YC Inox Co., Ltd. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2023 and 2022 and Independent Auditors' Report

DECLARATION OF CONSOLIDATION OF FINANCIAL STATEMENTS OF AFFILIATES

The companies required to be included in the consolidated financial statements of affiliates in accordance with the “Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises” for the year ended December 31, 2023 are all the same as the companies required to be included in the consolidated financial statements of parent and subsidiary companies as provided in International Financial Reporting Standard No. 10, “Consolidated Financial Statements”. Relevant information that should be disclosed in the consolidated financial statements of affiliates has all been disclosed in the consolidated financial statements of parent and subsidiary companies. Hence, we have not prepared a separate set of consolidated financial statements of affiliates.

Very truly yours,

YC Inox Co., Ltd.

By

____
Chang, Chin-Yu
Chairman

March 8, 2024

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
YC Inox Co., Ltd.

Opinion

We have audited the accompanying consolidated financial statements of YC Inox Co., Ltd. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including material accounting policy information (collectively referred to as the "consolidated financial statements").

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated statements for the year ended December 31, 2023 is described as follows:

Inventory Valuation

The amount of inventory held by the Group is considered material to the consolidated financial statements; out of this amount, inventory is made based on the lower of cost and net realizable value of inventory. As the inputs and assumptions used in the determination of the net realizable value involve management's judgment, inventory assessment has been deemed a key audit matter. For the accounting policies, significant accounting judgments, estimates and uncertainty of assumptions related to inventory assessment as well as other related disclosures, refer to Notes 4, 5, and 10.

The main audit procedures performed with respect to the aforementioned key audit matter are as follows:

1. We obtained an understanding of and assessed the appropriateness of the Group's policies on the provision for inventory valuation loss and the related internal control procedures.

2. We obtained the inventory valuation report, selected samples and sampled and reviewed the correctness and reasonableness of the net realizable value.

Other Matter

We have also audited the parent company only financial statements of YC Inox Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 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.

The engagement partners on the audits resulting in this independent auditors' report are Done-Yuin Tseng and Shu-Chin Chiang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023		2022	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 688,845	4	$ 951,207	5
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	198,000	1	248,011	1
Notes receivable (Notes 4 and 20)	74,675	-	88,122	1
Trade receivables (Notes 4, 9, 20 and 27)	902,158	5	841,425	4
Other receivables (Note 4)	516,051	3	279,419	1
Inventories (Notes 4, 5 and 10)	4,075,158	22	5,172,264	26
Prepayments	1,186,159	7	1,546,255	8
Other current assets (Notes 4 and 28)	3,116	-	5,637	-
Total current assets	7,644,162	42	9,132,340	46
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8)	1,865,234	10	3,006,601	15
Property, plant and equipment (Notes 4 and 12)	6,906,175	38	6,043,505	31
Right-of-use assets (Notes 4 and 13)	10,548	-	14,781	-
Computer software (Notes 4 and 14)	7,944	-	8,597	-
Deferred tax assets (Notes 4 and 22)	467,954	2	301,099	2
Prepayments for equipment	1,068,459	6	869,611	4
Other non-current assets	343,913	2	287,248	2
Total non-current assets	10,670,227	58	10,531,442	54
TOTAL	$ 18,314,389	100	$ 19,663,782	100

LIABILITIES AND EQUITY

	2023 Amount	%	2022 Amount	%
CURRENT LIABILITIES				
Short-term borrowings (Note 15)	$ 5,751,078	31	$ 4,824,074	24
Contract liabilities - current (Note 20)	432,997	2	407,896	2
Notes payable	494	-	556	-
Trade payables	116,005	1	192,793	1
Other payables (Notes 17 and 18)	273,323	1	539,823	3
Current tax liabilities (Notes 4 and 22)	119,823	1	327,177	2
Lease liabilities - current (Notes 4 and 13)	6,236	-	6,303	-
Current portion of long-term borrowings (Note 15)	471,429	3	160,714	1
Other current liabilities	38,349	-	48,347	-
Total current liabilities	7,209,734	39	6,507,683	33
NON-CURRENT LIABILITIES				
Financial liabilities at fair value through profit or loss - non-current (Notes 4 and 16)	-	-	236	-
Bonds payable (Notes 4 and 16)	228,240	2	765,149	4
Long-term borrowings (Note 15)	1,844,048	10	1,882,143	10
Deferred tax liabilities (Notes 4 and 22)	2,614	-	2,614	-
Lease liabilities - non-current (Notes 4 and 13)	3,755	-	8,161	-
Net defined benefit liabilities - non-current (Notes 4 and 18)	41,284	-	51,148	-
Guarantee deposits received	34,545	-	30,385	-
Total non-current liabilities	2,154,486	12	2,739,836	14
Total liabilities	9,364,220	51	9,247,519	47
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital				
Ordinary shares	4,475,783	25	4,453,799	23
Registered capital (pending change)	224,241	1	-	-
Capital surplus	2,302,582	13	2,005,108	10
Retained earnings				
Legal reserve	1,346,931	7	1,292,961	7
Unappropriated earnings	133,890	1	1,022,254	5
Other equity	466,742	2	1,642,141	8
Total equity	8,950,169	49	10,416,263	53
TOTAL	$ 18,314,389	100	$ 19,663,782	100

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
NET REVENUE (Notes 4, 20 and 27)	$ 15,232,177	100	$ 16,840,315	100
OPERATING COSTS (Notes 5, 10 and 21)	14,131,203	93	14,663,502	87
GROSS PROFIT	1,100,974	7	2,176,813	13
OPERATING EXPENSES (Note 21)				
Selling and marketing expenses	483,845	3	906,087	5
General and administrative expenses	278,155	2	322,819	2
Total operating expenses	762,000	5	1,228,906	7
INCOME FROM OPERATIONS	338,974	2	947,907	6
NON-OPERATING INCOME AND EXPENSES (Note 4)				
Finance costs (Notes 4 and 21)	(143,734)	(1)	(81,477)	(1)
Interest income	14,533	-	6,098	-
Other gains and losses, net (Notes 4, 21 and 27)	(803,664)	(5)	(534,228)	(3)
Foreign exchange gain, net	428,969	3	366,070	2
Gain (loss) on fair value changes of financial instruments at fair value through profit or loss	30,205	-	(19,111)	-
(Loss) gain on disposal of property, plant and equipment	(5,817)	-	401	-
Total non-operating income and expenses	(479,508)	(3)	(262,247)	(2)
NET (LOSS) PROFIT BEFORE INCOME TAX	(140,534)	(1)	685,660	4
INCOME TAX EXPENSE (Notes 4 and 22)	29,281	-	167,378	1
NET (LOSS) PROFIT	(169,815)	(1)	518,282	3
OTHER COMPREHENSIVE INCOME (LOSS) (Note 4)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans (Note 18)	5,912	-	16,011	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	(1,141,368)	(8)	312,952	2
Income tax related to items that will not be reclassified subsequently to profit or loss (Note 22)	(1,182)	-	(8,669)	-
	(1,136,638)	(8)	320,294	2

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2023		2022	
	Amount	**%**	**Amount**	**%**
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations	$ (42,538)	-	$ 1,031,005	6
Income tax related to items that may be reclassified subsequently to profit or loss (Note 22)	8,507	-	(206,201)	(1)
	(34,031)	-	824,804	5
Other comprehensive income (loss) for the year, net of income tax	(1,170,669)	(8)	1,145,098	7
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ (1,340,484)	(9)	$ 1,663,380	10
EARNINGS (LOSS) PER SHARE (Note 23)				
Basic	$ (0.38)		$ 1.16	
Diluted	$ (0.38)		$ 1.09	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	Ordinary Shares (Note 19)			Retained Earnings (Note 19)		Other Equity (Note 4)		
	Capital Stock Ordinary Shares	Registered Capital Pending Change	Capital Surplus (Note 19)	Legal Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Unrealized gain (loss) on Financial Assets at Fair Value through Other Comprehensive Income	Total Equity
BALANCE AT JANUARY 1, 2022	$ 4,445,345	$ 1,080	$ 1,994,700	$ 1,166,385	$ 1,276,096	$ (1,012,464)	$ 1,530,923	$ 9,402,065
Appropriation of 2021 earnings								
Legal reserve	-	-	-	126,576	(126,576)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(666,964)	-	-	(666,964)
Net profit for the year ended December 31, 2022	-	-	-	-	518,282	-	-	518,282
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	12,809	824,804	307,485	1,145,098
Total comprehensive income for the year ended December 31, 2022	-	-	-	-	531,091	824,804	307,485	1,663,380
Convertible bonds converted to ordinary shares	8,454	(1,080)	10,408	-	-	-	-	17,782
Disposal of investments in equity instruments at fair value through other comprehensive income by subsidiaries	-	-	-	-	8,607	-	(8,607)	-
BALANCE AT DECEMBER 31, 2022	4,453,799	-	2,005,108	1,292,961	1,022,254	(187,660)	1,829,801	10,416,263
Appropriation of 2021 earnings								
Legal reserve	-	-	-	53,970	(53,970)	-	-	-
Cash dividends distributed by the Company	-	-	-	-	(669,309)	-	-	(669,309)
Net loss for the year ended December 31, 2023	-	-	-	-	(169,815)	-	-	(169,815)
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	4,730	(34,031)	(1,141,368)	(1,170,669)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	(165,085)	(34,031)	(1,141,368)	(1,340,484)
Convertible bonds converted to ordinary shares	21,984	224,241	297,474	-	-	-	-	543,699
BALANCE AT DECEMBER 31, 2023	$ 4,475,783	$ 224,241	$ 2,302,582	$ 1,346,931	$ 133,890	$ (221,691)	$ 688,433	$ 8,950,169

