

Sheng Yu Steel Co., Ltd. and Its
Subsidiaries

Consolidated Financial Statements
and Accountants' Review Report
Q2 2024 and Q2 2023

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CPA Review Report

To Sheng Yu Steel Co., Ltd.

Foreword

We have reviewed the accompanying consolidated balance sheets for the six months ended June 30, 2024 and 2023, the consolidated statements of comprehensive income for the periods starting April 1 and ending June 30, 2024 and 2023 and starting January 1 and ending June, 2024 and 2023, and the consolidated statements of changes in equity and cash flows for the six months ended June 30, 2024 and 2023, as well as the notes to the consolidated financial statements (including the summary of significant accounting policies), for Sheng Yu Steel Co., Ltd. and its subsidiaries. It is the responsibility of management to prepare fairly presented consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, “Interim Financial Reporting,” as endorsed and issued into effect by the Financial Supervisory Commission (FSC), while it is our responsibility to express a conclusion on these consolidated financial statements based on our review.

Scope

Except the part described in the section of the basis of qualified conclusion, we have conducted our review pursuant to TWSRE2410, “Review of Financial Statements.” The procedures applied in reviewing the consolidated financial statements include making inquiries (primarily of persons responsible for financial and accounting matters), analytical procedures and other review procedures. A review is significantly less in scope than an audit and consequently we may not be able to discern all significant matters that might be identified by an audit and therefore do not express an audit opinion.

Basis for Qualified Conclusion

As stated in Note 12 of the consolidated financial statements, the investment accounted for using the equity method as of June 30, 2024 and 2023 was NT\$264,545 thousand and NT\$291,121 thousand, respectively. The share of the profit or loss of associates using the equity method for the periods from April 1 to June 30, 2024 and 2023 and the six months ended June 30, 2024 and 2023 was losses of NT\$9,802 thousand and NT\$5,299 thousand, and NT\$17,962 thousand and NT\$14,832 thousand, respectively, all of which were based on the financial statements of the same period of investees that have not been reviewed by the accountants.

Qualified Conclusion

According to our results of the review, except for the part described by the basis for qualified opinion that the financial statement of investments using the equity method may affect adjustments to the consolidated financial statements upon the CPA's review, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Sheng Yu and its subsidiaries as of June 30, 2024 and 2023, the results of the consolidated financial operations from April 1 to June 30, 2024 and 2023 and that from January 1 to June 30, 2024 and 2023 and the consolidated cash flows from January 1 to June 30, 2024 and 2023 in conformity with the Regulations Governing the Preparation of Financial Statements by Securities Issuers and IAS 34: interim financial reporting endorsed and issued into effect by the Financial Supervisory Commission.

Deloitte Taiwan

CPA Hsiu-Wen Chen

CPA Lee-Yuan Kuo

FSC Approval Number

Jin-Guan-Zheng-Shen-Zi No.

1120349008

SFC Approval Number

Tai-Cai-Zheng-Liu-Zi No.

0920123784

August 9, 2024

Sheng Yu Steel Co., Ltd. and Its Subsidiaries
Consolidated Balance Sheet
June 30, 2024 and December 31 and June 30, 2023

Unit: NT\$ thousands

Code	Assets	June 30, 2024		December 31, 2023		June 30, 2023	
		Amount	%	Amount	%	Amount	%
	Current assets						
1100	Cash and cash equivalents (Note 6)	\$ 3,396,151	30	\$ 4,382,183	40	\$ 3,966,989	36
1140	Contract assets - current (Note 22)	39,199	-	41,712	-	52,582	-
1150	Notes receivable (Note 9)	18,402	-	1,710	-	1,668	-
1170	Accounts receivable (Note 9)	1,603,544	14	771,059	7	808,534	8
1200	Other receivables (Note 9)	28,027	-	33,675	-	48,375	-
130X	Inventory (Note 10)	2,010,691	18	1,823,828	17	1,994,883	18
1421	Accounts prepaid	107,566	1	116,773	1	80,564	1
1476	Other financial assets - current (Note 8 and 28)	1,065,513	10	751,321	7	817,776	8
1479	Other current assets	17,527	-	3,444	-	8,784	-
11XX	Total current assets	<u>8,286,620</u>	<u>73</u>	<u>7,925,705</u>	<u>72</u>	<u>7,780,155</u>	<u>71</u>
	Non-current assets						
1517	Financial assets measured at fair value through other comprehensive income — non-current (Note 7)	-	-	-	-	15,644	-
1550	Investment accounted for using the equity method (Note 12)	264,545	2	274,643	3	291,121	3
1600	Property, plant and equipment (Note 13)	2,212,528	20	2,179,554	20	2,254,223	21
1755	Right-of-use assets (Note 14)	10,811	-	11,644	-	12,704	-
1760	Investment property (Note 15)	310,402	3	300,523	3	300,933	3
1801	Computer software	18,584	-	15,323	-	11,682	-
1840	Deferred tax assets	87,651	1	80,236	1	96,007	1
1915	Prepayments for business facilities	124,654	1	99,377	1	80,260	1
1920	Refundable deposits	2,956	-	2,883	-	2,923	-
1975	Net defined-benefit asset (Note 4)	6,682	-	355	-	48,615	-
1980	Other financial assets - non-current (Note 8 and 28)	18,000	-	18,000	-	18,000	-
1990	Other non-current assets	1,611	-	1,548	-	1,207	-
15XX	Total non-current assets	<u>3,058,424</u>	<u>27</u>	<u>2,984,086</u>	<u>28</u>	<u>3,133,319</u>	<u>29</u>
1XXX	Total assets	<u>\$ 11,345,044</u>	<u>100</u>	<u>\$ 10,909,791</u>	<u>100</u>	<u>\$ 10,913,474</u>	<u>100</u>
	Liabilities and Equity						
	Current liabilities						
2100	Short-term loans (Note 16)	\$ 91,152	1	\$ 56,699	1	\$ 64,859	1
2130	Contract liabilities - current (Note 22)	104,041	1	38,829	-	55,255	-
2150	Notes payable (Note 17)	52	-	166	-	85	-
2170	Accounts payable (Note 17)	199,779	2	182,583	2	145,831	1
2180	Accounts payable — Related parties (Note 17 and 27)	113,171	1	111,311	1	107,171	1
2216	Dividends payable	402,307	4	-	-	331,646	3
2219	Other payables (Note 18)	246,665	2	299,198	3	287,213	3
2230	Current income tax liabilities	89,415	1	65,963	1	64,523	1
2280	Lease liabilities - current (Note 14)	5,620	-	5,042	-	4,947	-
2365	Refund liabilities - current	77,203	-	51,671	-	96,012	1
2399	Other current liabilities (Note 19)	6,946	-	6,993	-	6,599	-
21XX	Total current liabilities	<u>1,336,351</u>	<u>12</u>	<u>818,455</u>	<u>8</u>	<u>1,164,141</u>	<u>11</u>
	Non-current liabilities						
2550	Provision for liabilities (Note 19)	8,030	-	7,757	-	8,068	-
2570	Deferred income tax liabilities	55,027	-	53,642	-	64,429	1
2580	Lease liabilities - non-current (Note 14)	4,648	-	6,079	-	7,771	-
2640	Net defined benefit liability (Note 4)	35	-	6,720	-	34	-
2645	Deposits received	515	-	515	-	515	-
25XX	Total non-current liabilities	<u>68,255</u>	<u>-</u>	<u>74,713</u>	<u>-</u>	<u>80,817</u>	<u>1</u>
2XXX	Total liabilities	<u>1,404,606</u>	<u>12</u>	<u>893,168</u>	<u>8</u>	<u>1,244,958</u>	<u>12</u>
	Equity attributable to the owners of the Company (Note 21)						
3110	Ordinary share capital	3,211,800	28	3,211,800	29	3,211,800	29
3200	Capital reserves	1,557,364	14	1,557,364	14	1,557,364	14
	Retained earnings						
3310	Legal reserve	1,902,403	17	1,846,723	17	1,846,723	17
3320	Special reserve	7,023	-	14,536	-	14,536	-
3350	Unappropriated retained earnings	3,191,787	28	3,329,355	31	2,999,597	27
3300	Total retained earnings	<u>5,101,213</u>	<u>45</u>	<u>5,190,614</u>	<u>48</u>	<u>4,860,856</u>	<u>44</u>
3400	Other equity	3,543	-	(7,025)	-	(21,003)	-
31XX	Total equity attributable to the owners of the Company	<u>9,873,920</u>	<u>87</u>	<u>9,952,753</u>	<u>91</u>	<u>9,609,017</u>	<u>87</u>
36XX	Non-controlling interest	<u>66,518</u>	<u>1</u>	<u>63,870</u>	<u>1</u>	<u>59,499</u>	<u>1</u>
3XXX	Total equity	<u>9,940,438</u>	<u>88</u>	<u>10,016,623</u>	<u>92</u>	<u>9,668,516</u>	<u>88</u>
	Total liabilities and equity	<u>\$ 11,345,044</u>	<u>100</u>	<u>\$ 10,909,791</u>	<u>100</u>	<u>\$ 10,913,474</u>	<u>100</u>

The notes to the consolidated financial statements are part of the consolidated financial statements.
(Please refer to the review report from Deloitte & Touche issued on August 9, 2024)

Chairperson: Koichi Tarumiya

Manager: HONG, SHI-CHIANG

Accounting Manager: KUO, PEI-YU

Sheng Yu Steel Co., Ltd. and Its Subsidiaries
Consolidated Statement of Comprehensive Income
April 1 to June 30, 2024 and 2023
and January 1 to June 30, 2024 and 2023

