

**Chung Hung Steel Corporation and
Subsidiaries**

**Consolidated Financial Statements for the
Three Months Ended March 31, 2024 and 2023 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

The Board of Directors and Shareholders
Chung Hung Steel Corporation

Introduction

We have reviewed the accompanying consolidated balance sheets of Chung Hung Steel Corporation (the "Corporation") and its subsidiaries as of March 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the three months then ended, and the related notes to the consolidated financial statements, including material accounting policy information (collectively referred to as 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 International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China. Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with the Standards on Review Engagements of the Republic of China 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews, nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Corporation and its subsidiaries as of March 31, 2024 and 2023, and of its consolidated financial performance and its consolidated cash flows for the three months then ended March 31, 2024 and 2023 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting" endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

The engagement partners on the reviews resulting in this independent auditor's review report are Lee-Yuan Kuo and Chao-Chin Yang.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 2, 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 review such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' review 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' review report and consolidated financial statements shall prevail.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2024		December 31, 2023		March 31, 2023	
	Amount	%	Amount	%	Amount	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 1,664,328	5	\$ 1,866,832	6	\$ 1,295,142	4
Financial assets at fair value through other comprehensive income - current (Note 7)	821,186	2	927,699	3	1,023,075	3
Financial assets for hedging – current (Note 8)	146,365	-	140,442	-	252,735	1
Accounts receivable (Notes 9 and 24)	527,338	2	638,335	2	329,025	1
Accounts receivable from related parties (Notes 9, 24 and 30)	29,354	-	106,208	-	91,987	-
Other receivables (Note 9)	118,902	-	17,171	-	83,404	-
Other receivables from related parties (Notes 9 and 30)	119,583	-	210,586	1	350,802	1
Current tax assets	11,673	-	4,907	-	657	-
Inventories (Note 10)	9,518,881	29	8,572,083	26	9,581,161	28
Prepayments (Note 11)	269,711	1	182,119	1	118,511	-
Other financial assets - current (Notes 12 and 31)	1,103,600	4	803,300	2	1,103,300	4
Other current assets	165	-	164	-	26	-
Total current assets	<u>14,331,086</u>	<u>43</u>	<u>13,469,846</u>	<u>41</u>	<u>14,229,825</u>	<u>42</u>
NONCURRENT ASSETS						
Financial assets at fair value through other comprehensive income - noncurrent (Note 7)	69,693	-	72,696	-	74,334	-
Investments accounted for using equity method (Note 13)	3,126,990	9	3,461,769	10	3,841,971	11
Property, plant and equipment (Notes 14 and 32)	9,331,907	28	9,409,727	29	9,669,201	28
Right-of-use assets (Note 15)	64,532	-	68,543	-	66,254	-
Investment properties (Note 16)	5,993,374	18	5,993,610	18	5,993,353	18
Deferred tax assets	338,767	1	344,829	1	286,537	1
Prepayments for equipment (Note 32)	192,813	1	161,861	1	59,456	-
Refundable deposits	8,604	-	9,781	-	9,337	-
Net defined benefit assets (Notes 4 and 22)	-	-	-	-	21,009	-
Total noncurrent assets	<u>19,126,680</u>	<u>57</u>	<u>19,522,816</u>	<u>59</u>	<u>20,021,452</u>	<u>58</u>
TOTAL	<u>\$ 33,457,766</u>	<u>100</u>	<u>\$ 32,992,662</u>	<u>100</u>	<u>\$ 34,251,277</u>	<u>100</u>
LIABILITIES AND EQUITY						
CURRENT LIABILITIES						
Short-term borrowings (Notes 17 and 31)	\$ 4,860,903	15	\$ 4,784,715	14	\$ 4,390,727	13
Short-term bills payable (Note 17)	888,345	3	2,495,674	8	2,891,891	8
Contract liabilities – current (Note 24)	53,556	-	40,310	-	63,389	-
Accounts payable (Note 19)	555,464	2	68,322	-	194,715	1
Accounts payable to related parties (Notes 19 and 30)	283,722	1	578,527	2	456,538	1
Other payables (Notes 20 and 30)	525,015	2	614,463	2	532,145	2
Current tax liabilities	-	-	-	-	87,356	-
Provisions - current (Note 21)	159,725	-	137,900	-	-	-
Lease liabilities – current (Note 15)	12,449	-	13,626	-	14,538	-
Current portion of bonds payable (Note 18)	2,000,000	6	-	-	-	-
Current portion of long-term borrowings (Note 17)	-	-	-	-	940,000	3
Refund liabilities	137,772	-	171,619	1	269,852	1
Other current liabilities	18,422	-	17,483	-	17,367	-
Total current liabilities	<u>9,495,373</u>	<u>29</u>	<u>8,922,639</u>	<u>27</u>	<u>9,858,518</u>	<u>29</u>
NONCURRENT LIABILITIES						
Bonds payable (Note 18)	998,728	3	2,998,444	9	2,997,593	9
Long-term borrowings (Note 17)	3,391,756	10	2,600,000	8	1,560,000	5
Long-term bills payable (Note 17)	3,397,848	10	1,899,364	6	1,897,693	6
Deferred tax liabilities	185,107	1	183,607	1	199,515	-
Lease liabilities - noncurrent (Note 15)	53,288	-	56,092	-	52,814	-
Net defined benefit liabilities (Notes 4 and 22)	21,119	-	38,535	-	-	-
Guarantee deposits received (Note 16)	35,000	-	35,000	-	35,000	-
Total noncurrent liabilities	<u>8,082,846</u>	<u>24</u>	<u>7,811,042</u>	<u>24</u>	<u>6,742,615</u>	<u>20</u>
Total liabilities	<u>17,578,219</u>	<u>53</u>	<u>16,733,681</u>	<u>51</u>	<u>16,601,133</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE CORPORATION (Note 23)						
Ordinary shares	14,355,444	43	14,355,444	43	14,355,444	42
Capital surplus	903	-	903	-	903	-
Retained earnings						
Legal reserve	764,806	2	764,806	2	764,806	2
Unappropriated earnings	1,281,796	4	1,210,742	4	2,050,896	6
Total retained earnings	<u>2,046,602</u>	<u>6</u>	<u>1,975,548</u>	<u>6</u>	<u>2,815,702</u>	<u>8</u>
Other equity	(523,402)	(2)	(72,914)	-	478,095	1
Total equity	<u>15,879,547</u>	<u>47</u>	<u>16,258,981</u>	<u>49</u>	<u>17,650,144</u>	<u>51</u>
TOTAL	<u>\$ 33,457,766</u>	<u>100</u>	<u>\$ 32,992,662</u>	<u>100</u>	<u>\$ 34,251,277</u>	<u>100</u>

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

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended March 31			
	2024		2023	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 30)	\$ 9,148,184	100	\$ 9,523,734	100
OPERATING COSTS (Notes 10, 25 and 30)	8,965,165	98	8,900,443	93
GROSS PROFIT	183,019	2	623,291	7
OPERATING EXPENSES (Notes 25 and 30)				
Selling and marketing expenses	73,488	1	81,875	1
General and administrative expenses	58,139	-	70,599	1
Total operating expenses	131,627	1	152,474	2
PROFIT FROM OPERATIONS	51,392	1	470,817	5
NON-OPERATING INCOME AND EXPENSES (Notes 13, 16, 25 and 30)				
Interest income	7,578	-	12,047	-
Other income	37,357	-	55,291	1
Other gains and losses	13,821	-	(3,308)	-
Finance costs	(49,648)	-	(51,380)	(1)
Share of the profit of associates	(198)	-	256	-
Total non-operating income and expenses	8,910	-	12,906	-
PROFIT BEFORE INCOME TAX	60,302	1	483,723	5
INCOME TAX (Notes 4 and 26)	377	-	88,882	1
NET PROFIT FOR THE PERIOD	59,925	1	394,841	4
OTHER COMPREHENSIVE INCOME (LOSS) (Notes 23 and 26)				
Items that will not be reclassified subsequently to profit or loss:				
Unrealized gains and losses on investments in equity instruments at fair value through other comprehensive income	(109,516)	(1)	39,673	-
Gains and losses on hedging instruments	5,923	-	16,723	-
Share of the other comprehensive income of associates	(334,261)	(4)	145,089	2
Income tax expense relating to items that will not be reclassified subsequently to profit or loss	(1,185)	-	(3,345)	-
Items that may be reclassified subsequently to profit or loss:				
Share of the other comprehensive loss of associates	(320)	-	(152)	-
	(439,359)	(5)	197,988	2
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	\$ (379,434)	(4)	\$ 592,829	6
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Corporation	\$ 59,925	1	\$ 394,841	4
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Corporation	\$ (379,434)	(4)	\$ 592,829	6
EARNINGS PER SHARE (Note 27)				
Basic	\$ 0.04		\$ 0.28	
Diluted	\$ 0.04		\$ 0.27	

