Stock Code: 2013

China Steel Structure Co., Ltd.

2023 Annual Report

Printed on February 29, 2024

The Company's annual report website:

www.cssc.com.tw/shareowner/index.htm

TWSE Market Observation Post System: http://mops.twse.com.tw

Company Spokesperson:

Name: Wang, Yung-Chih
Title: Director of the Finance Department
Telephone: (07)616-8688 ext. 2100
Email: service@cssc.com.tw

Acting Company Spokesperson:

Name: Hung, Chih-Yu
Title: Special Assistant to General Manager and Chief of Administration Dept.
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Head Office

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Stock Transfer Handling Agency

Name: 100 Transfer Agency Department, CTBC Bank Co., Ltd.
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Telephone: (02)6636-5566
Website: http://www.ctbcbank.com

Certified Public Accountant for the Financial Report

Name: Kuo, Lee-Yuan, CPA and Hsu, Jui-Hsuan, CPA
Name of CPA Firm: Deloitte Taiwan
Company address: 3F, No. 88, Chenggong 2nd Rd., Qianzhen Dist., Kaohsiung City 80661
Telephone: (07)530-1888
Website: http://www.deloitte.com.tw
Name of exchange house where overseas eligible securities are traded: None
Company website:Website: www.cssc.com.tw

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Note: This Annual Report is formulated in accordance with the "Regulations Governing Information to be Published in Annual Reports of Public Companies" of the Securities and Futures Bureau of the Financial Supervisory Commission.

A. Letter to Shareholders

Dear Shareholders,

We wish to start by expressing my gratitude for the support and encouragement of all shareholders. China Steel Structure's steel structure production and installation, and steel product trade account for approximately 52% of its consolidated revenue. This Report will provide an analysis of China Steel Structure and its business performance in 2023 are reported as follows:

I. 2023 Annual Business and Financial Report

(I) Budget Implementation

Unit: thousand NTD

Item	Annual Budget	Actual Implementation Status	Implementation Rate (%)
Operating revenue	19,000,000	18,839,172	99.15%
Operating costs	18,095,547	17,860,337	98.70%
Gross profit	904,453	978,835	108.22%
Operating expenses	337,675	374,928	111.03%
Net operating profit	566,778	603,907	106.55%
Non-operating profit and loss	(33,569)	29,975	189.29%
Net profit before tax	533,209	633,882	118.88%

(II) Analysis of financial revenues/expenditures and Profitability

The operating revenue in 2023 was NT$18,839,172,000, which was a decrease of NT$525,286,000 or 2.71% from the operating revenue of NT$19,364,458,000 in 2022. The net operating income in 2023 was NT$603,907,000 which was a decrease of NT$24,490,000 or 3.9% from the net operating income of NT$628,397,000 in 2022. The net profit before tax in 2023 was NT$633,882,000, which was an increase of NT$22,716,000 or 3.72% from the net profit before tax of NT$611,166,000 in 2022.

(III) Research and Development

1. Research and development results in recent years:
   (1) National Center for Research on Earthquake Engineering - Phase 1 R&D on the automated welding of the internal separation plate of BOX.
   (2) Research on the incorporation of waveform control submerged arc into process.
   (3) Assessment on the plausibility of using thick plates in laser welding
2. Projects currently underway:
   (1) National Center for Research on Earthquake Engineering - Phase 2 R&D on the automated welding of the internal separation plate of BOX.
   (2) Testing and research on the additional Long Stick-Out function for waveform control submerged arc welder
   (3) Function testing, research and incorporation of cobot.

II. Summary of 2024 Business Plan

Regarding the production and sales plan for 2024, the steel structure business has been affected by the government policy of reducing real estate speculation. Many construction companies are sitting on the fence. Nonetheless, the launching of major urban development projects and constructions deferred by proprietor's issues in previous years have caused a significant increase in building business. Recession, however, has not improved due to lack of labor, inflation, end-product inventory adjustment and other factors. The steel structure market demand slowed down as well. The Company continues reducing costs and controls budget via improvement of work processes. In terms of the steel product trade, the influence of slow domestic and international markets still lingers. The Company shall focus on expanding the sales of its steel products, actively develop customers, expand product categories, and evade transaction risks.

Based on the status of purchase orders and economic forecasts, the Company expects to produce 145 thousand tons of steel structure and trade 135 thousand tons of steel products.

III. Future Development Strategies

The Company has established the following future development strategies and actions plans to respond to future changes and challenges in the market:

(I) Strengthen Business Strategy

1. Enhance the strategic management of business owners and products.
2. Actively develop regional business opportunities with new customers, new products, and new markets.

(II) Improve Production Management and Develop Engineering Skills

1. Continual improvement and modification of existing production processes.
2. Increase steel structure engineering design and automation capabilities.

(III) Continue to Lower Costs

1. Continuing to advance cost reduction initiatives.
2. Promote programs to increase revenue and cut costs.

IV. Influence from External Competition, Regulations and Overall Business Environment

(I) External Competition

Affected by inflation and interest rate hikes, the domestic steel structure market demand is slowing down. In response to external competition, the Company actively reduces costs, increases quality, and sets goals for the following target markets:

1. Projects with short construction periods and large volume;
2. Continue to maintain good relations with customers and vie for orders with better profits.
3. Orders with price adjustment clauses.

(II) Regulatory Environment

The Company has manufacturing plants and is considered a part of the manufacturing industry, but is not considered as a high energy-consuming industry. Therefore, the Company must comply with related regulations for the general manufacturing industry, and the impact of amendments in energy laws or other regulations would be insignificant. However, as the nature of the Company's business is closely associated with the construction industry, its operations will be affected by construction regulations.

(III) Overall Business Environment

In recent years, there have been multiple natural disasters such as earthquakes and mudslides that caused the collapse of houses and damage to bridges. As steel structure buildings offer superior earthquake protection and disaster prevention, more and more new buildings and bridges have adopted steel structure. In addition, steel structure is a green building material and can be recycled and reused in the future. It also meets the government's energy conservation and carbon reduction policy and more tall buildings and long-span bridges will use steel structure which will become increasingly prevalent. Business operations have become more difficult due to the current difficulties in anticipating prices fluctuations of steel materials and the increase in salary and demand in the market. We must therefore pay full attention and proceed with caution.

This concludes our summarized report on the 2023 business and financial conditions and the business plan for this year (2024). We hope that with the support and assistance of all shareholders and the guidance and supervision of the Directors, all employees will work hard together to achieve our goals.

Lastly, I would like to wish all our shareholders health and prosperity.

Chairman of the Board	Chen, Jui-Teng
President	Huang, Yuan-Chang
Accounting Officer	Wang, Yung-Chih

B. Company Profile

I. Date of Establishment: February 24, 1978

The Company is the first professional company in Taiwan dedicated to steel structure. Our factories are fully equipped with high-efficiency automation production equipment. Products include various assembled steel sections, steel structures for high-rise buildings, factories, and bridges, mechanical structures, petrochemical pipelines and tanks, and pipeline support, and they are sold all over the world.

The Company effectively integrates talents, technologies, and funding to provide comprehensive services that support customers from steel structure design, construction technology support, steel section supply, and steel structure production, construction, and installation to civil construction. We also work with renowned international construction companies on major projects to create value for domestic and foreign customers. The Company's history is summarized below:

II. Company History

1. In 1977, China Steel Corporation gathered domestic and foreign shareholders for joint investment and established the Company as a private company.
2. In February 1978, the Ministry of Economic Affairs issued the license for the establishment of the Company, which received the approval from the Executive Yuan for the construction of a factory within the plant area of China Steel Corporation.

3. In April 1979, we completed the construction of the factory and commenced production. The entire area of the factory was 110,000m^2 and the area of the factory building was 24,000m^2.
4. In 1982, we commenced exports of steel structure.
5. In 1985, the Company received approval for the investment and establishment of United Steel Engineering & Construction Corp.
6. In 1988, the Company received approval for the diversification of business operations and began operations in the import and export of steel products and oil-related products.
7. In 1989, we built our second factory, Tainan Guantian Factory. The entire area of the factory was 78,372m^2 and the area of the factory building itself was 26,658m^2.
8. In November 1991, we received approval to sign contracts for various environmental protection projects and equipment design, production, installation, and sales.
9. On January 21, 1992, the Company's common stocks began trading on Taiwan's capital market (stock code: 2013 China Steel Structure).
10. On October 27, 1993, the Company's preferred stocks began trading on the market.
11. In November 1994, the Company passed ISO9002 and CNS12682 quality management system certification.
12. On December 29, 2000, the preferred stocks were removed from listing and converted to common stocks.
13. In February 2002, the Company passed the ISO9001:2000/CNS12681 quality management system certification.
14. On January 13, 2004, the Company received the approval for the establishment of Chung-Kang Steel Structure (KunShan) Co., Ltd.

15. On August 23, 2004, the Company passed OHSAS 18001 certification.
16. In March 2005, the construction of the Kunshan Factory was completed. The entire factory area was 134,413m^2 and the area of the factory was 22,000m^2. It had 130 employees and the monthly output was 2,000 metric tons.
17. In December 2005, the Company completed the construction of the steel structure of Taiwan's landmark — Taipei International Financial Center (Taipei 101).
18. In September 2007, Chung-Kang Steel Structure (KunShan) Co., Ltd. obtained ISO9001:2000 quality management system certification.
19. In 2007, the annual revenue exceeded NT$10 billion to NT$10.3 billion dollars and the consolidated revenues reached NT$ 15.2 billion.
20. In 2008, the annual revenue reached NT$15 billion and consolidated revenues reached NT$19.8 billion.
21. In December 2009, the Company passed ISO9001:2008/CNS12681 quality management system certification.
22. In April 2010, the subsidiary (USEC) passed ISO9001:2008 quality management system certification.
23. In September 2010, Chung-Kang Steel Structure (KunShan) Co., Ltd. obtained ISO9001:2008 quality management system certification.
24. In September 2010, the Company received the Certificate of Accreditation from the NDT Laboratory (ISO/IEC 17025:2005) issued by TAF (Taiwan Accreditation Foundation).
25. On January 14, 2011, new construction broke ground at Kaohsiung Factory.
26. On January 20, 2011, the Company passed OHSAS18001:2007 & TOSHMS:2007 certification.

27. On May 14, 2012, the Company's Head Office (including Kaohsiung Factory) was moved to No. 500, Zhongxing Road, Yanchao District, Kaohsiung City. The plant area was 450,102.98m^2, the factory area was 58761.63m^2 and the office floor area was 10,113.87m^2.
28. In November 2012, both the Company and the subsidiary USEC received 12th Public Construction Commission Quality Award (Excellent Quality Award of Public Construction).
29. In April 2013, the Company received the Outstanding Enterprises Award from the Chinese Institute of Engineers.
30. In October 2013, the Company received API certification.
31. In February 2014, Chung-Kang Steel Structure (KunShan) Co., Ltd. received AISC certification.
32. In October 2014, the Company received the certification of "Qualified Supplier of Steel Structure" from MHPS.
33. In November 2014, the Company received the Taiwan Corporate Sustainability Award - Manufacture Industry Golden Award.
34. In November 2014, the Company received the Taiwan Corporate Sustainability Award - Innovation and Growth Award.
35. In November 2014, the Company received the Taiwan Corporate Sustainability Award - Top 50 Corporate Sustainability Reports.
36. In November 2014, the Company received the Sustainable Governance Award from the British Standards Institution Taiwan (BSI).
37. On December 11, 2014, the Company's privately-placed stocks began trading on the market.
38. In August 2014, the Company invested in the establishment of Chungkang Steel Structure (Cambodia) Co., Ltd.

39. In March 2015, Chung-Kang Steel Structure (KunShan) Co., Ltd. obtained certification of JIS H Mark.
40. In February 2015, the Company purchased land with an area of 11,342m^2 and building area 2,980m^2 in Guantian Industrial Park.
41. In November 2015, the subsidiary USEC received the 9th Public Construction Golden Safety Prize from the Ministry of Labor.
42. In December 2015, the subsidiary USEC received the 15th Public Construction Golden Quality Prize from the Public Construction Commission.
43. In April 2016, Chungkang Steel Structure (Cambodia) Co., Ltd. completed 1st stage plant construction.
44. In June 2016, the Company was selected as a constituent stock of the "Taiwan High Compensation 100 Index" of Taiwan Stock Exchange Corporation.
45. In December 2016, the Company passed ISO 14001:2004 management system certification.
46. In October 2017, Chungkang Steel Structure (Cambodia) Co., Ltd. completed 2nd stage plant expansion.
47. In December 2017, the Company passed ISO 14001:2015 revision certification.
48. In December 2017, the Company passed ISO 9001:2015 revision certification.
49. In November 2018, the Company obtained EN 1090-2 certification.
50. In November 2018, the Company obtained ISO 3834-2 certification.
51. In December 2018, the subsidiary USEC's "CSC new automatic sintered mine closed building civil construction and refurbishment" project

received recognition as Kaohsiung Excellent Environmental Protection Construction Site.

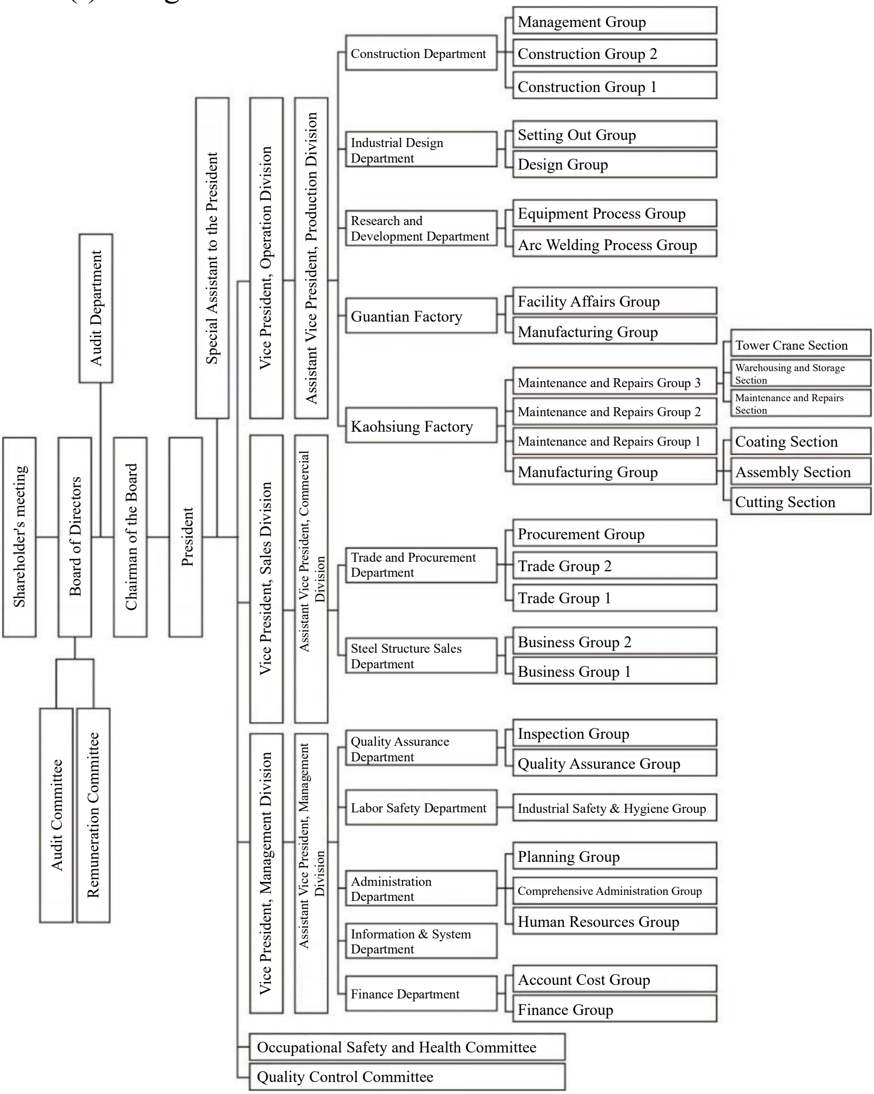
52. In December 2018, the subsidiary USEC's "National Sports Training Center Dormitory, Equipment and Monitoring Center Construction" project received recognition as Kaohsiung Excellent Environmental Protection Construction Site.
53. In May 2019, the subsidiary USEC's "C411 tender Chengyi Section Tunnel construction (including provisional rails and stations of the entire line)" received the Excellence in Engineering Award from the China Institute of Engineers.
54. In November 2019, the Guantian Factory received the "Special Award for Occupational Safety Performance in 2018" from Taiwan Steel & Iron Industries Association.
55. In January 2020, the Company passed ISO 50001: 2018 certification.
56. In May 2020, the Company disposed of Chung-Kang Steel Structure (KunShan) Co., Ltd.
57. In November 2020, the Company obtained the Mitsubishi qualified supplier certificate.
58. In December 2021, the Company disposed of Chungkang Steel Structure (Cambodia) Co., Ltd.
59. In August 2022, the subsidiary USEC's "Kaohsiung Municipal Siaogang Hospital BOT medical building construction" project won bronze in the Cancer Prevention Healthy Construction Site Award from the Ministry of Health and Welfare.
60. In November 2022, the subsidiary USEC's "Southern Taiwan Science Park E/S expansion civil engineering EPC" project received recognition as Tainan Excellent Environmental Protection Construction Site.

61. In November 2022, the Company passed the third-party verification of ISO14064-1:2018 greenhouse gases for 2021.
62. In December 2022, the Company passed the Taiwan Intellectual Property Management System (TIPS) verification.
63. In December 2022, the Company passed the third-party verification of the ISO14067:2018 carbon footprint of steel structure products.
64. In October 2023, the Company passed the third-party verification of ISO14064-1:2018 greenhouse gases for 2022.
65. In November 2023, the Company won the Happy Enterprise Gold Award from 1111 Job Bank under the manufacturing industry category.
66. In November 2023, the Kaohsiung Plant received the "Special Award for Occupational Safety and Health Management in 2022" from Taiwan Steel & Iron Industries Association.
67. In November 2023, the Guantian Factory received the "Gold Award for Occupational Safety and Health Management in 2022" from Taiwan Steel & Iron Industries Association.
68. In December 2023, the Company won second place in the "2023 Safety and Health Group Partner Performance Contest - Safety and Health Family Section" from the Occupational Safety and Health Administration of the Ministry of Labor.

C. Corporate Governance Report

I. Organization

(I) Organization Structure



(II) Major Corporate Functions

Department	Responsibilities
Board of Directors	1. Review of medium and long-term development plans. 2. Review of annual business plans. 3. Formulation of proposals for capital increase or decrease. 4. Approval of the budget and final accounts. 5. Formulation of the distribution of earnings. 6. The appointment and dismissal of the Company's managerial officer, and highest-ranking finance, accounting, and audit officers. 7. Establishment and withdrawal of branch institutions. 8. Review and approval of investments in other businesses. 9. Review and approval of important bylaws and contracts. 10. Review of other critical matters.
Management Division	Uphold all strategies determined by the Board of Directors and oversee all businesses of the Company.
Operation Division	Oversee product manufacturing, onsite installation, equipment maintenance, quality improvement, construction warranty, production control, planning and construction, industrial engineering, material storage, steel structure transportation, technical research and development, design and drawing, preparation of materials for setting out, and maintenance tasks.
Sales Division	Oversee steel structure businesses, trade, procurement, and subcontracting tasks.
Administration Division	Oversee accounting, finance, costs, general affairs, human resources, information systems, public relations, quality assurance, business relations, environmental protection, industrial safety and health, etc.

II. Information on Directors, President and Vice Presidents

(I) Director

1. Director Information (I) Baseline date: February 29, 2024

Title	Nationality or place of registration	Name	Gender Age	Date Elected (Appointed)	Term	Date first elected	Shares held when elected		Shares currently held		Shares held by spouse and underage children	
							Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio
Chairman of the Board	Republic of China	China Steel Corporation	-	May 31, 2023	3 years	February 24, 1978	66,487,844	33.24	66,487,844	33.24	-	-
	Republic of China	Representative: Chen, Jui-Teng	Male 62	May 31, 2023			0	0.00	0	0.00	0	0.00
Director	Republic of China	China Steel Corporation	-	May 31, 2023	3 years	February 24, 1978	66,487,844	33.24	66,487,844	33.24	-	-
	Republic of China	Representative: Huang, Yuan-Chang	Male 54	December 1, 2023			0	0.00	0	0.00	0	0.00
Director	Republic of China	China Steel Corporation	-	May 31, 2023	3 years	February 24, 1978	66,487,844	33.24	66,487,844	33.24	-	-
	Republic of China	Representative: Hwang, Chien-Chih	Male 64	May 31, 2023			0	0.00	0	0.00	0	0.00
Director	Japan	IHI Corporation	-	May 31, 2023	3 years	June 18, 2013	11,061,690	5.53	11,061,690	5.53	-	-
	Republic of China	Representative: Lin, Tao-Peng	Male 70	May 31, 2023			9,311	0.00	9,311	0.00	0	0.00
Director	Republic of China	Great Grandeul Steel Co., Ltd.	-	May 31, 2023	3 years	June 19, 2008	3,899,000	1.95	3,899,000	1.95	-	-
	Republic of China	Representative: Kuo, Chih-Hao	Male 42	May 31, 2023			0	0.00	0	0.00	0	0.00
Director	Republic of China	China Steel Chemical Corporation	-	May 31, 2023	3 years	June 15, 1999	600,069	0.30	600,069	0.30	-	-
	Republic of China	Representative: Hsieh, Wen-Jung	Male 64	August 1, 2023			0	0.00	0	0.00	0	0.00
Director	Republic of China	Dragon Steel Corporation	-	May 31, 2023	3 years	June 13, 2014	4,217,000	2.11	4,217,000	2.11	-	-
	Republic of China	Representative: Lu, Shao-Jung	Male 63	November 20, 2023			0	0.00	0	0.00	0	0.00
Director	Republic of China	Grace Investment Co., Ltd.	-	May 31, 2023	3 years	June 21, 2017	496,000	0.25	496,000	0.25	-	-
	Republic of China	Representative: Chen, Che-Sheng	Male 58	May 31, 2023			0	0.00	0	0.00	0	0.00
Independent Director	Republic of China	Lee, Hsiu-Ling	Female 58	May 31, 2023	3 years	June 21, 2017	0	0.00	0	0.00	0	0.00
Independent Director	Republic of China	Lee, Hwa-Teng	Male 71	May 31, 2023	3 years	June 21, 2017	0	0.00	0	0.00	0	0.00
Independent Director	Republic of China	Lo, Wei	Male 70	May 31, 2023	3 years	June 21, 2017	0	0.00	0	0.00	0	0.00

Shareholding by nominee arrangement		Education and work experience	Concurrent duties in the company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads			Remarks
Number of Shares	Shareholding Ratio			Title	Name	Relationship	
-	-	Master of Industrial Engineering and Management, National Chiao Tung University	Director, CHC Resources Corporation Director, United Steel Engineering & Construction Corp. Chairman, Nikken & CSSC Metal Products Co., Ltd.	-	-	-	
-	-	Master of Civil Engineering, National Central University	Chairman, United Steel Engineering & Construction Corp., Director, Pro-Ascentek Investment Corporation, Director, Sing Da Marine Structure Corporation Co., Ltd., Director, Kaohsiung Rapid Transit Corp., Director, Overseas Investment & Development Corp., Director, China Prosperity Development Corporation	-	-	-	
-	-	Department of Economics, Tunghai University	Executive Vice President, China Steel Corporation, Chairman, Dragon Steel Corporation, Director, China Steel Global Trading Corporation, Director, Formosa Ha Tinh Steel Corporation (Cayman), Director, Formosa Ha Tinh Steel Corporation	-	-	-	
-	-	Department of Electrical Engineering, National Taiwan University	Chairman, IHI Taiwan Corporation	-	-	-	
-	-	PhD in Electrical Engineering, University of Michigan (United States)	Special Assistant to Chairman, Great Grandeul Steel Co., Ltd., Director, Great Fortune Steel Co., Ltd., Director, C. Hao Corporation, Director, Great Grandeul Property Management Co., Ltd.	-	-	-	
-	-	Department of Chemical Engineering, National Tsing Hua University	Chairman, China Steel Chemical Corporation, Director, Changzhou China Steel New Materials Technology Co., Ltd., Director, Pro-Ascentek Investment Corporation	-	-	-	
-	-	MBA, National Sun Yat-sen University	President, Dragon Steel Corporation	-	-	-	
-	-	Ph.D. in Material Science, Tokyo University	President, Berlin Co., Ltd., Director, Berlin Co., Ltd., Director, Aon Inc., Independent Director, Ikka Holdings (Cayman) Ltd., Director, Pro-Ascentek Investment Corporation, Director, Bodong Engineering Co., Ltd.	-	-	-	
-	-	PhD in Business Administration, University of Minnesota (United States)	Assistant Professor, Department of Accounting, I-Shou University	-	-	-	
-	-	PhD in Engineering, RWTH Aachen University (Germany)	Retired Professor, Department of Mechanical Engineering, National Cheng Kung University	-	-	-	
-	-	Northwestern University (United States) PhD in Construction Management	Review committee of Complaint Review Board of Government Procurement, Public Construction Commission, Executive Yuan	-	-	-	

2. Director Information (II)

(1) Disclosure of information on directors' professional qualifications and independent directors' independence:

Criteria / Name	Professional qualifications and experiences	Independence status	Number of companies the person serves as an independent director
Chairman of the Board Chen, Jui-Teng	Master of Industrial Engineering and Management, National Chiao Tung University. Served as Vice President of, the Engineering Division of China Steel Corporation, President of CSSC, Chairman of the USEC, and President and Director of the finance division of Kaohsiung Rapid Transit Corporation. Has professional experience in construction, finances, and management. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	-	0
Director Huang, Yuan-Chang	Master of Civil Engineering, National Central University. Served as Director of the Equipment Division of China Steel Corporation, President of CSSC, Chairman of the USEC. Has professional experience in construction and machinery. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	-	0
Director Hwang, Chien-Chih	Bachelor's Degree in the Department of Economics, Tunghai University. Served as Executive Vice President of China Steel Corporation. Has professional experiences in steel and business. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	-	0
Director Lin, Tao-Peng	Bachelor's Degree in the Department of Electrical Engineering, National Taiwan University. Served as Chairman of IHI Taiwan. Has professional experiences in electrical engineering and mechanics. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	-	0
Director Kuo, Chih-Hao	PhD in Electrical Engineering, University of Michigan (United States). Served as Special Assistant to Chairman, Great Grandeul Steel Co., Ltd. Has professional experiences in steel. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.	-	0

<table>
<tr><th>Criteria / Name</th><th>Professional qualifications and experiences</th><th>Independence status</th><th>Number of companies the person serves as an independent director</th></tr>
<tr><td>Director
Hsieh, Wen-Jung</td><td>Bachelor's Degree in the Department of Chemical Engineering, National Tsing Hua University. Served as Chairman of the China Steel Chemical Corporation and Assistant Vice President of the Production Division of the China Steel Corporation. Has professional experiences in steel. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</td><td>-</td><td>0</td></tr>
<tr><td>Director
Lu, Shao-Jung</td><td>MBA, National Sun Yat-sen University. Served as President of Dragon Steel Corporation and Assistant Vice President of the Production Division of the China Steel Corporation. Has professional experiences in steel. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</td><td>-</td><td>0</td></tr>
<tr><td>Director
Chen, Che-Sheng</td><td>PhD in Materials Engineering, Tokyo University. Served as President of Berlin Co., Ltd. Has professional experiences in materials. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</td><td>-</td><td>1</td></tr>
<tr><td>Independent Director
Lee, Hsiu-Ling</td><td>PhD in Business Administration, University of Minnesota (United States). Served as Assistant Professor, Department of Accounting, I-Shou University and Senior Accounting Advisor, United Nexus Law Office. Has professional experiences in accounting and is a certified public accountant in the Republic of China and Maryland, United States. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</td><td rowspan="3">1. Oneself, one's spouse, underage children or relatives of second degree or closer not acting as directors, supervisors, or employees of the Company or its affiliates.
2. Not a natural-person shareholder whose shareholding, together with those of his/her spouse, underage children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company.
3. Not acting as directors, supervisors, or employees of companies that have specific relationships with the Company
4. Not having received remuneration for providing the Company or its affiliates with commercial, legal, financial, accounting and other services in the past 2 years.</td><td>0</td></tr>
<tr><td>Independent Director
Lee, Hwa-Teng</td><td>PhD in Engineering, RWTH Aachen University (Germany). Served as Professor, Department of Mechanical Engineering, National Cheng Kung University and Technology Advisor, Ying Ming Industry Co., Ltd. Has professional experiences in mechanics. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</td><td>0</td></tr>
<tr><td>Independent Director
Lo, Wei</td><td>PhD in Construction Management, Northwestern University (United States). Served as Professor, Department of Construction Engineering, National Kaohsiung First University of Science and Technology, and section chief of BES Engineering Inc. Has professional experiences in construction. Does not meet the criteria listed in any Sections of Article 30 of the Company Act.</td><td>0</td></tr>
</table>

(2) Diversification and independence of the Board of Directors:

① Diversification of the Board of Directors:

The Company considers diversity in the composition of the Board of Directors. The Company has established standard policies for the diversification of Board members in the Rules Governing the Election of Directors and the Corporate Governance Best Practice Principles. The Company has developed an adequate diversification policy based on the operations, mode of operation, and development requirements of the Board of Directors. The following two categories were adopted as standards:

1. Basic qualifications and value: Gender, age, nationality, and culture.
2. Professional knowledge and skills: Professional background (e.g., accounting, business sector, or finance), professional skills or industry experience.

The Company's current Board of Directors includes 11 Directors. To attain gender equality, the Company established the goal of having at least one female member in the Board. For the realization of the goal, in 2017, 1 female member was added to the Company's Board of Directors and female Directors account of 9% of all Directors. All of the Directors have the nationality of the Republic of China. The age of the Directors is between 42 and 71 years old and the average age is 61. The industrial experiences and professional abilities of the Directors encompass: Construction, machinery, materials, economics, management, and accounting. The Company fully implements its goal for the diversity of Board members which helps support the Company's future production, management, technology development, replacement of old equipment, and development of a high-value industry.

Core of Diversification / Name of Director	Basic Composition								Industrial Experiences			Professional Abilities					
	Gender	Nationality	Working as an employee	Age			Term of Independent Director		Steel	Construction and	Machinery and materials	Business management	Leadership and decision making	Industry knowledge	Financial accounting	Marketing	Technology
				50 and under	51 to 65	65 and above	3 years or less	3 to 6 years									
Chairman of the Board Chen, Jui-Teng	Male	Republic of China			V				V	V		V	V	V	V	V	
Director Huang, Yuan-Chang	Male	Republic of China	V		V				V	V		V	V	V		V	
Director Hwang, Chien-Chih	Male	Republic of China			V				V			V	V	V		V	
Director Lin, Tao-Peng	Male	Republic of China				V			V	V	V	V	V	V		V	

Core of Diversification / Name of Director	Basic Composition								Industrial Experiences			Professional Abilities					
	Gender	Nationality	Working as an employee	Age			Term of Independent Director		Steel	Construction and	Machinery and materials	Business management	Leadership and decision making	Industry knowledge	Financial accounting	Marketing	Technology
				50 and under	51 to 65	65 and above	3 years or less	3 to 6 years									
Director Lu, Shao-Jung	Male	Republic of China			V				V		V	V	V	V		V	
Director Kuo, Chih-Hao	Male	Republic of China		V					V		V	V	V	V		V	V
Director Chen, Che-Sheng	Male	Republic of China			V				V		V	V	V	V		V	V
Director Hsieh, Wen-Jung	Male	Republic of China			V				V		V	V	V	V			
Independent Director Lee, Hsiu-Ling	Female	Republic of China			V			V							V		
Independent Director Lee, Hwa-Teng	Male	Republic of China				V		V			V			V			V
Independent Director Lo, Wei	Male	Republic of China				V		V		V				V			V

② Independence of the Board of Directors:

The Company's 16th Board of Directors consists of 11 members (including 3 Independent Directors). Independent Directors account for 27.27% of all of the directors. The qualifications for the Independent Directors of the Company are pursuant to Articles 2, 3, and 4 of the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies".

None of the 11 directors of the Company meets the criteria under Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act. None of the directors is a natural-person shareholder whose shareholding, together with those of his/her spouse, underage children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the top ten shareholders of the Company. There is no spousal relationship or kinship within the second degree between directors.

3. Major shareholders of corporate shareholders

December 31, 2023

Name of Corporate Shareholder	Major Shareholders of Corporate Shareholders
China Steel Corporation	Ministry of Economic Affairs (20.00%), Employee's Stock Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd. (2.42%), Transglory Investment Corporation (1.63%), Taiwan ESG sustainable high-dividend ETF Securities Investment Fund Account for Cathay Taiwan's high-dividend umbrella security investment trust fund under the custody of Taishin International Bank (1.38%), Fubon Life Insurance Co., Ltd. (1.36%), Chunghwa Post Co., Ltd. (1.16%), Old Labor Pension Fund (1.11%), Vanguard Emerging Markets Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.08%), Vanguard Total International Stock Index Fund under the custody of JP Morgan Chase Bank N.A. Taipei Branch (1.05%), New Labor Pension Fund (1.03%).
IHI Corporation	The Master Trust Bank of Japan, Ltd. (Holder in Trust) (13.54%), Custody Bank of Japan, Ltd. (Holder in Trust) (6.12%), Mizuho Bank Retirement Benefit Trust Account re-entrusted by Mizuho Trust and Banking Co., Ltd. to Custody Bank of Japan Ltd. (2.11%), STATE STREET BANK AND TRUST COMPANY(1.86%), IHI Customer Stock Ownership Association (1.86%), Dai-ichi Life Insurance Company, Limited (1.77%), IHI Employee Stock Ownership Association (1.72%), Sumitomo Life Insurance Company (1.50%), JP Morgan Securities PLC (1.45%), NORTHERN TRUST GLOBAL SERVICES SE, LUXEMBOURG RE LUDU RE: UCITS CLIENTS(1.37%)
Great Grandeul Steel Co., Ltd.	Yung-Cheng Kuo (15.91%), Chen-Kuei Kuo Yen (13.40%), Yu-Lun Kuo (12.88%), Kuo, Chih-Hao (11.98%), C. Hao Corporation (45.84%)
China Steel Chemical Corporation	China Steel Corporation (29.04%), Fubon Life Insurance Co. Ltd. (5.31%), International CSRC Investment Holdings Co., Ltd. (4.96%), Ever Wealthy International Corporation (2.01%), C.C.T. Investment Co., Ltd. (1.46%), Yuanta Taiwan High Dividend Low Volatility ETF Feeder Fund Investment Account (1.23%), Chin Hung Investment Co., Ltd. (0.96%), Hsin Yang Investment Co., Ltd. (0.93%), Chang Gung Medical Foundation (0.93%), Vanguard Emerging Markets Stock Index Fund Investment Account (0.90%)
Dragon Steel Corporation	China Steel Corporation (100%)
Grace Investment Co., Ltd.	Chen, Chung-Chi (25%), Hsu, Chung-Sheng (25%), AON Inc. (25%), Yu-Fen Tai (25%)

4. Major shareholders of major corporate shareholders

December 31, 2023

Name of Legal Entity	Major Shareholders of Corporate Shareholders
Ministry of Economic Affairs	N/A
Employee's Stock Trust of China Steel Corporation under the custody of Mega International Commercial Bank Co., Ltd.	N/A
Transglory Investment Corporation	China Steel Express Corporation (48.28%), Chung Hung Steel Corporation (39.59%), China Steel Chemical Corporation (8.90%), United Steel Engineering & Construction Corp. (3.23%)
Taiwan ESG sustainable high-dividend ETF Securities Investment Fund Account for Cathay Taiwan's high-dividend umbrella security investment trust fund under the custody of Taishin International Bank	N/A
Fubon Life Insurance Co., Ltd.	Fubon Financial Holding Co., Ltd. (100%)
Chunghwa Post Co., Ltd.	Ministry of Transportation and Communications (100%)
Labor Pension Fund under the old system	N/A
Vanguard stock index account under the custody of JP Morgan Chase Bank Taipei Branch	N/A
JPMorgan Chase as Master Custodian of Vanguard Total International Stock Index Fund	N/A
New Labor Pension Fund	N/A
C. Hao Corporation	Chen-Kuei Kuo Yen (51.60%), Yung-Cheng Kuo (17.20%), Yu-Lun Kuo (16.90%), Kuo, Chih-Hao (14.30%)
China Steel Corporation	Refer to page 18 for the List of Main Shareholders
International CSRC Investment Holdings Co., Ltd.	Taiwan Cement Corporation (15.59%), Chinatrust Investment Co., Ltd. (2.80%), Hsin-Chang Investment Co., Ltd. (2.23%), CS Development & Investment Co. (1.50%),

Name of Legal Entity	Major Shareholders of Corporate Shareholders
	JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Group's Vanguard Emerging Markets Stock Index Fund Investment Account (1.21%), JP Morgan Chase Bank Taipei Branch as custodian of Vanguard Total International Stock Index Fund, a series of Vanguard Star Funds Investment Account (1.17%), Union Cement Traders, Inc. (1.16%), Citibank Taiwan as custodian of Norges Bank Investment Account (1.12%), TransGlobe Life Insurance Inc. (1.02%), Standard Chartered Bank as custodian of iShares Emerging Market ETF (0.91%)
Ever Wealthy International Corporation	China Steel Chemical Corporation (100%)
C.C.T. Investment Co., Ltd.	Kaiqi Co., Ltd. (30.00%), Zhifu Co., Ltd. (16.60%), Zhide Co., Ltd. (16.70%), Yude Co., Ltd. (17.90%), Xintang Co., Ltd. (15.40%)
Yuanta Taiwan High Dividend Low Volatility ETF Feeder Fund Investment Account	N/A
Chin Hung Investment Co., Ltd.	Mu-Liang Chang (99.70%), Hua-Sheng Chang (0.30%)
Hsin Yang Investment Co., Ltd.	Mu-Liang Chang (100.00%)
Chang Gung Medical Foundation	Nan Ya Plastics Corporation (18.20%), Formosa Chemicals & Fibre Corporation (14.01%), Formosa Plastics Corporation (13.44%), Yung-Tsai Wang (deceased) (11.38%), Yung-Ching Wang (deceased) (7.44%)
Vanguard Emerging Markets Stock Index Fund Investment Account	N/A
AON Inc.	Chen, Che-Sheng 58.29%, Ing-Fen Hung 8.92%, Wei-Hsuan Chen 32.79%

(II) Information on President and Vice Presidents

February 29, 2024

Title	Nationality	Name	Gender	Date Elected (Appointed)	Shares held		Shares Held by Spouse and Underage Children		Shareholding by nominee arrangement		Education and work experience	Other positions in other companies held currently	Has a spouse or a relative within the second degree of kinship who are the Company's managers			Remarks
					Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio			Title	Name	Relationship	
President	Republic of China	Huang Yuan-Chang	Male	2023.04.01	-	-	-	-	-	-	Master of Civil Engineering, National Central University	Chairman, United Steel Engineering & Construction Corp., Director, Pro-Ascentek Investment Corporation, Director, Sing Da Marine Structure Corporation, Director, Kaohsiung Rapid Transit Corporation, Director, Overseas Investment & Development Corp., Director, China Prosperity Development Corporation	-	-	-	-
Vice President, Management Division	Republic of China	Chen Chien-Du	Male	2024.01.31	-	-	-	-	-	-	Graduate Institute of Business Management, Dayeh University	-	-	-	-	-
Vice President, Operation Division	Republic of China	Chen Sheng-Yi	Male	2018.03.19	2,000	0.00	-	-	-	-	Department of Industrial Management, National Taiwan Institute of Technology	Director, United Steel Engineering & Construction Corp.	-	-	-	-
Vice President, Sales Division	Republic of China	Li Ping-Hao	Male	2016.07.01	626	0.00	661	0.00	-	-	Department of English, National Kaohsiung Normal University	Director of Nikken & CSSC Metal Products Co., Ltd., Director of Wabo Global Trading Corporation, Director of United Steel Engineering & Construction Corp.	-	-	-	-

Note 1 Information regarding the President, Vice Presidents, Assistant Vice Presidents, Heads of Departments and Branches should be included and information regarding positions equivalent to President, Vice Presidents, Assistant Vice Presidents shall be disclosed regardless of job title.

Note 2: Experience related to the current position. If the individual had served in the certifying CPA firm or an affiliated enterprise in the aforementioned period, the position and job functions shall be described.

Note 3: Where the Chairman, President, or individual with equivalent roles are the same individual, spouses, or relatives within the first degree of kinship, the Company shall specify related information regarding the reason, reasonableness, necessity, and response measures (e.g., appointment of additional Independent Directors and requiring the appointment of more than half of the Directors from individuals who are not employees or managerial officers).

III. Remuneration to Directors, President, and Vice President in the Most Recent Year

(I) Remuneration to Directors, President, and Vice President

1. Remuneration Paid to Directors and Independent Directors

December 31, 2023; Unit: thousand NTD

Title	Name	Directors' remuneration (Legal person + representative)								Total remuneration (A+B+C+D) as a percentage of net income after tax (%)		Remuneration received as the Company's employee								Total remuneration (A+B+C+D+E+F+G) and the percentage of net income after tax (%)		Remuneration received from investees other than subsidiaries or the parent company
		Remuneration (A)		Severance pay and pension (B)		Remuneration to Directors (C)		Business execution expenses (D)				Bonuses and allowances, etc. (E)		Severance pay and pension (F)		Remuneration to Employees (G)						
																The Company		Consolidated Entities				
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	Stock	Cash	Stock	The Company	Consolidated Entities	
Chairman of the Board	Representative of China Steel Corporation: Chen Huo-Kun	6,643	6,643	0	0	4,818	4,818	1,008	1,008	12,469 2.33	12,469 2.33	341	341	0	0	9	0	9	0	12,819 2.39	12,819 2.39	11,875
	Representative of China Steel Corporation: Chen Jui-Teng																					
Director	Representative of China Steel Corporation: Huang,\ Yuan-Chang																					
	Representative of China Steel Corporation: Hwang Chien-Chih																					
	Representative of Dragon Steel Corporation: Lee Chao-Hsiang																					
	Representative of Dragon Steel Corporation: Lu Shao-Jung																					
	Representative of IHI Corporation (Japan): Lin Tao-Peng																					
	Representative of Great Grandeul Steel Co., Ltd.: Kuo Chih-Hao																					
	Representative of China Steel Chemical Corporation: Tu Ching Fang																					
	Representative of China Steel Chemical Corporation: Hsieh Wen-Jung																					
	Representative of Grace Investment Co., Ltd.: Chen Che-Sheng																					
Independent Director	Lee Hsiu-Ling	1,800	1,800	0	0	0	0	432	432	2,232 0.42	2,232 0.42	0	0	0	0	0	0	0	0	2,232 0.42	2,232 0.42	0
	Lee Hwa-Teng																					
	Lo Wei																					

※ Policy, system, standards and structure of remuneration paid to Independent Directors: During the period of service of Independent Directors, the Company pays each Independent Director a salary of NT$50,000 and a transportation allowance of NT$12,000 each month.
Relevance of the amount of remuneration paid based on factors such as responsibility, risk and time commitment: None.

※ Except as disclosed above, remuneration received by directors in the latest year for on-balance sheet services (e.g., acting as a non-employee consultant) rendered to the Company: None.

Note: 1. Mr. Huo-Kun Chen was dismissed on December 1, 2023 and was replaced by Mr. Huang, Yuan-Chang on December 1, 2023. Mr. Ching Fang Tu was dismissed on August 1, 2023 and was replaced by Mr. Hsieh, Wen-Jung on August 1, 2023.

2. All remuneration for Directors from the Company's distribution of earnings are collected by legal entities.

3. The allowances disclosed in this table are for the 15th-term Board of Directors from January 1, 2023 to May 30, 2023, and for the 16th-term Board of Directors from May 31, 2023 to December 31, 2023.

Remuneration range for each Director in this Company	Name of Director			
	Total amount of the 4 preceding remunerations (A+B+C+D)		Total amount of the 7 preceding remunerations (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities (H)	The Company	Consolidated Entities I
Less than NT$ 1,000,000	Chen Jui-Teng, Huang Yuan-Chang, Hwang Chien-Chih, Lee Chao-Hsiang, Lu Shao-Jung, Lin Tao-Peng, Kuo Chih-Hao, Tu Ching Fang, Hsieh Wen-Jung, Chen Che-Sheng, Lee Hsiu-Ling, Lee Hwa-Teng, Lo Wei	Chen Jui-Teng, Huang Yuan-Chang, Hwang Chien-Chih, Lee Chao-Hsiang, Lu Shao-Jung, Lin Tao-Peng, Kuo Chih-Hao, Tu Ching Fang, Hsieh Wen-Jung, Chen Che-Sheng, Lee Hsiu-Ling, Lee Hwa-Teng, Lo Wei	Chen Jui-Teng, Huang Yuan-Chang, Hwang Chien-Chih, Lee Chao-Hsiang, Lu Shao-Jung, Lin Tao-Peng, Kuo Chih-Hao, Tu Ching Fang, Hsieh Wen-Jung, Chen Che-Sheng, Lee Hsiu-Ling, Lee Hwa-Teng, Lo Wei	Chen Jui-Teng, Huang Yuan-Chang, Hwang Chien-Chih, Lee Chao-Hsiang, Lu Shao-Jung, Lin Tao-Peng, Kuo Chih-Hao, Tu Ching Fang, Hsieh Wen-Jung, Chen Che-Sheng, Lee Hsiu-Ling, Lee Hwa-Teng, Lo Wei
NT$ 1,000,000 (inclusive) to NT$ 2,000,000	-	-	-	-
NT$ 2,000,000 (inclusive) to NT$ 3,500,000	-	-	-	-
NT$ 3,500,000 (inclusive) to NT$ 5,000,000	-	-	-	-
NT$ 5,000,000 (inclusive) to NT$ 10,000,000	Chen Huo-Kun	Chen Huo-Kun	Chen Huo-Kun	Chen Huo-Kun
NT$ 10,000,000 (inclusive) to NT$ 15,000,000	-	-	-	-
NT$ 15,000,000 (inclusive) to NT$ 30,000,000	-	-	-	-
NT$ 30,000,000 (inclusive) to NT$ 50,000,000	-	-	-	-
NT$ 50,000,000 (inclusive) to NT$ 100,000,000	-	-	-	-
Higher than NT$100,000,000	-	-	-	-
Total	14	14	14	14

Note: Information on corporate directors include previous and succeeding representatives. There are therefore 14 Director's representatives and Independent Directors which exceeded the number of Directors.

2. Remunerations to President and Vice President

December 31, 2023; Unit: thousand NTD

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and allowances, etc. (C)		Employee remuneration (D) (Proposed amount)				Total remuneration (A+B+C+D) as a percentage of net income after tax (%)		Remuneration received from investees other than subsidiaries or the parent company
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Chang Hsiu-Chi	8,486	8,486	0	0	10,056	10,110	538	0	538	0	19,080 3.56	19,134 3.57	154
President	Huang Yuan-Chang													
Vice President, Management Division	Huang Tung-Hsing													
Vice President, Production Division	Chen Sheng-Yi													
Vice President, Sales Division	Li Ping-Hao													

Note: Mr. Chang, Hsiu-Chi was dismissed on March 31, 2023 and was replaced by Mr. Huang, Yuan-Chang on April 1, 2023.

Range of Remuneration Paid to the President and Vice Presidents of the Company	Name of President and Vice Presidents	
	The Company	Consolidated Entities
Less than NT$ 1,000,000	-	-
NT$ 1,000,000 (inclusive) to NT$ 2,000,000	Chang Hsiu-Chi	Chang Hsiu-Chi
NT$ 2,000,000 (inclusive) to NT$ 3,500,000	-	-
NT$ 3,500,000 (inclusive) to NT$ 5,000,000	Huang Yuan-Chang, Huang Tung-Hsing, Chen Sheng-Yi, Li Ping-Hao	Huang Yuan-Chang, Huang Tung-Hsing, Chen Sheng-Yi, Li Ping-Hao
NT$ 5,000,000 (inclusive) to NT$ 10,000,000	-	-
NT$ 10,000,000 (inclusive) to NT$ 15,000,000	-	-
NT$ 15,000,000 (inclusive) to NT$ 30,000,000	-	-
NT$ 30,000,000 (inclusive) to NT$ 50,000,000	-	-
NT$ 50,000,000 (inclusive) to NT$ 100,000,000	-	-
Higher than NT$100,000,000	-	-
Total	5	5

3. Manager's name and the distribution of employee remuneration

December 31, 2023
Unit: thousand NTD

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stock</th><th>Cash</th><th>Total</th><th>Ratio accounted compared to the total net income (%)</th></tr>
<tr><td rowspan="6">Managerial Officer</td><td>President</td><td>Chang Hsiu-Chi</td><td rowspan="6">-</td><td rowspan="6">648</td><td rowspan="6">648</td><td rowspan="6">0.12</td></tr>
<tr><td>President</td><td>Huang Yuan-Chang</td></tr>
<tr><td>Administration Division Vice President</td><td>Huang Tung-Hsing</td></tr>
<tr><td>Operation Division Vice President</td><td>Chen Sheng-Yi</td></tr>
<tr><td>Sales Division Vice President</td><td>Li Ping-Hao</td></tr>
<tr><td>Chief Financial Officer</td><td>Wang Yung-Chih</td></tr>
</table>

Note: Mr. Chang, Hsiu-Chi was dismissed on March 31, 2023, and was replaced by Mr. Huang, Yuan-Chang on April 1, 2023.

(II) Analysis of remuneration to the Directors, Supervisors, Presidents and Vice Presidents of the Company and consolidated subsidiaries as a percentage of the net income after tax. Explanation of remuneration policies, standards, and combination of the procedures in determining remuneration, and association with business performance and future risks:

The remuneration for the Company's Directors, President, and Vice Presidents as a percentage of net profit after tax in 2022 was 7.13%; the consolidated subsidiaries' percentage of total net income was 7.13%. The remuneration for the Company's Directors, President, and Vice Presidents as a percentage of net profit after tax in 2023 was 6.31%; the consolidated subsidiaries' percentage of total net income was 6.32%.

The Company's policies and standards for the payment of remuneration to Directors, President, and Vice Presidents are specified in Article 5-1 of the Articles of Incorporation "If the Company has profit for the year, the Board of Directors shall resolve to allocate no less than one thousandth of the profit as remuneration for employees and no more than 1% as remuneration for Directors..." In addition, the remuneration to the President and Vice Presidents is based on the employee remuneration of no less than one thousandth specified in the Articles of Incorporation. The remuneration shall be distributed once it is passed by the Board of Directors. The transportation allowance of Directors shall be determined based on prevailing rates of the industry.

According to the Company's "Board of Directors Performance Evaluation Guidelines", the performance evaluation results of individual Directors (excluding Independent Director) are used as the basis for the distribution of remuneration to Directors.

The adjustment of the salary of the Company's Chairman, President, and Vice Presidents and the distribution of the remuneration of Directors and appointed managerial officers has been reviewed by the Remuneration Committee. According to the Company's "Remuneration Committee Charter", the performance evaluation, salary, and remuneration of the Directors and appointed managerial officers shall be based on prevailing rates in the industry, while taking into consideration the Company's overall performance evaluation items such as profit, occupational safety and health management, profit from investment and ESG (such as save electrictity, carbon reduction, handled waste reduction, improve labor-management relationship etd.) and the level of risks involved.

In conclusion, the remuneration paid by the Company to Directors and managerial officers are closely connected to the business performance evaluation.

IV. Implementation of Corporate Governance

(I) Operation of Board of Directors

(1) Information on operations of the Board of Directors

9 meetings (A) of the 15th and 16th Boards of Directors were held in 2023 and the attendance of the Directors was as follows:

(2023.1.1~2023.12.31)

Title	Name (Note 1)	Attendance in person (B)	Attendance by proxy	Attendance in person rate (%) (B/A) (Note 2)	Remarks
Chairman of the Board	Representative of China Steel Corporation: Chen Huo-Kun	7	0	100	Dismissed on December 1, 2023
Chairman of the Board	Representative of China Steel Corporation: Chen Jui-Teng	9	0	100	
Director	Representative of China Steel Corporation: Huang Yuan-Chang	2	0	100	Took over on December 1, 2023
Director	Representative of China Steel Corporation: Hwang Chien-Chih	8	1	89	
Director	IHI Corporation (Japan) Representative: Lin Tao-Peng	0	9	0	
Director	Representative of Great Grandeul Steel Co., Ltd.: Kuo Chih-Hao	9	0	100	
Director	Representative of China Steel Chemical Corporation: Tu Ching Fang	5	0	100	Dismissed on August 1, 2023
Director	Representative of China Steel Chemical Corporation: Hsieh Wen-Jung	4	0	100	Took over on August 1, 2023
Director	Representative of Dragon Steel Corporation: Lee Chao-Hsiang	7	0	100	Dismissed on November 20, 2023
Director	Representative of Dragon Steel Corporation: Lu Shao-Jung	2	0	100	Took over on November 20, 2023
Director	Grace Investment Co., Ltd. Representative: Chen Che-Sheng	8	0	89	Took leave on March 31, 2023
Independent Director	Lee Hsiu-Ling	9	0	100	
Independent Director	Lee Hwa-Teng	9	0	100	
Independent Director	Lo Wei	9	0	100	

Attendance of Independent Directors in board meetings in 2023

2023	February 22	March 31	April 12	May 3	May 31	August 2	November 1	December 1	December 26
Lee Hsiu-Ling	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person
Lee Hwa-Teng	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person
Lo Wei	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person	Attendance in person

Other matters that should be recorded:

1. Should any of the following take place in a board meeting, the date and number of the meeting, the content of proposal, Independent Director's opinions and the Company's response to such opinions should be recorded:
   (1) Items specified in Article 14-3 of the Securities and Exchange Act: Refer to Item 1 (1) in "Other matters that should be recorded" in the "State of operations of the Audit Committee" on page 38 of the Annual Report.
   (2) Other board resolutions apart from the aforementioned matters with respect to objections or qualified opinions expressed by Independent Directors on record or in writing: None.
2. Recusals of Directors due to conflicts of interests:
   The Company's Directors abide by regulations in Article 20, Paragraph 1 of the "China Steel Structure Co., Ltd. Rules of Procedure for the Board of Directors' Meetings": "If a Director, a corporate entity that the Director represents, or an individual or company specified below is considered an interested party in the discussed agenda, the Director may express opinions and answer questions but shall recuse himself/herself from all discussions and voting if it is detrimental to the Company's interests. In which case, the Director shall not exercise voting rights on behalf of other Directors. Their spouse, parents, children, or relatives within the third degree of kinship; Companies in which the individuals in the subparagraph above directly or indirectly enjoy significant financial benefits; Companies in which they serve as the chairman, executive director, or senior managerial officers.
   (1) 20th meeting of the 15th Board of Directors on May 3, 2023: The Company's donation to the "CSC Group Education Foundation:" Directors Chen Huo-Kun, Chen Jui-Teng, Hwang Chien-Chih, Lee Chao-Hsiang, and Tu Ching Fang recused themselves accordingly.

(2) 3rd meeting of the 16th Board of Directors on November 1, 2023: Lift the non-compete clause for the Company's Director Hsieh Wen-Jung: Director Hsieh Wen-Jung recused himself accordingly.

(3) 5th meeting of the 16th Board of Directors on December 26, 2023: Lift the non-compete clause for the Company's Director Huang Yuan-Chang: Director Huang Yuan-Chang recused himself accordingly.

(4) 6th meeting of the 16th Board of Directors on February 27, 2024: Lift the non-compete clause for the Company's Director Lu Shao-Jung: Director Lu Shao-Jung recused himself accordingly.

3. Programs this year and in the most recent year in strengthening the functionality of the Board and execution evaluation:

(1) The material issues of the Company passed by the Board of Directors are announced and filed in accordance with laws.

(2) The main function of the Audit Committee is to supervise the following matters:

① Fair presentation of the financial reports of the Company.

② The hiring (and dismissal), independence, and performance of CPAs of the Company.

③ The effective implementation of the internal control system of the Company.

④ The Company's compliance with relevant laws and regulations.

⑤ Management of the existing or potential risks of the Company.

Note 1: For Directors and Supervisors who are legal entities, the name of corporate shareholders and their representatives shall be disclosed.

Note 2: (1) If a Director has resigned before the end of the year, the resignation date must be specified in the remarks section. The actual attendance rate (%) shall be calculated by dividing the number of the Board of Directors meetings held during the period by the number of the meetings that the Director has actually attended.

(2) If a Director has been reelected before the end of the year, the names of the new and old Directors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The actual attendance rate (%) shall be calculated by dividing the number of the Board of Directors meetings held during the period by the number of the meetings that the Director has actually attended.

(2) Evaluation of the performance for the Board of Directors:

The Board of Directors evaluation status in 2023 was as follows:

Internal Assessment

Evaluation Cycle	Evaluation Period	Evaluation Scope	Evaluation Method	Evaluation Contents
Once every year	January 2023 to December 2023	1. Board of Directors 2. Individual Directors 3. Functional committees	1. Internal self-evaluation of the Board of Directors 2. Self-evaluation of individual Directors 3. Self-evaluation of functional committees	1. The criteria for evaluating the performance of the Board of Directors of the Company shall cover the following five aspects: (1) Participation in the operation of the Company (2) Improvement of the quality of the Board of Directors' decision making (3) Composition and structure of the Board of Directors (4) Election and continuing education of the Directors (5) Internal control 2. The criteria for evaluating the performance of the Directors shall cover at least the following six aspects: (1) Familiarity with the goals and missions of the Company (2) Awareness of the duties of Directors (3) Participation in the operation of the Company (4) Management of internal relationship and communication (5) The Director's professionalism and continuing education (6) Internal control 3. The criteria for evaluating the performance of the functional committees of the Company (including the Audit Committee and Remuneration Committee) shall cover at least the following five aspects: (1) Participation in the operation of the Company (2) Awareness of the duties of the functional committee (3) Improvement of the quality of functional committee's decisions (4) Functional committee composition and election of members (5) Internal control

Assessment results:

Board of Directors Performance Evaluation:	The total average score of the indicators: 4.88. (maximum score is 5)
Evaluating the performance of Board members:	The total average score of the indicators: 4.85. (maximum score is 5)
Evaluating the performance of the Audit Committee:	The total average score of the indicators: 4.95. (maximum score is 5)
Evaluating the performance of the Remuneration Committee:	The total average score of the indicators: 4.98. (maximum score is 5)

Overall description and improvement measures:

The results of the performance evaluation of the Board of Directors and the Directors indicated that the Board of Directors and functional committees functioned properly. However, the indicator with a relatively low score repetitively was the "average attendance in meetings of the Board of Directors (excluding attendance by proxy)." Improvements shall be implemented for this indicator. The Company schedules the anticipated dates of Board meetings at the beginning of each year and notifies each Director as early as possible so that Directors may schedule their attendance ahead of time. Directors' attendance in Board meetings will continue being monitored to improve the attendance rate.

(II) State of operations of the Audit Committee:

6 meetings (A) of the 15th and 16th Audit Committees were held in 2023 and the attendance of the Independent Directors was as follows:

(2023.1.1~2023.12.31)

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note 1, Note 2)	Remarks
Independent Director	Lee Hsiu-Ling	6	0	100	None
Independent Director	Lee Hwa-Teng	6	0	100	None
Independent Director	Lo Wei	6	0	100	None

Other matters that should be recorded:

1. Where any of the following circumstances occurs with respect to the operations of the Audit Committee, the date of the Audit Committee meeting, session, details of the motions, independent directors' objections, reservations or important suggestions, the resolutions from the Audit Committee, and the Company's measures in accordance with the Audit Committee's recommendations, shall be specified.

(1) Items specified in Article 14-5 of the Securities and Exchange Act:

Date of the Audit Committee meeting, session	Agenda	Independent directors' objections, reservations or important suggestions	Audit Committee Resolution	The Company's measures in accordance with the Audit Committee's recommendations
2023.12.26 3rd meeting of the 16th-term	Proposal to lift the non-compete clause for the Company's Director Huang, Yuan-Chang.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
2023.11.01 2nd meeting of the 16th-term	Proposal for the Company's 2023 Q3 consolidated financial statements.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
	Proposal to lift the non-compete clause for the Company's Director Hsieh, Wen-Jung.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.

2023.08.02 1st meeting of the 16th-term	Proposal for the Company's 2023 Q2 consolidated financial statements.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
2023.05.03 16th meeting of the 15th-term	Proposal for the Company's 2023 Q1 consolidated financial statements.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
2023.04.12 15th meeting of the 15th-term	Proposal for Fees to CPA each year from 2023 to 2027.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
	Proposal to release the prohibition on competitive activities of the Directors of the 16th Board of Directors.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
2023.02.22 14th meeting of the 15th-term	Proposal of the Company's 2022 Business Report and Financial Report.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
	Proposal of the Company's 2022 earnings distribution proposal.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
	Proposal of the Company's 2022 Statement of Internal Control System.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
	Proposal to pass the replacement of the Company's certifying CPA.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.
	Proposal to formulate the proposal of investment in the improvement on pollution prevention equipment against VOCs during the painting process.	None	Passed by all members of the Audit Committee in attendance	The Board of Directors resolved to pass the proposal.

(2) Any issues apart from the aforementioned matters that are not agreed upon by the Audit Committee but passed by more than two thirds of all Directors: None.

2. The Independent Directors' avoidance of interest motion should indicate the names of the Independent Directors, content of the motion and reasons of avoidance of interest as well as the involvement in voting: None.
3. Communication between Independent Directors and internal auditors and accountants:

(1) Communication between Independent Directors and internal auditors:

The Independent Directors and chief internal auditor of the Company shall convene at least one regular meeting each year (including communication seminars between the two parties) to communicate on the audit plan and implementation status.

Communication between Independent Directors and the Company's chief internal auditor in 2023:

Date	Main Points of Communication	Opinions of the Independent Directors	Response to the Opinions of Independent Directors
2023.12.26	Report of the 2023 annual audit and whistleblowing statuses and communication seminar with independent directors	No opinions issued.	Not applicable.
	Report of the implementation status of the Company's Audit Plan for October to November 2023	No opinions issued.	Not applicable.
	Proposal of the 2024 Internal Audit Plan	No opinions issued.	Not applicable.
2023.11.01	Report of the implementation status of the Company's Audit Plan for July to September 2023	No opinions issued.	Not applicable.
2023.08.02	Report of the implementation status of the Company's Audit Plan for April to June 2023	No opinions issued.	Not applicable.
2023.05.03	Report of the implementation status of the Company's Audit Plan for February to March 2023	1. The control mechanism on the operation and final counts on picking, actual usage and leftovers should be properly implemented. 2. Review whether the Company’s current systems and processes on leftovers are incomplete or inadequate, and make improvements accordingly.	The issue will be handled in accordance with opinions of the Independent Directors.
2023.02.22	Report of the implementation status of the Company's Audit Plan for December 2022 and January 2023.	No opinions issued.	Not applicable.
	Proposal of the Company's 2022 Statement of Internal Control System	No opinions issued.	Not applicable.

(2) Communication between Independent Directors and CPAs:

The Independent Directors of the Company and the CPAs convene at least one regular meeting each year (including communication seminars between the two parties) mainly to communicate on the preparation and audit of the financial statements and corporate governance matters.

The communication between the CPAs and Independent Directors in 2023 was as follows:

Date	Main Points of Communication	Opinions of the Independent Directors	Response to the Opinions of Independent Directors
2023.12.26 Communication meetings between CPAs and the governance unit	Audit scope, method and time: Understanding the enterprise and environment, significance of decisions, audit scope (including the entities of the composition), significant risks (including KAM); other matters - projects involving material loss; communication of risks of malpractice; IFRS; Deloitte Taiwan's Quality Management System; Transparency report; CSSC 2022 AQI report; Non-audit services implemented by Deloitte Taiwan; Responsibilities of the governance unit; Independence declaration.	Questions and discussions.	Response to questions of Independent Directors.
2023.02.22 Communication meetings between CPAs and the governance unit	In accordance with the Statement of Auditing Standards No. 260 "Communication with the governing unit of the investigated:" Responsibilities of the governance unit; Audit time, method and scope; selection of or changes to accounting estimates and accounting principles which may have material impacts on the financial statements of the investigated, material exposure to risks that shall be disclosed in financial statements and its possible impacts on the financial statement; Adjustments with material impact on the financial statements of the audited unit regardless of whether they are accounted for by the audited unit; Material uncertainties that may cast doubt on whether the audited unit can continue as a going concern; Items inconsistent with the opinions of the management that may, from an individual or overall perspective, cause material impact on the audited unit's financial statements or the accountant's audit report; The categories and contents of audit reports other than unqualified opinions; Other matters that the governance unit needs to monitor; Independence of the CPA; Key audit matters; CSSC Group project undertaking status; Governance unit - pre-approved non-assured services.	Questions and discussions	Response to questions of Independent Directors.

