

Sheng Yu Steel Co., Ltd. and Subsidiaries

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

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Sheng Yu Steel Co., Ltd.

Opinion

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

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

Basis for Opinion

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

Key Audit Matters

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

The key audit matter in the Group’s consolidated financial statements for the year ended December 31, 2023 is as follows:

Recognition of Revenue

The main products of the Group are galvanized and prepainted steel coils; contribution of the sale of certain products to gross profit is significant. Management of the Group may manipulate revenue if it is under pressure to achieve its goal. We assessed that the main source of risk may arise from the occurrence of sales revenue.

Therefore, we identified the recognition of revenue from products with unit selling prices that are significantly higher than average, the amounts of sales with significant changes and the recognition of revenue from particular customers with significant changes in sales as a key audit matter.

Refer to Note 4 to the consolidated financial statements for the related accounting policies and disclosures of revenue recognition. Our key audit procedures performed in respect of the abovementioned recognition of sales revenue included the following:

1. We understood the design and implementation of the internal controls and tested the operating effectiveness of controls related to the sales cycle.
2. We confirmed that the control of products had been transferred and the performance obligation was satisfied by selecting sample and checking the related delivery documents; we inspected the collection receipts of goods to verify that the counterparties of collections were consistent with those of the transactions.
3. We confirmed the accuracy of sales revenue by sending confirmation requests of sales revenue of the year.

Other Matter

We have also audited the standalone financial statements of Sheng Yu Steel Co., Ltd. as of and for the years ended December 31, 2023 and 2022 on which we have issued an unmodified opinion.

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

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2023 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audits resulting in this independent auditors' report are Xiu -Wen Chen and Lee-Yuan Kuo.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2024

Notice to Readers

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

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

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

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

ASSETS	December 31, 2023		December 31, 2022	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 4,382,183	40	\$ 3,848,302	36
Contract assets - current (Notes 4 and 22)	41,712	-	84,674	1
Notes receivable (Note 9)	1,710	-	12,817	-
Trade receivables (Note 9)	771,059	7	697,375	7
Other receivables (Note 9)	33,675	-	8,012	-
Current tax assets (Notes 4 and 24)	-	-	11,146	-
Inventories (Notes 4, 5 and 10)	1,823,828	17	2,036,655	19
Prepayments for purchase	116,773	1	97,249	1
Other financial assets - current (Notes 8 and 29)	751,321	7	646,882	6
Other current assets	<u>3,444</u>	<u>-</u>	<u>5,973</u>	<u>-</u>
Total current assets	<u>7,925,705</u>	<u>72</u>	<u>7,449,085</u>	<u>70</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income - non-current (Notes 4, 7 and 27)	-	-	15,110	-
Investments accounted for using the equity method (Notes 4 and 12)	274,643	3	314,507	3
Property, plant and equipment (Notes 4 and 13)	2,179,554	20	2,304,869	22
Right-of-use assets (Notes 4 and 14)	11,644	-	15,308	-
Investment properties (Notes 4 and 15)	300,523	3	301,328	3
Computer software (Note 4)	15,323	-	12,722	-
Deferred tax assets (Notes 4 and 24)	80,236	1	82,498	1
Prepayments for equipment	99,377	1	64,933	1
Refundable deposits	2,883	-	2,863	-
Net defined benefit assets - non-current (Notes 4, 5 and 20)	355	-	44,952	-
Other financial assets - non-current (Notes 8 and 29)	18,000	-	18,000	-
Other non-current assets	<u>1,548</u>	<u>-</u>	<u>1,553</u>	<u>-</u>
Total non-current assets	<u>2,984,086</u>	<u>28</u>	<u>3,178,643</u>	<u>30</u>
TOTAL	<u>\$ 10,909,791</u>	<u>100</u>	<u>\$ 10,627,728</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 16)	\$ 56,699	1	\$ 143,970	1
Contract liabilities - current (Notes 4 and 22)	38,829	-	26,349	-
Notes payable (Note 17)	166	-	183	-
Trade payables (Note 17)	182,583	2	165,759	2
Trade payables to related parties (Notes 17 and 28)	111,311	1	75,583	1
Other payables (Note 18)	299,198	3	293,755	3
Current tax liabilities (Notes 4 and 24)	65,963	1	2,243	-
Lease liabilities - current (Notes 4 and 14)	5,042	-	5,067	-
Refund liabilities (Note 4)	51,671	-	43,341	-
Other current liabilities (Notes 4 and 19)	<u>6,993</u>	<u>-</u>	<u>7,024</u>	<u>-</u>
Total current liabilities	<u>818,455</u>	<u>8</u>	<u>763,274</u>	<u>7</u>
NON-CURRENT LIABILITIES				
Provisions (Notes 4 and 19)	7,757	-	11,363	-
Deferred tax liabilities (Notes 4 and 24)	53,642	-	63,292	1
Lease liabilities - non-current (Notes 4 and 14)	6,079	-	10,247	-
Net defined benefit liabilities (Notes 4, 5 and 20)	6,720	-	-	-
Guarantee deposit	<u>515</u>	<u>-</u>	<u>515</u>	<u>-</u>
Total non-current liabilities	<u>74,713</u>	<u>-</u>	<u>85,417</u>	<u>1</u>
Total liabilities	<u>893,168</u>	<u>8</u>	<u>848,691</u>	<u>8</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)				
Ordinary shares	<u>3,211,800</u>	<u>29</u>	<u>3,211,800</u>	<u>30</u>
Capital surplus	<u>1,557,364</u>	<u>14</u>	<u>1,557,364</u>	<u>15</u>
Retained earnings				
Legal reserve	1,846,723	17	1,784,039	17
Special reserve	14,536	-	22,834	-
Unappropriated earnings	<u>3,329,355</u>	<u>31</u>	<u>3,157,754</u>	<u>29</u>
Total retained earnings	<u>5,190,614</u>	<u>48</u>	<u>4,964,627</u>	<u>46</u>
Other equity	<u>(7,025)</u>	<u>-</u>	<u>(14,537)</u>	<u>-</u>
Total equity attributable to owners of the Company	<u>9,952,753</u>	<u>91</u>	<u>9,719,254</u>	<u>91</u>
NON-CONTROLLING INTERESTS (Note 21)	<u>63,870</u>	<u>1</u>	<u>59,783</u>	<u>1</u>
Total equity	<u>10,016,623</u>	<u>92</u>	<u>9,779,037</u>	<u>92</u>
TOTAL	<u>\$ 10,909,791</u>	<u>100</u>	<u>\$ 10,627,728</u>	<u>100</u>

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

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
OPERATING REVENUES (Notes 4, 22 and 28)	\$ 12,389,155	100	\$ 12,796,257	100
OPERATING COSTS (Notes 10, 20, 23 and 28)	<u>11,030,830</u>	<u>89</u>	<u>11,588,841</u>	<u>91</u>
GROSS PROFIT	<u>1,358,325</u>	<u>11</u>	<u>1,207,416</u>	<u>9</u>
OPERATING EXPENSES (Notes 20, 23 and 28)				
Selling and marketing expenses	281,867	2	358,056	3
General and administrative expenses	240,238	2	232,975	2
Research and development expenses	87,710	1	77,212	-
Expected credit loss (Note 9)	<u>-</u>	<u>-</u>	<u>9,560</u>	<u>-</u>
Total operating expenses	<u>609,815</u>	<u>5</u>	<u>677,803</u>	<u>5</u>
PROFIT FROM OPERATIONS	<u>748,510</u>	<u>6</u>	<u>529,613</u>	<u>4</u>
NON-OPERATING INCOME AND EXPENSES (Note 23)				
Interest income	68,877	-	24,965	-
Other income	183	-	11	-
Other gains and losses	9,105	-	121,540	1
Interest expense	(3,289)	-	(4,434)	-
Share of profit or loss of associates accounted for using the equity method	<u>(33,164)</u>	<u>-</u>	<u>(26,556)</u>	<u>-</u>
Total non-operating income (expenses)	<u>41,712</u>	<u>-</u>	<u>115,526</u>	<u>1</u>
PROFIT BEFORE INCOME TAX	790,222	6	645,139	5
INCOME TAX EXPENSE (Notes 4 and 24)	<u>159,502</u>	<u>1</u>	<u>149,601</u>	<u>1</u>
NET PROFIT FOR THE YEAR	<u>630,720</u>	<u>5</u>	<u>495,538</u>	<u>4</u>
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 20, 21 and 24)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans	(74,096)	(1)	152,401	1

(Continued)

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2023 AND 2022

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	For the Year Ended December 31			
	2023		2022	
	Amount	%	Amount	%
Unrealized gains and losses on investment in equity instruments at fair value through other comprehensive income	\$ 1,087	-	\$ 4,256	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	14,819	-	(30,480)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating the financial statements of foreign operations	(3,306)	-	2,800	-
Income tax relating to items that may be reclassified subsequently to profit or loss	<u>8</u>	<u>-</u>	<u>(495)</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(61,488)</u>	<u>(1)</u>	<u>128,482</u>	<u>1</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 569,232</u>	<u>4</u>	<u>\$ 624,020</u>	<u>5</u>
NET PROFIT (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 627,345		\$ 505,180	
Non-controlling interests	<u>3,375</u>		<u>(9,642)</u>	
	<u>\$ 630,720</u>		<u>\$ 495,538</u>	
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	\$ 564,314		\$ 635,142	
Non-controlling interests	<u>4,918</u>		<u>(11,122)</u>	
	<u>\$ 569,232</u>		<u>\$ 624,020</u>	
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 1.95</u>		<u>\$ 1.57</u>	
Diluted	<u>\$ 1.95</u>		<u>\$ 1.57</u>	

(Concluded)

