECH CORP.	Acku Metal Industries (M) SDN. BHD.	2	$1,393,483	$162,090 (USD 5,000)	$153,675 (USD 5,000)	$-	$-	2.21%	$3,483,709	Y	N	N
0	SAN SHING FASTECH CORP.	San Shing Heat-Treating Co., Ltd.	2	$1,393,483	$35,000	$35,000	$-	$-	0.50%	$3,483,709	Y	N	N
0	SAN SHING FASTECH CORP.	Hexico Enterprise Co., Ltd.	2	$1,393,483	$35,000	$35,000	$-	$-	0.50%	$3,483,709	Y	N	N

Note 1: The parent company and its subsidiaries are filled as follows:

1.The parent company is coded "0".

2.The investees are coded from consecutively beginning from "1" in the order presented in the table above.

Note 2: Relationship between the endorser / guarantor and party being endorsed/guaranteed is classified into the following seven categories:

1. Having business relationship.
2. The endorser/guarantor parent company owns directly more than 50% voting shares of the endorsed/guaranteed subsidiary.
3. The endorser/guarantor parent company and its subsidiaries jointly own more than 50% voting shares of the endorsed/guaranteed company.
4. The endorsed/guaranteed parent company directly or indirectly owns more than 50% voting shares of the endorser/guarantor subsidiary.
5. Mutual guarantee of the trade as required by the construction contract.
6. Due to joint venture, each shareholder provides endorsements/guarantees to the endorsed/guaranteed company in proportion to its ownership.
7. Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 3: For a company which SAN SHING FASTECH CORP. directly and indirectly holds more than 50% of the voting shares and the limit of endorsements / guarantees is 20% of parent company's equity, its limit of total guarantee/endorsement amount is 50% of parent company's equity.

Note 4: Maximum balance of endorsement / guarantee provided to others for the period.

Note 5: It should be filled in the amount which approved by the board of directors. However, it should be filled in the amount which utilized by the chairman, whom authorized by the board of directors in accordance with article 12, subparagraph 8 of Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, this refers to the amount of the decision made by the chairman of the board. in accordance with Subparagraph 8, Article 12 of Guidelines for Lending of Capital, Endorsements and Guarantees by Public Companies.

Note 6: It should be filled in the amount which is actual utilized by the endorsed / guaranteed company within the limit of endorsement / guarantee amount.

Note 7: It should be filled in "Y", if it is the public parent company endorsed / guaranteed for the subsidiaries, subsidiaries endorsed / guaranteed for the public parent company, or endorsement or guarantee for entities in China.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 2

Related party transactions for purchases and sales amounts exceeding the lower of NT$100 million or 20 percent of capital stock for the year ended December 31, 2023:

Company name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction (Note 1)		Notes and accounts receivable (payable)		Remark (Note 2)
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payables)	
SAN SHING FASTECH CORP.	Hexico Enterprise Co., Ltd.	Subsidiary	Sales	$104,712	2%	Wire rod: 1~2 months Machinery, toolings and nuts: 3~4 months	—	—	Accounts receivable $28,165	2%	
			Purchases	$192,150	8%	4 months, the purchase of WIP and finished goods: 15 days for payment term	—	—	Accounts payable $66,411	15%	
SAN SHING FASTECH CORP.	Interactive Corporation	Other related party	Sales	$224,967	4%	Sight letter of credit	—	—	Accounts receivable $13,515	1%	
SAN SHING FASTECH CORP.	Taifas Corporation	Other related party	Sales	$105,461	2%	Patment term: 30 days	—	—	Accounts receivable $11,173	1%	

Note 1: If the related party’s transaction conditions are different from the general transaction conditions, the unit price and credit period column should state the difference and the reason.

Note 2: If there is an advance receipt (prepayment), the reason, payment terms, amount, and differences from the general transaction type should be stated in the Remark column.