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

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Issued and Outstanding Ordinary Shares	Capital Surplus	Retained Earnings		Exchange Differences on Translating Foreign Operations	Other Equity			Total Equity
			Legal Reserve	Unappropriated Earnings		Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Gains and Losses on Hedging Instruments	Total Other Equity	
BALANCE AT JANUARY 1, 2024	\$ 14,355,444	\$ 903	\$ 764,806	\$ 1,210,742	\$ 317	\$ (76,424)	\$ 3,193	\$ (72,914)	\$ 16,258,981
Net profit for the three months ended March 31, 2024	-	-	-	59,925	-	-	-	-	59,925
Other comprehensive income for the three months ended March 31, 2024, net of income tax	-	-	-	3	(320)	(443,780)	4,738	(439,362)	(439,359)
Total comprehensive income for the three months ended March 31, 2024	-	-	-	59,928	(320)	(443,780)	4,738	(439,362)	(379,434)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	11,126	-	(11,126)	-	(11,126)	-
BALANCE AT MARCH 31, 2024	\$ 14,355,444	\$ 903	\$ 764,806	\$ 1,281,796	\$ (3)	\$ (531,330)	\$ 7,931	\$ (523,402)	\$ 15,879,547
BALANCE AT JANUARY 1, 2023	\$ 14,355,444	\$ 903	\$ 764,806	\$ 1,651,062	\$ 386	\$ 298,690	\$ (8,854)	\$ 290,222	\$ 17,062,437
Net profit for the three months ended March 31, 2023	-	-	-	394,841	-	-	-	-	394,841
Other comprehensive income for the three months ended March 31, 2023, net of income tax	-	-	-	14	(152)	184,748	13,378	197,974	197,988
Total comprehensive income for the three months ended March 31, 2023	-	-	-	394,855	(152)	184,748	13,378	197,974	592,829
Changes in equity of associates accounted for using equity method (Notes 13 and 23)	-	-	-	383	-	(5,505)	-	(5,505)	(5,122)
Disposal of investments in equity instruments at fair value through other comprehensive income	-	-	-	4,596	-	(4,596)	-	(4,596)	-
BALANCE AT MARCH 31, 2023	\$ 14,355,444	\$ 903	\$ 764,806	\$ 2,050,896	\$ 234	\$ 473,337	\$ 4,524	\$ 478,095	\$ 17,650,144

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

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 60,302	\$ 483,723
Adjustments for:		
Depreciation expense	163,771	179,717
Finance costs	49,648	51,380
Interest income	(7,578)	(12,047)
Share of the profit of associates	198	(256)
Reversal of write-down inventories	(46,112)	(1,275,438)
Recognition (reversal) of provisions	21,825	(133,700)
Others	284	284
Changes in operating assets and liabilities		
Financial assets for hedging	-	462,010
Accounts receivable	110,997	(97,185)
Accounts receivable from related parties	76,854	(34,477)
Other receivables	(101,845)	(73,928)
Other receivables from related parties	91,003	(6,324)
Inventories	(900,686)	1,456,260
Prepayments	(87,592)	137,256
Other current assets	(1)	19
Contract liabilities	13,246	(38,757)
Accounts payable	487,142	(339,688)
Accounts payable to related parties	(294,805)	167,440
Other payables	(73,234)	(6,426)
Other current liabilities	939	1,123
Net defined benefit liabilities	(17,416)	(18,949)
Refund liabilities	(33,847)	212,037
Cash generated from (used in) operations	(486,907)	1,114,074
Income taxes paid	(766)	(1,460)
Net cash generated from (used in) operating activities	<u>(487,673)</u>	<u>1,112,614</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property, plant and equipment	(119,808)	(43,734)
Decrease in refundable deposits	1,177	-
Increase in other financial assets	(300,300)	(2,200)
Interest received	7,692	13,727
Net cash used in investing activities	<u>(411,239)</u>	<u>(32,207)</u>

(Continued)

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2024	2023
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from short-term borrowings	\$ 26,763,829	\$ 23,681,983
Repayments of short-term borrowings	(26,949,448)	(26,825,726)
Proceeds from short-term bills payable	2,892,671	4,891,891
Repayments of short-term bills payable	(4,500,000)	(2,000,000)
Proceeds from long-term borrowings	2,100,000	-
Repayments of long-term borrowings	(1,308,244)	(2,100,000)
Proceeds from long-term bills payable	1,498,484	-
Repayments of long-term bills payable	-	(600,748)
Repayments of principal of lease liabilities	(3,983)	(3,966)
Interest paid	(58,708)	(70,039)
Net cash generated from (used in) financing activities	<u>434,601</u>	<u>(3,026,605)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(464,311)	(1,946,198)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>1,097,361</u>	<u>2,288,215</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 633,050</u>	<u>\$ 342,017</u>
Reconciliation of the amounts in the consolidated statements of cash flows with the equivalent items reported in the consolidated balance sheets as of March 31, 2024 and 2023:		
Cash and cash equivalents in the consolidated balance sheets	\$ 1,664,328	\$ 1,295,142
Bank overdraft	<u>(1,031,278)</u>	<u>(953,125)</u>
Cash and cash equivalents in the consolidated statements of cash flows	<u>\$ 633,050</u>	<u>\$ 342,017</u>

(Concluded)

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

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Chung Hung Steel Corporation (the Corporation) was incorporated in September 1983 and started operations in September 1985. It mainly manufactures and sells steel products, such as cold and hot rolled coils.

The Corporation's shares have been listed on the Taiwan Stock Exchange since February 1992.

As of March 31, 2024, and 2023, China Steel Corporation ("CSC"), the Corporation's parent and major shareholder (40.58%), controls the Corporation's management and operations.

The consolidated financial statements are presented in the Corporation's functional currency, the New Taiwan Dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were reported to the Corporation's board of directors and authorized for issue on May 2, 2024.

3. APPLICATION OF NEW AND AMENDED STANDARDS AND INTERPRETATIONS

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

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

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

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Announced by IASB (Note 1)</u>
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 IFRS17 and IFRS 9 – Comparative Information"	January 1, 2023
IFRS 18 "Presentation and Disclosures in Financial Statements"	January 1, 2027
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025 (Note 2)

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

Note 2: An entity shall apply those amendments for annual reporting periods beginning on or after January 1, 2025. Upon initial application of the amendments to IAS 21, the Corporation and its subsidiaries shall not restate the comparative information and shall recognize any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or, if applicable, to the cumulative amount of translation differences in equity as well as affected assets or liabilities.

IFRS 18 "Presentation and Disclosures in Financial Statements"

IFRS 18 will supersede IAS 1 "Presentation of Financial Statements". The main changes comprise:

- Items of income and expenses included in the statement of profit or loss shall be classified into the operating, investing, financing, income taxes and discounted operations categories.
- The statement of profit or loss shall present totals and subtotals for operating profit or loss, profit or loss before financing and income taxes and profit or loss.
- Provides guidance to enhance the requirements of aggregation and disaggregation: The Group shall identify the assets, liabilities, equity, income, expenses and cash flows that arise from individual transactions or other events and shall classify and aggregate them into groups based on shared characteristics, so as to result in the presentation in the primary financial statements of line items that have at least one similar characteristic. The Group shall disaggregate items with dissimilar characteristics in the primary financial statements and in the notes. The Group labels items as 'other' only if it cannot find a more informative label.
- Disclosures on Management-defined Performance Measures (MPMs): When in public communications outside financial statements and communicating to users of financial statements management's view of an aspect of the financial performance of the Group as a whole, the Group shall disclose related information about its MPMs in a single note to the financial statements, including the description of such measures, calculations, reconciliations to the subtotal or total specified by IFRS Accounting Standards and the income tax and non-controlling interests effects of related reconciliation items.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group are 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 SIGNIFICANT ACCOUNTING POLICY

For readers' convenience, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the ROC. If inconsistencies arise between the English version and the Chinese version or if differences arise in the interpretations between the two versions, the Chinese version of the consolidated financial statements shall prevail.

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 IAS 34 "Interim Financial Reporting" as endorsed and issued into effect by the FSC. The consolidated financial statements do not present full disclosures required for a complete set of IFRS Accounting Standards annual financial statements.

b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Corporation and the entities controlled by the Corporation (i.e., its subsidiaries). All intra-Group transactions, balances,

income and expenses are eliminated in full upon consolidation.

The consolidated entities were as follows:

Investor	Investee	Main Businesses	Percentage of Ownership (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
Chung Hung Steel Corporation Ltd.	Hung Kao Investment Corporation	General investment	100	100	100

c. Other significant accounting policies

Except for the following, refer to the summary of significant accounting policy in the consolidated financial statements for the year ended December 31, 2023.

1) Classification of current and non-current assets and liabilities

Current assets include:

- a) Assets held primarily for the purpose of trading;
- b) Assets expected to be realized within 12 months after the reporting period; and
- c) 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:

- a) Liabilities held primarily for the purpose of trading;
- b) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c) Liabilities for which the Corporation and its subsidiaries do not have the substantial right at the end of the reporting period 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.

2) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

3) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated on an interim period's pre-tax income by applying to the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same material accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as those applied in the preparation of the consolidated financial statements for the year ended December 31, 2023.

6. CASH AND CASH EQUIVALENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Cash on hand	\$ 640	\$ 640	\$ 640
Checking accounts and demand deposits	89,203	329,359	42,005
Cash equivalents (investments with original maturities of less than three months)			
Time deposits	100,000	967,232	-
Commercial papers with repurchase agreements	1,058,393	569,601	1,252,497
Bonds with repurchase agreements	<u>416,092</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,664,328</u>	<u>\$ 1,866,832</u>	<u>\$ 1,295,142</u>

7. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	March 31, 2024	December 31, 2023	March 31, 2023
Current			
Domestic Listed shares	<u>\$ 821,186</u>	<u>\$ 927,699</u>	<u>\$ 1,023,075</u>
Non-current			
Domestic listed shares	\$ 23,995	\$ 27,108	\$ 31,023
Domestic unlisted shares	<u>45,698</u>	<u>45,588</u>	<u>43,311</u>
	<u>\$ 69,693</u>	<u>\$ 72,696</u>	<u>\$ 74,334</u>

8. FINANCIAL INSTRUMENTS FOR HEDGING

	March 31, 2024	December 31, 2023	March 31, 2023
Financial assets for hedging - current			
Foreign-currency deposits	<u>\$ 146,365</u>	<u>\$ 140,442</u>	<u>\$ 252,735</u>

For the purpose of managing cash flow risk from exchange rate fluctuations due to the purchase of imported raw materials and equipment, the Group purchased foreign-currency deposits and entered into foreign exchange forward contracts. Refer to Note 29 for information relating to financial instruments for hedging.

9. ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Accounts receivable</u>			
Accounts receivable – non-related parties			
At amortized cost	\$ <u>527,338</u>	\$ <u>638,335</u>	\$ <u>329,025</u>
Accounts receivable – related parties			
At amortized cost	\$ <u>29,354</u>	\$ <u>106,208</u>	\$ <u>91,987</u>
<u>Other receivables (including related parties)</u>			
Income tax refund receivable	\$ 107,280	-	\$ 69,223
Receivables from disposal of scrap	37,094	47,893	55,159
Receivables from price settlement	89,683	173,777	476
Other receivables - related parties' loans	-	-	300,000
Others	<u>4,428</u>	<u>6,087</u>	<u>9,348</u>
	<u>\$ 238,485</u>	<u>\$ 227,757</u>	<u>\$ 434,206</u>

a. Accounts receivable

Refer to Note 29 (d) for credit risk management policies. The expected credit losses on accounts receivable are estimated using a provision matrix approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, economic condition of the industry in which the debtor operates, as well as the GDP forecasts and industry outlook. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance is based on past due status rather than distinguishing each different customer group.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

March 31, 2024

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	100	
Gross carrying amount	\$ 556,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 556,692
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 556,692</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 556,692</u>

December 31, 2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	100	
Gross carrying amount	\$ 744,543	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 744,543
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 744,543</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 744,543</u>

March 31, 2023

	Not Past Due	1 to 30 Days	31 to 60 Days	61 to 180 Days	181 to 365 Days	Over 365 Days	Total
Expected credit loss rate (%)	-	-	-	-	-	100	
Gross carrying amount	\$ 421,012	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 421,012
Loss allowance (Lifetime ECL)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Amortized cost	<u>\$ 421,012</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 421,012</u>

The amounts of accounts receivable from single customer that exceed 10% of total accounts receivable were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
A company	\$ 193,569	\$ 69,510	\$ -
B company	30,785	97,072	-
C company	28,980	77,116	26,723
D company	24,451	30,105	44,267
E company	-	170,970	131,233
F company	<u>-</u>	<u>71,984</u>	<u>44,672</u>
	<u>\$ 277,785</u>	<u>\$ 516,757</u>	<u>\$ 246,895</u>

The Corporation entered into accounts receivable factoring contract (without recourse). Under the contract, the Corporation is authorized to sell accounts receivable to Bank upon the delivery of products to customers and is required to complete related formalities on the next banking day. Under this contract, the Corporation does not bear the risk of the uncollectability of the accounts receivable.

Receivables sold for the three months ended March 31, 2024 and 2023 were as follows:

Buyer of Accounts Receivable	Advances Received at Period - Beginning	Receivables Sold	Amounts Collected	Advances Received at Period - End	Interest Rates on Advances Received (%)	Credit Line
<u>For the Three Months Ended March 31, 2024</u>						
Mega Bank	\$ 85,722	\$ 152,478	\$ 47,974	\$ 190,226	2.06	NT\$485 million
Bank of Taiwan	1,791	-	1,791	-	-	-
	<u>\$ 87,513</u>	<u>\$ 152,478</u>	<u>\$ 49,765</u>	<u>\$ 190,226</u>		
<u>For the Three Months Ended March 31, 2023</u>						
Mega Bank	\$ 224,382	\$ 59,256	\$ 193,605	\$ 90,033	1.96	NT\$533.3 million
Bank of Taiwan	10,293	770	10,293	770	1.93	NT\$200 million
Bank of Taiwan	9,108	-	9,108	-	-	USD20 million
	<u>\$ 243,783</u>	<u>\$ 60,026</u>	<u>\$ 213,006</u>	<u>\$ 90,803</u>		

The above credit lines are revolving.

b. Other receivables

The expected credit losses on other receivables are estimated using expected credit loss rate based on the other receivables overdue days. As of March 31, 2024, December 31, 2023 and March 31, 2023, there was no allowance for doubtful accounts.

10. INVENTORIES

	March 31, 2024	December 31, 2023	March 31, 2023
Raw materials	\$ 6,024,387	\$ 5,474,468	\$ 5,452,474
Supplies	327,726	350,978	362,844
Work in progress	565,284	627,325	617,600
Finished goods	2,267,503	2,112,065	3,140,296
Others	7,041	6,770	7,483
Raw materials and supplies in transit	<u>326,940</u>	<u>477</u>	<u>464</u>
	<u>\$ 9,518,881</u>	<u>\$ 8,572,083</u>	<u>\$ 9,581,161</u>

The cost of inventories recognized as operating costs for the three months ended March 31, 2024 and 2023 was NT\$8,895,244 thousand and NT\$8,807,960 thousand, respectively, including reversal of loss on inventories of NT\$46,112 thousand and NT\$1,275,438 thousand, respectively. The reversal of loss on inventories was mainly due to the net realizable value being lower than the cost that has disappeared.

11. PREPAYMENTS

	March 31, 2024	December 31, 2023	March 31, 2023
Input tax	\$ 172,286	\$ 85,623	\$ 93,340
Prepayments for purchases	55,080	25,374	16,551
Tax overpaid retained for offsetting future tax payable	32,396	45,762	-
Others	<u>9,949</u>	<u>25,360</u>	<u>8,620</u>
	<u>\$ 269,711</u>	<u>\$ 182,119</u>	<u>\$ 118,511</u>

12. OTHER FINANCIAL ASSETS

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Current</u>			
Pledged time deposits (Note 31)	\$ 800,000	\$ 500,000	\$ 800,000
Pledged demand deposits (Note 31)	300,000	300,000	300,000
One-year time deposits	<u>3,600</u>	<u>3,300</u>	<u>3,300</u>
	<u>\$ 1,103,600</u>	<u>\$ 803,300</u>	<u>\$ 1,103,300</u>

13. INVESTMENTS ACCOUNTED FOR USING EQUITY METHOD

	March 31, 2024	December 31, 2023	March 31, 2023
Material associates			
Transglory Investment Corp. (TIC)	\$ 2,889,596	\$ 3,237,182	\$ 3,627,600
Associates that are not individually material	<u>237,394</u>	<u>224,587</u>	<u>214,371</u>
	<u>\$ 3,126,990</u>	<u>\$ 3,461,769</u>	<u>\$ 3,841,971</u>

a. Material associates

Name of Associate	Nature of Activities	Principal Place of Business	Percentage of Ownership and Voting Rights (%)		
			March 31, 2024	December 31, 2023	March 31, 2023
TIC	General investment	Taiwan	39.59	39.59	39.59

TIC handles the cash capital increase in February 2023. The Corporation did not participate in the cash capital increase; therefore, the Corporation's shareholding ratio of TIC was reduced from 40.91% to 39.59%. The corporation reduced retained earnings by NT\$5,122 thousand due to the decrease in the equity value of the associated companies the Corporation owns. Additionally, the Corporation increased its retained earnings by NT\$ 5,505 thousand based on the reduced shareholding proportion of the other comprehensive income recognized under the equity method.

The summarized financial information below represents amounts shown in the associates' consolidated financial statements prepared in accordance with IFRS Accounting Standards adjusted by the Group for equity accounting purposes.

TIC

	March 31, 2024	December 31, 2023	March 31, 2023
Current assets	\$ 610,685	\$ 611,196	\$ 707,680
Non-current assets	6,687,766	7,565,260	8,454,914
Current liabilities	<u>(32)</u>	<u>(120)</u>	<u>(155)</u>
Equity	<u>\$ 7,298,419</u>	<u>\$ 8,176,336</u>	<u>\$ 9,162,439</u>
Proportion of the Group's ownership (%)	39.59	39.59	39.59
Equity attributable to the Group	<u>\$ 2,889,596</u>	<u>\$ 3,237,182</u>	<u>\$ 3,627,600</u>
Carrying amount	<u>\$ 2,889,596</u>	<u>\$ 3,237,182</u>	<u>\$ 3,627,600</u>
		For the Three Months Ended March 31	
		2024	2023
Operating revenue		<u>\$ 3,074</u>	<u>\$ 2,686</u>
Net profit for the period		\$ 863	\$ 543
Other comprehensive income (loss)		<u>(878,780)</u>	<u>298,506</u>
Total comprehensive income (loss) for the period		<u>\$ (877,917)</u>	<u>\$ 299,049</u>
Comprehensive income (loss) attributable to the Group		<u>\$ (347,586)</u>	<u>\$ 124,164</u>

b. Information about associates that are not individually material was as follows:

	For the Three Months Ended March 31	
	2024	2023
The Group's subsidiaries' share of		
Net profit (loss) for the period	\$ (540)	\$ 50
Other comprehensive income	<u>13,347</u>	<u>20,980</u>
 Total comprehensive income	 <u>\$ 12,807</u>	 <u>\$ 21,030</u>

The Group held more than 20% of the shares with its parent company CSC and fellow subsidiaries and accounted for using the equity method.

Refer to Table 3 "Information on Investees" for the nature of main business, principle of business and countries of incorporation of associates that are not individually material.