4. Annual key work items of Audit Committee in 2023:
   (1) Review the 2022 Financial Report, Business Report, earnings distribution, and 2023 Q1 to Q3 Financial Reports.
   (2) Review the implementation status of the Company's internal controls and audit plans.
   (3) Review the replacement of the Company's certifying CPA.
   (4) Review the proposal of investment in the improvement on pollution prevention equipment against VOCs during the painting process.
   (5) Review the proposal to release the prohibition on competitive activities of the Directors.
   (6) Review the proposal of fees to CPA.
   (7) Review the proposal of non-assurance services approved by Deloitte Taiwan.
5. Professional qualifications and experiences of the members of the Audit Committee:

Title	Name	Professional qualifications and experiences
Independent Director	Lee, Hsiu-Ling	PhD in Business Administration, University of Minnesota (United States). Served as Assistant Professor, Department of Accounting, I-Shou University and Senior Accounting Advisor, United Nexus Law Office. Has more than 20 years of professional experiences in accounting, and is a certified public accountant in the Republic of China and Maryland, United States.
Independent Director	Lee, Hwa-Teng	PhD in Engineering, RWTH Aachen University (Germany). Served as Professor, Department of Mechanical Engineering, National Cheng Kung University and Technology Advisor, Ying Ming Industry Co., Ltd. Has more than 40 years of professional experiences in mechanics.
Independent Director	Lo, Wei	PhD in Construction Management, Northwestern University (United States). Served as Professor, Department of Construction Engineering, National Kaohsiung First University of Science and Technology, and section chief of BES Engineering Inc. Has more than 40 years of professional experiences in construction.

Note: (1) If an Independent Director has resigned before the end of the year, the resignation date must be specified in the remarks section. The actual attendance rate (%) shall be calculated by dividing the number of the Audit Committee meetings held during the period by the number of the meetings that the Independent Director has actually attended.
(2) If an Independent Director has been reelected before the end of the year, the names of the new and old Independent Directors must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The actual attendance rate (%) shall be calculated using the number of meetings of the Audit Committee and the actual attendance during the term of service.

(III) The Company's corporate governance implementation status and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
I. Does the company establish and disclose its corporate governance principles in accordance with the Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies?	✓		The Company's Board of Directors established and disclosed the "Corporate Governance Best Practice Principles" in a resolution of the Board of Directors meeting in November 2017.	It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.
II. Company stock equity structure and shareholder equity				
(I) Does the company establish internal procedures for addressing shareholder suggestions, doubts, disputes, and litigation matters and implement the procedures accordingly?	✓		(I) The Company's has appointed dedicated personnel to handle shareholder suggestions or complaints.	(I) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.
(II) Does the company have in possession the list of major shareholders that have actual control over the company as well as the list of major shareholders with final control?	✓		(II) The Company maintains in its possession the list of major shareholders that have actual control over the Company at all times and has appointed the shareholder service agency—Transfer Agency Department, CTBC Bank Co., Ltd. for assistance.	(II) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.
(III) Does the company establish and execute risk control mechanism for affiliates, and firewall methods?	✓		(III) The Company's has established regulations on the loans, endorsements and guarantees, and transactions with affiliates to rigorously control risks.	(III) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the company establish internal regulations stipulating that employees shall not use undisclosed information to engage in the transaction of marketable securities?	✓		(IV) The Company established the "Code of Ethical Conduct for Directors", "Code of Ethical Conduct for Personnel Ranked Level 1 Supervisors and Above", and "Guidelines for Employees' Recusal from Conflicts of Interest". The Company prohibits employees from using undisclosed information to engage in the transaction of marketable securities.	(IV) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.
III. Board compositions and responsibilities (I) Has the Board of Directors devised a policy for a more diverse composition of the Board and concrete management goals and implemented the policies accordingly?	✓		(I) The Company considers diversity in the composition of the Board of Directors. The Company has established standard policies for the diversification of Board members in the Rules Governing the Election of Directors and the Corporate Governance Best Practice Principles. The Company has developed an adequate diversification policy based on the operations, mode of	(I) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			operation, and development requirements of the Board of Directors. The following two categories were adopted as standards: 1. Basic qualifications and value: Gender, age, nationality, and culture. 2. Professional knowledge and skills: Professional background (e.g., accounting, business sector, or finance), professional skills or industry experience. The Company's current Board of Directors includes 11 Directors. To attain gender equality, the Company established the goal of having at least one female member in the Board. For the realization of the goal, in 2017, 1 female member was added to the Company's Board of Directors and female Directors account of 9% of all Directors. All of the Directors have the nationality of the Republic of China. The age of the Directors is between 42 and 71 years old and the average age is 61. The industrial experiences and professional abilities of the Directors encompass: Construction, machinery, materials, economics,	

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			management, and accounting. The Company fully implements its goal for the diversity of Board members which helps support the Company's future production, management, technology development, replacement of old equipment, and development of a high-value industry.	
(II) Does the company voluntarily establish other functional committees in addition to Remuneration Committee and Audit Committee?	✓		(II) The Company has voluntarily established a Sustainable Development Management Committee.	(II) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.
(III) Does the Company have Board of Directors performance assessment guidelines and assessment methods in place and perform the assessments periodically on a yearly basis? Does the Company submit results of assessments to the Board of directors and use results as the basis for the salary, remuneration, nomination and reappointment of individual Directors?	✓		(III) The Company's Board of Directors passed the Board of Directors Performance Evaluation Guidelines and the evaluations methods on December 19, 2019. The Guidelines requires the Board of Directors to conduct at least one self-evaluation each year and report the results of the annual performance evaluation to the Board of Directors in the first quarter of the following year, starting from 2020. The results of the performance evaluation of the	(III) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			Board of Directors shall be used as the basis for the selection or nomination of the Directors. In order to improve the independence and effectiveness of board performance evaluation, the Company has established in the Board of Directors Performance Evaluation Guidelines that an external board performance evaluation shall be conducted by external professional and independent institutions, experts or scholars at least every three years. The Company commissioned the Taiwan Corporate Governance Association (TCGA) to conduct the external board performance evaluation in 2022. The evaluation results were disclosed on the Company's website and the Market Observation Post System.	
(IV) Does the company regularly implement assessments on the independence of CPA?	✓		(IV) The Company's Board of Directors reviews the independence of the CPA refer to the	(IV) It is consistent with the Corporate Governance Best Practice Principles for

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			AQI information at least once a year to ensure the reliability of the Company's financial reports. It requests the CPA to provide a Statement of Independence to verify that with the exception of expenses for auditing and taxation cases, the CPAs and the Company have no other common financial interests or business relations. The CPAs' spouses and underage children also have not violated requirements for independence. The most recent evaluation results have been submitted to the Board Meeting on December 26, 2023. For the significant items assessment report on the independence and competence of the Company's CPA, please see page 56 of the report.	TWSE/TPEx-Listed Companies.
IV. Has the publicly-listed company appointed qualified and suitable number of corporate governance personnel and appointed a Corporate Governance Officer to	✓		The Company has appointed a Corporate Governance Officer to handle governance related affairs (including but not limited to supplying information	It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
handle governance related affairs (including but not limited to supplying information requested by the directors and supervisors, assisting Directors and Supervisors with legal compliance matters, processing company matters related to board meetings and shareholders' meetings according to laws, and preparing minutes of the board meetings and shareholders' meetings)?			requested by the directors, assisting Directors with legal compliance matters, processing company matters related to board meetings and shareholders' meetings according to laws, and preparing minutes of the board meetings and shareholders' meetings). The Company also organizes matters related to the shareholders' meeting, Board of Directors, and Directors and registered and changed of registration of the Company based on the scope of businesses of departments and units. Please see page 55 of this annual report for continuing education of the corporate governance supervisor.	
V. Has the company set up channels of communication for stakeholders (including but not limited to shareholders, employees, customers and suppliers), dedicated a section of the company's website for stakeholder affairs and adequately responded to stakeholders' inquiries on significant corporate social responsibility issues?	✓		The Company identifies different types of stakeholders via questionnaires and communicate with them via the public Corporate Sustainability Report, Company website, annual report, MOPS and other channels. The Company maintains good communication channels with different stakeholders based on the scope of businesses of each department. The Company also set up a stakeholders' section on its website to properly address stakeholders' concerns such important	It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			corporate social responsibilities. The Company reported the communication status with stakeholders of the current year to the Board meeting on December 26, 2023. For identification of and communication with stakeholders, communication channels and response methods, please see the Company's sustainability website (https://csr.cssc.com.tw/cssc_csr/index.php), "Stakeholder Identification and Communication" under "Corporate Sustainable Development." For the Company's communication with major stakeholders, please see page 52 of the Annual Report.	
VI. Does the company designate a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the Transfer Agency Department, CTBC Bank Co., Ltd. to process affairs related to the shareholders meeting.	It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.
VII. Information disclosure (I) Has the company established a corporate website to disclose information regarding the company's financial, business and corporate governance status?	✓		(I) The Company has established a corporate website (www.cssc.com.tw) to disclose information regarding the Company's financial, business and corporate governance status.	(I) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.
(II) Does the company adopt other information disclosure	✓		(II) The Company has established the	(II) It is consistent with the Corporate Governance

Evaluation item	Operating status (note)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
methods (such as establishing English websites, assign dedicated personnel to collect and disclose company data, implement the spokesperson system, upload the investor conference processes to the company's website, etc.)?			English version of the website and assigned dedicated personnel to collect and disclose company data, implemented the spokesperson system, and placed the briefing files of investor conferences on the Company's website. The Company also files information and discloses material information in accordance with the Matters of Attention for Filing Public Information Online for Publicly Listed Companies.	Best Practice Principles for TWSE/TPEx-Listed Companies.
(III) Does the Company publish and report its annual financial report within two months after the end of a fiscal year, and publish and report its financial reports for the first, second and third quarters as well as its operating status for each month before the specified deadline?	✓		(III) The Company announced and filed the annual financial report within two months of the end of the fiscal year. The Company issued early announcements and filed quarterly financial reports before the stipulated deadline of the first, second, and third quarters and files its operating status for each month before the specified deadline.	(III) It is consistent with the Corporate Governance Best Practice Principles for TWSE/TPEx-Listed Companies.

VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?

(I) The communication channels and response methods with stakeholders are outline below:

1. Shareholders
   (1) The Company convenes the shareholders' meeting in the second quarter each year and investors can also exercise their voting rights to fully participate in the voting process.
   (2) The Company publishes the Annual Report for the Shareholders' Meeting. Investors can find them online or request printed copies.
   (3) The Company publishes the revenue of the previous month and cumulative revenues on the Market Observation Post System and the Company's website each month.
   (4) Shareholders can communicate with the Company through the telephone, fax, and e-mail.
2. Employees

   Collective bargaining agreement signed on November 24, 2023 with a three-year validity from the signing date to November 23, 2026, business reports (monthly), conferences with entry-level employees (irregularly), meetings of the directors and supervisors of the labor union (every 3 months), labor education (annually), meetings of the Employee Welfare Committee (every 3 months), meetings of the Employee Stock Ownership Trust Committee (every 6 months), meetings of the Supervisory Committee of Employee Retirement Reserve (every 3 months), and meetings of the Occupational Safety and Health Committee (every 3 months).
3. Communities and local organizations

   The Administration Department consults and negotiates with local competent authorities, representatives, local organizations, and opinion leaders.
4. Customers
   (1) The Company uses regular visits and market surveys to obtain feedback from customers.
   (2) The Group integrates marketing resources to expand customer services.
   (3) Enhance technical services, actively market technologies, respond quickly to customer demands, and provide customized specifications.

(4) Help customers improve process technology and resolve technical issues for material and processing.
(5) Engage key customers through visits to gain a deep understanding of customer needs to improve product quality.
(6) Organize surveys on new product demands for quality and functions, and expand surveys on material and quality trends for individual industries.

5. The Company maintains good communication channels with different stakeholders based on the scope of businesses of each department. The Company identifies different types of stakeholders via questionnaires and communicate with them via the public Corporate Sustainability Report, Company website, annual report, MOPS and other channels. The Company's communication status with stakeholders was reported to the Board meeting on December 26, 2023. The Company's website has a stakeholders' section. Please see the Company's sustainability website (https://csr.cssc.com.tw/cssc_csr/index.php) for communication channels and response methods, "Stakeholder Identification and Communication" under "Corporate Sustainable Development."

(II) Status of Directors' continuing education:

Title	Name	Date of Appointment	Date of Studies		Organizer	Course Title	Duration of the Course
			Starting Date	Ending Date			
Representative of Corporate Director	Chen Jui-Teng	2023/05/31	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insight into Risks of Malpractice and Prevention Strategies through Case Studies	3.0
			2023/12/15	2023/12/15	Accounting Research and Development Foundation	Corporate Ethics and Corporate Sustainable Development	3.0
Representative of Corporate Director	Huang Yuan-Chang	2023/12/01	2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-field Management Practice on Zero-carbon Emission	3.0
			2023/12/08	2023/12/08	Securities & Futures Institute	2023 Insider Equity Trading Compliance Seminar	3.0
			2023/12/12	2023/12/12	Accounting Research and Development Foundation	Latest Policy Development and Internal Control Management Practice Related to ESG Sustainability and Drafting Financial Reports	6.0
Representative of Corporate Director	Hwang Chien-Chih	2023/05/31	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insight into Risks of Malpractice and Prevention Strategies through Case Studies	3.0
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-field Management Practice on Zero-carbon Emission	3.0
Representative of Corporate Director	Hsieh Wen-Jung	2023/08/01	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insight into Risks of Malpractice and Prevention Strategies through Case Studies	3.0
			2023/09/15	2023/09/15	Taiwan Corporate Governance Association	How to Discuss in a Board Meeting? Common Flaws in Board Meeting Operation of Publicly Listed Companies	3.0
			2023/09/26	2023/09/26	Taiwan Corporate Governance Association	Trade Secret Risks and Management under the Digital Transition	3.0

			2023/10/20	2023/10/20	Securities & Futures Institute	2023 Insider Trading Prevention Seminar	3.0
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-field Management Practice on Zero-carbon Emission	3.0
Representative of Corporate Director	Lu Shao-Jung	2023/11/20	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insight into Risks of Malpractice and Prevention Strategies through Case Studies	3.0
			2023/11/27	2023/11/27	Taiwan Investor Relations Institute	Cross-field Management Practice on Zero-carbon Emission	3.0
			2023/12/05	2023/12/05	Accounting Research and Development Foundation	ESG Information Disclosure Trends and Regulations Related to the Sustainable Development Action Plans for TWSE- and TPEx-Listed Companies	3.0
			2023/12/08	2023/12/05	Securities & Futures Institute	2023 Insider Equity Trading Compliance Seminar	3.0
Representative of Corporate Director	Kuo Chih-Hao	2023/05/31	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insight into Risks of Malpractice and Prevention Strategies through Case Studies	3.0
			2023/10/04	2023/10/04	Chinese National Association of Industry and Commerce, Taiwan	Corporate Response to International Anti-tax Avoidance Measures	3.0
			2023/10/11	2023/10/11	Chinese National Association of Industry and Commerce, Taiwan	Corporate Governance, Corporate Malpractice and Important Case Studies	3.0
Representative of Corporate Director	Lin Tao-Peng	2023/05/31	2023/07/04	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6.0
Representative of Corporate Director	Chen Che-Sheng	2023/05/31	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insight into Risks of Malpractice and Prevention Strategies through Case Studies	3.0
			2023/09/20	2023/09/20	Securities & Futures Institute	Analysis on Common Violations of the Securities and Exchange Act	3.0
Independent Director	Lee Hsiu-Ling	2023/05/31	2023/07/04	2023/07/04	Taiwan Stock Exchange Corporation	2023 Cathay Sustainable Finance and Climate Change Summit	6.0
Independent Director	Lee Hwa-Teng	2023/05/31	2023/08/11	2023/08/11	Taiwan Investor Relations Institute	Insight into Risks of Malpractice and Prevention Strategies through Case Studies	3.0
			2023/11/22	2023/11/22	Securities & Futures Institute	2023 Insider Equity Trading Compliance Seminar	3.0
Independent Director	Lo Wei	2023/05/31	2023/09/07	2023/09/07	Securities & Futures Institute	Technological Developments and Opportunities of Electric Vehicles and Smart Vehicles	3.0
			2023/11/15	2023/11/15	Securities & Futures Institute	2023 Insider Equity Trading Compliance Seminar	3.0

(III) The 15th and 16th Board of Directors convened a total of 9 meetings in 2023. Refer to page 34 of the Annual Report for the attendance rate of the Directors and Independent Directors.

(IV) The Company has established the "Code of Ethical Conduct for Directors" which provides more specific requirements for the contents of the Directors' faithful implementation of business operations. The scope includes ① transactions with the Company; ② use of the Company's assets, information, and opportunities; and ③ competing with the Company. If a Director wishes to be exempted from the application of such obligations, he/she shall fully disclose the conflict of interest between the stakeholders or companies and the code as well as the reason that such transaction shall not harm the interests of the Company and meet regular business practices. The exemption shall require approval of a resolution of the Board of Directors.

(V) The Company's Directors abide by regulations in Article 20, Paragraph 1 of the "China Steel Structure Co., Ltd. Rules of Procedure for the Board of Directors' Meetings": If a Director, a corporate entity that the Director represents, or an individual or company specified below is considered an interested party in the discussed agenda, a full disclosure is required during the current meeting session. The Director shall recuse himself/herself from all discussions and voting if it is in conflict against the Company's interests. In which case, the Director shall not exercise voting rights on behalf of other Directors.

(1) Their spouse, parents, children, or relatives within the third degree of kinship;

(2) Companies in which the individuals in the subparagraph above directly or indirectly enjoy significant financial benefits;

(3) Companies in which they serve as the chairman, executive director, or senior managerial officers. However, this shall not apply to affiliated enterprises of the Company.

(refer to page 25 of the Annual Report for the recusals of Directors due to conflicts of interests).

(VI) To enhance corporate governance and protect the interests of investors, the Company has purchased liability insurance for all Directors and key personnel, and has reported this to the 2nd meeting of the 16-term Board of Directors on August 2, 2023.

(VII) Status of Corporate Governance Officer's continuing education:

Organizer	Course Title	Date of Studies	Duration of the Course
Taiwan Investor Relations Institute	Insight into Risks of Malpractice and Prevention Strategies through Case Studies	2023/08/11	3.0
Securities & Futures Institute	2023 Insider Trading Prevention Seminar	2023/10/20	3.0
Securities & Futures Institute	2023 Insider Equity Trading Compliance Seminar	2023/11/22	3.0
Taiwan Investor Relations Institute	Cross-field Management Practice on Zero-carbon Emission	2023/11/27	3.0

(VIII) The Company's workplace diversity and gender equality policies and implementation status are as follows:

Workplace diversity and gender equality policies

The Company is committed to providing employees with a dignified and safe work environment. We implement employment diversity and fair pay and promotion opportunities to ensure that employees do not suffer discrimination, harassment, or unfair treatment due to their race, gender, religious belief, age, political affiliation, and any other status protected by applicable laws and regulations.

Employee recruitment, starting wage, and promotions by the Company are all determined by the job category, education and experiences, professional capacities and personal performance. Currently, male employees with professional titles account for 62% of all male employees, and female employees with professional titles account for 60% of all female employees. The average is similar between the two genders, which indicates that CSSC offers equal opportunities for promotion for both genders and does not discriminate.

Workplace diversity and gender equality policies and implementation status

To create a fine workplace free from sexual harassment, establish a complaint channel for sexual harassment incidents, and adopt appropriate preventive, correctional, disciplinary and remedial measures, the Company has established the Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace in accordance with the contents and spirit of the Gender Equality in Employment Act. In additional open and comprehensive complaint channels, in 2023, the Company organized the seminar "Prevention of Illegal Infringement and Sexual Harassment in the Workplace," with 51 participants and 153 hours of course content. The Company will also continue to organize relevant educational training courses periodically.

(IX) Assessment on the independence and competence of the Company's CPA:

Assessment on the independence of the Company's CPA:

Evaluation item	Assessment results	Compliance of independence
Does the CPA have direct or material indirect financial interests in the Company?	No	Yes
Has the CPA engaged in any loans or guarantees with the Company or the Company's directors?	No	Yes
Does the accountant have a close business relationship or potential employment relationship with the Company?	No	Yes
Did the CPA and his/her audit team members serve as director, managerial officer, or position with significant influence on audit work at the Company currently or in the last two years?	No	Yes
Is the CPA providing non-audit services to the Company that may directly affect audit work?	No	Yes

Is the CPA holding the stock or other securities issued by the Company?	No	Yes
Is the CPA serving as the Company's defense attorney or represent the Company in handling a conflict with a third party?	No	Yes
Is the CPA relative of the Company's directors, managers, or person holding a position with significant influence on audit work?	No	Yes

Assessment on the competence of the Company's CPA:
Communication meetings between CPAs and the governance unit (attended by Independent Directors and CPAs) provide audit quality indicators (AQIs), which include the 5 dimensions of "professionalism, quality control, independence, supervisory and innovative abilities" and 13 indicator items. By referring to the AQI information, the Company can verify that the CPA and the firm exhibit a higher-than-average level in terms of training hours and turnover rate. The Company also continues introducing cloud audit platforms and tools, applying digital technology, and expanding the audit support center and project management to improve audit quality and overall review efficiency.

IX. Improvements made in the most recent fiscal year in response to the results of corporate governance evaluation conducted by the Corporate Governance Center of the Taiwan Stock Exchange Corporation, and improvement measures and plans for items yet to be improved:

The improvements proposed based on the 9th Corporate Governance Evaluation (2022) were as follows:

1. In 2022, the Company did not meet the requirements of disclosing relevant information as stated in the TCFD framework. In 2023, the Company has made improvements.
2. In 2022, the Company did not call the general shareholders' meeting before the end of May. In 2023, the Company called the general shareholders' meeting on May 31.
3. In 2022, the Company did not disclose the supervision status on sustainable development by the Board of Directors on the website and in the annual report. In 2023, improvements were made.

Note: Regardless of whether "Yes" or "No" was selected, explanation must be provided in the Summary column.

China Steel Structure Co., Ltd. Code of Ethical Conduct for Directors

Established on July 4, 2017
1st amendment on November 2, 2022

Chapter I. General Provisions

Article 1 The Code of Ethical Conduct for Directors is established to promote honest and ethical conduct of directors and improve corporate governance.

Chapter II. Code of Ethical Conduct

Article 2 Directors shall abide by the following basic principles when performing their duties:

I. Protect shareholder equity;
II. Reinforce the role of the Board of Directors;
III. Respect the interests of stakeholders;
IV. Improve information transparency.

Article 3 When Directors execute their duties, they shall aim to pursue overall interests of the Company and they may not damage the Company's interest for the interests of specific individuals or groups. They shall also treat all shareholders fairly in the performance of their duties.

Article 4 Directors shall exercise due care as a good administrator when performing their duties. They must pay attention to integrity, the principles of fairness, and high levels of discipline and abide by regulations, the Company's Articles of Incorporation, and resolutions of the shareholders' meeting.

Article 5 Directors shall faithfully carry out their duties for the interest of all shareholders. When there is a conflict between personal interests and the interests of the Company, Directors shall place the interests of the Company first and avoid using their positions in the Company to obtain illicit benefits for the following individuals or companies:

I. The Directors him/herself, spouse, or relatives within the second degree of kinship;
II. Companies in which the individuals in the subparagraph above directly or indirectly enjoy significant financial benefits;

III. Companies in which they serve as the chairman, executive director, or senior managerial officers.

The Company shall pay particular attention in loans, major asset transactions, purchase (sales) transactions, or provision of guarantee with the aforementioned individuals or companies.

Article 6 Information on procurement, supplies, cooperation, strategic alliances, mergers and acquisitions, or other business opportunities or opportunities for generating profits related to the Company's business obtained by Directors in the performance of their duties shall be provided to the Company first to protect company interests. They may not be used for personal gain for Directors or third parties.

Article 7 Where a Director conducts actions that compete against the Company, he/she shall report to the shareholders' meeting first in accordance with Article 209, Paragraph 1 of the Company Act.

Article 8 Directors shall be bound by the obligation for maintaining confidentiality of the Company's confidential information except when authorized or required by law to disclose such information. They may not use such confidential information for personal gain for themselves or third parties.

Article 9 Directors shall safeguard shareholder equity and respect the rights of partner banks, creditors, employees, consumers, suppliers, affiliate companies, communities, and other stakeholders.

Article 10 Directors shall abide by related insider trading prevention regulations and other regulations for processing securities transactions and trade secrets. If they obtain material undisclosed information, they may not conduct related securities transactions.

Article 11 Where agendas in board meetings involve the Director or where conflicts of interest specified in Article 5 and Article 6 may be detrimental to the Company's interests, the Director shall recuse himself/herself and may not vote or cast votes on behalf of other Directors.

Chapter III. Supplementary provisions

Article 12 Natural persons appointed by corporate shareholders to exercise their right shall adhere to the Code.

The provisions herein shall apply mutatis mutandis to corporate shareholders represented by Directors appointed by corporate shareholders.

Article 13 If a Director wishes to be exempted from the application of Article 5, he/she shall fully disclose the conflict of interest between the individuals or companies listed in Article 5 and the legal activity as well as the reason that such transaction shall not harm the interests of the Company and meet regular business practices. The exemption shall require approval of a resolution of the Board of Directors. However, legal actions between Directors and the Company specified in Article 223 of the Company Act shall be processed by the convener of the Audit Committee on behalf of the Company.

If a Director wishes to be exempted from the application of Article 6, he/she shall fully explain to the Board of Directors the specific contents of the opportunity to the Company as well as the reason that such transaction shall not harm the interests of the Company. The exemption shall require approval of a resolution of the Board of Directors.

After the Board of Directors passes the exemption specified in the two preceding articles in a resolution, the Company shall immediately disclose the date on which the Board of Directors adopted the resolution for exemption and the period of, reasons for, independent directors' objections or reservations and principles behind the application of the exemption on the Market Observation Post System.

Article 14 The Code shall be disclosed in the Company's website, annual report, prospectus, and Market Observation Post System. The same shall apply to all amendments.

Article 15 This Procedure and its amendments shall be enforced after approval by the Board of Directors and presented to the shareholders' meeting.

China Steel Structure Co., Ltd. Code of Ethical Conduct for First Echelon or Above Executives

Established on March 27, 2009
3rd amendment on November 2, 2022

Chapter I. General Provisions

Article 1 The Code is established to guide personnel of the Company first echelon or above executive to meet ethical standards in their conduct and prevent illegal and unlawful activities. The Code also aims to ensure that stakeholders of the Company gain a deeper understanding of the Company's ethical standards.

Article 2 First echelon or above executives specified in the Code include the President, Vice Presidents of the Departments, Special Assistant to the President, Assistant Vice Presidents, first echelon executives of each unit, paid consultants, senior professional engineers, and senior professional management specialists.

Chapter II. Code of Ethical Conduct

Article 3 Honest and ethical conduct:
First echelon or above executives shall perform their duties with honesty and compliance with professional standards including processing de facto or obvious conflicts of interest between their personal interests and their duties in a fair manner.

Article 4 Prevention of conflicts of interest:
First echelon or above executives shall process business affairs in an objective and efficient manner and they shall avoid using their positions in the Company to obtain illicit benefits for the following individuals or companies:

I. The Directors him/herself, spouse, or relatives within the second degree of kinship;
II. Companies in which the individuals in the subparagraph above directly or indirectly enjoy significant financial benefits;
III. Companies in which they serve as the chairman, executive director, or senior managerial officers.

The Company shall pay particular attention in loans, major asset transactions, purchase (sales) transactions, or provision of guarantee with the aforementioned individuals or companies.

Article 4-1 Clause against the hiring of relatives of senior managers:

The spouses and relatives within the second degree of kinship of the Special Assistant to the President and personnel ranked Assistant Vice President of the Departments or above shall not be hired by the Company or investee companies where the Company directly or indirect hold shares and whose Chairman or President is nominated by the Company (hereinafter referred to as the Company's investee companies). However, exception shall be granted if personnel were hired prior to the amendment of the Code on March 21, 2011.

The restriction in the preceding paragraph also applies to those who serve as the Chairman or President of the Company's investee companies.

Article 5 Avoid opportunities for personal gain:

When the Company has an opportunity for profit, it is the responsibility of first echelon or above executives to preserve and increase the legitimate benefits that can be obtained by the Company. The following actions shall be avoided:

I. Seeking opportunities to pursue personal gain for themselves or others by using company property or information or taking advantage of their positions;
II. Obtaining personal gain for themselves or others by using company property or information or taking advantage of their positions;
III. Competing with the Company.

Article 6 Confidentiality of trade secrets:

First echelon or above executives shall be bound by the obligation to maintain confidentiality of any information regarding the Company itself or its suppliers and customers, except when authorized or required by law to disclose such information. Confidential information includes any undisclosed information that, if exploited by a competitor or disclosed, could result in damage to the Company and customers.

Article 7 Fair trade:

The Company engages in competition on the market through superior business operations and high-quality products and services. It shall not use illegal or unethical actions to achieve results. First echelon or above executives shall deal fairly with the Company's suppliers, customers, competitors and employees. They shall not obtain illicit benefits through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair dealing practices.

Article 8 Protection and proper use of company assets:

Company assets shall be protected and they may only be used for legitimate business objectives of the Company. First echelon or above executives shall be responsible for protecting company assets and ensuring their effective and legal use in business activities. They shall avoid affecting the profitability of the Company due to theft, negligence, or waste.

Article 9 Legal compliance:

First echelon or above executives shall abide by and promote employees on the Securities and Exchange Act and other laws and regulations that govern company activities. They may not deliberately violate any law or intentionally mislead, manipulate, or obtain benefits from suppliers or customers through improper means, or make false statements regarding company products or services.

Article 10 Compliance with related insider trading prevention regulations:

First echelon or above executives shall abide by related insider trading prevention regulations and other regulations for processing securities transactions and trade secrets. If they obtain material undisclosed information, they may not conduct related securities transactions. Insider trading is illegal and unethical and the Company shall resolutely intervene in such transactions.

Article 11 Encouraging reporting of illegal or unethical activities:

The Company shall raise ethical awareness and encourage employees to report to the Chief Auditor or other appropriate individual upon suspicion or discovery of any activity in violation of laws, regulations, or the Code of Ethical Conduct. The Company shall establish a concrete whistleblowing system to allow anonymous whistleblowing and notify the employees that the Company shall endeavor to protect the identity and safety of the whistleblower against retaliation and any form of reprisal or threats.

Chapter III. Supplementary provisions

Article 12 Procedures for exemption:

If an employee first echelon or above executives wishes to be exempted from the application of Article 4, he/she shall fully disclose the conflict of interest between the individuals or companies listed in Article 4 and the legal activity as well as the reason that such transaction shall not harm the interests of the Company and meet regular business practices. The exemption shall require approval of a resolution of the Board of Directors.

If an employee first echelon or above executives wishes to be exempted from the application of Article 5, he/she shall fully explain to the Board of Directors the specific contents of the opportunity, information, or competition with the Company as well as the reason that such transaction shall not harm the interests of the Company. The exemption shall require approval of a resolution of the Board of Directors.

After the Board of Directors passes the exemption specified in the two preceding articles in a resolution, the Company shall immediately disclose the date on which the Board of Directors adopted the resolution for exemption and the period of, reasons for, independent directors' objections or reservations and principles behind the application of the exemption on the Market Observation Post System.

Article 13 Disciplinary measures:

Where an employee first echelon or above executives violates the Code, gross violations shall be reported to the Board of Directors and violators shall be disciplined in accordance with the Company's human resource management system.

Where the disciplined employee believes that the Company failed to process the matter correctly and causes damage to his/her legal rights, the employee may file a complaint in accordance with the regulations of the administration system for remedial measures.

Article 14 The code of ethical conduct applicable to first echelon or above executives shall be based on the provisions herein as well as other relevant regulations of the Company.

Article 15 The Code shall be disclosed in the Company's website, annual report, prospectus, and Market Observation Post System. The same shall apply to all amendments.

Article 16 This Procedure and its amendments shall be enforced after approval by the Board of Directors and presented to the shareholders' meeting.

(IV) If the company has set up a remuneration committee, its composition, responsibilities, and operations should be disclosed:

The Company established the "Remuneration Committee Charter" in the 4th meeting of the 12-term Board of Directors held on December 7, 2011 in accordance with Article 14-6, Paragraph 1 of the Securities and Exchange Act, and "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Taiwan Stock Exchange or the Taipei Exchange."

The main duties of the Remuneration Committee are to establish policies for the performance evaluation of the Chairman and managerial officers, review the performance of such personnel, and regularly review the salary, compensation, and the remuneration structure and system of Directors and managerial officers.

(1) Remuneration Committee member profiles December 31, 2023

Position	Criteria / Name	Professional qualifications and experiences	Independence status	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent Director (Convener)	Lee Hsiu-Ling	PhD in Business Administration, University of Minnesota (United States). Served as Assistant Professor, Department of Accounting, I-Shou University and Senior Accounting Advisor, United Nexus Law Office. Has more than 20 years of professional experiences in accounting, and is a certified public accountant in the Republic of China and Maryland, United States.	1. Oneself, one's spouse, underage children or relatives of second degree or closer not acting as directors, supervisors, or employees of the Company or its affiliates. 2. Not a natural-person shareholder whose shareholding, together with those of his/her spouse, underage children, and shares held under others' names, exceed 1% of the total number of outstanding shares of the Company, or ranks the person in the	0
Independent Director	Lee Hwa-Teng	PhD in Engineering, RWTH Aachen University (Germany). Served as Professor, Department of Mechanical Engineering,		0

<table>
<tr><th>Position</th><th>Criteria
Name</th><th>Professional qualifications and experiences</th><th>Independence status</th><th>Number of other public companies in which the member also serves as a member of their remuneration committee</th></tr>
<tr><td></td><td></td><td>National Cheng Kung University and Technology Advisor, Ying Ming Industry Co., Ltd. Has more than 40 years of professional experiences in mechanics.</td><td rowspan="2">top ten shareholders of the Company.
3. Not acting as directors, supervisors, or employees of companies that have specific relationships with the Company.
4. Not having received remuneration for providing the Company or its affiliates with commercial, legal, financial, accounting and other services in the past 2 years.</td><td></td></tr>
<tr><td>Independent Director</td><td>Lo Wei</td><td>PhD in Construction Management, Northwestern University (United States). Served as Professor, Department of Construction Engineering, National Kaohsiung First University of Science and Technology, and section chief of BES Engineering Inc. Has more than 40 years of professional experiences in construction.</td><td>0</td></tr>
</table>

(2) Operations of the Remuneration Committee

I. The Company's Remuneration Committee shall consist of 3 members and meetings shall be convened at least twice each year. Committee members must exercise the care of a prudent manager to fulfill the following duties, and propose recommendations for discussion by the Board of Directors.

(I) Establish performance appraisal policies for the Chairman, the President, and Vice Presidents, and review them on a regular basis.

(II) Establish and review regularly any policies, systems, standards and structures relevant to the remuneration of directors, supervisors, President, and Vice Presidents (including travel allowances for Directors).

(III) Determine and regularly review the level of remuneration to directors, supervisors, President, and Vice Presidents (including travel allowances for Directors).

II. Term of the Remuneration Committee of the 16th-term Board of Directors: From May 31, 2023 to May 30, 2026. The Remuneration Committee of the 15th-term and 16th-term Board of Directors met 4 times (A) in the 2023. The members' qualifications and attendance were as follows:

Title	Name	Attendance in person (B)	Attendance by proxy	Actual attendance rate (%) (B/A) (Note)	Remarks
Convener	Lee Hsiu-Ling	4	0	100	None
Committee Member	Lee Hwa-Teng	4	0	100	
Committee Member	Lo Wei	4	0	100	

Other matters that should be recorded:

I. If the board meeting does not adopt or revise the remuneration committee's proposals, the board meeting's date, period, motion contents, and resolution decisions as well as the method in which the company handles the remuneration committee's opinions shall be disclosed in detail (e.g., if the salary rate adopted by the board committee is superior to that proposed by the Remuneration Committee, the differences and reasons shall be explained): None.

II. If there are objections or reservations by the members that have been recorded in writing during the Remuneration Committee resolution, the Remuneration Committee meeting's date, period, motion content, the opinions of all members, and treatment of the member's opinions must be disclosed in detail: None.

III. The contents of proposals, resolutions, and the Company's actions in response to opinions of the Remuneration Committee in the most recent year:

Remuneration Committee	Resolution and Follow-up Actions	Resolution	The Company's response to the opinions of the Remuneration Committee
10th meeting of the Remuneration Committee of the 15th-term Board of Directors 2023.02.22	1.Approval of the remuneration of the Company's Directors and managerial officers and formulation of the proposal submitted to the 17th meeting of the 15th Board of Directors on February 22, 2023 for approval.	Passed by all members of the Committee in attendance	Submitted to the Board of Directors and passed by all Directors in attendance.
11th meeting of the Remuneration Committee of the	1.Proposal regarding the recommendation of remuneration for the Company's newly-appointed	Passed by all members of	Submitted to the Board of Directors and passed by all

15th-term Board of Directors 2023.05.03	President Mr. Huang, Yuan-Chang was submitted to the Board of Directors for approval.	the Committee in attendance	Directors in attendance.
1st meeting of the Remuneration Committee of the 16th-term Board of Directors 2023.08.02	1. The results of the business performance of the Company's appointed President in 2022. 2. The results of the business performance evaluation of the Company's appointed President in 2023.	Passed by all members of the Committee in attendance	Submitted to the Board of Directors and passed by all Directors in attendance.
2nd meeting of the Remuneration Committee of the 16th-term Board of Directors 2023.12.26	1. The recommendation for the proposed 2023 salary adjustment for the Company's Former Chairman, President, and Vice Presidents is formulated and submitted to the board meeting for approval.	Passed by all members of the Committee in attendance	Submitted to the Board of Directors and passed by all Directors in attendance.

Note:

(1) If a member of the Remuneration Committee has resigned before the end of the year, the resignation date must be specified in the remarks section. The actual attendance rate (%) shall be calculated by dividing the number of the Remuneration Committee meetings held during the period by the number of the meetings that the member has actually attended.

(2) If a member of the Remuneration Committee has been reelected before the end of the year, the names of the new and old members of the Remuneration Committee must be filled in and the resignation, new appointment, second term appointment, or reelection dates shall be specified in the remarks section. The actual attendance rate (%) shall be calculated using the number of meetings of the Remuneration Committee and the actual attendance during the term of service.

(V) Implementation Status of the Promotion of Sustainable Development:

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
I. Has the company established a governance structure and a dedicated (concurrent) unit for the promotion of sustainable development, and has the Board of Directors authorize high-level management to handle the matter? If so, describe the supervision by the Board.	✓		1. China Steel Structure established the Sustainable Development Management Committee, responsible for planning the action plans for the sustainable development of China Steel Structure. The Chairman of the Board serves as the Chairman of the Committee and the President serves as the Vice Chairman. The Committee also includes one Executive Officer which is filled by the Vice President of the Management Division and two Deputy Executive Officers which are filled by the Vice Presidents of the Production Division and Sales Division. The members of the Committee consist of level 1 supervisors of the Company's units. Under the Implementation Center, the Environmental Performance Division, Economic Performance Division, Social Performance Division and Risk Management Division are established. It convenes at least one meeting each year to review the sustainability policy, developmental strategies, goals and plans setting and the implementation status. Implementation is based on the resolutions of the meetings. In	No deviation.

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			addition, the Committee reports to the Board of Directors for information and supervision. The Company reported the implementation status of corporate sustainable development in the current year to the Board of Directors on December 26, 2023. 2. 2023 implementation results: (1) Enhanced rigor in internal control system and regulations; (2) obtained capital for business development and secured a stable financial structure; (3) promoted reduction of costs and increase in profit, successfully meeting the annual goal of profit; (4) subsidized activities in local universities, high schools and elementary schools, with 2,273 participants in a total of 8 activities in 2023; (5) sponsored community activities and care for the elderly, with 2,068 participants in a total of 29 activities up until 2023; (6) energy conservation in the Kaohsiung Plant and Guantian Factory reached the annual goal of ≧1%; (7) completed third-party verification of the GSG inventory in 2022; (8) drafted the short-term, mid-term and long-term carbon neutrality goals for 2050, and	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			(9) water recycled for reuse in 2023 reached 6,117 tons. 3. The Board of Directors heard the Company's implementation status on sustainable development, reviewed implementation results, and presented supervisory opinions when necessary. The Company then made adjustments accordingly.	
II. Has the company assessed the environmental, social, and corporate governance risks related to its operations based on the principle of materiality and established related risk management policies or strategies? (Note 2)	✓		The Company uses questionnaires to survey and analyze stakeholders' views of economic, environmental, and social issues to identify the materiality of related sustainability issues. The Company then determines the gravity of the issues based on their impact on the Company's operation, categorizes the issues in detail based their respective aspects, and establishes related management strategies. The boundaries of evaluation are based primarily on the Company. Key extracts are summarized below: 1. Material environmental issues: The Company identifies climate change risks, and evaluates relevant response measures to the change. It sets reduction goals, plans the usage percentage of renewable energy, decides short-term, mid-term and long-term carbon neutrality goals via carbon	No deviation.

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			inventory, and formulates rolling plans on green energy demand. The Company also continues R&D on low-carbon technology in response to transition risks such as low-carbon technology R&D costs and increases costs associated with carbon fees, in order to expand potential sales markets. 2. Material social issues: In the social aspect, the Company signs collective bargaining agreements with unions to protect employee interests and welfare systems. This year, to pass down the torch, the Company enhanced potential talent training and held 5 sessions of courses. In addition, the Company participated in 29 activities on helping the disadvantaged locals and 8 activities in local high schools and elementary schools, in hopes of giving back to the society. 3. Corporate governance issues: To avoid compliance risks arising from delayed response to external regulation changes, the Company established an identification and management systems to track changes in domestic regulations, in order to implement, compile and respond to regulation changes.	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
III. Environmental issues (I) Has the company established an appropriate environmental management system based on the characteristics of the industry to which it belongs?	✓		(I) CSSC passed the renewal certification for ISO 14001 management systems in 2022, and completed the periodical follow-up on December 21 to 22, 2023. The Company uses the systems to continue to improve and reduce the energy and resources consumed in the production process, and reduce greenhouse gas emissions.	(I) No deviation.
(II) Is the company committed to improving the efficiency of the various resources and using recycled materials which have a low impact on the environment?	✓		(II) CSSC established the ISO 50001 Energy Management System and passed the revision certification in 2019. The Company aims to reduce the energy and resources consumed in the production process and increase energy efficiency through system operations. CSSC established an Environmental Management System and integrated existing energy and safety and health management systems to increase management efficiency. Steel plates, the main materials used in CSSC's production, can be recycled for the production of new products. The maximum usage rate of steel plates can also be achieved with precise	(II) No deviation.

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			calculations to reduce scrap. In addition, the pollutants emitted in the steel structure construction process are also lower than the traditional methods with reinforced concrete which can reduce the impact on the environment. The Company has established an energy conservation goal. In 2015~2023, the average annual energy conservation rate reached 1.21%, exceeding the goal of "average annual energy conservation of 1% or above by energy users in 2015~2024" set by the Bureau of Energy of the Ministry of Economic Affairs. The Company invested NT$2.94 million in 2023 to purchase 2 units of inverter submerged arc welders to conserve energy and reduce carbon. Test results showed that using the new inverter welder, approximately 624,000 Watt of energy can be saved per hour. Electricity consumption is reduced by 13.68 kWh per hour. Overall speaking, compared to the traditional submerged arc welder process, the inverter	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			welder process can reduce about 23% of electricity consumption, beneficial for energy conservation and carbon reduction.	
(III) Does the Company assess the potential risks and opportunities of climate change for its current and future operations and undertake response measures with respect to climate change?	✓		(III) CSSC has formulated response strategies in response to the climate change risks and opportunities for the Company's operations: 1. Develop new shock-absorbing devices and establish the Company's own brand and performance verification procedures to lower costs and increase competitiveness. 2. Allocate budgets each year and prioritize the replacement of old machinery. Purchase new machines with variable frequency functions to increase energy efficiency and attain the goal of reducing electricity consumption by 1% each year. 3. Regularly review gas pipelines and prevent leaks of high-pressure gases. Reduce the duration of full-load operations of air compressors and increase the duration of no-load operations to reduce electricity consumption.	(III) No deviation.

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			4. Set up detention pools in the plant area and design the flood detention volume based on the scale of the flood that occurred in 2011 to prevent heavy rainfall from causing floods in the plant area. 5. Adopt the best available control technologies for stationary pollution sources and conduct regular equipment maintenance to maintain the optimal efficiency of the equipment and increase the pollution prevention efficiency of the equipment. 6. Jointly organize steel structure seminars with higher education institutions, industry associations, and trade unions to promote steel structure products. 7. Follow the policies of the Group to stabilize the market share in the domestic steel structure market. Expand development in areas with greater climate risks such as Southeast Asia and expand disaster prevention infrastructure projects in Southeast Asia. The Company discloses impact by climate risks and opportunities under different scenarios in the sustainability report, including actual risks	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			caused by extreme climates (such as water shortage, rising sea level causing damage to assets in low-lying areas), transition risks caused by regulation or policy changes (such as carbon taxes, increased costs from transition to low-carbon), and opportunities by providing low-carbon products and in green industries. The Company then drafts response plans to the results, including continued GHG reduction measures, and the commencement on researching and developing low-carbon processes.	
(IV) Does the Company calculate the amount of greenhouse gas emission, water consumption, and waste production in the past two years and implement policies to cut down energy and water consumptions, carbon and greenhouse gas emissions, and waste production?	✓		(IV) CSSC discloses its greenhouse gas emissions, water consumption, and total weight of waste in recent years in the Sustainability Report as well as sets short-term, mid-term and long-term goals for environmental protection and annual implementation plan. The Company completed the periodic follow-up of ISO 14001 management system in 2023 and makes rolling adjustment on relevant plans and management plans based on the review results each year. The Company also established carbon reduction	(IV) No deviation.

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			plans and management plans based on the verification results each year to make continuous improvements on potential pollution in CSSC and reduce the energy and resources consumed in the production process. (1)The Company conducts GHG inventory since 2021, and outsourced the operation to third-party verification institutions approved by the Environmental Protection Administration each year to obtain verification certificates. Among which, the inventory scope in Scope 1 and Scope 2 covers the Company's domestic plants, compliant with current laws and regulations. In addition, the Company actively conducts Scope 3 inventory, and selects the four items of “business travel,” “waste generated in operations,” “transportation and distribution” and “fuel and energy related activities” for review by impartial third-party verification institutions to obtain verification certificate. The Company will	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			continue refining inventory content. (2)The Company's GHG emission in 2022 and 2023 is described below: ●In 2022, Scope 1 and Scope 2 emissions amounted to 2,388.5185 tons and 6,824.6561 tons CO_2e, respectively. Total emissions amounted to 9,213.1746 tons CO_2e. Emission intensity was 0.476 tons CO_2e/million dollars. ●In 2023, Scope 1 and Scope 2 emissions amounted to 2,323.1772 tons and 6,475.3494 tons CO_2e, respectively. Total emissions amounted to 8,798.5266 tons CO_2e. Emission intensity was 0.467 tons CO_2e/million dollars. (3)The Company has made a promise to take actions in response to climate change, and adopts 2018 as the base year (Scope 1: 2,989 tons CO_2e; Scope 2: 8,187 tons CO_2e;). The Company sets short-term, mid-term and long-term goals for GHG reduction. By 2025 (short-term) and 2030 (mid-term) emissions shall be 3% and	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			15% less than the base year, respectively. By 2050 (long-term), the goal is to reach carbon neutrality. In 2023, the Company continues to promote carbon reduction action plans such as the switch to LED lighting for sand-blasting machines in the Kaohsiung Plant and Guantian Factory, and improvement on the air compressor energy efficiency in the Kaohsiung Plant (estimated to save electricity by 160,350 kWh). In 2023, GHG emission is reduced by 21.27% as compared to the base year 2018, which is superior to the short-term goal. This shows that the Company has obtained results in promoting carbon reduction. (4)The Company's water usage management policy is to recycle water to reduce usage. Tap water usage in the Kaohsiung Plant is consistent with the third-party verification of the Scope 3 of GHG emission in 2022 and 2023. The tap water usage in 2022 and 2023 passed	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			ISO 14064-1: V.2018 third-party verification on October 7, 2023 and March 30, 2024, respectively. The usage in 2022 and 2023 was 28,638 tons and 27,479.2 tons, respectively. In the Guantian Factory, tap water usage in 2022 and 2023 was 9,800.9 tons and 6,940.1 tons, respectively. The Company uses tap water mainly for everyday purposes by the employees and for cleaning. Through recycling and purifying, domestic wastewater and rain water can be used for pouring in the factories. In addition, the Company uses faucets with water-saving labels. (5)The Company's goal on waste management is to reduce and reuse. Factory waste is mainly general industrial waste. Reuse is prioritized for such waste. Lastly, the Company appoints qualified processing companies to handle the waste. Handled waste generated from the Kaohsiung Plant in 2022 and 2023 is consistent with the third-party	

<table>
<tr><th rowspan="2">Promotion Item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>verification of the Scope 3 of GHG emission in 2022 and 2023. The tap water usage in 2022 and 2023 passed ISO 14064-1: V.2018 third-party verification on October 7, 2023 and March 30, 2024, respectively. The handled waste generated in 2022 and 2023 was was 3,061.4 tons and 2,666.5 tons, respectively. In the Guantian Factory, handled waste in 2022 and 2023 was 1,449.5 tons and 1,087.7 tons, respectively.</td><td></td></tr>
<tr><td>IV. Social issues
(I) Has the company referred to relevant laws and international human rights instruments to stipulate relevant management policies and procedures?</td><td>✓</td><td></td><td>(I) CSSC strictly adheres to the principles enshrined in the Constitution and does not violate personal freedom, use force labor, impose discrimination, or use child labor. The Company also formulated the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace" and established a committee to investigate sexual harassment complaints to prevent sexual harassment in the performance of duties.</td><td>(I) No deviation.</td></tr>
<tr><td>(II) Has the company established and offered proper employee benefits (including compensation,</td><td>✓</td><td></td><td>(II) CSSC offers salaries for new recruits that are higher than the minimum wage specified by the Ministry of Labor (the</td><td>(II) No deviation.</td></tr>
</table>

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
leave, and other benefits) and reflected the business performance or results in employee remuneration appropriately?			ratio of the minimum salary and the minimum wage specified by the Ministry of Labor is 1.09:1); The Company offers leave policies in accordance with the Labor Standards Act. All leave policies meet requirements in the Labor Standards Act and the Company also provides bonuses for full attendance and extra hours. CSSC implements performance-based management and uses the results of evaluations as the basis for the distribution of bonuses and salary adjustments. The Company also implements a rotation system and establishes fair and open promotion systems to provide employees with paths for career development and self-fulfillment. The Company provides a guaranteed annual salary of at least 13 months (including the year-end bonus) and distributes bonuses from production and sales earnings, year-end bonuses, and employee remunerations each year based on the state of operations. To stabilize labor-management relations, CSSC	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			promotes labor-management harmony and protects labor interests, in March 2023, the collective bargaining agreement negotiation protocol was activated. A total of 3 negotiation meetings were held over six months, and the two parties signed a collective bargaining agreement on November 24, 2023. The agreement has a validity of 3 years from the signing date to November 23, 2026. Contents of the agreement that are superior to the legal requirements include employee stock ownership trust that encourages employees to become partners of the Company, the 8-day maternity examination leave that builds a parent-friendly workplace, as well as collective bargaining agreements that allow the management system to have a binding effect on both labor and management.	
(III) Has the company provided a safe and healthy working environment and provided employees with regular safety and health training?	✓		(III) CSSC uses large quantities of wave roofing sheets with lighting on its roofs to increase the brightness inside the plants and reduce electricity consumption for lighting. The Company also set up safe walkways to	(III) No deviation.

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			ensure safety of employees' movement in the plants. The plants are equipped with first-aid stretchers and first-aid kits. The office areas of the plants also contain medical service stations to provide first-aid assistance and bandaging. CSSC has obtained ISO 45001 certification, follows regulations in occupational safety laws and regularly organizes safety and health training programs. The Company appoints external professional institutions to provide certain special occupational safety training so that employees and partners obtain the necessary knowledge and skills for their work. The continuous training help increase the employees and partners' occupational safety awareness. In 2023, the Company reached the goal of zero material occupational accident and zero fire occurrences There was 1 disabling injury (more than 1-day leave) caused by traffic accident, with 1 injured person, accounting for 0.2% of all employees at the end of 2023. The disabling injury frequency was 1.07. The	

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			employee was properly taken care of. The Company will continue to refine and realize occupational safety, enhance employees' safety awareness, promote technological prevention, and establish appropriate work safety culture to reach the goal of zero occupational injury. The Company also organizes health examination for all ages and all genders, and health promotion activities and seminars each year to improve the physical and mental health of employees.	
(IV) Has the company set up effective career development and training programs for its employees?	✓		(IV) CSSC provides special training for managers who received promotions or changed their duties and new employees. Each unit proposes training requirements each year based on the needs of their business operations and the Human Resource Section takes charge of formulating the training.	(IV) No deviation.
(V) Does the Company comply with relevant regulations and international standards regarding customer health and safety, right to privacy, advertising and labeling of its products and services and set up	✓		(V) CSSC's products are not the final products and they are not dangerous items, hazardous substances, or chemicals defined in international and domestic laws. Therefore, there are currently no related regulations for providing	(V) No deviation.

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
relevant consumer protection policies and complaint procedures?			guidance. Most of CSSC's products are sold through tenders or price negotiations. Customers mostly appoint professional construction supervision companies to supervise construction. Therefore, CSSC does not use unfair, incomplete, or erroneous marketing or information to mislead customers to purchase products and services that do not meet their requirements. CSSC has always paid close attention to the confidentiality of customers' information and privacy rights. To implement mechanisms for protecting customer privacy rights, we are committed to the safety management of confidential information and we comply with customers' requirements for signing confidentiality agreements before bids are submitted to maintain the confidentiality of drawings, specifications, and other information provided by customers. All supervisors are responsible for ensuring and supervising employees under their management in compliance with confidentiality obligations to	

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	Yes	No	Summary	
			ensure that confidential information is fully protected. Employees are obligated to meet confidentiality obligations and CSSC has not received any complaint so far.	
(VI) Has the Company formulated supplier management policies that require suppliers to comply with relevant regulations on environmental protection, occupational safety and health, and labor rights and request their reporting on the implementation of such regulations?	✓		(VI) The major production material suppliers of CSSC are from Taiwan, and they are mostly concentrated in central and southern of Taiwan, including CSC (plate steel), Dragon Steel (hot rolled coil and narrow plate steel) and other steel, welding consumables, hardware etc.. According to the delivery items, the Company divide these suppliers into critical and non-critical suppliers. From now on, the Company has 9 critical suppliers. Except for critical suppliers, as long as the number of transactions with the Company exceeds 6 times in the past six months or the cumulative order amount exceeds NTD one million, these suppliers are considered non-critical suppliers. The Company has assessments on qualified suppliers every six months. The assessment items include quality, delivery on-schedule ratio, emergency	(VI) No deviation.

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	
			cooperation etc. If the suppliers' quality achievement ratio in the assessment is lower than 50 or the total score is lower than 80, the Company will stop purchasing from these suppliers for six months. The assessment score of critical suppliers were all above 92 and non-critical suppliers were all above 93 in the first half of 2023. The assessment score of critical suppliers were all above 95 and non-critical suppliers were all above 90 in the last half of 2023. Since the steel structure industry is a labor-intensive industry and the quantity of orders received increases year by year, the Company's employees have gradually transitioned into management positions. From now on, most production lines of Kaohsiung Factory and Guantian Factory have been entrusted to professional manufacturers, and they are all contractors in Taiwan. To integrate these contractors into the Company's safety culture, the Company established the "Supplier Safety and Health Management Regulations"	

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	Yes	No	Summary	
			which includes the requirements and standards of CSSC for safety and health and is used as one of the criteria for contract performance by contractors. Contractors are also required to abide by the work rules of CSSC for the fulfillment of various safety and health requirements. In the event of a material incident that affects the environment and society, CSSC may terminate the contract or suspend the contractor based on the severity of the incident. The Company's on-site execution units have assessment on qualified contractors every month. The assessment items include delivery time, quality, safety etc. The assessment results will be used as a reference for subsequent assigned work. If the contractors' assessment score is less than 70 in three consecutive months, the Company will suspend the rights for one year. If the contractors' assessment score is less than 60 in three consecutive months, the Company will suspend the rights for two years. The assessment results for all contractors are all above 70.	

<table>
<tr><th rowspan="2">Promotion Item</th><th colspan="3">Implementation status (Note 1)</th><th rowspan="2">Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>V. Has the company adopted internationally recognized standards or guidelines to prepare non-financial reports such as the Sustainability Report? Has the Company obtained a third-party assurance or verification for such reports?</td><td></td><td>✓</td><td>The Sustainability Report is produced in accordance with the Global Report Initiative's G4 Sustainability Reporting Framework and it is used as an important channel for communicating non-financial information. The Company also implements overall reviews and improves sustainability performance along with the establishment of comprehensive sustainable development section web pages based on the Report to increase the accessibility, transparency, promptness, integrity, and interactions of the information. The Company collects feedback from all sectors and uses them to continue to improve the contents and presentation of the Report.</td><td>The Company discloses and prepares the Sustainability Report in response to governmental policies but has not appointed a third-party accreditation institution for certification before publication.</td></tr>
<tr><td colspan="5">VI. If the company has formulated its own sustainable development principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies, please describe the deviations of the implementation from the principles:
The Company has established Sustainable Development Best Practice Principles in accordance with the "Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies" and disclosed on the Market Observation Post System and the company website. The actual operations meet requirements in the "Sustainable Development Best Practice Principles" and there are no material discrepancies.</td></tr>
<tr><td colspan="5">VII. Other material information helpful to understanding the promotion of sustainable development initiatives:
1. Environmental protection: CSSC passed the ISO 14001 Certification of Environmental Management System in 2016. CSSC passed the external audit for the renewal certification of the ISO 14001:2015 Environmental Management System in 2022 (effective date: 2022/12/14 to 2025/12/14). Periodic follow-up will be done by SGS each year. Renewal certification will be carried out every three years. In addition, GHG in the entire Company in 2022 and 2023 passed ISO 14064-1: V.2018 third-party verification on October 7, 2023</td></tr>
</table>

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	

and March 30, 2024, respectively. The Company aimed to use system operations to make continuous improvements for potential pollution in CSSC, reduce the energy and resources consumed in the production process, and reduce greenhouse gas emissions. CSSC Industrial Safety & Hygiene Department helps promote and plan the Company's environmental protection operations. Each plant also appoints dedicated environmental protection personnel in accordance with laws. In addition to the environmental management system currently in operations, CSSC follows the policies of the CSC Group and regularly implements self-reviews for compliance with amendments of regulations and new legislation to formulate response strategies.

2. Community engagement: CSSC maintains good interactions with local communities and actively participates in activities of local authorities. The Company provides subsidies for the operations of local associations and donates supplies to local authorities and groups for underprivileged groups. CSSC jointly organizes festivities for special holidays with local communities and visits local communities from time to time to maintain good interactions with local residents.
3. Contribution to society: CSSC established regulations for bonus points in written examinations taken by residents of Yanchao District of Kaohsiung City and Guantian District of Tainan City to encourage local residents to join CSSC. The Company assigns security personnel to help direct traffic at the Company's intersections to reduce the impact of company vehicles on local traffic conditions. CSSC works with specific schools and provides openings for internship programs. Interns can work in CSSC on work days and accumulate practical work experience and return to school for studies on holidays. The program helps interns smoothly transition to the workplace after graduation.
4. Services for the society: CSSC incorporates the culture of local communities. In addition to actively communicating and interacting with local residents and sponsoring or hosting various community building activities, the Company also works with the departments of architecture and civil engineering of multiple higher education institutions in Taiwan. CSSC organizes tours of plant with the aim of making contributions to education and the industry and building solid foundations for the future steel structure industry with CSSC's experience in the industry and completed projects.
5. Social welfare: In response to frequent earthquakes across the world in recent years, CSSC jointly organized steel structure design and technology seminars with domestic steel structure institutions and invited industry experts and scholars to attend the seminars. CSSC introduced the square steel pipes and H-beams commonly used in structures of Japanese architecture and explored their superior shock-absorbing performance and cost effectiveness with the aim of upgrading the domestic steel structure industry. The Company also provided design references to domestic steel structure designers to improve the shock resistance of buildings in Taiwan.

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	Yes	No	Summary	

6. Consumer rights: The CSSC Sales Division, Trade and Procurement Division, and Quality Assurance Department regularly conduct customer satisfaction surveys to respond to customer demands. The Company upholds the service ideals for placing customers and quality first to satisfy their requirements. CSSC set up an owner's section on the official website for owners to obtain product information online at all times. Online services include:
   (1)Owners can access the list of CSSC project members, telephone numbers, and e-mails as well as the product completion schedules online at any time.
   (2)Communication platform between owners and CSSC.
   (3)Obtain product manufacturing drawings and gain control over drawing progress and drawing information.
   (4)Monitor the product manufacturing progress.
7. Human rights: CSSC strictly abides by the local regulations of its global operations. The Company supports and follows the principles and values enshrined in international human rights conventions such as the "United Nations Universal Declaration of Human Rights", "United Nations Global Compact", and the "Declaration on Fundamental Principles and Rights at Work" of the International Labour Organization. The fulfill this pledge, CSSC regularly identifies employees' occupational safety and health risks and material environmental concerns and continues to improve the work conditions and employee welfare of all employees. Measures include:
   (1)Establishment rules and regulations to meet labor conditions specified in the government's labor-related laws and regulations.
   (2)Equal job opportunities for all job seekers in accordance with the Employment Service Act.
   (3)Complaint channels for employees when their legal rights are infringed or when they are subject to inappropriate punishment that could not be reasonably resolved.
   (4)Establishment of the "Measures of Prevention, Correction, Complaint and Punishment of Sexual Harassment at Workplace".
8. Safety and health: CSSC Industrial Safety & Hygiene Department is responsible for planning, supervising, implementing, and administering safety and health operations of the Company and it is the staff unit responsible for safety and health at CSSC. The Company appointed dedicated safety and health personnel for plants and construction sites to implement occupational safety and health management, inspections, improvements of deficiencies, training, and warnings of hazards. China Steel Structure Co., Ltd. passed the safety and health management system CNS 45001 Management System Verification in 2019 and the external audit for the revision/renewal certification of the ISO 45001:2018 Environmental Management System in 2022 (effective date: from from 2022/11/26 to 2025/11/26). SGS shall be responsible for subsequent annual audits and the certificate shall be renewed every three years. CSSC is also committed to creating a healthy workplace and

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	

promote the CSC Group's Green Living initiatives. The Company organizes smoke-quitting courses, weight-loss courses and health promotion seminars with local Health Bureaus from time to time and encourages employees and partners to participate in these activities.

9. Other social responsibility activities: CSSC has obtained non-radioactive contamination certificates for all materials produced by the Company. CSSC also implements non-destructive tests in the production process to ensure the safety and reliability of CSSC products. CSSC conducts regular audits of suppliers to ensure that their management, quality, safety and health, environmental protection, delivery schedule, and shipment volume meet CSSC requirements. The Company offers commendation for outstanding suppliers and encourages suppliers to continue to improve.

10. Specific plans for implementing corporate social responsibility and achievements:

(1)Plans to be implemented by CSSC in 2023:

Month	Items	Remarks/ Beneficiaries
January to December	1.The Company cares about disadvantaged groups in local communities and fulfills corporate social responsibility. We plan to sponsor local groups to jointly provide care to disadvantaged elderly in the society in approximately 29 activities and provide approximately NT$290,000 to sponsor activities. 2.We develop talents for the country and assist local elementary schools and junior high schools in organizing activities. We plan to sponsor 8 activities with approximately NT$100,000 in sponsorship. 3.The Company participates in and supports local communities (Yanchao District) in organizing festivities, temple events, local charity events, and public welfare events. We plan to sponsor approximately NT$36,000 for 1 event.	2800

(2)The actual participation and subsidies provided by China Steel Structure Co., Ltd. in 2023 were as follows:

①The Company participated in and supported local communities (Yanchao District) in organizing festivities, temple events, local charity events, public welfare events, and other activities organized by registered organizations in 29 activities and provided approximately NT$290,000 to sponsor activities.

②We developed talents for the country and assisted local elementary schools and junior high schools in organizing activities. We sponsored 8 activities with approximately NT$100,000 in sponsorship.