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

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company											
	Retained Earnings						Other Equity		Subtotal	Total	Non-Controlling Interests	Total Equity
							Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gains and Losses on Financial Assets at Fair Value Through Other Comprehensive Income				
BALANCE, JANUARY 1, 2022	\$ 3,211,800	\$ 1,557,364	\$ 1,662,832	\$ 17,860	\$ 3,476,099	\$ 5,156,791	\$ (6,199)	\$ (16,635)	\$ (22,834)	\$ 9,903,121	\$ 72,124	\$ 9,975,245
Appropriation of 2021 earnings (Note 21)												
Set aside as legal reserve	-	-	121,207	-	(121,207)	-	-	-	-	-	-	-
Set aside as special reserve	-	-	-	4,974	(4,974)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(819,009)	(819,009)	-	-	-	(819,009)	-	(819,009)
	-	-	121,207	4,974	(945,190)	(819,009)	-	-	-	(819,009)	-	(819,009)
Net profit for the year ended December 31, 2022	-	-	-	-	505,180	505,180	-	-	-	505,180	(9,642)	495,538
Other comprehensive income (loss) for the year ended December 31, 2022, net of income tax	-	-	-	-	121,665	121,665	4,041	4,256	8,297	129,962	(1,480)	128,482
Total comprehensive income (loss) for the year ended December 31, 2022	-	-	-	-	626,845	626,845	4,041	4,256	8,297	635,142	(11,122)	624,020
Changes of non-controlling interests	-	-	-	-	-	-	-	-	-	-	(1,219)	(1,219)
BALANCE, DECEMBER 31, 2022	3,211,800	1,557,364	1,784,039	22,834	3,157,754	4,964,627	(2,158)	(12,379)	(14,537)	9,719,254	59,783	9,779,037
Appropriation of 2022 earnings (Note 21)												
Set aside as legal reserve	-	-	62,684	-	(62,684)	-	-	-	-	-	-	-
Reversal of special reserve	-	-	-	(8,298)	8,298	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(330,815)	(330,815)	-	-	-	(330,815)	-	(330,815)
	-	-	62,684	(8,298)	(385,201)	(330,815)	-	-	-	(330,815)	-	(330,815)
Net profit for the year ended December 31, 2023	-	-	-	-	627,345	627,345	-	-	-	627,345	3,375	630,720
Other comprehensive income (loss) for the year ended December 31, 2023, net of income tax	-	-	-	-	(59,251)	(59,251)	(4,867)	1,087	(3,780)	(63,031)	1,543	(61,488)
Total comprehensive income (loss) for the year ended December 31, 2023	-	-	-	-	568,094	568,094	(4,867)	1,087	(3,780)	564,314	4,918	569,232
Changes of non-controlling interests	-	-	-	-	(11,292)	(11,292)	-	11,292	11,292	-	-	-
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	(831)	(831)
BALANCE, DECEMBER 31, 2023	\$ 3,211,800	\$ 1,557,364	\$ 1,846,723	\$ 14,536	\$ 3,329,355	\$ 5,190,614	\$ (7,025)	\$ -	\$ (7,025)	\$ 9,952,753	\$ 63,870	\$ 10,016,623

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

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 790,222	\$ 645,139
Adjustments for:		
Depreciation expense	257,717	286,070
Amortization expense	3,551	3,601
Expected credit loss	-	9,560
Interest expense	3,289	4,434
Interest income	(68,877)	(24,965)
Share of net loss of associates accounted for using the equity method	33,164	26,556
(Gain) loss on disposal of property, plant and equipment	4,349	(24,206)
Loss on disposal of investment properties	16	-
(Gain) loss on disposal of investments	5,250	(2,134)
Impairment loss on (reversal gain) non-financial assets	(44,637)	62,450
Idle capacity losses	46,217	125,967
Recognition (reversal) of provisions	(3,421)	3,309
Others	(4)	(2,149)
Changes in operating assets and liabilities		
Contract assets	42,962	(29,146)
Notes receivable	11,107	(8,452)
Trade receivables	(64,412)	199,953
Trade receivables from related parties	-	586
Other receivables	(21,768)	65,979
Inventories	211,251	968,620
Prepayments for purchase	(19,524)	10,084
Other current assets	2,529	1,714
Contract liabilities	12,480	(292,094)
Notes payable	(17)	(50)
Trade payables	16,824	(50,908)
Trade payables to related parties	35,728	(74,559)
Other payables	3,096	(40,997)
Provisions	(279)	(94)
Other current liabilities	63	(346)
Net defined benefit liabilities	(22,779)	(52,960)
Refund liabilities	8,330	27,443
Cash generated from operations	1,242,427	1,838,405
Interest received	64,982	22,000
Interest paid	(3,289)	(4,470)
Income tax paid	(77,197)	(432,107)
Net cash generated from operating activities	1,226,923	1,423,828

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SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

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

	For the Year Ended December 31	
	2023	2022
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of financial assets at fair value through other comprehensive income	\$ 16,197	\$ -
Disposal of investments accounted for using the equity method	-	18,269
Disposal of subsidiary	43,301	-
Payment of property, plant and equipment	(163,164)	(203,675)
Proceeds from disposal of property, plant and equipment	205	27,549
Increase in refundable deposits	(20)	(50)
Acquisition of intangible assets	(6,152)	(95)
Increase in other financial assets	(104,439)	(413,479)
Decrease in non-current assets	<u>5</u>	<u>134</u>
Net cash used in investing activities	<u>(214,067)</u>	<u>(571,347)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	398,467	524,451
Repayments of short-term borrowings	(482,480)	(562,441)
Repayment of the principal portion of lease liabilities	(5,636)	(13,736)
Cash dividends distributed	(330,815)	(819,009)
Changes of non-controlling interests	<u>(831)</u>	<u>(1,219)</u>
Net cash used in financing activities	<u>(421,295)</u>	<u>(871,954)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>(57,680)</u>	<u>17,884</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	533,881	(1,589)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>3,848,302</u>	<u>3,849,891</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 4,382,183</u>	<u>\$ 3,848,302</u>

(Concluded)

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

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

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

1. GENERAL INFORMATION

Sheng Yu Steel Co., Ltd. (the “Company”) was incorporated in May 1973 and mainly engaged in the manufacturing, processing and selling of cold rolled, galvanized, and pre-painted steel coils.

As of December 31, 2023, the Company’s shareholders were Yodogawa Steel Works Ltd. (YSW) - 52% (parent company); Toyota Tsusho Corporation - 11%; Fujiden International Corporation (an investee of YSW) - 1%; and other shareholders - 36%.

The Company’s shares have been listed on the Taiwan Stock Exchange since January 1997.

The consolidated financial statements of the Company and its subsidiaries (collectively referred to as “the Group”) are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors and authorized for issue on March 8, 2024.

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

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

Except for the following, 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.

1) Amendments to IAS 1 “Disclosure of Accounting Policies”

When applying the amendments, the Group refers to the definition of material to determine its material accounting policy information to be disclosed. Accounting policy information is material if it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Moreover:

- a) Accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed;
- b) The Group may consider the accounting policy information as material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial; and
- c) Not all accounting policy information relating to material transactions, other events or conditions is itself material.

The accounting policy information is likely to be considered as material to the financial statements if that information relates to material transactions, other events or conditions and:

- a) The Group changed its accounting policy during the reporting period and this change resulted in a material change to the information in the financial statements;
- b) The Group chose the accounting policy from options permitted by the standards;
- c) The accounting policy was developed in accordance with IAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” in the absence of an IFRS that specifically applies;
- d) The accounting policy relates to an area for which the Group is required to make significant judgements or assumptions in applying an accounting policy, and the Group discloses those judgements or assumptions; or
- e) The accounting is complex and users of the financial statements would otherwise not understand those material transactions, other events or conditions.

Refer to Note 4 for related accounting policy information.

2) Amendments to IAS 8 “Definition of Accounting Estimates”

The Group has applied the amendments since January 1, 2023, which defines accounting estimates are monetary amounts in financial statements that are subject to measurement uncertainty. In applying accounting policies, the Group may be required to measure items at monetary amounts that cannot be observed directly and must instead be estimated. In such a case, the Group uses measurement techniques and inputs to develop accounting estimates to achieve the objective. The effects on an accounting estimate of a change in a measurement technique or a change in an input are changes in accounting estimates unless they result from the correction of prior period errors.

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

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

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

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

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

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

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

New, Amended and Revised 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 by IASB
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 9 and IFRS 17 - Comparative Information”	January 1, 2023
Amendments to IAS 21 “Lack of Exchangeability”	January 1, 2025 (Note 2)

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

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

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

4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

a. Statement of compliance

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

b. Basis of preparation

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

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

- 1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for 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.

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

Current liabilities include:

- 1) Liabilities held primarily for the purpose of trading;
- 2) Liabilities due to be settled within 12 months after the reporting period; and
- 3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

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

The Subsidiary is engaged in the construction business, which has an operating cycle of over 1 year. The normal operating cycle applies when considering the classification of the Subsidiary's construction-related assets and liabilities.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries). When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests and the non-controlling interests of the Group and its subsidiaries are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 11, Tables 3 and 4 for detailed information on subsidiaries (including the percentages of ownership and main businesses).

e. Foreign currencies

In preparing the consolidated financial statements of the Group, transactions in currencies other than the Group'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 included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, 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 consolidated financial statements, the assets and liabilities of the Group's foreign operations (including subsidiaries and associate in other countries that use currencies different from the functional currency of the Group) are translated into the New Taiwan dollar using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income.

f. Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods, and 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. 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.

g. Investment in associates

An associate is an entity over which the Group has significant influence and that is not a subsidiary.

The Group uses the equity method to account for its investment in associate. Under the equity method, investments in an associate are 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 Group's share of the changes in other equity of the associate.

When the Group subscribes for additional new shares of an associate at a percentage different from its existing ownership percentage, the resulting carrying amount of the investment will differ 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 - changes in the Group's share of equity of the associate. If the Group's ownership interest is reduced due to the additional subscription of the new shares of the 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 if the capital surplus recognized from investments accounted for using the equity method is insufficient, the shortage is debited to retained earnings.

When the Group's share of losses of an associate equal or exceed its interest in that 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.

The entire carrying amount of the investment is tested for impairment as a single asset by comparing its recoverable amount with its carrying amount. Any impairment loss recognized is deducted from the carrying amount of the investment. Any reversal of that impairment loss is recognized to the extent that the recoverable amount of the investment subsequently increased.

The Group discontinues the use of the equity method from the date on which its investment ceases to be an associate. Any retained investment is measured at fair value at that date, and the fair value is regarded as the investment's fair value on initial recognition as a financial asset. 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 had that associate directly disposed of the related assets or liabilities.

When the Group transacts with its associates, profits and losses resulting from the transactions are recognized in the Group's consolidated financial statements only to the extent that interests in the associate are not related to the Group.

h. Property, plant, and equipment

Property, plant and equipment ("PPE") are initially measured at cost, and subsequently measured at cost less recognized accumulated depreciation and accumulated impairment loss.

PPE in the course of construction are measured at cost. Before the asset reaches its intended use, it is measured at the lower of cost or net realizable value, and any proceeds from selling the asset and the cost of the asset are recognized in profit or loss. Such assets are depreciated and classified to the appropriate categories of PPE when completed and ready for their intended use.

Except for freehold land, which is not depreciated, the depreciation of PPE is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in the estimates accounted for on a prospective basis.