14. PROPERTY, PLANT AND EQUIPMENT

For the Three Months Ended March 31, 2024

	Land	Buildings	Machinery and Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2024	\$ 3,996,115	\$ 5,042,071	\$ 23,011,162	\$ 4,598,338	\$ 1,263,624	\$ 73,421	\$ 37,984,731
Additions	-	1,538	53,855	40,693	5,724	(20,108)	81,702
Disposals	-	-	-	(812)	(48,348)	-	(46,160)
Balance at March 31, 2024	<u>\$ 3,996,115</u>	<u>\$ 5,043,609</u>	<u>\$ 23,065,017</u>	<u>\$ 4,638,219</u>	<u>\$ 1,221,000</u>	<u>\$ 53,313</u>	<u>\$ 38,017,273</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2024	\$ -	\$ 2,409,230	\$ 19,915,909	\$ 4,326,177	\$ 728,315	\$ -	\$ 27,379,631
Depreciation expense	-	33,525	68,336	25,183	32,478	-	159,522
Disposals	-	-	-	(812)	(48,348)	-	(49,160)
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 2,442,755</u>	<u>\$ 19,984,245</u>	<u>\$ 4,350,548</u>	<u>\$ 712,445</u>	<u>\$ -</u>	<u>\$ 27,489,993</u>
<u>Accumulated impairment</u>							
Balance at January 1 and March 31, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,042,217</u>	<u>\$ -</u>	<u>\$ 153,156</u>	<u>\$ -</u>	<u>\$ 1,195,373</u>
Carrying amount at December 31, 2023	<u>\$ 3,996,115</u>	<u>\$ 2,632,841</u>	<u>\$ 2,053,036</u>	<u>\$ 272,161</u>	<u>\$ 382,153</u>	<u>\$ 73,421</u>	<u>\$ 9,409,727</u>
Carrying amount at March 31, 2024	<u>\$ 3,996,115</u>	<u>\$ 2,600,854</u>	<u>\$ 2,038,555</u>	<u>\$ 287,671</u>	<u>\$ 355,399</u>	<u>\$ 53,313</u>	<u>\$ 9,331,907</u>

For the Three Months Ended March 31, 2023

	Land	Buildings	Machinery and Equipment	Other Equipment	Spare Parts	Construction in Progress and Equipment to be Inspected	Total
<u>Cost</u>							
Balance at January 1, 2023	\$ 4,008,281	\$ 5,014,510	\$ 23,224,815	\$ 4,580,353	\$ 1,230,418	\$ 47,783	\$ 38,106,160
Additions	-	-	34,236	8,418	2,490	10,058	55,202
Disposals	-	-	-	(461)	(53,903)	-	(54,364)
Reclassification	(12,166)	-	-	-	-	-	(12,166)
Balance at March 31, 2023	<u>\$ 3,996,115</u>	<u>\$ 5,014,510</u>	<u>\$ 23,259,051</u>	<u>\$ 4,588,310</u>	<u>\$ 1,179,005</u>	<u>\$ 57,841</u>	<u>\$ 38,094,832</u>
<u>Accumulated depreciation</u>							
Balance at January 1, 2023	\$ -	\$ 2,275,217	\$ 19,891,573	\$ 4,230,628	\$ 684,744	\$ -	\$ 27,082,162
Depreciation expense	-	33,522	86,683	25,667	29,619	-	175,491
Disposals	-	-	-	(461)	(53,903)	-	(54,364)
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 2,308,739</u>	<u>\$ 19,978,256</u>	<u>\$ 4,255,834</u>	<u>\$ 660,460</u>	<u>\$ -</u>	<u>\$ 27,203,289</u>
<u>Accumulated impairment</u>							
Balance at January 1 and March 31, 2023	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,069,186</u>	<u>\$ -</u>	<u>\$ 153,156</u>	<u>\$ -</u>	<u>\$ 1,222,342</u>
Carrying amount at March 31, 2023	<u>\$ 3,996,115</u>	<u>\$ 2,705,771</u>	<u>\$ 2,211,609</u>	<u>\$ 332,476</u>	<u>\$ 365,389</u>	<u>\$ 57,841</u>	<u>\$ 9,669,201</u>

Depreciation of the rollers is calculated based on their level of wear; depreciation of other assets is recognized based on the following useful lives:

Buildings	
Facility	5-50 years
Main structure	31-60 years
Machinery and equipment	
Power equipment	3-30 years
High-temperature equipment	3-18 years
Other equipment	
Computer equipment	3-10 years
Office, air condition and extinguishment equipment	3-20 years
Transportation equipment	5-16 years
Others	3-20 years
Tank	10 years

The Corporation bought farmlands for warehouse at the Gangshan District in Kaohsiung City. However, certain regulations prohibit the Corporation from registering the title of these farmlands in the Corporation's name; therefore, the registration was made in the name of an individual person. The individual person consented to fully cooperate with the Corporation in freely changing the land title to the Corporation or to other name under the Corporation's instructions. Meanwhile, the land has been pledged to the Corporation as collateral. As of March 31, 2024, December 31, 2023 and March 31, 2023, the carrying amount of the farmlands was both NT\$19,354 thousand, recorded as land.

15. LEASE ARRANGEMENTS

a. Right-of-use assets

<u>Carrying amounts</u>	March 31, 2024	December 31, 2023	March 31, 2023
Land	\$ 64,115	\$ 67,295	\$ 62,514
Transportation equipment	<u>417</u>	<u>1,248</u>	<u>3,740</u>
	<u>\$ 64,532</u>	<u>\$ 68,543</u>	<u>\$ 66,254</u>
		For the Three Months Ended March 31	
		2024	2023
Additions to right-of-use assets		<u>\$ 2</u>	<u>\$ 22,165</u>
Depreciation charge for right-of-use assets			
Land		\$ 3,182	\$ 3,173
Transportation equipment		<u>831</u>	<u>831</u>
		<u>\$ 4,013</u>	<u>\$ 4,004</u>

Except for the addition and recognition of depreciation expenses listed above, the Group's right-of-use assets did not undergo significant sub-lease and impairment for the three months ended March 31, 2024 and 2023.

b. Lease liabilities

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Carrying amounts</u>			
Current	\$ 12,449	\$ 13,626	\$ 14,538
Non-current	<u>\$ 53,288</u>	<u>\$ 56,092</u>	<u>\$ 52,814</u>

Range of discount rate for lease liabilities was as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Land(%)	0.65-1.50	0.65-1.50	0.65-1.50
Transportation equipment(%)	0.75-0.76	0.75-0.76	0.75-0.76

c. Material lease activities and terms

The Corporation leases several pieces of land to store steel products, with the lease terms of 3 to 10 years. The Corporation does not have bargain purchase options to acquire the leasehold land at the end of the lease terms.

d. Other lease information

Lease arrangements under operating leases for the leasing out of investment properties are set out in Note 16.

	For the Three Months Ended March 31	
	2024	2023
Expenses relating to short-term leases	<u>\$ 4,271</u>	<u>\$ 3,659</u>
Expenses relating to low-value assets leases	<u>\$ 361</u>	<u>\$ 319</u>
Total cash outflow for leases	<u>\$ 8,846</u>	<u>\$ 8,169</u>

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

16. INVESTMENT PROPERTIES

For the three months ended March 31, 2024

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1 and March 31, 2024	<u>\$ 5,971,240</u>	<u>\$ 42,710</u>	<u>\$ 6,013,950</u>

(Continued)

	Land	Buildings	Total
<u>Accumulated depreciation</u>			
Balance at January 1, 2024	\$ -	\$ 20,340	\$ 20,340
Depreciation expense	<u>-</u>	<u>236</u>	<u>236</u>
Balance at March 31, 2024	<u>\$ -</u>	<u>\$ 20,576</u>	<u>\$ 20,576</u>
Carrying amount at December 31, 2023	<u>\$ 5,971,240</u>	<u>\$ 22,370</u>	<u>\$ 5,993,610</u>
Carrying amount at March 31, 2024	<u>\$ 5,971,240</u>	<u>\$ 22,134</u>	<u>\$ 5,993,374</u> (Concluded)

For the three months ended March 31, 2023

	Land	Buildings	Total
<u>Cost</u>			
Balance at January 1, 2023	\$ 5,959,074	\$ 41,067	\$ 6,000,141
Reclassification	<u>12,166</u>	<u>-</u>	<u>12,166</u>
Balance at March 31, 2023	<u>\$ 5,971,240</u>	<u>\$ 41,067</u>	<u>\$ 6,012,307</u>
<u>Accumulated depreciation</u>			
Balance at January 1, 2023	\$ -	\$ 18,732	\$ 18,732
Depreciation expense	<u>-</u>	<u>222</u>	<u>222</u>
Balance at March 31, 2023	<u>\$ -</u>	<u>\$ 18,954</u>	<u>\$ 18,954</u>
Carrying amount at March 31, 2023	<u>\$ 5,971,240</u>	<u>\$ 22,113</u>	<u>\$ 5,993,353</u>

The Corporation as lessor leased land in Longdong section in Kaohsiung on June 30, 2010 for 20 years under an operating lease agreement; the Corporation collects rental monthly. The amounts of rental revenue for the three months ended March 31, 2024 and 2023 were NT\$22,045 thousand and NT\$21,605 thousand, respectively, and were included in other income. As of March 31, 2024, December 31, 2023 and March 31, 2023, the Corporation received the same margin of NT\$35,000 thousand base on the lease contract.

As of March 31, 2024, December 31, 2023 and March 31, 2023, notes receivable and advance rental were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Notes receivable received	\$ 30,676	\$ 53,683	\$ 30,074
Less: Advance rental	<u>30,676</u>	<u>53,683</u>	<u>30,074</u>
Carrying amount	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The future rentals to be received under operating leases for the leasing out of investment properties are as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Year 1	\$ 97,245	\$ 100,765	\$ 95,404
Year 2	90,443	89,996	88,670
Year 3	92,252	91,796	90,443
Year 4	94,097	93,632	92,252
Year 5	95,978	95,504	94,097
Later than 5 years	<u>239,700</u>	<u>263,892</u>	<u>335,678</u>
	<u>\$ 709,715</u>	<u>\$ 735,585</u>	<u>\$ 796,544</u>

The above buildings of investment properties are depreciated on a straight-line basis over 31-55 years useful lives.