③The areas near CSSC Kaohsiung Plant (Yanchao District) and Guantian Plant (Guantian District) produce a wide variety of agricultural products. The Indian Jujube and guavas produced in Yanchao District are famous across Taiwan and China. They

Promotion Item	Implementation status (Note 1)			Deviations from Sustainable Development Best Practice Principles for TWSE/TPEx-Listed Companies and reasons
	Yes	No	Summary	

are even exported to countries like Canada. Guantian is famous for producing water caltrop and pomelos. The Company always considers purchasing local agricultural products as gifts for festivities to help promote and support local agriculture.

11. Dedication of resources in the domestic cultural development: In 2023, the Company sponsored NT$1 million to the Tainan Art Museum for the National Palace Museum artifact exhibition, NT$200,000 to the General Association of Chinese Culture (GACC) for the "We are 2023 Formosa Chinese New Year's Eve Concert," NT$300,000 to the Bureau of Cultural Affairs, Kaohsiung City Government and the KAOHSIUNG PHILHARMONIC CULTURAL & ARTS FOUNDATION for the "Visit Kaohsiung for a Break" event, and other smaller activities with a total expenditure of approximately NT$150,000. The total sponsorship was approximately NT$300,000.

Note 1: Regardless of whether "Yes" or "No" was selected, explanation must be provided in the Summary column.

Note 2: The materiality principle refers to related environmental, social, and corporate governance issues that may cause material impact on the Company's investors and other stakeholders.

1. Implementation status of climate-related information

Item	Implementation status
1.Describe the Board of Directors' oversight and governance of climate-related risks and opportunities.	● We organized sustainable development goals, implemented plans, and assisted all units in evaluating response strategies and impacts of climate risks and opportunities according to the TCFD framework. Each year, the results are delivered to the Risk Management Team to report to the Board of Directors. ● Sustainable development implementation results are reported to the Board of Directors each year. In addition, the Company has established the Risk Management Policy to enhance climate-related risk management. Risk management implementation status is reported to the Board of Directors.
2.Describe how the identified climate risks and opportunities affect corporate business, strategy and finance (short-term, mid-term, long-term).	1.In coordination with the carbon neutrality path, we designed the occurrence interval of risks and opportunities in 2023(short-term), 2030(medium-term), and 2050(long-term). 2.Through cross-department discussions and identification of climate-related risks and opportunities, and based on the professional experience of each unit, we evaluated the time interval, likelihood of occurrence and degree of impact of climate risks and opportunities, carried out risk identification and classification, then evaluated the potential impact on the Company's operations and finances.
3.Describe the impact of extreme climate events and transitional actions on finances.	We reviewed the impact by climate risks and opportunities under different scenarios, including actual risks caused by extreme climates (such as water shortage, rising sea level causing damage to assets in low-lying areas), transition risks caused by regulation or policy changes (such as carbon taxes, increased costs from transition to low-carbon), and opportunities by providing low-carbon products and in green industries. The Company then drafted response plans to the results, including continued GHG reduction measures, and the commencement on researching and developing low-carbon processes.
4.Describe how processes for identifying, assessing and managing climate risks are integrated into the organization's overall risk management system.	1.We used the TCFD framework to analyze policies, regulations, technologies, markets, corporate reputation, and immediate and long-term climate risks. Through participation and communication among department heads and employees, discussions were carried out on influences on the Company from risks and opportunities. We also carry out identification of climate-related risks and opportunities non-periodically to ensure that the identification results are up to date. 2.Response plans were drafted based on the results of identification of climate risks and opportunities. 3.The carbon neutrality agenda has been incorporated in the Company's risk management. Response strategies and guidelines on carbon reduction throughout the Company has been discussed at the Sustainable Development Committee meetings.

<table>
<tr><th>Item</th><th>Implementation status</th></tr>
<tr><td>5.If scenario analysis is used to analyze and evaluate resilience in the face of climate change risks, the scenario, parameters, hypotheses, analytical factors and main impacts on finance should be explained.</td><td>The Company’s resilience in the face of climate change risks as indicated by scenario analysis is explained below:
<table>
<tr><th colspan="2">Type of opportunity</th><th>Climate scenario</th><th>Response action</th></tr>
<tr><td>Transition risks</td><td>Respond to legal requirements and reduction goals set by clients, international initiatives and the Company. Continue increasing the usage percentage of renewable energy.</td><td>IEA APS</td><td>Set short-term, mid-term and long-term carbon reduction goals through organizational carbon inventory. Plan the green energy needed for 2023~2030.</td></tr>
<tr><td>Transition risks</td><td>In response to the low-carbon development trend, the Company actively researches and develops new low-carbon technologies and materials, causing costs to increase.</td><td>IEA APS</td><td>Collect relevant data and information on replacing the protective gas for welding, and move towards low-carbon materials.</td></tr>
<tr><td>Transition risks</td><td>In response to low-carbon development trend, improve the energy efficiency or resource efficiency standards for all assets, such as switching to high-efficiency equipment and low-carbon materials, which increases operating costs.</td><td>IEA APS</td><td>Improve energy usage efficiency and processes, and replace old equipment as well as optimize process parameters. Continue paying attention to process carbon-reduction technologies.</td></tr>
</table></td></tr>
<tr><td>6.If there is a transition plan in response to the management of climate-related risks, explain the plan and the indicators and goals for the identification and management of actual risks and transition risks.</td><td>The Company follows the four core frameworks of TCFD. Respective units are responsible for identifying risks and opportunities brought by climate change to allow more effective response to the vast number of issues generated from climate change. Relevant managerial action is disclosed below:
<table>
<tr><th>Framework</th><th>Managerial action</th></tr>
<tr><td>Governance</td><td>● The Sustainable Development Committee convenes at least once a year to report the annual implementation results and implementation plan for the following year. The Committee also regularly tracks implementation status and reports the implementation plan and results to the Board of Directors.
● CSSC convenes meetings for rolling adjustments regarding carbon neutrality issues. The Vice Presidents of each department calls upon relevant units to draft up relevant tasks of energy conservation and carbon reduction within the plants.</td></tr>
</table></td></tr>
</table>

Item		Implementation status
		● In cooperation with the CSC Group's energy and environmental meetings, the Company participates twice a year to explore the agenda of energy conservation and carbon reduction.
	Strategy	● In coordination with the carbon neutrality path, we designed the occurrence interval of risks and opportunities. Short-term is 2022~2025; mid-term is 2025~2030, and long-term is 2030~2050. ● Through cross-department discussions and identification of climate-related risks and opportunities, and based on the professional experience of each unit, we evaluated the time interval, likelihood of occurrence and degree of impact of climate risks and opportunities, carried out risk identification and classification, then evaluated the potential impact on the Company's operations and finances.
	Risk management	● We used the TCFD framework to analyze policies, regulations, technologies, markets, corporate reputation, and immediate and long-term climate risks. Through participation and communication among department heads and employees, discussions were carried out on influences on the Company from risks and opportunities. We also carry out identification of climate-related risks and opportunities non-periodically to ensure that the identification results are up to date. ● Response plans were drafted based on the results of identification of climate risks and opportunities. ● The carbon neutrality agenda has been incorporated in the Company's risk management. Response strategies and guidelines on carbon reduction throughout the Company has been discussed at the Sustainable Development Committee meetings.
	Metrics and Targets	● Since 2022, the Company has carried out GHG inventory according to ISO 14064, and outsources to third-party verification institutions for verification each year to obtain verification certificates. ● Look for possible opportunities for reduction based on the GHG inventory results. ● Formulate short-term, mid-term and long-term goals for GHG management and energy management.
7.If the internal carbon pricing is used as tool for planning, the basis for establishing the prices shall be explained.	Internal carbon pricing is still under discussion.	

Item	Implementation status
8.If climate-related goals are set, information such as the activities covered, the scope of GHG emissions, the planning period, and annual progress should be explained; If carbon offsets or renewable energy certificates (RECs) are used to achieve relevant goals, the source and quantity of the offset carbon reduction credits or the number of renewable energy certificates (RECs) should be explained.	The Company has made a promise to take actions in response to climate change, and adopts 2018 as the base year of carbon emission (Scope 1: 2,989 tons CO2e; Scope 2: 8,187 tons CO2e;) for the carbon neutrality path. The Company sets short-term, mid-term and long-term goals for GHG reduction. By 2025 (short-term) and 2030 (mid-term) emissions shall be 3% and 15% less than the base year, respectively. By 2050 (long-term), the goal is to reach carbon neutrality. In 2023, the Company continues to promote carbon reduction action plans such as the switch to LED lighting for sand-blasting machines in the Kaohsiung Plant and Guantian Factory, and improvement on the air compressor energy efficiency in the Kaohsiung Plant (estimated to save electricity by 160,350 kWh). In 2023, GHG emission is reduced by 22.3% as compared to the base year 2018, which is superior to the short-term goal. This shows that the Company has obtained results in promoting carbon reduction. The Company continues paying attention to global climate change trends, and first aims at low-carbon while moving gradually towards zero-carbon. The Company also applies energy transition on company operation. Currently, the Company has not used carbon offsets or RECs.
9.GHG inventory, assurance and reduction goals, strategies and concrete action plans (disclosed in 1-1 and 1-2).	Please refer to tables 1-1 and 1-2.

1-1 GHG inventory and assurance of the Company in the past two years

1-1-1 Annual greenhouse gas inventory

Describe GHG emission in the past two years (tons CO2e), intensity (tons CO2e/million dollars) and data coverage.
The Company's GHG emission in 2022 and 2023 is described below: ● In 2022, Scope 1 and Scope 2 emissions amounted to 2,388.5185 tons and 6,824.6561 tons CO2e, respectively. Total emissions amounted to 9,213.1746 tons CO2e. Emission intensity was 0.476 tons CO2e/million dollars. ● In 2023, Scope 1 and Scope 2 emissions amounted to 2,323.1772 tons and 6,475.3494 tons CO2e, respectively. Total emissions amounted to 8,798.5266 tons CO2e. Emission intensity was 0.467 tons CO2e/million dollars.

Note 1: Direct greenhouse (GHG) emissions (Scope 1, i. e., occur directly from sources that are controlled or owned by an organization), indirect emissions associated with energy (Scope 2, e.g., indirect GHG emissions associated with electricity, heat or steam input), and other indirect emissions (Scope 3, i.e., emission generated from company activities that are not associated with energy but instead from other sources owned or controlled by the company).

Note 2: Date coverage for direct emissions and energy-associated indirect emissions shall be implemented in accordance with the schedule stated in Article 10, Paragraph 2 of the Guidelines. Information on other indirect emissions shall be disclosed voluntarily.
Note 3: GHG inventory standards: Greenhouse Gas Protocol or ISO 14064-1 published by the International Organization for Standardization.
Note 4: GHG emission intensity may be calculated per unit product / service or sales volume. However, at least data calculated by sales volume (NT$ million) shall be described.

1-1-2 GHG assurance information

The assurance status in the past two years up until the printing date of the annual report is explained, including assurance range, assurance institution, assurance criteria and assurance opinion.
The Company conducts GHG inventory since 2021, and outsourced the operation to third-party verification institutions approved by the Environmental Protection Administration each year to obtain verification certificates. Among which, the inventory scope in Scope 1 and Scope 2 covers the Company's domestic plants, compliant with current laws and regulations. In addition, the Company actively conducts Scope 3 inventory, and selects the four items of “business travel,” “waste generated in operations,” “transportation and distribution” and “fuel and energy related activities” for review by impartial third-party verification institutions to obtain verification certificate. The Company will continue refining inventory content. In addition, the corporate-wide greenhouse gas emission in 2022 and 2023 passed the ISO 14064--1: V.2018 third-party verification standards on October 7, 2023 and March 30, 2024, respectively.

Note 1: Implemented in accordance with the schedule stated in Article 10, Paragraph 2 of the Guidelines.
Note 2: The verification institution shall meet the relevant regulations on the verification institution for sustainable reports as required by the Taiwan Stock Exchange Corporation and the Taipei Exchange (formerly GreTai Securities Market).

1-2 GHG reduction goals, strategies and concrete action plans

Describe the GHG reduction baseline year and the data, reduction goals, strategies, concrete action plans and achievement status of reduction goals.
The Company has made a promise to take actions in response to climate change, and adopts 2018 as the base year (Scope 1: 2,989 tons CO2e; Scope 2: 8,187 tons CO2e;). The Company sets short-term, mid-term and long-term goals for GHG reduction. By 2025 (short-term) and 2030 (mid-term) emissions shall be 3% and 15% less than the base year, respectively. By 2050 (long-term), the goal is to reach carbon neutrality. In 2023, the Company continues to promote carbon reduction action plans such as the switch to LED lighting for sand-blasting machines in the Kaohsiung Plant and Guantian Factory, and improvement on the air compressor energy efficiency in the Kaohsiung Plant (estimated to save electricity by 160,350 kWh). In 2023, GHG emission is reduced by 21.27% as compared to the base year 2018, which is superior to the short-term goal. This shows that the Company has obtained results in promoting carbon reduction. The Company plans to carry out carbon reduction strategies in 2024, such as replacing the lighting with LED lights in office and factory of Kaohsiung Factory and Guantian Factory, replacing traditional welding machines to variable-frequency welding machines in Kaohsiung Factory and replacing official vehicles with gasoline-electric vehicles.

Note 1: Implemented in accordance with the schedule stated in Article 10, Paragraph 2 of the Guidelines.

Note 2: The baseline year shall be the year when the consolidated financial report boundaries complete the inventory.

(VI) Ethical corporate management and measures adopted:

Ethical corporate management and measures adopted

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
I. Establishment of ethical management policies and solutions				
(I) Has the company established the ethical corporate management policies approved by the Board of Directors and specified in its rules and external documents the ethical corporate management policies and practices as well as the commitment of its Board of Directors and senior management to implementing the management policies?	✓		(I) The Company has established ethical corporate management policies such as the "Code of Ethical Conduct for Directors", "Code of Ethical Conduct for Personnel Ranked Level 1 Supervisors and Above", "Ethical Corporate Management Best Practice Principles", and "Ethical Corporate Management Operating Procedures and Code of Conduct". The establishment and amendment of these policies were approved in resolutions of the meetings of the Board of Directors and reported to the general shareholders' meeting. They are also disclosed on the Market Observation Post System and the Company's website. They specify the principles of honesty and integrity for Directors, managerial Officers, and	(I) No material deviation.

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			employees and prohibit them from engaging in unethical conduct. The Company publishes the Sustainability Report each year. The CSR Report also contains the commitment of the Board of Directors and the management to the active implementation of their management policies.	
(II) Has the company established a risk assessment mechanism against unethical conduct, analyze and assess operating activities with higher risk of unethical conducts on a regular basis, and establish prevention programs accordingly, which shall at least include the preventive measures specified in Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies"?	✓		(II) CSSC has established regulations including the "Ethical Corporate Management Best Practice Principles", "Ethical Corporate Management Operating Procedures and Code of Conduct", "Code of Ethical Conduct for Directors", "Code of Ethical Conduct for Personnel Ranked Level 1 Supervisors and Above", and "Guidelines for Employees' Recusal from Conflicts of Interest". The contents encompass the preventive measures for actions specified in the subparagraphs of Article 7, Paragraph 2 of the "Ethical Corporate Management Best Practice Principles for	(II) No material deviation.

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			TWSE/GTSM Listed Companies". The Company also established measures for preventing unethical conduct as well as strict penalties for unethical conduct in the "Employee Rewards and Penalties Regulations" so that employees fully understand the Company's ethical corporate management philosophy and rigorously comply with the requirements.	
(III) Has the company established policies to prevent unethical conduct with relevant procedures, guidelines of conduct, punishment for violation, rules of appeal clearly stated in the policies, implemented the policies, and review the policies on a regular basis?	✓		(III) CSSC established regulations to prevent unethical conduct such as the "Ethical Corporate Management Best Practice Principles" which specify operating procedures, code of conduct, penalties for violations, and the complaint system. CSSC also established effective accounting and internal control systems, and internal auditor regularly audit activities with higher risks of unethical conduct and regularly report to the Board of Directors. When internal auditor discover a system	(III) No material deviation.

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			that requires an amendment for ethical corporate management, they will request the organizing unit to implement the amendment. In addition, the Company also established regulations in the Employee Rewards and Penalties Regulations to dismiss employees who accepted bribes, accepted entertainment or gifts from others, or embezzles or fails to repay company funds.	
II. Implementation of ethical corporate management (I) Has the company evaluated the integrity records of parties it does business with and stipulated ethical conduct clauses in business contracts? (II) Has the company set up a dedicated unit under the Board of Directors to promote ethical	✓ ✓		(I) CSSC evaluates the ethical corporate management status of owners, suppliers, and partners which is used as an important criterion for selecting business partners. The Company establishes integrity clauses in contracts with business partners and imposes high amounts of punitive default penalties in the event of a violation of a contract clause. (II) The Administration Department of the CSSC is the dedicated unit to	(I) No material deviation. (II) No material deviation.

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
corporate management and regularly (at least once every year) report to the Board of Directors the implementation of the ethical corporate management policies and prevention programs against unethical conduct?			handle matters of ethical corporate management and report to the Board of Directors regularly (at least once a year). The unit audits and supervises the implementation and conducts follow-up through internal audit mechanisms and special projects to reduce the risks of violations of ethical corporate management requirements. There were no occurrences of violations of ethical corporate management at the Company in 2023. The 2023 ethical corporate management and implementation was reported to the Board meeting on December 26, 2023. For relevant implementation status, please see page 112 of the Annual Report.	
(III) Has the company established policies to prevent conflict of interests, provided appropriate channels for filing related complaints and implemented the policies accordingly?	✓		(III) CSSC has established the "Guidelines for Employees' Recusal from Conflicts of Interest" and "Rules of Procedure for the Board of Directors' Meetings" to require Directors and employees of the Company to recuse	(III) No material deviation.

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			themselves when discussing agenda items in board meetings and performing their duties if they or their relatives are interested parties so as to protect the Company's interests.	
(IV) Has the company established effective accounting systems and internal control systems to implement ethical corporate management and designated its internal audit unit, based on the results of assessment of the risk of involvement in unethical conduct, devise relevant audit plans and audit the compliance with the prevention programs accordingly or commissioned a CPA to conduct the audit?	✓		(IV) CSSC has established the Company's accounting system in accordance with the Securities and Exchange Act, Company Act, Business Entity Accounting Act, and International Financial Reporting Standards (IFRSs). The Company also established an internal control system in accordance with the "Regulations Governing Establishment of Internal Control Systems by Public Companies" to audit and report the results of internal control inspections to the Board of Directors.	(IV) No material deviation.
(V) Has the company held internal and external educational trainings on operational integrity regularly?	✓		(V) CSSC regularly organizes internal ethical corporate management training and makes arrangements for senior management personnel to take part in related training organized from time to time by the	(V) No material deviation.

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			parent company and external training institutions. In 2023, the Company provided education and training to new and current employees, on prevention of illegal infringement at the workplace from the angle of corporate ethical management, ethical corporate management guidelines, and promotion of ethical operation procedures. The training was attended by 82 people for a total of 166 person-hours.	
III. Operations of the Company's whistle-blowing system (I) Has the company established a specific whistleblowing and reward system, set up convenient whistleblowing channels and designated appropriate personnel to handle investigations against wrongdoers?	✓		(I) In accordance with the Company's Ethical Corporate Management Best Practice Principles, in order to establish clear internal whistleblowing mechanisms, the Company established the “Regulations for Whistleblowing of Violations of the Ethical Principles, Grievance and Rewards and Penalties,” set up a hot line and mail box for whistleblowing, and designated the audit unit as the unit in charge.	(I) No material deviation.

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
(II) Has the company established standard operating procedures for investigating reported issues, follow-up measures to be adopted after the investigation, as well as relevant confidential mechanisms?	✓		Employees can file reports through the whistleblowing hotline and the audit unit shall assign dedicated personnel to follow up on reports after reports are accepted. (II) The Company has established regulations for reporting unethical conduct, complaints, and rewards and penalties. The guidelines specified the channels, acceptance unit, matters to be reported, and follow-up measures to be adopted after the investigation and relevant confidentiality mechanisms. When the audit unit accepts a report, the whistleblower's name, contact method, matter reported and relevant concrete details in the whistleblowing or complaint form and submit it to the Chairman for approval. If the reported matter involves a Director or Manager, the audit unit shall report the matter to the Audit Committee. Documentation of case	(II) No material deviation.

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			acceptance, entire investigation processes, investigation results, and relevant document shall be recorded and archived while the confidentiality mechanism is activated. When material misconduct or likelihood of material impairment to the Company comes to awareness upon investigation of a reported case, a report shall be immediately made and notified to the Audit Committee. The audit unit shall protect the confidentiality of the identity of whistleblowers and the content of reported cases.	
(III) Has the Company set up protection for whistleblowers to prevent them from being subjected to inappropriate measures as a result of reporting such incidents?	✓		(III) When CSSC receives a report, the Company shall initiate confidentiality mechanisms throughout the investigation process and maintain the confidentiality of the whistleblower's identity to protect the rights and interests of the whistleblower and prevent inappropriate conduct against the whistleblower.	(III) No material deviation.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operating status (Note 1)</th><th rowspan="2">Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>IV. Strengthen information disclosure
(I) Did the company disclose the content and effectiveness of its integrity management principles on the company's website and the Market Observation Post System?</td><td>✓</td><td></td><td>(I) CSSC discloses company information on the Market Observation Post System and the Company's website in a prompt, open, and transparent manner. CSSC also established a sustainable development web page (http://csr.cssc.com.tw/cssc_csr/) to disclose the Company's requirements in the Ethical Corporate Management Best Practice Principles and results of implementation.</td><td>(I) No material deviation.</td></tr>
<tr><td colspan="5">V. If the Company has established Ethical Corporate Management Principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", describe any discrepancy between the principles and their implementation:
CSSC has established the "China Steel Structure Co., Ltd. Ethical Corporate Management Best Practice Principles" in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies". There are no major deviations between the operation and the established Principles.</td></tr>
<tr><td colspan="5">VI. Other key information useful for explaining the Company's implementation of ethical corporate management: (e.g., review and amendment of the company's Ethical Corporate Management Best Practice Principles)
(I) CSSC expressly specifies its ethical corporate management philosophy in the published documents such as the company introduction, Annual Report for the Shareholders' Meeting, and the Sustainability Report.
(II) CSSC established the Code of Ethical Conduct for Directors and Personnel Ranked Level 1 Supervisors and Above (refer to the "Code of Ethical Conduct for Directors", "Code of Ethical Conduct for Managers" under "Corporate Governance" on the CSSC official website http://www.cssc.com.tw/govemance/index.htm) to clarify the Company's codes of conduct for integrity and ethics and improve corporate governance.</td></tr>
</table>

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	

(III) CSSC also established the "Operating Standards for Processing Gifts, Banquets, and Requests" and "Employees' Guidelines for Business Banquets" to specify the ethical principles for receiving and giving gifts and banquet activities.

(IV) The Company's 2023 ethical corporate management and implementation:

Items	Implementation Remarks
Promotion and education	Supervisors use education and training as well as internal meetings to promote the Company's ethical management business philosophy and emphasize the importance of ethical conduct as well as zero tolerance for fraudulent activities. In 2023, the Company provided education and training to new and current employees by plan, on prevention of illegal infringement at the workplace from the angle of corporate ethical management, ethical corporate management guidelines, and promotion of ethical operation procedures. The training was attended by 82 people for a total of 166 person-hours.
Establishment of regulations	1. In order to establish a corporate culture of ethical management, the Company established the Ethical Corporate Management Best Practice Principles and Ethical Corporate Management Operating Procedures and Code of Conduct in accordance with the Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies. 2. In order to guide employees to display ethical conduct, comply with laws and regulations, and prevent violations and disorder, the Company strictly forbids future contracts, receiving bribes or malpractices on the job. In addition, the Company established the Guidelines for Employees' Recusal from Conflicts of Interest, Code of Ethical Conduct for Personnel Ranked Level 1 Supervisors and Above, and Code of Ethical Conduct for Directors. 3. The Company has established the "Operating Standards for Processing Gifts, Banquets, and Requests" to provide a basis for employees to process gifts, banquets, and requests. 4. The Company has established the Regulations for Whistleblowing of Violations of the Ethical Principles, Grievance and Rewards and Penalties to establish formal grievance channels to protect employee interests.
Recusal principle	The Company has established the Code of Ethical Conduct for Directors for strict compliance of recusal and anti-corruption. The Company has also specified in the Rules of Procedure for the Board of Directors' Meetings that when a proposal at a Board meeting involves matters of recusal specified in the Regulation, the respective director must recuse him/herself, and may not

Evaluation item	Operating status (Note 1)			Deviation from "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" and reasons for deviation
	Yes	No	Summary	
			participate in the discussion or voting, or vote on behalf of other directors. All directors and high management have signed the Statement of Compliance with the Ethical Corporate Management Policy," and uphold the management concepts of integrity and transparency to establish a sound company governance mechanism. In addition, the Company has established the Code of Ethical Conduct for Personnel Ranked Level 1 Supervisors and Above and Guidelines for Employees' Recusal from Conflicts of Interest to specify recusal guidelines for employees. Relevant reward and disciplinary measures are also established.	
Reporting of illegal and unethical behavior			In order to realize the CSSC Ethical Corporate Management Best Practice Principles, the Company has established internal and external whistleblowing and handling procedures, and assigned the audit unit as the acceptance unit. The Company has also established open, confidential and independent whistleblowing channels to realize corporate governance and uphold the core value of ethical management.	

Note 1: Regardless of whether "Yes" or "No" was selected, explanation must be provided in the Summary column.

Explanation of the amendment: The ethical corporate management and measures adopted by the Company were amended in accordance with the amendment of the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies".

China Steel Structure Co., Ltd. Ethical Corporate Management Best Practice Principles

Established on March 17, 2015
2nd amendment on November 2, 2022

Article 1 The Company established the Principles based on the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies" to establish a corporate culture and healthy development for ethical corporate management and provide a reference framework for good business operations.

The Guidelines are applicable to the Company and its subsidiaries, any foundation to which the Company's direct or indirect contribution of funds exceeds 50 percent of the total funds received, and other institutions or juridical persons which are substantially controlled by the business group (hereinafter referred to as "group").

Article 2 When engaging in commercial activities, Directors, managerial officers, employees, and mandataries of the Company or persons having substantial control over the Company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or breach of fiduciary duty (hereinafter referred to as "unethical conduct") for purposes of acquiring or maintaining benefits.

Parties referred to in the preceding paragraph include civil servants, political candidates, political parties or members of political parties, state-run or private-owned businesses or institutions, and their directors, managers, employees, or substantial controllers or other stakeholders.

Article 3 "Benefits" in these Principles means any items of value, including money, endowments, commissions, positions, services, preferential treatment or rebates of any type or in any name. Benefits received or given occasionally in accordance with accepted social customs and that do not adversely affect specific rights and obligations shall be excluded.

Article 4 The Company shall comply with the Company Act, Securities and Exchange Act, Business Entity Accounting Act, Political Donations Act, Anti-Corruption Act, Government Procurement Act, Act on Recusal of Public Servants Due to Conflicts of Interest, TWSE/TPEx listing rules, or other laws or regulations regarding commercial activities, as the underlying basic premise to facilitate ethical corporate management.

Article 5 After approval by the Board of Directors, the Company shall abide by the values of honesty, transparency and responsibility, base policies on the principle of good faith, and establish good corporate governance and risk control and management mechanism so as to create a business environment for sustainable development.

Article 6 The Company shall establish ethical management practices and the programs to forestall unethical conduct (hereinafter referred to as "prevention programs"), including operating procedures, guidelines, and training in accordance with the

business policies specified above.
When establishing the prevention programs, the Company shall comply with relevant laws and regulations of the territory where the Company and its group are operating.
In the course of developing the prevention programs, the Company is advised to negotiate with staff, labor unions, important trading partners, or other stakeholders.

Article 7 The Company shall establish mechanisms to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with a higher risk of unethical conduct within the scope of business. The Company shall implement programs to prevent unethical conduct and review the appropriateness and effectiveness of the prevention programs.
The Company should reference universal standards or guidelines when establishing the prevention programs which shall at least include preventive measures against the following:

I. Offering and acceptance of bribes.
II. Illegal political donations.
III. Improper charitable donations or sponsorship.
IV. Offering or acceptance of unreasonable presents or hospitality, or other improper benefits.
V. Misappropriation of trade secrets and infringement of trademarks, patents, copyrights, and other intellectual property rights.
VI. Engaging in unfair competitive practices.
VII. Damage directly or indirectly caused to the rights or interests, health, or safety of consumers or other stakeholders in the course of research and development, procurement, manufacture, provision, or sale of products and services.

Article 8 The Company shall require directors and senior managers to issue a statement of compliance with the ethical corporate management policy, and employees are required to comply with the ethical corporate management policy as part of the terms of employment.
The Company and its group shall clearly specify in their rules, external documents, and the Company's website ethical corporate management policies and the commitment by the board of directors and the management on rigorous and thorough implementation of such policies, and shall carry out the policies in internal management and in external commercial activities.
The Company shall document and properly retain information on the ethical corporate management policy, commitment, and implementation.

Article 9 The Company shall engage in commercial activities in a fair and transparent manner based on the principle of ethical management.
Prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are involved in unethical conduct, and shall avoid any dealings with persons so involved.
When entering into contracts with agents, suppliers, clients, or other trading counterparties, the Company shall include in such contracts terms requiring compliance with ethical corporate management policy and that in the event the

trading counterparties are involved in unethical conduct, the Company may at any time terminate or rescind the contracts.

Article 10 When conducting business, the Company and its Directors, managerial officers, employees, mandataries, and substantial controllers, may not directly or indirectly offer, promise to offer, request, or accept any improper benefits in whatever form to or from clients, agents, contractors, suppliers, public servants, or other stakeholders. unless the laws of the territories where the Company operates permit it to do so.

Article 11 When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, the Company and its directors, managers, employees, mandataries, and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.

Article 12 When making or offering donations and sponsorship, the Company and its directors, managerial officers, employees, mandataries, and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.

Article 13 The Company and its Directors, managerial officers, employees, mandataries, and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.

Article 14 The Company, Directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations, the company's internal operational procedures, and contractual provisions concerning intellectual property. They may not use, disclose, dispose, or damage intellectual property or otherwise infringe intellectual property rights without the prior consent of the intellectual property rights holder.

Article 15 The Company shall engage in business activities in accordance with applicable competition laws and regulations, and may not fix prices, make rigged bids, establish output restrictions or quotas, or share or divide markets by allocating customers, suppliers, territories, or lines of commerce.

Article 16 In the course of research and development, procurement, manufacture, provision, or sale of products and services, the Company and its Directors, managerial officers, employees, mandataries, and substantial controllers shall observe applicable laws and regulations and international standards to ensure the transparency of information about, and safety of, their products and services. They shall also adopt and publish a policy on the protection of the rights and interests of consumers or other stakeholders, and carry out the policy in their operations, with a view to preventing their products and services from directly or indirectly damaging the rights and interests, health, and safety of consumers or other stakeholders. Where there are sufficient facts to determine that the Company's products or services are likely to pose any hazard to the safety and health of consumers or other stakeholders, the Company shall, in principle, recall those products or suspend the services immediately.

Article 17 The Company's Directors, managerial officers, employees, mandataries, and substantial controllers shall exercise the due care of good administrators to urge the Company to prevent unethical conduct, always review the results of the preventive measures, and continually make adjustments so as to ensure thorough implementation of its ethical corporate management policies.

Internal units are responsible for enhancing ethical corporate management and they are responsible for supervision and implementation as well as reporting the implementation status of the following matters regularly to the Board of Directors:

I. Administration Department:

(I) Assisting in incorporating ethics and moral values into the Company's business strategy.

(II) Planning the internal organization, structure, and allocation of responsibilities and setting up check-and-balance mechanisms for mutual supervision of the business activities within the business scope which are possibly at a higher risk for unethical conduct.

(III) Regularly analyzing and evaluating risks of being involved in an unethical conduct within the business scope, formulating preventive proposals accordingly for ensuring ethical corporate management and defining relevant standard operating procedures and guidelines for each proposal.

(IV) Promoting and coordinating awareness and educational activities with respect to ethics policy.

II. Audit Department:

(I) Developing a whistle-blowing system and ensuring its operating effectiveness.

(II) Assisting the Board of Directors and management in auditing and assessing whether the prevention measures taken for the purpose of implementing ethical management are effectively operating, and preparing reports on the regular assessment of compliance with ethical management in operating procedures.

Article 18 The Company's Directors, managerial officers, employees, mandataries, and substantial controllers shall comply with laws and regulations and the prevention programs when conducting business.

Article 19 The Company shall adopt policies for preventing conflicts of interest to identify, monitor, and manage risks possibly resulting from unethical conduct, and shall also offer appropriate means for Directors, managerial officers, and other stakeholders attending or present at board meetings to voluntarily explain whether their interests would potentially conflict with those of the Company.

When a motion at a given Board of Directors meeting concerns the personal interest of, or the interest of the juristic person represented by, any of the Directors, managerial officers, and other stakeholders attending or present at board meetings of the Company, the concerned person shall state the important aspects of the relationship of interest at the given board meeting. If his or her participation is likely to prejudice the interest of the company, the concerned person may express opinions and answer questions but may not participate in discussion of or voting on the proposal and shall recuse himself or herself from the discussion or the voting, and may not exercise voting rights as proxy for another Director. The Directors shall exercise self-discipline and must not

support one another in improper dealings.
The Company's Directors, managerial officers, employees, mandataries, and substantial controllers shall not take advantage of their positions or influence in the companies to obtain improper benefits for themselves, their spouses, parents, children or any other person.

Article 20 The Company shall establish effective accounting systems and internal control systems for business activities possibly at a higher risk of being involved in an unethical conduct, not have under-the-table accounts or keep secret accounts, and conduct reviews regularly so as to ensure that the design and implement of the systems are showing results.
The Company's internal audit personnel shall formulate audit plans based on unethical conduct risk assessment results. Contents of the audit plans shall include the subject, scope, items, and frequency of audits, which will be used to inspect the compliance with prevention programs. The internal audit department may engage a certified public accountant to carry out the audit and may engage professionals to assist, if necessary.
Audit results in the preceding paragraph shall be reported to senior management and the dedicated ethical corporate management department, and an audit report shall be prepared for the Board of Directors.

Article 21 The Company shall establish operating procedures and guidelines in accordance with Article 6 hereof to guide Directors, managerial officers, employees, and substantial controllers on matters of note in business activities. The procedures and guidelines shall at least include the following matters:

I. Standards for determining whether improper benefits have been offered or accepted.
II. Regulations against the provision of political donations.
III. Procedures and the standard rates for offering charitable donations or sponsorship.
IV. Rules for avoiding work-related conflicts of interests and how they should be reported and handled.
V. Rules for keeping confidential trade secrets and sensitive business information obtained in the ordinary course of business.
VI. Regulations and procedures for dealing with suppliers, clients and business transaction counterparties suspected of unethical conduct.
VII. Handling procedures for violations of these Principles.
VIII. Disciplinary measures on offenders.

Article 22 The Chairman, President, or senior management of the Company shall communicate the importance of corporate ethics to its Directors, employees, and mandataries on a regular basis.
The Company shall periodically organize training and awareness programs for Directors, managerial officers, employees, mandataries, and substantial controllers and invite the Company's commercial transaction counterparties so they understand the Company's resolve to implement ethical corporate management, the related policies, prevention programs and the consequences of committing unethical conduct.
The Company shall apply the policies of ethical corporate management when

creating its employee performance appraisal system and human resource policies to establish a clear and effective reward and discipline system.

Article 23 The Company shall adopt a concrete whistleblowing system and scrupulously operate the system. The whistleblowing system shall include at least the following:

I. An independent mailbox or hotline, either internally established and publicly announced or provided by an independent external institution, to allow company insiders and outsiders to use.

II. Dedicated personnel or unit appointed to handle whistleblowing system. Any tip involving a Director or high-level managements shall be reported to the Independent Directors. Categories of reported misconduct shall be delineated and standard operating procedures for the investigation of each shall be adopted.

III. Formulation of subsequent measures will be taken based on the severity of the situation after investigation of a report is completed. The case may be reported to the competent authority or judiciary for investigation, if necessary.

IV. Documentation of case acceptance, investigation processes, investigation results, and relevant documents.

V. Confidentiality of the identity of whistleblowers and the content of reported cases, and permission of anonymous whistleblowing.

VI. Measures for protecting whistleblowers from inappropriate disciplinary actions due to their whistleblowing.

VII. Whistleblowing incentive measures.

When material misconduct or likelihood of material impairment to the Company comes to its awareness upon investigation, the dedicated personnel or unit handling the whistle-blowing system shall immediately prepare a report and notify the Independent Directors in written form.

Article 24 The Company shall adopt and publish a well-defined disciplinary and appeal system for handling violations of the ethical corporate management rules, and shall make immediate disclosure on the Company's internal website of the date and details of the violation, and the actions taken in response.

Article 25 The Company shall collect quantitative data about the promotion of ethical management and continuously analyze and assess the effectiveness of the promotion of ethical management policy. The Company shall also disclose the measures taken for implementing ethical corporate management, the status of implementation, the foregoing quantitative data, and the effectiveness of promotion on the company website, annual reports, and prospectuses, and shall disclose the Ethical Corporate Management Best Practice Principles on the Market Observation Post System.

Article 26 The Company shall at all times monitor the development of relevant local and international regulations concerning ethical corporate management and encourage directors, managers, and employees to make suggestions, based on which the adopted ethical corporate management policies and measures taken will be reviewed and improved with a view to achieving better effectiveness of ethical management.

Article 27	The Principles shall be implemented after the Board of Directors grants the approval, and shall be reported at a shareholders' meeting. The same procedure shall be followed when the Guidelines have been amended. When the Company submits the ethical corporate management best practice principles for discussion by the Board of Directors pursuant to the preceding paragraph, the Board of Directors shall take into full consideration each Independent Director's opinions and record objections and reservations in the minutes of the Board of Directors meeting. If an Independent Director is unable to express objections or qualified opinions personally at the board meeting, the opinion shall be raised in writing in advance unless there is justifiable reason not to do so. Such opinions shall also be recorded in board meeting minutes.

(VII)Corporate governance regulations and the methods for accessing the information:

1. Related corporate governance regulations and background information:
   (1) The Company has established ① Internal Control System Manual; ② Procedure for Acquisition and Disposal of Assets; ③ Procedures for Making Endorsements and Guarantees; ④ Rules of Procedure for the Board of Directors' Meetings; ⑤ Remuneration Committee Charter ⑥ Operating Procedures for Fund Lending; ⑦ Regulations Governing the Election of Directors in accordance with related regulations established by the FSC.
   (2) The Company, pursuant to related regulations and templates of Taiwan Stock Exchange Corporation, established the following procedures: ① Rules of Procedure for Shareholders' Meetings; ② Code of Ethical Conduct for Directors; ③ Code of Ethical Conduct for Personnel Ranked Level 1 Supervisors and Above; ④ Ethical Corporate Management Best Practice Principles; ⑤ Sustainable Development Best Practice Principles; ⑥ "Procedures Governing Applications of Trading Halt and Resumption of Trading" and "Procedures for Handling Material Inside Information"; ⑦ Audit Committee Charter; ⑧ Management Guidelines for Related Party Transactions; ⑨ Ethical Corporate Management Operating Procedures and Code of Conduct; ⑩ Corporate Governance Best Practice Principles; ⑪ Board of Directors Performance Evaluation Guidelines.
2. Query method:
   (1) Download from the Market Observation Post System (http://mops.twse.com.tw/mops/web/index): in "Establishment of related corporate governance regulations and rules" under "Corporate Governance".
   (2) Download from the Company's website (http://www.cssc.com.tw): "Corporate Governance Regulations" under "Corporate Governance".

(VIII)Other important information to facilitate better understanding of the company's corporate governance activities: None.

(IX) Implementation of Internal Control System

1. Internal Control System Statement

China Steel Structure Co., Ltd.

Internal Control System Statement

Date: February 27, 2024

This Statement of Internal Control System is issued based on the self-assessment results of the Company for year 2023.

I. The Company recognizes that the establishment, execution, and maintenance of its internal control policies are the responsibilities of the Company's Board of Directors and managerial officers; such policies have been implemented throughout the Company. The objective is to provide reasonable assurances that the goals of operational effectiveness and efficiency (including profitability, performance, asset security, etc.), financial report reliability, timeliness, transparency, and regulatory compliance will be achieved.

II. There are inherent limitations to even the most well-designed internal control system. As such, an effective internal control system can only reasonably ensure the achievement of the aforementioned goals. Moreover, the effectiveness of the internal control system may vary due to changes in the environment and circumstances. However, self-supervision measures were implemented within the Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in "Regulations Governing Establishment of Internal Control Systems by Public Companies" (hereinafter referred to as the "Governing Regulations") that are related to the effectiveness of internal control systems. The criteria introduced by the "Governing Regulations" cover the process of management control and consist of five major elements, each representing a different stage of internal control: 1. Control environment, 2. Risk assessment, 3. Control operations, 4. Information and communication, and 5. Monitoring operations. Each component also comprised several items. Please refer to "Governing Regulations" for details.

IV. The Company has adopted the items for determining internal control systems in order to evaluate the effectiveness of its internal control system design and implementation.

V. Based on the aforementioned evaluation results, the company believes that the design and execution of its December 31, 2023 internal control system (including those adopted for supervision and management of subsidiary branches) are effective in terms of understanding of operational effectiveness, level of efficiency fulfillment, financial reporting reliability, timeliness, transparency, and regulatory compliance-related internal control system items; and that the company can reasonably achieve the aforementioned goals.

VI. This statement of declaration shall be the primary content of annual report and prospectus, and shall be made available to the public. Should any of the aforementioned disclosure contents be fictitious or concealed in an illegal manner, the company shall bear legal responsibilities pursuant to Articles 20, 32, 171, and 174 of the Securities Exchange Act.

VII. This Statement was approved by the Board on February 27, 2024 where 0 of the 11 attending Directors expressed dissenting opinions, and the remainder all affirmed the content of this Statement.

China Steel Structure Co., Ltd.

Chairman of the Board: Chen Jui-Teng

President: Huang Yuan-Chang

2. If the internal control system review is conducted by commissioned accountants, the said accountant's review report shall be disclosed: None.

(X) Any penalties imposed upon the Company or internal personnel by laws, or punishment imposed by the Company on internal personnel for violation of the Company's internal control system regulations, details on the punishment if it might have significant impact on the shareholders' equity or securities prices, major defects and corrective action thereof in the most recent fiscal year and as of the date of this annual report: None.

(XI) Important resolutions of shareholders meeting and board meeting in the most recent year and up to the date of publication of the annual report

1. Resolutions adopted at the 2023 general shareholders' meeting and implementation status

(1) Voted and acknowledged the Company's 2022 Business Report and Financial Report. Passed as proposed.

(2) Voted and acknowledged the Company's 2022 earnings distribution proposal: Passed as proposed. July 5, 2023 was established as the ex-dividend date and the cash dividends were issued on August 3, 2023 (issued cash dividends of NT$1.7 per share). The dividends have been fully distributed.

(3) Election of the 16th-term Directors and Independent Directors.

The elected Directors were as follows:

Representative of China Steel Corporation	Chen Huo-Kun
Representative of China Steel Corporation	Chen Jui-Teng
Representative of China Steel Corporation	Hwang Chien-Chih
Representative of IHI Corporation (Japan)	Lin Tao-Peng
Representative of Grace Investment Co., Ltd.	Chen Che-Sheng
Representative of Great Grandeul Steel Co., Ltd.	Kuo Chih-Hao
Representative of Dragon Steel Corporation	Lee Chao-Hsiang
Representative of China Steel Chemical Corporation	Tu Ching-Fang
Independent Director	Lee Hsiu-Ling

Independent Director Lee Hwa-Teng

Independent Director Lo Wei

The results were registered with the Administration of Commerce, Ministry of Economic Affairs on June 20, 2023.

(4) Voted and passed the removal of non-compete clause for the Directors of the 16th Board of Directors Passed as proposed and published on the Market Observation Post System on May 31, 2023.

2. Important resolutions of board meetings

Date	Board of Directors	Important resolutions
2024.02.27	6th meeting of the 16th-term Board of Directors	1. Reported the results of the 2023 board performance evaluation. 2. Reported the meeting minutes of the 2nd meeting of the Remuneration Committee of the 16th-term Board of Directors. 3. Reported the Company’s (including subsidiaries) greenhouse gas inventory, and planning and implementation of the verification schedule. 4. Passed the Company's 2023 Business Report and Individual and Consolidated Financial Report. 5. Passed the Company's 2023 earnings distribution proposal. 6. Passed the Company's 2023 Distribution of remuneration for employees and remuneration for Directors proposal. 7. Passed the proposal to lift the non-compete clause for the Company's Director Lu, Shao-Jung. 8. Passed the proposal of construction to remodel B1 of the Company's Yujingiang Building into a parking space. 9. Passed the amendment of the Company's Duties Division Table. 10. Passed the proposal of the date, location, agenda, period of accepting shareholders’ proposal and deliberation for the 2024 General Shareholders’ Meeting.
2023.12.26	5th meeting of the 16th-term Board of Directors	1. Reported the results of the independence of the CPA for 2023. 2. Reported the implementation status of corporate sustainable development in 2023. 3. Reported the 2023 intellectual property management plan and implementation. 4. Reported the 2023 ethical corporate management and implementation. 5. Passed the Company's 2024 annual operation budget.

Date	Board of Directors	Important resolutions
		6. Passed the proposal of the Company's budget for 2024 capital expenditures. 7. Passed the proposal to lift the non-compete clause for the Company's Director Huang, Yuan-Chang.
2023.12.01	4th meeting of the 16th-term Board of Directors	1. Election of Director Chen, Jui-Teng as the Company's Chairman.
2023.11.01	3rd meeting of the 16th-term Board of Directors	1. Reported the meeting minutes of the 1st meeting of the Remuneration Committee of the 16th-term Board of Directors. 2. Reported the Company’s (including subsidiaries) greenhouse gas inventory, and planning and implementation of the verification schedule. 3. Passed the Company's 2023 Q3 consolidated financial statements. 4. Passed the proposal to lift the non-compete clause for the Company's Director Hsieh, Wen-Jung. 5. Passed the amendment of the Company's Duties Division Table. 6. Passed the proposal of formulating the Employee Group Insurance Implementation Guidelines. 7. Passed the draft of the collective bargaining agreement signed between the Company and industry union.
2023.08.02	2nd meeting of the 16th-term Board of Directors	1. Reported the renewal of the Company's Directors and Officers Liability Insurance (D&O) for 2023. 2. Reported the meeting minutes of the 11th meeting of the Remuneration Committee of the 15th-term Board of Directors. 3. Reported the Company’s (including subsidiaries) greenhouse gas inventory, and planning and implementation of the verification schedule. 4. Passed the Company's 2023 Q2 consolidated financial statements. 5. Passed the removal of non-compete clause for the Company's President Mr. Huang, Yuan-Chang.
2023.05.31	1st meeting of the 16th-term Board of Directors	1. Election of Director Huo-Kun Chen as the Chairman of the Company. 2. Passed the proposed of appointment of the members of the Company's 5th Remuneration Committee. 3. Passed the amendment of certain articles of the Company's Duties Division Table.

Date	Board of Directors	Important resolutions
2023.05.03	20th meeting of the 15th-term Board of Directors	1. Reported the meeting minutes of the 10th meeting of the Remuneration Committee of the 15th-term Board of Directors. 2. Passed the Company's 2023 Q1 consolidated financial statements. 3. Reported the Company's (including subsidiaries) greenhouse gas inventory, and planning and implementation of the verification schedule. 4. Passed the Company's donation to the CSC Group Education Foundation.
2023.04.12	19th meeting of the 15th-term Board of Directors	1. Passed the list of candidates nominated by the Board of Directors for the 16th term of directors of the Company (including three independent directors) 2. Passed the review of the qualifications of directors and independent directors candidates to be re-elected at the 2023 General Shareholders Meeting. 3. Passed the proposal to release the prohibition on competitive activities of the Directors of the 16th Board of Directors. 4. Passed the audit fee to CPA every year from 2024 to 2027.
2023.03.31	18th meeting of the 15th-term Board of Directors	1. Passed the appointment of the Company's President.

(XII) Main content of recorded or written opinions from Directors or independent Directors had dissenting opinions on passed important resolutions by the Board of Directors in the most recent year and up to the date of publication of the annual report: None.

(XIII) Summary table of resignation and dismissal of persons relevant to the Company in recent years up to the date of report:

January 1, 2023 to February 29, 2024

Title	Name	Date Appointed	Date Dismissed	Reasons for resignation or dismissal
Chairman of the Board	Chen Huo-Kun	2020.11.02	2023.12.01	Retirement
President	Chang Hsiu-Chi	2022.08.05	2023.03.31	Retirement
Vice President, Management Division	Huang Tung-Hsing	2020.01.31	2024.01.31	Retirement
Director of the R&D Division	Xu Fu-Li	2017.07.04	2024.07.20	Change in position

V. Information on Fees to CPA

(I) Information on Fees to CPA:

Unit: thousand NTD

Name of the CPA Firm	CPA Name		Audit period	Audit fee	Non-audit fee	Total	Remarks
Deloitte Taiwan	Kuo, Lee-Yuan	Jui-Hsuan Hsu	2023.01~ 2023.12	3,053	550	3,603	The content of non-audit fee services mainly consisted of transfer pricing services and tax attestation

Note: For any change in the CPAs or CPA's firm, the audit period shall be stated, and explanations for such changes shall be set forth in the Remarks column. The information such as the audit fees and non-audit fees paid shall be disclosed in order. Not audit expenditure and nature of the service provided shall be noted.

(II) If the accounting firm has been changed and the annual audit fees were lower for the year of the firm change compared to that of the previous year, then the audit fees before and after the change and the reason for such changes should be disclosed: Not applicable.

(III) If the audit fees decreased more than 10% from that of the prior year, the amount, percentage, and reasons for the decrease in audit fees shall be disclosed: Not applicable.

VI. Information on Change of CPA

(I) Regarding previous CPA

<table>
<tr><td>Date of change</td><td colspan="4">Approved by the Board of Directors on February 22, 2023</td></tr>
<tr><td>Reason for replacement and explanation</td><td colspan="4">Due to the internal rotations at the CPA firm, the Company's financial statements, previously certified by the CPAs Yu-Hsiang Liu and Hsu, Jui- Hsuan, are certified by the CPAs Kuo, Lee-Yuan and Hsu, Jui- Hsuan starting from the first quarter of 2023.</td></tr>
<tr><td rowspan="3">State whether the appointer or the CPAs have terminated the appointment, or whether the client or the CPAs have rejected the appointment</td><td colspan="2">Contracting Party / Scenario</td><td>CPA</td><td>Client</td></tr>
<tr><td colspan="2">Termination initiated by client</td><td colspan="2" rowspan="2">N/A</td></tr>
<tr><td colspan="2">CPA declined to accept (continue) the appointment</td></tr>
<tr><td>Opinion and reason for the issuance of audit reports containing opinions other than unqualified opinions in the most recent two fiscal years</td><td colspan="4">N/A</td></tr>
<tr><td rowspan="7">Different opinions from the issuer</td><td rowspan="5">Yes</td><td></td><td colspan="2">Accounting principles or practices</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Audit scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td></td><td colspan="2"></td></tr>
<tr><td>None</td><td colspan="3"></td></tr>
<tr><td>Description</td><td colspan="3">N/A</td></tr>
<tr><td>Other items for disclosure (items in Article 10, Subparagraph 6, Item 1-4 to Item 1-7 of the Regulations shall be disclosed)</td><td colspan="4">None</td></tr>
</table>

(II) Regarding succeeding CPA

CPA firm name	Deloitte Taiwan
CPA Name	Kuo, Lee-Yuan, Jui-Hsuan Hsu
Date of appointment	Approved by the Board of Directors on February 22, 2023
Subjects and outcomes of consultation on the accounting treatment of or application of accounting principles to specific transactions, or opinions that may be included on financial statements before the appointment of new CPAs	N/A
The succeeding CPA's opinions in written form in response to the former CPA's opinions	N/A

(III) Previous CPAs' response to Article 10, Subparagraph 6, Item 1 and Item 2-3 of the Regulations: Not applicable.

VII. Company's Chairman, President, Financial or Accounting Affairs Manager who has Served in the Certifying CPA Firm or its Affiliates in the Most Recent Year: None.

VIII. For the most recent year and as of the printing date of the annual report, Shareholders' equity transfer or changes in equity pledge by Directors or managers with over 10% shareholding of the Company

(I) Changes in shareholding of directors, managers, and major shareholders

Unit: shares

Title	Name	2023		Current year as of February 29		Remarks
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares	
Director	China Steel Corporation	0	0	0	0	None
Director	Dragon Steel Corporation	131,000	0	0	0	None
Director	China Steel Chemical Corporation	0	0	0	0	None
Director	Great Grandeul Steel Co., Ltd.	0	0	0	0	None
Director	IHI Corporation (Japan)	0	0	0	0	None
Director	Grace Investment Co., Ltd.	0	0	0	0	None
Independent Director	Lee, Hsiu-Ling	0	0	0	0	None
Independent Director	Lee, Hwa-Teng	0	0	0	0	None
Independent Director	Lo, Wei	0	0	0	0	None
President	Chang, Hsiu-Chi	0	0	0	0	None
President	Huang, Yuan-Chang	0	0	0	0	None
Vice President	Huang, Tung-Hsing	0	0	0	0	None
Vice President	Chen, Chien-Du	0	0	0	0	None
Vice President	Chen, Sheng-Yi	0	0	0	0	None
Vice President	Li, Ping-Hao	0	0	0	0	None
Head of the Finance Department and Head of the Accounting Department	Wang, Yung-Chih	0	0	0	0	None
Shareholders holding more than 10% of the company shares	China Steel Corporation	0	0	0	0	None

Title	Name	2023		Current year as of February 29		Remarks
		Increase (decrease) in shares held	Increase (decrease) in pledged shares	Increase (decrease) in shares held	Increase (decrease) in pledged shares	
Shareholders holding more than 10% of the company shares	Taiwan Mask Corporation	0	(900,000)	0	0	Including shares held by nominee (You-Chuan Investing) arrangement and pledged shares

(II) Information on transfer of shares with counterparties who are related parties: None.

(III) Information on shares pledged to counterparties who are related parties: None.

IX. Information on spousal relationships or familial relationships within the second degree of kinship between the top 10 Shareholders

December 31, 2023

Name	Personal Shareholding		Shares Held by Spouse and Underage Children		Total Shareholding by Nominee Arrangement		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or name)	Relationship	
China Steel Corporation	66,487,844	33.24	-	-	-	-	Dragon Steel Corporation	Subsidiary	None
Representative: Chao-Tung Wong	-	-	-	-	-	-	None	None	None
You-Chuan Investing Co., Ltd.	24,999,000	12.49	-	-	-	-	Taiwan Mask Corporation	Parent company	None
Representative: Yi-Ting Yang	-	-	-	-	-	-	None	None	None
Taiwan Mask Corporation Representative: Zheng-Xiang Chen	14,334,000	7.17	-	-	24,999,000	12.49	1. You-Chuan Investing Co., Ltd. 2. Hui-Zhen Wu Lai	1. Subsidiary 2. Mrs. Hui-Zhen Wu Lai's spouse is the CEO of Taiwan Mask Corporation, and has a first-degree	None

Name	Personal Shareholding		Shares Held by Spouse and Underage Children		Total Shareholding by Nominee Arrangement		Shareholders with the top 10 shareholding ratios who are related, or their spouses and second-degree relatives' names and their respective relationships		Remarks
	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Number of Shares	Shareholding Ratio	Name (or name)	Relationship	
								relative as the director of Taiwan Mask Corporation.	
	1,025,000	0.51	-	-	-	-	None	None	None
IHI Corporation (Japan)	11,061,690	5.53	-	-	-	-	None	None	None
Representative: Tsugio Mitsuoka	-	-	-	-	-	-	None	None	None
Berlin Co., Ltd.	9,041,000	4.52	-	-	-	-	None	None	None
Representative: Hui-Hui Hsu	-	-	-	-	-	-	None	None	None
Yung Chi Paint & Varnish MFG. Co., Ltd.	4,990,000	2.50	-	-	-	-	None	None	None
Representative: Te-Jen Chang	-	-	-	-	-	-	None	None	None
Dragon Steel Corporation	4,217,000	2.11	-	-	-	-	China Steel Corporation	Ultimate parent company	None
Representative: Hwang, Chien-Chih	-	-	-	-	-	-	None	None	None
Great Grandeul Steel Co., Ltd.	3,899,000	1.95	-	-	-	-	None	None	None
Representative: Yung-Cheng Kuo	-	-	10,000	0.01	-	-	None	None	None
Hui-Zhen Wu Lai	3,708,000	1.85	-	-	-	-	Taiwan Mask Corporation	Mrs. Hui-Zhen Wu Lai's spouse is the CEO of Taiwan Mask Corporation, and has a first-degree relative as the director of Taiwan Mask Corporation.	None
Employee's Stock Trust of China Steel Structure Co., Ltd.	2,814,608	1.41	-	-	-	-	None	None	None
under the custody of Mega International Commercial Bank Co., Ltd. Representative: Huang, Yuan-Chang	-	-	-	-	-	-	None	None	None

X. Number of Shares Held by the Company, Directors, Managerial Officers, and Enterprises that are Directly or Indirectly Controlled by the Company in the Investee Company

December 31, 2023

Total shareholding percentage Unit: shares; %

Investee business (Note)	Investment by the Company		Investments by Directors, Supervisors, managerial officers and directly or indirectly controlled enterprises		Comprehensive investment	
	Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)	Number of Shares	Shareholding percentage (%)
United Steel Engineering & Construction Corp.	80,000,000	100.00	-	-	80,000,000	100.00
China Steel Structure Holding Co., Ltd.	10	100.00	-	-	10	100.00
CHC Resources Corporation	23,182,738	9.33	65,334,158	26.28	88,516,896	35.61
Chiun Yu Investment Corporation	1,046,500	35.00	1,943,500	65.00	2,990,000	100.00
Chi-Yi Investment Corporation	600,000	30.00	1,400,000	70.00	2,000,000	100.00
Li-Ching-Long Investment Corporation	600,000	30.00	1,400,000	70.00	2,000,000	100.00
Wabo Global Trading Corporation	714,000	6.00	5,236,000	44.00	5,950,000	50.00
HIMAG Magnetic Corporation	769,829	2.79	23,423,660	84.85	24,193,489	87.64
Nikken & CSSC Metal Products Co., Ltd.	675,000	45.00	-	-	675,000	45.00
Pro-Ascentek Investment Corporation	4,000,000	3.33	69,000,000	57.50	73,000,000	60.83
Sing Da Marine Structure Corporation	20,000,000	7.61	142,695,000	54.32	162,695,000	61.93

Note: The equity method was employed for the Company's investments.

D. Fundraising Conditions

I. Capital and Shares

(I) Source of Capital

February 29, 2024; Unit: shares

Type of Shares	Authorized Capital			Remarks
	Shares issued and outstanding (note)	Unissued shares	Total	
Ordinary shares	200,000,000	50,000,000	250,000,000	-

Note: The Company's stocks are listed.

Month/Year	Issuing Price (NT$)	Authorized Capital		Paid-Up Capital		Remarks		
		Number of Shares	Amount (NT$)	Number of Shares	Amount (NT$)	Source of Capital	Subscriptions paid with property other than cash	Others
1990.9	10	30,600,000	306,000,000	30,600,000	306,000,000	Earned surplus turned capital increase of NT$72,000,000	-	-
1991.2	10	100,000,000	1,000,000,000	60,600,000	606,000,000	Cash capital increase of NT$300,000,000	-	-
1991.8	10	100,000,000	1,000,000,000	68,175,000	681,750,000	Earned surplus turned capital increase of NT$75,750,000	-	-
1992.6	10	100,000,000	1,000,000,000	79,764,750	797,647,500	Earned surplus turned capital increase of NT$81,810,000 Capital increase shares by capital surplus of NT$34,087,500	-	-
1993.5	10	150,000,000	1,500,000,000	127,741,225	1,277,412,250	Earned surplus turned capital increase of NT$79,764,750 Cash capital increase (preferred stocks) of NT$400,000,000	-	-
1994.8	10	150,000,000	1,500,000,000	132,128,286	1,321,282,860	Earned surplus turned capital increase of NT$43,870,610	-	-
1995.7	10	150,000,000	1,500,000,000	134,892,135	1,348,921,350	Earned surplus turned capital increase of NT$27,638,490	-	-
1999.7	10	200,000,000	2,000,000,000	137,738,899	1,377,388,990	Earned surplus turned capital increase of NT$28,467,640	-	-

Month/ Year	Issuing Price (NT$)	Authorized Capital		Paid-Up Capital		Remarks		
		Number of Shares	Amount (NT$)	Number of Shares	Amount (NT$)	Source of Capital	Subscriptions paid with property other than cash	Others
2000.7	10	200,000,000	2,000,000,000	141,103,066	1,411,030,660	Earned surplus turned capital increase of NT$33,641,670	-	-
2001.7	10	200,000,000	2,000,000,000	147,212,189	1,472,121,890	Earned surplus turned capital increase of NT$61,091,230	-	-
2002.7	10	200,000,000	2,000,000,000	150,632,433	1,506,324,330	Earned surplus turned capital increase of NT$34,202,440	-	-
2003.7	10	200,000,000	2,000,000,000	153,901,312	1,539,013,120	Earned surplus turned capital increase of NT$32,688,790	-	-
2004.7	10	200,000,000	2,000,000,000	156,979,339	1,569,793,390	Capital increase shares by capital surplus of NT$30,780,270	-	-
2005.8	10	200,000,000	2,000,000,000	160,903,823	1,609,038,230	Capital increase shares by capital surplus of NT$39,244,840	-	-
2010.8	10	250,000,000	2,500,000,000	200,000,000	2,000,000,000	Cash capital increase through private placement of NT$390,961,770	-	-

Information for shelf registration: None

(II) Shareholder Structure

Baseline date: December 31, 2023

Shareholder Structure / Quantity	Government Agencies	Financial Institutions	Other Institutions	Foreign Institutions and Foreigners	Individual Investors	Treasury Stock	Total
Number of People	0	4	178	58	41,103	0	41,343
Number of shares held	0	3,128,736	136,911,885	14,389,228	45,570,151	0	200,000,000
Shareholding Ratio (%)	0.00%	1.56%	68.46%	7.19%	22.79%	0.00%	100.00%

(III) Shareholding Distribution Status

December 31, 2023

Shareholding Classification	Number of Shareholders	Number of shares held	Shareholding Ratio (%)
1 to 999	30,394	984,666	0.49%
1,000 to 5,000	9,628	16,814,137	8.40%
5,001 to 10,000	806	6,380,294	3.19%
10,001 to 15,000	161	2,073,996	1.04%
15,001 to 20,000	104	1,936,382	0.97%
20,001 to 30,000	96	2,451,023	1.23%
30,001 to 40,000	39	1,391,036	0.70%
40,001 to 50,000	26	1,207,400	0.60%
50,001 to 100,000	44	3,269,904	1.63%
100,001 to 200,000	17	2,510,853	1.26%
200,001 to 400,000	7	1,995,079	1.00%
400,001 to 600,000	4	1,958,019	0.98%
600,001 to 800,000	2	1,373,069	0.69%
800,001 to 1,000,000	0	0	0.00%
Over 1,000,001 shares	15	155,654,142	77.82%
Total	41,343	200,000,000	100.00%

Note: The Company currently has not outstanding preferred stocks.

(IV) List of Main Shareholders

Shareholders with more than 5% of shares or the top ten shareholders in terms of shareholding ratio

December 31, 2023

Shares / Name of the Main Shareholder	Number of shares held	Shareholding Ratio (%)
China Steel Corporation	66,487,844	33.24%
You-Chuan Investing Co., Ltd.	24,999,000	12.49%
Taiwan Mask Corporation	14,334,000	7.17%
IHI Corporation (Japan)	11,061,690	5.53%
Berlin Co., Ltd.	9,041,000	4.52%
Yung Chi Paint & Varnish MFG. Co., Ltd.	4,990,000	2.50%
Dragon Steel Corporation	4,217,000	2.11%
Great Grandeul Steel Co., Ltd.	3,899,000	1.95%
Hui-Zhen Wu Lai	3,708,000	1.85%
Transglory Investment Corporation	3,483,000	1.74%

(V) Market Price, Net Worth, Earnings, and Dividends

Unit: NTD

Item			2023	2022	Current year up to February 29, 2024 (Note 8)
Market value per share (Note 1)	Highest		61.50	64.90	55.90
	Lowest		50.70	49.60	52.00
	Average		56.24	57.07	53.34
Net value per share (Note 2)	Pre-distribution		26.99	26.27	-
	Post-distribution		Undistributed	24.57	-
Earnings per share	Weighted average shares		200,000,000	200,000,000	-
	Earnings per share (Note 3)		2.68	2.39	-
Dividends per share	Cash dividends		1.90	1.70	-
	Stock dividends	0	0	-	-
		0	0	-	-
	Cumulative undistributed dividends (Note 4)		-	-	-
Return on investment analysis	PE ratio (Note 5)		20.99	23.88	-
	Price-dividend ratio (Note 6)		29.60	33.57	-
	Cash dividend yield (Note 7)		0.034	0.030	-

＊ If retained earnings or capital reserves were used for capital increase, market prices and cash dividends that were retroactively adjusted based on the number of shares after distribution shall be disclosed.