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

i. Investment properties

Investment properties ("IPs") are properties held to earn rentals and/or for capital appreciation. IPs also include land held for a currently undetermined future use.

IPs are measured initially at cost, including transaction costs. Subsequent to initial recognition, IPs are measured at cost less accumulated depreciation. Depreciation is recognized using the straight-line method.

On derecognition of an IP, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

j. Intangible assets

Intangible assets with finite useful lives that are acquired separately are computer software, which is initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effects of any changes in the estimates being accounted for on a prospective basis.

k. Impairment of property, plant and equipment, right-of-use asset, investment properties and intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use asset, investment properties and intangible 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. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

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

Before the Group recognizes an impairment loss from assets related to contract costs, any impairment loss on inventories, property, plant and equipment and intangible assets shall be recognized in accordance with applicable standards. Then, impairment loss from the assets related to the contract costs is recognized to the extent that the carrying amount of the assets exceeds the remaining amount of consideration that the Group expects to receive in exchange for related goods or services less the costs which relate directly to providing those goods or services and which have not been recognized as expenses. The assets related to the contract costs are then included in the carrying amount of the cash-generating unit to which they belong for the purpose of evaluating impairment of that cash-generating unit.

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 no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

1. Financial instruments

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

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to an 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 as financial assets at amortized cost and investments in equity instruments at FVTOCI.

i Financial assets at amortized cost

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

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

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

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

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

- i) Purchased or originated credit-impaired financial 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.

Credit-impaired financial assets mean that the issuer or counterparty has experienced significant financial difficulties, defaults, and the counterparty is likely to file for bankruptcy or undergo a financial re-organization, or the disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits and repurchase agreements collateralized by bonds investments with original maturities within three months from the date of acquisition, highly liquid, readily convertible to a known amount of cash and subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

ii Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is a 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 trade receivables and contract assets. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. 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 a financial asset is in default when internal or external information shows that the debtor is unlikely to pay its creditors (without taking into account any collateral held by the Group).

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

c) Derecognition of financial assets

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

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

2) Equity instruments

Equity instruments issued by the Group are classified as equity in accordance with the definition of an equity instrument.

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

3) Financial liabilities

a) Subsequent measurement

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.

m. Provisions

Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Specifically, the warranty obligation which is under the constructive contracts is based on the historical experience of the Group in estimating provisions at the time of revenue recognition for relative projects.

n. Revenue Recognition

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

1) Revenue from the sale of goods

Revenue from the sale of goods is recognized when the committed goods are delivered to customers and satisfied performance obligations. Transaction price received is recognized as a contract liability until performance obligations are satisfied.

Revenue is measured at the fair value, which is the discounted present value of the price (net of commercial discounts and quantity discounts) agreed on by the Group with its customers. Estimated discount or other allowances of the consideration received are recognized as refund liabilities. For a contract where the period between the date the Group transfers a promised good or service to a customer and the date the customer pays for that good or service is one year or less, the Group does not adjust the promised amount of consideration for any effect of a significant financing component.

Export sales revenue is recognized when products are loaded onto shipping vessels in accordance with the sales terms, while domestic sales revenue are recognized when products are delivered to and accepted by the customers.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

2) Revenue from the rendering of services

Revenue from processing steel coils and technical support service is recognized at the contractual rates as direct expenses and labor hours are incurred.

3) Construction revenue

While they are contracts for the construction of steel plates for contracted buildings, and thus, the Group recognizes revenue over time. The Group measures the progress on the basis of the completion degree as there is a direct relationship between the acceptance ratio of the completion of construction and the progress of satisfying the performance obligations.

Contract assets are recognized during the construction and reclassified to trade receivables at the point at which the customer is invoiced. If the milestone payments exceed the revenue recognized to date, then the difference is recognized as contract liabilities by the Group. 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.

If the results of the performance obligations cannot be reliably measured, the construction revenue is recognized only within the expected recoverable costs of satisfying the performance obligations.

o. Leases

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

1) The Group as lessor

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

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

2) The Group as lessee

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

Right-of-use assets, which comprise the initial measurement of lease liabilities, are initially measured at cost. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

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

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

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, or a change in an index or a rate used to determine those payments, 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. For a lease modification that is not accounted for as a separate lease, the Group accounts for the remeasurement of the lease liability by (a) decreasing the carrying amount of the right-of-use asset of lease modifications that decreased the scope of the lease, and recognizing in profit or loss any gain or loss on the partial or full termination of the lease; (b) making a corresponding adjustment to the right-of-use asset of all other lease modifications. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Employee benefits

1) Short-term employee benefits

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

2) Retirement benefits

Payments 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 cost and net interest on the net defined benefit liability 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 it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

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

q. Taxation

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

1) Current tax

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

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

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

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated 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 temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in associate, 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 are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at each reporting 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 assets and liabilities 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 end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred taxes 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 taxes are also recognized in other comprehensive income or directly in equity.

5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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.

The Group considers the possible impact of the recent economic environment implications when making its material accounting estimates. The estimates and underlying assumptions are reviewing on an ongoing basis.

Key sources of estimation uncertainty

a. Write-down of inventories

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

b. Recognition and measurement of defined benefit plans

Net defined benefit liabilities and the pension cost of defined benefit plan under defined benefit pension plans are calculated using the projected unit credit method. Actuarial assumptions comprise the discount rate, rate of employee turnover, future salary increase, etc. Changes in economic circumstances and market conditions will affect these assumptions and may have a material impact on the balance of profit and loss and liabilities or assets.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2023	2022
Cash on hand	\$ 1,255	\$ 1,418
Checking accounts and demand deposits	167,087	169,997
Cash equivalents (investments with original maturities of 3 months or less)		
Time deposits	213,720	480,000
Repurchase agreements collateralized by bonds	<u>4,000,121</u>	<u>3,196,887</u>
	<u>\$ 4,382,183</u>	<u>\$ 3,848,302</u>

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

	December 31	
	2023	2022
Foreign unlisted shares		
United Steel International Development Corp.	\$ <u>-</u>	\$ <u>15,110</u>

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.

8. OTHER FINANCIAL ASSETS

	December 31	
	2023	2022
Current		
Time deposits with original maturities of more than three months	\$ 728,852	\$ 599,550
Pledged time deposits	20,247	45,880
Construction warranty	<u>2,222</u>	<u>1,452</u>
	<u>\$ 751,321</u>	<u>\$ 646,882</u>
Non-current		
Pledged time deposits	<u>\$ 18,000</u>	<u>\$ 18,000</u>

As of December 31, 2023 and 2022, the ranges of interest rates for time deposits with original maturities of more than three months were 0.65%-5.60% and 0.45%-4.70%, respectively.

Information relating to the above assets were restricted and collateralized, please refer to Note 29.

9. NOTES RECEIVABLE, TRADE RECEIVABLES, TRADE RECEIVABLES FROM RELATED PARTIES AND OTHER RECEIVABLES

	December 31	
	2023	2022
Notes receivable - operating	\$ <u>1,710</u>	\$ <u>12,817</u>
Trade receivables - operating		
At amortized cost gross carrying amount	\$ 780,389	\$ 706,881
Less: Allowance for impairment loss	<u>9,330</u>	<u>9,506</u>
	<u>\$ 771,059</u>	<u>\$ 697,375</u>

(Continued)

	December 31	
	2023	2022
Other receivables		
Interest income	\$ 7,494	\$ 3,599
Purchase commitment discounts	15,849	2,421
Value-added tax refunds	7,809	-
Others	<u>2,523</u>	<u>1,992</u>
	<u>\$ 33,675</u>	<u>\$ 8,012</u>
		(Concluded)

Receivables at amortized cost

Receivables are measured at amortized cost. Refer to Note 27 for the accounting policies related to credit limits and credit management.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix by reference to the past default records of the debtor and an analysis of the debtor's current financial position. 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 following table details the loss allowance of notes and trade receivables based on the provision matrix:

December 31, 2023

	Not Past Due	1 to 30 Days Overdue	31 to 90 Days Overdue	Over 90 Days Overdue	Total
Gross carrying amount	\$ 755,518	\$ 17,251	\$ -	\$ 9,330	\$ 782,099
Loss allowance	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,330)</u>	<u>(9,330)</u>
Amortized cost	<u>\$ 755,518</u>	<u>\$ 17,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,769</u>

December 31, 2022

	Not Past Due	1 to 30 Days Overdue	31 to 90 Days Overdue	Over 90 Days Overdue	Total
Gross carrying amount	\$ 715,767	\$ -	\$ 3,931	\$ -	\$ 719,698
Loss allowance	<u>(6,531)</u>	<u>-</u>	<u>(2,975)</u>	<u>-</u>	<u>(9,506)</u>
Amortized cost	<u>\$ 709,236</u>	<u>\$ -</u>	<u>\$ 956</u>	<u>\$ -</u>	<u>\$ 710,192</u>

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

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 9,506	\$ -
Net remeasurement of loss allowance	-	9,560
Foreign exchange gains and losses	<u>(176)</u>	<u>(54)</u>
Balance at December 31	<u>\$ 9,330</u>	<u>\$ 9,506</u>

10. INVENTORIES

	December 31	
	2023	2022
Finished goods	\$ 664,814	\$ 492,198
Work in progress	130,374	142,166
Raw materials	979,511	1,353,103
Supplies	33,485	34,452
Others	15,644	14,736
	<u>\$ 1,823,828</u>	<u>\$ 2,036,655</u>

The cost of inventories recognized as operating costs was as follows:

	For the Year Ended December 31	
	2023	2022
Write-downs (reversal) of inventories	\$ (44,637)	\$ 45,344
Idle capacity loss	46,217	125,967

Reversal of inventories was mainly due to destocking in the prior year.

11. SUBSIDIARIES

Subsidiaries included in the consolidated financial statements

The consolidated entities were as follows:

Investor Company	Investee Company	Main Businesses	Percentage of Ownership		Note
			December 31, 2023	December 31, 2022	
Sheng Yu Steel Co., Ltd.	Yodoko International Ltd.	Manufactures and sells rolled steel for construction of buildings	78	78	-
	Sheng-Shing Worldwide Corp.	Manufactures and sells galvanized steel coils	54	54	-
Yodoko International Ltd.	Yodoko International (HK) Ltd.	General investment	100	100	(Note 1)
Sheng-Shing Worldwide Corp.	Sheng-Shing (Dongguan) Corp.	Manufactures and sells galvanized steel coils	-	100	(Note 2)
	Sheng-Yu Trading (Dongguan) Corp.	Selling hardware, steels and import and export trading	100	100	-

Note 1: In August 2022, Yodoko International (HK) Ltd. disposed of 100% ownership of Yodoko Building Material (Hangzhou) Co., Ltd. to Yodogawa Steel Works Ltd.