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

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Income (loss) before income tax	$ (140,534)	$ 685,660
Adjustments for:		
Depreciation expense	354,050	331,036
Amortization expense	5,920	4,110
(Gain) loss on financial instruments at fair value through profit or loss, net	(30,205)	19,111
Finance costs	143,734	81,477
Interest income	(14,533)	(6,098)
Dividend income	(14,038)	(10,425)
Gain on lease modification	-	(29)
Loss (gain) on disposal of property, plant and equipment	5,817	(401)
Write-down of inventories	11,140	377,105
Loss (gain) on foreign currency exchange, net	21,226	(28,063)
Effect of hyperinflation	825,360	570,860
Changes in operating assets and liabilities:		
Notes receivable	13,387	78,098
Trade receivables	(94,106)	393,133
Other receivables	(269,605)	14,570
Inventories	711,705	1,017,311
Prepayments	27,083	(698,397)
Other current assets	2,574	(2,629)
Contract liabilities	35,654	(110,308)
Notes payable	(62)	(14,001)
Trade payables	(70,203)	(577,619)
Other payables	(77,002)	(83,602)
Other current liabilities	(2,172)	17,501
Net defined benefit liabilities	(3,952)	(4,098)
Cash generated from operations	1,441,238	2,054,302
Interest received	14,533	6,098
Dividends received	14,038	10,425
Interest paid	(134,134)	(72,299)
Income tax paid	(396,367)	(388,130)
Net cash generated from operating activities	939,308	1,610,396
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of financial assets at fair value through other comprehensive income	-	(39,771)
Disposal of financial assets at fair value through other comprehensive income	79,980	12,533
Acquisition of property, plant and equipment	(801,271)	(1,034,925)
Proceeds from disposal of property, plant and equipment	42,868	15,248
Decrease (increase) in refundable deposits	862	(2,676)
Acquisition of computer software	(5,244)	(6,281)
Decrease in other non-current assets	900	-
Increase in prepayments for equipment	(408,878)	(327,987)
Net cash used in investing activities	(1,090,783)	(1,383,859)

(Continued)

YC INOX CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(In Thousands of New Taiwan Dollars)

	2023	2022
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	$ 19,722,566	$ 20,216,918
Repayments of short-term borrowings	(18,795,562)	(20,951,537)
Proceeds from long-term borrowings	1,000,000	1,400,000
Repayments of long-term borrowings	(727,380)	(257,143)
Increase (decrease) in guarantee deposits received	4,160	(245)
Repayments of the principal portion of lease liabilities	(7,679)	(7,144)
Cash dividends paid to owners of the Company	(669,309)	(666,964)
Net cash generated from (used in) financing activities	526,796	(266,115)
EFFECTS OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	(637,683)	(405,292)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(262,362)	(444,870)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	951,207	1,396,077
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 688,845	$ 951,207

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

YC INOX CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022
(Amounts in Thousands of New Taiwan Dollars, Unless Specified Otherwise)

1. GENERAL INFORMATION

YC Inox Co., Ltd. (the "Company") was incorporated in the Republic of China (ROC) in January 1973; and is mainly engaged in the production, processing and sale of stainless steel pipes, stainless steel sheets and coils, agency services and international trading of stainless steel products.

The Company's shares were listed and have been trading on the Taiwan Stock Exchange since September 2001.

The consolidated financial statements of the Group are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 8 2024.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

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

   The initial application of the IFRS Accounting Standards endorsed and issued into effect by the FSC did not have a material impact on the Group's accounting policies.

b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 16 "Lease Liability in a Sale and Leaseback"	January 1, 2024 (Note 2)
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2024
Amendments to IAS 1 "Non-current Liabilities with Covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024 (Note 3)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards will be effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: A seller-lessee shall apply the Amendments to IFRS 16 retrospectively to sale and leaseback transactions entered into after the date of initial application of IFRS 16.

Note 3: The amendments provide some transition relief regarding disclosure requirements.

As of the date the consolidated financial statements were authorized for issue, the aforementioned standards or interpretations has been evaluated by the Group and will not cause significant impact to its financial position and financial performance.

c. The IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

Note 1: Unless stated otherwise, the above IFRS Accounting Standards are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments, the entity recognizes any effect as an adjustment to the opening balance of retained earnings. When the entity uses a presentation currency other than its functional currency, it shall, at the date of initial application, recognize any effect as an adjustment to the cumulative amount of translation differences in equity.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact of the application of other standards and interpretations on the Group’s financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS Accounting Standards as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for the asset or liability.

c. Classification of current and noncurrent assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents, unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 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.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company. All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company.

See Note 11 and Table 6 for the detailed information on subsidiaries (including the percentage of ownership and main business).

e. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction and are not retranslated.

For the purpose of presenting the consolidated financial statements, the financial statements of the Company's foreign operations (including subsidiaries in other countries or those that use currencies different from the currency of the Company) are translated into the presentation currency, the New Taiwan dollar, as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; and income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Hyperinflation

Beginning April 21, 2022, Turkey's economy qualifies as hyperinflationary, according to the criteria established in the IAS 29 "Financial information in hyperinflationary economies". As specified in IAS 29, the financial statements of Turkish subsidiaries have been measured in terms of the current unit of measurement at the balance sheet date, which leads to a gain or loss on the net monetary position included in the profit or loss.

The Group has not applied hyperinflationary accounting to restate comparative financial information presented in NTD, which is the Group's functional currency unmodified as IAS 29. Moreover, the adoption of IAS 29 in Turkish subsidiaries requires assets and liabilities as well as the items in the income statement to be restated using the closing exchange rate at period end, leading to the effect of hyperinflation adjustments included in other comprehensive income.

g. Inventories

Inventories consist of raw materials, work-in-process, semi-finished goods, finished goods, and merchandise and are stated at the lower of cost and net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

h. Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Computer software

1) Computer software acquired separately

Computer software with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful lives, residual values, and amortization methods are reviewed at the end of each reporting period, with the effect of any changes in the estimates accounted for on a prospective basis.

2) Derecognition of computer software

On derecognition of computer software, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Impairment of property, plant and equipment, right-of-use assets and computer software

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and computer software, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

k. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss (FVTPL)) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

a) Measurement categories

Financial assets held by the Group are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, investments in debt instruments at fair value through other comprehensive income (FVTOCI) and investments in equity instruments at FVTOCI.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such financial assets are mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does incorporate any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 26.

ii. Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

i) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii) 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.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, notes receivable, trade receivables, other receivables, pledged time deposits, and refundable deposits are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial asset, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial asset that is not credit impaired on purchase or origination but has subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

iii. Investments in debt instruments at FVTOCI

Debt instruments that meet the following conditions are subsequently measured at FVTOCI:

i) The debt instrument is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of such financial assets; and

ii) The contractual terms of the debt instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amounts of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and investments in debt instruments that are measured at FVTOCI.

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

ii. When a financial asset is more than 180 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The impairment loss of all financial assets is recognized in profit or loss by a reduction in their carrying amounts through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and the carrying amounts of such financial assets are not reduced.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. On derecognition of an investment in a debt instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through profit or loss.

2) Equity instruments

Debt and equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

3) Financial liabilities

a) Subsequent measurement

Except the following situations, all financial liabilities are measured at amortized cost using the effective interest method:

Financial liabilities are classified as at FVTPL when such financial liabilities are held for trading. Financial liabilities held for trading are stated at fair value, and any gains or losses on such financial liabilities are recognized in other gains or losses.

b) Derecognition of financial liabilities

The difference between the carrying amount of a financial liability derecognized and the consideration paid is recognized in profit or loss.

4) Convertible bonds

The component parts of compound instruments (i.e., convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or upon the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised; in which case, the balance recognized in equity will be transferred to capital surplus - share premiums. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - other.

Transaction costs that relate to the issuance of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the liability component are included in the carrying amount of the liability component. Transaction costs relating to the equity component are recognized directly in equity.

l. Revenue recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

For contracts where the period between the date on which the Group transfers a promised good or service to a customer and the date on which the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for the effects of a significant financing component.