Unit: NT\$ thousands

Except the earnings per share are in NT\$

Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
4100	Operating revenue (Note 22)	\$ 3,308,011	100	\$ 2,938,606	100	\$ 6,610,753	100	\$ 5,810,596	100
5110	Operating cost (Note 10, 20, 23 and 27)	2,993,538	90	2,683,189	91	5,959,474	90	5,223,913	90
5900	Gross profit	314,473	10	255,417	9	651,279	10	586,683	10
	Operating expenses (Notes 20, 23 and 27)								
6100	Promotion expense	73,323	2	98,902	3	167,858	3	145,051	2
6200	Administration expense	57,728	2	67,028	2	116,653	2	127,907	2
6300	R&D expenses	21,068	1	24,676	1	41,100	-	44,203	1
6000	Total operating expenses	152,119	5	190,606	6	325,611	5	317,161	5
6900	Operating profit	162,354	5	64,811	3	325,668	5	269,522	5
	Non-operating revenue/expense (Note 12 and 23)								
7100	Interest income	20,332	-	16,576	-	39,476	-	30,398	-
7010	Other income	180	-	-	-	180	-	183	-
7020	Other gains and losses	21,828	1	12,609	-	46,560	1	8,881	-
7050	Interest expense	(692)	-	(796)	-	(1,170)	-	(2,151)	-
7060	Shares of the profit and loss of the affiliates and joint ventures recognized using the equity method	(9,802)	-	(5,299)	-	(17,962)	-	(14,832)	-
7000	Total non-operating revenue/expense	31,846	1	23,090	-	67,084	1	22,479	-
7900	Net profit before tax	194,200	6	87,901	3	392,752	6	292,001	5
7950	Income tax expense (Note 4 and 24)	37,607	1	22,338	1	78,952	1	65,596	1
8200	Net income	156,593	5	65,563	2	313,800	5	226,405	4
	Income tax expense (Note 21)								
8310	Components of other comprehensive income that will not be reclassified to profit or loss								
8316	Unrealized gains (losses) from investments in equity instruments measured at FVTOCI	-	-	1,160	-	-	-	534	-
8360	Components of other comprehensive income that will be reclassified to profit or loss								
8361	Exchange difference on translation of the financial statements of foreign operations	3,447	-	(8,625)	-	12,322	-	(5,814)	-
8300	Other comprehensive income in the term (net value after tax)	3,447	-	(7,465)	-	12,322	-	(5,280)	-
8500	Total comprehensive income in the fiscal year	\$ 160,040	5	\$ 58,098	2	\$ 326,122	5	\$ 221,125	4

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Code		April 1 to June 30, 2024		April 1 to June 30, 2023		January 1 to June 30, 2024		January 1 to June 30, 2023	
		Amount	%	Amount	%	Amount	%	Amount	%
	Net income attributable to:								
8610	The owners of the Company	\$ 155,273		\$ 66,749		\$ 312,074		\$ 227,044	
8620	Non-controlling interest	<u>1,320</u>		<u>(1,186)</u>		<u>1,726</u>		<u>(639)</u>	
8600		<u>\$ 156,593</u>		<u>\$ 65,563</u>		<u>\$ 313,800</u>		<u>\$ 226,405</u>	
	The total comprehensive income attributable to								
8710	The owners of the Company	\$ 158,418		\$ 58,664		\$ 322,642		\$ 220,578	
8720	Non-controlling interest	<u>1,622</u>		<u>(566)</u>		<u>3,480</u>		<u>547</u>	
8700		<u>\$ 160,040</u>		<u>\$ 58,098</u>		<u>\$ 326,122</u>		<u>\$ 221,125</u>	
	Earnings per share (Note 25)								
9710	Basic earnings	\$ 0.48		\$ 0.21		\$ 0.97		\$ 0.71	
9810	Diluted earnings	0.48		0.21		0.97		0.71	

The notes to the consolidated financial statements are part of the consolidated financial statements.

(Please refer to the review report from Deloitte & Touche issued on August 9, 2024)

Chairperson: Koichi Tarumiya Manager: HONG, SHI-CHIANG Accounting Manager: KUO, PEI-YU

Sheng Yu Steel Co., Ltd. and Its Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to June 30, 2024 and 2022

Unit: NT\$ thousands

		Equity Attributable to the Owners of the Company											
		Equity attributable to owners of the company						Other equity items					
		Ordinary share capital	Capital reserves	Retained earnings			Subtotal	Exchange difference on translation of the financial statements of foreign operations	Unrealized gains or losses of the financial assets measured at FVTOCI	Subtotal	Total	Non-controlling interest	Total equity
Code				Legal reserve	Special reserve	Unappropriated retained earnings							
A1	Balance as of January 1, 2024	\$ 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
	Appropriation and distribution of 2023 earnings (Note 21)												
B1	Appropriation of Legal reserve	-	-	55,680	-	(55,680)	-	-	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	(7,513)	7,513	-	-	-	-	-	-	-
B5	Cash dividends paid to shareholders	-	-	-	-	(401,475)	(401,475)	-	-	-	(401,475)	-	(401,475)
		-	-	55,680	(7,513)	(449,642)	(401,475)	-	-	-	(401,475)	-	(401,475)
D1	Net income for the six months ended June 30, 2024	-	-	-	-	312,074	312,074	-	-	-	312,074	1,726	313,800
D3	Other comprehensive income after tax for the six months ended June 30, 2024	-	-	-	-	-	-	10,568	-	10,568	10,568	1,754	12,322
D5	Total comprehensive income for the six months ended June 30, 2024	-	-	-	-	312,074	312,074	10,568	-	10,568	322,642	3,480	326,122
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(832)	(832)
Z1	Balance as of June 30, 2024	\$ 3,211,800	\$ 1,557,364	\$ 1,902,403	\$ 7,023	\$ 3,191,787	\$ 5,101,213	\$ 3,543	\$ -	\$ 3,543	\$ 9,873,920	\$ 66,518	\$ 9,940,438
A1	Balance as of January 1, 2023	\$ 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 and distribution of 2022 earnings (Note 21)												
B1	Appropriation of Legal reserve	-	-	62,684	-	(62,684)	-	-	-	-	-	-	-
B3	Reversal of special reserve	-	-	-	(8,298)	8,298	-	-	-	-	-	-	-
B5	Cash dividends paid to shareholders	-	-	-	-	(330,815)	(330,815)	-	-	-	(330,815)	-	(330,815)
		-	-	62,684	(8,298)	(385,201)	(330,815)	-	-	-	(330,815)	-	(330,815)
D1	Net income for the six months ended June 30, 2023	-	-	-	-	227,044	227,044				227,044	(639)	226,405
D3	Other comprehensive income after tax for the six months ended June 30, 2023	-	-	-	-	-	-	(7,000)	534	(6,466)	(6,466)	1,186	(5,280)
D5	Total comprehensive income for the six months ended June 30, 2023	-	-	-	-	227,044	227,044	(7,000)	534	(6,466)	220,578	547	221,125
O1	Changes in non-controlling interests	-	-	-	-	-	-	-	-	-	-	(831)	(831)
Z1	Balance as of June 30, 2023	\$ 3,211,800	\$ 1,557,364	\$ 1,846,723	\$ 14,536	\$ 2,999,597	\$ 4,860,856	(\$ 9,158)	(\$ 11,845)	(\$ 21,003)	\$ 9,609,017	\$ 59,499	\$ 9,668,516

The notes to the consolidated financial statements are part of the consolidated financial statements.

(Please refer to the review report from Deloitte & Touche issued on August 9, 2024)

Chairperson: Koichi Tarumiya

Manager: HONG, SHI-CHIANG

Accounting Manager: KUO, PEI-YU

Sheng Yu Steel Co., Ltd. and Its Subsidiaries

Consolidated Statement of Cash Flows

January 1 to June 30, 2024 and 2023

Unit: NT\$ thousands

Code		January 1 to June 30, 2024	January 1 to June 30, 2023
	Cash flow from operating activities		
A00010	Net profit before tax	\$ 392,752	\$ 292,001
A20010	Adjustments to reconcile profit (loss)		
A20100	Depreciation expense	139,457	129,437
A20200	Amortization expense	2,326	1,843
A20900	Interest expense	1,170	2,151
A21200	Interest income	(39,476)	(30,398)
A22300	Shares of the profit and loss of the affiliates and joint ventures recognized using the equity method	17,962	14,832
A22500	Net loss on the disposal of property, plant and equipment	2,197	3,950
A23100	Loss on disposal of investments	-	5,250
A23700	Impairment of non-financial assets	8,563	12,514
A29900	Loss on idle capacity	7,355	34,725
A29900	Recognition of provisions	208	663
A30000	Net changes in operating assets and liabilities		
A31125	Contract assets	2,513	32,092
A31130	Notes receivable	(16,692)	11,149
A31150	Accounts receivable	(822,686)	(110,944)
A31180	Other receivables	7,464	(38,103)
A31200	Inventory	(202,798)	(5,462)
A31230	Accounts prepaid	9,207	16,685
A31240	Other current assets	(14,083)	(2,811)
A32125	Contract liabilities	65,212	28,906
A32130	Notes payable	(114)	(98)
A32150	Accounts payable	17,196	(19,928)
A32160	Accounts payable - related parties	1,860	31,588
A32180	Other payables	(56,923)	835
A32200	Provision for liabilities	(15)	(4,297)
A32230	Other current liabilities	33	(86)
A32240	Net defined benefit liability	(13,012)	(3,629)
A32990	Refund liabilities	25,532	52,671
A33000	Cash from operating activities	(464,792)	455,536

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Code		January 1 to June 30, 2024	January 1 to June 30, 2023
A33100	Interest received	\$ 37,660	\$ 28,138
A33300	Interest paid	(1,342)	(2,151)
A33500	Income tax paid	(61,530)	(4,542)
AAAA	Net cash inflow (outflow) from operating activities	(490,004)	476,981
	Cash flow from investing activities		
B02300	Disposal of subsidiary	-	43,301
B02700	Purchase of property, plant and equipment	(191,757)	(102,466)
B03700	Increase in refundable deposits	(73)	(60)
B04500	Acquisition of intangible assets	(5,587)	(803)
B05400	Acquisition of investment property	(10,721)	-
B06500	Increase in other financial assets	(314,192)	(170,894)
B06800	Decrease (increase) in other non-current assets	(63)	346
BBBB	Net cash outflow from investing activities	(522,393)	(230,576)
	Cash flow from financing activities		
C00100	Increase in short-term loans	99,062	123,975
C00200	Decrease in short-term loans	(67,768)	(201,617)
C04020	Repayment of lease principal	(2,737)	(2,596)
CCCC	Net cash generated by (used in) financing activities	28,557	(80,238)
DDDD	Effect of the changes in exchange rate on cash and cash equivalents	(2,192)	(47,480)
EEEE	Net increase (decrease) in cash and cash equivalents	(986,032)	118,687
E00100	Beginning balance of cash and cash equivalents	4,382,183	3,848,302
E00200	Ending balance of cash and cash equivalents	\$ 3,396,151	\$ 3,966,989

The notes to the consolidated financial statements are part of the consolidated financial statements.

(Please refer to the review report from Deloitte & Touche issued on August 9, 2024)

Chairperson:
Koichi Tarumiya

Manager:
HONG, SHI-CHIANG

Accounting Manager:
KUO, PEI-YU

Sheng Yu Steel Co., Ltd. and Its Subsidiaries
Notes to the Consolidated Financial Statements

January 1 to June 30, 2024 and 2023

(Unless otherwise specified, the basic unit for any amount shall be NT\$ thousands)

1. Company history

Sheng Yu Steel Co., Ltd. (hereinafter referred to as the Company) was established in May 1973 and is principally engaged in the manufacture, processing and sale of cold rolled, galvanized and baked steel coils.