Note 2: The liquidation of subsidiary Sheng-Shing (Dongguan) Corp. was approved by the shareholders in Sheng-Shing Worldwide Corp.'s extraordinary shareholders' meeting in July 2022. Sheng-Shing (Dongguan) Corp. completed the dissolution of the business license registration in April 2023, completed the liquidation and remitted the remaining shares of NT\$43,301 thousand (RMB 9,884 thousand) in May, resulting in an investment loss of NT\$5,250 thousand.

12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

Investments in associates

	December 31	
	2023	2022
Associates that are not individually material	<u>\$ 274,643</u>	<u>\$ 314,507</u>
	For the Year Ended December 31	
	2023	2022
The Group's share of		
Net, profit (loss) for the year	\$ (33,164)	\$ (26,556)
Other comprehensive loss	<u>-</u>	<u>-</u>
Total comprehensive loss for the year	<u>\$ (33,164)</u>	<u>\$ (26,556)</u>

13. PROPERTY, PLANT AND EQUIPMENT

For the year ended December 31, 2023

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2023	\$ 491,938	\$ 1,966,895	\$ 9,776,814	\$ 42,473	\$ 337,873	\$ 189,787	\$ 12,805,780
Additions	-	11,105	102,004	11,132	70,246	(63,420)	131,067
Disposals	-	(4,532)	(133,090)	(824)	(4,441)	-	(142,887)
Effects of foreign currency exchange differences	-	-	-	(41)	(3)	-	(44)
Balance at December 31, 2023	<u>491,938</u>	<u>1,973,468</u>	<u>9,745,728</u>	<u>52,740</u>	<u>403,675</u>	<u>126,367</u>	<u>12,793,916</u>
Accumulated depreciation							
Balance at January 1, 2023	-	1,703,822	8,491,128	36,651	269,310	-	10,500,911
Depreciation expense	-	36,005	196,505	1,922	17,385	-	251,817
Disposals	-	(4,393)	(129,443)	(740)	(3,757)	-	(138,333)
Effects of foreign currency exchange differences	-	-	-	(30)	(3)	-	(33)
Balance at December 31, 2023	<u>-</u>	<u>1,735,434</u>	<u>8,558,190</u>	<u>37,803</u>	<u>282,935</u>	<u>-</u>	<u>10,614,362</u>
Carrying amounts at December 31, 2023	<u>\$ 491,938</u>	<u>\$ 238,034</u>	<u>\$ 1,187,538</u>	<u>\$ 14,937</u>	<u>\$ 120,740</u>	<u>\$ 126,367</u>	<u>\$ 2,179,554</u>

For the year ended December 31, 2022

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Other Equipment	Construction in Progress	Total
Cost							
Balance at January 1, 2022	\$ 491,938	\$ 1,966,773	\$ 9,888,650	\$ 43,321	\$ 351,767	\$ 75,690	\$ 12,818,139
Additions	-	2,565	73,154	284	11,252	114,097	201,352
Disposals	-	(2,495)	(190,431)	(1,184)	(25,189)	-	(219,299)
Effects of foreign currency exchange differences	-	52	5,441	52	43	-	5,588
Balance at December 31, 2022	<u>491,938</u>	<u>1,966,895</u>	<u>9,776,814</u>	<u>42,473</u>	<u>337,873</u>	<u>189,787</u>	<u>12,805,780</u>
Accumulated depreciation							
Balance at January 1, 2022	-	1,665,816	8,443,703	35,998	277,947	-	10,423,464
Depreciation expense	-	39,111	214,946	1,474	15,580	-	271,111
Disposals	-	(1,127)	(172,626)	(845)	(24,252)	-	(198,850)
Effects of foreign currency exchange differences	-	22	5,105	24	35	-	5,186
Balance at December 31, 2022	<u>-</u>	<u>1,703,822</u>	<u>8,491,128</u>	<u>36,651</u>	<u>269,310</u>	<u>-</u>	<u>10,500,911</u>
Accumulated Impairment							
Balance at January 1, 2022	-	-	-	-	-	-	-
Impairment losses	-	1,368	14,969	339	430	-	17,106
Disposals	-	(1,368)	(14,969)	(339)	(430)	-	(17,106)
Balance at December 31, 2022	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Carrying amounts at December 31, 2022	<u>\$ 491,938</u>	<u>\$ 263,073</u>	<u>\$ 1,285,686</u>	<u>\$ 5,822</u>	<u>\$ 68,563</u>	<u>\$ 189,787</u>	<u>\$ 2,304,869</u>

Sheng-Shing (Dongguan) Corp. recognized an impairment loss of NT\$17,123 thousand in 2022 due to change in its business plan.

The property, plant and equipment held by the Group are depreciated on a straight-line basis over their estimated useful lives as follows:

Buildings	
Office	20-60 years
Plant	5-60 years
Building improvements	5-60 years
Ancillary equipment	5-60 years
Machinery and equipment	
Main equipment	10-37 years
Ancillary equipment	3-40 years
Transportation equipment	5-17 years
Other equipment	
Main equipment	2-26 years

14. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2023	2022
Carrying amounts		
Land	\$ 487	\$ -
Buildings	-	129
Transportation equipment	<u>11,157</u>	<u>15,179</u>
	<u>\$ 11,644</u>	<u>\$ 15,308</u>
	For the Year Ended December 31	
	2023	2022
Additions to right-of-use assets	<u>\$ 2,006</u>	<u>\$ 2,015</u>
Depreciation charge for right-of-use assets		
Land	\$ 21	\$ -
Buildings	129	8,418
Transportation equipment	<u>4,961</u>	<u>4,986</u>
	<u>\$ 5,111</u>	<u>\$ 13,404</u>

b. Lease liabilities

	December 31	
	2023	2022
Carrying amounts		
Current	<u>\$ 5,042</u>	<u>\$ 5,067</u>
Non-current	<u>\$ 6,079</u>	<u>\$ 10,247</u>

Range of discount rate (%) for lease liabilities was as follows:

	December 31	
	2023	2022
Land	-	-
Buildings	-	0.874-3.86
Transportation equipment	0.86-0.874	0.86-0.874

c. Material lease in activities and terms

The subsidiary's lease buildings for the use of plants with a lease term of 3 years. The lease was terminated earlier in December 2022.

d. Other lease information

	For the Year Ended December 31	
	2023	2022
Expenses relating to short-term and low-value asset leases	\$ 2,876	\$ 1,888
Total cash outflow for leases	\$ 8,626	\$ 15,978

The subsidiary as lessor

The subsidiary's leasing of machinery and equipment to non-related parties through operating leases resulted in rental income of NT\$183 thousand and NT\$11 thousand in 2023 and 2022, respectively.

The Group as lessee

The Group's leases of certain buildings qualify as short-term leases and leases of certain equipment 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.

15. INVESTMENT PROPERTIES

The IPs located at the Fangliao and Jiadong Township in Pingtung County are either available-for-sale or for rent. Except for depreciation expense there was no significant change in 2023 and 2022.

The IPs held by the Group are depreciated on the straight-line basis over estimated useful lives as follows:

Buildings	
Administration and engineering centers	32-47 years
Main plant	12 years
Electrical and power equipment	8-9 years

The fair value of the Group's IPs as of December 31, 2023 and 2022 was NT\$1,584,362 thousand and NT\$1,289,676 thousand. The fair value had been arrived at based on a valuation carried out in December 2023 and 2021 by an independent qualified professional valuer not related to the Group. The valuation was arrived at by reference to market evidence of transaction prices for similar properties. The Group believes any change in the fair value of IPs within two years since the valuation date will not be material; thus, the appraisal of IPs is conducted biennially.

16. SHORT-TERM BORROWINGS

	December 31	
	2023	2022
Secured borrowings (Note 29)		
Bank loans	\$ 54,751	\$ 141,986
Unsecured borrowings		
Loans from third party	<u>1,948</u>	<u>1,984</u>
	<u>\$ 56,699</u>	<u>\$ 143,970</u>
interest rate Secured borrowings (%)	3.80-3.85	3.90-4.05
interest rate Unsecured borrowings (%)	3.75	3.75

The subsidiary, Sheng-Yu Trading (Dongguan) Corp., borrowed from a third party amounting to NT\$1,948 thousand and NT\$1,984 thousand (both were RMB 450 thousand) as of December 31, 2023 and 2022, respectively, for the purpose of demand for short-term operating capital.

17. NOTES PAYABLE AND TRADE PAYABLES

Except for hot rolled steel and zinc and aluminum ingots which were paid by letter of credit and paid in advance, respectively, the average credit term of other raw materials and supplies was within three months. The Group has financial risk management policies in place to ensure the all payables are paid within the pre-agreed credit terms. Thus, no interest was charged on the trade payables.

18. OTHER PAYABLES

	December 31	
	2023	2022
Year-end bonus	\$ 127,026	\$ 112,838
Annual leave	42,372	43,242
Salaries	18,466	18,694
Business taxes	1,331	23,710
Electric power	22,075	17,088
Maintenance fee	35,962	16,337
Purchases of equipment	8,484	10,977
Compensation of employees and remuneration of directors	14,050	11,090
Others	<u>29,432</u>	<u>39,779</u>
	<u>\$ 299,198</u>	<u>\$ 293,755</u>

19. Provisions

The provision for construction warranty claims represents the estimate future outflow that will be required under the Group's obligations for warranties under contracts. The estimate had been made on the basis of historical warranty trends. The liquidity of the maturities of provisions is as follows:

	December 31	
	2023	2022
Provisions		
Current (recognized as other current liabilities)	\$ 2,871	\$ 2,875
Non-current	<u>7,757</u>	<u>11,363</u>
	<u>\$ 10,538</u>	<u>\$ 14,238</u>
Balance at January 1	\$ 14,238	\$ 11,023
Additional provisions recognized (reversed)	(3,421)	3,309
Written of	<u>(279)</u>	<u>(94)</u>
Balance at December 31	<u>\$ 10,538</u>	<u>\$ 14,238</u>

20. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company and the subsidiary Yodoko International Ltd. adopted a pension plan under the Labor Pension Act (“LPA”), which is a state-managed defined contribution plan. Under the LPA, the Company and the subsidiary Yodoko International Ltd. make monthly contributions to employees’ individual pension accounts at 6% of monthly salaries and wages.