Revenue from the sales of goods comes from sales of stainless steel sheets, coils and pipes. Sales of goods are recognized as revenue when the goods are delivered to the customer's specific location/the goods are shipped/the goods are picked up because it is the time when the customer has full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Trade receivables are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

The transaction price received is recognized as a contract liability until the goods have been delivered to the customer.

m. Leases

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments less any lease incentives payable from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. Lease liabilities are presented on a separate line in the consolidated balance sheets.

n. Borrowing costs

Borrowing costs directly attributable to an acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than those stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

o. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attached to them and that the grants will be received.

Government grants are recognized on a systematic basis over the periods in which the Group recognizes as expenses the related costs that the grants intend to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they are received.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost and net interest on the net defined benefit liabilities (assets) are recognized as employee benefits expense in the period in which they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liabilities (assets) represent the actual deficit (surplus) in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

q. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax payable (recoverable) is based on taxable profit (loss) for the year determined according to the applicable tax laws of each tax jurisdiction.

According to the Income Tax Act in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences and unused loss carryforwards to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liabilities are settled or the assets are realized, based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimations and assumptions on the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

When developing material accounting estimates, the Group considers the possible impact on the cash flow projection, growth rates, discount rates, profitabilities and other relevant material estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Key Sources of Estimation Uncertainty - Write-down of Inventories

The net realizable value of inventories is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The estimation of net realizable value is based on current market conditions and historical experience with product sales of a similar nature. Changes in market conditions may have a material impact on the estimation of the net realizable value.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	$ 1,517	$ 1,043
Checking accounts and demand deposits	687,328	796,557
Cash equivalents (investments with original maturities of 3 months or less)	-	153,607
	$ 688,845	$ 951,207
Annual interest rate (%)		
Demand deposits	0.00-1.45	0.00-1.05
Time deposits	-	4

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31 2023	December 31 2022
Current		
Financial assets mandatorily measured at FVTPL		
Domestic listed shares	$ 198,000	$ 248,011

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - NON - CURRENT

	December 31 2023	December 31 2022
Investments in equity instruments		
Foreign investments		
Unlisted shares	$ 277,645	$ 277,645
Domestic investments		
Emerging market shares	1,587,589	2,728,956
	$ 1,865,234	$ 3,006,601

These investments in equity instruments are held for long-term strategic purposes. Accordingly, the management elected to designate these investments in equity instruments as at FVTOCI as they believe that recognizing short-term fluctuations in these investments' fair value in profit or loss would not be consistent with the Group's strategy of holding these investments for long-term purposes.

9. TRADE RECEIVABLES

	December 31 2023	December 31 2022
At amortized cost		
Gross carrying amount	$ 880,613	$ 831,620
Less: Allowance for impairment loss	(2,242)	(2,242)
	878,371	829,378
At FVTOCI	23,787	12,047
	$ 902,158	$ 841,425

a. At amortized cost

The credit period of sales of goods is 30 to 150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information or its own trading records to rate its customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management annually.

In order to minimize credit risk, the management of the Group has delegated a team responsible for determining credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the year to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk has been significantly reduced.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtor operates and an assessment of both the current as well as the forecasted GDP and direction of economic conditions at the reporting date. As the Group's historical credit loss experience did not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The loss allowance of trade receivables of the Group was as follows:

	Not Past Due	Past Due 1-60 Days	Past Due 61-120 Days	Past Due 121-180 Days	Past Due More than 180 Days	Total
December 31, 2023						
Expected credit loss rate (%)	0	6.75-17.31	13.71-17.86	16.23-16.96	100	
Gross carrying amount	$ 815,887	$ 64,724	$ 2	$ -	$ -	$ 880,613
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	$ 815,887	$ 62,482	$ 2	$ -	$ -	$ 878,371
December 31, 2022						
Expected credit loss rate (%)	0	0-5.26	2.96-15.73	4.35-15.21	100	
Gross carrying amount	$ 731,329	$ 100,275	$ 16	$ -	$ -	$ 831,620
Loss allowance	-	(2,242)	-	-	-	(2,242)
Amortized cost	$ 731,329	$ 98,033	$ 16	$ -	$ -	$ 829,378

The movements of loss allowance of trade receivables were as follows:

	For the Year Ended December 31	
	2023	**2022**
Balance at January 1 and December 31	$ 2,242	$ 2,242

b. At FVTOCI

The Group will decide whether to sell these trade receivables to banks without recourse based on its level of working capital. These trade receivables are classified as at FVTOCI because they are held within a business model whose objective is achieved by both contractual cash flows and selling financial assets.

As of December 31, 2023 and 2022, the Group had no overdue trade receivables, and no impairment loss was recognized within the respective aging ranges.

Refer to Note 26 for details of the factoring for trade receivables.

10. INVENTORIES

	December 31	
	2023	2022
Raw materials	$ 1,434,565	$ 2,056,274
Work in progress	107,113	93,197
Semi-finished goods	373,650	402,878
Finished goods	2,145,570	2,594,961
Merchandise	14,260	24,954
	$ 4,075,158	$ 5,172,264

Operating costs related to inventory for the years ended December 31, 2023 and 2022 were $14,122,272 thousand and $14,662,027 thousand, respectively. The cost of goods sold included the loss on inventory write-downs of $11,140 thousand and $377,105 thousand, respectively.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements were as follows:

		Proportion of Ownership (%)	
Investor	Investee	December 31, 2023	December 31, 2022
The Company	Chi Mao Investment Co., Ltd. (Chi Mao Company)	100	100
	YC INOX TR CELIK SANAYI VE TICARET A.S. (YC INOX TR Company)	100	100

For the nature of activities of the subsidiaries listed above, refer to Table 6.

The Company invested $1,628,341 thousand and $3,286,873 thousand in YC INOX TR Company, which engaged in seasoned equity offerings for the years ended December 31, 2023 and 2022, respectively. The aforementioned investments have been approved by the Overseas Chinese and Foreign Investment Commission of the Ministry of Economic Affairs (MOEA). Among the investments, the Company has been planning to increase the investment in YC INOX TR Company by TRY820,000 thousand, which was approved by the Company's board of directors in November 2022 and subsequently invested $641,560 thousand, $306,850 thousand and $415,381 thousand, equivalent to TRY372,142 thousand, TRY187,555 thousand and TRY260,303 thousand in November 2022, January 2023 and February 2023, respectively. The aforementioned investments have been approved by the MOEA.

The Group has been planning to increase the investment in YC INOX TR Company by TRY900,000 thousand, which was approved by the Company's board of directors in May 2023, and subsequently invested $430,360 thousand, $314,200 thousand and $161,550 thousand, equivalent to TRY272,646 thousand, TRY269,329 thousand and TRY142,913 thousand in May 2023, August 2023 and November 2023, respectively. The remaining investments were remitted from Taiwan in January 2024 amounting to $221,464 thousand equivalent to TRY215,112 thousand. The aforementioned investments were approved by the MOEA.

The share of profit or loss and other comprehensive income of the subsidiaries accounted for using the equity method for the years ended December 31, 2023 and 2022 were recognized based on the subsidiaries' financial statements which have been audited for the same period.

12. PROPERTY, PLANT AND EQUIPMENT

	For the Year Ended December 31, 2023					
	Land	Buildings	Machinery and Equipment	Other equipment	Construction in progress	Total
Cost						
Balance at January 1, 2023	$ 2,318,756	$ 1,497,060	$ 3,185,073	$ 1,229,703	$ 886,641	$ 9,117,233
Additions	17,272	82,358	141,982	103,039	363,436	708,087
Disposals	-	(46)	(19,936)	(92,316)	-	(112,298)
Reclassification	-	368,546	105,130	17,971	(366,339)	125,308
Effects of foreign currency exchange differences and inflation adjustments	(11,954)	580,121	283,613	14,685	(389,797)	476,668
Balance at December 31, 2023	$ 2,324,074	$ 2,528,039	$ 3,695,862	$ 1,273,082	$ 493,941	$ 10,314,998
Accumulated depreciation						
Balance at January 1, 2023	$ -	$ 654,788	$ 1,888,623	$ 530,317	$ -	$ 3,073,728
Additions	-	81,333	167,271	98,898	-	347,502
Disposals	-	(26)	(17,656)	(45,931)	-	(63,613)
Effects of foreign currency exchange differences and inflation adjustments	-	9,541	37,918	3,747	-	51,206
Balance at December 31, 2023	$ -	$ 745,636	$ 2,076,156	$ 587,031	$ -	$ 3,408,823
Carrying amount at December 31, 2023	$ 2,324,074	$ 1,782,403	$ 1,619,706	$ 686,051	$ 493,941	$ 6,906,175