Note 3: Capital stock refers to the stock of the parent company. If the issuer’s shares have no denomination or the denomination per share is not NT$10, the transaction amount of 20% of the capital stock shall be calculated based on the 10% of the equity attributable to the owner of the parent company on the balance sheet.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 3

Names, locations and related information of investee companies as of December 31, 2023 (Not including investment in China):

Investor company	Investee company (Note 1,2)	Address	Main businesses and products	Initial investment		Investment as of December 31, 2023			Net income (loss) of investee company Note 2(2)	Investment income (loss) recognized Note 2(3)	Note
				Ending balance	Beginning balance	Number of shares	Percentage of ownership	Carrying amount			
SAN SHING FASTECH CORP.	San Shing Heat-Treating Co., Ltd.	No. 355-2, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City 711012, Taiwan, R.O.C.	Heat treatment processing business of bolts, nuts, automotive parts, etc.	$20,095	$20,095	2,200,000	100.00%	$93,252	$46,398	$46,469	(Note 3)
SAN SHING FASTECH CORP.	Hexico Enterprise Co., Ltd.	No. 355-3, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City 711012, Taiwan, R.O.C.	Manufacturing, processing, import and export trading of metal washers, steel wires	$213,750	$213,750	19,950,000	95.00%	$509,658	$83,273	$79,110	
SAN SHING FASTECH CORP.	Li Meng Technology Co., Ltd.	No. 355-6, Sec. 3, Zhongshan Rd., Guiren Dist., Tainan City 711012, Taiwan, R.O.C.	Manufacturing and trading of server computer fans	$102,000	$-	10,200,000	51.00%	$87,978	($27,494)	($14,022)	
SAN SHING FASTECH CORP.	Acku Metal Industries (M) SDN. BHD.	Lot. 2937, Jalan Bagan Lallang Satu, Mukim 16, Acku Industrial Estate, 13400 Butterworth, Penang, Malaysia.	Production and sale of bolts	$120,717	$120,717	9,680,000	57.90%	$266,447	$51,359	$29,736	

Note 1: If the public company has a foreign holding company and uses consolidated statements as the main financial statements in accordance with local laws and regulations, the disclosure of information about the foreign investee company may only disclose relevant information to the holding company.

Note 2: If it is not in the case described in Note 1, fill in according to the following regulations:

(1) Column of “Investee company”, “Address”, “Main businesses and products”, “Initial investment” and “Investment as of December 31, 2023” should be filled in order according to the reinvestment status of the public company and each directly or indirectly controlled investment and indicate the relationship between each investee company and the public company (if it is a subsidiary or a grandson company) in the note column.

(2) The amount of net income (loss) of investee company should be filled in “Net income (loss) of investee company” column.

(3) In column “Investment income (loss) recognized” only the amount of profit and loss of each subsidiary recognized by the (public) company for direct reinvestment and each investee company evaluated by the equity method is required, and the rest is not required. When filling in the “recognition of the current profit and loss amount of each subsidiary for direct reinvestment”, it should be confirmed that the current profit and loss amount of each subsidiary has included the investment profit and loss that should be recognized for its reinvestment in accordance with the regulations.

Note 3: Unrealized profit or loss from affiliated company is included.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Attachment 4

Information of major shareholders:

Name	Stock	
	Number of shares	Percentage of ownership
Hong Sheng Investment Corp.	53,147,327	18.01%
Hon Ching Investment Corp.	41,489,912	14.06%
Hon Ping Investment Corp.	38,435,880	13.03%
Pearl Investment Ltd.	21,012,396	7.12%
Taifas Corporation	19,483,733	6.60%
Yu Shun Investment Ltd.	18,920,000	6.41%

SAN SHING FASTECH CORP.

1. STATEMENT OF CASH AND CASH EQUIVALENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Cash on hand		$300	
Bank deposit:			
Demand deposits - NTD		665,438	Exchange rate:
Demand deposits - foreign currency	USD: 2,595,309.73	154,216	USD 1 = NTD 30.7350
	EUR: 1,665,193.10		EUR 1 = NTD 33.9800
	JPY: 41,569,282.00		JPY 1 = NTD 0.2152
	CNY: 2,073,607.97		CNY 1 = NTD 4.3020
	(In foreign currency dollars)		
Time deposits		332,451	
Subtotal		1,152,105	
Cash equivalents			
Investments in bonds with resale agreements		510,071	
Total		$1,662,476	

SAN SHING FASTECH CORP.

2. STATEMENT OF FINANCIAL ASSETS / LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS, CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Financial derivatives	Description	Shares	Par value	Total amount	Cost	Fair value		Note
						Unit price	Total amount	
Forward foreign exchange contracts	The nominal amount of contract: EUR 2,945 thousand and USD 1,693 thousand	—	—	—	—	—	$2,045	
Forward foreign exchange contracts	The nominal amount of contract: EUR 4,060 thousand	—	—	—	—	—	($975)	

SAN SHING FASTECH CORP.