The subsidiary Sheng-Yu Trading (Dongguan) Corp. adopted a local retirement plan, which is also a defined contribution plan. Entities make monthly employee insurance contributions to the relevant government organization in order to pay employees when they retire.

b. Defined benefit plans

The defined benefit plan adopted by the Company and the subsidiary Yodoko International Ltd. in accordance with the Labor Standards Act (“LSA”) is operated by the government of the Republic of China. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company and the subsidiary Yodoko International Ltd. contribute amounts equal to certain percentage of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee’s name. Before the end of each year, the Group 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 Group 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 Group has no right to influence the investment policy and strategy.

In addition, in order to improve the human resource structure and operating performance, the Company implemented an early retirement preferential plan in 2023. The preferential pension calculated based on this plan was NT\$39,196 thousand, which was recognized as operating costs and operating expenses.

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

	December 31	
	2023	2022
Present value of the defined benefit obligation	\$ 699,104	\$ 723,817
Fair value of plan assets	<u>(692,739)</u>	<u>(768,769)</u>
Net defined benefit liabilities (assets)	\$ <u>6,365</u>	\$ <u>(44,952)</u>
Net defined benefit assets	\$ (355)	\$ (44,952)
Net defined benefit liabilities	<u>6,720</u>	<u>-</u>
	<u>\$ 6,365</u>	<u>\$ (44,952)</u>

Movements in net defined benefit liabilities (assets) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Balance at January 1, 2022	<u>\$ 858,579</u>	<u>\$ (699,613)</u>	<u>\$ 158,966</u>
Service cost			
Current service cost	3,038	-	3,038
Net interest expense (income)	<u>5,064</u>	<u>(4,218)</u>	<u>846</u>
Recognized in profit or loss	<u>8,102</u>	<u>(4,218)</u>	<u>3,884</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(56,047)	(56,047)
Actuarial gain - change in financial assumptions	(23,112)	-	(23,112)
Actuarial gain - experience adjustments	<u>(73,242)</u>	<u>-</u>	<u>(73,242)</u>
Recognized in other comprehensive income	<u>(96,354)</u>	<u>(56,047)</u>	<u>(152,401)</u>
Contributions from the employer	<u>-</u>	<u>(44,957)</u>	<u>(44,957)</u>
Benefits paid	<u>(46,510)</u>	<u>36,066</u>	<u>(10,444)</u>
Balance at December 31, 2022	<u>723,817</u>	<u>(768,769)</u>	<u>(44,952)</u>
Service cost			
Current service cost	2,014	-	2,014
Net interest expense (income)	<u>8,665</u>	<u>(9,259)</u>	<u>(594)</u>
Recognized in profit or loss	<u>10,679</u>	<u>(9,259)</u>	<u>1,420</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(6,798)	(6,798)
Actuarial loss - change in financial assumptions	3,508	-	3,508
Actuarial loss - experience adjustments	<u>77,386</u>	<u>-</u>	<u>77,386</u>
Recognized in other comprehensive income	<u>80,894</u>	<u>(6,798)</u>	<u>74,096</u>

(Continued)

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liabilities (Assets)
Contributions from the employer	\$ _____ -	\$ (9,348)	\$ (9,348)
Benefits paid	_____(116,286)	____101,435	____(14,851)
Balance at December 31, 2023	\$ <u>699,104</u>	\$ <u>(692,739)</u>	\$ <u>6,365</u> (Concluded)

Through the defined benefit plans under the LSA, the Group is exposed to the following risks:

1) Investment risk

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

2) Interest risk

A decrease in the government/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.

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

	December 31	
	2023	2022
Discount rate (%)	1.1-1.2	1.2-1.4
Expected rate of salary increase (%)	2.0	2.0
Turnover rate (%)	0.0-1.0	0.0-1.0
Expected rate of return on plan assets (%)	1.1-1.2	1.2-1.4
Mortality rate	Based on the Taiwan Standard Ordinary Experience Mortality Table	Based on the Taiwan Standard Ordinary Experience Mortality Table

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

	December 31	
	2023	2022
Discount rate		
Increase by 0.1%	<u>\$ (3,381)</u>	<u>\$ (3,712)</u>
Decrease by 0.1%	<u>\$ 3,410</u>	<u>\$ 3,744</u>
Expected rate of salary increase/decrease		
Increase by 0.1%	<u>\$ 2,688</u>	<u>\$ 3,008</u>
Decrease by 0.1%	<u>\$ (2,672)</u>	<u>\$ (2,989)</u>

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	2022
Expected contributions to the plan for the next year	<u>\$ 9,770</u>	<u>\$ 8,887</u>
Average duration of the defined benefit obligation	4.7 and 11.2 years	5 and 12.2 years

21. EQUITY

a. Capital stock

Number of shares authorized (in thousands)	<u>450,000</u>
Shares authorized	<u>\$ 4,500,000</u>
Number of shares issued and fully paid (in thousands)	<u>321,180</u>
Shares issued	<u>\$ 3,211,800</u>

b. Capital surplus

	December 31	
	2023	2022
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital</u>		
Arising from issuance of capital stock	\$ 870,000	\$ 870,000
<u>May be used to offset a deficit only</u>		
Capital surplus of investments in associate accounted for using the equity method	<u>687,364</u>	<u>687,364</u>
	<u>\$ 1,557,364</u>	<u>\$ 1,557,364</u>

The capital surplus from shares issued in excess of par may be used to offset a deficit; in addition, when the Group has no deficit, the capital surplus may be distributed as cash dividends or transferred to share capital stock but subject to a specific limit once a year.

c. Retained earnings and dividend policy

Under the dividends policy as set forth in the Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, (an appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital), setting aside or reversing special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. In principle, cash dividends should not be less than 90% of the total dividends. For the distribution of dividends, bonuses, the whole or a part of capital reserve and legal reserve shall be paid in cash and are subject to the resolution of the board of directors as authorized, and shall be submitted to the shareholders' meeting, it does not apply the above resolution adopted at the shareholders' meeting.

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

The appropriations of earnings for 2022 and 2021, respectively, were as follows:

	For the Year Ended December 31	
	2022	2021
Set aside as legal reserve	\$ 62,684	\$ 121,207
Set aside as (reversal of) special reserve	(8,298)	4,974
Cash dividends	330,815	819,009
Cash dividends per share (NT\$)	\$ 1.03	\$ 2.55

The above appropriation for cash dividends had been resolved by the Company's board of directors to be held in March 2023 and 2022, respectively; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in 2023 and 2022, respectively.

The appropriations of earnings for 2023 had been proposed by the Company's board of directors in March 2024. The appropriations of earnings were as follows:

	For the Year Ended December 31, 2023
Set aside as legal reserve	\$ 55,680
Reversal of special reserve	(7,513)
Cash dividends	<u>401,475</u>
	<u>\$ 449,642</u>
Cash dividends per share (NT\$)	\$ 1.25

The above appropriation for cash dividends had been resolved by the Company's board of directors; the other proposed appropriations will be resolved by the shareholders in their meeting to be held in June 2024.

d. Other equity items

1) Exchange differences on translating the financial statements of foreign operations

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (2,158)	\$ (6,199)
Recognized for the year		
Exchange differences arising on translating the financial statements of foreign operations	(4,875)	4,426
Effects of income tax	<u>8</u>	<u>(385)</u>
Balance at December 31	<u>\$ (7,025)</u>	<u>\$ (2,158)</u>

2) Unrealized gains and losses on financial assets at FVTOCI

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ (12,379)	\$ (16,635)
Recognized for the year		
Unrealized valuation gains - equity instruments	1,087	4,256
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	<u>11,292</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ (12,379)</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 59,783	\$ 72,124
Share in (loss) profit for the year	3,375	(9,642)
Other comprehensive loss during the year		
Cash dividends	(831)	(1,219)
Exchange differences arising on translation of foreign operations	1,649	(1,626)
Remeasurement of defined benefit plans	(32)	320
Effects of income tax	<u>(74)</u>	<u>(174)</u>
Balance at December 31	<u>\$ 63,870</u>	<u>\$ 59,783</u>

22. OPERATING REVENUE

	For the Year Ended December 31	
	2023	2022
Revenue from contracts		
Revenue from the sale of goods	\$ 11,814,944	\$ 12,208,062
Construction revenue	275,431	246,755
Revenue from rendering of services	121,869	168,475
Other revenues	<u>176,911</u>	<u>172,965</u>
	<u>\$ 12,389,155</u>	<u>\$ 12,796,257</u>

a. Contract balances

	December 31, 2023	December 31, 2022	January 1, 2022
Notes receivable and trade receivables	\$ 772,769	\$ 710,192	\$ 911,839
Contract assets			
Construction contracts	\$ 41,712	\$ 84,674	\$ 55,528
Contract liabilities			
Sale of goods	\$ 32,178	\$ 14,614	\$ 310,295
Construction contracts	6,651	11,735	8,148
	\$ 38,829	\$ 26,349	\$ 318,443

The changes in the contract assets and liability balances primarily originated from the timing difference between the fulfilment of the Group's performance obligation and the customer's payment.

The satisfaction of performance obligation from the contract liability balance at the beginning of the year and from the previous periods was fully recognized as revenue in the current year in 2023 and 2022.

b. Disaggregation of revenue

For the year ended December 31, 2023

	Sheng Yu Steel Co., Ltd.	Others	Total
Type of revenue			
Sale of goods	\$ 11,386,518	\$ 428,426	\$ 11,814,944
Construction contract	-	275,431	275,431
Rendering of services	119,030	2,839	121,869
Others	173,346	3,565	176,911
	\$ 11,678,894	\$ 710,261	\$ 12,389,155

For the year ended December 31, 2022

	Sheng Yu Steel Co., Ltd.	Others	Total
Type of revenue			
Sale of goods	\$ 11,679,625	\$ 528,437	\$ 12,208,062
Construction contract	-	246,755	246,755
Rendering of services	163,778	4,697	168,475
Others	170,043	2,922	172,965
	\$ 12,013,446	\$ 782,811	\$ 12,796,257

c. Partially completed contracts

The transaction price, excluding any estimated amounts of variable consideration that are constrained, allocated to the performance obligations that are not fully satisfied and the expected timing for recognition of revenue are as below.