Note 1: List the highest and lowest market price of common shares for each fiscal year and calculate the average market price for each fiscal year based on trading value and volume in each fiscal year.

Note 2: Please fill these rows based on the number of shares that have been issued at the end of the fiscal year and the distribution plan approved at the Board meeting or Shareholders' Meeting in the subsequent fiscal year.

Note 3: If there are any retroactive adjustments needed due to stock grants, the earnings per share before and after the adjustment should be listed.

Note 4: If there are any conditions in issuing equity securities that allow for unpaid out dividend for the year to be accumulated to subsequent years in which there is profit, the Company should separately disclose the accumulated unpaid out dividend up to that year.

Note 5: Price to earnings ratio = average closing price per share for the year / earnings per share.

Note 6: Price to dividend ratio = average closing price per share for the year / cash dividends.

Note 7: Cash dividend yield = cash dividends / average closing price per share for the year.

Note 8: Data on net asset value per share and earnings per share from the latest quarter that has been verified by CPAs up to the date of publication of this annual report shall be filled. For all other columns, the Company shall fill information for the current fiscal year until the publication date of this annual report.

(VI) Company's Dividend Policy and Implementation

1. Company dividend policy

   (1) In the event of surplus earnings after closing of annual accounts, due taxes shall be paid in accordance with the law, and losses incurred in previous years shall be compensated. Upon completion of the preceding actions, 10% of the remainder surplus shall be allocated as statutory reserve. However, in the event that the accumulated statutory reserve is equivalent to or exceeds the Company's total paid-in capital, such allocation may be exempted. The remainder may be set aside or reversed as special surplus reserve in accordance with laws and regulations. The Board of Directors shall draft the proposal for shareholder dividend allocation based on the remaining profit, if any, along with the

accumulated undistributed earnings for the previous year, and submit the draft to the shareholder's meeting which shall determine whether to distribute dividends or retain the earnings.

(2) As the Company operates in a complicated industry environment, and its corporate life cycle falls within a period of maturity, the Board of Directors shall consider the stability of dividends when formulating the dividend distribution proposal. Except when there is need for capital, the dividends for ordinary shares should be at least 50% of the aforementioned distributable earnings. The distribution of dividends and bonuses shall be no less than 50% in cash and no more than 50% in shares.

2. Current year dividend distribution proposal to the shareholders meeting: The shareholders' meeting plans to distribute NT$1.9 in cash dividends per share for common stocks.

3. No material changes are expected for the dividend policy.

(VII) Effects of the Stock Dividends Proposed by the Shareholders' Meeting on the Company's Business Performance and Earnings Per Share

According to the requirements specified in the Ministry of Finance's official letter No. 00371 dated February 1, 2000, disclosure of such information is not required because the Company did not distribute shares or announce its financial forecast.

(VIII) Employee Remuneration and Director Remuneration

1. Percentage or range of remuneration for employees, and remuneration for Directors as stipulated in the Company's Articles of Incorporation.

(1) If the Company has profit in the fiscal year, the Board of Directors shall resolve to distribute no less than 0.1% of the profit as

remuneration to employees and no more than 1% as remuneration to directors. The recipients of employee remuneration shall include employees of subordinate companies meeting certain criteria.

(2) A sum shall be set aside in advance to pay down any outstanding cumulative losses of the Company before employee and director remuneration can be allocated according to the above percentage.

(3) Employee and director remuneration proposals shall be submitted to the Board of Directors for resolution and presented to the shareholders' meeting.

2. Accounting treatment if the actual allocated amount is different from the estimated amount for the current accrued remuneration for employees and remuneration for Directors:

According to the Articles of Incorporation, if the Company has profit for the year, the Company shall allocate no less than 0.1% of the profit as remuneration for employees and no more than 1% as remuneration for Directors. The remuneration of employees and directors for 2023 was calculated based on the Company's profit (that is profit before tax and before deducting remuneration of employees and directors). The Company appropriated 3.74%, that is, NTD 24,089,844 to be remuneration to employees and 0.75%, that is, NTD 4,817,977 to be remuneration to directors, and distributed in cash.

If there are changes made to the amount before the issuance of the individual annual financial statements, the changes shall be adjusted and accounted for as annual expenses. If there are changes made to the amount after the issuance of the individual annual financial statements, the changes shall be accounted for as changes in accounting estimates and recognized in the financial statements of the following year.

3. Proposal for the employees' remuneration passed by the Board of Directors:
   (1) The Board of Directors passed a resolution to distribute NT$24,089,884 in remuneration to employees in cash and NT$44,817,977 in remuneration for Directors, same as the amount disclosed in the 2023 Financial Report.
   (2) The proposed number of shares to be distributed as employee remuneration: 0 shares. The ratio of shares to be distributed as employee remuneration compared to the net income for the period and the total employee remuneration: 0%。
   (3) Post-tax earnings per share after the proposed remuneration for employees and remuneration for Directors: The remuneration for employees and remuneration for Directors have been listed as expenses or costs for the 2023 fiscal year and will not affect the earnings per share.
   (4) The proposed remuneration for employees and remuneration for Directors and Supervisors did not exceed 50% of the Company's net profit after tax and distributable earnings of 2023.
4. Distribution of remuneration for employees and remuneration for Directors in 2023:
   The Board of Directors passed the proposal for the distribution of earnings of 2022 and distributed employee cash bonus totaling $21,290,888 and remuneration for Directors totaling $4,258,177. The remuneration for employees and directors were distributed in cash. The actual distributed employee cash bonus and remuneration for Directors were the same as the amounts passed by the Board of Directors.

(IX) Status of Company Share Buyback: None.

II. Issuance of Corporate Bonds: None.

III. Issuance of Preferred Stocks: None.

IV. Issuance of Global Depositary Receipts (GDR): None.

V. Exercise of Employee Stock Option Plan (ESOP): None.

VI. Employees' Restricted Stocks: None.

VII. Mergers, Acquisitions or Issuance of New Shares for Acquisition of Shares of Other Companies: None.

VIII. Capital Utilization Plan and Its Implementation: None.

E. Business Overview

I. Business Activities

(I) Business scope

1. The Company's business operations include the steel structure industry and construction industry

    (1) Steel structure industry: CSSC mainly operates steel structure manufacturing and installation and the sales of steel products. The business items are as follows:

    ① Design, processing, production, installation, and sales of steel sections, steel structure frames, machine bodies, hydraulic engineering machinery, tanks, crane equipment, plant equipment, steel towers, and steel pipes.

    ② Technical services for steel structure engineering.

    ③ Metal product trade.

    ④ Production and trade of chemicals used for processing metal products.

    ⑤ Import/export and sales of materials used for iron and steel refining.

    ⑥ Import/export and sales of construction materials.

    ⑦ Contracting for various environmental protection projects (including incineration plants, air pollution control, and sewage processing) and equipment design, production, installation, and sales.

    ⑧ General import/export trade (except for businesses that require special approval).

    ⑨ Office building leasing.

    ⑩ Steel construction.

    ⑪ Wholesale of recycling materials.

(2) Construction: United Steel Engineering & Construction Corp. mainly operates construction and engineering projects. Its business items are as follows:

① General construction.
② Rental and leasing business.
③ Wholesale of construction materials.
④ Public works construction and investment.
⑤ Residence and buildings lease construction and development.
⑥ Industrial factory buildings lease construction and development.
⑦ Funerary venue lease construction and development.
⑧ Specialized field construction and development.
⑨ New county and community construction and investment.
⑩ Land levy and delimit.
⑪ Reconstruction within the renewal area.
⑫ Real estate commerce.
⑬ Real estate rental and leasing.
⑭ Senior citizen's residence development.
⑮ Electric appliance construction.

2. Revenue breakdown

China Steel Structure Co., Ltd. – Individual Unit: thousand NTD

Item	2023	
	Amount	Percentage (%)
Construction revenues	8,802,226	82
Sales revenue	1,397,621	13
Service revenues	514,189	5
Other operating revenue	27,114	-
Total	10,741,150	100

China Steel Structure Co., Ltd. – Consolidated Unit: thousand NTD

Item	2023	
	Amount	Percentage (%)
Construction revenues	16,900,248	90
Sales revenue	1,397,621	7
Service revenues	514,189	3
Other operating revenue	27,114	-
Total	18,839,172	100

3. Current products

The Company's main production and sales products include steel frames for plants and tall buildings, machine bodies, steel section frames, steel bridge frames, and other steel frames. The Company also operates steel product sales businesses and construction.

4. Future products and services currently being planned: None.

(II) Industry overview

The Company's business mainly focuses on steel structure businesses and steel product sales.

Steel structure:

Steel structures are mostly used for tall buildings, technology plants and industrial plants, steel bridges, and machine bodies (steel structure supports for large machines) which mostly include steel frame in their designs. They can be customized and mass-produced in plants with unified quality standards and can be quickly installed at the construction site and removed for recycling in the future. Traditional reinforced concrete is too bulky for the construction of tall buildings and is less earthquake-resistant. In the future, it is also less compliant with ESG sustainability requirements. Steel frame structures are light and earthquake-resistant. Steel structure buildings became increasingly popular in the wake of the 921 Jiji Earthquake.

Affected by the government policy of reducing real estate speculation and the drastic decrease in high-tech plant orders, the steel structure market is not active in Q1 of 2023. However, in Q2 of 2023, major domestic investment projects were launched (e.g., Orders such as Taipei Twin Towers, Kaohsiung Fubon Aozidi, high-tech fab and so on), plus the disclosure by the CSC Group that costs for raw materials for steel plates in Q4 will rise add up to the conclusion that the steel structure market is weak in Q1 of 2023, but it may have a mild recovery or even better than what is expected in Q2 to Q4.

1. Current state and development of the industry:

The steel structure industry is labor- and capital-intensive. Large domestic development projects are mainly undertaken by companies with a certain magnitude. In response to the active market demands and faced with the long-term lack of labor domestically, how to make salary costs reasonable and improve plant capacities are the main issues for steel structure plants.

In addition, the domestic steel structure business is affected by the government policy of reducing real estate speculation, which resulted in decelerated investment in buildings in the private sector. Steel structure plants will focus more on monitoring progress of existing orders and continuing communication and coordination with business owners to avoid affecting manufacturing progress and increasing storage and handling costs.

In addition to the above-mentioned buildings invested by the private sector, public construction, office buildings, plants, cold chain logistics plants and battery plants invested by private high-tech companies and the private sector are the main sources of business revenue for the steel structure industry. In the latter half of 2023, business is driven by orders from global semiconductor industries and plant construction needs from advanced packaging and testing plants in response to fab localization. In 2024, growth in the consumer market also appears optimistic.

Faced with the post-pandemic era, international economic exchange becomes more open by the day, and the Company will actively resume cooperation with Japanese companies to vie for export orders for steel structure manufacturing.

Materials used in the steel structure industry consist mainly of steel materials, welding materials, high-strength bolts, and shear studs. Except for certain steel products made with special materials or specifications, the other raw materials are provided mainly by domestic suppliers.

In addition, the Company continues to promote the use of steel structure in the construction market and follows the Group's strategy for developing opportunities in the wind power industry. Future development trends that will promote the development of steel structure products include large-scale metropolitan development projects, construction of plants for returning Taiwanese businesses, and demand for steel structure in Southeast Asia. The construction of new plants and luxury residences in the domestic market grow as a result of the trade war between the United and China and the government's policies for encouraging Taiwanese businesses to return home. As a leading brand in the domestic market, the Company is expected to benefit from the increase in the construction of new plants and luxury residences.

2. Relationship with upstream, midstream, and downstream companies of the industry:

The upstream industries of the steel structure industry refer to steel plate and steel section producers while the midstream industries refer to steel structure producers that use the materials supplied by upstream industries to produce various steel sections for use by downstream industries in projects such as buildings, plants, and bridges, and steel frame support for various equipment.

3. Product trends and competition:

Steel structure products retain the advantages of short construction period, strong earthquake resistance, and usefulness as an environmentally-friendly material. As the government continues to promote green buildings, the use of steel structures in the construction market will continue to grow each year. In addition, the expanded construction needs and investments in the private sector will increase business opportunities, which will continuously promote the use of steel structure in the construction market, combined with the development of steel products with higher quality in upstream steel plants and the development of products with high value-added will be the trend in steel structure product development.

Steel products:

1. Current state and development of the industry:

Under the impact of tightened currency policies, the global economy outlook continues on the downward slope, which ruins consumption and investment. However, the slowed-down economy also resulted in reduced inflation in 2023, which may cause the cycle of tightened currency policy to end in 2024. Nonetheless, the war against inflation is not over and will continue to be threatened by multiple factors, such as continuous core inflation and a tense employment market.

The construction industry is adversely affected by high interest rates and high costs, especially in the housing section. However, the benefit from active investment in infrastructure cushioned the impact to a certain degree. Despite the improved situation in supply chain bottleneck, the manufacturing industry stays weak due to weak demands. Among which, the consumer durables section is especially affected. In addition, accumulated orders and the improved situation in supply chain bottleneck will allow the automobile industry to resume production and in turn cause high growth in various regions in 2023. However, this industry is expected to see a slowed-down growth in 2024.

With respect to China, the real estate market recession that continues into 2023 puts pressure on the Chinese economy, causing it to weaken unexpectedly. The drop in real estate sales volume caused financial crises to major real estate developers, which in turn led to concerns over the Chinese economic status. However, since July, the Chinese government has actively adopted measures to stabilize economy; therefore, the situation will gradually stabilize in the latter half of 2023. Since Q2, almost all steel-using industries have shown signs of decline. Major real estate indicators such as land purchase, real estate sales and construction projects continue falling, and are expected to affect demand for steel in 2024. On the other hand, the government has actively promoted construction projects. In 2023, investment in infrastructure maintains a strong growth. Therefore, this investment is expected to maintain a moderate positive growth in 2023 and 2024. The growth momentum in the manufacturing industry is also weakening. However, in 2023, it will maintain a moderate increase. Among which, automobile production will show positive growth, and domestic electronics will show a strong growth. The worsening external market environment may cause the growth momentum to further weaken for the manufacturing industry. However, supported by the investment in infrastructure and steady development in the real estate section, steel demand is expected to show a 2.0% increase in 2023. However, the outlook for 2024 is unclear. Real estate market and exportation may continue to pose a negative pressure on steel demand. Without additional governmental support, steel demand may reduce. Nonetheless, if the Chinese government takes additional economic support measures, in 2024, steel demand may stay the same as in 2023. If the impact is less than expected, then the demand may go down.

In the United States, despite the resilience of the U.S. economy against a massive interest hike, the steel industry is still affected, especially the housing construction section, which is expected to show decrease in 2023 and 2024. In 2022, the Infrastructure Investment and Jobs Act and The Inflation

Reduction Act support growth in the infrastructure industry. Manufacturing weakens as well; however, the post-pandemic recovery in the automotive industry is expected to continue. A tightening currency policy may cause a delayed effect of decline in 2024. Steel demand in the U.S. market decreased by 2.6% in 2022, and is expected to decrease by 1.1% in 2023 and increase by 1.6% in 2024.

In Europe, despite the fact that the E.U. economy withstood the energy crisis caused by the Russia-Ukraine War better than expected, manufacturing activities suffered considerably due to high interest rates and high energy costs. Furthermore, the Red Sea crisis arising from the Israel-Palestine conflicts have affected trade activities between Asia and Europe. The automotive industry still maintains recovery but automobile production may not return to the pre-pandemic standard in 2024. Housing construction is also affected by high interest rates, high material costs and shortage of labor. Among which, Germany is faced with an especially difficult situation with declining manufacturing industry and real estate crisis. Since the currency policy is expected to remain tight, actual demand is not expected to bounce back in 2024. However, the end of the destocking cycle, technical rally will cause steel demand to have a positive growth in 2024. Steel demand in the E.U. Is expected to decline by another 5.1% in 2023 after the 7.8% decline in 2022. The demand is expected to increase by 5.8% in 2024.

2. Product trends and competition

Steel market has seen the impact brought by high inflation and high interest rates. Since the latter half of 2022, steel-using market activities in most industries and regions have rapidly weakened due to weakening investments and consumption. The situation has continued into 2023, impacting especially the E.U. and the U.S. Taking into account the delayed effect from the tightening currency policy, steel demand in developed economies is expected to slowly recover in 2024. In rising economies, the growth is expected to be faster than developed economies. However, the performance in rising economies stays differential, with Asian rising economies maintaining better resilience.

3. Future market supply and demand and future growth

The World Steel Association (WSA) predicts that after the decrease by 3.3% in 2022, steel demand in the entire world would recover and increase by 1.8% in 2023 to reach 1.8145 billion tons and will continue growing by 1.9% in 2024 to reach 1.8491 billion tons.

Judging by the policy orientation in response to the current economic difficulty, there is still uncertainty in the prediction of steel demand in China in 2024. Since the Chinese economy is in a structural transition phase, market fluctuation and uncertainty may rise. Other uncertain factors include conflicts and riots in Russia-Ukraine, and Israel-Palestine. This may further cause petroleum price hikes and chaos in geopolitics and economy. These two major factors will lead to risks of decline. What is worth noting is that despite the decline in manufacturing caused by high interest rates, investment in infrastructure displays active development momentum in various regions, even developed economies. This reflects the efforts by these countries in decarbonization.

4. Favorable and unfavorable factors of the company's vision of development and response measures

Favorable factors

(1) Inflation continues weakening.

(2) Green benefits brought by decarbonization.

Unfavorable factors

(1) Geopolitical conflicts bring about economic uncertainty.

(2) Market fluctuation brought by the structural transition of the Chinese economy.

(III) Overview of Technology and R&D

1. R&D results in recent years

(1) National Center for Research on Earthquake Engineering - Phase 1 R&D on the automated welding of the internal separation plate of BOX.
(2) Research on the incorporation of waveform control submerged arc into process.
(3) Assessment on the plausibility of using thick plates in laser welding

2. Research and development status in recent years

(1) In response to the challenges of upgrading the steel structure industry in Taiwan, especially in the shortage of welding manpower and rising costs, the National Center for Research on Earthquake Engineering invited industry representatives, scholars and experts to explore an automated technology solution. In the first year, initial tests have been done on 274 specimens. Professional welding engineers designated the welding parameters, conducted UT tests, and selected 32 specimens for the weld run test. Results showed that the welding pass rate usually exceeded 50%. However, correlation between the pass rate and the specimen thickness is unclear. In addition, there is a difference between the pass rate of phase one and phase two of welding tests. Currently, the development is still in the early stages, while possible man-made or unconsidered influencing factors are taken into account. Meanwhile, test results of the first year, including stretching, bending, impact, and processes and results of repetitive tests shall be promptly listed in the outcome report to understand test details, in order to improve the reliability of BOX inner partition welding automated technology results.
(2) In response to the massive SAW operational requirements in the production lines and the developmental trend of energy conservation and carbon reduction for environmental sustainability, in recent years, the Company has actively implemented research on waveform control submerged arc p welding process. In the research, applicable

welding procedures for SN490 and SM570 steel materials have been successfully developed. It has been verified through multiple tests that using the same grooving and thickness, the new process which adopts waveform control and AC for both front and back electrodes - different from the front DC and back AC electrodes configuration for traditional submerged arc welding process - leads the industry whereas competitors only adopt the traditional DC+AC configuration. The AC+AC configuration greatly improves the filling efficiency and saves approximately 12% of welding time while reducing energy consumption by 28%. Therefore, the successful development of this new process realizes the goals of improving production capacity and energy conservation and carbon reduction.

(3) Laser welding requires light beams to concentrate energy density. Matching light dot positions is difficult, and requires extremely high precision in the welding composite seams. Plates cut with normal flame cannot reach the tolerance of 1 mm or less, and therefore need to be processed with high-cost machinery. Thicker steel plates require laser welders with higher energy specification. In addition, the laser welding arc light can cause permanent damage to the human body. Therefore, in Japan, handheld welding is limited to 1.5KW or less. For 6KW or more, the welding needs to be done with robotic arms in a well-protected room. Steel structure plates are normally over 9 mm in thickness and currently cannot be welded by human hands. In addition, welding without fillers does not have legs and does not satisfy the current design regulation requirements. If fillers are used, efficiency and cost effectiveness will decrease. Therefore, it is not suitable for the steel structure industry.

3. Future R&D plans

(1) National Center for Research on Earthquake Engineering - Phase 2 R&D on the automated welding of the internal separation plate of BOX.

(2) Testing and research on the additional Long Stick-Out function for waveform control submerged arc welder

(3) Function testing, research and incorporation of cobot.

4. Explanation of Future R&D plans

(1) In the second year, the development of AI expert system will begin, and the AI model for predicting welding results will be established. The virtual welder will be integrated into one AI expert system module via coupling the optimized algorithms or enhanced learning. The module will have the ability to predict welding results and optimize the welding process. In this stage, the project will produce 50 units of small steel structure welding specimens using the system with optimized self-adaptability verified by the AI expert system. Then 20 welding run tests will be implemented. Database will be expanded to enhance system function. At the same time, an automated steel column welding platform will be established, which includes a welding platform and a movement platform. The automated welding function of the platform via motor control modules will be developed.

(2) Since over 60% of the on-site electric welding operation involves BOX column SAW process, the new waveform control double AC process has been introduced. To further improve welding efficiency, a new process that combines the Long Stick-Out technology is planned. This technology is expected to improve efficiency by another 20%. Waveform control will reduce the heat input and reduce energy waste, which in turn contributes to energy conservation and carbon reduction. Taking into account the potential

advantage of this technology, it is planned for incorporation to further improve the BOX production line performance.

(3) Cobots are different from traditional industrial robots in that they are designed to work with human workers. At the electric welding site, operators can handle the pre-welding tasks, then the cobots can implement the actual electric welding. Through this process, one operator can be teamed up with multiple cobots to reduce the demand for manpower at the site. Also, this can lower the requirements on operators' welding technique and improve efficiency and safety in operations. The continuous decline in domestic labor has caused an increasing serious shortage of welding professionals. For the time being, using cobots would mean high equipment costs and re-planning of parts placement and work site design to accommodate the robotic arm movement. In addition, limited operating diameter of the robotic arm and impossibility to do multi-layer welding can pose problems. The cost-effectiveness for this investment is still pending evaluation. However, to respond to the trend and improve production efficiency, early planning has started on cobot usage in steel welding to minimize impact caused by lack of welding labor.

(4) Future R&D plans

Plan in the Most Recent Year (Name)	Current Progress	Additional R&D Investment (NT$10,000)	Time of Completion	Major Factors for Future Success of R&D
National Center for Research on Earthquake Engineering - Phase 2 R&D on the automated welding of the internal separation plate of BOX.	The established welding database will be observed and the welders' behavior will be studied. Applying AI technology, geometric differences before and after welding and causal relation model for corresponding welding control parameters (such as current, voltage, speed, swing, wire end position, etc.) will be established.	150	2024.12	1. Selection of welding method 2. Establishment of welding procedures 3. Training for onsite welders
Testing and research on the additional Long Stick-Out function for waveform control submerged arc welder	The Long Stick-Out (LSO) hardware equipment upgrade is complete Suitable welding materials and initial welding conditions are being verified. Once the LSO stability is confirmed to be compliant, the welding condition optimization test will be implemented.	30	2024.12	1. Welding materials can be used in LSO process 2. Consistency in welding parameters for testing and production 3. Establishment of welding procedures
Function testing, research and incorporation of cobot	Collection of cobot technical data and spec, and discussion with equipment suppliers on cobots suitable for steel structure production. After confirmation of spec and functions, the construction can begin and phase 1 testing can be scheduled.	200	2024.12	1. Establishment of robotic arm welding parameters and models 2. Optimization of arm spec suitable for use in production lines 3. Establishment of robotic arm welding process

(IV) Long-term and Short-term Business Development Plans

1. Short-term plans:

   Steel structure:

   The steel structure business shall be oriented towards positioning ourselves as a refined steel structure company, and the production capacity of Kaohsiung Plant and Guantian Plant shall be improved.

   Trade:

   (1) Consolidate existing customers and develop customers in emerging markets.

   (2) Strive to sign long-term contracts with high-quality and stable customers.

2. Long-term plans:

   Steel structure:

   (1) Continue to increase the steel structure production capacity.

   (2) Enhance the strategic management of business owners and products.

   (3) Actively develop regional business opportunities with new customers, new products, and new markets.

   Trade:

   (1) Continue expanding sales of non-ferrous products.

   (2) Expand medium to high-grade product sales and develop new markets.

II. Market, Production and Sales

(I) Market analysis

1. Sales region for main products

(1) China Steel Structure Co., Ltd.

In 2023, 100% of the Company's main products, steel structures, were sold in Taiwan and 0% were exported. 86% of the steel products were sold in Taiwan and 14% were exported (Mainland China and Southeast Asia).

(2) United Steel Engineering & Construction Corp.

Taiwan.

2. Market share

(1) China Steel Structure Co., Ltd.

The Company is one of the top four steel structure plant in Taiwan but we do not have objective market share statistics.

(2) United Steel Engineering & Construction Corp.

USEC obtained projects with a value of 2.1 billion NTD in 2023 including approximately 2.04 billion NTD worth of group construction and approximately 0.6 billion NTD worth of public construction.

3. Future market supply and demand and future growth

China Steel Structure Co., Ltd.

(1) Steel structure

Under the influence of large investment projects, expansion of major high-tech companies, office building construction projects and urban renewal projects which drive up the demand for steel structure in recent years and the gradually increasing labor costs, the overall steel structure market is stabilizing in terms of prices.

The shortage of labor in the construction market has not yet been resolved. We must carefully consider the changes in raw materials and labor in order to reduce the risks of the increased cost of steel structure.

As the steel structure market faces fluctuations in materials and wages, we will carefully select high-quality customers and promote the Group and Company's brand value.

The Company shall actively participate in the supply chain of the underwater foundation's components of the Group's offshore wind power projects. We will increase the production capacity and yield rate of the underwater foundation steel structure process and increase product differentiation.

(2) Trade

Affected by the continued high interest rates, the construction industry, automotive industry (fuel vehicles) and durable electronic products in various countries around the world are faced with severe challenges, resulting in a decline in steel demand and causing steel prices to go down in Q1 through Q3 of 2023. In Q4, although steel mills in various countries accept the continued high-grade raw materials and raise steel prices, under influences such as economic downturn in China causing export volume to increase, suspended blast furnaces in Europe gradually resuming production, and new output in Southeast Asia entering the steel market, it is expected that the steel market still needs to return to the basic "supply-demand balance" in order to maintain long-term sound development.

United Steel Engineering & Construction Corp.

In 2024, the public construction budget is set at 588.6 billion NTD, which is a 0.3% increase as compared to the current year, setting another record high. Along with other factors such as the continual operation of the Forward-looking Infrastructure Development Program, increase in production capacity expansion in the high-tech industry, and Taiwanese businesses returning and setting up factories, construction needs have drastically increased. Despite this optimal situation, it is necessary to monitor the price rebound for certain construction materials. In Q1 of 2024, labor demand in the construction industry reached 4,276 workers. The government not only actively matched and trained workers to go into the industry, but also allowed general private construction companies to hire immigrant workers in May for the first time. The immigrant worker percentage is set at 30%, and will be adjusted if necessary. Limited by budget, labor shortage and schedule pressure, construction companies tend to become more prudent in undertaking projects. Therefore, in the next six months, the business climate in the construction industry is expected to stay the same.

4. Competitive niche

China Steel Structure Co., Ltd.

(1) The Company is an industry leader with sound reputation.

(2) The Company offers high product quality, timely delivery, and solid workplace safety and health.

(3) Comprehensive management system and abundant and diverse technical certifications.

United Steel Engineering & Construction Corp.

The Company has a good financial structure and bank credit, abundant engineering personnel, and superior construction management. Therefore, it is more competitive compared to general construction companies.

5. Favorable and unfavorable factors for future development and response measures

China Steel Structure Co., Ltd.

(1) Favorable factors

Steel structure:

① Continue to administer cost reduction initiatives and enhance the Company's competitiveness.

② Dedication to pre-sales and after-sales services.

Trade:

① The market expects the Federal Reserve to cut interest rates.

② Electric vehicles continue driving the development and popularization of high-strength steel materials.

(2) Unfavorable factors

Steel structure:

① Orders of public construction and steel bridges has declined sharply.

② Tower cranes and labor shortage caused labor costs to rise.

③ Steel material costs fluctuate drastically with international market prices, posing greater risks.

Trade:

① Customers' steel purchase policy becomes more conservative.

② Chaos in the pioneer phases of carbon tax in various countries.

(3) Response strategies

Steel structure:

① Actively pursue purchase orders for the expansion of high-tech plants and office building construction projects to make up for the shortage of purchase orders for steel bridges.

② Increase Guantian Plant's capacity for producing steel structures for buildings and plants. The short-term goal is to gradually adjust the bridge manufacturing process to prepare for future engineering projects.

③ Formulate methods to reduce the cost of materials.

Trade:

① Actively expand businesses in emerging markets.

② Continue to promote steel products with high value-added.

③ Diversify the sources of the supply of materials and satisfy customer demands for different product.

④ Carefully evaluate the financial and business status of customers to protect the Company's interests.

⑤ Take hedging measures in response to foreign exchange fluctuations and reduce foreign exchange losses.

United Steel Engineering & Construction Corp.

(1) Favorable factors:

① The Company has excellent project construction quality and project management and received recognition from the owners. The Company received the "Excellent Quality Award of Public

Construction" in the 16th Public Construction Commission Golden Quality Awards. In recent years, the Company also won various city engineering quality awards and environmental protection awards.

② The Company has a strong construction team which has completed multiple difficult tasks including certain Kaohsiung MRT projects, Kaohsiung Arena, spiral construction method for Tender 904A of elevated national highway from Wugu to Yangmei, Tainan Art Museum, underground railways in Kaohsiung, and Kaohsiung Light Rail. CSSC has won the trust of the owners.

(2) Unfavorable factors:

① Although public construction budgets and ratio of cases have increased, there is a lack of management manpower and skilled workers. With competition from the tech industry for laborers, we have faced more challenges in the control of construction periods.

② Employees in the construction business are more likely to change employers within the same industry. Talented engineers are often poached by competitors which affect manpower management.

③ The vast increase in operating costs and the significant price changes in raw materials such as concrete, sand and gravel, reinforced steel, steel structures, asphalt, and equipment have affected the profitability of the construction industry and increased operating risks.

(3) Response strategies:

① The Company leverages the support of the CSC Group to establish a company brand and image to achieve market segmentation and avoid low-price competition with competitors for tenders.

② The Company established a comprehensive management system to improve engineering technologies and train talented engineers and management talents with the aim of becoming a large-scale construction company.

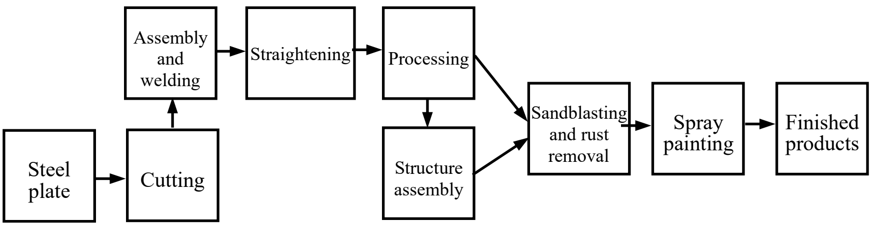
③ Evaluate and expand into emerging industries and adopt diverse management models to disperse risks.

(II) Major product manufacturing processes

1. Steel structure

(1) Important applications of steel structure: The steel structure products produced by the Company are mainly used for structures and the steel structure construction of new office buildings, bridges, cranes, oil tanks, plants, reservoirs, incineration plants, and power plants.

(2) The steel structure production process is as follows:



2. Trade

(1) Important applications of steel products

The main customers of steel products sold by the Company are upstream, midstream, and downstream companies in the steel industry. Important operators include: Steel mills, steel cutting industries, screw and nut industries, steel pipe industries, hot and cold rolling industries, automotive parts and electrical appliances industries. The products are used as materials necessary for production and processing of downstream industries.

(2) Steel product production process: The Company only serves as the distributor of steel products in sales and does not have steel product processing or production processes.

(III) State of supply of chief raw materials

The main materials of steel structures are steel plates and hot-rolled steel sections. Steel plates are mainly purchased from China Steel and hot-rolled steel sections are mainly purchased from Dragon Steel.

(IV) Names of customers who accounted for more than 10% of the purchases (sales) in the last two years

1. Names of customers who accounted for more than 10% of the purchases in the last two years - consolidated

Unit: thousand NTD

	2023				2022			
Item	Name	Amount	Total annual net purchase ratio	Relationship with the issuer	Name	Amount	Total annual net purchase ratio	Relationship with the issuer
1	China Steel Corporation	3,108,874	52.39	CSC Group	China Steel Corporation	3,527,556	50.84	CSC Group
2	Dragon Steel Corporation	761,063	12.83	CSC Group	Dragon Steel Corporation	1,172,289	16.90	CSC Group
	Others	2,064,022	34.78		Others	2,238,728	32.26	
	Net amount for purchases	5,933,959	100.00		Net amount for purchases	6,938,573	100.00	

2. Names of customers who accounted for more than 10% of the sales in the last two years - consolidated

Unit: thousand NTD

	2023				2022			
Item	Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with the issuer	Name	Amount	Proportion of total net sales value for the entire year (%)	Relationship with the issuer
1	Company A	4,138,992	21.97	CSC Group	Company A	2,792,780	14.42	CSC Group
2	Company B	3,419,832	18.15		Company B	2,083,443	10.76	
3	Company C	1,264,949	6.71		Company C	2,203,996	11.38	
	Others	10,015,399	53.17		Others	12,284,239	63.44	
	Net sales	18,839,172	100.00		Net sales	19,364,458	100.00	

(V) Table of production volume in the 2 most recent years - consolidated

Unit: Production capacity and production volume - tons
Production value - thousand NTD

Main Product \ Year / Output	2023			2022		
	Production Capacity	Production volume	Production value	Production Capacity	Production volume	Production value
Plant buildings	Annual production capacity of 160 thousand tons of steel frames	57,373	4,500,376	Annual production capacity of 160 thousand tons of steel frames	52,764	3,920,351
Tall buildings		36,193	3,123,888		62,380	5,035,482
Steel bridges		0	0		3,403	201,095
Other steel frames		3,655	301,487		3,849	617,871
Total		97,221	7,925,751		122,396	9,774,799

(VI) Table of sales volume in the 2 most recent years - consolidated

Unit: Sales volume - tons
Sales value - thousand NTD

Main Product (or Department) \ Year / Volume Value	2023				2022			
	Domestic sales		Export sales		Domestic sales		Export sales	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Plant building steel frames	48,462	4,813,116	0	0	38,403	4,148,893	0	0
Tall building steel frames	29,813	3,305,113	0	0	64,162	5,742,269	0	0
Steel bridge steel frames	0	0	0	0	5,478	267,312	0	0
Other steel frames	69	329,337	0	0	10	422,475	0	0
Other steel products	90,821	1,198,366	10,200	199,255	103,251	1,557,684	21,940	552,897
Construction	0	8,452,682	0	0	0	6,152,137	0	0
Labor services	0	514,189	0	0	0	505,056	0	0
Others	0	27,114	0	0	0	15,735	0	0
Total	169,165	18,639,917	10,200	199,255	211,304	18,811,561	21,940	552,897

III. Employees

I. Number of CSSC employees, average years of, average age, and education of employees in the last two years until February 29, 2024:

Year		2022	2023	2024.02.29
Number of employees		462	460	457
Average Age		43.6	44.2	44.3
Average years of services		12.8	13.2	13.3
Education background distribution (%)	PhD	0.2	0	0
	Master's	14.5	15.0	15.3
	Undergraduate	64.7	64.5	64.1
	Vocational college	11.3	10.9	10.9
	High school (vocational high school)	8.9	8.9	9.0
	Junior high school or lower	0.4	0.7	0.7

II. Number of CSSC and subsidiary employees, average age, average year of service in the last two years until February 29, 2024:

Year		2022	2023	2024.02.29
Number of employees		693	695	689
Average Age		43.9	44.1	44.2
Average years of services		12.5	12.8	13.0
Education background distribution (%)	PhD	0.1	0	0
	Master's	19.2	18.8	19.2
	Undergraduate	62.2	62.9	62.4
	Vocational college	11.4	10.9	11.0
	High school (vocational high school)	6.6	6.8	6.8
	Junior high school or lower	0.4	0.6	0.6

IV. Environmental Management Measures and Environmental Protection Expenditures

China Steel Structure Co., Ltd. passed the ISO 14001 Certification of Environmental Management System in 2016 and the external audit for the renewal certification of the ISO 14001:2015 Environmental Management System in 2022 (effective date: from 12/14/2022 to 12/14/2025). SGS shall be responsible for subsequent annual audits and the certificate shall be renewed every three years. The Company continues to improve the management system and gradually improves various environmental management performance. It plans internal and external audits each year and uses quality management system as the basis to ensure that all operation of the Company meet ISO 14001 requirements.

CSSC relocated from Xiaogang District to Yanchao District. To protect the environment, Kaohsiung Plant's "China Steel Structure Co., Ltd. Yanchao Industrial Park Environmental Impact Assessment" passed the review and approval of the Environmental Protection Administration in 2010. Implement environmental monitoring each quarter during the operation period with seven monitoring items including air quality, low-frequency noise, groundwater, traffic flow, land-based ecology, and soil (once every year). To achieve ecological conservation ideals, Kaohsiung Plant maintains an ecological conservation area of 16.81 hectares (approximately 37.4% of the total area) to form a multi-layer habitat for animals and plants. The green belt around the plant reduces the plant noise heard by nearby residents and also purifies the air.

In terms of air pollution management, CSSC ensures the normal operations of baghouses and active carbon absorption pollution prevention equipment. The Company regularly inspects the Particulate pollutants (Par.)

and Volatile Organic Compounds (VOCs) in pipelines within the plant and reports emissions. CSSC also applies for the establishment, modification, operation, change, and renewal of permits in accordance with laws and continues to strengthen audits in the plant and cooperate with the "Kaohsiung and Pingtung Regional Air Pollution Control Plan" of the Environmental Protection Administration to ensure that CSSC meets regulatory requirements.

No industrial effluents are produced in the production process of Kaohsiung Plant which only produces domestic sewage from employees' daily operations. The sewage is processed in sewage processing facilities and discharged into an ecological pond after it meets effluent standards. Due to the gradual depletion of water resources in Taiwan, the sewage is recycled for watering plants and trees in the plant after secondary purification in the ecological pond.

The Company supports the government's policy of turning waste into resources. The Company's main business is the production of steel structures and steel product trade. The steel structures and steel products are directly transported to the delivery site on transportation pallets. No packaging is required for product transportation and no packaging waste is produced in the transportation process to the delivery location. In addition, the main waste in the plant, slag from submerged arc welding, is currently recycled and reused through the collaboration with the welding agent supplier. The Company still appoints qualified processing plant to dispose of certain waste. Waste steel is sold to recycling companies for reuse. Waste steel balls from sandblasting are screened by units in the jurisdiction and the processing method was changed from the original burial method to iron recycling.

The Company's environmental protection expenditures in 2023:

1. In 2023, Kaohsiung Plant's general industrial waste disposal fees totaled approximately NT$1,094,071; industrial waste disposal fees totaled approximately NT$17,076,410; environmental monitoring expenses totaled approximately NT$2,430,844.
2. In 2023, Guantian Plant's general industrial waste disposal fees totaled approximately NT$333,330; industrial waste disposal fees totaled approximately NT$4,899,515.

(I) Losses arising as a result of pollution in the recent year up until the publication date of this annual report (February 29, 2024):

	2023	January to February 2024
Status of pollution (type and level)	None	None
Compensation claimed by / penalty incurred by		
Amount of compensation or penalty		
Other losses		
Date of penalty		
Penalty number		
Violated articles in regulations		
Contents of violation		
Contents of disposal		

(II) Response strategies:

None.

V. Protection Measures for Work Environment and Employees' Personal Safety

The Company passed the renewal certification for ISO 14001 and ISO 45001 management systems in 2022 and completed the regular inspections on December 21 to 22, 2023 to increase management efficiency.

The Company established the Occupational Safety and Health Committee in accordance with laws to review the Company's safety and health performance. Its members include the Committee Chairman (President), Deputy Committee Chairman (Vice Presidents of the Production Department and Management Department), Assistant Vice President of the Production Department, 14 labor representatives (accounting for more than 1/3 of the total members of the Occupational Safety and Health Committee), medical staff, occupational health and safety personnel (2 members), and level 1 supervisors of departments (6 members). All members are laborers and they convene quarterly meetings to review the implementation of occupational safety affairs and formulate implementation plans in accordance with resolutions of the meetings. The Occupational Safety and Health Committee shall discuss matters based on regulatory requirements. The production units (Kaohsiung Plant, Guantian Factory, and Engineering Department) are required to report the results of improvement projects for the environment and operation management status of their areas of responsibility. The project reports help the plants achieve continuous improvements and production plants can also use the plants as the basis for sharing experience and simultaneous implementation.

The Company organizes meetings of the Safety and Health Promotion Committee (one session at Kaohsiung Plant and Guantian Plant) which is chaired by the President and attended by the persons in charge of contractors and plant employees. Where necessary, we invite government officials or scholars and experts from academic institutions to give lectures on safety and health topics to strengthen employees and contractors' safety and health knowledge. The Safety and Health Promotion Committee provides contractors and persons in charge of the Company with a platform for direct communication that facilitates continuous bilateral communication to increase environmental safety of the plants.

(I) Hazard identification and risk assessment

The Company upholds the concept that occupational safety starts in the design phase because many hazards can be reduced and risks can be avoided through advanced planning and analyses. The Company has executed standard operating procedures, risk identification, and risk assessments and has taken action based on the risk assessment results to continue to address risk factors in the work environment.

(II) Compliance with safety and health regulations

Compliance is one of the Company's policies for safety and health and energy and environmental policies. The Company aims to meet all safety and health requirements of all government institutions. The Company reviews the legislation promulgated by the Ministry of Labor and other related government entities (e.g., National Fire Agency) and conducts applicability and compliance identification each quarter to ensure that CSSC meets regulatory requirements.

(III) Safety and health audit

CSSC regularly evaluates the contractors' capacity for environmental health and safety management. The Company schedules safety and health audits at the end of each year and the head office regularly assigns employees with extensive academic and hands-on experience in environmental health and safety to conduct safety and health audits in construction sites and production suppliers across Taiwan. They audit the implementation status of contractors' environmental health and safety and compliance and the audit results are compiled into safety and health audit reports to the Vice President for review. The discrepancies found in the audit process are also filed in the system and a discrepancy notice is issued for the audited unit to complete improvements accordingly before the case can be closed. We seek to uncover unsafe environments, behaviors, and actions that may cause environmental pollution at the construction sites to prevent occupational hazards and impact on the environment. The audit system reduces the Company's operation risks and improves the corporate image of the customers and the Company.

(IV) Occupational safety improvement measures

1. The Company has established implementation guidelines for toolbox meetings to facilitate operation by contractors and management personnel of the production units. In addition to explaining the work contents and safety notices, this also helps ensure the mental readiness of workers and archive implementation records.
2. If the ratio of width of the flange plate and the web of a steel section exceeds 1: 3, a clamp must be applied to prevent the steel section from collapsing due to an unstable center of gravity.
3. The Company provides chain turnover machines to turn auxiliary steel structure components when purchasing or updating turnover equipment to ensure stability of steel structure components when turning.
4. The Company specifies methods for stacking materials with broad foundations and narrow top load, and lower amounts of materials on each additional level to ensure the stability of materials.
5. The Company has promoted the supervisor inspection system to promote a safety-oriented culture where supervisors will proactively care about employees.

6. The Company has promoted observations on on-site and construction site safety in order to bring forth recommendations on improving safety.
7. The Company has established regulations on transportation and loading to prevent overturn and falling during component transportation and loading in order to ensure product safety during the process.
8. On-site senior employees serve as on-job training lecturers to share their practical experience.

(V) Friendly work environment

A friendly work environment effectively reduces the probability of occupational disasters. CSSC works hard to create a sound workplace environment:

1. CSSC uses large quantities of wave roofing sheets with lighting on its roofs to increase the brightness inside the plants and reduce the need for artificial lighting. The Company also plans safe walkways for plants and roads and safety checkpoints before entering work sites to remind employees and contractors to pay attention to their own safety. The Company also sets up stop buttons at entrances of safety walkways which can be pressed before visitors enter the work site to remind contractors to pay attention to the safety of visitors.
2. The Company installed additional railings on around the rooftop to reduce the operation risks of construction units on the rooftop. The Southern Occupational Safety and Health Center of the Executive Yuan assigned personnel to observe onsite to evaluate whether to include requirements for setting up railings around the rooftop of plant buildings in regulations.
3. Continuous drinking water fountains with warm, hot, and iced water supply functions have been set up in the administration building, plant building offices, and all production plants. The Company also regularly

inspects the status of filters and analyzes the level of Escherichia coli colony count.

4. Kaohsiung Plant constructed a footpath around the entire plant and planted trees and shrubs along the footpath as well as flowering plants such as Dwarf Ixora for employees and contractors to relieve their stress and increase work efficiency.
5. Large swaths of the original vegetation were kept by the plant. As no hard surfaces were paved on the vegetation, the rainwater can easily penetrate into the ground during rainy season and the soil in the plant can retain large quantities of water. Materials with good water permeability such as interlocking bricks were adopted for administrative areas, parking lots, and footpaths to replace AC, RC, and other pavements with low permeability. Soil in the water evaporates into vapor when there is no rain in the dry season and helps lower the temperature of the plant.
6. Kaohsiung Plant has an area of 88,404m^2 and approximately 1,000 employees including contractors. Each employee can use an average area of 88m^2. The spacious work environment prevents overcrowding in the workplace that may place mental pressure on employees or contractors.
7. The CSSC administration building is equipped with breastfeeding room with equipment such as beds, sofas, refrigerators, and bathrooms. They are provided for use by employees, contractors, or visitors and dedicated personnel are assigned to provide maintenance each day to maintain the cleanliness of the environment in the breastfeeding room.
8. CSSC considers the employees and contractors' needs for fund withdrawal. Financial institutions have set up three ATMs in the plant and one was designed to help meet the needs of people with disabilities.

The height was reduced and the control keyboard was made more accessible to provide people with disabilities with more convenient use.

9. Emergency aid buttons were set up in the toilets and the external warning lights and alarms will be activated once they are pressed. These measures help ensure the safety of people with disabilities and the elderly.
10. Handicapped parking spaces and mother and infant-friendly parking spaces were set up by the CSSC administration building. The parking spaces are located near the administration building to help people with disabilities and pregnant women park their vehicles nearby.
11. An accessible design was adopted for the elevator of the administration building. The elevator car is equipped with a control panel for wheelchair users, Braille signs, safety mirrors, etc. for the convenience of people with limited mobility.

(VI) Safety and health training

CSSC follows regulations in occupational safety laws and regularly organizes safety and health training programs. The Company appoints external professional training institutions to provide certain special occupational safety training so that employees and partners obtain the necessary knowledge and skills for their work. The continuous training help increase the employees and partners' occupational safety awareness.

(VII) Health and care

Employees are the Company's biggest assets. Only healthy employees can maximize growth for the Company. The Company continues to promote safety and health as well as health promotion activities to actively create a high-quality workplace environment. Implementation method:

1. Employee health examinations

   The Company provides annual health examinations for all employees regardless of age and gender. The examinations are superior to current legal requirements. In addition to general health examination items, we also provide abdominal ultrasound, bone density, and tumor marker screenings. We also organize cancer screenings with the Health Promotion Administration for oral and colorectal cancer to provide employees with more in-depth health examinations. After employees obtain the annual health examination report, the Company appoints specialists to visit the plants and provide health consultation and disease prevention health seminars.

2. Health seminars and education activities

   The Company organizes health promotion activities and seminars each year to improve the physical and mental health of employees and provide them with new knowledge on taking care of their health and healthcare.

3. Onsite nurses and physician services in plants

   The Company hires licensed nurses to provide employees and contractors with emergency aid and health education training. We appoint occupational medicine specialists to provide services in plants each month. They provide employees and contractors with free health consultation services, health guidelines, etc.

VI. Labor Relations

(I) The Company sets out its employee benefit programs, welfare measures, continuing education, training, retirement policy, and their implementation, as well as the agreement between employees and the employer, and protection measures for employees' rights and interests.

1. Employee benefit programs and their implementation

To address the daily needs of employees, the Company provides a safe and clean working environment, and helps employees relieve physical and mental stress after work by providing various welfare measures and organizing activities. These measures help remove the stress and anxiety of work, make life more fulfilling and comfortable, and create more harmonious labor-management relations.

The Company's employee welfare measures include the following items:

(1) Subsidies for self-improvement activities, gift money for festivals, club activities, education of employees' children, emergency and disaster relief, wedding allowances, domestic and overseas group travel, and childbirth and birthday gifts.

(2) Emergency zero-interest loans and applications for wedding and funerary tributes.

(3) The Company has established an employee cooperative store.

(4) Comprehensive group insurance.

(5) Year-end party and celebrations for Labor Day, Mid-Autumn Festival, and plant anniversary.

2. Retirement policy and their implementation

According to the Company's human resources management system, employees must retire once they meet one of the following conditions:

(1) Where the employee is over 65 years old;

(2) Where the employee is mentally incapable or physically disabled and cannot continue to work.

The Company established the "Employee Retirement, Compensation, and Severance Regulations" and the "Guidelines for the Care of Retired Employees and Survivors of Deceased Employees". The Company also set up the retirement reserve fund account and allocates pension during employees' employment in accordance with laws to support employees' life during employment and after retirement. The Company organizes retirement tea parties before the retirement of employees reaching retirement age to thank them for their hard work and dedication in their services at the Company. The Company also provides career planning services for them after retirement. After retirement, employees still receive gifts or gift money for the three festivals. When the Company organizes celebrations or cultural, art, or entertainment activities, we invite retired personnel to take part in such activities based on the nature of the activity.

The Labor Pension Act was promulgated on July 1, 2005. The Company's employees were permitted to choose to use the old or new system within five years starting from that date. However, personnel hired after July 1, 2005 are all enrolled under the new system. As of the end of December 2023, 445 employees were enrolled under the new system while 15 were still enrolled under the old system. Their pensions are processed in accordance with related regulations in the "Labor Pension Act" or the "Labor Standards Act".

A Supervisory Committees of Workers' Retirement Reserve Funds was established by the Company in accordance with the law. Monthly contributions are made to the Workers' Retirement Reserve Fund. For employees to whom the Labor Pension Act is applicable, a monthly pension equal to 6% of the salary is also paid to the personal account with the Labor Insurance Bureau. For employees to whom the Labor Standards Act is applicable, employee pension is calculated based on the employee's year of service and the average salary in the 6 months prior to the employee's approved retirement date. The Company has contributed to this part of the pension fund in excess, and is approved by the Supervisory Committees of Workers' Retirement Reserve Funds not to contribute to the Old Labor Pension Fund. A report has been filed with the Department of Labor. The Company's Supervisory Committees of Workers' Retirement Reserve Funds convenes quarterly to report the pension contribution status.

3. Employee conduct and code of ethical conduct

In order to create an ethical culture and encourage employees to exercise discipline and uphold integrity in the performance of their duties, the Company regularly organizes courses on business integrity, reporting of violations of ethical conduct, complaints, and disciplinary actions to regulate employee conduct and to promote the corporate value of ethical conduct.

4. Employee training

The Company established the Human Resource Section under the Administration Department (please refer to the organization table) to take charge of planning employee development regulations and systems, and formulating and executing the training programs. The Section is responsible for talent development and organization management.

To train the talents necessary for corporate business development, the Company established regulations for training and on-the-job studies to regulate the training system and specify training regulations. The Company reviews the business development status each year and establishes the annual training programs for training to improve employees' knowledge and skills. The talent cultivation system is used to strengthen management skills and professional knowledge and skills. The Company also trains management and professional talents on all levels and encourages employees to improve themselves with studies.

The five major training programs of the Company and subsidiaries include management, professional skills, safety and health, liberal education, and on-the-job training programs. The total number of employees and total number of hours are as follows:

(1) China Steel Structure Co., Ltd.

Training type	Total number of people	Total hours
Management	217	608
Professional skills	159	1,267
Safety and health	389	2,558
Liberal education	117	338
On-the-job studies	3	360

(2) United Steel Engineering & Construction Corp.

Training type	Total number of people	Total hours
Management	154	454
Safety and health	97	384
On-the-job studies	1	120

5. Other important agreements

To develop employer-employee relationships, foster cooperation between the employer and employees, and improve work efficiency, the

Company has established the "China Steel Structure Co., Ltd. Regulations for Labor-Management Meeting" on August 15, 1988 in accordance with the regulations in the "Regulations for Implementing Labor-Management Meeting" promulgated by the Ministry of the Interior.

To stabilize labor-management relations, promote labor-management harmony and protect labor interests, in March 2023, the group negotiation protocol was activated. A total of 3 negotiation meetings were held over six months, and the two parties signed a group agreement on November 24, 2023. The agreement has a validity of 3 years from the signing date to November 23, 2026. Contents of the agreement that are superior to the legal requirements include employee stock ownership trust that encourages employees to become partners of the Company, the 8-day maternity examination leave that builds a parent-friendly workplace, as well as collective bargaining agreements that allow the management system to have a binding effect on both labor and management.

6. Internal communication management regulations

Communication channel and feedback contents:

Item No.	Communication channel	Feedback contents
1	Administration system of the Company	Where individuals or groups wish to express an opinion, they may provide feedback to the direct supervisor through the administration system (verbal or written proposal). The supervisor shall help them consult related units to address the issues or request the responsible supervisor to make a decision.

Item No.	Communication channel	Feedback contents
2	Business report	(1) Level 1 supervisors convene monthly meetings. (2) Plant and department work reports and coordination items.
3	Management review meeting	(1) Convened regularly in January each year. (2) The management inspects and reviews the appropriateness of the documents for the functions of the management system. (Including data analysis results)
4	Production meeting	(1) Personnel ranked section chief and above of the Production Department convene weekly meetings. (2) Production reports and coordination matters.
5	Employer-employee meetings	(1) Meetings of the Employer-Employee Committee are convened once every 3 months. (2) Matters regarding the Company's work conditions, benefits, work improvements, and employer-employee relations.
6	Company labor union	Employee welfare or complaint items.
7	Quality meeting	(1) Section chief of the Production Department and persons in charge of contractors of each plant convene monthly meetings. (2) Quality implementation status, results of defect analyses in the production process, and coordination items with the units.

Item No.	Communication channel	Feedback contents
8	Company web page	Amendment of the internal regulations
9	Company hard drives	Documents of the quality management system
10	Announcements	Change in position and announcements of rewards and penalties

(II) Human rights policy and implementation methods

1. Human rights policy

To fulfill corporate social responsibilities and protect the basic human rights of all employees, customers, and stakeholders, CSSC established the following human rights policy in accordance with the "UN Global Compact", "United Nations Universal Declaration of Human Rights", "United Nations Guiding Principles on Business and Human Rights", and international standards of the "United Nations International Labour Organization" for implementation:

Ban on the use of child labor:	The Company meets requirements in local laws and regulations on minimum age and does not hire child labor.
Elimination of forced labor:	The Company does not force employees to work past work hours specified in local regulations and complies with requirements for overtime pay and necessary compensation.
Elimination of employment discrimination:	The Company prohibits discrimination on the basis of race, social status, language, thought, religion, political association, origin, place of birth, gender, sexual orientation, age, marital status, appearance, physical or mental disability, or union association. Everyone enjoys equality and protection and the Company strictly prohibits harassment, physical abuse, or coercion to ensure employment safety.
Compliance with laws:	The Company strictly complies with the government's labor regulations and other requirements and considers the issues of concern to stakeholders to provide appropriate responses.
Health and safety:	We provide all employees with a healthy and safe work environment with mutual trust and respect.

2. Implementation methods

Item	Tangible actions
Workplace health and safety	1. The Company has passed ISO 14001 (Environmental Management System), OHSAS 18001 & CNS 15506 (Occupational Health and Safety Management System), and Taiwan Occupational Safety and Health. Management System (TOSHMS) review and certification. The Company also consolidated CSSC's safety, health, energy, and environmental policies to provide employees of the Company with a safe work environment. 2. The Company continues to organize safety and health promotion activities to actively promote and create a high-quality workplace environment. The Company also received the Healthy Workplace Accreditation and Health Promotion Mark from the Health Promotion Administration, Ministry of Health and Welfare in 2017. 3. The Company organizes meetings of the Safety and Health Promotion Committee (one session at Kaohsiung Plant and Guantian Plant) each year. The meeting is chaired by the President and attended by the persons in charge of contractors and plant employees. We invite government officials or scholars and experts from academic institutions to give lectures on safety and health topics to strengthen employees and contractors' safety and health knowledge. The Safety and Health Promotion Committee provides contractors and the highest-ranking persons in charge of the Company with

Item	Tangible actions
	a platform for direct communication that facilitates continuous bilateral communication to increase environmental safety of the plants. 4. The Company provides annual health examinations for all employees. The examinations are superior to current legal requirements. In addition to general health examination items, we also provide abdominal ultrasound, bone density, and tumor marker screenings. We also organize cancer screenings with the Health Promotion Administration for oral and colorectal cancer to provide employees with more in-depth health examinations. After employees obtain the annual health examination report, CSSC appoints specialists to visit the plants and provide health consultation and disease prevention health seminars. 5. The Company hires licensed nurses and sets up treatment facilities to provide employees and contractors with emergency aid and health education training. We appoint specialist physicians to provide services in plants each month. They provide employees and contractors with free health consultation services, health guidelines, etc.
Eliminate unlawful discrimination to ensure equal	1. The Company offers salaries for new recruits that are higher than the minimum wage specified by the Ministry of Labor and uses a competitive salary system (the ratio of the minimum salary and the minimum wage specified by the Ministry of Labor is 1.1: 1) to attract talented employees.

Item	Tangible actions
employment opportunities	2. Employee salaries: Employee salaries are determined by their academic records and experience, position, market rates, and personal work performance. The Company never offers different salaries on the basis of gender, race, religion, political views, place of birth, origin, physical or mental disability, appearance, or marital status. The starting salary ratio for both male and female employees with the same qualifications is 1: 1 and there are no gender-based differences. The Company has not had employer-employee disputes or discrimination cases since its founding. 3. Employee hiring and promotions: The Company does not impose restrictions on gender, age, place of birth, origin, marital status, appearance, political views, or religious beliefs. Employees have equal opportunities if they meet the skill requirements and qualifications for jobs.
Ban on the use of child labor	The Company surveys the manpower requirements of all units every year and establishes the annual manpower requirement and recruitment plan after obtaining approval. The Company then publicly recruits new employees to prepare the manpower necessary for future operations. CSSC has never used child labor since its founding.
Ban on forced labor	The Company abides by labor laws and international norms, and does not force or coerce any individuals to provide labor against their will.

Item	Tangible actions
Physical and mental health and work-life balance	1. The Company organizes health promotion activities and seminars each year to improve the physical and mental health of employees and provide them with new knowledge on taking care of their health and healthcare. 2. The Company established multiple clubs and provides suitable subsidies to support their operations. The Company encourages employees to take part in club activities with the aim of connecting employees through club activities and achieving work-life balance. 3. Where individuals or units wish to express an opinion, they may provide feedback to the direct supervisor through the administration system. The supervisor shall help them consult related units to address the issues. If the individuals or units feel that their opinions are not adequately addressed, they may use channels such as the Employee Welfare Committee, company labor union, employer-employee meetings, and the complaint system to seek solutions for improving the position of laborers and fight for labor rights.

(III) Losses arising as a result of employment disputes in the recent year up until the publishing date of this annual report (quantify estimated losses and potential responses; if potential losses cannot be reasonably estimated, state the reason why): None.

China Steel Structure Co., Ltd.
Employee Retirement, Compensation, and Severance Regulations

Established on August 29, 1986

10th amendment on February 25, 2021

Chapter I. General Provisions

Article 1 China Steel Structure Co., Ltd. (hereinafter referred to as the Company) established the Company's Employee Retirement, Compensation, and Severance Regulations (hereinafter referred to as the Regulations) in accordance with the Labor Standards Act and related regulations to reward employees for their professional services and take care of employees during employment and retirement.

Article 2 The employees specified in the Regulations refer to fixed-term contract employees and non-fixed term contract employees. However, fixed-term contract employees
are not eligible for the provisions on retirement specified in Chapter 4 of the Regulations. Their severance pay shall be processed in accordance with the terms of the fixed-term contract.

Article 3 The age specified in the Regulations shall be based on the age specified in the household registration records.

Article 4 The number of years of service shall be calculated based on the number of years the employee has served at the Company (including the preparatory period). The original number of years of service of employees transferred from other units to the Company with special approval shall be included in the calculation.

Except otherwise specified in the Company's other regulations, the number of years of service during extended leave without pay (including suspension of duties) shall not be calculated.

Chapter II. Allocation of the retirement reserve funds

Article 5 The formulation, adjustment, and temporary suspension of the allocated retirement reserve funds shall be processed in accordance with laws and regulations.

Article 6 The allocated retirement reserve funds shall be retained by the financial institution designated by the competent authority in accordance with laws. Within one month of the end of each year, the Company shall produce the list of the allocation and expenditures of the workers' retirement reserve funds and submit it to the Supervisory Committees of Workers' Retirement Reserve Funds for review and approval.

The organization and duties of the Supervisory Committees of Workers' Retirement Reserve Funds shall be processed in accordance with laws and regulations.

Article 7 The formulation or adjustment of the allocation rate shall be reported to the local competent authority for approval and registration. A suspension of appropriation of contributions may be filed to the Supervisory Committees of Workers' Retirement Reserve Funds for approval and reported to the local competent authority for approval.

Chapter III. Lay off

Article 8 Employees may be laid off under one of the following circumstances:

I. Where the Company suspends or transfers operations;

II. Where the Company sustains losses or reduction in business operations;

III. Where work is suspended for more than one month due to force majeure factors;

IV. Where the Company changes the nature of its business and it is necessary to reduce the number of workers but has no suitable work for workers;

V. Where an employee is verified as unable to perform tasks required for his/her job;

VI. Other conditions approved by the employee.

Article 9 Where an employee is laid off in accordance with regulations in the preceding article, the minimum period of advance notice shall be processed in accordance with the regulations below:

I. Those who have been in employment for three months or more but less than one year should be given a ten-day notice.

II. Those who have been in employment for one year or more but less than three years should be given a twenty-day notice.

III. Those who have been in employment for three years or more should be given a thirty-day notice.

After receiving the advance notice referred to in the preceding paragraph, the employee may ask for leave of absence during work hours to find a new job. Such leave of absence may not exceed two work days per week. Wages shall be paid during such leave of absence. Where the Company fails to lay off employees with an advance notice in accordance with the preceding paragraph, it shall pay the salary during the advance notice period.

Except for conditions specified in Article 14 of the Labor Standards Act, an employee who wishes to resign is required to provide an advance notice to the Company. The advance notice period shall be processed in accordance with Paragraph 1 of this Article. Where the employee fails to provide advance notice and causes the Company to suffer losses, the Company may pursue compensation in accordance with laws.

An employee who voluntarily resigns or leaves his/her job upon the expiry of the labor contract shall not be paid the wages during the advance notice period or the severance pay. In addition, the employee shall be required to complete resignation procedures.

Article 10 Laid off employees shall receive severance pay in accordance with the regulations below:

I. Employees enrolled under the old pension system:

An employee shall be given one month's average salary as severance pay for each full year he/she has served at the Company. For periods of less than one year, the severance pay shall be paid proportionally. Periods of less than one month shall be calculated as one month.

II. Employees enrolled under the new pension system:

An employee shall be given half a month's average salary as severance pay for each full year he/she has served at the Company under the new pension system. For employees who have worked for less than one year, the severance pay shall be paid proportionally. The maximum severance pay shall be six months' average salary.

Chapter IV. Retirement

Article 11 Employees may apply for voluntary retirement under one of the following circumstances.

I. Where the employee has provided services for more than 10 years and is 60 years old or older;

II. Where the employee has provided services for more than 15 years and is 55 years old or older;

III. Where the employee has provided services for more than 25 years.

IV. The Company may, based on actual needs, propose provisional voluntary early retirement plans and report them to the Labor Bureau for approval and registration before implementation.