	For the Year Ended December 31, 2022					
	Land	Buildings	Machinery and Equipment	Other equipment	Construction in progress	Total
Cost						
Balance at January 1, 2022	$ 2,157,132	$ 1,482,722	$ 2,631,388	$ 950,326	$ 393,831	$ 7,615,399
Additions	-	14,338	539,619	284,918	311,841	1,150,716
Disposals	-	-	(64,789)	(18,831)	-	(83,620)
Reclassification	-	-	67,390	10,696	-	78,086
Effects of foreign currency exchange differences	161,624	-	11,465	2,594	180,969	356,652
Balance at December 31, 2022	$ 2,318,756	$ 1,497,060	$ 3,185,073	$ 1,229,703	$ 886,641	$ 9,117,233
Accumulated depreciation						
Balance at January 1, 2022	$ -	$ 586,798	$ 1,791,190	$ 447,474	$ -	$ 2,825,462
Additions	-	67,990	167,320	89,663	-	324,973
Disposals	-	-	(62,520)	(6,253)	-	(68,773)
Effects of foreign currency exchange differences	-	-	(7,367)	(567)	-	(7,934)
Balance at December 31, 2022	$ -	$ 654,788	$ 1,888,623	$ 530,317	$ -	$ 3,073,728
Carrying amount at December 31, 2022	$ 2,318,756	$ 842,272	$ 1,296,450	$ 699,386	$ 886,641	$ 6,043,505

Property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Office buildings	20-35 years
Plants	10-20 years
Machinery and equipment	3-20 years
Other equipment	3-50 years

Farmland held by the Company which is situated in No.1357 and 1359 (2,034 square meters) of Xinmei Section, Shijou Township, Chang-Hwa County and No.115 (171 square meters), No.115-1 and 115-2 (3,218 square meters), and No.116(120 square meters) situated in Xinguan Section., Puoshing Township, Chang-Hwa County were designated as parking lots, finished goods storage and loading areas. As registration for the transfer of ownership rights cannot currently be implemented in accordance with the law, all farmland was registered under the name of Chairman Chang, Chin-Yu, and all 6 lots of land were mortgaged to the Company for a total of $40,000 thousand.

Furthermore, in September 2023, the Company acquired farmland located at No.1368 (6,148 square meters) of Xinmei Section, Shijou Township, Chang-Hwa County for a contract price of $17,272 thousand. This land is currently being used as parking lots. As registration for the transfer of ownership rights cannot currently be implemented in accordance with the law, the property is currently being registered under the name of Chairman Chang, Chin-Yu. The Company has secured a mortgage on the aforementioned land for a total consideration of $30 million.

No impairment assessment was performed for the years ended December 31, 2023 and 2022 as there was no indication of impairment.

13. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Right-of-use assets carrying amount		
Land	$ 2,295	$ 2,623
Buildings	400	800
Transportation equipment	5,902	6,480
Other equipment	1,951	4,878
	$ 10,548	$ 14,781

	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	$ 4,135	$ 16,922
Depreciation of right-of-use assets		
Land	$ 328	$ 274
Buildings	400	400
Transportation equipment	2,893	2,563
Other equipment	2,927	2,826
	$ 6,548	$ 6,063

The Group did not have significant sublease or impairment of right-of-use assets during the years ended December 31, 2023 and 2022.

b. Lease liabilities

	December 31	
	2023	2022
Lease liabilities carrying amount		
Current	$ 6,236	$ 6,303
Non-current	3,755	8,161
	$ 9,991	$ 14,464

Discount rates for lease liabilities were as follows:

	December 31	
	2023	2022
Land	2.20%	2.20%
Buildings	1.15%	1.15%
Transportation equipment	16.50%-28.00%	16.50%-28.00%
Other equipment	2.60%	2.60%

c. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating short-term leases	$ 2,600	$ 923
Expenses relating to low value asset leases	$ 933	$ 1,213
Total cash outflow for leases	$ 11,212	$ 9,280

The Group leases of certain buildings qualify as short-term leases, and leases of certain office equipment qualify as low-value asset leases. The Group has elected to apply the recognition exemption for these leases and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

d. Material leasing activities and terms (the Group is lessee)

The Group leases certain land, buildings, transportation equipment and other equipment for operating uses with lease terms of 2 to 9 years. The Group does not have bargain purchase options to acquire the leasehold land, buildings, transportation equipment and other equipment at the end of the lease terms.

14. COMPUTER SOFTWARE

	For the Year Ended December 31, 2023				
	Balance, Beginning of the Year	Additions	Disposals	Effects of Foreign Currency Exchange Differences and Inflation Adjustments	Balance, End of the Year
Cost	$ 14,840	$ 5,244	$ -	$ (540)	$ 19,544
Accumulated amortization	6,243	$ 5,920	$ -	$ (563)	11,600
	$ 8,597				$ 7,944

	For the Year Ended December 31, 2022				
	Balance, Beginning of the Year	Additions	Disposals	Effects of Foreign Currency Exchange Differences and Inflation Adjustments	Balance, End of the Year
Cost	$ 9,903	$ 6,281	$ (1,266)	$ (78)	$ 14,840
Accumulated amortization	3,543	$ 4,110	$ (1,266)	$ (144)	6,243
	$ 6,360				$ 8,597

Computer software of the group are amortized on a straight-line basis over their estimated useful lives of 1-5 years.

15. BORROWINGS

a. Short-term borrowings

	December 31	
	2023	2022
Letter of credit borrowings and export bills	$ 2,181,078	$ 1,254,074
Line of credit borrowings	3,570,000	3,570,000
	$ 5,751,078	$ 4,824,074
Annual interest rate range (%)		
Letter of credit borrowings and export bills	1.75-1.83	1.18-6.21
Line of credit borrowings	1.53-2.33	1.22-2.24

b. Long-term borrowings

	December 31	
	2023	2022
Unsecured borrowings		
Line of credit borrowings	$ 2,315,477	$ 2,042,857
Less: Current portion	(471,429)	(160,714)
Long-term borrowings	$ 1,844,048	$ 1,882,143
Annual interest rate range (%)	1.66-1.74	1.43-1.80

The line of credit borrowings of the Group will be repaid in New Taiwan dollars. The borrowings are repayable in installments or paid in one lump sum upon maturity at varying amounts from January 2024 to August 2028.

16. BONDS PAYABLE

	December 31	
	2023	2022
3rd domestic unsecured convertible bonds	$ 228,240	$ 765,149

On December 15, 2020, the Company issued 5-year, 0% NTD-denominated unsecured convertible bonds in Taiwan for $1,000,000 thousand, and the maturity date of the bonds is December 15, 2025. Each bond entitles the holder to convert it into ordinary shares of the Company at a conversion price of $26.5, which shall be later adjusted in accordance with the formula started in the Anti-dilution provisions of the "Rules and conditions of issuance and conversion of the 3rd domestic unsecured corporate bonds" (as of December 31, 2023, the conversion price has been adjusted to $22.4). Three months from the date of issuance of the convertible bonds (March 16, 2021) to 40 days before the maturity date (November 5, 2025), if the closing share price of the Company exceeds 30% of the prevailing conversion price for 30 consecutive business days or the outstanding balance falls lower than 10% of the original total issuance amount, the Company may redeem the bonds in cash at face value. In addition, holders may request to sell the bonds they hold back to the Company at any time within 30 days before the expiry of the third year from the date of issuance (December 15, 2023).

The convertible bonds contain both liability and equity components. The equity component was presented in equity under the heading of capital surplus - options. The effective interest rate of the liability component was 0.93% per annum on initial recognition.

As of December 31, 2023, the face value of the bonds payable converted by the holders was $767,600 thousand.

Changes in the master contract of the debt and sell-back rights of derivatives (recognized as financial liabilities at FVTPL - non-current) are as follows:

	Debt Instrument for Master Contracts For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 765,149	$ 775,775
Amortization of discount this year	6,790	7,156
Converted into ordinary shares this year	(543,699)	(17,782)
Balance at December 31	$ 228,240	$ 765,149

Derivative instruments - put options (financial liabilities)

	For the Year Ended December 31	
	2023	2022
Balance at January 1	$ 236	$ 966
Changes in fair value	(236)	(730)
Balance at December 31	$ -	$ 236

17. OTHER PAYABLES

	December 31	
	2023	2022
Payables for salaries and bonuses	$ 91,513	$ 141,153
Payables for acquisition of equipment	79,459	254,213
Payables for profit sharing bonus of employees and remuneration of directors	-	43,000
Payables for commission	2,761	3,022
Others	99,590	98,435
	$ 273,323	$ 539,823

18. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

Chi Mao Company is an investment holding company; therefore, there is no retirement policy. YC INOX TR Company adopted a pension plan operated by the Social Security Institution. The pension plan requires the contribution of 20% of the payroll costs to fund the benefits. The Company is required to contribute 11% out of the 20%, while the employees contribute the remaining 9%.

b. Defined benefit plans

The defined benefit plan adopted by the Company in accordance with the Labor Standards Act is operated by the government of the ROC. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the 6 months before retirement. The Company contributes amounts equal to 5% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Company assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor (the Bureau); the Company has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Company's defined benefit plans were as follows:

	December 31	
	2023	2022
Present value of defined benefit obligation	$ 120,739	$ 127,195
Fair value of plan assets	(79,081)	(75,666)
Net liabilities recognized in the consolidated balance sheets	41,658	51,529
Other payables	(374)	(381)
Net defined benefit liabilities	$ 41,284	$ 51,148