	December 31	
	2023	2022
Properties construction contracts		
2023	\$ -	\$ 170,349
2024	\$ 47,932	\$ 73,332

23. PROFIT BEFORE INCOME TAX

a. Other gains and losses

	For the Year Ended December 31	
	2023	2022
Net foreign exchange gain	\$ 5,267	\$ 96,667
Loss on disposal of investment properties	(5,250)	-
Gain (loss) on disposal of property, plant and equipment	(4,349)	24,206
Impairment losses	-	(17,106)
Others	13,437	17,773
	<u>\$ 9,105</u>	<u>\$ 121,540</u>

The above net foreign exchange gain was as follows:

	For the Year Ended December 31	
	2023	2022
Foreign exchange gains	\$ 67,812	\$ 182,297
Foreign exchange losses	<u>(62,545)</u>	<u>(85,630)</u>
Net exchange gains	<u>\$ 5,267</u>	<u>\$ 96,667</u>

b. Depreciation and amortization

	For the Year Ended December 31	
	2023	2022
Property, plant and equipment	\$ 251,817	\$ 271,111
Investment properties	789	1,555
Right-of-use assets	5,111	13,404
Intangible assets	<u>3,551</u>	<u>3,601</u>
	<u>\$ 261,268</u>	<u>\$ 289,671</u>

(Continued)

	For the Year Ended December 31	
	2023	2022
An analysis of depreciation by function		
Operating costs	\$ 232,090	\$ 258,205
Operating expenses	<u>25,627</u>	<u>27,865</u>
	<u>\$ 257,717</u>	<u>\$ 286,070</u>
An analysis of amortization by function		
Operating costs	510	\$ 309
Operating expenses	<u>3,041</u>	<u>3,292</u>
	<u>\$ 3,551</u>	<u>\$ 3,601</u>
		(Concluded)

c. Interest expense

	For the Year Ended December 31	
	2023	2022
Interest on bank loans	\$ 3,175	\$ 4,080
Interest on lease liabilities	<u>114</u>	<u>354</u>
	<u>\$ 3,289</u>	<u>\$ 4,434</u>

d. Employee benefits expense

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits		
Salaries	\$ 569,374	\$ 571,247
Insurance	49,362	50,134
Others	<u>40,256</u>	<u>39,199</u>
	<u>658,992</u>	<u>660,580</u>
Post-employment benefits		
Defined contribution plans	18,550	19,620
Defined benefit plans (Note 20)	1,420	3,884
Termination benefits (Note 20)	<u>39,196</u>	<u>-</u>
	<u>59,166</u>	<u>23,504</u>
	<u>\$ 718,158</u>	<u>\$ 684,084</u>
An analysis of employee benefits expense by function		
Operating costs	413,608	\$ 389,668
Operating expenses	<u>304,550</u>	<u>294,416</u>
	<u>\$ 718,158</u>	<u>\$ 684,084</u>

e. Compensation of employees and remuneration of directors

According to the Company's Articles of Incorporation, the Company should distributes the compensation of employees and remuneration of directors at the rates of no less than 0.1% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and

remuneration of directors. The compensation estimated of employees and remuneration of directors (all in cash) for the years ended December 31, 2023 and 2022 which had been approved by the Company's board of directors in March 2024 and 2023, respectively, were as follows:

	For the Year Ended December 31	
	2023	2022
Compensation of employees	\$ 10,400	\$ 8,800
Remuneration of directors	3,400	2,900

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

There was no difference between the actual amounts of the compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2022 and 2021.

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

24. INCOME TAX

- a. The major components of income tax recognized in profit or loss:

	For the Year Ended December 31	
	2023	2022
Current tax		
In respect of the current year	\$ 157,423	\$ 139,252
Income tax on unappropriated earnings	3,635	10,973
Adjustment for prior years	(8,995)	(2,518)
Deferred tax		
In respect of the current year	<u>7,439</u>	<u>1,894</u>
	<u>\$ 159,502</u>	<u>\$ 149,601</u>

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

	For the Year Ended December 31	
	2023	2022
Profit before income tax	<u>\$ 790,222</u>	<u>\$ 645,139</u>
Income tax expense calculated at the statutory rate	\$ 157,327	\$ 126,462
Non-deductible expenses in determining taxable income	7,535	14,684
Income tax on unappropriated earnings	3,635	10,973
Adjustments for prior years	(8,995)	(2,518)
Withholding tax arising on income from mainland China	<u>-</u>	<u>-</u>
	<u>\$ 159,502</u>	<u>\$ 149,601</u>

b. Income tax benefit (expense) recognized in other comprehensive income

	For the Year Ended December 31	
	2023	2022
<u>Deferred tax</u>		
Remeasurement of defined benefit plan	\$ 14,819	\$ (30,480)
Exchange differences on translating of foreign operations	<u>8</u>	<u>(495)</u>
	<u>\$ 14,827</u>	<u>\$ (30,975)</u>

c. Current tax assets and liabilities

	December 31	
	2023	2022
<u>Current tax assets</u>		
Tax refund receivable	\$ <u>-</u>	\$ <u>11,146</u>
<u>Current tax liabilities</u>		
Income tax payables	\$ <u>65,963</u>	\$ <u>2,243</u>

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2023

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for write-down of inventories	\$ 7,204	\$ (4,192)	\$ -	\$ 3,012
Net defined benefit liabilities	-	(13,196)	14,790	1,594
Depreciation expense	54,498	473	-	54,971
Others	<u>20,796</u>	<u>(145)</u>	<u>8</u>	<u>20,659</u>
	<u>\$ 82,498</u>	<u>\$ (17,060)</u>	<u>\$ 14,798</u>	<u>\$ 80,236</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Land value increment tax	\$ (48,432)	\$ -	\$ -	\$ (48,432)
Net defined benefit assets	(8,740)	8,640	29	(71)
Others	<u>(6,120)</u>	<u>981</u>	<u>-</u>	<u>(5,139)</u>
	<u>\$ (63,292)</u>	<u>\$ 9,621</u>	<u>\$ 29</u>	<u>\$ (53,642)</u>

For the year ended December 31, 2022

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred Tax Assets</u>				
Temporary differences				
Allowance for write-down of inventories	\$ 2,389	\$ 4,815	\$ -	\$ 7,204
Net defined benefit liabilities	32,032	(32,032)	-	-
Depreciation expense	51,222	3,276	-	54,498
Others	<u>19,961</u>	<u>1,330</u>	<u>(495)</u>	<u>20,796</u>
	<u>\$ 105,604</u>	<u>\$ (22,611)</u>	<u>\$ (495)</u>	<u>\$ 82,498</u>
<u>Deferred Tax Liabilities</u>				
Temporary differences				
Land value increment tax	\$ (48,432)	\$ -	\$ -	\$ (48,432)
Net defined benefit assets	-	21,740	(30,480)	(8,740)
Others	<u>(5,097)</u>	<u>(1,023)</u>	<u>-</u>	<u>(6,120)</u>
	<u>\$ (53,529)</u>	<u>\$ 20,717</u>	<u>\$ (30,480)</u>	<u>\$ (63,292)</u>

- e. Deductible temporary differences for which no deferred tax assets have been recognized in the consolidated balance sheets

	<u>December 31</u>	
	2023	2022
Deductible temporary differences		
Loss on investments in associate accounted for using the equity method	<u>\$ 1,809,709</u>	<u>\$ 1,776,545</u>

- f. Income tax assessments

The income tax returns through 2021 of the Company and the subsidiary Yodoko International Ltd. have been assessed by the tax authorities.

25. EARNINGS PER SHARE

The net profit and weighted average number of ordinary shares outstanding used in the computation of earnings per share were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2023	2022
Profit for the year attributable to owners of the Company	<u>\$ 627,345</u>	<u>\$ 505,180</u>

In Thousands of Shares

	For the Year Ended December 31	
	2023	2022
Weighted average number of ordinary shares used in computation of basic earnings per share	321,180	321,180
Effect of potentially dilutive ordinary shares:		
Employees' compensation	<u>420</u>	<u>427</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>321,600</u>	<u>321,607</u>

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

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategies remains unchanged in the recent 2 years.

The capital structure of the Group consists of equity attributable to owners of the Company (comprising capital stock, capital surplus, retained earnings and other equity items).

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

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The Group's management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2022

Level 3

FVTOCI financial assets

Investments in equity instruments

Unlisted securities - foreign investment

\$ 15,110

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

	Unquoted Equity Instruments Financial Assets at FVTOCI For the Year Ended December 31	
	2023	2022
Balance at January 1	\$ 15,110	\$ 10,854
Recognized in other comprehensive income	1,087	4,256
Return for capital reduction and liquidation	<u>(16,197)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 15,110</u>

3) Valuation techniques and inputs applied for the purpose of Level 3 fair value measurement

The fair values of unlisted shares were estimated by the observable market price or net value.

c. Categories of financial instruments

	December 31	
	2023	2022
Financial assets		
Financial assets at amortized cost (1)	\$ 5,960,831	\$ 5,234,251
Financial assets at FVTOCI	-	15,110
Financial liabilities		
Financial liabilities at amortized cost (2)	720,143	723,106

- 1) The balances included financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable and trade receivables, other receivables, other financial assets (including current and non-current), and refundable deposits.
- 2) The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, trade payables (including related parties), other payables, refund liabilities and guarantee deposits.

d. Financial risk management objectives and policies

The Group's major financial instruments include repurchase agreements collateralized by bonds, equity investments, trade receivables, trade payables, borrowings and lease liabilities. The Group's corporate treasury function provides business services, manages the Group entities' capital and foreign exchange risk and financial risk. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below) and interest rates (see (b) below).

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

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities are set out in Note 31.

Sensitivity analysis

The Group was mainly exposed to the foreign currency fluctuation of the USD.

The sensitivity rate of 1% is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit and other comprehensive income if the New Taiwan dollar weakened by 1% against USD. If the New Taiwan dollar strengthened by 1% of against USD, there would be an equal and opposite impact on pre-tax profit and other comprehensive income, and the balances below would be negative.

	Amount	
	For the Year Ended December 31	
	2023	2022
Impact of USD		
Profit or loss	\$ 5,104	\$ 4,282

b) Interest rate risk

The following table shows the carrying amounts of the Group's financial assets exposed to interest rate risk at the end of the reporting period:

	December 31	
	2023	2022
Fair value interest rate risk		
Financial assets	\$ 4,000,121	\$ 3,196,887
Financial liabilities	13,069	17,298
Cash flow interest rate risk		
Financial assets	1,058,931	1,284,147
Financial liabilities	54,751	141,986

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for financial assets at the end of the year. The analysis was prepared assuming the amount of each asset and liability outstanding at the end of the year was outstanding for the whole year. A 1% increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the years ended December 31, 2023 and 2022 would increase/decrease by NT\$10,042 thousand and NT\$11,422 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the year, the Group's maximum exposure to credit risk, which would cause a financial loss to the Group due to the failure of counterparties to discharge their obligation, could arise from the carrying amount of the respective recognized financial assets as stated in the consolidated balance sheets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group uses 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 that are reviewed and approved by the risk management committee periodically.