Article 12 Where the employee is over 65 years old, the employee should retire.

After the Chairman or President retires upon reaching retirement age, they may be appointed as unpaid advisors. The Chairman may be appointed as an "honorary unpaid advisor" without a term limit. The President may be appointed as an "unpaid advisor" with a term limit of three years. With the exception of serving as unpaid advisors described above, they may also serve as the paid advisors, independent directors, and natural-person supervisors in affiliated enterprise of CSC Group. They also may not represent affiliated enterprise of the Group in any position with fixed remuneration.

Article 13 Where the employee has mental or physical disabilities and cannot continue to work, the employee should retire.

Article 14 The pension payment standards for retired employees are as follows:

I. Employees enrolled under the old pension system:

(I) According to Article 55, Paragraph 1, Subparagraph 1 of the Labor Standards Act, two base units are given for every full year of service. Employees are given one base unit for each full year of service after the 15th year and the total number of base units shall be capped at 45. Periods of less than six months shall be calculated as six months; periods of more than six months shall be calculated as one year.

(II) According to Article 13, where employees are forced to retire due to disability incurred from the execution of their duties, the pension shall be paid in accordance with the standards set forth in Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act.

(III) The standards for pension base units in the two preceding items refer to the employee's average monthly salary in the six months before the approval for retirement.

II. Employees enrolled under the new pension system:

(I) The Company shall make monthly pension contributions equal to no less than 6% of the employee's monthly salary. Employees may also voluntarily contribute up to 6% percent of their individual salaries every month separately as pension.

(II) Where the employee is over 60 years old and has worked for at least 15 years, the employee may collect monthly pension. Employees who have worked for less than 15 years are required to apply for one lump-sum pension payment. The calculation of the aforementioned number of years of service shall be calculated based on the actual number of years of service during which the pension is appropriated. Where the number of years of service is interrupted, the number of years of service during which the pension is appropriated before and after the interruption shall be calculated together.

(III) The payment of pension for the number of years of service before the implementation of the new pension system shall be processed in accordance with regulations for employees enrolled under the old pension system in Subparagraph 1.

(IV) According to Article 13, where employees are forced to retire due to disability incurred from the execution of their duties, the pension shall be paid in accordance with the standards set forth in Article 55, Paragraph 1, Subparagraph 2 of the Labor Standards Act. Where the disability is not incurred from the execution of duties, if the employee has accumulated years of service in the old pension system in the Company, the pension shall be paid in accordance with the payment standards in Article 55, Paragraph 1, Subparagraph 1 of the Labor Standards Act. Where the employee has not been employed for at least five years, it shall be calculated as five years. However, the pension appropriated by the Company on behalf of the employee under the new system and the severance pay paid by the Company in accordance with Article 12, Paragraph 1 of the Labor Pension Act shall be deducted from the payment amount.

Chapter V. Compensation

Article 15 Where an employee of the Company enrolled under the old system is deceased due to an illness or accident during employment, the compensation base unit shall be calculated and paid in accordance with the regulations and standards in Article 55, Paragraph 1, Subparagraph 1 of the Labor Standards Act. Where the employee has not been employed for at least five years, it shall be calculated as five years. However, the number of years of service eligible for the new pension system shall be deducted by the pension already appropriated by the Company on behalf of the employee.

Where an employee of the Company not enrolled under the old system is deceased due to an illness or accident during employment, the compensation shall be processed in accordance with the new pension system.

The compensation distributed in accordance with the two preceding paragraphs shall not be paid from labor insurance or group insurance death benefits.

Article 16 The death of an employee due to work or occupational hazards refer to one of the following conditions:

I. Where the employee is deceased due to courageous efforts in disaster rescue;

II. Where the employee is deceased due to an accident in the performance of his/her duty in the workplace (including inside and outside the Company);

III. Where the employee is deceased due to an accident on the necessary transportation route when the employee is summoned to the plant to conduct emergency repairs;

IV. Where the employee is deceased due to an occupational disease;

V. Where the employee is deceased due to an accident on the necessary transportation route when the employee is assigned to conduct company affairs;

VI. Where the employee is deceased due to an accident in the event of a natural disaster on the way to or from work;

VII. Where the employee is deceased due other work or occupational hazards prescribed in laws and regulations.

In the event of a death caused by the conditions in the preceding paragraph, funerary expenses totaling 5 months' average salary and death compensation totaling 40 months' average salary shall be paid.

In addition, where the Company deems that conditions in

Subparagraph 1 of the preceding paragraph are met, it shall distribute a special compensation of NT$1,200,000; where conditions in Subparagraph 2, 3, or 4 of the preceding paragraph are met, it shall distribute a special compensation of NT$600,000; where conditions in Subparagraph 5 or 6 of the preceding paragraph are met, it shall distribute a special compensation of NT$300,000;

The compensations distributed in accordance with the preceding paragraph shall not be paid from labor insurance or group insurance death benefits. The compensations shall be paid from the payouts from insurance policies with insurance premiums paid by the Company. Where the death compensation of the 40 base units specified in the preceding paragraph is lower than the compensation based on retirement calculation standards, the death compensation shall be paid based on the retirement calculation standards.

Article 17 In the event that an employee is disabled or injured, or contracts a disease due to an occupational hazard, compensation shall be paid in accordance with the following regulations. However, where the Company has paid compensation for the same accident in accordance with the Labor Insurance Act or other regulations, the payment may be used to offset the compensation; Where there are other payouts from insurance policies with insurance premiums paid by the Company, the compensation shall be paid from the payouts.

I. Where an employee is injured or contracts an occupational disease, the Company shall pay compensation for necessary medical expenses.

The categories of occupational diseases and the scope of medical services shall be processed in accordance with related regulations of the Labor Insurance Act.

II. Where an employee is unable to work during medical treatment, the Company shall pay compensation based on the employee's salary. However, where the treatment period exceeds two years and the employee fails to recover, once a designated hospital's diagnosis finds the employee to have lost the original capacity to work and the standards for disability payments in Subparagraph 3 are not met, the Company may be exempted for the salary compensation liabilities after paying a lump-sum payment of 40 months' average salary.

III. After an employee's treatment is terminated and a designated hospital's diagnosis states that the employee suffers from a physical disability, the Company shall pay a lump-sum disability compensation based on the average salary and the severity of the disability. The standards shall be processed in accordance with related regulations of the Labor Insurance Act.

Article 18 When an employee is deceased, the survivors' compensation shall be paid to survivors in the following order:

I. Spouse and children;

II. Parents;

III. Grandparents;

IV. Grandchildren;

V. Brothers and sisters.

Article 19 The survivors' compensation or compensation paid by the Company in accordance with Article 16 and 17 may be deducted from the payment of compensation for damages arising out of the same accident.

Article 20 The statute of limitation for claim right to receive compensation shall not be extinguished two years after the date the employee becomes entitled to receive the said compensation.

The right to receive compensation shall not be prejudiced by the severance of service by the employee. The compensation may not be used for transference, collateral, or compulsory execution after it is deposited into the account opened in the financial institution.

Chapter VI. Supplementary provisions

Article 21 The necessary expenses for retirement, compensation, and severance shall be included in the annual budget for personnel expenses. The payment shall be processed in accordance with the following regulations:

I. Pension under the old system: Pension shall be paid from the retirement reserve funds. Any deficiency shall be paid from the personnel expenses for the current year.

II. Other payments: All other payments shall be paid from the personnel expenses for the current year.

Article 22 These Regulations shall come into effect by resolution of the Board of Directors. The same applies to all subsequent amendments.

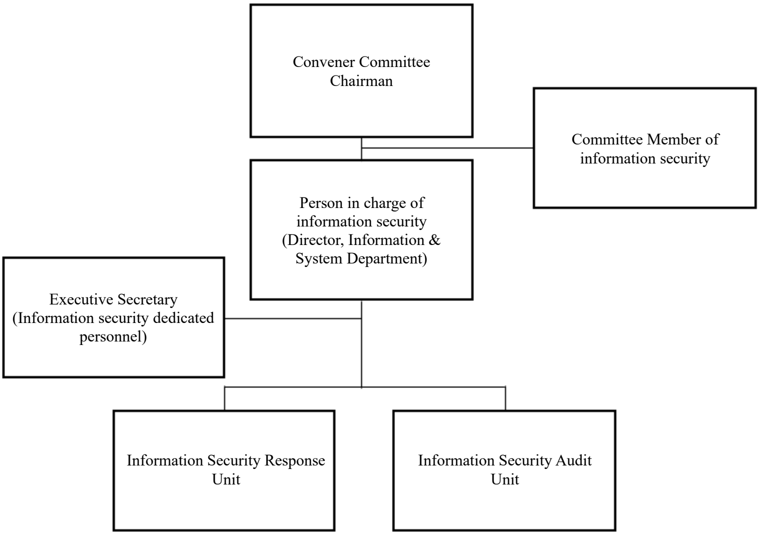
VII. Information Security Management

(I) Information communication security risk management structure

1. Information security governance organization

The CSSC established the Information Security Committee on August 31, 2022. The Vice President serves as the convener. Supervisors of the Audit Office, President's Office, Finance Department, Industrial Safety & Hygiene Department, Quality Assurance Department, Steel Structure Sales Department, Trading Department, Kaohsiung Plant, Guantian Factory, Design Division, R & D Department, and Engineering Department or employees that they assign serve as members of the Committee. The Director of the Information & System Department serves as the person in charge of information security. In addition, the Executive Secretary Unit, Information Security Response Unit and Information Security Audit Unit are set up. The Committee convenes annually, organizes the formulation and implementation of policies related to information security, risk management and compliance checks. It also reviews and decides guidelines and policies on information security and information protection to ensure the effectiveness of information security management measures.

2. Structure of the Information Security Committee



(II) Information communication security policies

1. The goal of information security
   (1) Ensure the confidentiality, comprehensiveness and access of the Company's business-related information and ensure the Company's information security.
   (2) Increase protection of information security and achieve the goal of continual operation.
2. The strategy of information security policy

   In order to effectively realize information security management, the Information Security Committee follows the PDCA management cycle, i. e. Plan - Do - Check - Act, to review the applicability of the information security policy and the protective measures. The strategy is follows:

(1) Assess the security needs of information operation and establish relevant procedures, development strategies, management framework and standards to ensure the confidentiality, comprehensiveness and access of information assets.

(2) Establish the information security organization and division of duties to facilitate the implementation of information security operation.

(3) Formulate assessment criteria for the level of information security incident to implement necessary tasks.

(4) Establish reporting and response mechanisms for information security incidents to ensure the timely and proper response, control and handling of information security incidents and to minimize the scope of impact and losses.

(5) Regularly conduct tests, drills and information security training to raise employees' awareness of information security to reduce man-made information security disasters.

3. Information communication security risk management and continual improvement on the structure

(1) Information security governance (Plan)

Formulating the structure of the information security policy

Formulating the internal operation procedures of information security

(2) Promotion and implementation (Do)

Implementation of education on information security policy and training for employees

Incorporation and implementation of internal information operation

(3) Risk assessment (Check)

The risks of the information security structure is re-assessed each year

Improvements and assessment of operation are conducted based on the recommendations of the audit department

Assessment is conducted based on the improvement recommendations from all units

(4) Risk improvement (Act)

Continual improvement on the internal operation procedures

Seeking external solutions

(III) Concrete management plan of information security

1. Monitoring of network activity

(1) Network activities are monitored 24 hours a day by the external information security center. Material information security risks are handled immediately. Improvements on medium- and low-risk information security incidents are conducted quarterly.

(2) Firewalls and VPN are established. Equipment network interface cards are controlled to disable network connection by illegal equipment.

2. Device security

(1) Anti-virus software is installed on the Company's personal computers and servers. One account is for one person and is controlled and certified by Active Directory. Change of password is compulsory every three months.

(2) Windows Server Update Services (WSUS) are set up for automatic software update for the Company's personal computers and servers.

3. Data security

(1) The USB port of the Company's personal computers is turned off by default. Activation requires approval.

(2) Entry and exit of machinery rooms are managed by access control. Important systems are backed up regularly. Disaster recovery drills are conducted for databases annually.

4. E-mail control and social engineering rehearsal

(1) The E-mail system is filtered via spam server, and the black list and white list mechanism is established.

(2) Non-scheduled phishing tests are conducted in cooperation with the Group. Reporting and improvement are conducted based on gravity.

(3) Information security training is organized annually, and information security announcements are made non-periodically to raise employees' awareness of information security.

(IV) Resources invested in information communication security management

Results of the implementation of information security measures in 2023

1. Procedural guidelines: Information Communication Security Management is implemented in accordance with the established information security protocol.
2. Information security certifications: ISO/IEC 27001:2013 information security, first year verification completed (effective date: from 11/26/2022 to 10/31/2025).
3. Safety and health training: Implemented 3 sessions of information security training.
4. Information security testing: Implemented website and host vulnerability testing.

5. Conducted e-mail social engineering drills: Implemented e-mail social engineering drills on 60 persons monthly. In 2023, a total of 240 persons were randomly selected for the drills.

(V) Information and communication security risks and response measures:

To prevent information security attacks, the Company not only enhanced the routine information security operations and purchased new software and hardware for information security, but also enhanced the information security incident monitoring and reporting mechanism, incorporated external professional information security consultant for assistance, and established the Information Security Committee which called meetings regularly. In order to raise employees' awareness on information security, the Company implemented quarterly information security trainings and monthly e-mail social engineering drills.

Furthermore, in response to the ever-changing ways of hacking, the Company referenced the National Institute of Standards and Technology Cybersecurity Framework (NIST Cybersecurity Framework) and established five major information security management measures:

1. Identify

   Review the information environment and key resources, systems and services; establish a risk management strategy that caters to the daily operations, including information asset inventory and risk assessment, and discover potential risks through internal and external audits in order to make improvements.

2. Protect

   Establish corresponding defense measures to ensure that key resources, systems and services will not be affected by information security incidents. The measures include identity and access management, endpoint / anti-virus protection and firewalls.

3. Detect

   Establish real-time detection and alert mechanisms for information security incidents, including a spam management system, intrusion detection system, and the Security Operations Center (SOC).

4. Respond

   Establish the reporting and response management for information and communication security incidents so that when an event occurs, the damage control or recovery can be promptly completed to reduce the impact of the events on CSSC.

5. Recover

   The Information & System Department has comprehensive backup SOP. In the event of damage to the data, users can use the backup program for disaster recovery. The program shall restore the data to a previous backup point and minimize the impact to the production process.

(VI) List any losses suffered by the company in the most recent fiscal year and up to the annual report publication date due to significant cyber security incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: None.

VIII. Important Contracts

I. China Steel Structure Co., Ltd.

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
Construction project	Dragon Steel Corporation	2016.03~2023.12	Dragon Steel materials storage site wind and dust-proof wall efficiency improvement steel structure project	None
Construction project	PECOS / Dachan Great Wall Group	2022.10~2023.09	Xinshi Logistics Park	None
Construction project	Taiwan Semiconductor Manufacturing Company Limited	2023.02~2023.04	TSMC F22P1-CUP construction project	None
Construction project	Taiwan Semiconductor Manufacturing Company Limited	2023.03~2023.05	TSMC F22P1-FAB-A construction project	None
Construction project	Taiwan Semiconductor Manufacturing Company Limited	2023.05~2023.07	TSMC F22P1-FAB-B construction project	None
Construction project	VDC Taiwan Operations LLC, Taiwan Branch	2022.11~2023.04	Vantage TPE11	None
Construction project	NU-House Construction Group	2022.07~2023.03	NU-House One River Park building construction project	None
Construction project	United Steel Engineering & Construction Corp.	2020.07~2023.06	Ministry of National Defense Arsenal 205 Dashu Northern Barracks construction project	None
Construction project	United Steel Engineering & Construction Corp.	2021.05~2023.12	Ministry of National Defense Arsenal 205 Guangfu Barracks and Dashu Beihuo Area construction project	None
Construction project	San Light	2021.08~2023.01	Sanjun Construction, building in the Banqiao Zhongshan section	None

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
Construction project	Taiwan Kumagai Co., Ltd.	2023.01~2024.08	Jinpeng Construction, building in the Dunhua section	None
Construction project	United Steel Engineering & Construction Corp.	2022.01~2023.12	Tainan Asia-Pacific Baseball Court	None
Construction project	Fu-Hsuan Construction and Engineering Co., LTD.	2022.05~2023.04	Land lot No. 25 in the Yangersixing Section	None
Construction project	Fu-Hsuan Construction and Engineering Co., LTD.	2022.05~2023.12	Land lot No. 138 in the Yangyisixing Section	None
Construction project	Fu-Hsuan Construction and Engineering Co., LTD.	2023.02~2023.09	Land lots No. 115 and 116 in the Yangsansixing Section	None
Construction project	Lih Shinn Construction Co., Ltd.	2022.09~2023.07	Lih Shinn C1 Caidie Building construction project	None
Construction project	Chief Construction	2022.06~2023.01	Pujen Daan District Huaisheng Section building construction	None
Construction project	Farglory Construction Co., Ltd.	2022.04~2023.01	Farglory H79 Qingchuan Building construction project	None
Construction project	Yang Sheng Construction Co., Ltd.	2022.12~2023.09	Yang Sheng Construction Guangfu N. Rd. building construction project	None
Construction project	China Steel Corporation	2023.02~2024.01	CSC new coal mine enclosed building (phase 2 T-BAR construction)	None
Construction project	China Steel Corporation	2022.11~2023.09	CSC new coal mine closed construction phase 3 scaffolding construction	None
Construction project	Pao Huei Construction Co., Ltd.	2023.02~2023.04	Pao Huei reception center construction project	None

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
Construction project	Lien Jade Construction Co., Ltd.	2023.02~2023.04	Lien Jade reception center construction project	None
Construction project	Xu Yuan Construction Co., Ltd.	2022.12~2023.6	Accton Technology Corporation AI Park construction	None
Construction project	Shende Construction Co., Ltd.	2024.03~2024.11	Zhongshan Art Mansion construction project	None
Construction project	Continental Engineering Corporation	2022.07~2023.01	Fubon Yixu commercial and residential building renovation project	None
Construction project	Jiouhe Construction Co., Ltd.	2022.07~2023.02	Chunang Yang Construction Fenghuifulin Section construction project	None
Construction project	Continental Engineering Corporation	2022.06~2023.05	Fullerton Nanjing construction project	None
Construction project	Korean company Hyundai Engineering Co., Ltd.	2023.07~2023.11	Datan Power Plant machine no. 7 Pipe Rack construction project	None
Construction project	Dacin Construction Co., Ltd.	2023.11~2024.01	Fubon Insurance headquarter building construction project (top-down column material)	None
Construction project	SanDi Properties Co., Ltd.	2023.10~2024.10	Kaohsiung Sky Tower residential building construction project	None
Construction project	Kimzoa Construction	2024.03~2024.08	We & Win Development, Taipower Renai building construction project	None
Construction project	Continental Engineering Corporation	2023.07~2024.10	Continental Engineering Corporation, Zhongxiao Prologue Eternal building construction project	None

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
Construction project	Chieh Chi Construction Co., Ltd.	2022.04~2025.06	Jingcheng Boxiao section (Kingdom Of New Asia Bay) building construction project	None
Construction project	CHUNG-LIN General Contractors, Ltd.	2024.04~2024.10	Hsinchu Science Park New Phase III standard factory construction project	None
Construction project	Rian Construction Co., Ltd.	2024.06~2026.07	Kuma Tower construction project	None
Construction project	Reiju Construction Co., Ltd.	2024.05~2025.04	The Grand Manor phase III construction project	None
Construction project	Taiwan Semiconductor Manufacturing Company Limited	2024.03~2024.06	TSMC Kaohsiung F22P1 Office building construction project	None
Construction project	Lih Shinn Construction Co., Ltd.	2024.09~2025.07	Lih Shinn D2 Riverfront Landmark building construction project	None
Construction project	Taipei Twin Towers Limited	2023.11~2027.03	Taipei West Gateway Taipei Main Station designated zone C1/D1 land development construction project	None
Construction project	Mu Sheng Construction Company Ltd.	2024.02~2024.12	Sunrise Fuxing South Road residential building construction project	None
Construction project	Rising Corp.	2023.12~2024.08	Rising Corp. phase one plant construction project	None
Construction project	Yung Sheng Real Estate Development Co., Ltd.	2023.10~2024.11	Yung Sheng Daan District Huaisheng Section commercial building construction	None
Construction project	Yung Sheng Real Estate Development Co., Ltd.	2024.10~2026.02	Yung Sheng Daan District Tonghua Section residential	None

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
			building construction project	
Construction project	Yung Sheng Real Estate Development Co., Ltd.	2025.01~2026.06	Yung Sheng Daan District Huaisheng Section residential building construction project	None
Construction project	Pucheng Construction Ltd.	2024.10~2025.06	Zhu Guan Zhongshan North housing complex construction project	None
Construction project	Far Eastern General Contractor Inc.	2023.05~2024.12	Eastern International Convention Center phase I	None
Construction project	Sheng De Fu Construction Development Co., Ltd.	2023.10~2025.03	Sheng De Fu Ninxia phase I (The Skyhill) construction	None
Construction project	Shine Far Construction Co., Ltd.	2023.09~2025.01	Jian Lin Industrial Forest of Hsinchu construction	None
Construction project	Pao Huei Construction Co., Ltd.	2023.09~2024.05	Pao Huei A-Mart construction	None
Construction project	Pao Huei Construction Co., Ltd.	2023.09~2024.06	Pao Huei Henan Road construction	None
Construction project	Samsung C&T and Formosa Builders joint project	2023.09~2025.12	Fubon Aozidi construction (upper structure)	None
Construction project	China Steel Corporation	2023.06~2025.01	CSC new coal mine closed construction phases 4 and 5 scaffolding steel structure fabrication	None
Construction project	Chengyo Construction Co., Ltd.	2023.12~2024.10	New Taipei City second administration building construction	None
Construction project	Shao Hua Construction Co., Ltd.	2024.01~2025.02	EBC building construction	None

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
Construction project	Golden Long Teng Development Co., Ltd.	2024.11~2025.01	Golden THSR five residential building construction	None
Long-term bills	Taiwan Cooperative Bills Finance Corporation	2021.09~2024.09	Revolving bill financing limit with fixed interest rate of more than one year	None
Long-term borrowing	KGI Bank	2022.08~2024.08	Long-term credit limit	None
Long-term bills	China Bills Finance Corporation	2022.11~2025.11	Revolving bill financing limit with fixed interest rate of more than one year	None

II. United Steel Engineering & Construction Corp.

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
Construction project	Department of Rapid Transit Systems, New Taipei City Government	2014.11.~2023.12	Danhai light rail system phase 1 EPC project	None
Construction project	China Steel Corporation	2016.10~2023.12	Kaohsiung Circular light rail construction (phase 2) EPC project	None
Construction project	Construction Office, Public Works Bureau, Kaohsiung City Government	2019.12~2023.12	Armaments Bureau, Ministry of National Defense Production Plant 205 Guangfu Barracks and Dashu Northern Barracks construction project (Dashu Northern Barracks)	None
Construction project	Public Works Bureau, Tainan City Government	2019.11~2023.12	Tainan Asia-Pacific International Baseball Stadiums and Training Centers EPC project (phase 2 construction)	None

Nature of the Contract	Contracting Party	Commencement Date/Expiration Date	Main Content	Restrictive provisions
Construction project	Kaohsiung Medical University	2019.12~2023.01	Kaohsiung Municipal Siaogang Hospital BOT medical building construction project	None
Construction project	Taiwan Power Company	2020.08~2024.09	Southern Taiwan Science Park E/S expansion civil engineering EPC project	None
Construction project	Construction Office, Public Works Bureau, Kaohsiung City Government	2020.08~2023.12	Armaments Bureau, Ministry of National Defense Production Plant 205 Guangfu Barracks and Dashu Northern Barracks construction project (Guangfu Barracks)	None
Construction project	China Steel Corporation	2022.02~2024.02	CSC new phase 2 coke oven civil engineering construction contract	None
Construction project	Taipower Transmission and Substation Engineering Division southern construction unit	2022.10~2029.01	Tainan P/S remodeling civil engineering EPC project (Phase 1)	None
Construction project	China Prosperity Development Corporation	2023.01~2024.05	Qiongdong section land townhouse construction project	None

F. Financial Overview

I. Condensed Balance Sheet and Statements of Comprehensive Income in the Most Recent Five Years

(I) Condensed Balance Sheet and Statement of Comprehensive Income - International Financial Reporting Standards (IFRSs):

Condensed Balance Sheet - Individual - International Financial Reporting Standards (IFRSs)

Unit: thousand NTD

Item \ Year		Financial data for the last 5 years (Note 1)					Financial data in the current year up to February 29, 2024 (Note 2)
		2023	2022	2021	2020	2019	
Current assets		6,936,543	6,678,638	7,254,236	7,204,069	5,728,019	The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data. Therefore, they are the same as the 2023 data listed on the left.
Property, plant, and equipment		1,621,581	1,639,813	1,518,189	1,573,921	1,672,174	
Intangible assets		3,982	4,080	1,352	1,564	3,120	
Other assets		3,352,502	3,339,073	3,424,209	3,116,233	3,201,094	
Total assets		11,914,608	11,661,604	12,197,986	11,895,787	10,604,407	
Current liabilities	Pre-distribution	5,521,023	5,140,363	6,249,445	6,299,473	5,439,039	
	Post-distribution	Undistributed (Note 3)	5,480,363	6,649,445	6,859,473	5,601,039	
Non-current liabilities		996,127	1,268,072	765,030	789,256	876,422	
Total liabilities	Pre-distribution	6,517,150	6,408,435	7,014,475	7,088,729	6,315,461	
	Post-distribution	Undistributed (Note 3)	6,748,435	7,414,475	7,648,729	6,477,461	
Equity attributed to the owners of the parent company		5,397,458	5,253,169	5,183,511	4,807,058	4,288,946	
Capital stock		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
Capital surplus		1,376,649	1,363,799	1,363,683	1,219,032	1,213,252	
Retained earnings	Pre-distribution	1,984,195	1,786,738	1,658,818	1,717,739	1,238,195	
	Post-distribution	Undistributed (Note 3)	1,446,738	1,258,818	1,157,739	1,076,195	
Other equity		36,614	102,632	161,010	6,449	(26,339)	
Treasury stock		-	-	-	(136,162)	(136,162)	
Non-controlling equity		-	-	-	-	-	
Total equity	Pre-distribution	5,397,458	5,253,169	5,183,511	4,807,058	4,288,946	
	Post-distribution	Undistributed (Note 3)	4,913,169	4,783,511	4,247,058	4,126,946	

Note 1: The financial data from 2019 to 2023 have been audited by CPAs.

Note 2: The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data.

Note 3: The proposal of the Company's 2023 earnings allocation remains to be approved by the resolution of the shareholders' meeting.

Condensed Statement of Comprehensive Income - Individual - International Financial Reporting Standards (IFRSs)

Unit: thousand NTD

Item \ Year	Financial data for the last 5 years (Note 1)					Financial data in the current year up to February 29, 2024 (Note 2)
	2023	2022	2021	2020	2019	
Operating revenue	10,741,150	13,679,223	12,762,319	8,823,151	10,060,482	The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data. Therefore, they are the same as the 2023 data listed on the left.
Gross profit	770,671	812,701	600,792	418,247	278,865	
Operating profit and loss	512,576	570,954	360,482	157,213	78,001	
Non-operating income and expenses	102,332	23,331	195,078	567,404	58,220	
Pre-tax profit	614,908	594,285	555,560	724,617	136,221	
Continuing operations current period net income	535,548	478,931	494,044	630,701	157,617	
Loss from discontinued operations	-	-	-	-	-	
Current period net profit (loss)	535,548	478,931	494,044	630,701	157,617	
Other consolidated income for the period (net value after tax)	(64,109)	(3,136)	161,596	43,631	(2,933)	
Total comprehensive income for the period	471,439	475,795	655,640	674,332	154,684	
Net profit attributable to owners of the parent company	535,548	478,931	494,044	630,701	157,617	
Net profit attributable to non-controlling equity	-	-	-	-	-	
Total comprehensive income attributed to the owners of the parent company	471,439	475,795	655,640	674,332	154,684	
Total comprehensive income attributed to non-controlling equity	-	-	-	-	-	
Earnings per share	2.68	2.39	2.49	3.26	0.82	

Note 1: The financial data from 2019 to 2023 have been audited by CPAs.

Note 2: The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data.

Condensed Balance Sheet - Consolidated - International Financial Reporting Standards (IFRSs)

Unit: thousand NTD

Item \ Year		Financial data for the last 5 years (Note 1)					Current year up to February 29, 2024 Financial data (Note 2)
		2023	2022	2021	2020	2019	
Current assets		9,927,114	9,180,753	9,939,177	10,658,948	9,947,526	The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data. Therefore, they are the same as the 2023 data listed on the left.
Property, plant, and equipment		1,761,584	1,781,888	1,623,251	1,682,371	1,952,955	
Intangible assets		10,474	9,693	4,365	5,010	6,616	
Other assets		2,724,284	2,389,373	2,338,598	2,376,957	2,512,643	
Total assets		14,423,456	13,361,707	13,905,391	14,723,286	14,419,740	
Current liabilities	Pre-distribution	7,858,382	6,654,787	7,809,861	8,958,613	9,067,871	
	Post-distribution	Undistributed (Note 3)	6,994,787	8,209,861	9,518,613	9,229,871	
Non-current liabilities		1,167,616	1,453,751	912,019	957,615	1,062,923	
Total liabilities	Pre-distribution	9,025,998	8,108,538	8,721,880	9,916,228	10,130,794	
	Post-distribution	Undistributed (Note 3)	8,448,538	9,121,880	10,476,228	10,292,794	
Equity attributed to the owners of the parent company		5,397,458	5,253,169	5,183,511	4,807,058	4,288,946	
Capital stock		2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	
Capital surplus		1,376,649	1,363,799	1,363,683	1,219,032	1,213,252	
Retained earnings	Pre-distribution	1,984,195	1,786,738	1,658,818	1,717,739	1,238,195	
	Post-distribution	Undistributed (Note 3)	1,446,738	1,258,818	1,157,739	1,076,195	
Other equity		36,614	102,632	161,010	6,449	(26,339)	
Treasury stock		-	-	-	(136,162)	(136,162)	
Non-controlling equity		-	-	-	-	-	
Total equity	Pre-distribution	5,397,458	5,253,169	5,183,511	4,807,058	4,288,946	
	Post-distribution	Undistributed (Note 3)	4,913,169	4,783,511	4,247,058	4,126,946	

Note 1: The financial data from 2019 to 2023 have been audited by CPAs.

Note 2: The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data.

Note 3: The proposal of the Company's 2023 earnings allocation remains to be approved by the resolution of the shareholders' meeting.

Condensed Statement of Comprehensive Income - Consolidated - International Financial Reporting Standards (IFRSs) Unit: thousand NTD

Item \ Year	Financial data for the last 5 years (Note 1)					Financial data in the current year up to February 29, 2024 (Note 2)
	2023	2022	2021	2020	2019	
Operating revenue	18,839,172	19,364,458	15,971,051	13,242,169	16,706,204	The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data. Therefore, they are the same as the 2023 data listed on the left.
Gross profit	978,835	962,004	929,949	644,162	400,116	
Operating profit and loss	603,907	628,397	472,373	277,823	94,953	
Non-operating income and expenses	29,975	(17,231)	105,894	481,360	41,920	
Pre-tax profit	633,882	611,166	578,267	759,183	136,873	
Continuing operations current period net income	535,548	478,931	494,044	630,701	157,617	
Loss from discontinued operations	-	-	-	-	-	
Current period net profit (loss)	535,548	478,931	494,044	630,701	157,617	
Other consolidated income for the period (net value after tax)	(64,109)	(3,136)	161,596	43,631	(2,933)	
Total comprehensive income for the period	471,439	475,795	655,640	674,332	154,684	
Net profit attributable to owners of the parent company	535,548	478,931	494,044	630,701	157,617	
Net profit attributable to non-controlling equity	-	-	-	-	-	
Total comprehensive income attributed to the owners of the parent company	471,439	475,795	655,640	674,332	154,684	
Total comprehensive income attributed to non-controlling equity	-	-	-	-	-	
Earnings per share	2.68	2.39	2.49	3.26	0.82	

Note 1: The financial data from 2019 to 2023 have been audited by CPAs.

Note 2: The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data.

(II) Names of Auditors and Audit Opinions

Audit Year	CPA Name	Audit Opinion
2019	Liu Yu-Hsiang, Hsu Jui-Hsuan	Unqualified opinion
2019	Liu Yu-Hsiang, Hsu Jui-Hsuan	Unqualified opinion
2021	Liu Yu-Hsiang, Hsu Jui-Hsuan	Unqualified opinion
2022	Liu Yu-Hsiang, Hsu Jui-Hsuan	Unqualified opinion
2023	Kuo Lee-Yuan, Hsu Jui-Hsuan	Unqualified opinion

II. Financial Analysis for the Most Recent Five Years

(I) Financial Analysis - Individual - International Financial Reporting Standards (IFRSs)

Analysis Item (Note 3) \ Year (Note 1)		Financial Analysis for the Most Recent Five Years					Current year up to February 29, 2024 (Note 2)
		2023	2022	2021	2020	2019	
Financial structure (%)	Debt-to-assets ratio	54.70	54.95	57.51	59.59	59.56	The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data. Therefore, they are the same as the 2023 data listed on the left.
	Long-term fund to property, plant and equipment	394.28	397.68	391.82	355.57	308.90	
Solvency (%)	Current ratio	125.64	129.93	116.08	114.36	105.31	
	Quick ratio	17.21	32.58	25.43	17.21	23.61	
	Interest protection multiples	11.85	12.66	22.85	23.97	4.53	
Operating performance	Receivables turnover (times)	12.57	12.06	12.98	10.61	6.23	
	Average collection period	29	30	28	34	59	
	Inventory turnover (times)	1.83	2.47	2.12	1.62	1.98	
	Payables turnover (times)	7.29	8.75	7.98	5.96	6.99	
	Average days of sales	199	148	172	225	184	
	Turnover (times) of real estate properties, factories and equipment	6.59	8.66	8.25	5.44	5.84	
	Total assets turnover (times)	0.91	1.15	1.06	0.78	0.87	
Profitability	Return on assets (%)	4.93	4.36	4.27	5.83	1.63	
	Return on equity (%)	10.06	9.18	9.89	13.87	3.70	

	Pre-tax profit to paid-in capital ratio (%) (Note 7)	30.75	29.71	27.78	36.23	6.81	
	Net profit margin (%)	4.99	3.50	3.87	7.15	1.57	
	Earnings per share (NT$)	2.68	2.39	2.49	3.26	0.82	
Cash Flow	Cash flow ratio (%)	2.58	21.12	9.89	(10.55)	35.29	
	Cash flow adequacy ratio (%)	117.95	100.72	120.98	128.76	120.11	
	Cash reinvestment ratio (%)	(2.21)	7.58	0.70	(10.48)	24.95	
Leverage	Operating leverage	2.47	2.27	3.06	5.57	10.38	
	Financial leverage	1.12	1.10	1.08	1.25	1.98	

Please explain reasons for changes in financial ratios in the last two years. (analysis not required if the change does not reach 20%)

1. The quick ratio decreased by 47% from the previous year mainly due to the 87% decrease in cash and cash equivalents and the 30% decrease in accounts receivable at the end of the year.
2. The inventory turnover (times) decreased by 26% from the previous year mainly due to the 23% decrease in the cost of goods sold.
3. The average inventory turnover days increased by 34% from the previous year mainly due to the 26% decrease in the inventory turnover (times)compared to the previous year.
4. Fixed assets turnover (times) decreased by 24% from the previous year mainly due to the 21% decrease in sales revenue.
5. Total assets turnover (times) decreased by 21% from the previous year mainly due to the 21% decrease in sales revenue.
6. The net profit margin increased by 43% from the previous year mainly due to the 21% decrease in sales revenue and 12% increase in post-tax profit.
7. The cash flow ratio decreased by 88% from the previous year mainly due to the 28% increase in net cash flow from operating activities in the five preceding years.
8. The cash reinvestment ratio decreased by 129% from the previous year mainly due to the 87% decrease in net cash flow from operating activities.

(II) Financial Analysis - Consolidated - International Financial Reporting Standards (IFRSs)

Analysis Item (Note 3) \ Year (Note 1)		Financial Analysis for the Most Recent Five Years: 2023	2022	2021	2020	2019	Current year up to February 29, 2024 (Note 2)
Financial structure (%)	Debt-to-assets ratio	62.57	60.68	62.72	67.35	70.26	The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data. Therefore, they are the same as the 2023 data listed on the left.
	Long-term fund to property, plant and equipment	372.68	376.39	375.51	342.65	274.04	
Solvency (%)	Current ratio	126.32	137.96	127.26	118.98	109.70	
	Quick ratio	18.05	39.18	27.98	21.97	20.96	
	Interest protection multiples	9.52	11.61	22.75	19.22	3.21	
Operating performance	Receivables turnover (times)	17.86	15.23	12.87	11.09	8.21	
	Average collection period	20.43	23.96	28.36	33	44	
	Inventory turnover (times)	2.39	2.65	1.89	1.55	1.92	
	Payables turnover (times)	7.73	7.41	5.51	4.54	5.61	
	Average days of sales	152.71	137.73	193.12	235	190	
	Turnover (times) of real estate properties, factories and equipment	10.63	11.37	9.66	7.29	8.22	
	Total assets turnover (times)	1.35	1.42	1.12	0.91	1.07	
Profitability	Return on assets (%)	4.28	3.85	3.60	4.56	1.32	
	Return on equity (%)	10.05	9.18	9.89	13.87	3.70	
	Pre-tax profit to paid-in capital ratio (%) (Note 7)	31.69	30.56	28.91	37.96	6.84	
	Net profit margin (%)	2.84	2.47	3.09	4.76	0.94	
	Earnings per share (NT$)	2.68	2.39	2.49	3.26	0.82	
Cash Flow	Cash flow ratio (%)	(1.85)	16.29	13.29	(0.81)	21.83	
	Cash flow adequacy ratio (%)	133.13	111.12	131.89	111.73	31.00	
	Cash reinvestment ratio (%)	(5.30)	7.36	5.59	(2.82)	24.36	
Leverage	Operating leverage	2.87	2.65	3.11	4.57	11.66	
	Financial leverage	1.14	1.10	1.06	1.18	2.89	

Please explain reasons for changes in financial ratios in the last two years. (analysis not required if the change does not reach 20%)

1. The quick ratio decreased by 54% from the previous year mainly due to the 87% decrease in cash and cash equivalents and the 20% decrease in accounts receivable at the end of the year.
2. The cash flow ratio decreased by 111% from the previous year mainly due to the 113% decrease in net cash flow from operating activities and the current liabilities increased by 18% at the end of this year.
3. The cash flow adequacy ratio increased by 20% from the previous year mainly due to the 30% increase in net cash flow from operating activities in the five preceding years.
4. The cash reinvestment ratio decreased by 172% from the previous year mainly due to the 113% decrease in net cash flow from operating activities.

Note 1: The financial data from 2019 to 2023 have been audited by CPAs.

Note 2: The most recent financial data audited or verified by CPAs up to the publication date of the Annual Report on February 29, 2024 are the 2023 financial data.

Note 3: The formula for financial analysis is as follows:

1. Financial structure
   (1) Debt-to-assets ratio = total liabilities / total assets.
   (2) Long-term fund ratio for property, plant, and equipment = (total equity + non-current liabilities) / net for property, plant, and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventories - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = earnings before interest expense and net income / interest expense.
3. Operating performance
   (1) Receivables (including accounts receivable and notes receivable arising from operation) turnover ratio = net sales / average receivables (including accounts receivable and notes receivable arising from operation) balances.
   (2) Average collection period = 365 / receivables turnover.
   (3) Inventory turnover = cost of goods sold / average inventory.
   (4) Payable (including accounts payable and notes payable arising from operation) turnover ratio = cost of goods sold / average payables (including accounts payable and notes payable arising from operation) balances.
   (5) Average days of sales = 365 / inventory turnover.
   (6) Property, plant, and equipment turnover ratio = net sales / average net for property, plant, and equipment.
   (7) Total assets turnover ratio = net sales / average total assets.
4. Profitability
   (1) Return on assets = (net income + interest expenses × (1 - tax rate)) / average total assets.
   (2) Return on equity = income after tax/net average equity.
   (3) Net profit margin = net income / net sales.

(4) Earnings per share = (profit or loss attributable to owners of the parent company - preferred stock dividends) / weighted average number of shares issued. (Note 4)

5. Cash Flow

(1) Cash flow ratio = net cash flow from operating activities / current liabilities.

(2) Net cash flow adequacy ratio = net cash flow from operating activities for the most recent five years / most recent five years (capital expenditure + inventory + cash dividends).

(3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividends) / (gross profit for property, plant, and equipment + long-term investments + other non-current assets + working capital). (Note 5)

6. Leverage:

(1) Operating leverage = (net operating income – variable operating cost and expenses) / operating income (Note 6).

(2) Financial leverage = operating income / (operating income - interest expenses).

Note 4: Special attention should be paid to the following items when using the aforementioned calculation formula for the earnings per share:

1. The calculations shall be based on the average number of the weighted common shares rather than shares issued at the end of the year.
2. The circulation period shall be considered for cash capital increase or treasury stock traders when calculating the weighted average number of shares.
3. When calculating annual or semi-annual earnings per share for those with capitalization of retained earnings or capital reserves, capital ratio shall be adjusted retrospectively and the replenishment period issues need not be considered.
4. If the preferred stock is non-convertible cumulative preferred stock, the dividend of the current year (whether it is distributed) should be deducted from net income or added to net loss. If the preferred shares are not cumulative in nature, the preferred stock dividends shall be deducted from the net income under after-tax net profit conditions. If it is a loss, no adjustment is needed.

Note 5: Special attention should be paid to the following items when doing cash flow analysis:

1. Net cash flow from operating activities shall refer to the net cash inflow from operating activities listed in the cash flow statement.
2. Capital expenditure shall refer to the annual capital investment cash outflow.
3. If the inventory increase only during the closing is greater than that during the opening and the inventory decreased at the end of the year, it should be calculated as zero.
4. Cash dividends include common stock and preferred stock cash dividends.
5. Gross profit for property, plant, and equipment shall refer to the total amount for property, plant, and equipment before accumulated depreciation is deducted.

Note 6: The issuer should divide the operating costs and operating expenses into fixed and variable ones depending on the nature. If it involves estimation or subjective judgment, attention should be paid to rationality and the consistency should be maintained.

Note 7: For company shares with no face value or with face value per share not equaling NT$10, the aforementioned calculation for paid-in capital ratio should be changed to calculation for the equity ratio attributable to owners of parent in the balance sheet instead.

III. Audit Committee's Audit Report for the 2023 fiscal year

Audit Committee's Audit Report

The Company's 2023 Individual Financial Report and Consolidated Financial Report (audited and certified by CPAs Kuo, Lee-Yuan and Hsu, Jui-Hsuan of Deloitte, Taiwan), Business Report, and Earnings Distribution Proposal prepared by the Board of Directors were audited by the Audit Committee, who found them to be compliant with regulations. The Audit Report is therefore provided in accordance with Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act and filed for approval.

Please review and assess the preceding items.

The above is respectfully submitted to

The Company's 2024 General Shareholders' Meeting

China Steel Structure Co., Ltd.

Audit Committee Convener: Lee, Hwa-Teng

February 27, 2024

IV. 2023 Consolidated Financial Statements for Parent and Subsidiary Companies

Please see pages 254 to 335 of the Appendix.

V. 2023 Individual Financial Statements

Please see pages 336 to 426 of the Appendix.

VI. Financial Difficulties of the Company and its Affiliates in the Most Recent Year and up to the Publication Date of the Annual Report: None.

G. Review, Analysis, and Risks of Financial Conditions and Performance

I. Financial Conditions

(I) Comparative Analysis of Financial Status - Consolidated - International Financial Reporting Standards (IFRSs)

Unit: thousand NTD

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	9,927,114	9,180,753	746,361	8
Fixed assets	1,761,584	1,781,888	(20,304)	(1)
Other assets	2,734,758	2,399,066	335,692	14
Total assets	14,423,456	13,361,707	1,061,749	8
Current liabilities	7,858,382	6,654,787	1,203,595	18
Total liabilities	9,025,998	8,108,538	917,460	11
Capital stock	2,000,000	2,000,000	0	0
Capital surplus	1,376,649	1,363,799	12,850	1
Retained earnings	1,984,195	1,786,738	197,457	11
Total shareholders' equity	5,397,458	5,253,169	144,289	3

II. Financial performance

(I) Comparative Analysis of Financial Performance - Consolidated - International Financial Reporting Standards (IFRSs)

Unit: thousand NTD

Item / Year	2023	2022	Increase (decrease) amount	Percentage of change%
Total operating income	18,839,172	19,364,458	(525,286)	(3)
Net operating income	18,839,172	19,364,458	(525,286)	(3)
Operating costs	17,860,337	18,402,454	(542,117)	(3)
Gross profit	978,835	962,004	16,831	2
Operating expenses	374,928	333,607	41,321	12
Operating profit	603,907	628,397	(24,490)	(4)
Non-operating income and expenses	29,975	(17,231)	47,206	(274)
Pre-tax profit	633,882	611,166	22,716	4
Income tax	98,334	132,235	(33,901)	(26)
Other comprehensive income(loss) for the year, net of income tax	(64,109)	(3,136)	(60,973)	1,944
Total comprehensive income for the year	471,439	475,795	(4,356)	(1)

Analysis of changes in proportion:

1. Non-operating income and expenditures increased by NT$47,206 thousand from the previous year mainly due to the increase in revenue for adopting the equity method investment.
2. Income tax decreased by NT$33,901 thousand from the previous year mainly due to the increase in revenue for adopting the equity method investment.
3. Other comprehensive income for the year, net of income tax increase by NT$60,973 thousand from the previous year mainly due to the decrease in unrealized valuation loss on stock price.

III. Cash Flow

(I) Cash Flow Analysis for the Current Year - Consolidated

Unit: thousand NTD

Cash balance at beginning of the period (IFRS)	Net cash flow from operating activities	Annual cash outflow	Estimated surplus (shortage) amount	Remedial measures for cash deficit	
				Investment plan	Financial plan
1,087,218	(146,004)	1,203,786	(262,572)	97,450	305,203

1. Analysis of annual cash flow changes in this year:
   (1) Operating activities: Mainly due to changes in contract assets and contract liabilities in 2023.
   (2) Cash outflow amounted to NT$1,203,786 thousand including investing activities of NT$450,599 thousand which consisted mainly of the acquisition of investments recognized using the equity method, acquisition of property, plant, and equipment; cash outflow from financing activities amounted to NT$753,187 thousand and it is mainly caused by repayment of long-term bills, and distribution of cash dividends.
2. Remedial measures for cash deficit:
   (1) Investment plan: Mainly derived from the collection of stock dividends from affiliated companies.
   (2) Financial plan: Mainly derived from borrowing short-term loans and bills.

(II) Cash Flow Analysis for the Following Year - Consolidated

Unit: thousand NTD

Cash balance at beginning of the period (IFRS)	Estimated annual net cash flow from operating activities	Expected annual cash outflow	Estimated cash surplus (shortage) amount	Estimated remedial measures for cash deficit	
				Investment plan	Financial plan
139,924	178,710	(569,730)	(251,096)	90,000	350,000

1. Analysis of changes in cash flow for the following year:
   (1) Operating activities: The expected main factors are the net profit of 2024, depreciation and amortization that do not affect cash outflow, share of the profit of associates, and changes in other working capital assets and liabilities.
   (2) Cash outflow amounted to NT$569,730 thousand including investing activities of NT$152,730 thousand which consisted mainly of capital expenditures and investment under the equity method; cash flow from financing activities totaled NT$417,000 thousand which was mainly caused by the distribution of cash dividends.
2. Remedial measures for cash deficit:
   (1) Investment plan: Mainly derived from the collection of stock dividends from affiliated companies.
   (2) Financial plan: Mainly derived from borrowing short-term loans and bills.

IV. Effect of Major Capital Expenditures on Financial Position and Business Operation in the Most Recent Year: None.

V. Investment Policy in the Most Recent Year, Profit/Loss Analysis, Improvement Plan, and Investment Plan for the Coming Year: None.

VI. Risk Items Assessment

(I) Impacts of interest rates, exchange rate fluctuation and inflation situation on the company's profit and loss, and the future countermeasures:

1. If the interest rate increases or decreases by 1% while all other variables remain unchanged, the Company's and subsidiaries' net profit before tax would increase or decrease by NT$15,697 thousand. Overall speaking, the risks from changes in interest rates is still controllable.
2. Because of industry characteristic, the transaction amount of the Company is lower in outsourcing and export sales. If the USD exchange rate depreciation by 1%, the Company’s loss in exchange is about NT$186 thousand. The Company is managed by borrowing loans in foreign currencies and maintaining adequate positions.
3. Based on the current economic conditions, severe inflation issues are unlikely. However, the Company will continue to pay close attention to economic development trends and strive for the contracts with price adjustment mechanism from owner as appropriate.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions in the most recent year, profit/loss analysis, and future response measures:

1. The Company upholds its principle of stable financial operations and does not engage in high-risk or high-leverage investments.
2. The Company has not engaged in lending to others, providing endorsement and guarantee, and derivatives transactions in 2023 up until the annual report printing date.

(III) Future R&D Programs and Expected R&D Investment

Plan in the Most Recent Year (Name)	Current Progress	Additional R&D Investment (NT$10,000)	Time of Completion	Major Factors for Future Success of R&D
National Center for Research on Earthquake Engineering - Phase 2 R&D on the automated welding of the internal separation plate of BOX.	The established welding database will be observed and the welders' behavior will be studied. Applying AI technology, geometric differences before and after welding and causal relation model for corresponding welding control parameters (such as current, voltage, speed, swing, wire end position, etc.) will be established.	150	2024.12	1. Selection of welding method 2. Establishment of welding procedures 3. Training for onsite welders
Testing and research on the additional Long Stick-Out	The Long Stick-Out(LSO) hardware equipment upgrade is complete Suitable	30	2024.12	1. Welding materials can be used in LSO process

Plan in the Most Recent Year (Name)	Current Progress	Additional R&D Investment (NT$10,000)	Time of Completion	Major Factors for Future Success of R&D
function for waveform control submerged arc welder	welding materials and initial welding conditions are being verified. Once the LSO stability is confirmed to be compliant, the welding condition optimization test will be implemented.			2. Consistency in welding parameters for testing and production 3. Establishment of welding procedures
Function testing, research and incorporation of cobot	Collection of cobot technical data and spec, and discussion with equipment suppliers on cobots suitable for steel structure production. After confirmation of spec and functions, the construction can begin and phase 1 testing can be scheduled.	200	2024.12	1. Establishment of robotic arm welding parameters and models 2. Optimization of arm spec suitable for use in production lines 3. Establishment of robotic arm welding process

(IV) Effects of and Response to Changes in Policies and Regulations Relating to Corporate Finance and Sales:

No such occurrences as of the publication date of the Annual Report in 2023.

(V) Effects of and Response to Changes in Technology (including information communication security risk) and in Industry Relating to Corporate Finance and Sales:

In response to the increasing concern in information security issues, to prevent information security attacks, the Company not only enhanced the routine information security operations and purchased new software and hardware for information security, but also enhanced the information security incident monitoring and reporting mechanism, incorporated external professional information security consultant for assistance, and established the Information Security Committee which called meetings regularly. In order to raise employees’ awareness on information security, the Company implemented quarterly information security trainings and monthly e-mail social engineering drills.

(VI) Impact of Changes in Corporate Image on the Corporate Risk Management, and the Company's Response Measures:

The Company has always upheld the quality policies consisting of customer satisfaction, safety first, schedule management, and reducing costs. The Company has been dedicated to maintain an integral corporate image and has abided by the law. No occurrences that may affect corporate image as of the publication date of the Annual Report in 2023.

(VII) Expected Benefits and Possible Risks in Mergers and Acquisitions (M&A) and Countermeasures:

No such occurrences as of the publication date of the Annual Report in 2023.

(VIII) Expected Benefits and Potential Risks of Capacity Expansion and Response Measures:

The Company’s capacity expansion must be subjected to comprehensive, careful, and professional assessments. Major capital expenditures must be reported to the Audit Committee and Board of Directors and the Company has fully considered the benefits of investment and potential risks.

(IX) Risks Associated with Over-Concentration in Purchase or Sale and Response Measures:

The Company's top two customers account for approximately 22% and 18% of sales, respectively. The remaining customers are spread out all through Taiwan. Therefore, there is no over-concentration in sales. With regard to purchase, the Company’s biggest purchase is from CSC, accounting for approximately 52% of the total purchase. Since CSC and the Company are parent company subsidiary, and both parties have signed long-term supply contracts and valuation companies, the risk of over-concentration in purchase is effectively reduced.

(X) Impacts and Risks Arising from Major Exchange or Transfer of Shares by Directors, Supervisors, or Shareholders with Over 10 Percent of Stake in the Company and Countermeasures:

No such occurrences as of the publication date of the Annual Report in 2023.

(XI) Impact, Risk, and Response Measures Related to Any Change in the Administrative Authority Towards the Company's Operations:

No such occurrences as of the publication date of the Annual Report in 2023.

(XII) In terms of litigation or non-litigation matters, the company and the company's directors, supervisors, president, actual responsible person, shareholders holding more than 10% of the company shares, and a subsidiary company who is involved in a major lawsuit that has either been decided or is still pending whereby the results of the case may have a significant impact to shareholder interests or market prices of securities, must be specified. The status of the disputed facts, bid amount, litigation commencement date, and the primary parties involved in such litigations up to the publication date of this annual report shall be disclosed:

The Company's Concluded or Pending Litigious, Non-Litigious or Administrative Litigation Events with a Value of NT$100 Million or More:

Subordinate company name	Main party in the suit	Disputed facts	Disputed amount	Litigation commencement date	Processing status up to the date of publication of the annual report
United Steel Engineering & Construction Corp.	Han Huang Co., Ltd., Park One International Hospital, Lan-Ting Juan, Hsin-Hua Juan	USEC was contracted to perform the electrical and mechanical construction and renovation project of Park One International Hospital on July 1 and July 18, 2019. Park One International Hospital issued a letter on June 5, 2020 stating that it is required to apply for a new unified business number and requested Han Huang	NT$202 million	The Plaintiff filed a civil statement of claim to Kaohsiung District Court on January 27, 2021.	Mediation failed and the case proceeded to litigation. The Judge ruled for the case to be submitted for verification. The initial inspection was conducted on September 7, 2022. Verification is in process. The 5th on-site inspection was conducted on January 23, 2024.

Subordinate company name	Main party in the suit	Disputed facts	Disputed amount	Litigation commencement date	Processing status up to the date of publication of the annual report
		Co., Ltd. to take over responsibilities for the Contract. Park One International Hospital and Lan-Ting Juan served as the joint guarantor of Han Huang Co., Ltd. The project completion and acceptance had been completed for a considerable amount of time but Han Huang Co., Ltd had failed to pay the construction payment and additional construction payment totaling NT$201,694,848. USEC has issued numerous notices but Han Huang Co., Ltd. failed to pay. USEC therefore filed a civil lawsuit to request the construction payment from the defendants. Article 99, Paragraph 2 of the Company Act states that "If a shareholder abuses the company's status as a legal entity and thus causes the company to bear specific debts and to be apparently difficult for the company to pay such debts, and if such			

Subordinate company name	Main party in the suit	Disputed facts	Disputed amount	Litigation commencement date	Processing status up to the date of publication of the annual report
		abuse is of a severe nature, the shareholder shall, if necessary, be liable for the debts." Therefore, the Company added the legal representative of Han Huang Co., Ltd. as a defendant after the suit is filed. The case is currently processed by Kaohsiung District Court. First-instance case number: 2021 Jian No. 27.			
United Steel Engineering & Construction Corp.	Department of Rapid Transit Systems, New Taipei City Government	United Steel Engineering & Construction (USEC) undertook the civil engineering part of the Danhai light rail system phase 1 EPC project of the Department of Rapid Transit Systems, New Taipei City Government on November 24, 2014. Subsequently, the inspection for the modification in the scopes of machinery plant in the contract was conducted on October 28, 2015. The land for the machinery plant was reduced and the land	NT$487 million	The Plaintiff filed a civil statement of claim to New Taipei City District Court on November 4, 2022.	The first court session was called on June 29, 2023, and the Company has submitted the certificates of actual expenditures on the machinery plant project to the court on August 29, 2023. The owner has yet to state their written opinion. The court has notified the date for the second court session to be April 11, 2024.

Subordinate company name	Main party in the suit	Disputed facts	Disputed amount	Litigation commencement date	Processing status up to the date of publication of the annual report
		development for the machinery plant was cancelled. Years after the modification of the contract, both parties still cannot reach an agreement. The Department of Rapid Transit Systems, New Taipei City Government proceeded to approve the deduction, which resulted in an improper deduction of NT$487,442,674. The project completion and acceptance had been completed for a considerable amount of time but the Department of Rapid Transit Systems, New Taipei City Government had failed to pay the deduction from the construction payment from contract changes. USEC has issued numerous notices without results. USEC therefore filed a civil lawsuit to request the construction payment from the defendant. The case is currently processed by New Taipei City District			

Subordinate company name	Main party in the suit	Disputed facts	Disputed amount	Litigation commencement date	Processing status up to the date of publication of the annual report
		Court. First-instance case number: Pending distribution by the New Taipei City District Court.			

(XIII) Other Significant Risks and Response Measures:

Occurrence of force majeure incidents in the Company's information system such as unstable power supply and damage of data storage devices. may prevent the information system from functioning properly and affect the Company's production process.

Response Measures:

1. The Information & System Department has comprehensive backup SOP. In the event of damage to the data, users can use the backup program for disaster recovery. The program shall restore the data to a previous backup point and minimize the impact to the production process.
2. The server rooms are equipped with UPS. In the event of an interruption of power supply, the server can continue to operate without stopping. till the generator provides stable power supply or till the restoration of the power system.

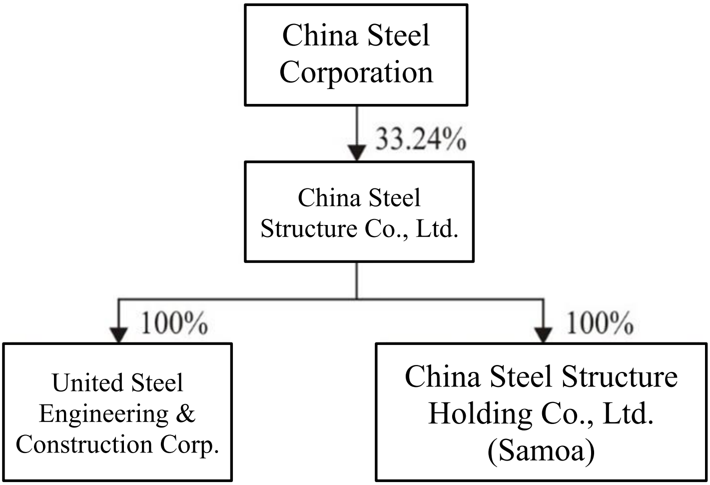
VII. Other Critical Matters: None.

H. Special Notes

I. Profiles of Affiliates

(I) Consolidated Business Reports from the Affiliated Enterprises

1. Organization chart of the affiliated enterprises



2. Basic information of the affiliated enterprises

(Baseline date: December 31, 2023)

Unit: thousand NTD; thousand USD

Company Name	Date of Establishment	Address	Paid-in capital	Principal Business or Core Products
United Steel Engineering & Construction Corp.	1985.01.10	8F, No. 88, Zhongzheng Rd., Xinxing Dist., Kaohsiung City	NT$800,000	Contracting for civil engineering, architecture, and bridges, and steel structure installation
China Steel Structure Holding Co., Ltd. (SAMOA)	2003.11.03	Portcullis Chambers P.O.Box 1225 Apia Samoa	US$0.01	Investment, etc.

3. The information of identical shareholders presumed to have control and subsidiary relationship: None.
4. Businesses included in the affiliated enterprises' overall operations and division of labor: Construction and investment. Affiliated enterprises serve as contractors of construction projects in Taiwan and foreign countries based on the nature of the construction and their locations. They subcontract work to other suitable enterprises for operations based on the nature of the work.
5. Information on directors, supervisors, and presidents of affiliated enterprises:

(Baseline date: 2024.02.29) Unit: shares; %

Company Name	Title	Name or Representative	Shares held	
			Number of Shares	Shareholding Percentage
United Steel Engineering & Construction Corp.	Chairman of the Board	China Steel Structure Co., Ltd. Representative: Huang, Yuan-Chang	80,000,000	100
	Director	China Steel Structure Co., Ltd. Representative: Chen, Jui-Teng	80,000,000	100
	Director (President)	China Steel Structure Co., Ltd. Representative: Kao, Yi-Fan	80,000,000	100
	Director	China Steel Structure Co., Ltd. Representative: Li, Ping-Hao	80,000,000	100
	Director	China Steel Structure Co., Ltd. Representative: Chen, Sheng-Yi	80,000,000	100
China Steel Structure Holding Co., Ltd. (SAMOA)	Director	China Steel Structure Co., Ltd. Representative: Chen, Jui-Teng	10	100

6. Status of operations of affiliated enterprises (2023)

Unit: thousand NTD

Company Name	Capital	Total value of assets	Total liabilities	Net value	Operating revenue	Operating profit	Net profit or loss (after tax)	Earnings per share after tax (NT$/share)
United Steel Engineering & Construction Corp.	800,000	3,979,632	2,564,845	1,414,787	8,463,262	117,544	68,537	0.86
China Steel Structure Holding Co., Ltd.	0.331	471	0	471	0	(31)	19,091	1,909,112

Note: If long-term investees are foreign companies, the figures in the table above shall be based the following exchange rate and shown in NTD after conversion.

Balance Sheet exchange rate: USD (30.705), Income Statement exchange rate: USD (31.1624)

※ Investees not controlled by the Company shall be listed by the controlling company.

※ The shares of foreign investees are priced at USD 1 per share.

(II) Consolidated Financial Statement of Affiliates

Statement

For 2023 (January 1 to December 31, 2023), affiliated businesses of this Company that shall be included according to the rules prescribed by the "Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises were the same as those companies that shall be included into the parent and subsidiary consolidated financial statement as prescribed by the International Accounting Standard No. 10 (IAS 10). All information to be disclosed in the consolidated financial statements of affiliated enterprises have already been disclosed in the consolidated financial statement of the parent company and subsidiaries. Hence, consolidated financial statements of affiliated enterprises were therefore not generated separately.

It is hereby declared

Company name: China Steel Structure Co., Ltd.

Chairman of the Board: Chen Jui-Teng

February 27, 2024

(III) Affiliation Report

1. Relationship status between the controlling and subsidiary companies

Unit: shares

Name of controlling company	Reason for control	Status of the controlling company's share ownership and pledge			Status of director, supervisor, or manager designation by the controlling company	
		Number of shares held	Shareholding Percentage	Number of Shares Pledged	Title	Name
China Steel Corporation	Presumed as having control relationship	66,487,844	33.24%	None	Chairman of the Board Director and President Director Vice President, Management Division	Chen Jui-Teng Huang Yuan-Chang Hwang Chien-Chih Huang Tung-Hsing

Note: Where the controlling company of a subsidiary company is a subsidiary company of another company, the other company's information shall also be provided; where the other company is a subsidiary company of another company, the same shall apply.

2. Transaction

(1) Procurement and sales transaction status

Unit: thousand NTD

Transaction status with controlling company			Transaction status with controlling company		Regular transaction terms		Cause of variation	Accounts receivable (payable) and notes		Overdue accounts receivable			Remarks
Purchase (sales)	Amount	Percentage of total purchases (sales)	Unit price (NTD)	Credit period	Unit price (NTD)	Credit period		Balance	Ratio of total accounts receivable (payable) and notes	Amount	Processing method	Allowance for bad debts	
Procurement	3,108,874	52%	No comparable targets	Spot letter of credit/advance payment before shipping	Regular transaction terms	Spot L/C	None	(16,715)	(1%)	-	-	-	
Sales and construction revenues	(4,138,992)	(22%)	Regular transaction terms	Contract period	Regular transaction terms	Contract period	None	290,490	32%	-	-	-	

(2) Property transaction status: None.

(3) Status of fund intermediation: None.