The fair value of the investment properties was arrived at on the basis of valuations carried out in December 2023 and 2021 by real estate appraiser. Appraised lands and buildings were evaluated using Level 3 inputs under market approach, cost approach, income approach, land development analysis approach. The important assumptions and fair value were as follows:

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value	<u>\$ 14,882,964</u>	<u>\$ 14,882,964</u>	<u>\$ 13,734,829</u>
Expense rate (%)	28.86	28.86	27.52
Depreciation rate (%)	1.90-2.71	1.90-2.71	1.90-2.57

All investment properties are owned by the Group and had not been pledged to secure borrowings.

17. BORROWINGS

a. Short-term borrowings and bank overdrafts

	March 31, 2024	December 31, 2023	March 31, 2023
Letters of credit	\$ 2,179,625	\$ 2,485,244	\$ 2,437,602
Unsecured loans	1,650,000	1,530,000	1,000,000
Bank overdrafts (Note 31)	<u>1,031,278</u>	<u>769,471</u>	<u>953,125</u>
	<u>\$ 4,860,903</u>	<u>\$ 4,784,715</u>	<u>\$ 4,390,727</u>
Interest rate (%)	0.87-1.74	0.79-1.65	0.79-1.84

b. Short-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Short-term bills payable	\$ 890,000	\$ 2,500,000	\$ 2,900,000
Less: Unamortized discounts	<u>1,655</u>	<u>4,326</u>	<u>8,109</u>
	<u>\$ 888,345</u>	<u>\$ 2,495,674</u>	<u>\$ 2,891,891</u>
Interest rate (%)	1.50-1.54	1.58-1.65	1.38-1.60

As of March 31, 2024, December 31, 2023 and March 31, 2023, all short-term bills payable were non-guarantee commercial paper, and promissory institutions included Taching Bills, CBF Bills, Mega Bills and Union Bank.

c. Long-term borrowings

	March 31, 2024	December 31, 2023	March 31, 2023
Credit bank loans			
Due on various dates through December 2028	\$ 3,300,000	\$ 2,600,000	\$ 2,500,000
Syndicated bank loans			
Due on various dates through March 2029	<u>100,000</u>	<u>-</u>	<u>-</u>
	3,400,000	2,600,000	2,500,000
Less: Syndicated loans fee	8,244	-	-
Current portion	<u>-</u>	<u>-</u>	<u>940,000</u>
	<u>\$ 3,391,756</u>	<u>\$ 2,600,000</u>	<u>\$ 1,560,000</u>
Interest rate (%)	1.62-1.91	1.62-1.76	1.55-1.73

The Corporation entered into a syndicated credit facility agreement with nine financial institutions including Yushan Bank for a NT\$ 6 billion of credit line in September 2023. Under the agreement, the Corporation should meet certain financial ratios and criteria based on audited consolidated annual financial statement.

d. Long-term bills payable

	March 31, 2024	December 31, 2023	March 31, 2023
Long-term bills payable	\$ 3,400,000	\$ 1,900,000	\$ 1,900,000
Less: Unamortized discount	<u>2,152</u>	<u>636</u>	<u>2,307</u>
	<u>\$ 3,397,848</u>	<u>\$ 1,899,364</u>	<u>\$ 1,897,693</u>
Interest rate (%)	1.67-1.92	1.67	1.64

The Corporation entered into commercial paper contracts with bank. The duration of the contracts is two to four years, during which the Corporation only has to pay service fees and interest. As of March 31, 2024, December 31, 2023 and March 31, 2023, all long-term bills payable were non-guarantee commercial papers.

18. BONDS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
Unsecured domestic bonds	\$ 3,000,000	\$ 3,000,000	\$ 3,000,000
Less: Issuance cost of bonds payable	1,272	1,556	2,407
Current portion	<u>2,000,000</u>	<u>-</u>	<u>-</u>
	<u>\$ 998,728</u>	<u>\$ 2,998,444</u>	<u>\$ 2,997,593</u>

The major terms of unsecured domestic bonds are as follows:

Issuer	Issuance Period	Total Amount	Coupon Rate (%)	Repayment and Interest Payment
The Corporation	5 years; expired in March 2025	\$ 2,000,000	0.78	Repayable in March 2025; interest payable annually
The Corporation	5 years; expired in September 2025	1,000,000	0.65	Repayable in September 2025; interest payable annually.

19. ACCOUNTS PAYABLE

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Accounts payable</u>			
Operating – non-related parties	<u>\$ 555,464</u>	<u>\$ 68,322</u>	<u>\$ 194,715</u>
Operating - related parties	<u>\$ 283,722</u>	<u>\$ 578,527</u>	<u>\$ 456,538</u>

The Group has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

20. OTHER PAYABLES

	March 31, 2024	December 31, 2023	March 31, 2023
Salaries and incentive bonus	\$ 131,676	\$ 221,594	\$ 130,928
Outsourced repair and construction	124,208	129,406	97,131
Utilities	65,388	75,085	66,507
Freight expense	64,336	65,860	69,829
Others	<u>139,407</u>	<u>122,518</u>	<u>167,750</u>
	<u>\$ 525,015</u>	<u>\$ 614,463</u>	<u>\$ 532,145</u>

21. PROVISIONS - CURRENT

	March 31, 2024	December 31, 2023	March 31, 2023
Onerous contracts	<u>\$ 159,725</u>	<u>\$ 137,900</u>	<u>\$ -</u>
		For the Three Months Ended March 31	
		2024	2023
Balance at beginning of the period		\$ 137,900	\$ 133,700
Recognized (Reversal)		<u>21,825</u>	<u>(133,700)</u>
Balance at end of the period		<u>\$ 159,725</u>	<u>\$ -</u>

The provision for onerous contracts comes from the non-cancellable purchase contracts with suppliers, and the provision amounts are measured using the difference of the unavoidable costs of meeting the contractual obligations less the economic benefits expected to be received from the contracts.

22. RETIREMENT BENEFIT PLANS

Employee benefit expenses in respect of the Corporation and its subsidiaries' defined benefit retirement plans were calculated using the actuarially determined pension cost discount rate as of December 31, 2023 and 2022, and the amounts were NT\$3,672 thousand and NT\$3,691 thousand for the three months ended March 31, 2024 and 2023, respectively.

23. EQUITY

a. Ordinary shares

	March 31, 2024	December 31, 2023	March 31, 2023
Numbers of shares authorized (in thousands)	<u>2,043,160</u>	<u>2,043,160</u>	<u>2,043,160</u>
Shares authorized	<u>\$ 20,431,600</u>	<u>\$ 20,431,600</u>	<u>\$ 20,431,600</u>
Numbers of shares issued and fully paid (in thousands)	<u>1,435,544</u>	<u>1,435,544</u>	<u>1,435,544</u>
Shares issued	<u>\$ 14,355,444</u>	<u>\$ 14,355,444</u>	<u>\$ 14,355,444</u>

In June 2009, the Corporation revised the number of its authorized shares to 3,000,000 thousand shares upon obtaining the approval in the shareholders' meeting. The number of authorized shares approved by the Department of Commerce, Ministry of Economic Affairs is 2,043,160 thousand shares.

Fully paid ordinary shares, which have a par value NT\$10, carry one vote per share and the right to dividends.

b. Capital surplus

	March 31, 2024	December 31, 2023	March 31, 2023
Additional paid-in capital	<u>\$ 903</u>	<u>\$ 903</u>	<u>\$ 903</u>

In 2009, CSC had transferred its treasury stocks to its employees and subsidiaries. The Corporation recognized a compensation cost and capital surplus of NT\$743 thousand. In July 2011, CSC issued ordinary shares for cash capital. Under the Company Law, CSC should reserve 10% of the stocks for its employees and subsidiaries. The Corporation recognized NT\$160 thousand of compensation cost and capital surplus.

Such capital surplus may be used only to offset deficits.

c. Retained earnings and dividend policy

The Corporation's Articles of Incorporation provide that 10% of the annual net income less any deficit should be appropriated as a legal reserve; a certain percentage should be appropriated as special reserve; the remainder may be declared as dividends or retained as proposed by the Corporation's board of directors and approved in the shareholders' meetings.

The amendments to the Corporation's Articles of Incorporation were approved by the shareholders' meeting on June 28, 2023. According to the amendments, the earnings distributed each year shall account for more than 30 percent of the distributable earnings, unless the Corporation has capital needs. The Corporation is in a mature steel industry. Thus, dividends will be appropriated in cash or in shares at an appropriate ratio, with cash dividends to be at least 50% of total dividends.

In accordance with the retained earnings and dividend policy before the amendments, the allocation of no less than 30% of the distributable surplus every year to distribute dividends was resolved and approved. However, if the cumulative distributable surplus is less than 3% of the paid-in capital, it may not be distributed. The Corporation is in a mature steel industry. Thus, dividends will be appropriated in cash or in shares at an appropriate ratio, with cash dividends to be at least 50% of total dividends.

Under the Company Law, legal reserve should be appropriated from retained earnings until its balance equals the Corporation's paid-in capital. Legal reserve may be used to offset a deficit. If the Corporation has no deficit and the legal reserve has exceeded 25% of the Corporation's paid-in capital, the excess may be transferred to capital or distributed in cash.

The appropriations of earnings for 2023 and 2022 were proposed by Corporation's board of directors in February 2024 and approved in the shareholders' meeting in June 2023, respectively. The appropriations and dividends per share were as follows:

	<u>Appropriation of Earnings</u>		<u>Dividend Per Share (NT\$)</u>	
	2023	2022	2023	2022
Legal reserve	\$ 6,212	\$ -		
Special reserve	72,914	-		
Cash dividends	143,554	502,441	<u>\$ 0.10</u>	<u>\$ 0.35</u>

The appropriations of earnings for 2023 are subject to the resolution of the shareholders' meeting to be held in June 2024.