As of June 30, 2024, 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 and traded on the Taiwan Stock Exchange since January 1997.

The consolidated financial reports were expressed with the functional currency, New Taiwan Dollar, adopted by the Company.

2. Date and procedure for the adoption of the financial statements

The consolidated financial statements were approved by the Company's board of directors and authorized for issue on August 9, 2024.

3. Application of newly issued and revised standards and interpretations

- (1) First-time application of International Financial Reporting Standards ("IFRS"), International Accounting Standards ("IAS"), International Financial Reporting Interpretations Committee ("IFRIC") and Standing Interpretations Committee ("SIC") (hereinafter referred to as "IFRSs") endorsed and issued to be effective by the Financial Supervisory Commission ("FSC").

The application of amended IFRSs endorsed and issued to be effective by the FSC will not cause any material change to the accounting policies of the Company and its subsidiaries.

- (2) The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

Newly issued/amended/revised standards and interpretations	Effective date announced by IASB
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note)

Note: It is applicable for the reporting periods beginning on or after January 1, 2025. When first applying these amendments, comparative periods should not be restated, and the effects should be recognized in retained earnings or exchange difference on translation of the financial statements of foreign operations recognized under the category of equity as of the date of initial application, as appropriate, along with the related affected assets and liabilities.

(3) IFRSs Announced by IASB but Not Yet Endorsed and Issued into Effect by FSC

<u>Newly issued/amended/revised standards and interpretations</u>	<u>Effective date announced by IASB (Note)</u>
“Annual Improvements to IFRS Accounting Standards -- Volume 11”	January 1, 2026
Amendments to IFRS 9 and IFRS 7 "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined.
IFRS 17 “Insurance Contracts”	January 1, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information” IFRS 9	January 1, 2023
IFRS 18 “Presentation and Disclosure in Financial Statements”	January 1, 2027
IFRS 19 “Subsidiaries without Public Accountability: Disclosures”	January 1, 2027

Note: Unless otherwise specified, the above newly issued/amended/revised standards or interpretations are effective for annual reporting periods beginning after the respective dates.

IFRS 18 “Presentation and Disclosure in Financial Statements”

IFRS 18 will replace IAS 1 "Presentation of Financial Statements". The main changes include:

- The items of income and expenses should be classified into operating, investing, financing, income tax, and discontinued operations categories on the income statement.
- The operating profit, financing and income tax before profit or loss, and subtotals and totals of profit or loss should be reported on the income

statement.

- Guidance should be provided to enhance aggregation and disaggregation requirements: The Company and its subsidiaries should identify assets, liabilities, equity, income, expenses, and cash flows arising from individual transactions or other events and classify and aggregate them based on shared characteristics so that each line item reported in the primary financial statements has at least one similar characteristic. Items with different characteristics should be disaggregated in the primary financial statements and notes. The Company and its subsidiaries should label these items as "other" only when no more informative label is available.

Increased disclosure of management-defined performance measures: When the Company and its subsidiaries engage in public communications outside of the financial statements and communicate with users of the financial statements about management's views on a particular aspect of the Company's and its subsidiaries' overall financial performance, the Company and its subsidiaries should disclose information about management-defined performance measures in a single note in the financial statements, including a description of the measure, how it is calculated, a reconciliation to subtotals or totals specified by IFRS accounting standards, and the effects of income tax and non-controlling interests on related adjustment items.

In addition to the above effects, the Company and its subsidiaries are continuing to evaluate the impact of the amendments to other standards and interpretations on the financial position and financial performance as of the date of approval by the board of directors of the consolidated financial statements, and the related effects will be disclosed when the evaluation is completed.

4. Summary and explanation of material accounting policies

(1) Compliance statement

This consolidated financial statement is prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission. This consolidated financial statement does not include all disclosed information of IFRS accounting statements required for the entire annual consolidated financial statement.

(2) Basis of consolidation

See Note 11 and Schedules 3 and 4 for the breakdown, shareholding ratio and operating items of subsidiaries.

(3) Other significant accounting policies

Except as described below, please refer to the summary and explanation of material accounting policies in the consolidated financial statements for fiscal 2023.

1. Standards for Distinguishing Current and Non-Current Assets and Liabilities

Current Assets include:

- (1) Assets held primarily for trading purposes; and
- (2) Assets expected to be realized within 12 months after the balance sheet date; and
- (3) Cash and cash equivalents (excluding those restricted for exchange or settlement of liabilities beyond 12 months after the balance sheet date).

Current Liabilities include:

- (1) Liabilities held primarily for trading purposes; and
- (2) Liabilities due to be settled within 12 months after the balance sheet date; and
- (3) Liabilities for which the Company does not have the substantive right to defer settlement beyond 12 months after the balance sheet date.

Assets and liabilities that do not fall into the above current categories are classified as non-current.

For subsidiaries involved in construction projects with operating cycles longer than one year, the assets and liabilities related to construction should be classified as current or non-current based on the normal operating cycle.

2. Defined post-employment benefits

Pension cost for the interim period is calculated using the actuarially determined pension cost rate as of the prior year-end, based on the beginning of the year to the end of the period, adjusted for significant market fluctuations and significant plan amendments, liquidations or other significant one-time events during the current period.

3. Income tax expense

Income tax expense is the sum of current income taxes and deferred income taxes. Income taxes for the interim periods are assessed on an annual basis, and the pre-tax income for the period is calculated using the tax rate applicable to the expected total annual earnings.

5. Primary sources of uncertainty in major accounting judgments, estimates, and assumptions

The primary sources of uncertainty in significant accounting judgments, estimates and assumptions used in the consolidated financial statements are the same as those used in the fiscal 2023 consolidated financial statements.

6. Cash and cash equivalents

	June 30, 2024	December 31, 2023	June 30, 2023
Cash on hand and working capital	\$ 1,511	\$ 1,255	\$ 1,443
Checks and demand deposits	142,346	167,087	133,654
Cash equivalents (Investments with original maturity of less than 3 months)			
Fixed deposits	262,400	213,720	211,140
Repurchase	2,989,894	4,000,121	3,620,752
	<u>\$ 3,396,151</u>	<u>\$ 4,382,183</u>	<u>\$ 3,966,989</u>

7. Financial assets measured at fair value through other comprehensive income - non-current

	June 30, 2024	December 31, 2023	June 30, 2023
<u>Investments in equity instruments</u>			
Foreign unlisted (non-OTC) common stock			
United Steel International Development Corp.	\$ -	\$ -	\$ 15,644

United Steel International Development Corp. The Company and subsidiaries invest in the above equity instruments for medium- to long-term strategic purposes and expect to earn profits through long-term investments. The management of the Company and subsidiaries believes that it would be inconsistent with the aforementioned long-term investment plan to include short-term fair value fluctuations of these investments in profit or loss, and therefore has elected to designate these investments as measured at fair value through other comprehensive income.

8. Other financial assets

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Current</u>			
Bank time deposits with original maturity of more than 3 months	\$ 1,038,140	\$ 728,851	\$ 797,990
Pledged time deposit	26,516	20,247	17,969
Project security deposit	857	2,223	1,817
	<u>\$ 1,065,513</u>	<u>\$ 751,321</u>	<u>\$ 817,776</u>
<u>Non-current</u>			
Pledged time deposit	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>

The above assets are subject to restrictions and pledged as described in Note 28.

9. Notes receivable, accounts receivable and other receivables

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Notes receivable			
Occurred as a result of business operation	<u>\$ 18,402</u>	<u>\$ 1,710</u>	<u>\$ 1,668</u>
Accounts receivable			
Occurred as a result of business operation	\$ 1,613,345	\$ 780,389	\$ 817,825
Minus: allowance for loss	<u>9,801</u>	<u>9,330</u>	<u>9,291</u>
	<u>\$ 1,603,544</u>	<u>\$ 771,059</u>	<u>\$ 808,534</u>

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
Other receivables			
Business tax refund	\$ 703	\$ 7,809	\$ 9,931
Interest income	9,310	7,494	5,859
Purchase performance discount	14,949	15,849	30,393
Others	<u>3,065</u>	<u>2,523</u>	<u>2,192</u>
	<u>\$ 28,027</u>	<u>\$ 33,675</u>	<u>\$ 48,375</u>

Receivables measured at amortized cost

Notes receivable, accounts receivable and other receivables are measured at amortized cost. The related credit and credit management policies are described in Note 26.

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The Company and its subsidiaries recognize an allowance for losses on receivables based on the expected credit losses during the period of continuation. The expected credit losses for the duration of the period are calculated using an allowance matrix, which takes into account the customer's past default history and current financial position. Since the Company and its subsidiaries' credit loss history shows that there is no significant difference in loss patterns among different customer groups, the allowance matrix does not further differentiate between customer groups and only uses the number of days past due to determine the expected credit loss rate.

The Company and its subsidiaries measured the allowance for losses on receivables based on the allowance matrix as follows:

June 30, 2024

	Not overdue	1 to 30 days past due	31 to 90 days past due	Over 90 days past due	Subtotal
Total carrying amount	\$ 859,683	\$ 771,791	\$ 273	\$ -	\$ 1,631,747
Allowance for loss	-	-	-	(9,801)	(9,801)
Amortized cost	<u>\$ 859,683</u>	<u>\$ 771,791</u>	<u>\$ 273</u>	<u>(\$ 9,801)</u>	<u>\$ 1,621,946</u>

December 31, 2023

	Not overdue	1 to 30 days past due	31 to 90 days past due	Over 90 days past due	Subtotal
Total carrying amount	\$ 755,518	\$ 17,251	\$ -	\$ 9,330	\$ 782,099
Allowance for loss	-	-	-	(9,330)	(9,330)
Amortized cost	<u>\$ 755,518</u>	<u>\$ 17,251</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 772,769</u>

June 30, 2023

	Not overdue	1 to 30 days past due	31 to 90 days past due	Over 90 days past due	Subtotal
Total carrying amount	\$ 793,607	\$ 16,595	\$ -	\$ 9,291	\$ 819,493
Allowance for loss	-	-	-	(9,291)	(9,291)
Amortized cost	<u>\$ 793,607</u>	<u>\$ 16,595</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 810,202</u>

The changes of loss allowance in the accounts receivable are as follows:

	January 1 to June 30, 2024	January 1 to June 30, 2023
Beginning balance	\$ 9,330	\$ 9,506
Foreign exchange difference	471	(215)
Ending balance	<u>\$ 9,801</u>	<u>\$ 9,291</u>

10. Inventory

	June 30, 2024	December 31, 2023	June 30, 2023
Finished goods	\$ 730,114	\$ 664,814	\$ 537,354
Work in process	182,218	130,374	141,765
Raw material	1,043,789	979,511	1,264,071
Material	37,026	33,485	33,363
Others	17,544	15,644	18,330
	<u>\$ 2,010,691</u>	<u>\$ 1,823,828</u>	<u>\$ 1,994,883</u>

Operating costs related to inventories consist of the following items:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Loss on falling prices of inventory	<u>\$ 3,104</u>	<u>\$ 61,451</u>	<u>\$ 8,563</u>	<u>\$ 12,514</u>
Loss on idle capacity	<u>\$ 3,477</u>	<u>\$ 22,278</u>	<u>\$ 7,355</u>	<u>\$ 34,725</u>

11. Subsidiaries

The consolidated financial statements were prepared based on the information of the following companies:

Name of the Investment Company	Name of Subsidiary	Business nature	Shareholding percentage			Note
			June 30, 2024	December 31, 2023	June 30, 2023	
Sheng Yu Steel Co., Ltd.	Yodoko International Ltd.	Steel processing and contracting	78	78	78	
	Sheng-Shing Worldwide Corp.	Galvanized steel coil cutting and processing	54	54	54	
Yodoko International Ltd.	Yodoko International (HK) Ltd.	General investment business	100	100	100	
Sheng-Shing Worldwide Corp.	Dongguan Shengxin Hardware Products Co., Ltd. (Dongguan Shengxin)	Galvanized steel coil cutting and processing	-	-	-	Note
	Dongguan Shengyu Trading Co., Ltd. (Dongguan Shengyu)	Wholesale, import and export of hardware and steel products	100	100	100	

Note: 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, and completed the liquidation and remitted the remaining share proceeds in May.