(4) Status of asset leasing:

Unit: thousand NTD

Transaction Type (Leased or Rented)	Subject		Lease Period	Lease Type	Basis for Determining Rent	Collection (Payment) Method	Comparison with General Rent Levels	Total Rent in the Current Period	Collection and Payment Status in the Current Period	Other Terms
	Name	Location								
Lessee	Land	Plot 1039, Sub-Section 2, Yanshuigang Section, Xiaogang District, Kaohsiung City	2020.01.01~ 2024.12.31	Operating lease	The annual rent is 3% of the publicly announced current land value	Paid once every six months	No similar transactions for comparison	468	Paid in full	None

(5) Other significant transactions: None

3. Endorsements and guarantees: None.

4. Other matters with material impact on finance and business: None.

II. Private placement of securities in the most recent year and as of the date of publication of the annual report: None

III. Acquisition or disposal of the Company's shares by subsidiaries in the most recent year and as of the date of publication of the annual report: None

IV. Other Necessary Supplemental Information: None.

I. Incidents with Material Impact on Shareholder’s Equity or Securities Price Specified in Article 36, Paragraph 3, Subparagraph 2 of the Securities and Exchange Act: None.

Appendices

Independent Auditors' Report

To China Steel Structure Co., Ltd.:

Audit Opinion

We have audited the accompanying consolidated financial statements of China Steel Structure Co., Ltd. (the Corporation) and its subsidiaries, which comprise the consolidated balance sheets as of December 31, 2023 and 2022, the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (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 Corporation and its subsidiaries as of December 31, 2023 and 2022, and their consolidated financial performance and their consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers as well as International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) and their announcements recognized and announced by Financial Supervisory Commission.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Corporation and its subsidiaries 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.

Key audit matters of the Corporation and its subsidiaries' consolidated financial statements for the year ended December 31, 2023 are stated as follows:

Assessment of the estimated total project cost

The Corporation and its subsidiaries have signed many construction contracts and it recognized construction revenue based on the percentage of completion in the contract period. The degree of construction completion is determined based on the actual construction cost that has occurred for each contract as a percentage of the total cost of the construction. As the aforementioned total estimated construction cost involves significant accounting estimates and affects the recognition of construction completion progress and construction revenue, we considered the total estimated construction cost as a key audit matter. Please refer to Notes 4 and 5 of the consolidated financial statements for the disclosure of accounting policies, significant accounting estimates and judgments.

Our main auditing procedures for evaluating the estimated total project cost are as follows:

I. We understood the internal control procedures for estimating and evaluating the total project cost and evaluated the consistency of the implementation of the evaluation, and preparation, and control procedures.

II. We conducted sample inspections of the certification documents for the evaluation and preparation of the total project cost for new and additional or cancelled projects in the current year.

III. We reviewed the projects, on sampling basis, and examined whether the differences between the actual and estimated total project cost have significant abnormality; we evaluated the reasonableness of estimated total project cost. We also reviewed, on sampling basis, the estimate of total project cost in subsequent period and confirmed the reasonableness of the percentage of completion and any change in the estimated project cost from the balance sheet date.

Other Items

We have also audited the standalone financial statements of China Steel Structure 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 as well as International Financial Reporting Standards (IFRSs), International Accounting Standards (IAS), International Financial Reporting Interpretations Committee (IFRIC), and Standard Interpretations Committee (SIC) and their announcements recognized and announced by Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation and its subsidiaries' 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 Corporation and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Corporation and its subsidiaries' 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 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:

I. 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.

II. 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 Corporation and its subsidiaries' internal control.

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

IV. 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 Corporation and its subsidiaries' 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 Corporation and its subsidiaries to cease to continue as a going concern.

V. 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.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2022 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.

Deloitte & Touche
Taipei
Republic of China
February 27, 2024

<u>*Notice to Readers*</u>
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.

China Steel Structure Co., Ltd. and Subsidiaries

Consolidated Balance Sheet

December 31, 2023 and 2022

Unit: thousand NTD

Code	Assets		December 31, 2023 Amount	%		December 31, 2022 Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 4 and 6)	$	139,924	1	$	1,087,218	8
1120	Financial assets at fair value through other comprehensive income - current (Note 4 and 7)		301,923	3		318,333	2
1140	Contract assets - current (Note 4, 5, and 23)		7,252,250	50		5,668,241	42
1150	Notes receivable (Note 8)		42,123	-		100,632	1
1170	Accounts receivable, net (Note 5 and 8)		463,774	3		887,553	7
1180	Accounts receivable - related parties (Note 5, 8, and 30)		412,928	3		202,158	2
1200	Other receivables (Note 8, 27, and 30)		39,924	-		11,073	-
1220	Current income tax assets (Note 25)		151	-		115	-
130X	Inventory (Note 4 and 9)		1,171,257	8		799,843	6
1410	Advance payments (Note 30)		84,976	1		98,848	1
1478	Refundable deposits (Note 31)		17,884	-		6,739	-
11XX	Total current assets		9,927,114	69		9,180,753	69
	Non-current assets						
1550	Investments accounted for using equity method (Note 4 and 11)		1,338,510	9		1,078,570	8
1600	Property, plant, and equipment (Note 4 and 13)		1,761,584	12		1,781,888	13
1755	Right-of-use assets (Note 4 and 14)		657,990	5		655,717	5
1760	Investment properties (Note 4 and 15)		349,845	2		262,769	2
1780	Intangible assets (Note 4)		10,474	-		9,693	-
1840	Deferred tax assets (Note 4 and 25)		230,262	2		241,954	2
1915	Prepayments for equipment		2,450	-		7,771	-
1920	Refundable deposits (Note 31)		27,585	-		30,383	-
1975	Net defined benefit assets (Note 4 and 20)		90,343	1		87,129	1
1980	Other financial assets - non-current (Note 31)		27,299	-		25,055	-
1990	Other non-current assets		-	-		25	-
15XX	Total non-current assets		4,496,342	31		4,180,954	31
1XXX	Total assets	$	14,423,456	100	$	13,361,707	100

Code	Liabilities and equity		December 31, 2023 Amount	%		December 31, 2022 Amount	%
	Current liabilities						
2100	Short-term borrowing (Note 16)	$	1,070,216	7	$	915,081	7
2110	Short-term bills payable (Note 16)		2,328,181	16		2,178,730	16
2130	Contract liabilities - current (Note 4 and 23)		1,126,769	8		242,545	2
2150	Notes payable (Note 17)		50,166	-		33,557	-
2170	Accounts payable (Note 17)		2,168,263	15		2,216,290	17
2180	Accounts payable - related parties (Note 17 and 30)		63,175	1		85,720	1
2200	Other payables (Note 18 and 30)		602,465	4		596,779	4
2230	Current tax liabilities (Note 25)		79,624	1		41,606	-
2250	Liability provision - current (Note 4 and 19)		341,451	2		309,914	3
2280	Lease liabilities - current (Note 4 and 14)		12,724	-		19,365	-
2399	Other current liabilities		15,348	-		15,200	-
21XX	Total current liabilities		7,858,382	54		6,654,787	50
	Non-current liabilities						
2542	Long-term notes and bills payable (Note 16)		499,449	4		799,076	7
2570	Deferred tax liabilities (Note 4 and 25)		42,375	-		34,913	-
2580	Lease liabilities - non-current (Note 4 and 14)		458,690	3		436,608	3
2645	Guarantee deposits received		167,102	1		183,154	1
25XX	Total non-current liabilities		1,167,616	8		1,453,751	11
2XXX	Total liabilities		9,025,998	62		8,108,538	61
	Equity attributable to owners of the Company (Note 22)						
3110	Ordinary share capital		2,000,000	14		2,000,000	15
3200	Capital surplus		1,376,649	10		1,363,799	10
	Retained earnings						
3310	Legal reserve		795,842	6		743,050	6
3320	Special surplus reserve		158,453	1		158,453	-
3350	Undistributed earnings		1,029,900	7		885,235	7
3300	Total retained earnings		1,984,195	14		1,786,738	13
3400	Other equity		36,614	-		102,632	1
31XX	Total equity		5,397,458	38		5,253,169	39
	Total liabilities and equity	$	14,423,456	100	$	13,361,707	100

The notes included below are part of the Consolidated Financial Statements.

China Steel Structure Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: thousand NTD, except NTD for earnings per share

Code		2023 Amount	%	2022 Amount	%
4000	Operating revenue (Note 4, 23, 30)	$ 18,839,172	100	$ 19,364,458	100
5000	Operating costs (Note 9, 20, 24, and 30)	17,860,337	95	18,402,454	95
5900	Gross profit	978,835	5	962,004	5
	Operating expenses (Note 20, 24, and 30)				
6100	Selling and marketing expenses	108,743	1	101,666	1
6200	General and administrative expenses	248,223	1	215,038	1
6300	Research and development expenses	17,962	-	16,903	-
6000	Total operating expenses	374,928	2	333,607	2
6900	Net operating profit	603,907	3	628,397	3
	Non-operating income and expenses (Note 11 and 24)				
7100	Interest income	4,982	-	6,941	-
7010	Other income	44,755	-	40,504	-
7020	Other gains and losses	(29,449)	-	45,601	-
7050	Finance costs	(74,400)	-	(57,629)	-
7060	Share of profit/loss of associates	84,087	-	(52,648)	-
7000	Total non-operating income and expenses	29,975	-	(17,231)	-
7900	Net profit before income tax	633,882	3	611,166	3
7950	Income tax expenses (Note 4 and 25)	98,334	-	132,235	1
8200	Net profit for the year	535,548	3	478,931	2
	Other comprehensive income (Note 20, 22 and 25)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	827	-	65,725	-
8316	Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(29,031)	-	(59,288)	-
8320	Share of other comprehensive income/losses of associates	(42,454)	-	(21,038)	-
8349	Income tax expense relating to items that will not be reclassified subsequently to profit or loss	(165)	-	(13,145)	-
8360	Items that may be reclassified subsequently to profit or loss				
8361	Exchange differences on translating	6,805	-	14,979	-
8370	Share of other comprehensive income/losses of associates	(91)	-	9,631	-
8300	Other comprehensive annual income (net income after-tax)	(64,109)	-	(3,136)	-
8500	Total comprehensive income for the year	$ 471,439	3	$ 475,795	2
8600	Net profit attributable to:				
8610	Owners of the Company	$ 535,548	3	$ 478,931	2

Code		2023 Amount	%	2022 Amount	%
8700	Comprehensive income attributable to:				
8710	Owners of the Company	$ 471,439	3	$ 475,795	2
	Earnings per share (Note 26)				
9710	Basic	$ 2.68		$ 2.39	
9810	Diluted	$ 2.67		$ 2.39	

The notes included below are part of the Consolidated Financial Statements.

China Steel Structure Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: thousand NTD

		Equity attributable to owners of the Company										
				Retained earnings				Other Equity				
Code		Ordinary share capital	Capital surplus	Statutory surplus reserve	Special surplus reserve	Undistributed earnings	Total	Exchange differences on translating foreign operations	Unrealized gains and losses on financial assets at fair values through other comprehensive income	Gain (loss) on hedging instruments	Total	Total equity
A1	Balance on January 1, 2022	$ 2,000,000	1,363,683	692,942	158,453	807,423	$ 1,658,818	$ (34,573)	195,583	$ -	$ 161,010	$ 5,183,511
	Appropriation of 2021 earnings (Note 22)											
B1	Legal reserve	-	-	50,108	-	(50,108)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(400,000)	(400,000)	-	-	-	-	(400,000)
		-	-	50,108	-	(450,108)	(400,000)	-	-	-	-	(400,000)
C17	Other changes in capital surplus	-	116	-	-	-	-	-	-	-	-	116
D1	Net profit for the year ended December 31, 2022	-	-	-	-	478,931	478,931	-	-	-	-	478,931
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	55,394	55,394	24,421	(83,140)	189	(58,530)	(3,136)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	534,325	534,325	24,421	(83,140)	189	(58,530)	475,795
Q1	Disposals of investments in equity instruments at fair value through other comprehensive income by associates	-	-	-	-	(152)	(152)	-	152	-	152	-
T1	Difference between the fair value consideration and carrying amount of associates during acquisition or disposal (Note 11)	-	-	-	-	(6,253)	(6,253)	-	-	-	-	(6,253)
Z1	Balance at December 31, 2022	2,000,000	1,363,799	743,050	158,453	885,235	1,786,738	(10,152)	112,595	$ 189	102,632	5,253,169
	Appropriation of 2022 earnings (Note 23)											
B1	Legal reserve	-	-	52,792	-	(52,792)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(340,000)	(340,000)	-	-	-	-	(340,000)
		-	-	52,792	-	(392,792)	(340,000)	-	-	-	-	(340,000)
C7	Changes in associates (Note 11 and 22)	-	12,782	-	-	-	-	-	-	-	-	12,782
C17	Other changes in capital surplus	-	68	-	-	-	-	-	-	-	-	68
D1	Net profit for the year ended December 31, 2023	-	-	-	-	535,548	535,548	-	-	-	-	535,548
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(293)	(293)	6,907	(70,530)	(193)	(63,816)	(64,109)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	535,255	535,255	6,907	(70,530)	(193)	(63,816)	471,439
Q1	Disposals of investments in equity instruments at fair value through other comprehensive income by associates	-	-	-	-	2,202	2,202	-	(2,202)	-	(2,202)	-
Z1	Balance at December 31, 2023	$ 2,000,000	$ 1,376,649	$ 795,842	$ 158,453	$ 1,029,900	$ 1,984,195	$ (3,245)	$ 39,863	$ (4)	$ 36,614	$ 5,397,458

The notes included below are part of the Consolidated Financial Statements.

China Steel Structure Co., Ltd.
Consolidated Cash Flow Statement
January 1 to December 31, 2023 and 2022
Unit: thousand NTD

Code		2023	2022
	Cash Flows from Operating Activities		
A10000	Profit before income tax	$ 633,882	$ 611,166
A20010	Adjustments for:		
A20100	Depreciation expense	167,418	176,733
A20200	Amortization expense	5,249	2,096
A20900	Finance costs	74,400	57,629
A21200	Interest income	(4,982)	(6,941)
A21300	Dividend income	(10,682)	(33,115)
A22300	Share of the profit of subsidiaries and associates	(84,087)	52,648
A22500	Loss on disposal of property, plant and equipment	2,451	122
A23000	Gain on disposal of non-current assets held for sale	-	(1,485)
A23700	Loss (reversal) of inventories	(112)	1,870
A23800	Impairment loss reversal of investment properties	(87,076)	-
A29900	Loss (Gain) on disposal of subsidiaries	7,171	(11,880)
A29900	(Reversal) loss on unrealized construction costs	53,420	(156,732)
A29900	(Reversal) loss of provisions	(21,883)	912
A29900	Gain from lease modification	-	(10)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(1,584,009)	752,072
A31130	Notes receivable	58,509	(21,483)
A31150	Accounts receivable	423,072	173,875
A31160	Accounts receivable - related parties	(210,770)	10,543
A31180	Other receivables	2,483	12,834
A31200	Inventories	(371,206)	202,309
A31230	Prepayments	12,590	16,006
A31990	Net defined benefit assets	(2,387)	(11,121)
A32125	Contract liabilities	884,224	(332,665)
A32130	Accounts payable	16,609	(11,595)
A32150	Accounts payable - related parties	(45,624)	(232,101)
A32160	Other payables	(22,545)	(51,413)
A32180	Other current liabilities	(915)	16,954
A32230	Cash generated from operations	159	3,873
A32240	Income taxes paid	-	(391)
A33000	Net cash (used in) generated from operating activities	(104,641)	1,220,710
A33500	Income taxes paid	(41,363)	(136,466)
AAAA	Net cash (used in) generated from operating activities	(146,004)	1,084,244

Code		2023	2022
	Cash Flows from Investing Activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income - current	$ (12,621)	$ -
B01800	Acquisition of investments accounted for using the equity method	(287,500)	(250,000)
B02300	Disposal of subsidiaries	(29,832)	11,880
B02600	Proceeds from disposal of non-current assets held for sale	-	93,592
B02700	Acquisition of property, plant, and equipment	(104,044)	(266,775)
B02800	Proceeds from disposal of property, plant, and equipment	907	266
B03800	Decrease (increase) in refundable deposits	(8,353)	4,688
B04500	Acquisition of intangible assets	(6,005)	(7,387)
B06500	Decrease (increase) in other financial assets	(2,244)	133,564
B07500	Interest received	3,978	6,695
B07600	Dividends received from subsidiaries and associates	81,883	78,603
B07600	Dividends received from others	10,682	33,115
BBBB	Net cash outflow from investing activities	(353,149)	(161,759)
	Cash flow from financing activities		
C00100	Increase in short-term loans	155,135	136,693
C00600	Increase (decrease) in short-term bills	150,000	(470,000)
C01800	Increase in long-term loans	-	500,000
C01900	Decrease in long-term loans	(300,000)	-
C03000	Increase (decrease) in guarantee deposits received	(16,052)	45,065
C04020	Repayments of principal of lease liabilities	(23,006)	(22,538)
C04500	Distribution of cash dividends	(340,000)	(400,000)
C05600	Interest paid	(74,129)	(59,099)
C09900	Return of overdue uncollected dividends	68	116
CCCC	Net cash outflow from financing activities	(447,984)	(269,763)
DDDD	Effect of exchange rate changes on cash and cash equivalents	(157)	3,977
EEEE	Net increase (decrease) in cash and cash equivalents	(947,294)	656,699
E00100	Cash and cash equivalents of the beginning of the period	1,087,218	430,519
E00200	Cash and cash equivalents of the end of the period	$ 139,924	$ 1,087,218

The notes included below are part of the Consolidated Financial Statements.

China Steel Structure Co., Ltd.
Notes to Consolidated Financial Report
January 1 to December 31, 2023 and 2022
(In thousands of New Taiwan Dollars unless otherwise specified)

I. Company history

China Steel Structure Co., Ltd. (the "Corporation") was incorporated in February 1978, and its Kaohsiung factory was located within China Steel Corporation's (the "Ultimate parent entity") factory area. The Corporation built its Guantian factory in 1989 and relocated its Kaohsiung factory to Yenchao District in May 2012. It engages in designing, processing, manufacturing, assembling and selling steel built-up sections; providing technical services for the construction of steel structures, importing and exporting metal and construction materials and real estate leasing.

China Steel Corporation ("CSC") is the parent entity and has substantive control over the Company. CSC owns 33.24% of the voting shares of the Company as at December 31, 2023 and 2022.

The Corporation's shares are listed on the Taiwan Stock Exchange.

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

II. Date and procedures of approval of the financial statements

The consolidated financial statements were approved by the board of directors and authorized for issue on February 27, 2024.

III. Application of new standards, amendments, and interpretations

(I) Initial application of the amendments to 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) did not have material impact on the Group's accounting policies.

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

(II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 “Leases 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 New IFRSs are 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: When the amendment is applied for the first time, some disclosure requirements would be excepted.

As of the date the consolidated financial statements were reported to the board of directors for issue, the Group has assessed that the application of other standards and interpretations will not have a material impact on the financial position and results of operations.

(III) New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	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
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 Convertibility”	January 1, 2025 (Note 2)
Amendments to IAS 21 “Lack of Convertibility”	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply the 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 reported to the board of directors for issue, the Group is in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on the financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

IV. Summary of significant accounting policies

(I) Statement of compliance

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

(II) Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measure 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 the significance of the inputs to the fair value measurement in its entirety, which 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 the 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.

(III) Classification of current and non-current 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 balance sheet date; and

(3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than 12 months after the balance sheet date.

Current liabilities include:

(1) Liabilities held primarily for the purpose of trading;

(2) Liabilities to be settled within 12 months after the balance sheet date; and

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

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

The Steel structure construction and construction engineering business of the Group has a business cycle of more than 1 year. Therefore, assets and liabilities related to the steel structure construction business are classified as current or non-current based on the normal business cycle.

(IV) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e. its subsidiaries). The Statement of Comprehensive Income includes the operating income of the acquired or disposed subsidiary from the date of acquisition to the date of disposal in the current year. The financial statements of subsidiaries have been reorganized to ensure consistency with the accounting policies adopted by the Group. In the preparation of the Consolidated Financial Report, all transactions, account balances, income and expenses between the entities have been written off. Total comprehensive income of subsidiaries is attributed to the owners of the parent company.

Any change in the ownership interest that does not cause the Group to lose control of the subsidiary is accounted under the equity method. The book value of assets of the Group have been adjusted to reflect the relative changes in the equity of the subsidiaries.

When the Group loses control over a subsidiary, the profit or loss on disposal is the difference between the two following items: (1) the sum of the fair value of consideration received and the fair value of the remaining investment in the former subsidiary as of the date of the loss of control; and (2) the sum of assets (including goodwill) and liabilities of the former subsidiary based on the book value as of the date of the loss of control. The Group's accounting practices for amounts of the subsidiary shown in other comprehensive profit or loss account shall follow the same basis as that followed by the Group for direct disposal of related assets or liabilities.

Please refer to Note 10 and Appendix 5 for the details, shareholding ratio, and business items of subsidiaries.

(V) Foreign currencies

In preparing the standalone 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 on the retranslation of non-monetary items are recognized in profit or loss for the period except for exchange difference 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 not retranslated.

For the purposes of presenting standalone financial statements, the investments of the Group's foreign operations (including subsidiaries and associates operating in other countries or using currencies different from the Group's currencies) 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; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

If the Group disposes of all equities in a foreign operation or disposes of parts of the equities of a subsidiary of a foreign operation but loses control, all accumulated currency translation differences related to the foreign operation shall be reclassified as profit or loss.

(VI) Inventory

Inventories are raw materials, building and land under construction, and prepaid land payments. Inventories are stated at the lower of cost or 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.

The costs of buildings construction are calculated by each different construction project. The expenditure on land before acquiring land ownership is recorded as "Prepayments for land". When the land is actively developed after the ownership is obtained, the cost of various projects and other costs are transferred to "construction in progress" and will be transferred to "property held for sale" after the completion.

Before the registration of land on which active development or construction work has been carried out and the construction work is completed, the land payment paid and the cost of construction in progress (including construction land and construction cost) are capitalized and recorded as land cost or construction cost.

(VII) Investment in associates

An associate is an entity over which the Group have significant influence over and that is neither a subsidiary nor an interest in a joint venture.

The Group uses equity method to account for investment in associates. Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate. The Group also recognizes the changes in the share of equity of associates.

The net fair value of the number of shares of identifiable assets and liabilities in the affiliate enterprise by the Group on the acquisition date will be considered as goodwill. The goodwill is included in the carryover amount of the investment and may not be amortized. The shares of the net fair value of identifiable assets and liabilities in the affiliate enterprise by the Group on the acquisition date that exceeds the acquisition cost will be shown as profit or loss in the current year.

When the Group subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Group's proportionate interest in the associate. The Group records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Group's ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Group has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

When the Group ceases to have significant influence over the associate, the Group will measure the retained investment at fair value at that date. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Group transacts with its associates, profits or losses on these transactions are recognized in the standalone financial statements only to the extent of interests in the associate that are not related to the Group.

(VIII) Joint operations

A joint operation is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

Any acquisition of an interest in a joint operation in which the activity of the joint operation constitutes a business should be treated as a business combination, except when the parties sharing joint control are under the common control of the same ultimate controlling party or parties both before and after the acquisition and that control is not transitory.

The Group recognize the following items in relation to their interests in a joint operation:

1. The assets, including their share of any assets held jointly;
2. The liabilities, including their share of any liabilities incurred jointly;
3. The revenue from the sale of their share of the output arising from the joint operation;
4. The share of the revenue from the sale of the output of the joint operation; and
5. The expenses, including their share of any expenses incurred jointly.

The Group account for the assets, liabilities, revenue, and expenses relating to their interests in a joint operation in accordance with the IFRSs applicable to the particular assets, liabilities, revenue, and expenses.

When the Group sell or contribute assets to their joint operation, they recognize gains and losses resulting from such a transaction only to the extent of the other parties' interests in the joint operation. When the Group purchase assets from its joint operation, they do not recognize their share of the gain or loss until they resell those assets to a third party.

(IX) Property, plant, and equipment

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

Property, plant, and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation on property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. An item of property, plant and equipment is depreciated over its lease term if its lease term is shorter than its useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate 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.

(X) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(XI) Intangible assets

Intangible assets 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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

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

(XII) Impairment of property, plant and equipment, right-of use assets, investment properties, intangible assets and contract assets

At each balance sheet date, the Group reviews the carrying amounts of its property, plant and equipment, right-of use assets, investment properties, intangible assets and contract assets 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had for the asset or cash-generating (net of amortization and depreciation) had no impairment loss been recognized in prior years.

A reveal of an impairment loss is recognized in profit or loss.

(XIII) Non-current assets for sale

The book value of non-current assets is classified as for sale when it is expected to be mainly through sale transactions, when it is no longer used and recovered, non-current assets to qualify for this classification must be available for immediate sale in their current state and their sale must be highly probable, there is a high probability that a sale will be met when appropriate management commits to the plan to sell the asset and the sale is expected to be completed within one year from the date of classification.

(XIV) Financial instruments

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

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) 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 fair value through profit or loss 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 category

Financial assets are classified into the following categories: Financial assets at amortized cost, and equity instruments at FVTOCI.

a) 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.

Financial assets at amortized cost. (including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, refundable deposits and other financial assets) are measured at amortized cost, which equals the gross carrying amount determined by 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 assets, 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 assets that are not credit impaired on purchase or origination but have 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.

Cash equivalents include time deposits, commercial paper, and bonds with repurchase agreements with original maturities within 3 months, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Investments in equity instruments at FVTOCI

The Group may 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 and contract assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Group always recognizes lifetime expected credit losses (ECLs) for accounts receivable. 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 ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of Corporation default occurring as the weights. 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. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

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):

a) Internal or external information show that the debtor is unlikely to pay its creditors.
b) When a financial asset is more than 365 days past due unless the Group has reasonable and corroborative information to support a more lagged default criterion.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount 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 does not reduce the carrying amount of such a financial asset.

(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

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

(3) Financial liabilities

(a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

(b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XV) Provisions

Provisions are measured at the best estimate discounted cash flows of the consideration required to settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provision is measured using the present value of the cash flows which is estimated to settle the present obligation.

(1) Onerous contracts

Onerous contracts are those in which the Group's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligation arising under onerous contracts are recognized and measured as provisions. The cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

(2) Warranties

Including those arising from the contractual obligation specified in the warranty period after completing contract. The Group recognized provisions that are likely to be paid during the warranty period after completing constructions. Actual payments are first made against the provisions and then as current expenses if the amount of provision is insufficient.

(XVI)Revenue recognition

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

(1) Revenue from sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Group to customers to satisfy performance obligation as follows: domestic sales - when products are moved out of the Group’s premises for delivery to customers; exports - when products are loaded onto vessels. Revenue is recognized because the earning process is accomplished and revenue is realized or realizable.

Revenue is measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Group with customers. But if the related receivable is due within one year, the difference between its present value and undiscounted amount is immaterial and sales transactions are frequent, the fair value of the receivable is equivalent to the nominal amount of cash to be received. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

(2) Construction income

As property is being constructed and construction is in progress, the Group recognizes revenue from construction contract over time. The Group measures the progress on the basis of costs incurred relative to the total expected costs. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognized to date, then the Group recognizes a contract liability for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Group adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Group satisfies its performance obligations.

(3) Providing of services

Service revenue is recognized according to the contract and the percentage of completion of the services.

(XVII) 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.

Rental payments from operating leases are recognized on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiation and arranging operating leases are added to the carrying amounts of the leased assets and amortized on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Group assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

(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, which comprises the initial measurement of lease liabilities, are initially measured at cost and 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 standalone 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. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(XVIII) Borrowing costs

Borrowing costs directly attributable to the 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 borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XIX) 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 service.

(2) Retirement benefits

Payment to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service costs (including current service costs and net interest on the net defined benefit liabilities/assets) are recognized as employee benefits expense in the period 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 they occur. 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/balance in the Group's defined benefit plan. 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.

(3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

(XX) Taxation

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

(1) Current income tax

The Group determines the income (loss) for the current year based the rates/laws that have been enacted for each jurisdiction and calculates the income tax expected to be paid to (recovered from) taxation authorities.

Tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the earnings.

Adjustments to income tax payable from previous years are recognized in the income tax of current year.

(2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the standalone financial statements 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 or unused loss carry forward to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, 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 each balance sheet date 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 asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date 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 period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. 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 balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

(3) Current and deferred tax for the year

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.

V. Significant accounting judgments, estimates and main uncertainty assumptions

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about 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.

(I) Critical accounting judgments

Judgments with significant impact on affiliates - where the investor holds less than 20% of the shares of the investee but has significant influence.

As described in Note 11, the Group holds less than 20% of the voting rights in certain companies but retains significant influence due to joint shareholding with affiliates of the CSC Group.

(II) Estimates and assumptions uncertainty

Estimated impairment of financial assets and contract assets (retentions receivable)

The estimated impairment loss on accounts receivable and contract assets (retentions receivable) are based on the Group's assumptions regarding the default rate and expected loss rate. The Group considers experience, current market conditions, and prospective information for the adoption of assumption and selection of input in evaluating impairment. Significant impairment loss may occur if actual future cash flows are lower than the Group's forecast.

Construction contracts

The Group recognizes revenues from construction contracts under the percentage of completion method by calculating construction revenues based on the actual construction cost incurred as a percentage of the total estimated cost of the construction. Variable consideration such as contractual incentives and compensation payments are included in contractual income only if it is highly probable that there will not be a significant reversal in the cumulative revenues when related uncertainties are subsequently eliminated.

As the management evaluates and determines the estimated total cost and contract items based on the nature of different construction projects, estimated subcontracting amount, construction period, project construction, and construction methodology, if such estimates are changed due to future construction conditions, they may have material influence on the calculation of the completion percentage and profit and loss of the project.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 4,291	$ 5,166
Checking accounts and demand deposits	135,633	261,423
Cash equivalents		
Commercial paper	-	233,670
Repurchase agreement	-	365,678
Bonds with repurchase agreements	-	221,281
	$ 139,924	$ 1,087,218

VII. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Domestic investments		
Listed shares	$301,923	$318,333

These investments in equity instruments are not held for trading; instead, they are held for medium to 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.

VIII. Notes and accounts receivable (including related parties) and other receivables

	December 31, 2023	December 31, 2022
Notes receivable - operating	$ 42,123	$ 100,632
Accounts receivable		
Non-related parties	$ 587,301	$ 1,011,080
Minus: Loss provisions	123,527	123,527
	$ 463,774	$ 887,553
Accounts receivable - related parties	$ 412,928	$ 202,158
Other receivables	$ 39,924	$ 11,073

(I) Receivables

The Group’s notes and accounts receivable are financial assets at amortized cost.

The credit period for the sale of goods was from 30 to 90 days and billings for construction and services were made based on the progress of the contract. 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 reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group’s credit risk was significantly reduced.

The Group applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group’s historical credit loss experience does 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 classified as overdue receivables, 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 following table details the loss allowance of trade receivables and overdue receivables based on the Group’s provision matrix.

December 31, 2023

	Transaction counterparty shows no signs of default							
	Not overdue	Overdue for 1 to 30 days	Overdue for 31 to 60 days	Overdue for 61 to 180 days	Overdue for 181 to 365 days	Overdue for more than 365 days	Transaction counterparty shows signs of default	Total
Expected credit loss rate (%)	-	-	-	-	-	5	100	
Total book value	$ 918,825	$ -	$ -	$ -	$ -	$ -	$ 123,527	$ 1,042,352
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-	(123,527)	(123,527)
Amortized cost	$ 918,825	$ -	$ -	$ -	$ -	$ -	$ -	$ 918,825

December 31, 2022

	Transaction counterparty shows no signs of default							
	Not overdue	Overdue for 1 to 30 days	Overdue for 31 to 60 days	Overdue for 61 to 180 days	Overdue for 181 to 365 days	Overdue for more than 365 days	Transaction counterparty shows signs of default	Total
Expected credit loss rate (%)	-	-	-	-	-	5	100	
Total book value	$ 1,190,343	$ -	$ -	$ -	$ -	$ -	$ 123,527	$ 1,313,870
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-	(123,527)	(123,527)
Amortized cost	$ 1,190,343	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,190,343

The movement of the loss allowance of accounts receivable (including related parties) were as follows:

	2023	2022
Opening balance	$ 123,527	$ 171,431
Write-off in current year	-	(47,904)
Closing balance	$ 123,527	$ 123,527

(II) Other receivables

The Group assessed allowance for impairment loss under historical experience and current financial condition. There was no allowance for impairment loss recognized as of December 31, 2023 and 2022.

IX. Inventory

	December 31, 2023	December 31, 2022
Raw materials	$ 861,976	$ 545,621
Raw materials in transit	106,672	66,515
Building and land under construction (Note 12)	111,583	98,457
Prepaid land payments	91,026	89,250
	$ 1,171,257	$ 799,843

The cost of inventories recognized as cost of goods sold and construction for the years ended December 31, 2023 and 2022 was NT$17,440,149 thousand and NT$17,896,278 thousand, respectively. The cost of goods sold included reversal of loss on inventories of NT$112 thousand and loss on inventories of NT$1,870 thousand, respectively. Reversal of loss on inventory was due to an increase in steel price.

Some of the above construction lands were sold to China Prosperity Construction Corporation through a resolution of the board of directors of the subsidiary USEC in March 2022. As a cooperative development and use, the transaction amount is NT$91,694 thousand.

X. Subsidiary

Subsidiaries included in the consolidated financial statement

The consolidated entities are as follow:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2023	Ownership (%) December 31, 2022	Remarks
The Company	United Steel Engineering & Construction Corp. (USEC)	Contracting for civil engineering and management	100	100	
	China Steel Structure Holding Co., Ltd. （CSSHCL）	Investment holding	100	100	
USEC	United Steel Investment Pte Ltd. （USIPL）	Investment holding	-	100	Note 1
	United Steel Construction (Vietnam) Co., Ltd. （USCVC）	Contracting for civil engineering and management	-	100	Note 2

Note 1: With the approval of the Singapore government, USIPL has deregistered in August, 2023.

Note 2: The board of directors of the subsidiary USEC decided to sell the entire equity of USCVC in May 2023, and the transaction completed in December 2023. Please refer to Note 27.

XI. Investments accounted for using equity method

Investments in associates

	December 31, 2023	December 31, 2022
Material associates		
CHC Resources Corporation (CHC)	$ 565,257	$ 550,437
Associates that are not individually material	773,253	528,133
	$ 1,338,510	$ 1,078,570

(I) Material associates are as follows:

Name of Associate	Percentage of Ownership Interests and Voting Rights (%) December 31, 2023	Percentage of Ownership Interests and Voting Rights (%) December 31, 2022
CHC	9	9

The Group is able to exercise significant influence over the above affiliates with less than 20% voting rights after considering the consolidated holding shares with CSC Group. It is therefore accounted based on the equity method. Please refer to the Table 5 "Information on Investees" for information on the nature of its business, its area of operations, and country of registry of the above affiliates.

Fair values (level 1) of investments in associates with available published price quotation are summarized as follows:

Name of Associate	December 31, 2023	December 31, 2022
CHC	$1,335,326	$1,066,406

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Group for equity accounting purposes.

CHC

	December 31, 2023	December 31, 2022
Current assets	$ 2,752,229	$ 2,283,038
Non-current assets	9,519,107	9,984,129
Current liabilities	(2,801,848)	(2,676,696)
Non-current liabilities	(3,184,385)	(3,472,162)
Equity	6,285,103	6,118,309
Non-controlling interests	(226,615)	(218,661)
	$ 6,058,488	$ 5,899,648
Proportion of the Corporation's ownership (%)	9	9
Equity attributable to the Corporation	$ 565,257	$ 550,437
Carrying amount	$ 565,257	$ 550,437

	2023	2022
Operating revenue	$ 12,394,902	$ 11,382,629
Net profit for the year	$ 858,013	$ 754,983
Other comprehensive income (loss)	(63,378)	12,651
Total comprehensive income for the year	$ 794,635	$ 767,634

(II) Information about associates that are not individually material was as follows:

	2023	2022
The Corporation's share of (loss)		
Profit from continuing operations	$ 5,772	$ (123,112)
Other comprehensive (loss) income	(37,007)	(11,787)
Total comprehensive (loss) income for the year	$ (31,235)	$ (134,899)

The subsidiary USEC participated in the cash capital increase of Transglory Investment Corporation (TIC) in February 2023. Considering the ultimate parent entity has control over TIC, it is treated as equity transaction. Difference between the investment cost and the net equity value of above transaction is recognized in capital surplus-changes in associates NT$ 14,977 thousand.

The Corporation participated in the cash capital increase of Sing Da Marine Structure Corporation (SDMS) in January 2022. Considering the parent company of the Corporation has control over SDMS, it is treated as equity transaction. Difference between the investment cost and the net equity value is reduced to retain the surplus of NT$ 6,253 thousand.

The board of directors of the subsidiary USIPL decided to sell the entire equity of Chungkang Steel Structure (Cambodia) Co., Ltd (China Steel Structure Cambodia) in October 2021, therefore, NT$81,226 thousand of the investments recognized under the equity method is classified as non-current assets for sale. The transaction has been completed in October 2022 and gain on disposal of non-current assets held for sale is NT$1,485 thousand.

XII. Joint operations

In November 2022, the board of directors of the subsidiary USEC decided to build the residential construction with China Prosperity Construction Corporation by each one invested in 50%. The related expenses of its construction, sales shall be paid by above fund contribution ratio, and the assets, liabilities, income, and costs related to this operation shall also be recording by the ratio. China Prosperity Construction Corporation shall be the main operator of the building.

The assets, liabilities, income, and costs of joint operations, which were recognized in Consolidated Financial Reports as below:

Assets

	December 31, 2023	December 31, 2022
Inventory	$111,583	$ 98,457

XIII. Property, plant, and equipment

2023

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2023	$ 463,954	$ 1,796,460	$ 1,516,308	$ 7,741	$ 134,263	$ 149,252	$ 4,067,978
Additions	-	11,674	180,353	1,279	4,610	(82,307)	115,609
Loss of control over subsidiaries	-	(3,390)	-	-	-	-	(3,390)
Disposal	-	-	(24,615)	(496)	(6,564)	-	(31,675)
Net exchange differences	-	8	-	-	-	-	8
Balance at December 31, 2023	$ 463,954	$ 1,804,752	$ 1,672,046	$ 8,524	$ 132,309	$ 66,945	$ 4,148,530
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 1,139,076	$ 1,025,111	$ 6,572	$ 115,331	$ -	$ 2,286,090
Depreciation expense	-	49,070	76,569	245	6,171	-	132,055
Loss of control over subsidiaries	-	(2,890)	-	-	-	-	(2,890)
Disposal	-	-	(21,847)	(489)	(5,981)	-	(28,317)
Net exchange differences	-	8	-	-	-	-	8
Balance at December 31, 2023	$ -	$ 1,185,264	$ 1,079,833	$ 6,328	$ 115,521	$ -	$ 2,386,946
Net amount as of December 31, 2023	$ 463,954	$ 619,488	$ 592,213	$ 2,196	$ 16,788	$ 66,945	$ 1,761,584

2022

Cost	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2023	$ 439,351	$ 1,755,410	$ 1,448,623	$ 7,741	$ 127,594	$ 1,325	$ 3,780,044
Additions	24,603	40,995	74,767	-	9,761	147,927	298,053
Disposals	-	(182)	(7,082)	-	(3,092)	-	(10,356)
Net exchange differences	-	237	-	-	-	-	237
Balance at December 31, 2023	$ 463,954	$ 1,796,460	$ 1,516,308	$ 7,741	$ 134,263	$ 149,252	$ 4,067,978
Accumulated depreciation							
Balance at January 1, 2023	$ -	$ 1,076,331	$ 961,023	$ 6,386	$ 113,053	$ -	$ 2,156,793
Depreciation expense	-	62,732	70,866	186	5,286	-	139,070
Disposals	-	(182)	(6,778)	-	(3,008)	-	(9,968)
Net exchange differences	-	195	-	-	-	-	195
Balance at December 31, 2023	$ -	$ 1,139,076	$ 1,025,111	$ 6,572	$ 115,331	$ -	$ 2,286,090
Net amount as of December 31, 2022	$ 463,954	$ 657,384	$ 491,197	$ 1,169	$ 18,932	$ 149,252	$ 1,781,888

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful life:

	Self-use
Buildings	
Houses and buildings	20 to 60 years
Building auxiliary equipment	2 to 50 years
Machinery and equipment	
Mobile crane equipment	3 to 15 years
Cutting machine equipment	3 to 15 years
Arc welding equipment	2 to 15 years
Substation equipment	10 to 15 years
Transportation equipment	
Transportation and communication equipment	2 to 5. years
Transportation equipment for production	5 to 10 years
Other equipment	
Computer equipment	3 to 5 years
Fire safety equipment	5 years
Other equipment	2 to 15 years

XIV. Lease agreements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Book value of right-of-use assets		
Land	$ 657,645	$ 654,061
Transportation equipment	345	1,656
	$ 657,990	$ 655,717

	2023	2022
Additions to right-of-use assets	$ 38,447	$ 3,877
Depreciation expenses of right-of-use assets		
Land	$ 34,052	$ 35,133
Transportation equipment	1,311	2,530
	$ 35,363	$ 37,663

Except for the addition and recognition of depreciation expenses listed above, the Group's right-of-use assets did not undergo significant sub - lease and impairment for the years ended December 31, 2023 and 2022.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Book value of lease liabilities		
Current	$ 12,724	$ 19,365
Non-current	$ 458,690	$ 436,608

Range of discount rates for lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Land(%)	0.8～1.605	0.8～1.605
Transportation equipment(%)	0.7	0.7

(III) Material lease activities and terms

The Group has chartered a factory located at Yenchao which was leased from Taiwan Sugar Corporation. The lease contract is for 30 years from October 2010 to October 2040. The agreed upon rentals are 10% of the current land price set by the government. The Group does not have a bargain purchase option to acquire any of the above leased land at the expiry of the leases but has priority renewal options.

(IV) Other lease information

Lease arrangements under operating leases for the leasing out of investment properties were set out in Note 15.

	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 33,336	$ 27,058
Total cash outflow for leases	$ 63,684	$ 57,062

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

XV. Investment properties

2023	Land	Buildings	Total
Cost			
Balance at January 1, 2023 and balance at December 31, 2023	$ 378,489	$ 184,164	$ 562,653
Accumulated depreciation			
Balance at January 1, 2023 and balance at December 31, 2023	-	170,775	170,775
Accumulated impairment			
Balance at January 1, 2023	129,109	-	129,109
Reversal of impairment losses	(87,076)	-	(87,076)

	Land	Buildings	Total
Balance at December 31, 2023	$ 42,033	$ -	$ 42,033
Net amount as of December 31, 2023	$ 336,456	$ 13,389	$ 349,845
2022			
Cost			
Balance at January 1, 2022 and balance at December 31, 2022	$ 378,489	$ 184,164	$ 562,653
Accumulated depreciation			
Balance at January 1, 2022 and balance at December 31, 2022	-	170,775	170,775
Accumulated impairment			
Balance at January 1, 2022 and balance at December 31, 2022	129,109	-	129,109
Net amount as of December 31, 2022	$ 249,380	$ 13,389	$ 262,769

Operating leases relate to the investment properties owned by the Group with rental periods between 2 and 7 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the related properties at the expiry of the lease period.

The future rentals to be received under operating leases for the leasing out of investment properties are as follows:

	December 31, 2023	December 31, 2022
1st year	$ 11,648	$ 9,634
2nd year	8,229	4,735
3rd year	7,695	1,520
4th year	7,061	1,190
5th year	4,842	1,190
Over 5 years	27,483	-
	$ 66,958	$ 18,269

The investment properties are depreciated on a straight - line basis over 25 years useful life.

The Group reversal of impairment losses by NT$87,076 thousand based on the appraisal report of 2023. As of December 31, 2023 and 2022, the amounts of accumulated impairment were NT$42,033 thousand and NT$129,109 thousand, respectively.

As of December 31, 2023 and 2022, the fair values of the investment properties were NT$563,366 thousand and NT$271,266 thousand, respectively, according to independent appraisers' reports dated on December 31, 2023 and 2021. The fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The significant unobservable inputs used include the income approach and cost approach.

All of the Group's investment properties are held under freehold interests.

XVI. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans	$ 800,000	$ 785,000
Letters of credit	270,216	130,081
	$ 1,070,216	$ 915,081
Annual interest rate (%)	1.59～1.80	1.3652～1.80

(II) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper	$ 2,330,000	$ 2,180,000
Less: Unamortized discounts	1,819	1,270
	$ 2,328,181	$ 2,178,730
Annual interest rate (%)	1.57～1.79	1.458～1.638

The balance of December 31, 2023 and 2022 were issued as an unsecured commercial paper.

As of December 31, 2023 and 2022, the amounts of unsecured commercial paper were NT$2,230,000 thousand and NT$2,180,000 thousand, respectively. The guarantee institution of the other secured commercial paper was Taiwan Bills Finance Corporation.

(III) Long-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper		
China Bills Finance Corporation	$ 500,000	$ 500,000
Taiwan Cooperative Bills Finance Corporation	-	300,000
	500,000	800,000
Less: Unamortized discounts	551	924
	$ 499,449	$ 799,076

	December 31, 2023	December 31, 2022
Annual interest rate (%)	1.979	1.377～1.450

Commercial papers have revolving credit lines within the payment terms according to the contracts and need to utilize to some extent. As of December 31, 2023 and 2022, all commercial papers were unsecured commercial paper.

XVII. Notes and accounts payable (including related parties)

	December 31, 2023	December 31, 2022
Notes payable- Operating	$ 50,166	$ 33,557
Accounts payable	$ 2,168,263	$ 2,216,290
Accounts payable - related parties	$ 63,175	$ 85,720

(I) Notes payable

The rent payable was paid for the plant complex of Gentian. The Group has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms, therefore no interest was recognized.

(II) Accounts payable

The amount of retentions payable on construction contracts was included in accounts payable. Such retentions payable bear no interest and are expected to be paid after the warranty periods, which are within the normal operating cycle of the Group, usually more than 12 months after the reporting period.

XVIII. Other payables

	December 31, 2023	December 31, 2022
Salaries and bonuses	$ 433,352	$ 406,253
Compensation of employees and remuneration of directors	31,995	28,485
Sales tax payable	31,610	50,532
Insurance premiums payable	14,877	14,554
Payables for machine use	11,878	16,928
Equipment Payables	9,611	3,367
Miscellaneous shipping payables	6,545	11,041
Others (including outsourcing and employee benefits)	62,597	65,619
	$ 602,465	$ 596,779

XIX. Liability provision - current

Current		December 31, 2023		December 31, 2022
Warranty (I)	$	77,920	$	99,803
Onerous contract - losses on construction contracts (II)		263,531		210,111
	$	341,451	$	309,914

		Warranty		Onerous contract - losses on construction contracts		Total
Balance as of January 1, 2023	$	99,803	$	210,111	$	309,914
Additions (reversals)		(21,883)		53,420		31,537
Balance as of December 31, 2023	$	77,920	$	263,531	$	341,451
Balance as of January 1, 2022	$	98,891	$	366,843	$	465,734
Additions (reversals)		912		(156,732)		(155,820)
Balance as of December 31, 2022	$	99,803	$	210,111	$	309,914

(I) period based on historical experience and adjusted for factors such as scale of project and construction complexity.

(II) The Group recognized provision for onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The estimate may change due to future construction.

XX. Retirement benefit plan

(I) Defined contribution plans

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

(II) Defined benefit plans

Some of the employees in the Corporation and its domestic subsidiaries adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation and its domestic subsidiaries make contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation and its domestic subsidiaries 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 Corporation and its domestic subsidiaries 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 Corporation and the subsidiary USEC did not make monthly contributions until June 2024 and March 2024, respectively, with the approval of Department of Labor.

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

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 467,533	$ 479,545
Fair value of plan assets	(557,876)	(566,674)
Net defined benefit assets	$ (90,343)	$ (87,129)

Movements of net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
January 1, 2023	$ 479,545	$ (566,674)	$ (87,129)
Service cost			
Current service cost	2,070	-	2,070
Net interest expense (income)	5,608	(6,629)	(1,021)
Recognized in profit or loss	7,678	(6,629)	1,049
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(5,468)	(5,468)
Actuarial gain - changes in financial assumptions	(758)	-	(758)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
Actuarial loss - experience adjustments	$ 5,399	$ -	$ 5,399
Recognized in other comprehensive income	4,641	(5,468)	(827)
Contributions from the employer	-	(348)	(348)
Benefits paid	(24,331)	21,243	(3,088)
	(24,331)	20,895	(3,436)
December 31, 2023	$ 467,533	$ (557,876)	$ (90,343)
January 1, 2022	$ 553,928	$ (563,820)	$ (9,892)
Service cost			
Current service cost	2,049	-	2,049
Net interest expense (income)	2,099	(2,138)	(39)
Recognized in profit or loss	4,148	(2,138)	2,010
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(48,916)	(48,916)
Actuarial gain - changes in financial assumptions	(24,519)	-	(24,519)
Actuarial loss - experience adjustments	7,710	-	7,710
Recognized in other comprehensive income	(16,809)	(48,916)	(65,725)
Contributions from the employer	-	(3,284)	(3,284)
Benefits paid	(61,722)	51,484	(10,238)
	(61,722)	48,200	(13,522)
December 31, 2022	$ 479,545	$ (566,674)	$ (87,129)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2023	2022
Operating costs	$ 849	$ 1,652
General and administrative expenses	200	358
	$ 1,049	$ 2,010

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, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

(2) Interest risk

A decrease in the government and corporate 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 plan's debt investments.

(3) Salary risk

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

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

	December 31, 2023	December 31, 2022
Discount rate (%)	1.25	1.125～1.5
Expected rate of salary increase (%)	2.25~2.75	2.25~2.75

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

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 6,876)	($ 7,719)
0.25% decrease	$ 7,058	$ 7,930
Expected rate of salary increase		
0.25% increase	$ 6,868	$ 7,710
0.25% decrease	($ 6,724)	($ 7,545)

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

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ -	$ 1,045
The average duration of the defined benefit obligation	5.2～7.8 years	5.8～8.6 years

XXI. Maturity analysis of assets and liabilities

The assets and liabilities between the Group and the steel structure construction business, except for the retention's receivable/payable from construction contracts (including related parties), please refer to Note 17. The Group classified the assets and liabilities of the construction operations as current and non-current according to the length of the operating cycle of the construction operations. A maturity analysis of the related assets and liabilities was as follows:

December 31, 2023	Within 12 months	After 12 months	Total
Assets			
Contract assets-current	$ 7,245,522	$ 6,728	$ 7,252,250
Notes and accounts receivable (including related parties)	918,825	-	918,825
Inventories	992,623	178,634	1,171,257
Refundable construction deposits	17,599	285	17,884
	$ 9,174,569	$ 185,647	$ 9,360,216
Liabilities			
Contract liabilities-current	$ 1,126,769	$ -	$ 1,126,769
Notes and accounts payable (including related parties)	2,262,851	18,753	2,281,604

	Within 12 months	After 12 months	Total
Provision-current	$ 286,172	$ 55,279	$ 341,451
	$ 3,675,792	$ 74,032	$ 3,749,824

December 31, 2022			
Assets			
Contract assets-current	$ 5,639,685	$ 28,556	$ 5,668,241
Notes and accounts receivable (including related parties)	1,190,343	-	1,190,343
Inventories	799,843	-	799,843
Refundable construction deposits	5,535	1,204	6,739
	$ 7,635,406	$ 29,760	$ 7,665,166
Liabilities			
Contract liabilities-current	$ 242,545	$ -	$ 242,545
Notes and accounts payable (including related parties)	2,127,072	208,495	2,335,567
Provision-current	233,349	76,565	309,914
	$ 2,602,966	$ 285,060	$ 2,888,026

XXII. Equity

(I) Ordinary share capital

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	250,000	250,000
Shares authorized	$2,500,000	$2,500,000
Number of shares issued and fully paid (in thousands)	200,000	200,000
Shares issued	$2,000,000	$2,000,000

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

(II) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset deficits, distributed as cash, or transferred to share capital (Note)		
Issuance of ordinary shares	$ 1,070,016	$ 1,070,016
Treasury share transactions	292,353	292,353
Arising from donations	26	26

		December 31, 2023		December 31, 2022
May be used to offset deficits only				
Equity changes of associates accounted for using the equity method	$	12,782	$	-
Other		1,472		1,404
	$	1,376,649	$	1,363,799

Note: The capital surplus could be used to offset a deficit, distributed as cash dividends or transferred to share capital when the Corporation has no deficit (limited to a certain percentage of the Corporation capital surplus and once a year).

(III) Retained earnings and dividend policy

Under the Corporation's dividend policy, where the Corporation made 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 (an appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation's paid in capital), 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 Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends to shareholders.

The Corporation is in a challenging industry and the life cycle is in the mature stage. When the board of directors are formulating dividend policy, the Corporation maintains a stable dividend policy. Except when there is need for capital, dividend will be distributed at a rate not less than 50% of the earnings available for distribution, of which not less than 50% will be cash dividends unless there is a need for cash for the Corporation's operations.

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

Under the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards", the Corporation should appropriate to or reverse from special reserve.

The appropriations of earnings for 2022 and 2021 were approved by the shareholders in the shareholders' meetings in May 2023 and June 2022, respectively, The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 52,792	$ 50,108		
Cash dividends	340,000	400,000	$ 1.7	$ 2

The appropriation of earnings for 2023 was proposed in the board of directors' meeting held in February 2024. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividend Per Share (NT Dollars)
Legal reserve	$ 53,746	
Cash dividends	380,000	$ 1.9

The appropriations of earnings for 2023 will be resolved by the shareholders in their meeting scheduled to be held in May 2024.

(IV) Other equity items

(1) Exchange differences on translating the financial statements of foreign operations

	2023	2022
Opening balance	$ (10,152)	$ (34,573)
Currency translation differences from conversion of net assets of foreign operations	(158)	4,098
Difference in the translation of profits on equity-accounted affiliate enterprises	102	9,442
Disposal of equity in associates	-	10,881
Disposal of equity in subsidiaries	6,963	-
Closing balance	$ (3,245)	$ (10,152)

(2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	2023	2022
Opening balance	$ 112,595	$ 195,583
Recognized during the year		
Unrealized gains and losses - equity instruments	(29,031)	(59,288)
Share from associates accounted for using the equity method	(41,499)	(23,852)
Other comprehensive income recognized in the year	(70,530)	(83,140)

	2023	2022
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	$ (2,202)	$ 152
Closing balance	$ 39,863	$ 112,595

(3) Gain on hedging instruments

	2023	2022
Opening balance	$ 189	$ -
Share from associates accounted for using the equity method	(193)	189
Closing balance	$ (4)	$ 189

XXIII. Revenues

	2023	2022
Revenue from contracts with customers		
Construction revenue	$ 16,900,248	$ 16,733,086
Sales revenue	1,397,621	2,110,581
Service revenue	514,189	505,056
	18,812,058	19,348,723
Other operating revenue	27,114	15,735
	$ 18,839,172	$ 19,364,458

(I) Contact balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 918,825	$ 1,190,343	$ 1,353,278
Contract assets			
Construction contracts	$ 6,096,792	$ 4,770,557	$ 5,321,965
Retentions receivable	1,155,458	897,684	1,098,348
	$ 7,252,250	$ 5,668,241	$ 6,420,313
Contract liabilities			
Construction contracts	$ 1,125,649	$ 242,272	$ 571,999
Sale of goods	1,120	273	3,211
	$ 1,126,769	$ 242,545	$ 575,210

The changes in the balance of contract assets and contract liabilities primarily resulted from the timing difference between the Group's performance and the respective customer's payment; there are no significant changes in contract assets and liabilities for 2023 and 2022.

(II) Disaggregation of revenue

2023

Main products/services	CSSC	USEC	Others	Total
Construction revenues	$ 8,447,565	$ 8,463,263	$ (10,580)	$ 16,900,248
Revenue from trading of steel products	1,397,621	-	-	1,397,621
Service revenues	514,189	-	-	514,189
Others	27,114	-	-	27,114
	$ 10,386,489	$ 8,463,263	$ (10,580)	$ 18,839,172

2022

Main products/services	CSSC	USEC	Others	Total
Construction revenues	$ 10,580,949	$ 6,152,261	$ (124)	$ 16,733,086
Revenue from trading of steel products	2,110,581	-	-	2,110,581
Service revenues	505,056	-	-	505,056
Others	15,735	-	-	15,735
	$ 13,212,321	$ 6,152,261	$ (124)	$ 19,364,458

(III) Contracts with customers that are partially completed

As of December 31, 2023 and 2022, the transaction prices, allocated to the performance obligations that are not fully satisfied are NT$30,479,684 thousand and NT$24,941,534 thousand, respectively. The Group will recognize revenue as the construction is being completed and the expected timing for recognition of revenue is on various dates through end of 2029.

XXIV. Profit before income tax

(I) Interest income

	2023	2022
Bank deposits	$ 3,546	$ 6,885
Loans to related parties (Note 30)	-	41
Others	1,436	15
	$ 4,982	$ 6,941

(II) Other revenue

	2023	2022
Dividend income	$ 10,682	$ 33,115
Revenues from claims	1,896	1,102
Rental income	1,021	642
Others	31,156	5,645
	$ 44,755	$ 40,504

(III) Other gains and losses

	2023	2022
Net currency exchange gains (losses)	$ (9,818)	$ 41,199
Investment gains from disposal of subsidiaries (Note 27)	(7,171)	11,880
Loss on disposal of property, plant and equipment	(2,451)	(122)
Fees and charges	(6,618)	(7,566)
Gain on disposal of held for sale (Note 11)	-	1,485
Others	(3,391)	(1,275)
	$ (29,449)	$ 45,601

The components of net foreign exchange gain (loss) were as follows:

	2023	2022
Foreign exchange gain	$ 2,983	$ 71,291
Foreign exchange loss	(12,801)	(30,092)
Net exchange gain (loss)	$ (9,818)	$ 41,199

(IV) Finance costs

	2023	2022
Interest on overdrafts and loans	$ 67,154	$ 50,163
Interest on lease liabilities	7,342	7,466
Total interest expense on financial liabilities at fair value through profit or loss	74,496	57,629
Less: Amounts included in the cost of qualifying assets	96	-
	$ 74,400	$ 57,629

Information about capitalized interest was follow:

	2023	2022
Capitalized amounts	$ 96	$ -
Capitalized annual rate (%)	1.69	-

(V) Impairment losses recognized on nonfinancial asset (reversed gain) (accounted under operating costs)

	2023	2022
Loss (reversal) of inventories	$ (112)	$ 1,870
Reversal of impairment loss on investment properties	(87,076)	-
	$ (87,188)	$ 1,870

(VI) Depreciation and amortization

	2023	2022
Property, plant and equipment	$ 132,055	$ 139,070
Right-of-use assets	35,363	37,663
Intangible assets	5,224	2,059
Other non-current assets	25	37
	$ 172,667	$ 178,829
Analysis of depreciation by function		
Operating costs	$ 153,808	$ 161,414
Operating expenses	13,610	15,319
	$ 167,418	$ 176,733
Analysis of amortization by function		
Operating costs	$ 3,632	$ 1,434
Operating expenses	1,592	625
Non-operating income and expenses	25	37
	$ 5,249	$ 2,096

(VII) Direct operating expenses of investment property

	2023	2022
Direct operating expenses of investment properties that generated rental income	$ 2,448	$ 2,081

(VIII) Employee benefits

	2023	2022
Short-term employee benefits		
Salaries	$ 1,166,742	$ 1,051,358
Labor and health insurance	79,654	71,210
Others	58,865	62,489
	1,305,261	1,185,057

		2023		2022
Post-employment benefits				
Defined contribution plans	$	32,481	$	31,282
Defined benefit plans (Note 20)		1,049		2,010
		33,530		33,292
Termination benefits		1,372		24
	$	1,340,163	$	1,218,373
Analysis by function				
Operating costs	$	1,096,350	$	990,047
Operating expenses		243,813		228,326
	$	1,340,163	$	1,218,373

According to the Articles of Incorporation the article stipulates the Corporation distributed employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of the profit before income tax prior to deducting compensation of employees and remuneration of directors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 which have been approved by the Corporation's board of directors in February 2024 and 2023, respectively, were as follows:

	Pay in cash	
	2023	2022
Compensation of employees	$ 24,090	$ 21,291
Remuneration of directors	4,818	4,258

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

There is no difference between the actual payment of compensation of employees and remuneration of directors and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

Information on the Corporation's Compensation of employees and remuneration of directors resolved by the board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXV. Income tax

(I) Income tax recognized in profit or loss

		2023		2022
Current tax				
In respect of the current year	$	79,300	$	87,130
In respect of prior years		45		194
		79,345		87,324
Deferred tax				
In respect of the current year		18,989		44,896
In respect of prior years		-		15
		18,989		44,911
	$	98,334	$	132,235

The reconciliation of accounting profit and income tax expenses was as follows:

		2023		2022
Profit before income tax	$	633,882	$	611,166
Income tax expense calculated at the statutory rate	$	128,389	$	118,875
Permanent differences		(17,146)		1,293
Tax - exempt income		(18,954)		3,907
Adjustments for prior years		45		209
Unrecognized deductible temporary differences		6,000		7,951
	$	98,334	$	132,235

(II) There was no income tax recognized directly in equity by the Corporation and its subsidiaries.

(III) Income tax recognized in other comprehensive income

	2023	2022
Deferred tax		
Remeasurement of defined benefit plan	$ 165	$13,145

(IV) Current tax assets and liabilities

		December 31, 2023		December 31, 2022
Current tax assets				
Tax refunds receivable	$	151	$	115
Current tax liabilities				
Income tax payable	$	79,624	$	41,606

(V) Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

2023

	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Temporary difference				
Provisions	$ 19,961	$ (4,377)	$ -	$ 15,584
Unrealized loss on construction costs	42,022	10,684	-	52,706
Allowance bad debt overrun	24,120	(122)	-	23,998
Difference between tax reporting and financial reporting - depreciation method	14,093	(669)	-	13,424
Others	712	(315)	-	397
	100,908	5,201	-	106,109
Losses carried forward	141,046	(16,893)	-	124,153
	$ 241,954	$ (11,692)	$ -	$ 230,262
Deferred income tax liabilities				
Temporary difference				
Book-tax difference from revenue recognition	$ 9,645	$ 14,567	$ -	$ 24,212
Net defined benefit assets	17,426	478	165	18,069
Gains from equity investments under the equity method – offshore	7,842	(7,748)	-	94
	$ 34,913	$ 7,297	$ 165	$ 42,375

2022

	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing balance
Deferred income tax assets				
Temporary difference				
Book-tax difference from revenue recognition	$ 93,665	$ (93,665)	$ -	$ -

	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing balance
Provisions	$ 19,778	$ 183	$ -	$ 19,961
Unrealized loss on construction costs	73,369	(31,347)	-	42,022
Net defined benefit liabilities	2,552	8,537	(11,089)	-
Allowance bad debt overrun	31,243	(7,123)	-	24,120
Difference between tax reporting and financial reporting - depreciation method	14,760	(667)	-	14,093
Others	310	402	-	712
	235,677	(123,680)	(11,089)	100,908
Losses carried forward	38,428	102,618	-	141,046
	$ 274,105	$ (21,062)	$ (11,089)	$ 241,954

Deferred income tax liabilities				
Temporary difference				
Book-tax difference from revenue recognition	$ -	$ 9,645	$ -	$ 9,645
Net defined benefit assets	4,530	10,840	2,056	17,426
Gains from equity investments under the equity method – offshore	4,478	3,364	-	7,842
	$ 9,008	$ 23,849	$ 2,056	$ 34,913

(VI) Information about unused losses carried forward is as follows:

As of December 31, 2023, the relevant information about losses carried forward is as follows:

Unused carried forward balance	Last carried forward annual
$102,664	2031
518,099	2032
$620,763	

(VII) Income tax assessments

The income tax returns of the Corporation and its domestic subsidiaries through 2021 have been assessed by the tax authorities.

XXVI. Earnings per share

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	2023	2022
Net profit attributable to owners of the Company	$535,548	$478,931

Weighted average number of ordinary shares outstanding

Unit: thousand shares

	2023	2022
Weighted average number of ordinary shares used in computation of basic earnings per share	200,000	200,000
Add: Effect of dilutive potential ordinary shares - Compensation of employees	489	416
Weighted average number of ordinary shares used in computation of diluted earnings per share	200,489	200,416

The Corporation may settle the compensation paid to employees in cash or shares, therefore, the Corporation assumes that the entire amount of the compensation would be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential 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.

XXVII. Disposal of subsidiaries

The board of directors of the subsidiary USEC decided to sell the entire equity of USCVC in May 2023, and the transaction completed in December 2023. The Group Loss of control over USCVC.