Both the counterparties of cash and cash equivalent and other parties are creditworthy financial institutions; as a result, the significant credit risk is unexpected.

The Group's concentration of credit risk of 47% of and 32% of total trade receivables as of December 31, 2023 and 2022, respectively was attributable to the Group's the five largest customers in sales.

3) Liquidity risk

The Group manages liquidity risk by maintaining a sufficient level of cash and cash equivalents to meet the Group's operational demand and mitigate the effects of fluctuations in cash flows.

Liquidity risk tables

The following tables detail the Group's remaining contractual maturity of its non-derivative liabilities with agreed upon repayment periods. The tables had been drawn up based on the undiscounted cash flow of financial liabilities from the earliest date on which the Group can be required to pay.

	Less Than 3 Months	3 Months to 1 Year	1 Year to 5 Years	Total
<u>December 31, 2023</u>				
Non-derivative financial liabilities				
Non-interest bearing	\$ 644,929	\$ -	\$ 515	\$ 645,444
Lease liabilities	1,302	3,797	6,387	11,486
Interest bearing	<u>-</u>	<u>57,559</u>	<u>-</u>	<u>57,559</u>
	<u>\$ 646,231</u>	<u>\$ 61,356</u>	<u>\$ 6,902</u>	<u>\$ 714,489</u>

(Continued)

	Less Than 3 Months	3 Months to 1 Year	1 Year to 5 Years	Total
<u>December 31, 2022</u>				
Non-derivative financial liabilities				
Non-interest bearing	\$ 578,621	\$ -	\$ 515	\$ 579,136
Lease liabilities	1,342	3,871	10,541	15,754
Interest bearing	<u>67,403</u>	<u>78,178</u>	<u>-</u>	<u>145,581</u>
	<u>\$ 647,366</u>	<u>\$ 82,049</u>	<u>\$ 11,056</u>	<u>\$ 740,471</u> (Concluded)

The amounts included above for variable interest rate instruments of non-derivative financial liabilities are subject to change if changes in variable interest rates differ from those estimates of interest rates determined at the end of the year.

28. TRANSACTIONS WITH RELATED PARTIES

a. Name and category of related parties

<u>Name of Related Party</u>	<u>Relationship with the Group</u>
Yodogawa Steel Works Ltd.(YSW)	The Company's parent
Toyota Tsusho Corporation	The Company's institutional director
Yung Chi Paint & Varnish Mfg. Co., Ltd. (YCP)	The Company's institutional director
Fujiden International Corporation (Fujiden)	The Company's institutional director
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd. (YSS)	Associate
Yodoko Building Material (Hangzhou) Co., Ltd. (YBMH)	Associate
Yodoko Shoji Co., Ltd.	Fellow subsidiary
PCM Processing (Thailand) Ltd.	Fellow subsidiary
Dongguan Mingxin Electronics Co., Ltd. (DME)	Other related party

b. Trading transactions

Line Item	Related Party Category	For the Year Ended December 31	
		2023	2022
Sales Revenue	Associates	<u>\$ 543</u>	<u>\$ -</u>
Purchases of goods	Parent company	\$ 3,678	\$ 3,179
	Institutional directors	645,266	624,857
	Fellow subsidiary	-	354
	Associates	<u>158,876</u>	<u>89,542</u>
		<u>\$ 807,820</u>	<u>\$ 717,932</u>

Sales and purchases of goods to related parties were made at arm's length, except for some purchases of goods from the Group's institutional director-YCP, which were not comparable to those of third parties. There was no difference in the collection and payment terms between related and unrelated parties, which were about 10 days to 3 months.

Trade payables to related parties at the balance sheet date were as follows:

	December 31	
	2023	2022
<u>Related Party Category/Name</u>		
Institutional director - YCP	\$ <u>111,311</u>	\$ <u>75,583</u>

The outstanding trade payables to related parties are unsecured and will be paid by cash.

c. Other transactions with related parties

Under the terms of the technical service agreement entered into by the Company and YSW for providing technical assistance, the Company should calculate and pay semi-annually technical service fees to YSW. Also, the subsidiary YI has entered into a technical service agreement with YSW; under the terms of the agreement, the subsidiary YI should calculate and pay technical service fees semi-annually at a constant rate of operating revenue.

Information about service fees was as follows:

	For the Year Ended December 31	
	2023	2022
Manufacturing expenses	\$ <u>4,679</u>	\$ <u>4,405</u>
Operating expenses	\$ <u>3,961</u>	\$ <u>3,332</u>

d. Lease agreement

Line Item	Related Party Category/Name	For the Year Ended December 31	
		2023	2022
Interest expense	Other related party-DME	\$ <u>-</u>	\$ <u>200</u>

The subsidiary leases buildings for the use of plant, with lease term of 3 years. The lease was terminated earlier in December 2022.

e. Remuneration of key management personnel

	For the Year Ended December 31	
	2023	2022
Short-term employee benefits	\$ <u>14,144</u>	\$ <u>15,583</u>
Post-employment benefits	<u>10,251</u>	<u>117</u>
	\$ <u>24,395</u>	\$ <u>15,700</u>

29. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The amounts of demand deposits, time deposits and reserve accounts were provided as collateral for purchase contract of natural gas and bank financing credits were as follows:

	December 31	
	2023	2022
Other financial assets - current	\$ 22,470	\$ 47,332
Other financial assets - non-current	\$ 18,000	\$ 18,000

30. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

Unused letters of credit for purchases of raw materials amounted to approximately NT\$510,684 thousand as of December 31, 2023.

31. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

	Foreign Currency (In Thousands)	Exchange Rate		Carrying Amount (In Thousands)
December 31, 2023				
Assets				
Monetary items				
USD	\$ 16,809	30.655	(USD:NTD)	\$ 515,294
Non-monetary items				
Investments accounted for using the equity method				
RMB	63,841	4.3020	(RMB:NTD)	274,643
RMB	13,258	0.1403	(RMB:USD)	57,035
USD	1,915	30.655	(USD:NTD)	58,681
Liabilities				
Monetary items				
USD	161	7.0827	(USD:RMB)	4,938
December 31, 2022				
Assets				
Monetary items				
USD	14,608	30.71	(USD:NTD)	448,623

(Continued)

	Foreign Currency (In Thousands)	Exchange Rate	Carrying Amount (In Thousands)
Non-monetary items			
Investments accounted for using the equity method			
RMB	\$ 71,349	4.408 (RMB:NTD)	\$ 314,507
RMB	17,163	0.144 (RMB:USD)	75,654
USD	1,839	30.71 (USD:NTD)	56,479
Liabilities			
Monetary items			
USD	310	30.71 (USD:NTD)	9,527
USD	355	6.9646 (USD:RMB)	10,909
			(Concluded)

The total net foreign exchange gains and losses were gain of NT\$5,267 thousand and gain of NT\$96,667 thousand for the years ended December 31, 2023 and 2022, respectively. It is impractical to disclose net foreign exchange gains and losses by each significant foreign currency due to the variety of the foreign currency transactions and functional currencies of each entity.

32. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others. (Table 1)
- 2) Endorsements/guarantees provided. (None)
- 3) Marketable securities held. (None)
- 4) Marketable securities acquired or disposed 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 of at least NT\$100 million or 20% of the paid-in capital. (Table 2)
- 8) Trade receivables from related parties of at least NT\$100 million or 20% of the paid-in capital. (None)
- 9) Trading in derivative instruments. (None)
- 10) Intercompany relationships and significant intercompany transactions. (Table 5)

b. Information on investees. (Table 3)

c. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, investment gain or loss, carrying amount of the investment at the end of the period, repatriated investment gain or loss, and limit on the amount of investment in the mainland China area. (Table 4)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third area, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the year. (None)
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the year.

Investee Company	Transaction Type	Amount	%
Sheng-Yu Trading (Dongguan) Corp.	Sales	\$ 1,547	0.012
	Trade receivables	932	0.120
	from related parties		

Note: The amounts were eliminated in full upon consolidation.

- c) The amount of property transactions and the amount of the resultant gains or losses. (None)
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the year and the purposes. (None)
 - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to financing of funds. (None)
 - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receiving of services. (None)
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder. (Table 6)

33. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance. Specifically, the Group's reportable segments were as follows:

Sheng Yu Steel Co., Ltd. (Sheng Yu) - manufactures and sells cold rolled, galvanized and prepainted steel coils.

Others - subsidiaries referred to in Note 11 which do not reach the quantitative threshold are considered as operating segments.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from operations by reportable segments.

	Sheng Yu	Others	Total
<u>For the year ended December 31, 2023</u>			
Revenues from external customers	\$ 11,678,894	\$ 710,261	\$ 12,389,155
Inter-segment revenues	<u>49,979</u>	<u>43,123</u>	<u>93,102</u>
Segment revenues	<u>\$ 11,728,873</u>	<u>\$ 753,384</u>	12,482,257
Eliminations			<u>(93,102)</u>
Consolidated revenues			<u>\$ 12,389,155</u>
Segment income	<u>\$ 717,612</u>	<u>\$ 30,898</u>	\$ 748,510
Interest income			68,877
Interest expense			(3,289)
Share of the profit or loss of associates accounted for using the equity method			(33,164)
Other non-operating income and expenses			<u>9,288</u>
Profit before tax			<u>\$ 790,222</u>
<u>For the year ended December 31, 2022</u>			
Revenues from external customers	\$ 12,013,446	\$ 782,811	\$ 12,796,257
Inter-segment revenues	<u>143,189</u>	<u>70,962</u>	<u>214,151</u>
Segment revenues	<u>\$ 12,156,635</u>	<u>\$ 853,773</u>	13,010,408
Eliminations			<u>(214,151)</u>
Consolidated revenues			<u>\$ 12,796,257</u>
Segment income	<u>\$ 536,233</u>	<u>\$ (6,620)</u>	\$ 529,613
Interest income			24,965
Interest expense			(4,434)
Share of the profit or loss of associates accounted for using the equity method			(26,556)
Other non-operating income and expenses			<u>121,551</u>
Profit before tax			<u>\$ 645,139</u>

Segment profit represents the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, share of profit or loss of associates, interest income, gain or loss on disposal of property, plant and equipment, gain or loss on disposal of investment properties, exchange gains or losses, interest expense and income tax expense. This was the measure reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance.