12. Investments accounted for using the equity method

Investments in affiliates

	June 30, 2024	December 31, 2023	June 30, 2023
Yodogawa-Shengyu (Hefei) High-Tech Steel Co., Ltd.	<u>\$ 264,545</u>	<u>\$ 274,643</u>	<u>\$ 291,121</u>
	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024
Shares of the Company and subsidiaries			January 1 to June 30, 2023
Net loss for the period	(\$ 9,802)	(\$ 5,299)	(\$ 17,962)
Other comprehensive income or loss	-	-	-
Total comprehensive income or loss	<u>(\$ 9,802)</u>	<u>(\$ 5,299)</u>	<u>(\$ 17,962)</u>
			<u>(\$ 14,832)</u>

The investments accounted for using the equity method and the shares of profit and other comprehensive income that the Company and its subsidiaries own from these investments mentioned above are recognized according to the financial statements, which have not been reviewed by CPAs.

13. Property, plant and equipment

January 1 to June 30, 2024

	Land	Building and construction	Machinery equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be tested	Subtotal
Cost							
Balance as of January 1, 2024	\$ 491,938	\$ 1,973,468	\$ 9,745,728	\$ 52,740	\$ 403,675	\$ 126,367	\$ 12,793,916
Addition	-	15,250	92,313	1,776	5,103	56,600	171,042
Disposal	-	(8,000)	(73,207)	-	(2,435)	-	(83,642)
Net exchange difference	-	-	-	107	8	-	115
Balance as of June 30, 2024	<u>491,938</u>	<u>1,980,718</u>	<u>9,764,834</u>	<u>54,623</u>	<u>406,351</u>	<u>182,967</u>	<u>12,881,431</u>
Accumulated depreciation							
Balance as of January 1, 2024	-	1,735,434	8,558,190	37,803	282,935	-	10,614,362
Depreciation expense	-	17,965	107,192	1,922	8,819	-	135,898
Disposal	-	(7,787)	(71,561)	-	(2,097)	-	(81,445)
Net exchange difference	-	-	-	80	8	-	88
Balance as of June 30, 2024	-	<u>1,745,612</u>	<u>8,593,821</u>	<u>39,805</u>	<u>289,665</u>	-	<u>10,668,903</u>
Net balance as of 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>
Net balance as of June 30, 2024	<u>\$ 491,938</u>	<u>\$ 235,106</u>	<u>\$ 1,171,013</u>	<u>\$ 14,818</u>	<u>\$ 116,686</u>	<u>\$ 182,967</u>	<u>\$ 2,212,528</u>

January 1 to June 30, 2023

	Land	Building and construction	Machinery equipment	Transportation equipment	Other equipment	Construction in progress and equipment to be tested	Subtotal
<u>Cost</u>							
Balance as of January 1, 2023	\$ 491,938	\$ 1,966,895	\$ 9,776,814	\$ 42,473	\$ 337,873	\$ 189,787	\$ 12,805,780
Addition	-	-	119,341	-	67,015	(106,594)	79,762
Disposal	-	-	(129,726)	-	(2,644)	-	(132,370)
Net exchange difference	-	-	-	(49)	(3)	-	(52)
Balance as of June 30, 2023	<u>491,938</u>	<u>1,966,895</u>	<u>9,766,429</u>	<u>42,424</u>	<u>402,241</u>	<u>83,193</u>	<u>12,753,120</u>
<u>Accumulated depreciation</u>							
Balance as of January 1, 2023	-	1,703,822	8,491,128	36,651	269,310	-	10,500,911
Depreciation expense	-	18,166	99,732	689	7,851	-	126,438
Disposal	-	-	(126,184)	-	(2,236)	-	(128,420)
Net exchange difference	-	-	-	(29)	(3)	-	(32)
Balance as of June 30, 2023	-	<u>1,721,988</u>	<u>8,464,676</u>	<u>37,311</u>	<u>274,922</u>	-	<u>10,498,897</u>
Net balance as of June 30, 2023	<u>\$ 491,938</u>	<u>\$ 244,907</u>	<u>\$ 1,301,753</u>	<u>\$ 5,113</u>	<u>\$ 127,319</u>	<u>\$ 83,193</u>	<u>\$ 2,254,223</u>

The property, plant and equipment of the Company and its subsidiaries are depreciated on a straight-line basis over the following useful lives:

Building and construction	
Office	20~60 years
Plant	5~60 years
Building improvements	5~60 years
Auxiliary equipment	5~60 years
Machinery equipment	
Main equipment	10~37 years
Auxiliary equipment	3~40 years
Transportation equipment	5~17 years
Other equipment	
Main equipment	2~26 years

14. Lease agreement

(1) Right-of-use assets

	June 30, 2024	December 31, 2023	June 30, 2023
Carrying amount of right-of-use assets			
Land	\$ 455	\$ 487	\$ -
Building and construction	1,747	-	-
Transportation equipment	<u>8,609</u>	<u>11,157</u>	<u>12,704</u>
	<u>\$ 10,811</u>	<u>\$ 11,644</u>	<u>\$ 12,704</u>

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Additions of right-of-use assets			<u>\$ 1,884</u>	<u>\$ -</u>
Depreciation expense of right-of-use assets				
Land	\$ 16	\$ -	\$ 32	\$ -
Building and construction	137	51	137	128
Transportation equipment	<u>1,274</u>	<u>1,238</u>	<u>2,548</u>	<u>2,476</u>
	<u>\$ 1,427</u>	<u>\$ 1,289</u>	<u>\$ 2,717</u>	<u>\$ 2,604</u>

Other than the above mentioned additions and recognized depreciation expenses, the Company and Its Subsidiaries' right-of-use assets did not undergo significant sublease or impairment from January 1 to June 30, 2024 and 2023.

(2) Lease liabilities

	June 30, 2024	December 31, 2023	June 30, 2023
Lease liabilities Carrying amount			
Current	<u>\$ 5,620</u>	<u>\$ 5,042</u>	<u>\$ 4,947</u>
Non-current	<u>\$ 4,648</u>	<u>\$ 6,079</u>	<u>\$ 7,771</u>

The discount rate range for the Lease liabilities (%) is as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Land	-	-	-
Building and construction	1.812	-	-
Transportation equipment	0.86~0.874	0.86~0.874	0.86~0.874

(3) Other leasing information

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term and low-value asset lease payments	<u>\$ 544</u>	<u>\$ 631</u>	<u>\$ 1,208</u>	<u>\$ 1,161</u>
Total amount of cash outflow from lease			<u>\$ 3,994</u>	<u>\$ 3,819</u>

Subsidiaries as Lessors

Subsidiaries lease machinery equipment to non-related parties under

operating leases. From January 1 to June 30, 2023, the rental income was NT\$183 thousand.

The Company and Its Subsidiaries as Lessees

When the Company and its subsidiaries act as lessees, they choose to apply recognition exemptions for certain other equipment leases that qualify as low-value assets, and do not recognize related right-of-use assets and lease liabilities for these leases.

15. Investment property

The investment properties are located in Fangliao Township and Jiadong Township, Pingtung County, and are held for sale or lease. Aside from the recognition of depreciation expenses and the addition of NT\$10,720 thousand in investment properties for the Pingnan plant from January 1 to June 30, 2024, there was no significant change in investment properties from January 1 to June 30, 2023 and 2024.

The depreciation for the Company and its subsidiaries' investment properties is calculated on a straight-line basis over the following useful lives:

Building and construction

Administration and engineering center	32~47 years
Main plant	10~17 years
Electrical and power equipment	3~14 years

The fair value of the Company's and its subsidiaries' investment properties as of June 30, 2024 and December 31, 2023 and June 30, 2023, was NT\$1,584,362 thousand, NT\$1,584,362 thousand, and NT\$1,289,676 thousand, respectively. These fair values are based on independent appraisals conducted by independent appraisers in December 2023 and 2021, which were based on market evidence of similar property transactions. The Company and its subsidiaries believe that the fair values of these investment properties will not significantly fluctuate within two years after the appraisal, and thus conduct appraisals every two years.

16. Short-term loans

	June 30, 2024	December 31, 2023	June 30, 2023
Guaranteed loans (Note 28)			
Bank loans	\$ 89,106	\$ 54,751	\$ 62,920
Unsecured borrowings			
Non-related party loans	2,046	1,948	1,939
	<u>\$ 91,152</u>	<u>\$ 56,699</u>	<u>\$ 64,859</u>

Interest rate

Secured loans (%)	3.80~3.85	3.80~3.85	3.80~4.05
Unsecured loans (%)	3.00	3.75	3.75

Due to short-term capital needs, Dongguan Shengyu Trading Co., Ltd. obtained financing loans from non-related parties. The loan balances as of June 30, 2024, December 31, 2023 and June 30, 2023, were NT\$2,046 thousand, NT\$1,948 thousand and NT\$1,939 thousand, respectively (all amounts are RMB 450 thousand).

17. Notes payable and Accounts payable

The credit period for raw materials is within three months, except for steel coils which are on credit and zinc and aluminum ingots which are on prepayment basis. The Company and its subsidiaries have a financial risk management policy to ensure that all payables are repaid within the prearranged credit period and therefore no interest is accrued.