3. STATEMENT OF NOTES RECEIVABLE, NET

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client Name	Description	Amount	Note
Company A	Processing for surface treatment	$3,130	
Company B	Component part - nylon	207	
Others (Note)		331	
Total		3,668	
Less: loss allowance		-	
Net amount		$3,668	

Note: The amount of each item in others does not exceed 5% of notes receivable.

SAN SHING FASTECH CORP.

4. STATEMENT OF ACCOUNTS RECRIVABLE, NET

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company A	Sales of nuts	$315,359	
Company B	Sales of bolts	107,464	
Company C	Sales of nuts	80,423	
Company D	Sales of nuts	79,664	
Others (Note)		610,019	
Total		1,192,929	
Less: loss allowance		(11,585)	
Net amount		$1,181,344	

Note: The amount of each item in others does not exceed 5% of accounts receivable.

SAN SHING FASTECH CORP.

5. STATEMENT OF OTHER RECEIVABLES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Tax refund receivables	$23,009	
Others (Note)	540	
Total	$23,549	

Note: The amount of each item in others does not exceed 5% of other receivables.

SAN SHING FASTECH CORP.

6. STATEMENT OF INVENTORIES, NET

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Cost	Net realizable value	Note
Raw materials	$386,742	$386,682	
Supplies	333,505	228,488	
Work in progress	493,947	491,952	
Finished goods	447,767	431,772	
Total	1,661,961	$1,538,894	
Less: loss allowance	(123,067)		
Net amount	$1,538,894		

SAN SHING FASTECH CORP.

7. STATEMENT OF PREPAYMENTS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Prepaid expenses for jig	$5,334	
Others (Note)	445	
Total	$5,779	

Note: The amount of each item in others does not exceed 5% of prepayments.

SAN SHING FASTECH CORP.

8. STATEMENT OF INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Investees	Balance, January 1, 2023		Additions		Decrease		Share of profit or loss of subsidiaries by equity method	Exchange differences on translation of foreign operations	Balance, December 31, 2023			Net Equity		Evaluation Basis	Collateral	Note
	Shares	Amount	Shares	Amount	Shares	Amount			Shares	Percentage	Amount	Unit price	Total amount			
San Shing Heat-Treating Co., Ltd.	2,200,000	$84,990	-	$ -	-	$38,207	$46,469	$-	2,200,000	100.00%	$93,252	-	$93,504	Equity method	None	Note 1
Hexico Enterprise Co., Ltd	19,950,000	518,389	-	509	-	88,350	79,110	-	19,950,000	95.00%	509,658	-	$419,912	Equity method	None	Note 2
Li Meng Technology Co., Ltd.	-	-	10,200,000	102,000	-	-	(14,022)	-	10,200,000	51.00%	$87,978	-	87,978	Equity method	None	Note 3
Acku Metal Industries (M) SDN. BHD.	9,680,000	247,926	-	-	-	-	29,736	(11,215)	9,680,000	57.90%	266,447	-	$291,413	Equity method	None	
Total		$851,305		$102,509		$126,557	$141,293	($11,215)			$957,335					

Note 1: Investments accounted for using the equity method decreased as a result of distributing cash dividend from investees.

Note 2: Investments accounted for using the equity method increased as a result of the elimination of downstream transactions between San Shing and its subsidiaries NT$509 thousand and receiving cash dividend NT$88,350 thousand.

Note 3: Investments accounted for using the equity method increased as a result of adding the new investment.

SAN SHING FASTECH CORP.

9. STATEMENT OF OTHER NON-CURRENT ASSETS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Refundable deposits	1.Deposits for land and buildings	$1,500	
	2.Molding expense for nuts	256	
	3.Others (Note)	11	
Subtotal		1,767	
Prepayment for equipment		5,866	
Total		$7,633	

Note: The amount of each item in others does not exceed 5% of other non-current assets.

SAN SHING FASTECH CORP.

10. OTHER FINANCIAL ASSETS - NON-CURRENT

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
First Commercial Bank - Tainan branch	Deposits of planning contract	$18,000	

SAN SHING FASTECH CORP.

10. STATEMENT OF CONTRACT LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount	Note
Company A	$9,185	
Company B	7,772	
Others (Note)	31,662	
Total	$48,619	

Note: The amount of each item in others does not exceed 5% of contract liabilities.