Movements in net defined benefit liabilities were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Liabilities Recognized in the Consolidated Balance Sheets
Balance at January 1, 2023	$ 127,195	$ (75,666)	$ 51,529
Service cost			
Current service cost	172	-	172
Net interest expense (income)	1,569	(956)	613
Recognized in profit or loss	1,741	(956)	785
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(727)	(727)
Actuarial loss - changes in financial assumptions	489	-	489
Actuarial gain - experience adjustments	(5,674)	-	(5,674)
Recognized in other comprehensive income	(5,185)	(727)	(5,912)
Contributions from the employer	-	(4,744)	(4,744)
Benefits paid	(3,012)	3,012	-
Balance at December 31, 2023	$ 120,739	$ (79,081)	$ 41,658
Balance at January 1, 2022	$ 150,641	$ (79,000)	$ 71,641
Service cost			
Current service cost	287	-	287
Net interest expense (income)	1,035	(554)	481
Recognized in profit or loss	1,322	(554)	768
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,391)	(6,391)
Actuarial loss - changes in demographic assumptions	57	-	57
Actuarial gain - changes in financial assumptions	(6,339)	-	(6,339)
Actuarial gain - experience adjustments	(3,338)	-	(3,338)
Recognized in other comprehensive income	(9,620)	(6,391)	(16,011)
Contributions from the employer	-	(4,869)	(4,869)
Benefits paid	(15,148)	15,148	-
Balance at December 31, 2022	$ 127,195	$ (75,666)	$ 51,529

Through the defined benefit plans under the Labor Standards Act, the Group is exposed to the following risks:

1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets shall not be below the interest rate for a 2-year time deposit with local banks.

2) Interest rate risk: A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plans' debt investments.

3) Salary risk: The present value of the defined benefit obligation is calculated using the future salaries of plan participants. As such, an increase in the salaries of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The significant assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2023	**2022**
Discount rate	1.20%	1.25%
Expected rate of salary increase	2.00%	2.00%

If possible reasonable changes in each of the significant actuarial assumptions occur and all other assumptions remain constant, the present value of the defined benefit obligation will increase (decrease) as follows:

	December 31	
	2023	**2022**
Discount rate		
0.25% increase	$ (2,416)	$ (2,738)
0.25% decrease	$ 2,492	$ 2,828
Expected rate of salary increase/decrease		
0.25% increase	$ 2,466	$ 2,799
0.25% decrease	$ (2,403)	$ (2,725)

The sensitivity analysis previously presented may not be representative of the actual changes in the present value of the defined benefit obligation as it is unlikely that changes in assumptions will occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2023	**2022**
Expected contributions to the plans for next year	$ 4,643	$ 4,996
Average duration of defined benefit obligation	8 years	8 years

19. EQUITY

a. Capital stock

	December 31	
	2023	**2022**
Authorized shares (in thousands of shares)	660,000	660,000
Authorized capital	$ 6,600,000	$ 6,600,000
Issued and paid shares (in thousands of shares)	447,578	445,380
Issued capital	$ 4,475,783	$ 4,453,799
Registered capital (pending change)	$ 224,241	$ -

The issued share has a par value of NT$10 per share and is entitled to one vote and the right to receive dividends.

b. Capital surplus

	December 31	
	2023	**2022**
May be used to offset a deficit, distributed as cash dividends, or transferred to capital		
Additional paid-in capital	$ 1,466,300	$ 1,466,300
Issuance of convertible bonds	821,535	501,394
Interest premium payable on convertible bonds	5,239	5,239
May not be used for any purpose		
Share warrants of convertible bonds	9,508	32,175
	$ 2,302,582	$ 2,005,108

The capital surplus generated from the excess of the issuance price over the par value of capital stock, the conversion of bonds and interest premium payable on convertible bonds may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital, limited to a certain percentage of the Company's capital surplus and to once a year.

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the amended articles of incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the stockholders' meeting for the distribution of dividends and bonuses to stockholders. For the policies on the distribution of profit-sharing bouns of employees and remuneration of directors, refer to Note 21.

In line with the current and future development plans, the Company's dividend policy stipulates that at least 50% of the accumulated unappropriated earnings should be distributed as dividends to shareholders, taking into consideration the investment environment, funding needs, and foreign and domestic competition. However, when the dividend is less than 0.5 dollars per share, the Company reserves the right to not distribute any dividends. Since the Company belongs to the traditional industry, and current operations have entered a mature and stable phase, cash dividends should take precedence over share dividends. In the case of distribution of share dividends, the amount of cash dividends distributed should not be lower than 20% of the total dividends distributed.

The legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

In June 2022, the shareholders of the Company held a meeting and resolved to amend the Articles of the Company to specify that when the special reserve is allocated from the net deduction of other equity accumulated in the previous period, if the undistributed surplus in the previous period is insufficient to allocate, the post-tax income plus items other than the after-tax net income of the current period will be added to the undistributed surplus of the current period for the allocation.

The appropriations of earnings for 2022 and 2021, which were approved in the shareholders' meetings in June 2023 and 2022, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2022	2021
Legal reserve appropriated	$ 53,970	$ 126,576
Cash dividends	$ 669,309	$ 666,964
Cash dividends per share (NT$)	$ 1.5	$ 1.5

The Company's board of directors also proposed to distribute cash dividends of $1 per share from the capital surplus in the board of directors' meeting on March 8, 2024, for a total of $470,002 thousand.

The loss appropriation will be resolved by the shareholders in their meeting to be held in June 2024.

20. NET REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts with customers		
Revenue from sale of goods	$ 15,199,737	$ 16,835,705
Other operating revenue		
Revenue from sale of electricity	32,440	4,610
	$ 15,232,177	$ 16,840,315

Contract balance

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and trade receivables	$ 976,833	$ 929,547	$ 1,408,090
Contract liabilities			
Sale of goods	$ 432,997	$ 407,896	$ 518,204

21. NET PROFIT

a. Finance costs

	For the Year Ended December 31	
	2023	2022
Interest on borrowings	$ 135,026	$ 72,523
Interest on short-term bills payable	354	30
Interest on lease liabilities	1,564	1,768
Interest on bonds payable	6,790	7,156
	$ 143,734	$ 81,477

b. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Rental income	$ 30	$ 30
Dividend income	14,038	10,425
Others	7,628	26,177
Loss on hyperinflation (e)	(825,360)	(570,860)
	$ (803,664)	$ (534,228)

c. Employee benefits expense, depreciation expense and amortization expense

	For the Year Ended December 31					
	2023			2022		
	Operating Costs	Operating Expenses	Total	Operating Costs	Operating Expenses	Total
Employee benefits expense						
Salaries expense	$ 486,131	$ 177,680	$ 663,811	$ 483,949	$ 210,205	$ 694,154
Post-employment benefits						
Defined contribution plans	20,948	7,441	28,389	20,727	6,229	26,956
Defined benefit plans	491	294	785	561	207	768
Remuneration of directors	-	2,350	2,350	-	15,600	15,600
Labor and health insurance expense	53,500	16,253	69,753	51,686	15,226	66,912
Other employee benefits	52,661	10,741	63,402	47,453	9,444	56,897
Depreciation expense	310,074	43,976	354,050	293,355	37,681	331,036
Amortization expense	578	5,342	5,920	378	3,732	4,110

d. Profit sharing bonus of employees and remuneration of directors

The Articles of Incorporation of the Company were amended in June 2022. According to the provisions of the Articles of Incorporation, when the Company has a profit in the year, it should accrue employees' profit-sharing and directors' compensation at rates of 2%-6% and no higher than 2%, respectively, of net income before income tax. The Company incurred a loss for the fiscal year 2023; therefore, in accordance with the articles of association, it is not proposed to provide for employee and director remuneration. The profit-sharing bonuses of employees and remuneration of directors for the year ended December 31, 2022 was estimated as follows:

	For the Year Ended December 31	
	2022	
	Accrual Rate	Amount
Profit sharing bonus of employees	4%	$ 30,000
Remuneration of directors	2%	13,000

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate in the following year.

There is no difference between the actual amounts of employees' profit-sharing and directors' compensation paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

Information on the employees' profit-sharing and directors' compensation resolved by the board of directors of the Company is available on the Market Observation Post System website of the Taiwan Stock Exchange.

e. Loss on hyperinflation

Following the categorization of Turkey with reference to the statistical indices from IMFDATA published by the International Monetary Fund as a country with a three-year cumulative inflation rate exceeding 100%, Turkey fulfills the requirements to be designated as a hyperinflationary economy under IAS 29 beginning April 21, 2022. Furthermore, according to Turkish Statistical Institute estimates, Turkey's annural consumer price index was 692.75, 432.46 and 263.29 as of December 31, 2023, 2022 and 2021, respectively, with an annualized volatility of approximately 60.19% and 64.25%. Therefore, the Group has applied hyperinflationary accounting for Turkish subsidiaries whose financial statements have been measured in terms of the current unit of measurement for the entire fiscal years of 2023 and 2022, resulting in losses of $825,360 thousand and $570,860 thousand on the net monetary position included in profit or loss.