18. Other payables

	June 30, 2024	December 31, 2023	June 30, 2023
Year-end bonuses	\$ 59,822	\$ 127,026	\$ 54,822
Compensated absences	42,731	42,372	42,891
Electricity	30,138	22,075	21,943
Salaries	18,916	18,466	18,718
Purchases of equipment	13,046	8,484	5,710
Tariffs and dumping duties	10,532	-	28,823
Maintenance	8,947	35,962	14,166
Employee and director/supervisor compensation	8,284	14,050	6,319
Preferential pension (Note 20)	-	-	39,196
Business taxes	-	1,331	5,549
Others	54,249	29,432	49,076
	<u>\$ 246,665</u>	<u>\$ 299,198</u>	<u>\$ 287,213</u>

19. Provision for liabilities

The Company and its subsidiaries provide provision for liabilities based on the warranty expenses expected to be incurred during the warranty period after the completion of the contracted work. The estimate is based on historical warranty experience and is presented as follows based on the liquidity of the warranty expiration date:

	June 30, 2024	December 31, 2023	June 30, 2023
Provision for liabilities			
Current (Included in other current liabilities)	\$ 2,701	\$ 2,781	\$ 2,536

Non-current	<u>8,030</u>	<u>7,757</u>	<u>8,068</u>
	<u>\$ 10,731</u>	<u>\$ 10,538</u>	<u>\$ 10,604</u>

	January 1 to June 30, 2024	January 1 to June 30, 2023
Beginning balance	\$ 10,538	\$ 14,238
Additional provisions recognized	208	663
Write-off in the period	(<u>15</u>)	(<u>4,297</u>)
Ending balance	<u>\$ 10,731</u>	<u>\$ 10,604</u>

20. Post-employment benefit plans

The pension expenses related to the defined benefit plan recognized from April 1 to June 30 in 2024 and 2023 and from January 1 to June 30 in 2024 and 2023 are actuarially calculated based on the pension cost rate as of December 31, 2023 and 2022. 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.

21. Equity

(1) Common stock capital

Number of shares (thousand shares)	<u>450,000</u>
Authorized share capital (face value: NT\$10/share)	<u>\$4,500,000</u>
Number of issued and fully paid shares (thousand shares)	<u>321,180</u>
Share capital of issued shares	<u>\$3,211,800</u>

(2) Capital reserves

	June 30, 2024	December 31, 2023	June 30, 2023
May be used to make good losses, to make cash payments or to increase capital			
Share issue premium	\$ 870,000	\$ 870,000	\$ 870,000
May only be used to cover losses			
Share of capital reserve of affiliated companies recognized under the equity method	<u>687,364</u>	<u>687,364</u>	<u>687,364</u>
	<u>\$ 1,557,364</u>	<u>\$ 1,557,364</u>	<u>\$ 1,557,364</u>

The excess of capital surplus over the par value of shares issued may be used to offset losses or, if the Company has no losses, to pay cash dividends or to capitalize capital, provided that the capitalization is limited to a certain percentage of the paid-in capital each year.

(3) 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. The payment of dividends shall be made in the form of cash dividends of not less than 90% of the total dividends paid. The Company authorizes the board of directors to resolve to distribute all or part of the dividends and bonuses, capital surplus and legal reserve in the form of cash and report to the shareholders' meeting, which is not subject to the above shareholders' meeting resolution.

The legal reserve may be used to offset a deficit. If the Company has no deficit, the excess of the legal reserve over 25% of the paid-in capital may be distributed to shareholders in cash, in addition to being appropriated to capital.

The appropriations of the Company's earnings for fiscal 2023 and 2022 are as follows:

	2023	2022
Appropriation of Legal reserve	\$ 55,680	\$ 62,684
Reversal of special reserve	(7,513)	(8,298)
Cash dividends	401,475	330,815
Cash dividends per share (NT\$)	1.25	1.03

The above appropriation for cash dividends had been resolved by the Company's board of directors to be held in March 2024 and 2023, respectively; the other proposed appropriations were resolved by the shareholders in their meeting held in June 2024 and 2023, respectively.

(4) Other equity interest items

1. Exchange differences on translation

	January 1 to June 30, 2024	January 1 to June 30, 2023
Beginning balance	(\$ 7,025)	(\$ 2,158)
Exchange difference arising on translation of foreign operations	10,568	(7,000)
Ending balance	<u>\$ 3,543</u>	<u>(\$ 9,158)</u>

2. Unrealized gains or losses on financial assets measured at fair value through other comprehensive income

	January 1 to June 30, 2024	January 1 to June 30, 2023
Beginning balance	\$ -	(\$ 12,379)
Generated in the period Unrealized valuation gains and losses - equity instruments	-	534
Ending balance	<u>\$ -</u>	<u>(\$ 11,845)</u>

(5) Non-controlling interests

	January 1 to June 30, 2024	January 1 to June 30, 2023
Beginning balance	\$ 63,870	\$ 59,783
Profit (loss) for the period	1,726	(639)
Other comprehensive income in the period		
Exchange difference on translation of the financial statements of foreign operations	1,754	1,186
Cash dividends	(832)	(831)
Ending balance	<u>\$ 66,518</u>	<u>\$ 59,499</u>

22. Revenue

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Income from customer contracts				
Sales income	\$ 3,149,057	\$ 2,792,559	\$ 6,328,056	\$ 5,506,643
Construction income	77,523	75,268	114,938	153,412
Labor income	27,180	30,413	68,222	65,892
Other operating income	54,251	40,366	99,537	84,649
	<u>\$ 3,308,011</u>	<u>\$ 2,938,606</u>	<u>\$ 6,610,753</u>	<u>\$ 5,810,596</u>

(1) Contract balance

	June 30, 2024	December 31, 2023	June 30, 2023	January 1, 2023
Notes and accounts receivable	<u>\$1,621,946</u>	<u>\$ 772,769</u>	<u>\$ 810,202</u>	<u>\$ 710,192</u>
Contract assets				
Construction	<u>\$ 39,199</u>	<u>\$ 41,712</u>	<u>\$ 52,582</u>	<u>\$ 84,674</u>
Contract liabilities				
Merchandise sales	\$ 51,680	\$ 32,178	\$ 52,401	\$ 14,614
Construction	<u>52,361</u>	<u>6,651</u>	<u>2,854</u>	<u>11,735</u>
	<u>\$ 104,041</u>	<u>\$ 38,829</u>	<u>\$ 55,255</u>	<u>\$ 26,349</u>

(2) Income from customer contracts

January 1 to June 30, 2024

Income Type	Sheng Yu	Others	Subtotal
Sales of steel products	\$ 6,142,108	\$ 185,948	\$ 6,328,056
Construction income	-	114,938	114,938
Labor income	67,758	464	68,222
Others	<u>98,623</u>	<u>914</u>	<u>99,537</u>
	<u>\$ 6,308,489</u>	<u>\$ 302,264</u>	<u>\$ 6,610,753</u>

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January 1 to June 30, 2023

	Sheng Yu	Others	Subtotal
Income Type			
Sales of steel products	\$ 5,307,681	\$ 198,962	\$ 5,506,643
Construction income	-	153,412	153,412
Labor income	64,919	973	65,892
Others	83,011	1,638	84,649
	<u>\$ 5,455,611</u>	<u>\$ 354,985</u>	<u>\$ 5,810,596</u>

(3) Partially completed customer contracts

The apportioned transaction prices and expected points of recognition as revenue for outstanding performance obligations are as follows, which do not include restricted variable consideration estimates:

	June 30, 2024	December 31, 2023	June 30, 2023
Construction contract			
Performed in 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,499</u>
Performed in 2024	<u>\$ 12,839</u>	<u>\$ 47,932</u>	<u>\$ 49,140</u>
Performed in 2025	<u>\$ 642,745</u>	<u>\$ -</u>	<u>\$ -</u>

23. Income before income tax

Net income before income tax includes the following items:

(1) Other gains and losses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net foreign exchange gain	\$ 9,839	\$ 16,319	\$ 34,994	\$ 12,138
Loss on disposal of investments	-	(5,250)	-	(5,250)
Net loss on the disposal of property, plant and equipment	(324)	(2,055)	(2,197)	(3,950)
Others	<u>12,313</u>	<u>3,595</u>	<u>13,763</u>	<u>5,943</u>
	<u>\$ 21,828</u>	<u>\$ 12,609</u>	<u>\$ 46,560</u>	<u>\$ 8,881</u>

The net foreign currency exchange gain (loss) in the above table consists of:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Total foreign currency exchange gain	\$ 18,541	\$ 18,723	\$ 47,205	\$ 26,474
Total foreign currency exchange loss	(8,702)	(2,404)	(12,211)	(14,336)
	<u>\$ 9,839</u>	<u>\$ 16,319</u>	<u>\$ 34,994</u>	<u>\$ 12,138</u>

(2) Depreciation and amortization

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Property, plant and equipment	\$ 67,476	\$ 64,762	\$135,898	\$126,438
Investment property	466	198	842	395
Right-of-use assets	1,427	1,289	2,717	2,604
Intangible assets	1,171	935	2,326	1,843
	<u>\$ 70,540</u>	<u>\$ 67,184</u>	<u>\$141,783</u>	<u>\$131,280</u>
Depreciation by function				
Operating costs	\$ 62,282	\$ 59,929	\$125,624	\$116,711
Operating expenses	7,087	6,320	13,833	12,726
	<u>\$ 69,369</u>	<u>\$ 66,249</u>	<u>\$139,457</u>	<u>\$129,437</u>
Amortization by function				
Operating costs	\$ 144	\$ 145	\$ 288	\$ 222
Operating expenses	1,027	790	2,038	1,621
	<u>\$ 1,171</u>	<u>\$ 935</u>	<u>\$ 2,326</u>	<u>\$ 1,843</u>

(3) Interest expense

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Interest on bank loans	\$ 666	\$ 766	\$ 1,121	\$ 2,089
Interest on lease liabilities	26	30	49	62
	<u>\$ 692</u>	<u>\$ 796</u>	<u>\$ 1,170</u>	<u>\$ 2,151</u>

(4) Employee benefit expenses

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term employee benefits				

Salaries	\$147,246	\$122,512	\$287,786	\$260,526
Insurance premiums	11,993	11,529	26,531	25,444
Others	<u>12,052</u>	<u>9,752</u>	<u>23,781</u>	<u>19,197</u>
	<u>171,291</u>	<u>143,793</u>	<u>338,098</u>	<u>305,167</u>
Post-employment benefits				
Defined contribution plans	5,127	4,368	10,199	8,888
Defined benefit plans (Note 20)	478	438	955	875
Termination benefits (Note 20)	<u>-</u>	<u>39,196</u>	<u>-</u>	<u>39,196</u>
	<u>5,605</u>	<u>44,002</u>	<u>11,154</u>	<u>48,959</u>
	<u>\$176,896</u>	<u>\$187,795</u>	<u>\$349,252</u>	<u>\$354,126</u>
Aggregated by function				
Operating costs	\$102,292	\$100,115	\$201,514	\$195,843
Operating expenses	<u>74,604</u>	<u>87,680</u>	<u>147,738</u>	<u>158,283</u>
	<u>\$176,896</u>	<u>\$187,795</u>	<u>\$349,252</u>	<u>\$354,126</u>

(5) Employee compensation and director compensation

The Company's Articles of Incorporation provide for employee and director compensation at a rate of not less than 0.1% and not more than 3% of the net income before the distribution of employee and director compensation, respectively, for the current year. The remuneration of employees and directors for the three months ended June 30, 2024 and 2023 and for the six months ended June 30, 2024 and 2023 is as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Employee compensation	<u>\$ 3,088</u>	<u>\$ 1,462</u>	<u>\$ 6,213</u>	<u>\$ 4,739</u>
Director compensation	<u>\$ 1,029</u>	<u>\$ 488</u>	<u>\$ 2,071</u>	<u>\$ 1,580</u>

If there is still a change in the amount after the annual consolidated financial report is released, it will be treated as a change in accounting estimates and will be adjusted and accounted for in the next year.