(I) Consideration received from disposals

	USCVC
Total consideration received	$ 30,830

(II) Analysis of assets and liabilities control was lost with disposal

	USCVC
Current assets	
Cash and cash equivalents	$ 30,159
Accounts receivable	707
Other receivables	173
Other current assets	1,282
Non-current assets	
Property, plant, and equipment	500
Right-of-use assets	811
Refundable deposits	6
Current liabilities	
Accounts payable	($ 2,403)
Other payables	(186)
Other current liabilities	(11)
Disposal of net assets	$ 31,038

(III) Loss on disposal of subsidiaries

	USCVC
Consideration received	$ 30,830
Disposal of net assets	(31,038)
Exchange differences	(6,963)
Loss on disposal of subsidiaries	($ 7,171)

(IV) Net cash outflow from disposal of subsidiaries

	USCVC
Consideration received in cash and cash equivalents	$ 30,830
Less: Balance of cash and cash equivalents	30,159
Less: Recognized as other receivables	30,503
	($ 29,832)

XXVIII. Capital risk management

The Group manages the capital to ensure that the Corporation and its subsidiaries will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt and equity of the Group. The Group is not subject to any externally imposed capital requirements.

XXIX. Financial instruments

(I) Fair value of financial instruments that are not measured at fair value

Management of the Group considers the carrying amounts of financial assets and liabilities not carried at fair value.

(II) Fair value of financial instruments that are measured at fair value on a recurring basis

December 31, 2023

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instruments - Domestic listed shares	$301,923	$ -	$ -	$301,923

December 31, 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instruments - Domestic listed shares	$318,333	$ -	$ -	$318,333

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

(III) Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets at amortized cost (Note 1)	$ 1,171,441	$ 2,350,811
Financial assets at fair value through other comprehensive income - equity instruments	301,923	318,333
Financial liabilities		
Measured at amortized cost (Note 2)	6,949,017	7,008,371

Note 1 The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, refundable deposits and other financial assets.

Note 2 The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables, long-term bills payable and deposits received and other financial liabilities.

(IV) Financial risk management objectives and policies

The Group's major financial instruments include notes and accounts receivable, equity investments, other financial assets, notes and accounts payable, short-term borrowings, short-term bills payable, lease liabilities and long-term bills payable. The Group's financial management department provides service to the business units, coordinates domestic and international financial operations, prepares and analyzes internal risk reports to monitor and manage financial risk related to the operation of the Group. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

(1) Market risk

The main financial risks arising from operating activities are to the risks of changes in foreign currency exchange rates (see (a) below), the risk of changes interest rates (see (b) below) and the risk of other price (see (c) below).

There had been 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 had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing were mitigated by foreign currency bank deposits.

Refer to Note 33 for the carrying amounts of the non-functional currency assets at the end of the reporting period.

Sensitivity analysis

The Group was mainly exposed to the fluctuation of USD. The following table details the Group's sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 3% is as a reasonably possible change in foreign exchange rates.

The sensitivity analysis included only the outstanding foreign currency denominated monetary Items. The scenario 1 shown in the table shows the impact on profit of 3% increase in NTD against USD, and the scenario 2 shows the impact on impact of 3% decrease.

	Impact of USD (Note)	
	2023	2022
Scenario 1	($ 559)	($ 18,260)
Scenario 2	559	18,260

Note: These were mainly attributable to the exposure of cash, cash equivalents and outstanding receivable, which were not hedged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the year.

(b) Interest rate risk

The Group was exposed to interest rate risk because the Corporation and its subsidiaries borrowed funds at variable rates. The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	$ 2,204	$ 768,344
Financial liabilities	471,414	455,973
Cash flow interest rate risk		
Financial assets	131,974	280,687
Financial liabilities	1,569,665	1,714,157

If interest rates had been 1% higher and all other variables were held constant, the Group's pre-tax profit for the year ended December 31, 2023 and 2022 would have been decrease by NT$15,697 thousand and NT$17,142 thousand, respectively.

(c) Other price risk

The Group was exposed to equity price risk through their investments in domestic listed shares the equity price of the Group was evaluated by the closing price of the equity securities on a monthly basis, measured with reference to the monthly published price quotation.

If equity prices had been 1% lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have been decrease by NT$3,019 thousand and NT$3,183 thousand, respectively.

(2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group . As at the balance sheet date, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation and due to financial guarantees provided by the Group could arise from:

(a) The carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets; and

(b) The amount of contingent liabilities in relation to financial guarantees issued by the Group.

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'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 annually. The Group's significant credit risk concentration of customers were those individual accounts receivable with balances higher than 10% of the Group's total receivables, as follow:

	December 31, 2023	December 31, 2022
Parent entity	$ 290,490	$ 86,227
Customer B	119,599	-
Customer C	53,737	133,026
Customer D	-	114,231
	$ 463,826	$ 333,484

(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. Short-term financing which the Group has obtained is sufficient for the Group's operations in the near future and the Group is now free of liquidity risks.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Group's available unutilized short-term bank loan facilities were NT$26,133,536 thousand and NT$25,707,338 thousand, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

December 31, 2023

	Less Than 1 Year	1 - 5 Years	Over 5 years	Total
Non-derivative financial liabilities	$ 2,864,608	$ 185,855	$ -	$ 3,050,463
Variable interest rate instruments	1,072,016	500,000	-	1,572,016
Fix interest rate instruments	2,330,000	-	-	2,330,000
Lease liabilities	20,271	71,597	536,752	628,620
	$ 6,286,895	$ 757,452	$ 536,752	$ 7,581,099

Further information for maturity analysis of obligation under lease was as follows:

	Less than 1 Year	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	More than 20 Years
Lease liabilities	$ 20,271	$ 71,597	$ 82,553	$ 82,553	$ 81,518	$290,128

December 31, 2022

	Less Than 1 Year	1 - 5 Years	Over 5 years	Total
Non-derivative financial liabilities	$ 2,723,851	$ 391,649	$ -	$ 3,115,500
Variable interest rate instruments	916,950	800,000	-	1,716,950
Fix interest rate instruments	2,180,000	-	-	2,180,000
Lease liabilities	28,113	63,726	520,775	612,614
	$ 5,848,914	$ 1,255,375	$ 520,775	$ 7,625,064

Further information for maturity analysis of obligation under lease was as follows:

	Less than 1 Year	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	More than 20 Years
Lease liabilities	$ 28,113	$ 63,726	$ 77,588	$ 77,588	$ 76,976	$288,623

XXX. Transactions with related party

(I) The name of the Corporation and its relationship with the Group

Name of related party	Relationship with the Group
China Steel Corporation (CSC)	Parent company
China Steel Chemical Corporation	Sister companies
Dragon Steel Corporation (DSC)	Sister companies
Chung Hung Steel Corporation	Sister companies
China Ecotek Corporation	Sister companies
China Steel Security Corporation	Sister companies

Name of related party	Relationship with the Group
China Steel Management Consulting Corporation	Sister companies
Steel Castle Technology Corporation	Sister companies
China Steel Machinery Corporation	Sister companies
China Steel Management Consulting Corporation	Sister companies
CSC Solar Corporation	Sister companies
InfoChamp Systems Corporation	Sister companies
Pao Good Industrial Co., Ltd.	Sister companies
Universal Exchange Inc.	Sister companies
China Steel Resources Corporation	Sister companies
C.S. Aluminium Corporation	Sister companies
Taiwan Intelligent Transportation Co., Ltd.	Sister companies
Sing Da Marine Structure Corporation	Associates
Himag Magnetic Corporation	Associates
Kaohsiung Rapid Transit Corporation	Associates
CHC Resources Corporation	Associates
Wabo Global Trading Corporation	Associates
Chungkang Steel Structure (Cambodia) Co., Ltd	Associates
Nikken & CSSC Metal Products Co., Ltd.	Associates
Kaohsiung Arena Development Corporation	Associates
China Prosperity Construction Corporation	Associates
Pro-Ascentek Investment Corporation	Associates
IHI Corporation	Directors of the Corporation
Great Grandeul Steel Co., Ltd.	Directors of the Corporation
Grace Investment Co., Ltd.	Directors of the Corporation
CSC Educational Foundation	Other related party

(II) Operating revenue

Related Party Type	2023	2022
Parent company	$ 4,138,992	$ 2,792,780
Sister companies	1,362,555	1,052,705
Associates	221,878	425,933
	$ 5,723,425	$ 4,271,418

The construction contracts of the Group contracting related parties are different, and its price cannot be compared with other non-related parties; and the payment conditions are collected within the period stipulated in the contract after the Group has issued an estimate and an invoice, which makes no major differences with regular customers.

Sales to related parties are made under normal arms-length terms. The related collection terms are 30 days after the issuance of an invoice.

(III) Procurement

Related Party Type/Name	2023	2022
Parent company	$ 3,108,874	$ 3,527,556
Sister companies		
DSC	761,063	1,172,289
Other	18,852	40,012
Associates	3,845	10,990
	$ 3,892,634	$ 4,750,847

The purchase prices and payment terms are similar to those of normal purchases from third parties, except for purchases from the parent entity and some fellow subsidiaries which do not have available data for comparison with other parties. Most purchases have payment terms which are similar to those from third parties per quality control inspections, except purchases with the parent entity and some fellow subsidiaries which have payment terms by letters of credit or prepayment.

(IV) Receivables - related parties

Account Item	Related Party Type/Name	December 31, 2023	December 31, 2022
Accounts receivable-related parties	Parent company	$ 290,490	$ 86,227
	Sister companies		
	DSC	88,742	69,138
	Other	29,784	-
	Associates	3,912	46,793
		$ 412,928	$ 202,158
Other receivables	Parent company	$ 506	$ 1,851
	Sister companies		
	DSC	1,281	2,220
	Associates	641	632
		$ 2,428	$ 4,703

No guarantee was received for receivables from related parties. For the year ended December 31, 2023 and 2022, no impairment loss was recognized for receivables from related parties.

(V) Payables - related parties

Account Item	Related Party Type/Name	December 31, 2023	December 31, 2022
Accounts payable - related parties	Parent company	$ 16,715	$ 25,756
	Sister companies	39,770	59,964
	Associates	6,690	-
		$ 63,175	$ 85,720
Other payables	Parent company	$ 2,106	$ 1,597
	Sister companies	9,790	6,649
	Other related party	1,806	1,597
		$ 13,702	$ 9,843

The outstanding accounts payable to related parties are unsecured.

(VI) Prepayments

Account Item	Related Party Type	December 31, 2023	December 31, 2022
Prepayments	Associates	$ -	$ 120

(VII) Loans to related parties and interest

The subsidiary provides unsecured short-term loans to Associates with a loan interest rate no lower than the maximum interest rate of loans obtained by the subsidiaries from regular financial institutions. The loan was repaid in January 2022. The interest revenue in January 1 to September 30, 2022 was NT$41 thousand.

(VIII) Other transactions with related parties

1. Scrap sales

	2023	2022
DSC	$ 21,793	$ 21,907

2. Waste sales

	2023	2022
DSC	$ 14,458	$ 14,658

3. Outsourcing

	2023	2022
Sister companies	228,944	$ 81,182
Associates	12	257
Parent company	3	-
	$ 228,959	$ 81,439

4. Other expenses

	2023	2022
Sister companies	$ 71,333	$ 51,781
Parent company	4,294	3,891
Associates	2,563	2,633
Other related party	2,488	2,178
	$ 80,678	$ 60,483

(IX) Compensation of key management personnel

The amounts of remuneration of directors and key executives were as follows:

	2023	2022
Short-term employee benefits	$ 28,963	$ 29,878
Post-employment benefits	(29)	20
	$ 28,934	$ 29,898

XXXI. Pledged assets

The following assets were pledged as collateral for construction bidding and construction guarantee:

	December 31, 2023	December 31, 2022
Guarantee deposits paid - current (consisting mainly of rental deposit and bid bonds)	$ 17,884	$ 6,739
Guarantee deposits paid - non-current (consisting mainly of project warranty bonds)	27,585	30,383
Other financial assets - non-current (time deposit certificates mainly for project warranty bonds)	27,299	25,055
	$ 72,768	$ 62,177

XXXII. Significant contingent liabilities and unrecognized contractual commitments

In addition to those disclosed in other notes, significant commitments, and contingencies of the Group as of December 31, 2023 were as follows:

(I) Construction contracts were secured by the Group’s refundable deposits and an amount of about NT$2,402,176 thousand was guaranteed by banks.

(II) The Group had signed agreements to buy equipment for NT$109,372 thousand, within which about NT$30,365 thousand were not yet completed.

(III) Unused letters of credit for purchases of raw materials amounted to NT$563,935 thousand.

XXXIII. Exchange rate of assets and liabilities denominated in foreign currencies

The significant financial assets and liabilities denominated in foreign currencies were as follows:

Unit: Foreign currency in thousands

	Foreign currencies	Exchange rate		Book value
December 31, 2023				
Monetary foreign currency assets				
USD	$ 607	30.705	(USD:NTD)	$ 18,627
RMB	1,036	4.327	(RMB:NTD)	4,484
December 31, 2022				
Monetary foreign currency assets				
USD	19,819	30.71	(USD:NTD)	608,652
JPY	21,680	0.2324	(JPY:NTD)	5,038

For the years ended December 31, 2023 and 2022, net foreign exchange gains (losses) in USD were losses of NT$9,818 thousand and gains of NT$41,199 thousand, respectively.

XXXIV. Supplementary disclosures

(I) Information about significant transactions of December 31, 2023 and (II) Investees

(1) Financing provided to others: None.

(2) Endorsements/guarantees provided: None.

(3) Marketable securities held: Appendix 1

(4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

(5) Acquisition of individual real estate 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: Appendix 2.

(8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Appendix 3.

(9) Trading in derivative instruments: None.

(10) Others: Business relationship and significant transactions between the parent company and subsidiaries and between subsidiaries: Refer to Appendix 4.

(11) Information on investees: Appendix 5.

(III) Information on investments in mainland China: None.

(IV) Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares: Appendix 6.

XXXV. Segment information

The information is provided to the main business decision-maker to allocate resources and assess the performance of each department and focus on type of product or service delivered or provided. The Group's reportable segments are as follows:

- The Company (CSSC) - steel and iron products and steel structure engineering industry
- USEC-refer to explanation in Note 14 for information on main business operations.

(I) Segment revenue and operations

The analysis of Group's revenue and business performance for reportable segments are as follows:

2023	CSSC	USEC	Others	Adjustment and offsetting	Consolidated
Revenue from customers other than the parent company and consolidated subsidiaries	$ 10,386,489	$ 8,463,263	$ (10,580)	$ -	$ 18,839,172
Revenue from the parent company and consolidated subsidiaries	354,661	-	-	(354,661)	-
Total revenue	$ 10,741,150	$ 8,463,263	$ (10,580)	$ (354,661)	$ 18,839,172
Segment gains (losses)	$ 512,576	$ 117,544	$ (26,694)	$ 481	$ 603,907
Interest income	1,450	2,256	1,276	-	4,982
Other income	18,047	7,620	19,569	(481)	44,755
Other gains and losses	(12,463)	(14,771)	(2,432)	217	(29,449)
Finance costs	(56,666)	(17,734)	-	-	(74,400)
Share of the profit of associates	151,964	(7,404)	-	(60,473)	84,087
Profit (loss) before income tax	614,908	87,511	(8,281)	(60,256)	633,882
Income tax expenses	79,360	18,974	-	-	98,334
Net profit for the period	$ 535,548	$ 68,537	$ (8,281)	$ (60,256)	$ 535,548

2022	CSSC	USEC	Others	Adjustment and offsetting	Consolidated
Revenue from customers other than the parent company and consolidated subsidiaries	$ 13,212,321	$ 6,152,261	$ (124)	$ -	$ 19,364,458
Revenue from the parent company and consolidated subsidiaries	466,902	259	-	(467,161)	-
Total revenue	$ 13,679,223	$ 6,152,520	$ (124)	$ (467,161)	$ 19,364,458
Segment gains (losses)	$ 570,954	$ 62,224	$ (5,261)	$ 480	$ 628,397
Interest income	2,542	893	3,506	-	6,941
Other income	27,762	13,275	-	(533)	40,504
Other gains and losses	32,219	(5,217)	18,546	53	45,601
Finance costs	(50,959)	(6,670)	-	-	(57,629)
Share of the profit of associates	11,767	18,798	-	(83,213)	(52,648)
Profit (loss) before income tax	594,285	83,303	16,791	(83,213)	611,166
Income tax expenses	115,354	16,913	(32)	-	132,235
Net profit for the period	$ 478,931	$ 66,390	$ 16,823	$ (83,213)	$ 478,931

Segment income (loss) refers to the profits earned by each segment. The assessment is provided to the main business decision maker to allocate resources to segments and assess their performance.

(II) Total assets and liabilities of segments

	December 31, 2023	December 31, 2022
Segments assets		
CSSC	$ 11,914,608	$ 11,661,604
USEC	3,979,632	3,391,904
Others	471	244,710
Adjustment and offsetting	(1,471,255)	(1,936,511)
	$ 14,423,456	$ 13,361,707
Segment liabilities		
CSSC	$ 6,517,150	$ 6,408,435
USEC	2,564,845	1,946,415
Others	-	16,665
Adjustment and offsetting	(55,997)	(262,977)
	$ 9,025,998	$ 8,108,538

(III) Other segment information

	Depreciation and amortization		Increase in non-current assets in the current year	
	2023	2022	2023	2022
CSSC	$ 165,585	$ 173,564	$ 104,079	$ 230,002
USEC	6,909	4,860	5,970	44,160
Others	173	405	-	-
	$ 172,667	$ 178,829	$ 110,049	$ 274,162

Non-current assets do not include financial products, deferred income tax assets, and post-retirement benefit assets.

(IV) Revenues from primary products and services

The revenues from primary products and services of the Group's going concern are analyzed as follows:

	2023	2022
Steel structure production and assembly	$ 8,447,566	10,580,949
Construction project	8,452,682	6,152,137
Sales of goods	1,397,621	2,110,581
Service revenues	514,189	505,056
Rental income	27,114	15,735
	$ 18,839,172	$ 19,364,458

(I) Geographic information:

The Group mainly operates in Taiwan and Asia.

The Group's operating revenue from external customers are classified by the countries of customers and non-current assets are shown below based on the location of the assets:

	Revenue from external customer		Non-current assets	
	2023	2022	December 31, 2023	December 31, 2022
Taiwan	$ 18,849,752	$ 19,364,582	$ 2,782,343	$ 2,716,379
Others	(10,580)	(124)	-	1,484
	$ 18,839,172	$ 19,364,458	$ 2,782,343	$ 2,717,863

Non-current assets do not include investments recognized under the equity method, deferred income tax assets, guarantee deposits paid, net defined benefit assets, and other financial assets.

(II) Main customer information

Income from a single customer in 2023 and 2022 that exceeded 10% of the net consolidated operating revenues of the Company and subsidiaries:

	2023		2022	
	Amount	%	Amount	%
Parent company	$ 4,138,992	22	$ 2,792,780	14
Company B	3,419,832	18	2,083,443	11
Company C	1,264,949	7	2,203,996	11

China Steel Structure Co., Ltd. and Subsidiaries

Securities Held at End of Year

January 1 to December 31, 2023

Appendix 1

Unit: thousand NTD

(Unless otherwise noted)

Securities held by	Type and name of marketable securities	Relationship with securities issuer	General ledger account	End of Year				Remarks
				Number of shares/units	Book value	Shareholding ratio (%)	Fair value	
The Corporation	Ordinary shares China Steel Corporation	Parent entity	Financial assets at fair value through other comprehensive income - current	7,436,878	$200,796	-	$200,796	
United Steel Engineering & Construction Corp.	Ordinary shares China Steel Corporation	Ultimate parent entity	Financial assets at fair value through other comprehensive income - current	3,745,446	101,127	-	101,127	
					$301,923		$301,923	

China Steel Structure Co., Ltd. and Subsidiaries

Amount of Purchases from and Sales to Related Parties in Excess of NT$100 Million or 20% of Paid-in Capital

January 1 to December 31, 2023

Appendix 2

Unit: thousand NTD

(Unless otherwise noted)

			Transaction status				Differences in transaction terms compared to third party transactions and reasons		Notes/accounts receivable (payable)		
Purchaser/seller	Transaction counterparty	Relationship	Purchase (sales)	Amount	Percentage of total purchases Percentage (sales) (%)	Credit period	Unit price	Credit period	Balance	Percentage of total notes/accounts receivable (payable) (%)	Remarks
China Steel Structure Co., Ltd.	China Steel Corporation	Parent entity	Procurement	$3,108,874	65	Credit letter/ Prepayment before shipment	-	Note 2	($16,715)	(1)	
	Dragon Steel Corporation	Sister company	Procurement	761,063	16	Credit letter	-	Note 2	(14,438)	(1)	
	China Steel Corporation	Parent entity	Construction revenue	(745,478)	(7)	Contract period	-		44,275	6	Note 1
	China Steel Corporation	Parent entity	Service revenue	(405,541)	(4)	Contract period	-		23,834	3	
	Dragon Steel Corporation	Sister company	Construction revenue	(1,030,428)	(10)	Contract period	-		66,725	10	Note 1
	Dragon Steel Corporation	Sister company	Service revenue	(108,648)	(1)	Contract period	-		16,291	2	
	United Steel Engineering & Construction Corp.	Subsidiary	Construction revenue	(354,661)	(3)	Contract period	-		-	-	Note 1 and 3
	China Steel Chemical Corporation	Sister company	Construction revenue	(135,717)	(1)	Contract period	-		29,763	4	Note 1
	Sing Da Marine Structure Corporation	Associate	Construction revenue	(108,572)	(1)	Contract period	-		-	-	Note 1
United Steel Engineering & Construction Corp.	China Steel Corporation	Ultimate parent entity	Construction revenue	(2,985,592)	(35)	Contract period	-		221,994	96	Note 1

Note 1: Construction revenue recognized under the percentage of completion method.

Note 2: Regular suppliers use monthly settlements and payments are made on the seventh day of the following month.

Note 3: All transactions were written off in the preparation of the consolidated financial statements.

China Steel Structure Co., Ltd. and Subsidiaries

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

January 1 to December 31, 2023

Appendix 3

Unit: thousand NTD

(Unless otherwise noted)

Creditor	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate (%)	Overdue receivables		Receivables from related parties	Allowance for doubtful accounts
					Amount	Processing method	Subsequent collection amount	
United Steel Engineering & Construction Corp.	China Steel Corporation	Ultimate parent entity	$221,994	21	$ -	-	$221,994	$ -

China Steel Structure Co., Ltd. and Subsidiaries

Relationships Between Parent Company and Subsidiaries and Significant Transactions

January 1 to December 31, 2022

Appendix 4

Unit: thousand NTD

(Unless otherwise noted)

No.	Company name	Counterparty	Relationship with the company	Transaction			
				Item	Amount	Transaction terms	Percentage of consolidated total operating revenues or total assets (%)
0	The Company	United Steel Engineering & Construction Corp.	Parent company to subsidiary	Construction revenues	$354,661	Determined by the contract	2

China Steel Structure Co., Ltd. and Subsidiaries

Information on Investees

January 1 to December 31, 2023

Appendix 5

Unit: thousand NTD

(Unless otherwise noted)

Name Of Investor	Name of Investee	Location	Main Business Item	Original Investment Amount		Held at End of Period			Net Profit (Loss) of Investee Company in the Current Year	Investment Gains (Losses) Recognized in the Current Year	Note
				End of This Year	End of Previous Year	Number of Shares	Percentage (%)	Book Value			
The Corporation	CHC Resources Corporation	Taiwan	Production and sales of blast furnace slag (BFS) powder and granulated blast furnace slag cement (GBFS), air-cooled BFS aggregates, basic oxygen furnace slag, soil and groundwater pollution control, solidification of hazardous industrial waste, resource recycling	$ 132,715	$ 132,715	23,182,738	9	$ 565,257	$ 839,554	$ 78,315	
The Corporation	United Steel Engineering & Construction Corp.	Taiwan	Contracting for civil engineering and management	410,000	410,000	80,000,000	100	1,414,787	68,537	68,537	Note 1
The Corporation	China Steel Structure Holding Co., Ltd.	Samoa	Investment holding	-	-	10	100	471	19,091	19,091	Note 1
The Corporation	Sing Da Marine Structure Corporation	Taiwan	Foundation of offshore wind power	250,000	250,000	20,000,000	8	76,193	(236,477)	(17,996)	
The Corporation	Pro-Ascentek Investment Corporation	Taiwan	General investment	40,000	40,000	4,000,000	3	44,873	42,059	1,402	
The Corporation	Chiun Yu Investment Corporation	Taiwan	General investment	12,453	12,453	1,046,500	35	23,272	(1,449)	(507)	
The Corporation	HIMAG Magnetic Corporation	Taiwan	Production and trade of magnetic materials, specialty chemicals, and iron oxides	17,080	17,080	769,829	3	18,780	43,929	1,225	
The Corporation	Chi-Yi Investment Corporation	Taiwan	General investment	6,000	6,000	600,000	30	13,637	1,628	488	
The Corporation	Li-Ching-Long Investment Corporation	Taiwan	General investment	6,000	6,000	600,000	30	13,547	1,617	485	
The Corporation	Wabo Global Trading Corporation	Taiwan	Brokerage and trading of steel products	1,500	1,500	714,000	6	7,741	14,515	871	
The Corporation	Nikken & CSSC Metal Products Co., Ltd.	Taiwan	Wholesale of construction materials, wholesale of pollution controlling equipment	6,750	6,750	675,000	45	5,067	117	53	
United Steel Engineering & Construction Corp.	United Steel Construction (Vietnam) Co., Ltd.	Vietnam	Contracting for civil engineering and management	-	33,129	-	-	-	(25,249)	(25,249)	Note1 and 2
United Steel Engineering & Construction Corp.	United Steel Investment Pte Ltd	Singapore	Investment holding	-	126,806	-	-	-	(1,906)	(1,906)	Note 1 and 3
United Steel Engineering & Construction Corp.	Transglory Investment Corporation	Taiwan	General investment	287,500	-	26,872,272	3	264,096	285,475	9,228	
United Steel Engineering & Construction Corp.	Kaohsiung Arena Development Corporation	Taiwan	Skill contests and recreational sports development	100,000	100,000	10,000,000	4	127,784	189,307	7,572	
United Steel Engineering & Construction Corp.	Overseas investment and development company	Taiwan	General investment	44,100	44,100	4,410,000	5	58,085	54,565	2,977	

Name Of Investor	Name of Investee	Location	Main Business Item	Original Investment Amount		Held at End of Period			Net Profit (Loss) of Investee Company in the Current Year	Investment Gains (Losses) Recognized in the Current Year	Note
				End of This Year	End of Previous Year	Number of Shares	Percentage (%)	Book Value			
United Steel Engineering & Construction Corp.	China Prosperity Construction Corporation	Taiwan	Real estate development	53,550	53,550	5,355,000	40	56,495	(5,609)	(2,243)	
United Steel Engineering & Construction Corp.	Shin Mau Investment Corporation	Taiwan	General investment	13,754	13,754	1,196,000	40	26,541	4,497	1,799	
United Steel Engineering & Construction Corp.	Pro-Ascentek Investment Corporation	Taiwan	General investment	20,000	20,000	2,000,000	2	22,504	42,059	701	
United Steel Engineering & Construction Corp.	Kaohsiung Rapid Transit Corporation	Taiwan	Public rapid transit	15,433	15,433	1,543,276	1	14,638	(51,395)	(283)	

Note1: All transactions were written off in the preparation of the consolidated financial statements.

Note 2: The board of directors of the subsidiary USEC decided to sell the entire equity of USCVC in May 2023, and the transaction completed in December 2023.

Note 3: With the approval of the Singapore government, USIPL deregistered in August, 2023.

China Steel Structure Co., Ltd.

Information on main shareholders

December 31, 2023

Appendix 6

Name of the Main Shareholder	Shares	
	Shares Held (share)	Shareholding Percentage (%)
China Steel Corporation	66,487,844	33.24
Youe Chung Capital Corporation	24,999,000	12.49
Taiwan Mask Corporation	14,334,000	7.16
IHI Corporation (Japan)	11,061,690	5.53

Note 1: The information on main shareholders in this table is based on the information provided by Taiwan Depository & Clearing Corporation on shareholders holding more than 5% of the Company’s ordinary shares (including treasury stocks) that have been registered by the Company as of the final transaction date of the quarter. The share capital recorded in the Company’s Consolidated Financial Report and the actual number of shares registered and delivered may be different due to the different basis for preparation and calculation.

Note 2: Where the aforementioned information involves a shareholder, who entrusts the shares he/she holds to a trust, it shall be disclosed based on individual trust accounts of the trustors opened by the trustees. Regarding to the reporting of insider shareholding information in accordance with the Securities and Exchange Act for insiders holding more than 10% of the shares, the number of shares includes the number of shares held by the insider and the number of shares in the trust properties for which the insider retains decision-making powers. Refer to the Market Observation Post System for the reported information on the shares held by insiders.

Independent Auditors' Report

To China Steel Structure Co., Ltd.:

Audit Opinion

We have audited the accompanying standalone financial statements of China Steel Structure Co., Ltd. (the Corporation), which comprise the standalone balance sheets as of December 31, 2023 and 2022, the standalone statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the standalone financial statements, including a summary of significant accounting policies (collectively referred to as the "standalone financial statements").

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

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by 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 Standalone Financial Statements section of our report. We are independent of the Corporation 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 standalone financial statements for the year ended December 31, 2023. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters of the Corporation's standalone financial statements for the year ended December 31, 2023 are stated as follows:

Assessment of the estimated total project cost

The Corporation has signed many construction contracts and it recognized construction revenue based on the percentage of completion in the contract period. The degree of construction completion is determined based on the actual construction cost that has occurred for each contract as a percentage of the total cost of the construction. As the aforementioned total estimated construction cost involves significant accounting estimates and affects the recognition of construction completion progress and construction revenue, we considered the total estimated construction cost as a key audit matter. Please refer to Notes 4 and 5 of the standalone financial statements for the disclosure of accounting policies, significant accounting estimates and judgments.

Our main auditing procedures for evaluating the estimated total project cost are as follows:

I. We understood the internal control procedures for estimating and evaluating the total project cost and evaluated the consistency of the implementation of the evaluation, and preparation, and control procedures.

II. We conducted sample inspections of the certification documents for the evaluation and preparation of the total project cost for new and additional or cancelled projects in the current year.

III. We reviewed the projects, on sampling basis, and examined whether the differences between the actual and estimated total project cost have significant abnormality; we evaluated the reasonableness of estimated total project cost. We also reviewed, on sampling basis, the estimate of total project cost in subsequent period and confirmed the reasonableness of the percentage of completion and any change in the estimated project cost from the balance sheet date.

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

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

In preparing the standalone financial statements, management is responsible for assessing the Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' Responsibilities for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 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:

I. Identify and assess the risks of material misstatement of the standalone 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.

II. 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 Corporation's internal control.

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

IV. 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 Corporation'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 standalone 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 Corporation to cease to continue as a going concern.

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements for the year ended December 31, 2022 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.

Deloitte & Touche
Taipei
Republic of China
February 27, 2024

Notice to Readers

The accompanying standalone financial statements are intended only to present the standalone 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 standalone financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying standalone 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 standalone financial statements shall prevail.

China Steel Structure Co., Ltd.
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: thousand NTD

Code	Assets		December 31, 2023 Amount	%		December 31, 2022 Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 4 and 6)	$	57,635	-	$	441,462	4
1120	Financial assets at fair value through other comprehensive income - current (Note 4 and 7)		200,796	2		206,719	2
1140	Contract assets - current (Note 4, 5, and 21)		4,954,339	42		4,333,782	37
1150	Notes receivable (Note 5 and 8)		42,123	-		100,632	1
1170	Accounts receivable, net (Note 5 and 8)		463,067	4		800,052	7
1180	Accounts receivable - related parties (Note 5, 8, and 27)		183,243	2		119,932	1
1200	Other receivables (Note 8 and 27)		3,179	-		6,148	-
130X	Inventory (Note 4 and 9)		968,648	8		612,136	5
1410	Advance payments (Note 27)		61,359	-		56,769	-
1478	Refundable deposits (Note 28)		2,154	-		1,006	-
11XX	Total current assets		6,936,543	58		6,678,638	57
	Non-current assets						
1550	Investments accounted for using equity method (Note 4 and 10)		2,183,625	18		2,244,536	19
1600	Property, plant, and equipment (Note 4 and 11)		1,621,581	14		1,639,813	14
1755	Right-of-use assets (Note 4 and 12)		649,078	5		654,655	6
1760	Investment properties (Note 4 and 13)		349,845	3		262,769	2
1780	Intangible assets (Note 4)		3,982	-		4,080	-
1840	Deferred tax assets (Note 4 and 23)		68,033	1		70,287	1
1915	Prepayments for equipment		2,450	-		7,771	-
1920	Refundable deposits (Note 28)		11,403	-		15,401	-
1975	Net defined benefit assets (Note 4 and 18)		84,892	1		80,503	1
1980	Other financial assets - non-current (Note 28)		3,176	-		3,151	-
15XX	Total non-current assets		4,978,065	42		4,982,966	43
1XXX	Total assets	$	11,914,608	100	$	11,661,604	100

Code	Liabilities and equity		December 31, 2023 Amount	%		December 31, 2022 Amount	%
	Current liabilities						
2100	Short-term borrowing (Note 14)	$	570,216	5	$	515,081	4
2110	Short-term bills payable (Note 14)		2,228,223	19		2,178,730	19
2130	Contract liabilities - current (Note 4 and 21)		562,151	5		220,544	2
2150	Notes payable (Note 15)		891	-		891	-
2170	Accounts payable (Note 15)		1,278,205	11		1,332,778	11
2180	Accounts payable - related parties (Note 15 and 27)		49,462	-		72,317	1
2200	Other payables (Note 16 and 27)		460,586	3		472,156	4
2230	Current tax liabilities (Note 23)		79,624	1		41,606	1
2250	Liability provision - current (Note 4 and 17)		271,076	2		277,413	2
2280	Lease liabilities - current (Note 4 and 12)		10,936	-		19,234	-
2399	Other current liabilities		9,653	-		9,613	-
21XX	Total current liabilities		5,521,023	46		5,140,363	44
	Non-current liabilities						
2542	Long-term notes and bills payable (Note 14)		499,449	4		799,076	7
2570	Deferred tax liabilities (Note 4 and 23)		17,073	-		18,783	-
2580	Lease liabilities - non-current (Note 4 and 12)		453,308	4		436,608	4
2645	Guarantee deposits received		26,297	-		13,605	-
25XX	Total non-current liabilities		996,127	8		1,268,072	11
2XXX	Total liabilities		6,517,150	54		6,408,435	55
	Equity attributable to owners of the Company (Note 20)						
3110	Ordinary share capital		2,000,000	17		2,000,000	17
3200	Capital surplus		1,376,649	12		1,363,799	12
	Retained earnings						
3310	Legal reserve		795,842	7		743,050	6
3320	Special surplus reserve		158,453	1		158,453	1
3350	Undistributed earnings		1,029,900	9		885,235	8
3300	Total retained earnings		1,984,195	17		1,786,738	15
3400	Other equity		36,614	-		102,632	1
31XX	Total equity		5,397,458	46		5,253,169	45
	Total liabilities and equity	$	11,914,608	100	$	11,661,604	100

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

China Steel Structure Co., Ltd.
Standalone Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: thousand NTD, except
NTD for earnings per share

		2023		2022	
Code		Amount	%	Amount	%
4000	Operating revenue (Note 4, 21, 27)	$ 10,741,150	100	$ 13,679,223	100
5000	Operating costs (Note 9, 18, 22, and 27)	9,970,479	93	12,866,522	94
5900	Gross profit	770,671	7	812,701	6
	Operating expenses (Note 18, 22, and 27)				
6100	Selling and marketing expenses	78,905	1	76,792	1
6200	General and administrative expenses	161,228	2	148,052	1
6300	Research and development expenses	17,962	-	16,903	-
6000	Total operating expenses	258,095	3	241,747	2
6900	Net operating profit	512,576	4	570,954	4
	Non-operating income and expenses (Note 10 and 22)				
7100	Interest income	1,450	-	2,542	-
7010	Other income	18,047	-	27,762	-
7020	Other gains and losses	(12,463)	-	32,219	-
7050	Finance costs	(56,666)	-	(50,959)	-
7060	Share of profit/loss of associates	151,964	1	11,767	-
7000	Total non-operating income and expenses	102,332	1	23,331	-
7900	Net profit before income tax	614,908	5	594,285	4
7950	Income tax expenses (Note 4 and 23)	79,360	1	115,354	1
8200	Net profit for the year	535,548	4	478,931	3
	Other comprehensive income (Note 18, 20, and 23)				
8310	Items that will not be reclassified subsequently to profit or loss				
8311	Remeasurement of defined benefit plans	2,645	-	53,357	-

Code		2023 Amount	2023 %	2022 Amount	2022 %
8316	Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	$ (18,544)	-	$ (38,500)	-
8330	Share of the other comprehensive income of associates	(54,395)	-	(31,932)	-
8349	Income tax expense relating to items that will not be reclassified subsequently to profit or loss	(529)	-	(10,671)	-
8360	Items that may be reclassified subsequently to profit or loss				
8380	Share of the other comprehensive income of associates	6,714	-	24,610	-
8300	Other comprehensive income (loss) for the year, net of income tax	(64,109)	-	(3,136)	-
8500	Total comprehensive income for the year	$ 471,439	4	$ 475,795	3
	Earnings per share (Note 24)				
9710	Basic	$ 2.68		$ 2.39	
9810	Diluted	$ 2.67		$ 2.39	

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

China Steel Structure Co., Ltd.
Standalone Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: thousand NTD

Code		Ordinary share capital	Capital surplus	Retained earnings: Statutory surplus reserve	Retained earnings: Special surplus reserve	Retained earnings: Undistributed earnings	Retained earnings: Total	Other Equity: Exchange differences on translating foreign operations	Other Equity: Unrealized gains and losses on financial assets at fair values through other comprehensive income	Other Equity: Gain (loss) on hedging instruments	Other Equity: Total	Total equity
A1	Balance on January 1, 2022	$ 2,000,000	$ 1,363,683	$ 692,942	$ 158,453	$ 807,423	$ 1,658,818	$ (34,573)	$ 195,583	$ -	$ 161,010	$ 5,183,511
	Appropriation of 2021 earnings (Note 20)											
B1	Legal reserve	-	-	50,108	-	(50,108)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(400,000)	(400,000)	-	-	-	-	(400,000)
		-	-	50,108	-	(450,108)	(400,000)	-	-	-	-	(400,000)
C17	Other changes in capital surplus	-	116	-	-	-	-	-	-	-	-	116
D1	Net profit for the year ended December 31, 2022	-	-	-	-	478,931	478,931	-	-	-	-	478,931
D3	Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	55,394	55,394	24,421	(83,140)	189	(58,530)	(3,136)
D5	Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	534,325	534,325	24,421	(83,140)	189	(58,530)	475,795
Q1	Disposals of investments in equity instruments at fair value through other comprehensive income by associates	-	-	-	-	(152)	(152)	-	152	-	152	-
T1	Difference between the fair value consideration and carrying amount of associates during acquisition or disposal (Note 10)	-	-	-	-	(6,253)	(6,253)	-	-	-	-	(6,253)
Z1	Balance at December 31, 2022	2,000,000	1,363,799	743,050	158,453	885,235	1,786,738	(10,152)	112,595 $	189	102,632	5,253,169
	Appropriation of 2022 earnings (Note 20)											
B1	Legal reserve	-	-	52,792	-	(52,792)	-	-	-	-	-	-
B5	Cash dividends	-	-	-	-	(340,000)	(340,000)	-	-	-	-	(340,000)
		-	-	52,792	-	(392,792)	(340,000)	-	-	-	-	(340,000)
C7	Changes in associates (Note 20)	-	12,782	-	-	-	-	-	-	-	-	12,782
C17	Other changes in capital surplus	-	68	-	-	-	-	-	-	-	-	68
D1	Net profit for the year ended December 31, 2023	-	-	-	-	535,548	535,548	-	-	-	-	535,548
D3	Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(293)	(293)	6,907	(70,530)	(193)	(63,816)	(64,109)
D5	Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	535,255	535,255	6,907	(70,530)	(193)	(63,816)	471,439
Q1	Disposals of investments in equity instruments at fair value through other comprehensive income by associates	-	-	-	-	2,202	2,202	-	(2,202)	-	(2,202)	-
Z1	Balance at December 31, 2023	$ 2,000,000	$ 1,376,649	$ 795,842	$ 158,453	$ 1,029,900	$ 1,984,195	$ (3,245)	$ 39,863	$ (4)	$ 36,614	$ 5,397,458

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

China Steel Structure Co., Ltd.
Standalone Cash Flow Statement
January 1 to December 31, 2023 and 2022
Unit: thousand NTD

Code		2023	2022
	Cash Flows from Operating Activities		
A10000	Profit before income tax	$ 614,908	$ 594,285
A20010	Adjustments for:		
A20100	Depreciation expense	163,381	172,428
A20200	Amortization expense	2,203	1,136
A20900	Finance costs	56,666	50,959
A21200	Interest income	(1,450)	(2,542)
A21300	Dividend income	(6,937)	(21,504)
A22300	Share of the profit of subsidiaries and associates	(151,964)	(11,767)
A22500	Loss on disposal of property, plant and equipment	2,444	91
A23700	Loss (reversal) of inventories	(112)	1,870
A23800	Impairment loss reversal of investment properties	(87,076)	-
A29900	Reversal on unrealized construction costs	(6,476)	(83,325)
A29900	(Reversal) loss of provisions	139	(3,502)
A29900	Gain from lease modification	-	(10)
A30000	Changes in operating assets and liabilities		
A31125	Contract assets	(620,557)	352,230
A31130	Notes receivable	58,509	(21,483)
A31150	Accounts receivable	336,985	247,047
A31160	Accounts receivable - related parties	(63,311)	2,088
A31180	Other receivables	2,975	(973)
A31200	Inventories	(356,400)	170,628
A31230	Prepayments	(4,590)	8,614
A31990	Net defined benefit assets	(1,744)	(4,494)
A32125	Contract liabilities	341,607	(135,979)
A32150	Accounts payable	(54,573)	(89,940)
A32160	Accounts payable - related parties	(22,855)	(39,925)
A32180	Other payables	(18,145)	33,400
A32230	Other current liabilities	40	2,369
A33000	Cash generated from operations	183,667	1,221,701
A33500	Income taxes paid	(41,327)	(136,189)
AAAA	Net cash generated from operating activities	142,340	1,085,512

Code		2023	2022
	Cash Flows from Investing Activities		
B00010	Acquisition of financial assets at fair value through other comprehensive income	$ (12,621)	$ -
B01800	Acquisition of investments accounted for using equity method	-	(250,000)
B02700	Acquisition for property, plant and equipment	(101,974)	(226,138)
B02800	Proceeds from disposal of property, plant and equipment	907	266
B03700	Increase in refundable deposits	2,850	(198)
B04500	Acquisition for intangible assets	(2,105)	(3,864)
B06500	Decrease (increase) in other financial assets	(25)	128,027
B07500	Interest received	1,444	2,541
B07600	Dividends received from associates	177,976	295,880
B07600	Dividends received from others	6,937	21,504
BBBB	Net cash (used in) generated from investing activities	73,389	(31,982)
	Cash flow from financing activities		
C00200	(Decrease) increase in short-term borrowings	55,135	(263,307)
C00600	(Decrease) increase in short-term bills payable	50,000	(470,000)
C01800	Proceeds from long-term borrowings	-	500,000
C01900	Repayments of long-term borrowings	(300,000)	-
C03000	Increase in guarantee deposits	12,692	5,136
C04020	Repayments of principal of lease liabilities	(20,982)	(22,146)
C04500	Dividends paid	(340,000)	(400,000)
C05600	Interest paid	(56,469)	(52,594)
C09900	Unclaimed overdue dividend	68	116
CCCC	Net cash used in financing activities	(599,556)	(702,795)
EEEE	Net increase (decrease) in cash and cash equivalents	(383,827)	350,735
E00100	Cash and cash equivalents of the beginning of the period	441,462	90,727
E00200	Cash and cash equivalents of the end of the period	$ 57,635	$ 441,462

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

China Steel Structure Co., Ltd.

Notes to Standalone Financial Report

January 1 to December 31, 2023 and 2022

(In thousands of New Taiwan Dollars unless otherwise specified)

I. Company history

China Steel Structure Co., Ltd. (the "Corporation") was incorporated in February 1978, and its Kaohsiung factory was located within China Steel Corporation's (the "parent entity") factory area. The Corporation built its Guantian factory in 1989 and relocated its Kaohsiung factory to Yenchao District in May 2012. It engages in designing, processing, manufacturing, assembling and selling steel built-up sections; providing technical services for the construction of steel structures, importing and exporting metal and construction materials and real estate leasing.

China Steel Corporation ("CSC") is the parent entity and has substantive control over the Company. CSC owns 33.24% of the voting shares of the Company as at December 31, 2023 and 2022.

The Corporation's shares are listed on the Taiwan Stock Exchange.

The standalone financial statements are presented in the Corporation's functional currency, the New Taiwan dollar.

II. Date and procedures of approval of the financial statements

The standalone financial statements were approved by the board of directors and authorized for issue on February 27, 2024.

III. Application of new standards, amendments, and interpretations

(I) Initial application of the amendments to 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) did not have material impact on the Corporation's accounting policies.

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

(II) The IFRS Accounting Standards endorsed by the FSC for application starting from 2024

New, Revised or Amended Standards and Interpretations	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 16 "Leases 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 New IFRSs are 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: When the amendment is applied for the first time, some disclosure requirements would be excepted.

As of the date the standalone financial statements were reported to the board of directors for issue, the Corporation has assessed that the application of other standards and interpretations will not have a material impact on the financial position and results of operations.

(III) New IFRS Accounting Standards in issue but not yet endorsed and issued into effect by the FSC

New, Revised or Amended Standards and Interpretations	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
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 Convertibility"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply the 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 standalone financial statements were reported to the board of directors for issue, the Corporation is in the process of assessing the impact of the impending initial application of the aforementioned and other standards and the amendments to interpretations on the financial position and results of operations. Disclosures will be provided after a detailed review of the impact has been completed.

IV. Summary of significant accounting policies

(I) Statement of compliance

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

(II) Basis of preparation

The standalone financial statements have been prepared on the historical cost basis except for financial instruments that are measured at fair value and net defined benefit liabilities which are measure 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 the significance of the inputs to the fair value measurement in its entirety, which 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 the 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.

The subsidiaries and associates are incorporated in the standalone financial statements under the equity method. To make net profit for the year, other comprehensive income and equity in the standalone financial statements equal to those attributed to owners of the Corporation on consolidated financial statements, the effect of the differences between basis of standalone and basis of consolidation are adjusted in the investments accounted for using investments accounted for using equity method, the related share of the profit or loss, the related share of other comprehensive income of subsidiaries, associates and joint ventures and related equity.

(III) Classification of current and non-current 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 balance sheet date; and

(3) Cash and cash equivalents unless the asset is restricted from being used for an exchange or used to settle a liability for more than 12 months after the balance sheet date.

Current liabilities include:

(1) Liabilities held primarily for the purpose of trading;

(2) Liabilities to be settled within 12 months after the balance sheet date; and

(3) Liabilities for which the Corporation does not have an unconditional right to defer settlement for at least 12 months after the reporting date.

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

The Corporation’s steel structure construction business has a business cycle of more than 1 year. Therefore, assets and liabilities related to the steel structure construction business are classified as current or non-current based on the normal business cycle.

(IV) Foreign currencies

In preparing the standalone financial statements of the Corporation, transactions in currencies other than the Corporation’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 on the retranslation of non-monetary items are recognized in profit or loss for the period except for exchange difference 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 not retranslated.

For the purposes of presenting standalone financial statements, the investments of the Corporation's foreign operations (including subsidiaries and associates operating in other countries or using currencies different from the Corporation's currencies) 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; income and expense items are translated at the average exchange rates for the year. The resulting currency translation differences are recognized in other comprehensive income.

(V) Inventory

Inventories are raw materials. Inventories are stated at the lower of cost or 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.

(VI) Investment in subsidiaries

The Corporation uses the equity method to account for its investments in subsidiaries.

A subsidiary is an entity that is controlled by the Corporation.

Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the subsidiary. The Corporation also recognizes the changes in the share of other equity of subsidiaries.

Changes in the Corporation's ownership interests in subsidiaries that do not result in the Corporation losing control over the subsidiaries are accounted for as equity transaction. Differences between the carrying amounts of the investment and the fair value of consideration paid or received are directly recognized in equity.

Any excess of the cost of acquisition over the Corporation's share of the net fair value of the identifiable assets and liabilities of a subsidiary recognized at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Corporation's share of the net fair value of the identifiable assets and liabilities over the cost of acquisition, after reassessment, is recognized immediately in profit or loss.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in standalone financial statements only to the extent of interests in the subsidiary that are not related to the Corporation.

The Corporation assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Corporation recognizes reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Corporation loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Corporation had directly disposed of the related assets or liabilities.

Unrealized profits or losses on downstream transactions with subsidiaries are eliminated in the standalone financial statements. Profits and losses on transactions with subsidiaries other than downstream are recognized in standalone financial statements only to the extent of interests in the subsidiary that are not related to the Corporation.

(VII) Investment in associates

An associate is an entity over which the Corporation has significant influence over and that is neither a subsidiary nor an interest in a joint venture.

The Corporation uses equity method to account for investment in associates. Under the equity method, an investment is initially recognized at cost and adjusted thereafter to recognize the Corporation's share of the profit or loss and other comprehensive income of the associate. The Corporation also recognizes the changes in the share of equity of associates.

When the Corporation subscribes for additional new shares of the associate, at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment differs from the amount of the Corporation's proportionate interest in the associate. The Corporation records such a difference as an adjustment to investments with the corresponding amount charged or credited to capital surplus. If the Corporation's ownership interest is reduced due to non-subscription of the new shares of associate, the proportionate amount of the gains or losses previously recognized in other comprehensive income in relation to that associate is reclassified to profit or loss on the same basis as would be required if the investee had directly disposed of the related assets or liabilities. When the adjustment should be debited to capital surplus, but the capital surplus recognized from investments accounted for using equity method is insufficient, the shortage is debited to retained earnings.

When the Corporation's share of losses of an associate equals or exceeds its interest in that associate (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Corporation's net investment in the associate), the Corporation discontinues recognizing its share of further losses. Additional losses and liabilities are recognized only to the extent that the Corporation has incurred legal obligations, or constructive obligations, or made payments on behalf of that associate.

When impairment loss is evaluated, the entire carrying amount of the investment (including goodwill) is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment has subsequently increased.

When the Corporation ceases to have significant influence over the associate, the Corporation will measure the retained investment at fair value at that date. The difference between the previous carrying amount of the associate attributable to the retained interest and its fair value is included in the determination of the gain or loss on disposal of the associate. The Corporation accounts for all amounts previously recognized in other comprehensive income in relation to that associate on the same basis as would be required if that associate had directly disposed of the related assets or liabilities.

When the Corporation transacts with its associates, profits or losses on these transactions are recognized in the standalone financial statements only to the extent of interests in the associate that are not related to the Corporation.

(VIII) Property, plant, and equipment

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

Property, plant, and equipment in the course of construction are carried at cost. Cost includes professional fees and borrowing costs eligible for capitalization. Samples produced when testing whether an item of property, plant and equipment is functioning properly before that asset reaches its intended use are measured at the lower of cost or net realizable value, and any proceeds from selling those samples and the cost of those samples are recognized in profit or loss. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use and depreciated accordingly.

Depreciation on property, plant and equipment (including assets held under finance leases) is recognized using the straight-line method. Each significant part is depreciated separately. An item of property, plant and equipment is depreciated over its lease term if its lease term is shorter than its useful life. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate 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.

(IX) Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties also include land held for a currently undetermined future use.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment losses. Depreciation is recognized using the straight-line method.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

(X) Intangible assets

Intangible assets 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 life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives are measured at cost less accumulated impairment loss.

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

(XI) Impairment of property, plant and equipment, right-of use assets, investment properties, intangible assets and contract assets

At each balance sheet date, the Corporation reviews the carrying amounts of its property, plant and equipment, right-of use assets, investment properties, intangible assets and contract assets 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 Corporation estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to the individual cash-generating units; otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

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.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had for the asset or cash-generating (net of amortization and depreciation) had no impairment loss been recognized in prior years.

A reveal of an impairment loss is recognized in profit or loss.

(XII) Financial instruments

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

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) 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 fair value through profit or loss 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 category

Financial assets are classified into the following categories: Financial assets at amortized cost, and equity instruments at FVTOCI.

a)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.

Financial assets at amortized cost. (including cash and cash equivalents, notes and accounts receivable (including related parties), other receivables, refundable deposits and other financial assets) are measured at amortized cost, which equals the gross carrying amount determined by 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 assets, 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 assets that are not credit impaired on purchase or origination but have 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.

Cash equivalents include time deposits with original maturities within 3 months from the bonds with repurchase agreements, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b)Investments in equity instruments at FVTOCI

The Corporation may 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 Corporation'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 and contract assets

The Corporation recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), as well as contract assets.

The Corporation always recognizes lifetime expected credit losses (ECLs) for accounts receivable. For all other financial instruments, the Corporation 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 Corporation measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of Corporation default occurring as the weights. 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. In contrast, lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument.

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

a) Internal or external information show that the debtor is unlikely to pay its creditors.
b) When a financial asset is more than 365 days past due unless the Corporation has reasonable and corroborative information to support a more lagged default criterion.

The Corporation recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount 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 does not reduce the carrying amount of such a financial asset.

(c) Derecognition of financial assets

The Corporation 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

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

(a) Subsequent measurement

Financial liabilities are measured at amortized cost using the effective interest method.

(b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liability derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(XIII) Provisions

Provisions are measured at the best estimate discounted cash flows of the consideration required to settle the present obligation at the end of the reporting date, taking into account the risks and uncertainties surrounding the obligation. Provision is measured using the present value of the cash flows which is estimated to settle the present obligation.

(1) Onerous contracts

Onerous contracts are those in which the Corporation's unavoidable costs of meeting the contractual obligations exceed the economic benefits expected to be received from the contract. The present obligation arising under onerous contracts are recognized and measured as provisions. The cost of fulfilling a contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling contracts.

(2) Warranties

Including those arising from the contractual obligation specified in the warranty period after completing contract. The Corporation recognized provisions that are likely to be paid during the warranty period after completing constructions. Actual payments are first made against the provisions and then as current expenses if the amount of provision is insufficient.

(XIV)Revenue recognition

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

(1) Revenue from sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered from the Corporation to customers to satisfy performance obligation as follows: domestic sales - when products are moved out of the Corporation's premises for delivery to customers; exports - when products are loaded onto vessels. Revenue is recognized because the earning process is accomplished and revenue is realized or realizable.

Revenue is measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed to by the Corporation with customers. But if the related receivable is due within one year, the difference between its present value and undiscounted amount is immaterial and sales transactions are frequent, the fair value of the receivable is equivalent to the nominal amount of cash to be received. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

(2) Construction income

As property is being constructed and construction is in progress, the Corporation recognizes revenue from construction contract over time. The Corporation measures the progress on the basis of costs incurred relative to the total expected costs. A contract asset is recognized during the construction and is reclassified to accounts receivable at the point at which it is invoiced to the customer. If the invoiced amount exceeds the revenue recognized to date, then the Corporation recognizes a contract liability for the difference. Certain payments, which are retained by the customer as specified in the contract, are intended to ensure that the Corporation adequately completes all of its contractual obligations. Such retention receivables are recognized as contract assets until the Corporation satisfies its performance obligations.

(3) Providing of services

Service revenue is recognized according to the contract and the percentage of completion of the services.

(XV) Leases

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

(1) The Corporation 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.

Rental payments from operating leases are recognized on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in negotiation and arranging operating leases are added to the carrying amounts of the leased assets and amortized on a straight-line basis over the lease terms.

When a lease includes both land and building elements, the Corporation assesses the classification of each element separately as a finance or an operating lease based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the lessee. The lease payments are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of a contract. If the allocation of the lease payments can be made reliably, each element is accounted for separately in accordance with its lease classification. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease unless it is clear that both elements are operating leases; in which case, the entire lease is classified as an operating lease.

(2) The Corporation as lessee

The Corporation 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, which comprises the initial measurement of lease liabilities, are initially measured at cost and 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 standalone 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 Corporation 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. When there is a change in a lease term, the Corporation remeasures the lease liabilities with a corresponding adjustment to the right-of-use assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the standalone balance sheets.

Variable lease payments that do not depend on an index or a rate are recognized as expenses in the periods in which they are incurred.

(XVI)Borrowing costs

Borrowing costs directly attributable to the 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 borrowing costs are recognized in profit or loss in the year in which they are incurred.

(XVII) 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 service.

(2) Retirement benefits

Payment to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

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

Net defined benefit assets represent the actual deficit in the Corporation's defined benefit plan. 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.

(3) Other long-term employee benefits

Other long-term employee benefits are accounted for in the same way as the accounting required for defined benefit plan except that remeasurement is recognized in profit or loss.

(XVIII) Taxation

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

(1) Current tax

Current tax is the amount of tax at statutory rate calculated on the taxable profit at the balance sheet date. According to the Income Tax Law, an additional tax on unappropriated earnings is provided for as income tax in the year the shareholders approve to retain the 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 in the standalone financial statements 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 to the extent that it is probable that taxable profits will be available against which those deductible differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, except where the Corporation 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 each balance sheet date 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 asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date 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 period in which the liability is settled or the asset realized, based on tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Corporation expects, at the balance sheet date, to recover or settle the carrying amount of its assets and liabilities.

(3) Current and deferred tax for the year

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.

V. Significant accounting judgments, estimates and main uncertainty assumptions

In the application of the Corporation's accounting policies, management is required to make judgments, estimates and assumptions about 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.

(I) Critical accounting judgments

Judgments with significant impact on affiliates - where the investor holds less than 20% of the shares of the investee but has significant influence.

As described in Note 10, the Corporation holds less than 20% of the voting rights in certain companies but retains significant influence due to joint shareholding with affiliates of the CSC Group.

(II) Estimates and assumptions uncertainty

Estimated impairment of financial assets and contract assets (retentions receivable)

The estimated impairment loss on accounts receivable and contract assets (retentions receivable) are based on the Corporation's assumptions regarding the default rate and expected loss rate. The Corporation considers experience, current market conditions, and prospective information for the adoption of assumption and selection of input in evaluating impairment. Significant impairment loss may occur if actual future cash flows are lower than the Corporation's forecast.

Construction contracts

The Corporation recognizes revenues from construction contracts under the percentage of completion method by calculating construction revenues based on the actual construction cost incurred as a percentage of the total estimated cost of the construction. Variable consideration such as contractual incentives and compensation payments are included in contractual income only if it is highly probable that there will not be a significant reversal in the cumulative revenues when related uncertainties are subsequently eliminated.

As the management evaluates and determines the estimated total cost and contract items based on the nature of different construction projects, estimated subcontracting amount, construction period, project construction, and construction methodology, if such estimates are changed due to future construction conditions, they may have material influence on the calculation of the completion percentage and profit and loss of the project.

VI. Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand and working capital	$ 197	$ 201
Checking accounts and demand deposits	57,438	241,646
Cash equivalents		
Bonds with repurchase agreements	-	199,615
	$ 57,635	$ 441,462

VII. Financial assets at fair value through other comprehensive income

	December 31, 2023	December 31, 2022
Domestic investments		
Listed shares	$200,796	$206,719

These investments in equity instruments are not held for trading; instead, they are held for medium to 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 Corporation's strategy of holding these investments for long-term purposes.

VIII. Notes and accounts receivable (including related parties) and other receivables

	December 31, 2023	December 31, 2022
Notes receivable		
Notes receivable - operating	$ 42,123	$ 100,632
Accounts receivable - non-related parties	$ 463,067	$ 800,052
Accounts receivable - related parties	$ 183,243	$ 119,932
Other receivables	$ 3,179	$ 6,148

(I) Receivables

The Corporation’s notes and accounts receivable are financial assets at amortized cost.

The credit period for the sale of goods was from 30 to 90 days and billings for construction and services were made based on the progress of the contract. In order to minimize credit risk, the management of the Corporation 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 Corporation reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Corporation’s credit risk was significantly reduced.

The Corporation applies the simplified approach to providing for expected credit losses, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor’s current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Corporation’s historical credit loss experience does 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 Corporation’s different customer base.

The Corporation 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 classified as overdue receivables, the Corporation 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 following table details the loss allowance of trade receivables and overdue receivables based on the Corporation’s provision matrix.

December 31, 2023

	Transaction counterparty shows no signs of default							
	Not overdue	Overdue for 1 to 30 days	Overdue for 31 to 60 days	Overdue for 61 to 180 days	Overdue for 181 to 365 days	Overdue for more than 365 days	Transaction counterparty shows signs of default	Total
Expected credit loss rate (%)	-	-	-	-	-	5	100	
Total book value	$ 688,433	$ -	$ -	$ -	$ -	$ -	$ -	$ 688,433
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-	-	-
Amortized cost	$ 688,433	$ -	$ -	$ -	$ -	$ -	$ -	$ 688,433

December 31, 2022

	Transaction counterparty shows no signs of default							
	Not overdue	Overdue for 1 to 30 days	Overdue for 31 to 60 days	Overdue for 61 to 180 days	Overdue for 181 to 365 days	Overdue for more than 365 days	Transaction counterparty shows signs of default	Total
Expected credit loss rate (%)	-	-	-	-	-	5	100	
Total book value	$ 1,020,616	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,020,616
Allowance for losses (lifetime expected credit losses)	-	-	-	-	-	-	-	-
Amortized cost	$ 1,020,616	$ -	$ -	$ -	$ -	$ -	$ -	$ 1,020,616

The movement of the loss allowance of accounts receivable (including related parties) were as follows:

	2023	2022
Opening balance	$ -	$ 47,904
Write-off in current year	-	(47,904)
Closing balance	$ -	$ -

(II) Other receivables

The Corporation assessed allowance for impairment loss under historical experience and current financial condition. There was no allowance for impairment loss recognized as of December 31, 2023 and 2022.

IX. Inventory

	December 31, 2023	December 31, 2022
Raw materials	$ 861,976	$ 545,621
Raw materials in transit	106,672	66,515
	$ 968,648	$ 612,136

The cost of inventories recognized as cost of goods sold and construction for the years ended December 31, 2023 and 2022 was NT$9,550,291 thousand and NT$12,360,346 thousand, respectively. The cost of goods sold included reversal of loss on inventories of NT$112 thousand and loss on inventories of NT$1,870 thousand, respectively. Reversal of loss on inventory was due to an increase in steel price.

X. Investments accounted for using equity method

	December 31, 2023	December 31, 2022
Investments in subsidiaries	$ 1,415,258	$ 1,469,710
Investments in associates	768,367	774,826
	$ 2,183,625	$ 2,244,536

(I) Investments in subsidiaries

	December 31, 2023		December 31, 2022	
	Amount	% of Ownership	Amount	% of Ownership
Unlisted companies				
United Steel Engineering and Construction Corporation (USEC)	$ 1,414,787	100	$ 1,445,489	100
China Steel Structure Holding Co., Ltd. （CSSHCL）	471	100	24,221	100
	$ 1,415,258		$ 1,469,710	

(II) Investments in associates

	December 31, 2023	December 31, 2022
Material associates		
CHC Resources Corporation (CHC)	$ 565,257	$ 550,437
Associates that are not individually material	203,110	224,389
	$ 768,367	$ 774,826

(1) Material associates are as follows:

	Percentage of Ownership Interests and Voting Rights (%)	
Name of Associate	December 31, 2023	December 31, 2022
CHC	9	9

The Corporation is able to exercise significant influence over the above affiliates with less than 20% voting rights after considering the consolidated holding shares with CSC Group. It is therefore accounted based on the equity method. Please refer to the Table 4 “Information on Investees” for information on the nature of its business, its area of operations, and country of registry of the above affiliates.

Fair values (level 1) of investments in associates with available published price quotation are summarized as follows:

	December 31, 2023	December 31, 2022
CHC	$ 1,335,326	$ 1,066,406

The summarized financial information below represents amounts shown in the associates' financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Corporation for equity accounting purposes.

CHC

		December 31, 2023		December 31, 2022
Current assets	$	2,752,229	$	2,283,038
Non-current assets		9,519,107		9,984,129
Current liabilities		(2,801,848)		(2,676,696)
Non-current liabilities		(3,184,385)		(3,472,162)
Equity		6,285,103		6,118,309
Non-controlling interests		(226,615)		(218,661)
	$	6,085,488	$	5,899,648
Proportion of the Corporation's ownership (%)		9		9
Equity attributable to the Corporation	$	565,257	$	550,437
Carrying amount	$	565,257	$	550,437

		2023		2022
Operating revenue	$	12,394,902	$	11,382,629
Net profit for the year	$	858,013	$	754,983
Other comprehensive income (loss)		(63,378)		12,651
Total comprehensive income for the year	$	794,635	$	767,634

(2) Information about associates that are not individually material was as follows:

		2023		2022
The Corporation's share of (loss)				
Profit from continuing operations	$	(13,979)	$	(138,499)
Other comprehensive (loss) income		1,079		(11,719)
Total comprehensive (loss) income for the year	$	(12,900)	$	(150,218)

The Corporation participated in the cash capital increase of Sing Da Marine Structure Corporation (SDMS) in January 2022. Considering the parent company of the Corporation has control over SDMS, it is treated as equity transaction. Difference between the investment cost and the net equity value is reduced to retain the surplus of NT$ 6,253 thousand.