Information about the appropriation of earnings and offsetting deficit, proposed by the shareholders' meetings and the Corporation's board of directors, is available at the Market Observation Post System website of the Taiwan Stock Exchange.

d. Exchange differences on translating foreign operations

	For the Three Months Ended March 31	
	2024	2023
Balance at beginning of the period	\$ 317	\$ 386
Recognized during the period		
Share from associates accounted for using the equity method	<u>(320)</u>	<u>(152)</u>
Balance at end of the period	<u>\$ (3)</u>	<u>\$ 234</u>

e. Unrealized gains and losses on financial assets at fair value through other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
Balance at beginning of the period	\$ (76,424)	\$ 298,690
Recognized during the period		
Unrealized gains and losses - equity instruments	(109,516)	39,673
Share from associates accounted for using the equity method	<u>(334,264)</u>	<u>145,075</u>
Other comprehensive income recognized for the period	<u>(443,780)</u>	<u>184,748</u>
Cumulative unrealized gain or loss of equity instruments transferred to retained earnings due to disposal	<u>(11,126)</u>	<u>(4,596)</u>
Changes in equity of associates accounted for using equity method	<u>-</u>	<u>(5,505)</u>
Balance at end of the period	<u>\$ (531,330)</u>	<u>\$ 473,337</u>

f. Gains and losses on hedging instruments- Cash flow hedges

	For the Three Months Ended March 31	
	2024	2023
Balance at beginning of the period	\$ 3,193	\$ (8,854)
Recognized for the period		
Foreign currency risk-foreign currency deposits	5,923	14,557
Foreign currency risk-foreign exchange forward contracts	-	2,166
Income tax effect	<u>(1,185)</u>	<u>(3,345)</u>
Other comprehensive income recognized for the period	<u>4,738</u>	<u>13,378</u>
Balance at end of the period	<u>\$ 7,931</u>	<u>\$ 4,524</u>

24. OPERATING REVENUES

a. Contract balances

	March 31, 2024	December 31, 2023	March 31, 2023	January 1, 2023
Accounts receivable	\$ <u>556,692</u>	\$ <u>744,543</u>	\$ <u>421,012</u>	\$ <u>289,350</u>
Contract liabilities				
Sale of goods	\$ <u>53,556</u>	\$ <u>40,310</u>	\$ <u>63,389</u>	\$ <u>102,146</u>

b. Disaggregation of revenue

For the Three Months Ended March 31, 2024

Type of goods or services	Reportable segments		
	Chung Hung	Others	Total
Sale of goods	\$ 9,048,200	\$ -	\$ 9,048,200
Rendering of services	82,245	2	82,247
Others	<u>17,737</u>	<u>-</u>	<u>17,737</u>
	<u>\$ 9,148,182</u>	<u>\$ 2</u>	<u>\$ 9,148,184</u>

For the Three Months Ended March 31, 2023

Type of goods or services	Reportable segments		
	Chung Hung	Others	Total
Sale of goods	\$ 9,394,771	\$ -	\$ 9,394,771
Rendering of services	111,635	381	112,016
Others	<u>16,947</u>	<u>-</u>	<u>16,947</u>
	<u>\$ 9,523,353</u>	<u>\$ 381</u>	<u>\$ 9,523,734</u>

25. NET PROFIT FOR THE PERIOD

Net profit for the period consisted of following items:

a. Other income

	For the Three Months Ended March 31	
	2024	2023
Rental income	\$ 24,079	\$ 23,250
Others	<u>13,278</u>	<u>32,041</u>
	<u>\$ 37,357</u>	<u>\$ 55,291</u>

b. Other gains and losses

	For the Three Months Ended March 31	
	2024	2023
Net foreign exchange gain	\$ 17,222	\$ 861
Fees	(2,683)	(2,192)
Others	<u>(718)</u>	<u>(1,977)</u>
	<u>\$ 13,821</u>	<u>\$ (3,308)</u>

The components of net foreign exchange gain were as follows:

	For the Three Months Ended March 31	
	2024	2023
Foreign exchange gain	\$ 32,659	\$ 23,310
Foreign exchange loss	<u>(15,437)</u>	<u>(22,449)</u>
Net exchange gain	<u>\$ 17,222</u>	<u>\$ 861</u>

c. Finance costs

	For the Three Months Ended March 31	
	2024	2023
Interest on bank overdrafts and loans	\$ 50,237	\$ 51,606
Interest on lease liabilities	<u>231</u>	<u>225</u>
Total interest expense financial liabilities measured at amortized cost	50,468	51,831
Less: Amounts included in the cost of qualifying assets	<u>820</u>	<u>451</u>
	<u>\$ 49,648</u>	<u>\$ 51,380</u>

Information about capitalized interest was as follows:

	For the Three Months Ended March 31	
	2024	2023
Capitalized amounts	\$ 820	\$ 451
Capitalized annual rates (%)	1.38-1.41	1.34-1.36

d. Depreciation

	For the Three Months Ended March 31	
	2024	2023
Property, plant and equipment	\$ 159,522	\$ 175,491
Investment properties	236	222
Right-of-use assets	<u>4,013</u>	<u>4,004</u>
	<u>\$ 163,771</u>	<u>\$ 179,717</u>
Analysis of depreciation by function		
Operating costs	\$ 160,762	\$ 176,433
Operating expenses	2,773	3,062
Deduction of other income	<u>236</u>	<u>222</u>
	<u>\$ 163,771</u>	<u>\$ 179,717</u>

e. Operating expenses directly related to investment properties

	For the Three Months Ended March 31	
	2024	2023
Direct operating expenses of investment properties that generated rental income	\$ 2,960	\$ 2,938
Direct operating expenses of investment properties that did not generate rental income	<u>2,383</u>	<u>2,392</u>
	<u>\$ 5,343</u>	<u>\$ 5,330</u>

f. Employee benefits

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits		
Salaries	\$ 247,000	\$ 304,409
Labor and health insurance	22,388	22,984
Others	<u>42,851</u>	<u>39,218</u>
	<u>312,239</u>	<u>366,611</u>
Post-employment benefits		
Defined contribution plans	7,337	7,117
Defined benefit plans (Note 22)	<u>3,672</u>	<u>3,691</u>
	<u>11,009</u>	<u>10,808</u>
	<u>\$ 323,248</u>	<u>\$ 377,419</u>

(Continued)

	For the Three Months Ended March 31	
	2024	2023
Analysis of employee benefits expense by function		
Operating costs	\$ 269,154	\$ 310,950
Operating expenses	<u>54,094</u>	<u>66,469</u>
	<u>\$ 323,248</u>	<u>\$ 377,419</u> (Concluded)

g. Compensation of employees and remuneration of directors

In accordance with the Corporation's Articles of Incorporation, the Corporation distributes compensation of employees and remuneration of directors at rates of no less than 1% and no higher than 1%, respectively, of net profit before income tax less any deficit, compensation of employees, and remuneration of directors.

For the three months ended March 31, 2024 and 2023, the compensation of employees and remuneration of directors were as follows:

	For the Three Months ended March 31	
	2024	2023
Amount		
Compensation of employees	\$ 2,683	\$ 18,006
Remuneration of directors	543	3,600

The Company did not accrue compensation of employees and remuneration of directors for the year ended December 31, 2022 due to losses incurred.

The compensation of employees and remuneration of directors for the year ended December 31, 2023, which were approved by the Corporation's board of directors in February 2024 were as follows:

	For the Year Ended December 31, 2023	
	Amount	
Compensation of employees		\$ 4,008
Remuneration of directors		802

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issue, the difference is recorded as a change in accounting estimate and recognized in the next year.

There was no difference between the actual amounts of compensation of employees and remuneration of directors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2023.

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

26. INCOME TAX

- a. Income tax recognized in profit or loss

	For the Three Months Ended March 31	
	2024	2023
Current tax		
In respect of the current period	\$ 1	\$ 2
In respect of the prior years	(6,001)	(564)
Deferred tax		
In respect of the current period	<u>6,377</u>	<u>89,444</u>
	<u>\$ 377</u>	<u>\$ 88,882</u>

- b. No income tax was recognized directly in equity.
c. Income tax expense recognized in other comprehensive income

	For the Three Months Ended March 31	
	2024	2023
Deferred tax		
Gains and losses on hedging instruments	<u>\$ 1,185</u>	<u>\$ 3,345</u>

- d. Income tax assessments

The Group's income tax returns through 2022 have been assessed by the tax authorities.

27. EARNINGS PER SHARE

	For the Three Months Ended March 31	
	2024	2023
Basic earnings per share	<u>\$ 0.04</u>	<u>\$ 0.28</u>
Diluted earnings per share	<u>\$ 0.04</u>	<u>\$ 0.27</u>

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

Net profit for the period

	For the Three Months Ended March 31	
	2024	2023
Attributable to owners of the Corporation	<u>\$ 59,925</u>	<u>\$ 394,841</u>

Weighted average number of ordinary shares outstanding (in thousand shares)

	For the Three Months Ended March 31	
	2024	2023
Weighted average number of ordinary shares in computation of basic earnings per share	1,435,544	1,435,544
Effect of dilutive potential ordinary shares:		
Compensation of employees	<u>230</u>	<u>682</u>
Weighted average number of ordinary shares used in computation of diluted earnings per share	<u>1,435,774</u>	<u>1,436,226</u>

The Corporation may settle the compensation paid to employees in cash or shares; therefore, the Corporation assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares will be included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, 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.

28. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue their operations while maximizing the return to shareholders through the optimization of the debt and equity balance.

29. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not carried at fair value

Management of the Group considers the carrying amount of financial assets and liabilities not carried at fair value approximates fair value.