The remuneration (paid in cash) of employees and directors in 2023 and 2022 was resolved by the board of directors in March 2024 and 2023, respectively, as follows:

	2023		2022	
	Employee compensation	Director compensation	Employee compensation	Director compensation
Amount resolved by the Board of Directors	\$ 10,000	\$ 3,250	\$ 8,800	\$ 2,900
Amount recognized in annual financial statement	10,400	3,400	8,800	2,900

There was no difference between the actual distribution amounts for employee and director compensation for 2022 and the amounts recognized in the consolidated financial statements for 2022. The difference between the actual amounts of the compensation of employees and remuneration of directors paid for 2023 and the amounts recognized in the 2023 consolidated financial statements is adjusted to the profit and loss of 2024.

Please refer to the “Market Observation Post System” of the Taiwan Stock Exchange for information on the compensation to employees and directors resolved by the board of directors.

24. Income tax

(1) Major components of income tax expense recognized in profit or loss

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Current income tax				
Generated in the period	\$ 45,989	\$ 30,973	\$ 88,540	\$ 75,580
Additional surtax on undistributed earnings	4,330	11,410	4,330	11,410
Adjustment for prior years	(7,888)	(9,021)	(7,888)	(9,021)
Deferred income tax				
Generated in the period	(4,824)	(11,024)	(6,030)	(12,373)
	<u>\$ 37,607</u>	<u>\$ 22,338</u>	<u>\$ 78,952</u>	<u>\$ 65,596</u>

(2) Income tax assessment

The income tax returns of the Company and its subsidiary, Yodoko International Ltd., for the year ended 2022 have been approved by the tax authorities.

25. Earnings per share

The net income and weighted-average number of shares of common stock used to calculate earnings per share were as follows:

Net income

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Net profit attributable to the owners of the Company	<u>\$155,273</u>	<u>\$ 66,749</u>	<u>\$312,074</u>	<u>\$227,044</u>

Number of shares

	Unit: thousands of shares			
	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Weighted average number of shares of common stock used to calculate Basic earnings per share	321,180	321,180	321,180	321,180
Influence of dilutive potential common shares - Compensation of employees	<u>224</u>	<u>186</u>	<u>358</u>	<u>314</u>
Weighted average number of shares of common stock used to calculate Diluted earnings per share	<u>321,404</u>	<u>321,366</u>	<u>321,538</u>	<u>321,494</u>

If the Company has the option of paying employees in stock or cash, it is assumed that employee compensation will be paid in stock and is included in the weighted-average number of shares outstanding for the purpose of calculating diluted earnings per share when the potential ordinary share has a dilutive effect. The dilutive effect of these potential ordinary shares shall also continue to be considered in the calculation of diluted earnings per share before the following year's resolution on the number of employee compensation shares to be distributed.

26. Financial instruments

(1) Fair value information - Financial instruments not measured at fair value

The management of the Company and its subsidiaries consider that the carrying amounts of financial assets and financial liabilities that are not measured at fair value approximate their fair values.

- (2) Fair value information - Financial instruments measured at fair value on a recurring basis

1. Fair value hierarchy

June 30, 2023

	<u>Level 3</u>
Financial assets measured at fair value through other comprehensive income	
Investments in equity instruments	
Investment in foreign unlisted (non-OTC) equity instruments	<u>\$ 15,644</u>

2. Reconciliation of financial assets measured at fair value in Level 3

	Investments in equity instruments without publicly quoted prices	
	Measured at fair value through other comprehensive income	
	January 1 to June 30, 2024	January 1 to June 30, 2023
Beginning balance	\$ -	\$ 15,110
Recognized in other comprehensive income	-	534
Ending balance	<u>\$ -</u>	<u>\$ 15,644</u>

3. Level 3 fair value measurement techniques and inputs

The fair value of unlisted stocks is determined by management by reference to prices or net values that are supported by observable market prices.

(3) Types of financial instruments

	<u>June 30, 2024</u>	<u>December 31, 2023</u>	<u>June 30, 2023</u>
<u>Financial assets</u>			
Measured by amortized cost (Note 1)	\$ 6,132,593	\$ 5,960,831	\$ 5,664,265
Financial assets measured at fair value through other comprehensive income			
Investments in equity instruments	-	-	15,644
<u>Financial liability</u>			
Measured by amortized cost (Note 2)	728,537	702,143	701,686

Note 1: The balance includes financial assets measured at amortized cost, such as cash and cash equivalents, notes receivable, accounts receivable, other receivables, other financial assets (current and non-current) and refundable deposits.

Note 2: The balances included financial liabilities at amortized cost, which comprise short-term borrowings, notes payable, accounts payable (including related parties), other payable, refund liabilities and guarantee deposits.

(4) Financial Risk Management Objectives and Policies

The Company's and subsidiaries' major financial instruments include bonds with repurchase rights, equity investments, accounts receivable, accounts payable, loans and lease liabilities. The financial management department of the Company and subsidiaries provides services to each business unit, coordinates the management of the Company's capital and manages the Company's foreign exchange and financial risks appropriately. These risks include market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk.

1. Market Risk

The principal financial risks to which the Company and subsidiaries are exposed as a result of their operating activities are foreign currency exchange rate risk (see (1) below) and interest rate risk (see (2) below).

There has been no change in the Company's and subsidiaries' exposure to market risk of financial instruments and the way they manage and measure such risk.

(1) Exchange rate risk

The Company and subsidiaries engage in foreign currency-denominated sales and purchase transactions, which give rise to exposure to exchange rate fluctuations.

The carrying amounts of monetary assets and monetary liabilities denominated in non-functional currencies as of the balance sheet date are shown in Note 30.

Sensitivity analysis

The Company and subsidiaries are primarily exposed to fluctuations in U.S. dollar currency exchange rates.

The sensitivity ratio used in reporting exchange rate risk to key management is 1%, which also represents management's assessment of the reasonably possible range of changes in foreign currency exchange rates. The sensitivity analysis includes only foreign currency monetary items outstanding at the balance sheet date and adjusts their period-end translation by a 1% change in exchange rates. A positive number in the table below represents the amount by which a 1% weakening of the functional currency against the U.S. dollar would increase pre-tax income; a 1% strengthening of the functional currency against the U.S. dollar would have a negative impact on pre-tax income by the same amount.

	Amount of impact	
	January 1 to June 30, 2024	January 1 to June 30, 2023
<u>Effect of US dollars</u>		
Profit or loss	\$ 4,967	\$ 5,588

(2) Interest rate risk

The carrying amounts of financial assets and financial liabilities exposed to interest rate risk as of the balance sheet date were as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Fair value interest rate risk			
Financial assets	\$ 2,989,894	\$ 4,000,121	\$ 3,620,752
Financial liability	12,314	13,069	14,657
Cash flow rate risk			
Financial assets	1,451,942	1,058,931	1,145,730
Financial liability	89,106	54,751	62,920

Sensitivity analysis

The sensitivity analysis below is based on the interest rate risk of the above-mentioned financial instruments at the balance sheet date. The analysis assumes that the amount of assets and liabilities outstanding at the balance sheet date is outstanding at the reporting

date. The rate of change used in reporting interest rates to key management is a 1% increase or decrease in interest rates, which also represents management's assessment of the reasonably possible range of interest rate changes.

If interest rates had been 1% higher/lower and all other variables were held constant, the Group's pre-tax profit for the six months ended June 30, 2024 and 2023 would increase/decrease by NT\$6,814 thousand and NT\$5,414 thousand, respectively.

2. Credit Risk

Credit risk refers to the risk of the Group's financial loss resulting from the default of contractual obligations by the counterparties. As of the balance sheet date, the Company and the subsidiaries' maximum exposure to credit risk due to non-performance of counterparties' obligations is mainly derived from the Carrying amount of financial assets recognized in the Consolidated Balance Sheet.

The Company and the subsidiaries' policy is to deal only with creditworthy counterparties and obtain adequate guarantees, if necessary, to mitigate the risk of financial loss arising from default. The Company and its subsidiaries use other publicly available financial information and transaction records to rate major customers. The Company and its subsidiaries continuously monitor credit risk and the credit ratings of counterparties. 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.

The counterparties and obligors of transactions involving cash and cash equivalents are all financially sound institutions with good credit, thus posing no significant credit risk.

The credit risk of the Company and its subsidiaries is mainly concentrated on the top five customers. As of June 30, 2024, December 31, 2023 and June 30, 2023, the total accounts receivable from these customers accounted for 53%, 47%, and 64% of total accounts receivable, respectively.

3. Liquidity risk

The Company and its subsidiaries manage and maintain adequate levels of cash and cash equivalents to support group operations and mitigate the impact of cash flow fluctuations.

Liquidity risk table

The maturity analysis of the remaining non-derivative financial liability contracts is based on the undiscounted cash flows of the financial liability based on the earliest possible date the Company and subsidiaries may be required to repay the loan.