XI. Property, plant, and equipment

2023

Cost		Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2023	$	365,615 $	1,735,801 $	1,498,759 $	4,299 $	106,690 $	149,252 $	3,860,416
Additions		-	11,676	180,353	-	3,817	(82,307)	113,539
Disposals		-	-	(24,615)	-	(6,564)	-	(31,179)
Balance at December 31, 2023	$	365,615 $	1,747,477 $	1,654,497 $	4,299 $	103,943 $	66,945 $	3,942,776
Accumulated depreciation								
Balance at January 1, 2023	$	- $	1,115,612 $	1,009,905 $	3,234 $	91,852 $	- $	2,220,603
Depreciation expense		-	47,800	76,002	114	4,504	-	128,420
Disposals		-	-	(21,847)	-	(5,981)	-	(27,828)
Balance at December 31, 2023	$	- $	1,163,412 $	1,064,060 $	3,348 $	90,375 $	- $	2,321,195
Net amount as of December 31, 2023	$	365,615 $	584,065 $	590,437 $	951 $	13,568 $	66,945 $	1,621,581

2022

Cost		Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress and Equipment to be Inspected	Total
Balance at January 1, 2022	$	365,615 $	1,710,607 $	1,431,489 $	4,299 $	99,710 $	1,325 $	3,613,045
Additions		-	25,376	74,352	-	9,761	147,927	257,416
Disposals		-	(182)	(7,082)	-	(2,781)	-	(10,045)
Balance at December 31, 2022	$	365,615 $	1,735,801 $	1,498,759 $	4,299 $	106,690 $	149,252 $	3,860,416
Accumulated depreciation								
Balance at January 1, 2022	$	- $	1,054,265 $	946,338 $	3,120 $	91,133 $	- $	2,094,856
Depreciation expense		-	61,529	70,345	114	3,447	-	135,435
Disposals		-	(182)	(6,778)	-	(2,728)	-	(9,688)
Balance at December 31, 2022	$	- $	1,115,612 $	1,009,905 $	3,234 $	91,852 $	- $	2,220,603
Net amount as of December 31, 2022	$	365,615 $	620,189 $	488,854 $	1,065 $	14,838 $	149,252 $	1,639,813

The following items of property, plant and equipment are depreciated on a straight-line basis over the following useful life:

Buildings	
Main structures	35-55 years
Facilities	2-50 years
Machinery and equipment	
Lifting equipment	5-15 years
Cutting equipment	5-15 years
Electric welding equipment	2-15 years
Substation equipment	10-15 years

Crane equipment	10 years
Transportation equipment	
Transportation equipment for production	5-10 years
Other equipment	
Computer equipment	3 years
Extinguishment equipment	5 years
Others	2-15 years

There were no property, plant and equipment that had been pledged or used by the Corporation to secure borrowings.

XII. Lease agreements

(I) Right-of-use assets

	December 31, 2023	December 31, 2022
Book value of right-of-use assets		
Land	$ 648,733	$ 653,123
Transportation equipment	345	1,532
	$ 649,078	$ 654,655

	2023	2022
Additions to right-of-use assets	$ 29,384	$ 3,877
Depreciation expenses of right-of-use assets		
Land	$ 33,774	$ 34,833
Transportation equipment	1,187	2,160
	$ 34,961	$ 36,993

Except for the addition and recognition of depreciation expenses listed above, the Corporation's right-of-use assets did not undergo significant sub - lease and impairment for the years ended December 31, 2023 and 2022.

(II) Lease liabilities

	December 31, 2023	December 31, 2022
Book value of lease liabilities		
Current	$ 10,936	$ 19,234
Non-current	$ 453,308	$ 436,608

Range of discount rates for lease liabilities was as follows:

	December 31, 2023	December 31, 2022
Land(%)	0.8～1.605	0.8～1.605
Transportation equipment(%)	0.7	0.7

(III) Material lease activities and terms

The Corporation has chartered a factory located at Yenchao which was leased from Taiwan Sugar Corporation. The lease contract is for 30 years from October 2010 to October 2040. The agreed upon rentals are 10% of the current land price set by the government. The Corporation does not have a bargain purchase option to acquire any of the above leased land at the expiry of the leases but has priority renewal options.

(IV) Other lease information

Lease arrangements under operating leases for the leasing out of investment properties were set out in Note 13.

	2023	2022
Expenses relating to short-term leases and low-value asset leases	$ 15,659	$ 10,623
Total cash outflow for leases	$ 43,971	$ 40,233

For land and buildings which qualify as short-term leases and several other equipment which qualify as low-value asset leases, the Corporation has elected to apply the recognition exemption and, thus, did not recognize right-of-use assets and lease liabilities for these leases.

XIII. Investment properties

2023	Land	Buildings	Total
Cost			
Balance at January 1, 2023 and balance at December 31, 2023	$ 378,489	$ 184,164	$ 562,653
Accumulated depreciation			
Balance at January 1, 2023 and balance at December 31, 2023	$ -	$ 170,775	$ 170,775
Accumulated impairment			
Balance at January 1, 2023	$ 129,109	$ -	$ 129,109
Reversal of impairment losses	(87,076)	-	(87,076)
Balance at December 31, 2023	$ 42,033	$ -	$ 42,033
Net amount as of December 31, 2023	$ 336,456	$ 13,389	$ 349,845

2022	Land	Buildings	Total
Cost			
Balance at January 1, 2022 and balance at December 31, 2022	$ 378,489	$ 184,164	$ 562,653
Accumulated depreciation			
Balance at January 1, 2022 and balance at December 31, 2022	$ -	$ 170,775	$ 170,775
Accumulated impairment			
Balance at January 1, 2022 and balance at December 31, 2022	$ 129,109	$ -	$ 129,109
Net amount as of December 31, 2022	$ 249,380	$ 13,389	$ 262,769

Operating leases relate to the investment properties owned by the Corporation with rental periods between 2 and 7 years. All operating lease contracts contain market review clauses in the event that the lessee exercises its option to renew. The lessee does not have a bargain purchase option to acquire the related properties at the expiry of the lease period.

The future rentals to be received under operating leases for the leasing out of investment properties are as follows:

	December 31, 2023	December 31, 2022
1st year	$ 11,648	$ 9,634
2nd year	8,229	4,735
3rd year	7,695	1,520
4th year	7,061	1,190
5th year	4,842	1,190
Over 5 years	27,483	-
	$ 66,958	$ 18,269

The investment properties are depreciated on a straight - line basis over 25 years useful life.

The Corporation reversal of impairment losses by NT$87,076 thousand based on the appraisal report of 2023. As of December 31, 2023 and 2022, the amounts of accumulated impairment were NT$42,033 thousand and NT$129,109 thousand, respectively.

As of December 31, 2023 and 2022, the fair values of the investment properties were NT$563,366 thousand and NT$271,266 thousand, respectively, according to independent appraisers' reports dated on December 31, 2023 and 2021. The fair value was measured using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The significant unobservable inputs used include the income approach and cost approach.

All of the Corporation's investment properties are held under freehold interests.

XIV. Borrowings

(I) Short-term borrowings

	December 31, 2023	December 31, 2022
Unsecured loans	$ 300,000	$ 385,000
Letters of credit	270,216	130,081
	$ 570,216	$ 515,081
Annual interest rate (%)	1.59～1.80	1.48～1.80

(II) Short-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper	$ 2,230,000	$ 2,180,000
Less: Unamortized discounts	1,777	1,270
	$ 2,228,223	$ 2,178,730
Annual interest rate (%)	1.568～1.688	1.458～1.638

The balance of December 31, 2023 and 2022 were issued as an unsecured commercial paper.

(III) Long-term bills payable

	December 31, 2023	December 31, 2022
Commercial paper		
China Bills Finance Corporation	$ 500,000	$ 500,000
Taiwan Cooperative Bills Finance Corporation	-	300,000
	500,000	800,000
Less: Unamortized discounts	551	924
	$ 499,449	$ 799,076
Annual interest rate (%)	1.979	1.377～1.450

Commercial papers have revolving credit lines within the payment terms according to the contracts and need to utilize to some extent. As of December 31, 2023 and 2022, all commercial papers were unsecured commercial paper.

XV. Notes and accounts payable (including related parties)

		December 31, 2023		December 31, 2022
Notes payable				
Operating - non-related parties	$	891	$	891
Accounts payable	$	1,278,205	$	1,332,778
Accounts payable - related parties	$	49,462	$	72,317

(I) Notes payable

The rent payable was paid for the plant complex of Gentian. The Corporation has financial risk management policies to ensure that all payables are paid within the pre-agreed credit terms, therefore no interest was recognized.

(II) Accounts payable

The amount of retentions payable on construction contracts was included in accounts payable. Such retentions payable bear no interest and are expected to be paid after the warranty periods, which are within the normal operating cycle of the Corporation, usually more than 12 months after the reporting period.

XVI. Other payables

		December 31, 2023		December 31, 2022
Salaries and bonuses	$	354,558	$	333,589
Compensation of employees and remuneration of directors		28,908		25,549
Payables for machine use		11,878		16,928
Equipment Payables		9,611		3,367
Insurance premiums payable		8,915		9,264
Miscellaneous shipping payables		6,545		11,041
Sales tax payable		2,585		37,744
Others (including outsourcing and employee benefits)		37,586		34,674
	$	460,586	$	472,156

XVII. Liability provision - current

Current		December 31, 2023		December 31, 2022
Warranty (I)	$	67,441	$	67,302
Onerous contract - losses on construction contracts (II)		203,635		210,111
	$	271,076	$	277,413

		Warranty		Onerous contract - losses on construction contracts		Total
Balance as of January 1, 2023	$	67,302	$	210,111	$	277,413
Additions (reversals)		139		(6,476)		(6,337)
Balance as of December 31, 2023	$	67,441	$	203,635	$	271,076
Balance as of January 1, 2022	$	70,804	$	293,436	$	364,240
Reversals		(3,502)		(83,325)		(86,827)
Balance as of December 31, 2022	$	67,302	$	210,111	$	277,413

(I) The Corporation recognized provision for construction warranties during the warranty period based on historical experience and adjusted for factors such as scale of project and construction complexity.

(II) The Corporation recognized provision for onerous contract as a contract in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The estimate may change due to future construction.

XVIII. Retirement benefit plan

(I) Defined contribution plans

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

(II) Defined benefit plans

Some of the employees in the Corporation adopted the defined benefit plan under the Labor Standards Act, under which pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Corporation makes contributions, equal to a certain percentage of total monthly salaries, to a pension fund, which is deposited in the Bank of Taiwan in the name of and administered by the pension fund monitoring committee. Before the end of each year, the Corporation 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 Corporation 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 Corporation did not make monthly contributions until June 2023 with the approval of Department of Labor.

The amounts of defined benefit plans included in the standalone balance sheets were as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ 377,298	$ 392,818
Fair value of plan assets	(462,190)	(473,321)
Net defined benefit assets	$ (84,892)	$ (80,503)

Movements of net defined benefit assets were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
January 1, 2023	$ 392,818	$ (473,321)	$ (80,503)
Service cost			
Current service cost	1,556	-	1,556
Net interest expense (income)	4,307	(5,220)	(913)
Recognized in profit or loss	5,863	(5,220)	643
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	$ -	$ (4,893)	$ (4,893)
Actuarial gain - changes in financial assumptions	(2,575)	-	(2,575)
Actuarial loss - experience adjustments	4,823	-	4,823
Recognized in other comprehensive income	2,248	(4,893)	(2,645)
Contributions from the employer	-	-	-
Benefits paid	(23,631)	21,244	(2,387)
	(23,631)	21,244	(2,387)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Assets
December 31, 2023	$ 377,298	$ (462,190)	$ (84,892)
January 1, 2022	$ 457,340	$ (479,992)	$ (22,652)
Service cost			
Current service cost	1,525	-	1,525
Net interest expense (income)	1,628	(1,717)	(89)
Recognized in profit or loss	3,153	(1,717)	1,436
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(42,044)	(42,044)
Actuarial gain - changes in financial assumptions	(18,379)	-	(18,379)
Actuarial loss - experience adjustments	7,066	-	7,066
Recognized in other comprehensive income	(11,313)	(42,044)	(53,357)
Contributions from the employer	-	(1,052)	(1,052)
Benefits paid	(56,362)	51,484	(4,878)
	(56,362)	50,432	(5,930)
December 31, 2022	$ 392,818	$ (473,321)	$ (80,503)

An analysis by function of the amounts recognized in profit or loss in respect of the defined benefit plans is as follows:

	2023	2022
Operating costs	$ 521	$ 1,173
General and administrative expenses	122	263
	$ 643	$ 1,436

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

(1) Investment risk

The plan assets are invested in domestic and foreign equity, debt securities, and bank deposits, etc. The investment is conducted at the discretion of the Bureau of

Labor Funds, Ministry of Labor or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

(2) Interest risk

A decrease in the government and corporate 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 plan's debt investments.

(3) Salary risk

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

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

	December 31, 2023	December 31, 2022
Discount rate (%)	1.25	1.125
Expected rate of salary increase (%)	2.25	2.25

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

	December 31, 2023	December 31, 2022
Discount rate		
0.25% increase	($ 5,060)	($ 5,832)
0.25% decrease	$ 5,181	$ 5,976
Expected rate of salary increase		
0.25% increase	$ 5,046	$ 5,811
0.25% decrease	($ 4,953)	($ 5,700)

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

	December 31, 2023	December 31, 2022
The expected contributions to the plan for the next year	$ -	$ -
The average duration of the defined benefit obligation	5.2 years	5.8 years

XIX. Maturity analysis of assets and liabilities

The assets and liabilities between the Corporation and the steel structure construction business, except for the retention's receivable/payable from construction contracts (including related parties), please refer to Note 15. The Corporation classified the assets and liabilities of the construction operations as current and non-current according to the length of the operating cycle of the construction operations. A maturity analysis of the related assets and liabilities was as follows:

	Within 12 months	After 12 months	Total
December 31, 2023			
Assets			
Contract assets-current	$ 4,947,611	$ 6,728	$ 4,954,339
Notes and accounts receivable (including related parties)	688,433	-	688,433
Inventories	968,648	-	968,648
Refundable construction deposits	2,154	-	2,154
	$ 6,606,846	$ 6,728	$ 6,613,574
Liabilities			
Contract liabilities-current	$ 562,151	$ -	$ 562,151
Notes and accounts payable (including related parties)	1,312,854	15,704	1,328,558
Provision-current	224,964	46,112	271,076
	$ 2,099,969	$ 61,816	$ 2,161,785
December 31, 2022			
Assets			
Contract assets-current	$ 4,333,782	$ -	$ 4,333,782
Notes and accounts receivable (including related parties)	1,020,616	-	1,020,616
Inventories	612,136	-	612,136
Refundable construction deposits	1,006	-	1,006
	$ 5,967,540	$ -	$ 5,967,540
Liabilities			
Contract liabilities-current	$ 220,544	$ -	$ 220,544
Notes and accounts payable (including related parties)	1,405,776	210	1,405,986

Provision-current	211,245	66,168	277,413
	$ 1,837,565	$ 66,378	$ 1,903,943

XX. Equity

(I) Ordinary share capital

	December 31, 2023	December 31, 2022
Number of shares authorized (in thousands)	250,000	250,000
Shares authorized	$2,500,000	$2,500,000
Number of shares issued and fully paid (in thousands)	200,000	200,000
Shares issued	$2,000,000	$2,000,000

Fully paid ordinary shares, which have a par value of NT$10, carry one vote per share and the right to dividends.

(II) Capital surplus

	December 31, 2023	December 31, 2022
May be used to offset deficits, distributed as cash, or transferred to share capital (Note)		
Issuance of ordinary shares	$ 1,070,016	$ 1,070,016
Treasury share transactions	292,353	292,353
Arising from donations	26	26
May be used to offset deficits only		
Equity changes of associates accounted for using the equity method	12,782	-
Other	1,472	1,404
	$ 1,376,649	$ 1,363,799

Note: The capital surplus could be used to offset a deficit, distributed as cash dividends or transferred to share capital when the Corporation has no deficit (limited to a certain percentage of the Corporation capital surplus and once a year).

(III) Retained earnings and dividend policy

Under the Corporation’s dividend policy, where the Corporation made 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 (an appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Corporation’s paid in capital), 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 Corporation's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends to shareholders.

The Corporation is in a challenging industry and the life cycle is in the mature stage. When the board of directors are formulating dividend policy, the Corporation maintains a stable dividend policy. Except when there is need for capital, dividend will be distributed at a rate not less than 50% of the earnings available for distribution, of which not less than 50% will be cash dividends unless there is a need for cash for the Corporation's operations.

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

Under the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRS Accounting Standards", the Corporation should appropriate to or reverse from special reserve.

The appropriations of earnings for 2022 and 2021 were approved by the shareholders in the shareholders' meetings in May 2023 and June 2022, respectively, The appropriations and dividends per share were as follows:

	Appropriation of Earnings		Dividend Per Share (NT$)	
	2022	2021	2022	2021
Legal reserve	$ 52,792	$ 50,108		
Cash dividends	340,000	400,000	$ 1.7	$ 2

The appropriation of earnings for 2023 was proposed in the board of directors' meeting held in February 2024. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividend Per Share (NT Dollars)
Legal reserve	$ 53,746	
Cash dividends	380,000	$ 1.9

The appropriations of earnings for 2023 will be resolved by the shareholders in their meeting scheduled to be held in May 2024.

(IV) Other equity items

(1) Exchange differences on translating the financial statements of foreign operations

	2023	2022
Opening balance	$ (10,152)	$ (34,573)
Share of exchange difference of associates accounted for using the equity method	6,907	24,421
Closing balance	$ (3,245)	$ (10,152)

(2) Unrealized gains and losses on financial assets at fair value through other comprehensive income

	2023	2022
Opening balance	$ 112,595	$ 195,583
Recognized during the year		
Unrealized gains and losses - equity instruments	(18,544)	(38,500)
Share from associates accounted for using the equity method	(51,986)	(44,640)
Other comprehensive income recognized in the year	(70,530)	(83,140)
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	(2,202)	152
Closing balance	$ 39,863	$ 112,595

(3) Gain on hedging instruments

	2023	2022
Opening balance	$ 189	$ -
Share from associates accounted for using the equity method	(193)	189
Closing balance	$ (4)	$ 189

XXI. Revenues

	2023	2022
Revenue from contracts with customers		
Sales revenue	$ 1,397,621	$ 2,110,581
Construction revenue	8,802,226	11,047,851
Service revenue	514,189	505,056
	10,714,036	13,663,488
Other operating revenue	27,114	15,735
	$ 10,741,150	$ 13,679,223

(I) Contact balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes and accounts receivable (including related parties)	$ 688,433	$ 1,020,616	$ 1,248,268
Contract assets			
Construction contracts	$ 3,928,942	$ 3,442,202	$ 3,801,745
Retentions receivable	1,025,397	891,580	884,267
	$ 4,954,339	$ 4,333,782	$ 4,686,012
Contract liabilities			
Construction contracts	$ 561,031	$ 220,271	$ 353,312
Sale of goods	1,120	273	3,211
	$ 562,151	$ 220,544	$ 356,523

The changes in the balance of contract assets and contract liabilities primarily resulted from the timing difference between the Corporation's performance and the respective customer's payment; there are no significant changes in contract assets and liabilities for 2023 and 2022.

(II) Disaggregation of revenue

Type of goods or services	2023	2022
Revenue from steel products production and sale	$ 1,397,621	$ 2,110,581
Construction revenue	8,802,226	11,047,851
Service revenue	514,189	505,056
Others	27,114	15,735
	$ 10,741,150	$ 13,679,223

(III) Partially completed contracts

As of December 31, 2023 and 2022, the transaction prices, allocated to the performance obligations that are not fully satisfied are NT$20,023,713 thousand and NT$8,304,153 thousand, respectively. The Corporation will recognize revenue as the construction is being completed and the expected timing for recognition of revenue is on various dates through end of 2025.

XXII. Profit before income tax

(I) Interest income

	2023	2022
Bank deposits	$ 1,431	$ 2,541
Interests from bank deposits as collateral	19	1
	$ 1,450	$ 2,542

(II) Other income

	2023	2022
Dividend income	$ 6,937	$ 21,504
Revenues from claims	-	602
Others	11,110	5,656
	$ 18,047	$ 27,762

(III) Other gains and losses

	2023	2022
Loss on disposal of property, plant and equipment	$ (2,444)	$ (91)
Service charge	(2,252)	(3,133)
Net foreign exchange gain (loss)	(7,594)	35,948
Others	(173)	(505)
	$ (12,463)	$ 32,219

The components of net foreign exchange gain (loss) were as follows:

	2023	2022
Foreign exchange gain	$ 2,392	$ 56,082
Foreign exchange loss	(9,986)	(20,134)
Net exchange gain (loss)	$ (7,594)	$ 35,948

(IV) Finance costs

	2023	2022
Interest on overdrafts and loans	$ 49,336	$ 43,495
Interest on lease liabilities	7,330	7,464
	$ 56,666	$ 50,959

(V) Impairment losses recognized on nonfinancial asset (reversed gain) (accounted under operating costs)

		2023		2022
Loss (reversal) of inventories	$	(112)	$	1,870
Impairment loss on investment properties		(87,076)		-
	$	(87,188)	$	1,870

(VI) Depreciation and amortization

		2023		2022
Property, plant and equipment	$	128,420	$	135,435
Right-of-use assets		34,961		36,993
Intangible assets		2,203		1,136
	$	165,584	$	173,564
Analysis of depreciation by function				
Operating costs	$	151,606	$	158,936
Operating expenses		11,775		13,492
	$	163,381	$	172,428
Analysis of amortization by function				
Operating costs	$	755	$	511
Operating expenses		1,448		625
	$	2,203	$	1,136

(VII) Operating expenses directly related to investment properties

	2023	2022
Direct operating expenses of investment properties that generated rental income	$ 2,448	$ 2,081

(VIII) Employee benefits

		2023		2022
Short-term employee benefits				
Salaries	$	786,956	$	750,427
Labor and health insurance		46,705		44,653
Others		38,009		43,978
		871,670		839,058
Post-employment benefits				
Defined contribution plans		20,126		19,700
Defined benefit plans (Note 18)		643		1,436
		20,769		21,136

		2023		2022
Termination benefits	$	46	$	-
	$	892,485	$	860,194
Analysis by function				
Operating costs	$	721,767	$	694,798
Operating expenses		170,718		165,396
	$	892,485	$	860,194

According to the Articles of Incorporation the article stipulates the Corporation distributed employees' compensation and remuneration of directors at the rates no less than 0.1% and no higher than 1%, respectively, of the profit before income tax prior to deducting Compensation of employees and remuneration of directors. The Compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022 which have been approved by the Corporation's board of directors in February 2024 and 2023, respectively, were as follows:

	Pay in cash	
	2023	2022
Compensation of employees	$ 24,090	$ 21,291
Remuneration of directors	4,818	4,258

If there is a change in the proposed amounts after the annual standalone financial statements are authorized for issue, the difference is recorded as a change in the accounting estimate.

There is no difference between the actual payment of compensation of employees and remuneration of directors and the amounts recognized in the standalone financial statements for the years ended December 31, 2023 and 2022.

Information on the Corporation's Compensation of employees and remuneration of directors resolved by the board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

XXIII. Income tax

(I) Income tax recognized in profit or loss

	2023	2022
Current tax		
In respect of the current year	$ 79,758	$ 87,130
In respect of prior years	(413)	23
	79,345	87,153
Deferred tax		
In respect of the current year	15	28,201
	$ 79,360	$ 115,354

The reconciliation of accounting profit and income tax expenses was as follows:

	2023	2022
Profit before income tax	$ 614,908	$ 594,285
Income tax expense calculated at the statutory rate	$ 122,982	$ 118,857
Permanent differences	(17,408)	445
Tax - exempt income	(27,962)	(3,971)
Adjustments for prior years	(413)	23
Unrecognized deductible temporary differences	2,161	-
	$ 79,360	$ 115,354

(II) There was no income tax recognized directly in equity by the Corporation.

(III) Income tax recognized in other comprehensive income

	2023	2022
Deferred tax		
Remeasurement of defined benefit plan	$ 529	$ 10,671

(IV) Current tax assets and liabilities

	December 31, 2023	December 31, 2022
Current tax liabilities		
Income tax payable	$ 79,624	$ 41,606

(V) Deferred tax assets and liabilities

Movements of deferred tax assets and liabilities were as follows:

2023

Deferred tax assets		Opening balance		Recognized in profit and loss		Recognized in other comprehensive income		Closing balance
Temporary differences								
Provisions	$	13,460	$	28	$	-	$	13,488
Unrealized loss on construction costs		42,022		(1,295)		-		40,727
Difference between tax reporting and financial reporting - depreciation method		14,092		(667)		-		13,425
Others		713		(320)		-		393
	$	70,287	$	(2,254)	$	-	$	68,033

Deferred tax liabilities		Opening balance		Recognized in profit and loss		Recognized in other comprehensive income		Closing balance
Temporary differences								
Investment income under equity method - foreign	$	2,682	$	(2,588)	$	-	$	94
Defined benefit assets		16,101		349		529		16,979
	$	18,783	$	(2,239)	$	529	$	17,073

2022

Deferred tax assets		Opening balance		Recognized in profit and loss		Recognized in other comprehensive income		Closing balance
Temporary differences								
Provisions	$	14,161	$	(701)	$	-	$	13,460
Unrealized loss on construction costs		58,687		(16,665)		-		42,022
Excessive on allowance for impairment loss		6,988		(6,988)		-		-
Difference between tax reporting and financial reporting - depreciation method		14,760		(668)		-		14,092
Others		310		403		-		713
	$	94,906	$	(24,619)	$	-	$	70,287

Deferred tax liabilities	Opening balance	Recognized in profit and loss	Recognized in other comprehensive income	Closing balance
Temporary differences				
Investment income under equity method - foreign	$ -	$ 2,682	$ -	$ 2,682
Defined benefit assets	4,530	900	10,671	16,101
	$ 4,530	$ 3,582	$ 10,671	$ 18,783

(VI) Income tax assessments

The Corporation's income tax returns through 2021 have been assessed by the tax authorities.

XXIV. Earnings per share

The net profit and weighted average number of ordinary shares outstanding in the computation of earnings per share were as follows:

	2023	2022
Net profit for the year	$535,548	$478,931

Weighted average number of ordinary shares outstanding (in thousands of shares)

Unit: thousand shares

	2023	2022
Weighted average number of ordinary shares used in computation of basic earnings per share	200,000	200,000
Add: Effect of dilutive potential ordinary shares - Compensation of employees	489	416
Weighted average number of ordinary shares used in computation of diluted earnings per share	200,489	200,416

The Corporation may settle the compensation paid to employees in cash or shares, therefore, the Corporation assumes that the entire amount of the compensation would be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential 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.

XXV. Capital risk management

The Corporation manages its capital to ensure that the Corporation will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Corporation consists of net debt and equity of the Corporation. The Corporation is not subject to any externally imposed capital requirements.

XXVI. Financial instruments

(I) Fair value of financial instruments that are not measured at fair value

Management of the Corporation considers the carrying amounts of financial assets and liabilities not carried at fair value.

(II) Fair value of financial instruments that are measured at fair value on a recurring basis

December 31, 2023

Financial assets at fair value through other comprehensive income	Level 1	Level 2	Level 3	Total
Equity instruments - Domestic listed shares	$200,796	$ -	$ -	$200,796

December 31, 2022

Financial assets at fair value through other comprehensive income	Level 1	Level 2	Level 3	Total
Equity instruments - Domestic listed shares	$206,719	$ -	$ -	$ 206,719

There was no transfer between Level 1 and Level 2 for the years ended December 31, 2023 and 2022.

(III) Categories of financial instruments

Financial assets	December 31, 2023	December 31, 2022
Financial assets at amortized cost (Note 1)	$ 765,980	$ 1,487,784
Financial assets at fair value through other comprehensive income - equity instruments	200,796	206,719

Financial liabilities	December 31, 2023	December 31, 2022
Measured at amortized cost (Note 2)	$5,113,329	$5,384,618

Note 1 The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, refundable deposits and other financial assets.

Note 2 The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, notes payable, accounts payable (including related parties), other payables, long-term bills payable and deposits received and other financial liabilities.

(IV) Financial risk management objectives and policies

The Corporation's major financial instruments include notes and accounts receivable, equity investments, other financial assets, notes and accounts payable, short-term borrowings, short-term bills payable, lease liabilities and long-term bills payable. The Corporation's financial management department provides service to the business units, coordinates domestic and international financial operations, prepares and analyzes internal risk reports to monitor and manage financial risk related to the operation of the Corporation. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk and liquidity risk.

(1) Market risk

The main financial risks arising from operating activities are to the risks of changes in foreign currency exchange rates (see (a) below), the risk of changes interest rates (see (b) below) and the risk of other price (see (c) below).

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

(a) Foreign currency risk

The Corporation had sales in foreign currencies, which were exposed to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing were mitigated by foreign currency bank deposits.

Refer to Note 30 for the carrying amounts of the non-functional currency assets at the end of the reporting period.

Sensitivity analysis

The Corporation was mainly exposed to the fluctuation of USD. The following table details the Corporation's sensitivity to a 3% increase and decrease in the functional currency against the relevant foreign currencies. The sensitivity rate of 3% is as a reasonably possible change in foreign exchange rates.

The sensitivity analysis included only the outstanding foreign currency denominated monetary Items. The scenario 1 shown in the table shows the impact on profit of 3% increase in NTD against USD, and the scenario 2 shows the impact on impact of 3% decrease.

	Impact of USD (Note)	
	2023	2022
Scenario 1	($ 532)	($ 13,109)
Scenario 2	532	13,109

Note: These were mainly attributable to the exposure of cash, cash equivalents and outstanding receivable, which were not hedged at the balance sheet date.

In management's opinion, the sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the balance sheet date did not reflect the exposure during the year.

(b) Interest rate risk

The Corporation was exposed to interest rate risk because the Corporation borrowed funds at variable rates. The carrying amounts of the Corporation's financial assets and financial liabilities with exposure to interest rates at the balance sheet date were as follows:

	December 31, 2023	December 31, 2022
Fair value interest rate risk		
Financial assets	$ 2,204	$ 201,303
Financial liabilities	464,244	455,842
Cash flow interest rate risk		
Financial assets	$ 43,328	$ 196,365
Financial liabilities	1,069,665	1,314,157

If interest rates had been 1% higher and all other variables were held constant, the Corporation's pre-tax profit for the year ended December 31, 2023 and 2022 would have been decrease by NT$10,697 thousand and NT$13,142 thousand, respectively.

(c) Other price risk

The Corporation was exposed to equity price risk through their investments in domestic listed shares the equity price of the Corporation was evaluated by the closing price of the equity securities on a monthly basis, measured with reference to the monthly published price quotation.

If equity prices had been 1% lower, the pre-tax other comprehensive income for the years ended December 31, 2023 and 2022 would have been decrease by NT$2,008 thousand and NT$2,067 thousand, respectively.

(2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Corporation . As at the balance sheet date, the Corporation's maximum exposure to credit risk which will cause a financial loss to the Corporation due to failure of counterparties to discharge an obligation and due to financial guarantees provided by the Corporation could arise from:

(a) The carrying amount of the respective recognized financial assets as stated in the standalone balance sheets; and

(b) The amount of contingent liabilities in relation to financial guarantees issued by the Corporation.

The Corporation 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 Corporation uses other publicly available financial information and its own trading records to rate its major customers. The Corporation'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 annually. The Corporation's significant credit risk concentration of customers were those individual accounts receivable with balances higher than 10% of the Corporation's total receivables.

		December 31, 2023		December 31, 2022
Customer A	$	119,599	$	-
DSC		84,984		55,604
Parent entity		68,496		17,535
Customer D		64,649		51,404
Customer E		53,737		133,026
Customer F		-		114,231
	$	391,465	$	371,800

(3) Liquidity risk

The Corporation manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Corporation'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. Short-term financing which the Corporation has obtained is sufficient for the Corporation's operations in the near future and the Corporation is now free of liquidity risks.

The Corporation relies on bank borrowings as a significant source of liquidity. As of December 31, 2023 and 2022, the Corporation's available unutilized short-term bank loan facilities were NT$23,027,499 thousand and NT$22,124,774 thousand, respectively.

The table below summarizes the maturity profile of the Company's financial liabilities based on contractual undiscounted payments:

December 31, 2023

	Less Than 1 Year	1 - 5 Years	Over 5 years	Total
Non-derivative financial liabilities	$ 1,773,109	$ 42,001	$ -	$ 1,815,110
Variable interest rate instruments	571,460	500,000	-	1,071,460
Fix interest rate instruments	2,230,000	-	-	2,230,000
Lease liabilities	18,367	66,042	536,752	621,161
	$ 4,592,936	$ 608,043	$ 536,752	$ 5,737,731

Further information for maturity analysis of obligation under lease was as follows:

	Less than 1 Year	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	More than 20 Years
Lease liabilities	$ 18,367	$ 66,042	$ 82,553	$ 82,553	$ 81,518	$290,128

December 31, 2022

	Less Than 1 Year	1 - 5 Years	Over 5 years	Total
Non-derivative financial liabilities	$ 1,877,932	$ 13,815	$ -	$ 1,891,747
Variable interest rate instruments	515,360	800,000	-	1,315,360
Fix interest rate instruments	2,180,000	-	-	2,180,000
Lease liabilities	27,981	63,726	520,775	612,482
	$ 4,601,273	$ 877,541	$ 520,775	$ 5,999,589

Further information for maturity analysis of obligation under lease was as follows:

	Less than 1 Year	1 to 5 Years	5 to 10 Years	10 to 15 Years	15 to 20 Years	More than 20 Years
Lease liabilities	$ 27,981	$ 63,726	$ 77,588	$ 77,588	$ 76,976	$288,623

XXVII. Transactions with related party

(I) The name of the Corporation and its relationship with the Corporation

Name of related party	Relationship with the Group
China Steel Corporation (CSC)	Parent company
United Steel Engineering and Construction Corporation	subsidiary
China Steel Chemical Corporation	Sister companies
Dragon Steel Corporation (DSC)	Sister companies
Chung Hung Steel Corporation	Sister companies
China Ecotek Corporation	Sister companies
China Steel Security Corporation	Sister companies
China Steel Management Consulting Corporation	Sister companies
Steel Castle Technology Corporation	Sister companies
China Steel Machinery Corporation	Sister companies
China Prosperity Construction Corporation	Sister companies
CSC Solar Corporation	Sister companies
Universal Exchange Inc.	Sister companies
China Steel Resources Corporation	Sister companies
C.S. Aluminium Corporation	Sister companies
Sing Da Marine Structure Corporation	Associates
Himag Magnetic Corporation	Associates
CHC Resources Corporation	Associates
Wabo Global Trading Corporation	Associates
Chungkang Steel Structure (Cambodia) Co., Ltd	Associates
Nikken & CSSC Metal Products Co., Ltd.	Associates
Pro-Ascentek Investment Corporation	Associates
IHI Corporation	Directors of the Corporation
Great Grandeul Steel Co., Ltd.	Directors of the Corporation
Grace Investment Co., Ltd.	Directors of the Corporation

CSC Educational Foundation	Other related party

(II) Operating revenue

Related Party Type		2023		2022
Parent company - CSC	$	1,153,400	$	759,233
subsidiary		354,661		466,902
Sister companies				
DSC		1,156,944		775,220
Other		136,256		544
Associates		108,572		388,872
	$	2,909,833	$	2,390,771

The construction contracts of the Corporation contracting related parties are different, and its price cannot be compared with other non-related parties; and the payment conditions are collected within the period stipulated in the contract after the Corporation has issued an estimate and an invoice, which makes no major differences with regular customers.

Sales to related parties are made under normal arms-length terms. The related collection terms are 30 days after the issuance of an invoice.

(III) Procurement

Related Party Type/Name		2023		2022
Parent company	$	3,108,874	$	3,527,556
Sister companies				
DSC		761,063		1,172,289
Other		18,852		40,012
	$	3,888,789	$	4,739,857

The purchase prices and payment terms are similar to those of normal purchases from third parties, except for purchases from the parent entity and some fellow subsidiaries which do not have available data for comparison with other parties. Most purchases have payment terms which are similar to those from third parties per quality control inspections, except purchases with the parent entity and some fellow subsidiaries which have payment terms by letters of credit or prepayment.

(IV) Receivables - related parties

Account Item	Related Party Type/Name	December 31, 2023	December 31, 2022
Accounts receivable-related parties	Parent company	$ 68,496	$ 17,535
	Sister companies		
	DSC	84,984	55,604
	Other	29,763	-
	Associates	-	46,793
		$ 183,243	$ 119,932
Other receivables	Parent company	$ 506	$ 1,851
	Sister companies		
	DSC	1,281	2,220
	Associates	641	632
		$ 2,428	$ 4,703

No guarantee was received for receivables from related parties. For the year ended December 31, 2023 and 2022, no impairment loss was recognized for receivables from related parties.

(V) Payables - related parties

Account Item	Related Party Type/Name	December 31, 2023	December 31, 2022
Accounts payable - related parties	Parent company	$ 16,715	$ 25,756
	Sister companies	26,057	46,561
	Associates	6,690	-
		$ 49,462	$ 72,317
Other payables	Parent company	$ 2,106	$ 1,597
	Sister companies	1,933	2,030
	Other related party	1,806	1,597
		$ 5,845	$ 5,224

The outstanding accounts payable to related parties are unsecured.

(VI) Other transactions with related parties

(1) Scrap sales

	2023	2022
DSC	$ 21,793	$ 21,907

(2) Waste sales

	2023	2022
DSC	$ 14,458	$ 14,658

(3) Outsourcing

	2023	2022
Parent company	$ 3	$ -
subsidiary	-	260
Sister companies	-	17,250
	$ 3	$ 17,510

(4) Other expenses

	2023	2022
Parent company	$ 3,175	$ 2,525
subsidiary	-	53
Sister companies	14,082	15,017
Other related party	2,488	2,178
	$ 19,745	$ 19,773

(VII) Compensation of key management personnel

The amounts of remuneration of directors and key executives were as follows:

	2023	2022
Short-term employee benefits	$ 28,963	$ 29,878
Post-employment benefits	(29)	20
	$ 28,934	$ 29,898

XXVIII. Pledged assets

The following assets were pledged as collateral for construction bidding and construction guarantee:

	December 31, 2023	December 31, 2022
Other financial assets		
Non-current (time deposits, mainly for construction guarantee)	$ 3,176	$ 3,151
Refundable deposits		
Current (mainly for lease guarantee)	2,154	1,006
Non-current (mainly for construction guarantee)	11,403	15,401
	$ 16,733	$ 19,558

XXIX. Significant contingent liabilities and unrecognized contractual commitments

In addition to those disclosed in other notes, significant commitments, and contingencies of the Corporation as of December 31, 2023 were as follows:

(I) Construction contracts were secured by the Corporation's refundable deposits and an amount of about NT$780,013 thousand was guaranteed by banks.

(II) The Corporation had signed agreements to buy equipment for NT$109,372 thousand, within which about NT$30,365 thousand were not yet completed.

(III) Unused letters of credit for purchases of raw materials amounted to NT$563,935 thousand.

XXX. Exchange rate of assets and liabilities denominated in foreign currencies

The significant financial assets and liabilities denominated in foreign currencies were as follows:

Unit: Foreign currency in thousands

	Foreign currencies	Exchange rate	Book value
December 31, 2023			
Monetary foreign currency assets			
USD	$ 577	30.705 (USD:NTD)	$ 17,725
December 31, 2022			
Monetary foreign currency assets			
USD	14,229	30.71 (USD:NTD)	436,964

For the years ended December 31, 2023 and 2022, net foreign exchange gains (losses) in USD were gains of NT$7,594 thousand and losses of NT$35,948 thousand, respectively.

XXXI. Supplementary disclosures

(I) Information about significant transactions of December 31, 2023 and (II) Investees

(1) Financing provided to others: None.

(2) Endorsements/guarantees provided: None.

(3) Marketable securities held: Appendix 1

(4) Marketable securities acquired or disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None.

(5) Acquisition of individual real estate 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: Appendix 2.

(8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: Appendix 3.

(9) Trading in derivative instruments: None.

(10) Information on investees: Appendix 4.

(III) Information on investments in mainland China: None.

(IV) Information of major shareholders: List all shareholders with a stake of 5 percent or greater in shareholding percentage and the number of shares: Appendix 5.

XXXII. Segment information

Disclosure of the segment information in standalone financial statements is waived.

China Steel Structure Co., Ltd.

Securities Held

December 31, 2023

Appendix 1

Unit: thousand NTD

(Unless otherwise noted)

Securities Held By	Type and Name of Marketable Securities	Relationship with Securities Issuer	General Ledger Account	End of Year				Note
				Number of Shares/Units	Book Value	Shareholding Ratio (%)	Fair Value	
The Corporation	Ordinary shares							
	China Steel Corporation	Parent entity	Financial assets at fair value through other comprehensive income - current	7,436,878	$200,796	-	$200,796	
United Steel Engineering & Construction Corp.	Ordinary shares							
	China Steel Corporation	Ultimate parent entity	Financial assets at fair value through other comprehensive income - current	3,745,446	101,127	-	101,127	
					$301,923		$301,923	

China Steel Structure Co., Ltd.

Amount of Purchases from and Sales to Related Parties in Excess of NT$100 Million or 20% of Paid-in Capital

January 1 to December 31, 2023

Appendix 2

Unit: thousand NTD

(Unless otherwise noted)

Purchaser/seller	Transaction Counterparty	Relationship	Transaction Status				Differences in Transaction Terms Compared to Third Party Transactions and Reasons		Notes/Accounts Receivable (Payable)		Note
			Purchase (Sales)	Amount	Percentage of Total Purchases Percentage (Sales) (%)	Credit Period	Unit Price	Credit Period	Balance	Percentage of Total Notes/ Accounts Receivable (Payable) (%)	
China Steel Structure Co., Ltd.	China Steel Corporation	Parent entity	Procurement	$3,108,874	65	Credit letter/ Prepayment before shipment	$ -	Note 2	($16,715)	(1)	
	Dragon Steel Corporation	Sister company	Procurement	761,063	16	Credit letter	-	Note 2	(14,438)	(1)	
	China Steel Corporation	Parent entity	Construction revenue	(745,478)	(7)	Contract period	-		44,275	6	Note 1
	China Steel Corporation	Parent entity	Service revenue	(405,541)	(4)	Contract period	-		23,834	3	
	Dragon Steel Corporation	Sister company	Construction revenue	(1,030,428)	(10)	Contract period	-		66,725	10	Note 1
	Dragon Steel Corporation	Sister company	Service revenue	(108,648)	(1)	Contract period	-		16,291	2	
	United Steel Engineering & Construction Corp.	Subsidiary	Construction revenue	(354,661)	(3)	Contract period	-		-	-	Note 1
	China Steel Chemical Corporation	Sister company	Construction revenue	(135,717)	(1)	Contract period	-		29,763	4	Note 1
	Sing Da Marine Structure Corporation	Associate	Construction revenue	(108,572)	(1)	Contract period	-		-	-	Note 1
United Steel Engineering & Construction Corp.	China Steel Corporation	Ultimate parent entity	Construction revenue	(2,985,592)	(35)	Contract period	-		221,994	96	Note 1

Note 1: Construction revenue recognized under the percentage of completion method.

Note 2: Regular suppliers use monthly settlements and payments are made on the seventh day of the following month.

China Steel Structure Co., Ltd.

Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital

January 1 to December 31, 2023

Appendix 3

Unit: thousand NTD

(Unless otherwise noted)

Creditor	Transaction counterparty	Relationship	Balance of receivables from related parties	Turnover Rate (%)	Overdue receivables		Receivables from related parties	Allowance for doubtful accounts
					Amount	Processing method	Subsequent collection amount	
United Steel Engineering & Construction Corp.	China Steel Corporation	Ultimate parent entity	$221,994	21	$ -	-	$221,994	$ -

China Steel Structure Co., Ltd.

Information on Investees

January 1 to December 31, 2023

Appendix 4

Unit: thousand NTD

(Unless otherwise noted)

Name Of Investor	Name of Investee	Location	Main Business Item	Original Investment Amount		Held at End of Period			Net Profit (Loss) of Investee Company in the Current Year	Investment Gains (Losses) Recognized in the Current Year	Note
				End of This Year	End of Previous Year	Number of Shares	Percentage (%)	Book Value			
The Corporation	CHC Resources Corporation	Taiwan	Production and sales of blast furnace slag (BFS) powder and granulated blast furnace slag cement (GBFS), air-cooled BFS aggregates, basic oxygen furnace slag, soil and groundwater pollution control, solidification of hazardous industrial waste, resource recycling	$ 132,715	$ 132,715	23,182,738	9	$ 565,257	$ 839,554	$ 78,315	
The Corporation	United Steel Engineering & Construction Corp.	Taiwan	Contracting for civil engineering and management	410,000	410,000	80,000,000	100	1,414,787	68,537	68,537	
The Corporation	China Steel Structure Holding Co., Ltd.	Samoa	Investment holding	-	-	10	100	471	19,091	19,091	
The Corporation	Sing Da Marine Structure Corporation	Taiwan	Foundation of offshore wind power	250,000	250,000	20,000,000	8	76,193	(236,477)	(17,996)	
The Corporation	Pro-Ascentek Investment Corporation	Taiwan	General investment	40,000	40,000	4,000,000	3	44,873	42,059	1,402	
The Corporation	Chiun Yu Investment Corporation	Taiwan	General investment	12,453	12,453	1,046,500	35	23,272	(1,449)	(507)	
The Corporation	HIMAG Magnetic Corporation	Taiwan	Production and trade of magnetic materials, specialty chemicals, and iron oxides	17,080	17,080	769,829	3	18,780	43,929	1,225	
The Corporation	Chi-Yi Investment Corporation	Taiwan	General investment	6,000	6,000	600,000	30	13,637	1,628	488	
The Corporation	Li-Ching-Long Investment Corporation	Taiwan	General investment	6,000	6,000	600,000	30	13,547	1,617	485	
The Corporation	Wabo Global Trading Corporation	Taiwan	Brokerage and trading of steel products	1,500	1,500	714,000	6	7,741	14,515	871	
The Corporation	Nikken & CSSC Metal Products Co., Ltd.	Taiwan	Wholesale of construction materials, wholesale of pollution controlling equipment	6,750	6,750	675,000	45	5,067	117	53	
United Steel Engineering & Construction Corp.	United Steel Construction (Vietnam) Co., Ltd.	Vietnam	Contracting for civil engineering and management	-	33,129	-	-	-	(25,249)	(25,249)	Note 1
United Steel Engineering & Construction Corp.	United Steel Investment Pte Ltd	Singapore	Investment holding	-	126,806	-	-	-	(1,906)	(1,906)	Note 2
United Steel Engineering & Construction Corp.	Transglory Investment Corporation	Taiwan	General investment	287,500	-	26,872,272	3	264,096	285,475	9,228	
United Steel Engineering & Construction Corp.	Kaohsiung Arena Development Corporation	Taiwan	Skill contests and recreational sports development	100,000	100,000	10,000,000	4	127,784	189,307	7,572	
United Steel Engineering & Construction Corp.	Overseas investment and development company	Taiwan	General investment	44,100	44,100	4,410,000	5	58,085	54,565	2,977	

Name Of Investor	Name of Investee	Location	Main Business Item	Original Investment Amount		Held at End of Period			Net Profit (Loss) of Investee Company in the Current Year	Investment Gains (Losses) Recognized in the Current Year	Note
				End of This Year	End of Previous Year	Number of Shares	Percentage (%)	Book Value			
United Steel Engineering & Construction Corp.	China Prosperity Construction Corporation	Taiwan	Real estate development	53,550	53,550	5,355,000	40	56,495	(5,609)	(2,243)	
United Steel Engineering & Construction Corp.	Shin Mau Investment Corporation	Taiwan	General investment	13,754	13,754	1,196,000	40	26,541	4,497	1,799	
United Steel Engineering & Construction Corp.	Pro-Ascentek Investment Corporation	Taiwan	General investment	20,000	20,000	2,000,000	2	22,504	42,059	701	
United Steel Engineering & Construction Corp.	Kaohsiung Rapid Transit Corporation	Taiwan	Public rapid transit	15,433	15,433	1,543,276	1	14,638	(51,395)	(283)	

Note 1: The board of directors of the subsidiary USEC decided to sell the entire equity of USCVC in May 2023, and the transaction completed in December 2023.

Note 2: With the approval of the Singapore government, USIPL deregistered in August, 2023.

China Steel Structure Co., Ltd.
Information on main shareholders
December 31, 2023

Appendix 5

Name of the Main Shareholder	Shares	
	Shares Held (Share)	Shareholding Percentage (%)
China Steel Corporation	66,487,844	33.24
Youe Chung Capital Corporation	24,999,000	12.49
Taiwan Mask Corporation	14,334,000	7.16
IHI Corporation (Japan)	11,061,690	5.53

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's ordinary shares and preference shares (includes treasury stocks) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The amount of capital in the standalone financial statements may differ from the Corporation's actual number of stocks that have completed dematerialized registration and delivery due to different calculation bases.

Note 2: Where the stocks are entrusted by shareholders, information is disclosed by the individual account of settlor who has segregated trust accounts opened by trustees. As for shareholders filing shareholdings of insiders with 10% or more of the Corporation's stocks pursuant to the securities and exchange laws and regulations, the number of stocks owned shall be ones owned by the persons plus ones entrusted where the shareholders have the power to decide how to utilize the trust property. Please access the Market Observation Post System website for information on insiders' shareholding filings.

§The Contents of Statements of Major Accounting Items§

China Steel Structure Co., Ltd.

Statement of cash and cash equivalents

December 31, 2023

Statement 1

Unit: thousand NTD

(Unless otherwise noted)

Item	Amount
Cash on hand and weekly transfer - including EUR$2,265 (Note)	$ 197
Checking accounts and demand deposits- including US$162,777.52, RMB$1,035,737 and JPY$270 (Note)	57,438
	$ 57,635

Note: Exchange rates were US$1=NT$30.705, EUR 1=NT$33.98, JPY 1=NT$0.2172 and RMB1=NT$4.327.

China Steel Structure Co., Ltd.

Statement of financial assets at fair value through other comprehensive income - current

December 31, 2023

Statement 2

Unit: thousand NTD

(Unless otherwise noted)

Name	Shares/units	Cost	Fair Value (Note)		Note
			Unit Price	Amount	
Shares					
China Steel Corporation	7,436,878	$171,282	27.00	$200,796	
Plus: evaluation adjustment		29,514			
		$200,796			

Note: Please refer to Note 4 for market price basis。

China Steel Structure Co., Ltd.

Statement of notes receivable

December 31, 2023

Statement 3 Unit: thousand NTD

Customer Name		Amount
Company A	$	33,044
Company B		5,845
Company C		3,234
	$	42,123

China Steel Structure Co., Ltd.

Statement of accounts receivable - non related parties

December 31, 2023

Statement 4

Unit: thousand NTD

Customer Name		Amount (Note 2)
Company A	$	119,599
Company B		64,650
Company C		60,626
Company D		53,737
Company E		28,838
Company F		27,648
Others (Note1)		107,969
	$	463,067

Note 1: The amount of individual customer included in others does not exceed 5% of the account balance.

Note 2: There is no amount overdue for more than 1 year.

China Steel Structure Co., Ltd.

Statement of accounts receivable - related parties

December 31, 2023

Statement 5

Unit: thousand NTD

Customer Name		Amount (Note)
Dragon Steel Corporation	$	84,984
China Steel Corporation		68,496
China Steel Chemical Corporation		29,763
	$	183,243

Note: There is no amount overdue for more than 1 year.

China Steel Structure Co., Ltd.

Statement of inventories

December 31, 2023

Statement 6

Unit: thousand NTD

Item	Cost	Net Realizable Value (Note)
Raw materials	$ 861,976	$ 862,495
Raw materials in transit	106,672	106,672
	$ 968,648	969,167

Note: Refer to Note 4 for details of net realizable value.

China Steel Structure Co., Ltd.

Statement of changes in investments accounted for using the equity method

January 1 to December 31, 2023

Statement 7

Unit: thousand NTD

(Unless otherwise noted)

Investees	January 1, 2023		Increases in the current year		Decreases in the current year		December 31, 2023			Market Value or Net Asset Value		Collateral	Note
	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	Amount	Number of Shares (In Thousands)	% of Ownership	Amount	Unit Price (NT$)	Total Amount		
Listed Company													
CHC Resources Corporation	23,182,738	$ 550,437	$ -	$ 78,505	-	$ 63,685	23,182,738	9	$ 565,257	$ 57.60	$ 1,335,326	None	
Unlisted Companies													
United Steel Engineering and Construction Corporation	80,000,000	1,445,489	-	91,081	-	121,783	80,000,000	100	1,414,787	17.68	1,414,787	None	
China Steel Structure Holding Co., Ltd.	10	24,221	-	19,091	-	42,841	10	100	471	47,114.80	471	None	
Himag Magenetic Corporation	769,829	19,824	-	1,225	-	2,269	769,829	3	18,780	24.39	18,780	None	
Nikken & CSSC Metal Products Co., Ltd.	675,000	5,015	-	52	-	-	675,000	45	5,067	7.51	5,067	None	
Li-Ching-Long Investment Corporation	600,000	15,753	-	485	-	2,691	600,000	30	13,547	22.58	13,547	None	
Wabo Global Trading Corporation	714,000	8,679	-	871	-	1,809	714,000	6	7,741	10.84	7,741	None	
Chi-Yi Investment Corporation	600,000	15,859	-	488	-	2,710	600,000	30	13,637	22.73	13,637	None	
Chiun Yu Investment Corporation	1,046,500	26,440	-	20	-	3,188	1,046,500	35	23,272	22.24	23,272	None	
Sing Da Marine Structure Corporation	20,000,000	94,189	-	-	-	17,996	20,000,000	8	76,193	3.81	76,193	None	
Pro-Ascentek Investment Corporation	4,000,000	38,630	-	7,304	-	1,061	4,000,000	3	44,873	11.22	44,873	None	
		$ 2,244,536		$ 199,122 (Note 1)		$ 260,033 (Note 2)			$ 2,183,625		$ 2,953,694		

Note 1: The increase in the current year includes investments income of NT$170,467 thousand, the difference between the investment cost and the net equity value is NT$12,782 thousand, adjustments from results of foreign operations of NT$9,109 thousand, unrealized gains on financial assets of NT$4,558 thousand, actuarial benefits of defined benefit plan of NT$4 thousand.

Note 2: Decrease due to investments loss of NT$18,503 thousand, distribution of cash dividends of NT$177,976 thousand, adjustments of results of foreign operations of NT$2,202 thousand, actuarial loss of the defined benefit plan of NT$2,413 thousand, unrealized losses on financial assets of NT$58,746 thousand, and losses on hedging instruments of NT$193 thousand.

China Steel Structure Co., Ltd.

Statement of changes in right-of-use assets

January 1 to December 31, 2023

Statement 8 | Unit: thousand NTD

Item	January 1, 2023	Additions	Decrease	December 31, 2023
Cost				
Land	$ 762,455	$ 29,384	$ 12,005	$ 779,834
Transportation equipment	5,242	-	1,287	3,955
	767,697	$ 29,384	$ 13,292	783,789
Accumulated depreciation				
Land	109,332	$ 33,774	$ 12,005	131,101
Transportation equipment	3,710	1,187	1,287	3,610
	113,042	$ 34,961	$ 13,292	134,711
	$ 654,655			$ 649,078

China Steel Structure Co., Ltd.

Statement of short-term borrowings

December 31, 2023

Statement 9

Unit: thousand NTD

(Unless otherwise noted)

Type	Contract Period	Range of Interest Rates (%)	Balance, End of The Tear	Loan Commitments	Collateral
Unsecured loans					
Bank A	112.12.15～113.03.13	1.59	$ 300,000	$ 800,000	None
Letters of credit					
Bank B	112.12.15～113.06.26	1.70	88,923	1,500,000	None
Bank C	112.12.15～113.01.26	1.725	87,637	1,250,000	None
Bank D	112.12.15～113.01.26	1.784	79,690	800,000	None
Bank E	112.12.21～113.01.21	1.80	13,966	500,000	None
			270,216		
			$ 570,216		

China Steel Structure Co., Ltd.

Statement of short-term bills payable

December 31, 2023

Statement 10

Unit: thousand NTD

(Unless otherwise noted)

Financial Institution	Period	Interest Rates (%)		Amount of Issuance
Finance Corporation A	112.11.29～113.01.29	1.568～1.638	$	890,000
Finance Corporation B	112.11.27～113.01.30	1.598～1.658		500,000
Finance Corporation C	112.11.21～113.02.23	1.588～1.628		320,000
Finance Corporation D	112.12.15～113.01.17	1.658～1.688		220,000
Finance Corporation E	112.12.14～113.01.22	1.648～1.688		200,000
Finance Corporation F	112.12.15～113.01.11	1.65		100,000
				2,230,000
Less: Unamortized discount				1,777
			$	2,228,223

China Steel Structure Co., Ltd.

Statement of accounts payable - non related parties

December 31, 2023

Statement 11

Unit: thousand NTD

Vendor Name		Amount
Company A	$	81,406
Others (Note)		1,196,799
	$	1,278,205

Note: The amount in others does not exceed 5% of the account balance.

China Steel Structure Co., Ltd.

Statement of accounts payable - related parties

December 31, 2023

Statement 12 Unit: thousand NTD

Vendor Name		Amount
China Steel Corporation	$	16,715
Dragon Steel Corporation		14,438
Steel Castle Technology Corporation		11,619
Sing Da Marine Structure Corporation		6,690
	$	49,462

China Steel Structure Co., Ltd.

Statement of lease liabilities

December 31, 2023

Statement 13

Unit: thousand NTD

(Unless otherwise noted)

Item	Period	Discount Rate (%)		Balance, End of the Year
Buildings	99.10.21～151.08.31	0.8～1.605	$	463,896
Transportation equipment	108.05.20～113.06.03	0.7		348
				464,244
Less: Current portion				10,936
Lease liabilities - noncurrent			$	453,308

China Steel Structure Co., Ltd.

Statement of operating revenues

January 1 to December 31, 2023

Statement 14

Unit: thousand NTD

(Unless otherwise noted)

Item	Quantities (Ton)		Amount
Construction revenue - steel structure and assemble income	85,830	$	8,802,226
Revenue from steel products production and sale (Note)	101,020		1,397,621
Service revenue			514,189
Rental revenue			27,114
		$	10,741,150

Note: The product for sales includes, scrap, steel coils and wire rods.

China Steel Structure Co., Ltd.

Statement of operating revenues

January 1 to December 31, 2023

Statement 15 Unit: thousand NTD

Item	Amount
Cost of steel structure and assemble	
Direct material	$ 3,107,817
Direct labor	163,151
Manufacturing expenses	5,131,312
Cost of manufacturing and assemble	8,402,280
Add:Construction in progress, beginning of year	27,295,173
Profit recognized in the current year	699,846
Profit recognized based on the percentage of completion in the current year	8,102,380
Less: Construction in progress, end of year	30,546,914
Other cost of sales of steel frame	504,816
Finished in the current year	5,095,939
	8,352,010
Reversal of loss on construction contract	(6,476)
Construction warranty	139
Cost of steel structure and assemble	8,345,673
Cost of steel	1,260,121
Labor cost	504,816
Cost of rental property	2,448
Other cost adjustments	
Impairment loss reversal of investment properties	(87,076)
Scrap sales	(29,766)
Waste sales	(25,625)
Reversal of inventories	(112)
	(142,579)
	$ 9,970,479

China Steel Structure Co., Ltd.

Statement of operating expenses

January 1 to December 31, 2023

Statement 16 | Unit: thousand NTD

Item	Selling Expenses	General and Administrative Expenses	Research and Development Expenses	Total
Payroll expense	$ 50,566	$ 76,634	$ 14,730	$ 141,930
Depreciation expense	510	10,122	1,143	11,775
Postage fees	9,772	52	-	9,824
Professional fee	-	8,371	29	8,400
Other professional fee	144	17,404	29	17,577
Others	17,913	48,645	2,031	68,589
	$ 78,905	$ 161,228	$ 17,962	$ 258,095

China Steel Structure Co., Ltd.

Statement of employee benefits, depreciation, and amortization

January 1 to December 31, 2023 and 2022

Statement 17

Unit: thousand NTD

	2023			2022		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefits						
Salaries	$ 637,014	$ 141,930	$ 778,944	$ 607,609	$ 135,406	$ 743,015
Labor and health insurance	38,608	8,097	46,705	37,147	7,506	44,653
Pensions	17,196	3,573	20,769	17,580	3,556	21,136
Remuneration of directors	-	8,058	8,058	-	7,412	7,412
Others	28,949	9,060	38,009	32,462	11,516	43,978
	$ 721,767	$ 170,718	$ 892,485	$ 694,798	$ 165,396	$ 860,194
Depreciation	$ 151,606	$ 11,775	$ 163,381	$ 158,936	$ 13,492	$ 172,428
Amortization	755	1,448	2,203	511	625	1,136

Note 1: As of December 31, 2023 and 2022, the Corporation had 459 and 463 employees, respectively, including 10 and 9 directors who did not serve concurrently as employees in 2023 and 2022.

Note 2: Additional disclosures are as follows:

1) Average employee benefits for the year ended December 31, 2023 was NT$1,969 thousand (Amounts of employee benefits for the year ended December 31, 2023 less amounts of remuneration of directors for the year ended December 31, 2023 ÷ number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023).
   Average employee benefits for the year ended December 31, 2022 was NT$1,878 thousand (Amounts of employee benefits for the year ended December 31, 2022 less amounts of remuneration of directors for the year ended December 31, 2022 ÷ number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022).
2) Average salaries for the year ended December 31, 2023 was NT$1,735 thousand (Amounts of salaries for the year ended December 31, 2023 ÷ number of employees for the year ended December 31, 2023 less number of directors not serving concurrently as employees for the year ended December 31, 2023).
   Average salaries for the year ended December 31, 2022 was NT$1,637 thousand (Amounts of salaries for the year ended December 31, 2022 ÷ number of employees for the year ended December 31, 2022 less number of directors not serving concurrently as employees for the year ended December 31, 2022).
3) Adjustments in average salaries was 2.59% (Average salaries for the year ended December 31, 2023 less average salaries for the year ended December 31, 2022 ÷ average salaries for the year ended December 31, 2022).
4) The company has no supervisor.
5) salary and remuneration policy.

A. Remuneration of Directors Policy:

The Directors' remuneration is implemented in accordance with the regulations in the Company's Articles of Incorporation and the Remuneration Committee Charter. The Remuneration Committee proposes recommendations to the Board of Directors for resolution.

(a) Remuneration of directors: According to Article 5-1 of the Corporation's Articles of Incorporation: "If the Corporation has profit in the fiscal year, the Board of Directors shall resolve to distribute no less than 0.1% of the profit as remuneration of employees and no more than 1% as remuneration of directors. The recipients of employee remuneration of employees shall include employees of subordinate companies meeting certain criteria.

(b) Remuneration of independent directors: The Corporation pays a fixed amount of remuneration each month to Independent Directors who do not receive the aforementioned remuneration of directors.

(c) Transportation allowance: Directors who do not receive the remuneration for the Corporation's Chairman or managerial officer shall receive a monthly transportation allowance from the Corporation.

B. Remuneration of Managerial Officers Policy:

The remuneration of the appointed managerial officers is determined and reviewed periodically by the Remuneration Committee, which is composed of three Independent Directors appointed by the Board of Directors. The remuneration is determined based on the performance evaluation system, evaluation results, and related salary and remuneration systems. The performance evaluation and salary and remuneration of managerial officers shall be determined based on the prevailing rates in the industry, while taking into consideration their individual achievements, the Corporation's overall performance, and the level of risks involved.

C. Remuneration of Employees Policy:

Remuneration of employees mainly includes the basic salary, bonuses, and remuneration of employees. The salary is determined by the duties and reward system and the employee salary standards are established in accordance with market rates, the Corporation’s financial conditions, and organizational structure. The bonuses and remuneration of employees are determined according to the Corporation’s profitability in the current year and associated with the performance evaluations of individual employees. All employees have opportunities for raises each year after entering the Corporation and before being appointed to the designated positions based on their rank and personal performance. The scale of the raise is closely connected to their performance. In addition, the Corporation also implements annual salary adjustments based on prevailing market rates and business conditions.

China Steel Structure Co., Ltd.

Chairman of the Board Jui-Teng Chen