SAN SHING FASTECH CORP.

12. STATEMENT OF NOTES PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company A	Heat treatment processing	$203	
Company B	Pitch fee of exibiting wires and tubes	30	
Company C	Repairing the appliances of plant	26	
Company D	Repairing the appliances of plant	26	
Company E	Repairing the appliances of plant	25	
Company F	Wire materials	25	
Company G	Repairing the appliances of plant	20	
Others (Note)		18	
Total		$373	

Note: The amount of each item in others does not exceed 5% of notes payable.

SAN SHING FASTECH CORP.

13. STATEMENT OF ACCOUNTS PAYABLE

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Client name	Description	Amount	Note
Company A	Processing for surface treatment	$19,272	
Others (Note)		298,550	
Total		$317,822	

Note: The amount of each item in others does not exceed 5% of accounts payable.

SAN SHING FASTECH CORP.

14. STATEMENT OF OTHER PAYABLES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Salary and Wages Payable	Salary and bonus for December, 2023	$267,893	
Other accrued expenses	Utility bills, pensions, labor and health insurance, etc. for December, 2023	78,023	
Payable to employees' compensation		18,600	
Total		$364,516	

Note: The amount of each item in others does not exceed 5% of other payables.

SAN SHING FASTECH CORP.

15. STATEMENT OF OTHER CURRENT LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Temporary Credits	Planning subsidy	$16,726	
Receipts under custody	Payment on behalf of employee salaries	4,314	
Total		$21,040	

SAN SHING FASTECH CORP.

16. STATEMENT OF OTHER NON-CURRENT LIABILITIES

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Description	Amount	Note
Guarantee deposits received	Guarantee deposits for toolings	$41,574	

SAN SHING FASTECH CORP.

17. STATEMENT OF OPERATING REVENUES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Quantity	Amount
Nuts	39,265 tons	$3,559,829
Bolts	10,503 tons	1,229,499
Wires	12,981 tons	314,538
Toolings and others		617,321
Machinery and components		102,846
Processing revenue		43,391
Others		15,414
Total		5,882,838
Less: sales returns and allowances		(34,040)
Net amount		$5,848,798

SAN SHING FASTECH CORP.

18. STATEMENT OF OPERATING COSTS

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount
Raw material purchased	$2,312,368
Add: Raw material, beginning of year	793,306
Gain on stocktaking	11
Minus: Raw material, ending of year (scraps not included)	(714,060)
Raw material sold	(329,224)
Direct material used	2,062,401
Direct Labor	738,599
Manufacturing expenses	1,332,742
Manufacturing costs	4,133,742
Add: Work in progress, beginning of year	483,518
Work in progress purchased	186,417
Minus: Work in progress, ending of year	(493,947)
Work in progress sold	(10,447)
Transferred to others	(52,308)
Loss on stocktaking	(454)
Cost of finished goods	4,246,521
Add: Finished goods, beginning of year	531,729
Finished goods purchased	26,403
Minus: Finished goods, ending of year	(447,767)
Transferred to others	(292)
Operating cost - finished goods sold	4,356,594
Add: Operating cost - work in progress sold	10,447
Minus: Revenue from sale of scraps and wastes	(114,047)
Tax refund revenue	(112,361)
Subtotal	4,140,633
Add: Cost of material sold	329,224
Processing cost	24,982
Lease cost	3,073
Loss on stocktaking	443
Total	$4,498,355

SAN SHING FASTECH CORP.

19. STATEMENT OF MANUFACTURING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Amount
Payroll expense	$231,313
Processing expense	602,953
Depreciation	147,957
Utilities expense	119,287
Packaging expense	69,724
Others (Note)	161,508
Total	$1,332,742

Note: The amount of each item in others does not exceed 5% of manufacturing expenses.

SAN SHING FASTECH CORP.

20. STATEMENT OF OPERATING EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars)

Item	Selling expenses	Administrative expenses	Research and development expenses	Total
Payroll expense	$35,612	$81,132	$26,321	$143,065
Freight expense	91,820	3	1	91,824
Commission expense	35,958	-	-	35,958
Others (Note)	25,373	52,165	5,320	82,858
Total	$188,763	$133,300	$31,642	$353,705

Note: The amount of each item in others does not exceed 5% of operating expenses.