	Within 3 months	3 months to 1 year	1~5 years	More than 5 years	Subtotal
<u>June 30, 2024</u>					
Non-derivative financial liability					
No interest-bearing liabilities	\$ 1,039,005	\$ -	\$ 515	\$ -	\$ 1,039,520
Lease liabilities	1,536	4,190	5,153	-	10,879
Interest-bearing liabilities	<u>16,954</u>	<u>75,391</u>	<u>-</u>	<u>-</u>	<u>92,345</u>
	<u>\$ 1,057,495</u>	<u>\$ 79,581</u>	<u>\$ 5,668</u>	<u>\$ -</u>	<u>\$ 1,142,744</u>
<u>December 31, 2023</u>					
Non-derivative financial liability					
No interest-bearing liabilities	\$ 644,929	\$ -	\$ 515	\$ -	\$ 645,444
Lease liabilities	1,302	3,797	6,387	-	11,486
Interest-bearing liabilities	<u>-</u>	<u>57,559</u>	<u>-</u>	<u>-</u>	<u>57,559</u>
	<u>\$ 646,231</u>	<u>\$ 61,356</u>	<u>\$ 6,902</u>	<u>\$ -</u>	<u>\$ 714,489</u>
<u>June 30, 2023</u>					
Non-derivative financial liability					
No interest-bearing liabilities	\$ 967,958	\$ -	\$ 515	\$ -	\$ 968,473
Lease liabilities	1,264	3,793	8,012	-	13,069
Interest-bearing liabilities	<u>14,358</u>	<u>51,473</u>	<u>-</u>	<u>-</u>	<u>65,831</u>
	<u>\$ 983,580</u>	<u>\$ 55,266</u>	<u>\$ 8,527</u>	<u>\$ -</u>	<u>\$ 1,047,373</u>

The amount of floating-rate instruments for the above non-derivative financial liabilities will vary depending on the difference between the floating rate and the interest rate estimated at the balance sheet date.

27. Related-party transactions

(1) Name of Related Party and Its Relationship

<u>Name of Related Party</u>	<u>Relationship with the Company and Subsidiaries</u>
Yodogawa Steel Works Ltd.	The Company's parent Company
Toyota Tsusho Corporation	Corporate Director of the Company
Yung Chi Paint & Varnish Mfg. Co., Ltd. (Yung Chi)	Corporate Director of the Company
Fujiden International Corporation (Fujiden)	Corporate Director of the Company
Yodogawa Shengyu (Hefei) High Tech Steel Co., Ltd. (Yodogawa Shengyu (Hefei))	Affiliates
Yodoko Shoji Co., Ltd.	Fellow subsidiary
PCM Processing (Thailand) Ltd.	Fellow subsidiary
Dongguan Mingxin Electronic Co., Ltd. (Dongguan Mingxin)	Other related parties

(2) Business transactions

<u>Item</u>	<u>Type of related party</u>	<u>April 1 to June 30, 2024</u>	<u>April 1 to June 30, 2023</u>	<u>January 1 to June 30, 2024</u>	<u>January 1 to June 30, 2023</u>
Sales of goods	Affiliates	<u>\$ 11</u>	<u>\$ -</u>	<u>\$ 804</u>	<u>\$ -</u>
Purchase	Parent company	\$ 552	\$ 598	\$ 1,112	\$ 1,586
	Corporate director	106,401	208,681	319,845	347,886
	Affiliates	<u>21,528</u>	<u>34,856</u>	<u>42,086</u>	<u>78,214</u>
		<u>\$128,481</u>	<u>\$244,135</u>	<u>\$363,043</u>	<u>\$427,686</u>

The purchase and sale prices between the Company and the above related parties are based on normal trading terms, except for the purchase from Yung Chi, a corporate director, for which there are no comparable transactions with non-related parties. The terms of collection and payment from related parties are similar to those from non-related parties, ranging from 10 days to 3 months.

The balances of accounts receivable - related parties as of the balance sheet date were as follows:

Type of related party/Name	June 30, 2024	December 31, 2023	June 30, 2023
Corporate director - Yung Chi Paint & Varnish Mfg. Co., Ltd.	<u>\$ 113,171</u>	<u>\$ 111,311</u>	<u>\$ 107,171</u>

The outstanding accounts payable to related parties are unsecured and will be settled in cash.

(3) Other related party transactions

The Company has a technical support contract with its parent company, under which the Company is required to calculate and pay technical service fees to the parent company on a semi-annual basis. Yodoko International Ltd. has also entered into a technical service contract with the parent company, under which Yodoko International Ltd. is required to calculate and pay technical fees to the parent company on a semi-annual basis based on a fixed rate of operating revenues.

The above related expenses are as follows:

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Included in manufacturing costs	<u>\$ 1,154</u>	<u>\$ 1,165</u>	<u>\$ 2,365</u>	<u>\$ 2,286</u>
Included in operating expenses	<u>\$ 1,018</u>	<u>\$ 1,025</u>	<u>\$ 1,612</u>	<u>\$ 2,110</u>

(4) Compensation to key management

	April 1 to June 30, 2024	April 1 to June 30, 2023	January 1 to June 30, 2024	January 1 to June 30, 2023
Short-term employee benefits	<u>\$ 4,042</u>	<u>\$ 5,138</u>	<u>\$ 6,544</u>	<u>\$ 8,327</u>
Post-employment benefits	<u>30</u>	<u>33</u>	<u>60</u>	<u>66</u>
	<u>\$ 4,072</u>	<u>\$ 5,171</u>	<u>\$ 6,604</u>	<u>\$ 8,393</u>

28. Pledged assets

The Company and its subsidiaries have provided demand deposits, certificates of deposit, and reserve accounts as collateral for the purchase of industrial natural gas, bank financing lines, construction bonds, and customs bonds, and the amounts were recorded as follows:

	June 30, 2024	December 31, 2023	June 30, 2023
Other financial assets - current	<u>\$ 27,373</u>	<u>\$ 22,470</u>	<u>\$ 19,786</u>
Other financial assets - non-current	<u>\$ 18,000</u>	<u>\$ 18,000</u>	<u>\$ 18,000</u>

29. Significant contingent liabilities and unrecognized contractual commitments

Unused letters of credit for purchases of raw materials amounted to approximately NT\$382,544 thousand as of June 30, 2024.

30. Information on foreign currency assets and liabilities with significant effect

The following information is presented in the aggregate in foreign currencies other than the functional currencies of each of the Company and its subsidiaries, and the exchange rates disclosed represent the rates at which such foreign currencies were translated into the functional currencies. Information on assets and liabilities denominated in foreign currencies with significant effect is as follows:

Unit: Thousands of each foreign currency / NTD for exchange rate

	Foreign currency	Exchange rate	Carrying amount
June 30, 2024			
Foreign currency assets			
Monetary items			
USD	\$ 15,756	32.4 (USD:NTD)	\$ 510,481
Non-monetary items			
Affiliates under equity method			
RMB	59,852	4.420 (RMB:NTD)	264,545
RMB	14,082	0.1364 (RMB:USD)	62,241
USD	1,942	32.4 (USD:NTD)	62,914
Foreign currency liabilities			
Monetary items			
USD	332	32.4 (USD:NTD)	10,759
USD	94	7.1268 (USD:RMB)	3,042

(Continued on the next page)

(Continued from the previous page)

	Foreign currency	Exchange rate		Carrying amount
<u>December 31, 2023</u>				
Foreign currency assets				
Monetary items				
USD	\$ 16,809	30.655	(USD:NTD)	\$ 515,294
Non-monetary items				
Affiliates under 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
Foreign currency liabilities				
Monetary items				
USD	161	7.0827	(USD:RMB)	4,938
<u>June 30, 2023</u>				
Foreign currency assets				
Monetary items				
USD	19,085	31.14	(USD:NTD)	594,303
Non-monetary items				
Affiliates under equity method				
RMB	67,987	4.282	(RMB:NTD)	291,121
RMB	12,286	0.1384	(RMB:USD)	52,607
USD	1,779	31.14	(USD:NTD)	55,388
Foreign currency liabilities				
Monetary items				
USD	1,140	31.14	(USD:NTD)	35,502

The net foreign currency exchange gains and losses of the Company and its subsidiaries from April 1 to June 30, 2024 and 2023 and from January 1 to June 30, 2024 and 2023, were gains of NT\$9,839 thousand, NT\$16,319 thousand, NT\$34,994 thousand and losses of NT\$12,138 thousand, respectively. Due to the variety of functional currencies involved in foreign currency transactions, it is not feasible to disclose the exchange gains and losses by each significantly affected currency.

31. Disclosures

(1) Information on material transactions:

1. Lending to others: Schedule 1.
2. Endorsement and guarantee for others: None.
3. Marketable securities held at the end of the period: None.
4. The cumulative amount of securities purchased or sold reaches NT\$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
6. Disposal of real estate amounting to at least NT\$300 million or 20% of the paid-in capital: None.
7. The amount of purchase or sale of goods with related parties reaches NT\$100 million or 20% of the paid-in capital: Schedule 2.
8. Related party receivables amounting to at least NT\$100 million or 20% of the paid-in capital: None.
9. Engage in derivative transactions: None.
10. Other: Inter-parent-subsidary and inter-subsidary business relationships and important Conditions of Transactions and Amounts: Schedule 5.

(2) Information on investees: Schedule 3.

(3) Information on investments in Mainland China

1. Name of the Investee Company, Main businesses, paid-in capital, investment method, capital remittance, shareholding ratio, investment gain or loss, ending investment Carrying amount, remitted investment gain or loss, and investment limit in Mainland China: Schedule 4.
2. Significant direct or indirect transactions with the investee company in Mainland China through third parties, and their prices, payment terms, and unrealized gains or losses:
 - (1) The amount and percentage of incoming amounts and the related ending balance and percentage of payables: None.
 - (2) The amount and percentage of sales and the related receivables of the ending balance and percentage:

(Continued on the next page)

Investee Company in China	Transaction Type	Amount	%
Dongguan Shengyu Trading Co., Ltd.	Sales of goods	\$1,818	0.028
	Accounts receivable - related parties	586	0.036

(3) The amount of property transactions and the resulting gain or loss:
None.

(4) Ending balance of a note endorsement guarantee or provision of collateral and its purpose: None.

(5) The maximum balance, ending balance, interest rate range and total current interest amount of the financial instrument: None.

(6) Other transactions that have a significant effect on the profit or loss or financial position of the Company, such as the provision or receipt of labor services: None.

(4) Information of Major Shareholders: The names, amounts and proportions of the shareholders who hold more than 5% of the shares. (Schedule 6)

32. Operating department information

The information provided to the chief operating decision maker of the Company and its subsidiaries for the purpose of allocating resources and evaluating departmental performance. The reportable operating departments of the Company and its subsidiaries are as follows:

- Sheng Yu Steel Co., Ltd. - manufacturing, processing and sales of cold-rolled, galvanized, galvalume, and pre-painted steel coils.
- Other - Operating departments of each subsidiary as a consolidated entity that does not meet the quantitative threshold, as described in Note 11.