b. Segment total assets and liabilities

	December 31	
	2023	2022
Segment assets		
Sheng Yu	\$ 10,742,748	\$ 10,341,071
Others	376,285	591,070
Eliminations	<u>(209,242)</u>	<u>(304,413)</u>
Consolidated total assets	<u>\$ 10,909,791</u>	<u>\$ 10,627,728</u>
Segment liabilities		
Sheng Yu	\$ 789,995	\$ 621,817
Others	161,541	390,263
Eliminations	<u>(58,368)</u>	<u>(163,389)</u>
Consolidated total liabilities	<u>\$ 893,168</u>	<u>\$ 848,691</u>

c. Other segment information

Other information reviewed by the chief operating decision maker or regularly provided to the chief operating decision maker was as follows:

	Depreciation and amortization		Amounts of additions (reduction) to non-current assets	
	For the Year Ended December 31		For the Year Ended December 31	
	2023	2022	2023	2022
Sheng Yu	\$ 259,611	\$ 277,892	\$ 172,062	\$ 203,121
Others	<u>1,657</u>	<u>11,779</u>	<u>(2,746)</u>	<u>649</u>
	<u>\$ 261,268</u>	<u>\$ 289,671</u>	<u>\$ 169,316</u>	<u>\$ 203,770</u>

Note: Non-current assets exclude financial instruments, investments accounted for using the equity method, deferred tax assets and net defined benefit assets.

d. Revenue from major products and services

	For the Year Ended December 31	
	2023	2022
Galvanized steel coils	\$ 5,833,511	\$ 5,705,945
Prepainted steel coils	5,550,712	6,111,783
Other steel products	430,721	390,334
Net services revenue	121,869	168,475
Construction revenue	275,431	246,755
Other revenue	<u>176,911</u>	<u>172,965</u>
	<u>\$ 12,389,155</u>	<u>\$ 12,796,257</u>

e. Geographical information

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

The Group's revenue from external customers by customers' location and information about its non-current assets by location of assets are detailed below.

	Revenue from External Customers		Non-current Assets	
	For the Year Ended		December 31	
	December 31		December 31	
	2023	2022	2023	2022
Taiwan	\$ 9,595,612	\$ 8,556,486	\$ 2,607,369	\$ 2,699,602
Asia	1,216,847	985,408	600	1,111
Europe and America	1,401,008	2,709,774	-	-
Others	<u>175,668</u>	<u>544,589</u>	<u>-</u>	<u>-</u>
	<u>\$ 12,389,155</u>	<u>\$ 12,796,257</u>	<u>\$ 2,607,969</u>	<u>\$ 2,700,713</u>

Non-current assets exclude financial instruments, investments accounted for using the equity method, deferred tax assets and net defined benefit assets.

f. Information about major customers

Individual customers accounting for at least 10% of the consolidated operating revenues for the year were as follows:

	For the Year Ended December 31	
	2023	2022
Customer A	\$ 1,398,747	\$ 1,263,294
Customer B	<u>1,338,791</u>	<u>877,239</u>
	<u>\$ 2,737,538</u>	<u>\$ 2,140,533</u>

TABLE 1

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

**FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Year (Note 1)	Ending Balance (Note 1)	Actual Borrowed Amount (Notes 5)	Interest Rate (%)	Nature of Financing (Notes 2)	Business Transaction Amounts	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limits for Each Borrower (Note 3)	Aggregate Financing Limits (Note 4)	Note
													Item	Value			
0	The Company	Yodoko International Co., Ltd.	Other receivables	Y	\$ 35,000	\$ 35,000	\$ -	-	2	\$ -	Operating capital	\$ -	Promissory notes	\$ 35,000	\$ 995,275	\$ 1,990,551	
0	The Company	Sheng-Shing Worldwide Corp.	Other receivables	Y	260,568	52,114	52,114	4.024-5.685	2	-	Operating capital	-	Promissory notes	107,293	995,275	1,990,551	

Note 1: Sheng-Shing Worldwide Corp. the highest balance for the year was US\$8,500 thousand; the ending balance amount and the actual borrowing amount were all US\$1,700 thousand; and collateral value was US\$3,500 thousand; calculated the exchange rate of USD1: NT30.655 at the balance sheet date in December 2023.

Note 2: The number “1” represents for those who have business transactions; the number “2” represents for those in need of short-term financing.

Note 3: 10% of the net equity of the company.

Note 4: 20% of the net equity of the company.

Note 5: The amounts were eliminated in full upon consolidation.

TABLE 2

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE YEAR ENDED DECEMBER 31, 2023

(Amounts in Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
							Unit Price	Payment Terms	Ending Balance	% of Total	
The Company	Yung Chi Paint & Varnish Mfg Co., Ltd.	Institutional director	Purchase	\$ 441,213	5	3 months	Note 28	-	\$ (111,311)	(39)	
The Company	Toyota Tsusho Corporation	Institutional director	Purchase	203,733	2	Within 10 days from the date of shipment	Note 28	-	-	-	
Sheng-Yu Trading (Dongguan) Corp.	Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	Associate	Purchase	158,876	2	Prepayment before shipment	Note 28	-	-	-	

TABLE 3

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

INFORMATION OF INVESTEES

FOR THE YEAR ENDED DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2023			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				December 31, 2023	December 31, 2022	Number of Shares	%	Carrying Amount			
The Company	Yodoko International Ltd.	Taiwan	Processing steel, engineering, procurement and construction	\$ 19,607	\$ 19,607	1,945,750	78	\$ 109,798	\$ 13,633	\$ 10,611	
The Company	Sheng-Shing Worldwide Corp.	Republic of Seychelles	Processing and selling galvanized steel coils	81,549	81,549	2,705,000	54	37,072	769	416	
Yodoko International Co., Ltd.	Yodoko International (HK) Ltd.	Hong Kong	General investment	9,702	9,702	2,200,000	100	21,609	(32)	(32)	

Note: The amounts were eliminated in full upon consolidation.

TABLE 4

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

**INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2023
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)**

Investee Company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as of January 1, 2023	Remittance of Funds		Accumulated Outflow of Investment from Taiwan as of December 31, 2023	Net Income (Loss) of the Investee	Percentage of Ownership (%)	Share of Profit/Losses	Carrying Amount as of December 31, 2023	Accumulated Inward Repatriation of Investment Income as of December 31, 2023	Note
					Outflow	Inflow							
Yodoko Building Material (Hangzhou) Co., Ltd.	Manufacturing and selling metal architectural materials	\$ 41,998	Investments were made through Yodoko International (HK) Ltd., a holding company registered in a third region.	\$ 9,514	\$ -	\$ -	\$ 9,514	\$ -	-	\$ -	\$ -	\$ -	
Sheng-Shing (Dongguan) Corp.	Processing and selling galvanized steel coils	98,688	Investments were made through Sheng-Shing Worldwide Corp., a holding company registered in a third region.	50,752	-	-	50,752	(431) (Note 2)	-	(233) (Note 2)	-	-	Note 4
Sheng-Yu Trading (Dongguan) Corp.	Selling hardware, steels and import and export trading	91,965	Investments were made through Sheng-Shing Worldwide Corp., a holding company registered in a third region.	46,611 (Note 3)	-	-	46,611 (Note 3)	11,593	54	6,272	57,035	-	Note 4
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	Manufacturing, processing and selling galvanized steel coils and prepainted steel coils	6,066,487	The Company directly invested in companies located in mainland China.	1,388,640	-	-	1,388,640	(158,603)	21	(33,164)	274,643	-	Note 1

Investee Company	Accumulated Investment in Mainland China as of December 31, 2023	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment (Note 5)
The Company	\$ 1,495,517	\$ 1,527,339	\$ 5,971,652

Note 1: The amount was recognized based on the financial statements audited by an international accounting firm that has a cooperation relationship with the accounting firm in the Republic of China.

Note 2: Sheng-Shing (Dongguan) Corp. has completed the liquidation in May 2023, and the gain and loss recognized is the accumulated gain and loss of Sheng-Shing (Dongguan) Corp. from January to May 2023.

Note 3: Including Sheng-Shing Worldwide Corp.’s investment in Sheng-Yu Trading (Dongguan) through bank financing of US\$1,532 thousand (US\$1,000 thousand × 45% and US\$2,000 thousand × 54.1%).

Note 4: The amounts were eliminated in full upon consolidation.

Note 5: The maximum amount that can be invested shall not exceed sixty percent (60%) of the net equity of the Company, in accordance with the “Principles Governing the Review of Investments or Technical Cooperation in Mainland China” issued by the investment commission.

TABLE 5

SHENG YU STEEL CO., LTD. AND SUBSIDIARIES

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

No.	Investee Company	Counterparty	Nature of Relationship (Note)	Transaction Details			
				Financial Statement Item	Amount	Terms	% of Consolidated Net Revenue or Total Assets
0	The Company	Yodoko International Ltd.	Represents the transactions from parent to subsidiary.	Other receivables	\$ 50	Based on the commitment	-
0	The Company	Yodoko International Ltd.	Represents the transactions from parent to subsidiary.	Sales revenue	46,927	Based on the commitment	-
0	The Company	Sheng-Shing Worldwide Corp.	Represents the transactions from parent to subsidiary.	Other receivables	52,369	Based on the commitment	-
0	The Company	Sheng-Shing Worldwide Corp.	Represents the transactions from parent to subsidiary.	Trade receivables	308	Based on the commitment	-
0	The Company	Sheng-Shing Worldwide Corp.	Represents the transactions from parent to subsidiary.	Sales revenue	1,855	Based on the commitment	-
0	The Company	Sheng-Shing Worldwide Corp.	Represents the transactions from parent to subsidiary.	Service revenue	1,197	Based on the commitment	-
1	Sheng-Shing Worldwide Corp.	Sheng-Yu Trading (Dongguan) Corp.	Represents the transactions from parent to subsidiary.	Trade receivables	4,938	Based on the commitment	-
1	Sheng-Shing Worldwide Corp.	Sheng-Yu Trading (Dongguan) Corp.	Represents the transactions from parent to subsidiary.	Sales revenue	19,148	Based on the commitment	-
2	Yodoko International Ltd.	The Company	Represents the transactions from subsidiary to parent.	Trade receivables	5,612	Based on the commitment	-
2	Yodoko International Ltd.	The Company	Represents the transactions from subsidiary to parent.	Construction revenue	23,457	Based on the commitment	-
2	Yodoko International Ltd.	The Company	Represents the transactions from subsidiary to parent.	Others operating revenue	362	Similar to those with third parties	-
4	Sheng-Yu Trading (Dongguan) Corp.	Sheng-Shing Worldwide Corp.	Represents the transactions from subsidiaries to parent.	Sales revenue	156	Based on the commitment	-

Note: “0” for the Company.

TABLE 6

SHENG YU STEEL CO., LTD.

INFORMATION OF MAJOR SHAREHOLDERS

DECEMBER 31, 2023

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

[illegible]

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