22. INCOME TAXES EXPENSE

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	$ 199,083	$ 357,673
Adjustments for prior years	(10,272)	638
	188,811	358,311
Deferred tax		
In respect of the current year	(157,502)	(190,933)
Adjustments for prior years	(2,028)	-
	(159,530)	(190,933)
Income tax expense recognized in profit or loss	$ 29,281	$ 167,378

A reconciliation of accounting profit and income tax expense was as follows:

	For the Year Ended December 31	
	2023	2022
Income tax expense calculated at the statutory rate	$ 122,262	$ 48,582
Nondeductible expenses in determining taxable income	4,449	69,944
Benefits not counted in tax	(23,782)	(2,286)
Other adjustments in determining taxable income	(61,348)	50,500
Income tax adjustments on prior years	(12,300)	638
Income tax expense recognized in profit or loss	$ 29,281	$ 167,378

The tax rate applicable to YC INOX TR Company is 25% in 2023 and 23% in 2022, pursuant to Turkish tax laws.

b. Deferred tax assets and liabilities

	For the Year Ended December 31, 2023			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 46,915	$ -	$ 8,507	$ 55,422
Unrealized valuation gain on financial assets at FVTOCI	72,042	-	-	72,042
Unrecognized gross profit of declared exports	3,381	1,935	-	5,316
Refunded debts	-	156	-	156
Unrealized gross profit on sales	-	824	-	824
Defined benefit obligations	10,306	(792)	(1,182)	8,332
Unrealized loss on inventories	35,860	14,440	-	50,300
Payables for annual leave	1,621	80	-	1,701
Unappropriated earnings of subsidiaries	128,994	137,813	-	266,807
Others	1,980	5,074	-	7,054
	$ 301,099	$ 159,530	$ 7,325	$ 467,954
<u>Deferred tax liabilities</u>				
Temporary differences				
Allowance for impairment loss on trade receivables	$ 1,724	$ -	$ -	$ 1,724
Others	890	-	-	890
	$ 2,614	$ -	$ -	$ 2,614

	For the Year Ended December 31, 2022			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
<u>Deferred tax assets</u>				
Temporary differences				
Exchange differences on translating the financial statements of foreign operations	$ 253,116	$ -	$ (206,201)	$ 46,915
Unrealized valuation gain (loss) on financial assets at FVTOCI	77,509	-	(5,467)	72,042
Unrecognized gross profit of declared exports	21,292	(17,911)	-	3,381
Defined benefit obligations	14,328	(820)	(3,202)	10,306
Unrealized loss on inventories	13,460	22,400	-	35,860
Payables for annual leave	4,769	(3,148)	-	1,621
Unappropriated earnings of subsidiaries	-	128,994	-	128,994
Others	-	1,980	-	1,980
	$ 384,474	$ 131,495	$ (214,870)	$ 301,099

	For the Year Ended December 31, 2022			
	Beginning Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Ending Balance
Deferred tax liabilities				
Temporary differences				
Unappropriated earnings of subsidiaries	$ 59,411	$ (59,411)	$ -	$ -
Allowance for impairment loss on trade receivables	1,724	-	-	1,724
Others	918	(28)	-	890
	$ 62,053	$ (59,439)	$ -	$ 2,614

c. Income tax assessments

The tax returns through 2021 of the Company and Chi Mao Company have been assessed by the tax authorities.

23. EARNINGS (LOSS) PER SHARE

	Net Profit (Loss) Attributable to Owners of the Company	Number of Shares (In Thousands)	Earnings (Loss) Per Share (NT$)
For the Year Ended December 31, 2023			
Basic loss per share			
Net loss for the year attributable to owners of the Company	$ (169,815)	447,983	$(0.38)
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	-	
Convertible bonds	-	-	
Diluted loss per share			
Net loss for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ (169,815)	447,983	$(0.38)
For the Year Ended December 31, 2022			
Basic earnings per share			
Net income for the year attributable to owners of the Company	$ 518,282	445,190	$1.16
Effect of potentially dilutive ordinary shares:			
Profit sharing bonus of employees	-	1,559	
Convertible bonds	5,141	33,322	
Diluted earnings per share			
Net income for the year attributable to owners of the Company plus effect of potentially dilutive ordinary shares	$ 523,423	480,071	$1.09

If the Group offered to settle the compensation or bonuses paid to employees in cash or shares, the Group assumed that compensation or bonuses will be settled in shares, and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

The Company incurred a net loss in 2023; therefore, the dilutive effects of items such as employee compensation and convertible bonds, which have an anti-dilutive effect on earnings per share, were not considered.

24. CASH FLOW INFORMATION

a. Non-cash transactions

In addition to those disclosed in other notes, the Group entered into the following non-cash investing and financing activities which were not reflected in the financial statements of cash flows for the years ended December 31, 2023 and 2022:

The amount of cash paid for the acquisition of property, plant and equipment during the years ended December 31, 2023 and 2022, respectively, was as follows:

	For the Year Ended December 31	
	2023	2022
Purchase of property, plant and equipment	$ 708,087	$ 1,150,716
Net changes in payables for acquisition of equipment	174,754	(95,047)
Foreign exchange movements and inflation adjustments	(81,570)	(20,744)
Cash payments for property, plant and equipment	$ 801,271	$ 1,034,925

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2023

			Non-cash Changes				Change in Exchange Rate and Inflation impact number	
	Opening Balance	Cash Flows	Exercise of Conversion Option	Discount Amortization	Increasing In Leasing	Financial Cost Amortization		Closing Balance
Short-term bank borrowings	$ 4,824,074	$ 927,004	$ -	$ -	$ -	$ -	$ -	$ 5,751,078
Bonds payable	765,149	-	(543,699)	6,790	-	-	-	228,240
Long-term bank borrowings (including current portion)	2,042,857	272,620	-	-	-	-	-	2,315,477
Guarantee deposits received	30,385	4,160	-	-	-	-	-	34,545
Lease liabilities	14,464	(7,679)	-	-	4,135	1,564	(2,493)	9,991
	$ 7,676,929	$ 1,196,105	$ (543,699)	$ 6,790	$ 4,135	$ 1,564	$ (2,493)	$ 8,339,331

For the year ended December 31, 2022

			Non-cash Changes				Change in Exchange Rate and Inflation impact number	
	Opening Balance	Cash Flows	Exercise of Conversion Option	Discount Amortization	Increasing In Leasing	Financial Cost Amortization		Closing Balance
Short-term bank borrowings	$ 5,559,180	$ (734,619)	$ -	$ -	$ -	$ -	$ (487)	$ 4,824,074
Bonds payable	775,775	-	(17,782)	7,156	-	-	-	765,149
Long-term bank borrowings (including current portion)	900,000	1,142,857	-	-	-	-	-	2,042,857
Guarantee deposits received	30,630	(245)	-	-	-	-	-	30,385
Lease liabilities	3,280	(7,144)	-	-	16,922	1,768	(362)	14,464
	$ 7,268,865	$ 400,849	$ (17,782)	$ 7,156	$ 16,922	$ 1,768	$ (849)	$ 7,676,929

25. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity of the Group (comprising issued capital, capital surplus, retained earnings, and other equity).

The Group is not subjected to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a quarterly basis. As part of this review, the key management personnel of the Group consider the cost of capital and the risks associated with each class of capital. Based on the recommendations of the key management personnel, the Group expects to balance its capital structure through the payment of dividends, issuance of new shares, repurchase of shares and issuance of new debt or repayment of old debt.

26. FINANCIAL INSTRUMENTS

a. Fair value

1) Fair value of financial instruments not measured at fair value

Management of the Group consider the carrying amounts of the Group's financial instruments that are not measured at fair value as close to their fair values or their fair values could not be reasonably measured.

2) Fair value of financial instruments measured at fair value on a recurring basis

a) Fair Value Hierarchy

The following analysis details the measurement of financial instruments since initial recognition. The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs, are observable.