The financial information on department revenues and operating results of the reportable departments of the Company and its subsidiaries are disclosed as follows:

(Continued from the previous page)

	Sheng Yu	Others	Consolidated
January 1 to June 30, 2024			
Income from external customers	\$ 6,308,489	\$ 302,264	\$ 6,610,753
Interdepartmental income	<u>89,062</u>	<u>20,483</u>	<u>109,545</u>
Departmental income	<u>\$ 6,397,551</u>	<u>\$ 322,747</u>	6,720,298
Internal write-offs			(109,545)
Operating income			<u>\$ 6,610,753</u>
Departmental interest	<u>\$ 316,751</u>	<u>\$ 8,917</u>	\$ 325,668
Interest income			39,476
Interest expense			(1,170)
Shares of the profit and loss of the affiliates and joint ventures recognized using the equity method			(17,962)
Other non-operating income and expenses			<u>46,740</u>
Net profit before tax			<u>\$ 392,752</u>
January 1 to June 30, 2023			
Income from external customers	\$ 5,455,611	\$ 354,985	\$ 5,810,596
Interdepartmental income	<u>33,647</u>	<u>18,540</u>	<u>52,187</u>
Departmental income	<u>\$ 5,489,258</u>	<u>\$ 373,525</u>	5,862,783
Internal write-offs			(52,187)
Operating income			<u>\$ 5,810,596</u>
Departmental interest	<u>\$ 255,284</u>	<u>\$ 14,238</u>	\$ 269,522
Interest income			30,398
Interest expense			(2,151)
Shares of the profit and loss of the affiliates and joint ventures recognized using the equity method			(14,832)
Other non-operating income and expenses			<u>9,064</u>
Net profit before tax			<u>\$ 292,001</u>

Departmental profit is defined as the profit earned by each department, excluding share of head office management costs and directors' compensation, share of profit or loss of affiliates under the equity method, interest income, gain or loss on disposal of property, plant and equipment, foreign currency exchange gain or loss, interest expense and income tax expense. This measure is provided to the chief operating decision maker for the purpose of allocating resources to the department and evaluating its performance.

Sheng Yu Steel Co., Ltd. and Its Subsidiaries
Lending of Funds to Others
January 1 to June 30, 2024

Schedule 1

Unit: NT\$ thousands
(Unless otherwise specified)

No.	Loan Funded Companies	Lenders	Past Projects	Are they Related parties	Maximum balance for the period (Note 1)	Ending balance (Note 1)	Actual amount drawn down (Note 5)	Range of interest rate (%)	Nature of loan (Note 2)	Business transactions Amount	There are reasons why short-term financing funds are necessary	Allowance for losses	Collateral		Limit on loans granted to a single party (Note 3)	Ceiling on total loan granted (Note 4)	Note
													Name	Value			
0	The Company	Yodoko International Ltd.	Other receivables	Y	\$ 155,000	\$ 120,000	\$ -	-	2	\$ -	Business turnover	\$ -	Promissory note	\$ 120,000	\$ 987,392	\$ 1,974,784	
0	The Company	Sheng-Shing Worldwide Corp.	Other receivables	Y	168,480	168,480	55,080	5.526~5.722	2	-	Business turnover	-	Promissory note	226,800	987,392	1,974,784	

Note 1: Sheng-Shing Worldwide Corp. the highest balance and the ending balance for the period were US\$5,200 thousand; the actual borrowing amount was US\$1,700 thousand; and collateral value was US\$7,000 thousand; calculated the exchange rate of USD1: NT32.4 at the balance sheet date of the end of June 2024.

Note 2: For business transactions, enter 1; for short-term financing, enter 2.

Note 3: 10% of the Company’s net worth.

Note 4: 20% of the Company’s net worth.

Note 5: The amount has been written off in the preparation of the consolidated financial statements.

Sheng Yu Steel Co., Ltd. and Its Subsidiaries

Purchase or Sale of Goods with Related Parties Amounting to at Least NT\$100 Million or 20% of The Paid-In Capital

January 1 to June 30, 2024

Schedule 2

Unit: NT\$ thousands
(Unless otherwise specified)

Purchasing (selling) company	Transaction counterparty	Relationship	Transaction status				The circumstances and reasons why the transaction conditions are different from those of ordinary transactions		Accounts and notes receivable (payable)		Note
			Purchase (Sales)	Amount	Percentage of total purchase (sales) (%)	Credit period			Balance	Percentage of total accounts and notes receivable (payable) (%)	
							Unit price	Credit period			
The Company	Yung Chi Paint & Varnish Mfg. Co., Ltd.	Corporate Director of the Company	Purchase	\$222,643	4	3 months	See Note 27	-	(\$113,171)	(36)	

January 1 to June 30, 2024

Schedule 3

(Unless otherwise specified)

[illegible]

Note: The amount has been written off in the preparation of the consolidated financial statements.

Sheng Yu Steel Co., Ltd. and Its Subsidiaries
Information of Investments in Mainland China
January 1 to June 30, 2024

Schedule 4

Unit: NT\$ thousands
(Unless otherwise specified)

Mainland China Investee Company Name	Main businesses	Paid-in capital	Investment Method	The beginning of the current period is from Accumulated remittances from Taiwan Investment Amount	Remittance or Investment recoveries Amount		The cumulative investment from Cumulative investment remitted from Taiwan Amounts	Investee company Profit or loss for the period	Shareholding percentage of the Company's direct or indirect investments%	Share of profit or loss of subsidiaries and affiliates recognized in the current period	Investments at end of period Carrying Value	As of the end of this period Repatriated to Taiwan Investment income	Note
					Export	Take back							
Yodoko Building Material (Hangzhou) Co., Ltd.	Manufacture and sale of metal building material products	\$ 41,998	Reinvestment in Mainland China through a third area investment company (Yodoko International (HK) Ltd.)	\$ 9,514	\$ -	\$ -	\$ 9,514	\$ -	-	\$ -	-	\$ -	
Dongguan Shengxin Hardware Products Co., Ltd.	Galvanized steel coil cutting and processing	98,688	Reinvestment in Mainland China through a third area investment company (Sheng-Shing Worldwide Corp.)	50,752	-	-	50,752	-	-	-	-	-	
Dongguan Shengyu Trading Co., Ltd.	Wholesale, import and export of hardware and steel products	97,200	Reinvestment in Mainland China through a third area investment company (Sheng-Shing Worldwide Corp.)	46,611 (Note 2)	-	-	46,611 (Note 2)	4,269	54	2,310	62,241	-	Note 3
Yodogawa Shengyu (Hefei) High Tech Steel Co., Ltd.	Manufacture and sale of galvanized and lacquered steel coils	6,232,885	Direct investment in Mainland China by the Company	1,388,640	-	-	1,388,640	(85,900)	21	(17,962)	264,545	-	Note 1

Name of Subsidiary	Cumulative amount of investment from Taiwan to China at the end of the period	Amount of investment approved by the Investment Commission, Ministry of Economic Affairs	The Company's investment limit in Mainland China (Note 4)
The Company	\$ 1,495,517	\$ 1,527,339	\$ 5,924,352

- Note 1: The investment income or loss recognized by Yodogawa Shengyu (Hefei) High Tech Steel Co., Ltd. for the period was based on the unreviewed financial statements for the same period.
- Note 2: The cumulative amount of investment remitted from Taiwan to Dongguan Shengyu Trading Co., Ltd. at the end of the period was NT\$46,611 thousand. This includes US\$1,532 thousand of bank financing by Sheng-Shing Worldwide Corp. (US\$1,000 thousand × 45% and US\$2,000 thousand × 54.1%) reinvested in Dongguan Shengyu Trading Co., Ltd.
- Note 3: The amount has been written off in the preparation of the consolidated financial statements.
- Note 4: In accordance with the “REGULATIONS GOVERNING THE APPROVAL OF INVESTMENT OR TECHNICAL COOPERATION IN MAINLAND CHINA” issued by the Investment Commission on August 29, 2008, the Company's limit is 60% of its net worth.

Sheng Yu Steel Co., Ltd. and Its Subsidiaries
Business Relationships and Significant Transactions between Parent Company and Subsidiary
January 1 to June 30, 2024

Schedule 5

Unit: NT\$ thousands
(Unless otherwise specified)

No.	Name of the Trader	Name of the transaction counterparty	Relationship with the Trader	Conditions of Transactions			
				Subject	Amount	Terms of Transaction	As a percentage of consolidated total revenue or Total Assets (%)
0	Sheng Yu Steel Co., Ltd.	Yodoko International Ltd.	Parent company to subsidiary	Other receivables	\$ 2,988	According to the contract	-
0	Sheng Yu Steel Co., Ltd.	Yodoko International Ltd.	Parent company to subsidiary	Accounts receivable	36,710	According to the contract	-
0	Sheng Yu Steel Co., Ltd.	Yodoko International Ltd.	Parent company to subsidiary	Sales income	86,294	According to the contract	1
0	Sheng Yu Steel Co., Ltd.	Sheng-Shing Worldwide Corp.	Parent company to subsidiary	Other receivables	55,336	According to the contract	-
0	Sheng Yu Steel Co., Ltd.	Sheng-Shing Worldwide Corp.	Parent company to subsidiary	Labor income	403	According to the contract	-
0	Sheng Yu Steel Co., Ltd.	Sheng-Shing Worldwide Corp.	Parent company to subsidiary	Sales income	2,365	According to the contract	-
0	Sheng Yu Steel Co., Ltd.	Sheng-Shing Worldwide Corp.	Parent company to subsidiary	Accounts receivable	644	According to the contract	-
1	Sheng-Shing Worldwide Corp.	Dongguan Shengyu Trading Co., Ltd.	Parent company to subsidiary	Accounts receivable	3,042	According to the contract	-
1	Sheng-Shing Worldwide Corp.	Dongguan Shengyu Trading Co., Ltd.	Parent company to subsidiary	Sales income	12,457	According to the contract	-
2	Yodoko International Ltd.	Sheng Yu Steel Co., Ltd.	Subsidiary to parent company	Construction income	7,960	According to the contract	-
2	Yodoko International Ltd.	Sheng Yu Steel Co., Ltd.	Subsidiary to parent company	Accounts receivable	956	According to the contract	-
2	Yodoko International Ltd.	Sheng Yu Steel Co., Ltd.	Subsidiary to parent company	Other operating income	66	According to the contract	-

Note: Enter 0 for the parent company.

Sheng Yu Steel Co., Ltd.
Information of Major Shareholders
June 30, 2024

Schedule 6

[illegible]

Note: Information of Major Shareholders is calculated by the Company on the last business day of the quarter in which the shareholders hold 5% or more of the Company's common shares and preferred shares that have been delivered without physical registration. The number of shares in the consolidated financial statements may differ from the actual number of shares delivered by the Company's shareholders on the basis of the calculation.