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
<u>March 31, 2024</u>				
Financial assets at FVOCI				
Domestic listed shares	\$ 845,181	\$ -	\$ -	\$ 845,181
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>45,698</u>	<u>45,698</u>
	<u>\$ 845,181</u>	<u>\$ -</u>	<u>\$ 45,698</u>	<u>\$ 890,879</u>

(Continued)

	Level 1	Level 2	Level 3	Total
<u>December 31, 2023</u>				
Financial assets at FVOCI				
Domestic listed shares	\$ 954,807	\$ -	\$ -	\$ 954,807
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>45,588</u>	<u>45,588</u>
	<u>\$ 954,807</u>	<u>\$ -</u>	<u>\$ 45,588</u>	<u>\$1,000,395</u>
<u>March 31, 2023</u>				
Financial assets at FVOCI				
Domestic listed shares	\$1,054,098	\$ -	\$ -	\$1,054,098
Domestic unlisted shares	<u>-</u>	<u>-</u>	<u>43,311</u>	<u>43,311</u>
	<u>\$1,054,098</u>	<u>\$ -</u>	<u>\$ 43,311</u>	<u>\$1,097,409</u> (Concluded)

There was no transfer between Level 1 and Level 2 for the three months ended March 31, 2024 and 2023.

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

	Financial Assets at Fair Value Through Other Comprehensive Income - Equity Instruments
<u>For the three months ended March 31, 2024</u>	
Balance at beginning of the period	\$ 45,588
Total profit or loss	
Recognized in other comprehensive income	<u>110</u>
Balance at end of the period	<u>\$ 45,698</u>
<u>For the three months ended March 31, 2023</u>	
Balance at beginning of the period	\$ 41,163
Total profit or loss	
Recognized in other comprehensive income	<u>2,148</u>
Balance at end of the period	<u>\$ 43,311</u>

3) Valuation techniques and inputs applied for Level 2 fair value measurement

<u>Financial Instrument</u>	<u>Valuation Technique and Inputs</u>
Derivative instruments	Derivatives with quoted prices in active markets were measured at fair values based on their market prices. If market prices are not available, derivatives are measured at estimated value using valuation techniques. The estimates and assumptions used in the Corporation's valuation techniques are consistent with the information used by market participants in pricing financial instruments, which are available to the Corporation. The fair value of each foreign exchange forward contract was determined separately under forward exchange rates indicated by the bank quotation system.

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

The fair value of unlisted shares was based on the current net value.

c. Categories of financial instruments

	March 31, 2024	December 31, 2023	March 31, 2023
<u>Financial assets</u>			
Financial assets for hedging	\$ 146,365	\$ 140,442	\$ 252,735
Measured at amortized cost (see 1 below)	3,464,429	3,652,213	3,193,774
Financial assets at fair value through other comprehensive income			
Equity instruments	890,879	1,000,395	1,097,409
<u>Financial liabilities</u>			
Measured at amortized cost (see 2 below)	17,074,553	16,246,128	16,166,154

1) The balances included financial assets measured at amortized cost, which comprise cash and cash equivalents, accounts receivable (including related parties), other receivables (including related parties and excluding tax refund receivable), other financial assets and refundable deposits.

2) The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, short-term bills payable, accounts payable (including related parties), other payables, refund liability, bonds payable (including current portion), long-term borrowings (including current portion), long-term bills payable, and guarantee deposits received.

d. Financial risk management objectives and policies

The Group's major financial instruments include financial assets for hedging, accounts receivable, investments accounted for using equity method, other financial assets, accounts payable, short-term borrowings, short-term bills payable, bonds payable(including current portion), long-term borrowings(including current portion), long-term bills payable and lease liabilities. The Group's financial department coordinates domestic and international financial operations, prepares and analyzes internal risk reports to monitor and manage financial risks related to the operation of the Group. These risks include market risk (including exchange rate risk, interest rate risk and other price risk), credit risk

and liquidity risk.

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

1) Market risk

The main financial risks arising from operating activities are to the risk of change in foreign exchange rates (see (a) below), the risk of changes in interest rates (see (b) below) and the risk of other price (see (c) below).

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

a) Foreign currency risk

The Group was exposed to foreign currency risk due to sales and purchases, denominated in foreign currencies. The Group manages exposure to foreign exchange risk using foreign currency deposits and engages in foreign exchange forward contracts with firm commitment opposite to exchange rate fluctuations within the scope permitted by the policy.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities exposed foreign currency risk at the end of the reporting period are set out in Note 33.

Sensitivity analysis

The Group was mainly exposed to the fluctuation of USD. The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollars (the functional currency) against the relevant foreign currencies. 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 the outstanding foreign currency denominated monetary items, refer to Note 33. The following table shows the impact on profit or equity of 1% decrease in NTD against USD.

	USD Impact	
	For the Three months ended	
	March 31	
	2024	2023
Profit (loss) before income tax (Note 1)	\$ (1,868)	\$ 622
Equity (Note 2)	1,464	2,527

Note1: This was mainly attributable to the exposure of outstanding USD cash and cash equivalents, accounts receivable, accounts payable and other payables, which were not hedged at the balance sheet date.

Note2: These were attributable to financial assets for hedging that were designated as hedging instruments in cash flow hedges.

b) Interest rate risk

The Group was exposed to interest rate risk because the Group borrowed funds at both fixed and floating interest rates.

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

	March 31, 2024	December 31, 2023	March 31, 2023
Fair value interest rate risk			
Financial liabilities	\$ 3,952,810	\$ 5,563,836	\$ 5,956,836
Cash flow interest rate risk			
Financial assets	1,189,203	1,431,559	1,122,005
Financial liabilities	11,650,507	9,284,079	8,788,420

Sensitivity analysis

If interest rates had been 0.25% higher/lower and all other variables were held constant, the Group's pre-tax profit for the three months ended March 31, 2024 and 2023 would have been lower/higher by NT\$6,538 thousand and NT\$4,792 thousand, respectively.

c) Other price risk

The Group was exposed to equity price risk through their investments in domestic listed shares. The equity price of the Group was evaluated by the closing price of the equity securities on a monthly basis.

Sensitivity analysis

If equity price of fair value through other comprehensive income financial assets had been lower by one dollar, the pre-tax other comprehensive income, for the three months ended March 31, 2024 and 2023 would have been lower by NT\$35,363 thousand and NT\$34,113 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As at the balance sheet date, the Group's maximum exposure to credit risk is the carrying amount of the financial assets on the consolidated balance sheets.

The Group made transactions only with the parties with good credit. The goods were delivered after the cash or L/C was received, and the Group did not provide financial guarantee to any company. Accounts receivable were due to time differences of L/C negotiation and there was no bad debt in the recent years; therefore, the credit risk is very low.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The Group relies on bank borrowings as a significant source of liquidity. The management monitors the utilization of bank borrowings and ensures compliance with loan covenants. As of March 31, 2024, the unutilized credit facility of the Group was NT\$47.1 billion; therefore, there is no liquidity risk or incapacity of financing capital to meet contractual obligations.

The table below summarizes the maturity profile of the Group's non-derivative financial liabilities based on contractual undiscounted payments:

	Less Than 1 Year	1-5 Years	Over 5 Years	Total
<u>March 31, 2024</u>				
Short-term borrowings	\$ 4,924,216	\$ -	\$ -	\$ 4,924,216
Short-term bills payable	890,000	-	-	890,000
Accounts payable (including related parties)	839,186	-	-	839,186
Other payables	513,925	-	-	513,925
Refund liabilities	137,772	-	-	137,772
Lease liabilities	13,264	41,533	13,882	68,679
Bonds payables	2,021,929	1,003,170	-	3,025,099
Long-term bank borrowings	58,624	3,480,215	-	3,538,839
Long-term bills payable	-	3,400,000	-	3,400,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 9,398,916</u>	<u>\$ 7,924,918</u>	<u>\$ 48,882</u>	<u>\$ 17,372,716</u>
<u>December 31, 2023</u>				
Short-term borrowings	\$ 4,843,156	\$ -	\$ -	\$ 4,843,156
Short-term bills payable	2,500,000	-	-	2,500,000
Accounts payable (including related parties)	646,849	-	-	646,849
Other payables	595,133	-	-	595,133
Refund liabilities	171,619	-	-	171,619
Lease liabilities	14,484	42,922	15,419	72,825
Bonds payable	22,100	3,008,509	-	3,030,609
Long-term bank borrowings	43,246	2,691,006	-	2,734,252
Long-term bills payable	-	1,900,000	-	1,900,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 8,836,587</u>	<u>\$ 7,642,437</u>	<u>\$ 50,419</u>	<u>\$ 16,529,443</u>
<u>March 31, 2023</u>				
Short-term borrowings	\$ 4,448,527	\$ -	\$ -	\$ 4,448,527
Short-term bills payable	2,900,000	-	-	2,900,000
Accounts payable (including related parties)	651,253	-	-	651,253
Other payables	519,614	-	-	519,614
Refund liabilities	269,852	-	-	269,852
Lease liabilities	15,332	37,312	17,790	70,434
Bonds payables	22,100	3,028,600	-	3,050,700
Long-term bank borrowings	969,850	1,575,493	-	2,545,343
Long-term bills payable	-	1,900,000	-	1,900,000
Guarantee deposits received	-	-	35,000	35,000
	<u>\$ 9,796,528</u>	<u>\$ 6,541,405</u>	<u>\$ 52,790</u>	<u>\$ 16,390,723</u>

4) Cash flow hedging

March 31, 2024

Hedging Instruments	Currency	Contract Amount (in thousands)	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Fair Value of Hedging Instrument Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedging								
Foreign currency deposit	USD	\$ 4,574	NA	NA	Financial assets for hedging	\$ 146,365	\$ -	\$ 5,923

Balance in Other Equity

Hedging Instruments/Hedged Items	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Continuing Hedges	Discontinuing Hedges
Cash flow hedging			
Foreign currency deposit/Forecast purchases of raw materials and equipment	\$ (5,923)	\$ 9,914	\$ -