	Level 1	Level 2	Level 3	Total
December 31, 2023				
Financial assets at FVTPL				
Domestic listed shares	$ 198,000	$ -	$ -	$ 198,000
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	1,587,589	-	277,645	1,865,234
Investments in debt instruments				
Trade receivables	-	-	23,787	23,787
	$ 1,785,589	$ -	$ 301,432	$ 2,087,021

	Level 1	Level 2	Level 3	Total
December 31, 2022				
Financial assets at FVTPL				
Domestic listed shares	$ 248,011	$ -	$ -	$ 248,011
Financial assets at FVTOCI				
Investments in equity instruments				
Domestic and foreign unlisted shares	2,728,956	-	277,645	3,006,601
Investments in debt instruments				
Trade receivables	-	-	12,047	12,047
	$ 2,976,967	$ -	$ 289,692	$ 3,266,659
Financial liabilities at FVTPL				
Derivatives	$ -	$ -	$ 236	$ 236

There were no transfers between Levels 1 and 2 for the years ended December 31, 2023 and 2022.

b) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2023

Financial Assets	Financial Assets at FVTOCI Equity Instruments	Financial Assets at FVTOCI Debt Instruments	Total
Balance at January 1, 2023	$ 277,645	$ 12,047	$ 289,692
Net increase in trade receivables	-	157,233	157,233
Trade receivables factoring	-	(145,493)	(145,493)
Balance at December 31, 2023	$ 277,645	$ 23,787	$ 301,432

For the year ended December 31, 2022

Financial Assets	Financial Assets at FVTOCI Equity Instruments	Financial Assets at FVTOCI Debt Instruments	Total
Balance at January 1, 2022	$ 250,311	$ 48,380	$ 298,691
Recognized in other comprehensive income (included in unrealized valuation gain (loss) on financial assets at FVTOCI)	27,334	-	27,334
Net increase in trade receivables	-	37,240	37,240
Trade receivables factoring	-	(73,573)	(73,573)
Balance at December 31, 2022	$ 277,645	$ 12,047	$ 289,692

Financial Liabilities at FVTPL	For the Year Ended December 31 2023	2022
Derivatives		
Balance at January 1	$ 236	$ 966
Recognized in profit or loss (included in other gains and losses)	(236)	(730)
Balance at December 31	$ -	$ 236

c) Valuation techniques and inputs applied for Level 3 fair value measurement

Financial Instrument	Valuation Technique and Inputs
Foreign unlisted shares in equity instruments	Discounted cash flow: Consideration of long-term revenue growth rate, long-term pre-tax operating profit margin, weighted average cost of capital (WACC), liquidity discount and other factors, and calculate the present value of expected returns from holding this investment. Market approach: In the market approach, the selling price of comparable companies was used to estimate the fair value of the target asset through comparison, analysis and adjustments.
Factored trade receivables	As the effect of discounting is not significant, the fair value is measured based on the original invoice amount.
Financial liabilities at FVTPL	The binomial tree evaluation model of convertible bonds: Consideration of the duration, the share price and volatility of the convertible bond object, conversion price, risk-free interest rate, discount rate, liquidity risk of the convertible bonds and other factors

b. Categories of financial instruments

	December 31 2023	2022
Financial assets		
FVTPL		
Mandatorily classified as at FVTPL	$ 198,000	$ 248,011
Amortized cost	2,161,393	2,153,135
FVTOCI		
Equity instruments	1,865,234	3,006,601
Trade receivables	23,787	12,047

	December 31	
	2023	2022
<u>Financial liabilities</u>		
Amortized cost	$ 8,719,162	$ 8,395,637
FVTPL		
Derivatives	-	236

The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, other receivables, pledged time deposits (recognized as other current assets) and refundable deposits.

The balances include financial liabilities at amortized cost, which comprise short-term and long-term bank borrowings (including current portion of long-term borrowings), notes payable, trade payables, other payables, bonds payable and guarantee deposits.

c. Financial risk management objectives and policies

The Group's major financial instruments include equity, trade receivables, trade payables, borrowings, and lease liabilities. The Group's financial department provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group seeks to minimize the effects of these risks by using derivative financial instruments to hedge risk exposures. The use of financial derivatives is governed by the Group's policies approved by the board of directors, which provided written principles on foreign currency risk, interest rate risk, credit risk, the use of financial derivatives and non-derivative financial instruments, and the investment of excess liquidity. Compliance with policies and exposure limits is reviewed by the internal auditors on a continuous basis. The Group did not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The finance department reports quarterly to the management, an independent body that monitors risks and implements to mitigate risk exposures .

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There is no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

The Group enters into foreign currency-denominated sales and purchases, which expose the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency-denominated monetary assets and monetary liabilities and of the derivatives exposed to foreign currency risk at the end of the year are set out in Note 30.

Sensitivity analysis

The Group is mainly exposed to the USD.

The following table details the Group's sensitivity to a 1% increase and decrease in the NTD against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency-denominated monetary items and foreign exchange forward contracts designated as cash flow hedges and adjusted their translation at the end of the year for a 1% change in foreign currency rates. A positive number below indicates an increase in profit (loss) before income tax associated with the NTD strengthening by 1% against the relevant currency. For a 1% weakening of the NTD against the relevant currency, there would be an equal and opposite impact on profit (loss) before income tax, and the balances below would be negative.

	Impact on profit or loss	
	For the Year Ended December 31	
	2023	**2022**
NTD/USD	$ 11,166	$ 9,093
TRY/USD	4,074	2,455

b) Interest rate risk

The Group was exposed to interest rate risk because entities in the Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix of fixed and floating rate borrowings and using interest rate swap contracts and forward interest rate contracts. Hedging activities are evaluated regularly to align with interest rate views and defined risk appetites ensuring the most cost-effective hedging strategies are applied.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the year were as follows:

	December 31	
	2023	**2022**
Fair value interest rate risk		
Financial assets	$ 2,100	$ 155,707
Financial liabilities	238,231	779,613
Cash flow interest rate risk		
Financial assets	436,232	493,293
Financial liabilities	8,066,555	6,866,931

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for non-derivative instruments at the end of the year. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the year was outstanding for the whole year. A 0.1% increase or decrease in interest rates is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 0.1% higher or lower and all other variables were held constant, the Group's profit (loss) before income tax for the year ended December 31, 2023 and 2022 would have changed by $7,630 thousand and $6,374 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. The Group manages this exposure by maintaining a portfolio of investments with different risk.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the balance sheet date .

If equity prices been 1% higher or lower, pre-tax profit (loss) for the year ended December 31, 2023 and 2022 would have changed by $1,980 thousand and $2,480 thousand, respectively .

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in a financial loss to the Group. At the balance sheet date, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of the counterparty to discharge its obligation and due to the financial guarantees provided by the Group, could be equal to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses other publicly available financial information and its own trading records to rate its major customers. The Group continuously monitors its exposure to credit risk and the credit ratings of its counterparties and allocates the total transaction amount among the creditworthy customers. The Group's management also controls credit risk by reviewing the credit limits of its counterparties on an annual basis.

The Group also continuously evaluates the financial status of the customers of the trade receivables, and purchases credit guarantee insurance contracts when necessary.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the amount of unused financing facilities was as follows:

	December 31	
	2023	**2022**
Amount of unused bank financing facilities	$ 13,891,555	$ 14,280,296

Liquidity and interest rate risk tables for non-derivative financial liabilities

As the Group has sufficient operating capital, there is no liquidity risk from inability to raise funds to satisfy performance obligations.

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods.

	Less than 1 Year	1-5 Years	Total
December 31, 2023			
Non-interest bearing liabilities	$ 389,822	$ -	$ 389,822
Lease liabilities	6,301	3,889	10,190
Floating interest rate liabilities	6,222,507	1,844,048	8,066,555
Fixed interest rate liabilities	-	232,400	232,400
	$ 6,618,630	$ 2,080,337	$ 8,698,967
December 31, 2022			
Non-interest bearing liabilities	$ 733,172	$ -	$ 733,172
Lease liabilities	7,200	8,360	15,560
Floating interest rate liabilities	4,984,788	1,882,143	6,866,931
Fixed interest rate liabilities	-	786,400	786,400
	$ 5,725,160	$ 2,676,903	$ 8,402,063

d. Transfers of financial assets

Factored trade receivables that are not yet overdue at the end of the year were as follows:

Counterparty	Receivables Factoring Proceeds	Amount Reclassified to Other Receivables	Advances Received Unused	Advances Received Used	Annual Interest Rates on Advances Received (Used)
December 31, 2023					
Fubon bank	$ 467,748 (USD 15,234)	$ 458,742 (USD 14,940)	$ 411,967 (USD 13,417)	$ 9,006 (USD 293)	2M TAFIX3 +0.25%
December 31, 2022					
Fubon bank	$ 356,417 (USD 11,606)	$ 217,211 (USD 7,073)	$ 161,699 (USD 5,265)	$ 139,025 (USD 4,533)	2M TAFIX3 +0.25%

Pursuant to the Group's factoring agreements, losses from commercial disputes (such as sales returns and discounts) are borne by the Group, while losses from credit risk are borne by the banks (receivables factoring proceeds are classified as other receivables).

27. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

a. Categories of related parties

Related Party	Relationship with the Company
Tai Chyang Investment Co., Ltd.	Other related party
Chin Ying Fa Mechanical Ind. Co., Ltd.	Other related party

b. Sales revenue

	For the Year Ended December 31	
	2023	2022
Other related parties	$ 2,814	$ 2,944

The transactions with the related parties were conducted without significant differences.

c. Receivables from related parties

		December 31	
Line Item	Related Party Category	2023	2022
Trade receivables	Other related parties	$ 681	$ 544

d. Other income

	For the Year Ended December 31	
	2023	2022
Other related parties	$ 30	$ 30

e. Remuneration of key management personnel

Remuneration of key management personnel was as follows:

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	$ 21,887	$ 51,977
Post-employment benefits	344	388
	$ 22,231	$ 52,365

The remuneration of directors and key executives, as determined by the remuneration committee, is based on the performance of individuals and market trends.

28. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for usage of natural gas and construction:

	December 31	
	2023	2022
Pledged time deposits (classified as other current assets)	$ 2,100	$ 2,100

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Significant contingencies and unrecognized commitments of the Group as of December 31, 2023 and 2022 were as follows:

a. As of December 31, 2023 and 2022, unused letters of credit for purchases of raw materials amounted to $140,437 thousand and $479,217 thousand, respectively.

b. As of December 31, 2023 and 2022, unpaid contracts for purchases of raw materials and equipment amounted to $1,669,837 thousand and $2,748,210 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than the functional currencies of the entities in the Group and the exchange rates between the foreign currencies and respective functional currencies were disclosed. The significant financial assets and liabilities denominated in foreign currencies were as follows:

	For the Year Ended December 31					
	2023			2022		
	Foreign Currency	Exchange Rate	New Taiwan Dollars	Foreign Currency	Exchange Rate	New Taiwan Dollars
Monetary items						
Financial assets						
USD	$ 36,416	30.705(USD/NTD)	$ 1,118,147	$ 32,040	30.71(USD/NTD)	$ 983,951
USD	13,759	29.44(USD/TRY)	422,869	15,124	18.70(USD/TRY)	464,617
Financial liabilities						
USD	51	30.705(USD/NTD)	1,560	2,431	30.71(USD/NTD)	74,669
USD	505	29.44(USD/TRY)	15,505	7,133	18.70(USD/TRY)	219,149

The significant realized and unrealized foreign exchange gains (losses) were as follows:

	For the Year Ended December 31			
	2023		2022	
Functional Currency	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)	Exchange Rate (Functional Currency: Presentation Currency)	Net Foreign Exchange Gains (Losses)
NTD	1.0000 (NTD:NTD)	$ 39,721	1.0000 (NTD:NTD)	$ 156,616
TRY	1.0440 (TRY:NTD)	389,248	1.6430 (TRY:NTD)	209,454
		$ 428,969		$ 366,070

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions:

1) Financing provided to others (Table 1)

2) Endorsements/guarantees provided (Table 2)

3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 3)

4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital (Table 4)

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital (None)

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital (None)

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital (None)

9) Trading in derivative instruments (None)

10) Other: Intercompany relationships and significant intercompany transactions (Table 5)

b. Information on investees (Table 6)

c. Information on investments in mainland China (None)

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 7)

32. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group’s reportable segments were as stainless steel tubes/pipes, stainless steel sheets/coils, and others.

a. Segment revenue and operating results

	Segment Revenue		Segment Profit or Loss	
	2023	2022	2023	2022
Stainless steel tubes/pipes	$ 8,670,413	$ 9,574,442	$ 317,280	$ 827,626
Stainless steel sheets/coils	6,293,806	6,977,299	3,448	100,545
Others	267,958	288,574	18,246	19,736
Generated from continuing operating segment	$ 15,232,177	$ 16,840,315	338,974	947,907
Finance costs			(143,734)	(81,477)
Interest income			14,533	6,098
Other gains and losses, net			(803,664)	(534,228)
Net foreign exchange gains			428,969	366,070
Gain (loss) on financial instruments at FVTPL			30,205	(19,111)
Gain (loss) on disposal of property, plant and equipment			(5,817)	401
(Loss) profit before income tax			$ (140,534)	$ 685,660

Segment revenue reported above represents revenue generated from external customers. There were no intersegment sales in 2023 and 2022.

Segment profit represents the gains and losses earned by each segment excluding finance costs, interest income, net other gains and losses, net foreign exchange gains, gain (loss) on financial instruments at FVTPL, gain (loss) on disposal of property, plant and equipment and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Geographical information

The Group operates in two principal geographical areas - Asia and Europe.

Revenue from continuing operations of the Group from external customers by location of operations and information about its non-current assets by location of assets were as follows:

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2023	2022	2023	2022
Asia	$ 5,910,519	$ 5,757,162	$ 4,887,379	$ 4,743,992
Europe	2,388,538	3,775,747	3,449,661	2,479,750
America	4,241,160	3,958,968	-	-
Others	2,691,960	3,348,438	-	-
	$ 15,232,177	$ 16,840,315	$ 8,337,040	$ 7,223,742

Non-current assets exclude assets classified as financial instruments and deferred tax assets.

c. Information of major customers

No single customer contributed 10% or more to the Group's revenue for both 2023 and 2022.

YC INOX CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Lender	Borrower	Financial Statement Account	Related Party	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Amount Borrowed	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reasons for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrower (Note 2)	Aggregate Financing Limit (Note 2)	Note
													Item	Value			
0	The Company	YC INOX TR Company	Other receivables-related party	Y	$ 1,621,250 (USD 50,000)	$ 1,535,250 (USD 50,000)	$ -	7.67	Short-term financing	$ -	Operation	$ -	-	$ -	$ 1,790,033	$ 3,580,067	

Note 1: 0 represents the parent company.

Note 2: The financing limit for each borrower and aggregate financing limit are 20% and 40%, respectively, of the net assets of the Company.

Note 3: If the relevant figures in this table involve foreign currencies, they shall be converted into the New Taiwan dollar at the exchange rate on the balance sheet date.

YC INOX CO., LTD. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Foreign Currency)

No. (Note 1)	Endorser/Guarantor	Endorsee/Guarantee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party (Note 2)	Maximum Amount Endorsed/ Guaranteed During the Period (Note 3)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 3)	Actual Amount Borrowed	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit (Note 2)	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	The Company	YC INOX TR Company	Subsidiary	$ 1,790,033	$ 324,250 (USD 10,000)	$ 307,050 (USD 10,000)	$ 5,805	$ -	3.43	$ 3,580,067	Y	-	-	-

Note 1: 0 represents the parent company.

Note 2: The financing limit for each borrower and aggregate financing limit are 20% and 40%, respectively, of the net assets of the Company.

Note 3: If the relevant figures in this table involve foreign currencies, they shall be converted into the New Taiwan dollar at the exchange rate on the balance sheet date.

TABLE 3

YC INOX CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars and Shares)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2023			
				Number of Shares/Units	Carrying Amount	Percentage of Ownership (%)	Fair Value
The Company	Ordinary Shares						
	Ta Chen Stainless Pipe Co., Ltd	None	Financial assets at FVTPL - current	5,000	$ 198,000	0.21	$ 198,000
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	11,051	63,987	9.31	63,987
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	7,910	1,430,127	6.98	1,430,127
	Preference Shares						
	AltruBio Inc. - Series A-2	None	Financial assets at FVTOCI - non-current	20,426	118,266	23.00	118,266
Chi Mao Company	Ordinary Shares						
	AltruBio Inc.	None	Financial assets at FVTOCI - non-current	560	3,242	0.47	3,242
	Gongwin Biopharm Holdings Co., Ltd.	None	Financial assets at FVTOCI - non-current	871	157,462	0.77	157,462
	Preference Shares						
	AltruBio Inc. - Series A-1	None	Financial assets at FVTOCI - non-current	15,915	92,150	4.74	92,150

YC INOX CO., LTD AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED OR DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Type and Name of Marketable Securities	Financial Statement Account	Counterparty	Relationship	Beginning Balance (Note 2)		Acquisition (Note 3)		Disposal				Ending Balance (Note 2)	
					Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount	Carrying Amount	Gain (Loss) on Disposal	Number of Shares	Amount
The Company	Ordinary shares (Note 1)	Investment accounted for using the equity method	YC INOX TR Company	Subsidiary	2,552	$5,044,831	1,133	$1,628,341	-	$ -	$ -	$ -	3,685	$5,947,025

Note 1: YC INOX TR Company’s ordinary shares have a par value of TRY 1,000 thousand.

Note 2: The balance included the share of profit or loss from investments in subsidiaries accounted for using the equity method and exchange differences on translating foreign operations.

Note 3: Refer to Note 11 of consolidated financial statements.

Note 4: Eliminated.

TABLE 5

YC INOX CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship	Transaction Details			
				Financial Statement Accounts	Amount (Note)	Payment Terms	% of Total Sales or Assets
0	The Company	YC INOX TR Company	Subsidiary	Cost of goods sold	$ 6,813	O/A 120 days	0.05

Note: Eliminated.

YC INOX CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTEES
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investor Company	Investee Company (Note)	Location	Main Businesses and Products	Original Investment Amount		As of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount		
The Company	Chi Mao Company	Shijou Township, Chang-Hwa County, Taiwan	Investment	$ 100,120	$ 100,120	10,000,000	100	$ 190,698	$ (1,785)	$ (1,785)
	YC INOX TR Company	Turkey	Manufacturing and distribution of stainless steel tubes/pipes and sheets/coils	7,562,295	5,933,954	3,685	100	5,947,025	(689,068)	(689,068)

Note: Eliminated.

TABLE 7

YC INOX CO., LTD AND SUBSIDIARIES

INFORMATION OF MAJOR SHAREHOLDERS
DECEMBER 31, 2023

Name of Major Shareholder	Shares	
	Number of Shares Held	Percentage of Ownership(%)
Tai Chyang Investment Co., Ltd.	61,209,508	13.02
Chang, Chin-Peng	26,030,000	5.53

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preferred shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the parent company only financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.