For the Three Months Ended March 31, 2024

Effect on Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line Item Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedging	\$ 5,923	\$ -	-	\$ -	\$ -

March 31, 2023

Hedging Instruments	Currency	Contract Amount (in thousands)	Maturity	Forward Price	Line Item in Balance Sheet	Carrying Amount		Change in Fair Value of Hedging Instrument Used for Calculating Hedge Ineffectiveness
						Asset	Liability	
Cash flow hedging								
Foreign currency deposit	USD	\$ 8,300	NA	NA	Financial assets for hedging	\$ 252,735	\$ -	\$ 14,557

Balance in Other Equity

Hedging Instruments/Hedged Items	Change in Fair Value of Hedged Items Used for Calculating Hedge Ineffectiveness	Continuing Hedges	Discontinuing Hedges
Cash flow hedging			
Foreign currency deposit/Forecast purchases of raw materials and equipment	\$ (14,557)	\$ 5,655	\$ -
Foreign exchange forward contracts/Forecast purchases of raw materials	(2,166)	-	-
	\$ (16,723)	\$ 5,655	\$ -

For the Three Months Ended March 31, 2023

Effect on Comprehensive Income	Hedging Gains (Losses) Recognized in OCI	Amount of Hedge Ineffectiveness Recognized in Profit or Loss	Line Item in Which Hedge Ineffectiveness is Included	Amount Reclassified to P/L and the Adjusted Line	
				Item Due to Hedged Item Affecting P/L	Due to Hedged Future Cash Flows No Longer Expected to Occur
Cash flow hedging	\$ <u>16,723</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>

30. TRANSACTIONS WITH RELATED PARTIES

Details of transactions between the Group and other related parties are disclosed below.

- a. The name of the company and its relationship with the Group

<u>Company</u>	<u>Relationship</u>
China Steel Corporation	Parent entity
Dragon Steel Corporation (DSC)	Fellow subsidiaries
CHC Resources Corporation (CHC)	Fellow subsidiaries
China Steel Machinery Corporation (CSMC)	Fellow subsidiaries
CSC Steel SDN. BHD. (CSSB)	Fellow subsidiaries
Himag Magnetic Corporation (HMC)	Fellow subsidiaries
China Steel Global Trading Corporation (CSGT)	Fellow subsidiaries
Info Champ Systems Corporation	Fellow subsidiaries
China Steel Security Corporation	Fellow subsidiaries
Steel Castle Technology Corporation	Fellow subsidiaries
China Steel Express Corporation	Fellow subsidiaries
China Steel Structure Co., Ltd	Fellow subsidiaries
Universal Exchange Inc.	Fellow subsidiaries
China Steel Chemical Corporation	Fellow subsidiaries
CSC Solar Corporation	Fellow subsidiaries
China Steel Precision Metals Kunshan Co., Ltd.	Fellow subsidiaries
China Prosperity Development Corporation	Fellow subsidiaries
Kaohsiung Rapid Transit Corporation	Fellow subsidiaries
United Steel Engineering & Construction Corp	Fellow subsidiaries
Pacific Harbour Stevedoring Corporation	Other related parties

- b. Sale of goods

Account Items	Related Parties/Name Types	For the Three Months Ended March 31	
		2024	2023
Sales	Parent entity	\$ <u>2,116</u>	\$ <u>-</u>
	Fellow subsidiaries related to others		
	CSSB	275,286	230,796
	Others	<u>1,866</u>	<u>2,588</u>
		<u>277,152</u>	<u>233,384</u>
		\$ <u>279,268</u>	\$ <u>233,384</u>

(Continued)

Account Items	Related Parties/Name Types	For the Three Months Ended March 31	
		2024	2023
Service Revenue	Parent entity	\$ 76,349	\$ 105,332
	Fellow subsidiaries related to others	-	7
		<u>\$ 76,349</u>	<u>\$ 105,339</u> (Concluded)

The payment terms and prices of other related parties were no different from those of unrelated parties.

The abovementioned service revenue is from the agreements that the Corporation entered into with parent entity in which the Corporation has to do certain processing work and charged based on the formula stated in the agreements. The Corporation bills the parent entity within a month after acceptance by T/T.

The Corporation entered into an agreement with fellow subsidiaries related to others under which the Corporation sells waste acid and the price is charged based on the formula stated in the agreement. The Corporation bills the fellow subsidiaries related to others within a month after acceptance by T/T based on the monthly amount of processing.

Account Items	Related Parties/Name Types	For the Three Months Ended March 31	
		2024	2023
Other operating revenue	Parent entity	\$ -	\$ 790
	Fellow subsidiaries related to others		
	DSC	12,803	10,267
	HMC	2,618	2,932
		<u>15,421</u>	<u>13,199</u>
		<u>\$ 15,421</u>	<u>\$ 13,989</u>

The Group sold supplies and oxidized iron powder to parent entity and the fellow subsidiaries related to others.

c. Purchase of goods

Related Parties Types/Name	For the Three Months Ended March 31	
	2024	2023
Parent entity	<u>\$ 2,421,265</u>	<u>\$ 1,630,929</u>
Fellow subsidiaries related to others		
DSC	3,306,855	3,838,466
CSGT	-	2,490
Others	<u>3,589</u>	<u>7,400</u>
	<u>3,310,444</u>	<u>3,848,356</u>
	<u>\$ 5,731,709</u>	<u>\$ 5,479,285</u>

The purchases were mainly slabs and hot rolling coil. The payment terms and prices of other related parties were no different from those of unrelated parties for the three months ended March 31, 2024 and 2023.

d. Accounts receivable from related parties (excluding loans to related parties)

Account Items	Related Parties Types/Name	March 31, 2024	December 31, 2023	March 31, 2023
Accounts receivable from related parties	Parent entity	\$ 24,451	\$ 30,105	\$ 44,267
	Fellow subsidiaries related to others			
	CSSB	-	71,984	44,672
	Others	4,903	4,119	3,048
		<u>4,903</u>	<u>76,103</u>	<u>47,720</u>
		<u>\$ 29,354</u>	<u>\$ 106,208</u>	<u>\$ 91,987</u>
Other receivables from related parties	Parent entity	\$ 89,958	\$ 174,052	\$ 4,895
	Fellow subsidiaries related to others			
	CHC	29,145	36,530	45,542
	Others	480	4	365
		<u>29,625</u>	<u>36,534</u>	<u>45,907</u>
	<u>\$ 119,583</u>	<u>\$ 210,586</u>	<u>\$ 50,802</u>	

No guarantee had been received for accounts receivable and other receivable from related parties. For the three months ended March 31, 2024 and 2023, no impairment losses were recognized for accounts receivable and other receivables from related parties.

e. Accounts payable to related parties

Account Items	Related Parties Types/Name	March 31, 2024	December 31, 2023	March 31, 2023
Accounts payable	Parent entity	\$ 276,176	\$ 569,720	\$ 451,059
	Fellow subsidiaries related to others	705	3,804	1,246
	Other related parties	6,841	5,003	4,233
		<u>6,841</u>	<u>5,003</u>	<u>4,233</u>
	<u>\$ 283,722</u>	<u>\$ 578,527</u>	<u>\$ 456,538</u>	
Other payables	Parent entity	\$ 1,897	\$ 2,215	\$ 3,728
	Fellow subsidiaries related to others	11,029	20,350	11,426
	Other related parties	2,863	1,301	5,896
		<u>2,863</u>	<u>1,301</u>	<u>5,896</u>
	<u>\$ 15,789</u>	<u>\$ 23,866</u>	<u>\$ 21,050</u>	

The outstanding accounts payable to related parties and other payables to related parties were unsecured.

f. Loans to related parties (recognized under other receivables – related parties)

Related Party Types	March 31, 2024	December 31, 2023	March 31, 2023
Parent entity	\$ -	\$ -	\$ 300,000

Interest revenue

Related Party Types	For the Three Months Ended March 31	
	2024	2023
Parent entity	\$ <u> -</u>	\$ <u> 1,088</u>

The Corporation provided unsecured loans to the parent entity, and the interest rate is similar to the market interest rate. These loans are expected to be repaid within one year, and there is no expected credit loss after assessment.

g. Other transactions with related parties

1) Authorization fees

In May 2003, the parent company, Sumitomo Metal Industries, Ltd. (renamed to Nippon Steel Corporation in April, 2019) and Sumitomo Corporation entered into a joint venture agreement and established the joint venture company East Asia United Steel Corporation (EAUS) in July 2003. The parent company thus has a stable supply of high quality slab through this joint venture. The parent company then signed a contract with the Corporation, transferring to the Corporation the right to buy slab from EAUS. The Corporation should pay authorization fees to the parent company under the contract. These fees (included in the purchase cost of materials) were NT\$14,796 thousand and NT\$13,827 thousand for the three months ended March 31, 2024 and 2023, respectively. As of March 31, 2024, December 31, 2023 and March 31, 2023, authorization fees payable (included in payables to related parties) were NT\$15,726 thousand, NT\$9,636 thousand and NT\$12,009 thousand, respectively. The calculation of slab purchase prices was based on the formula stated in the agreement.

2) Leases

a) The Corporation entered into a contract with fellow subsidiaries related to others on the lease of the Corporation's part of the land, roof and warehouse. The rental revenue for the three months ended March 31, 2024 and 2023 were NT\$1,627 thousand and NT\$1,458 thousand, respectively.

b) The Corporation entered into a contract with parent entity on the lease of the Corporation's part of the land and warehouse. The rental revenue for the three months ended March 31, 2024 and 2023 were NT\$1,526 thousand and NT\$1,351 thousand, respectively.

3) Construction in progress and other expenditures

Other expenditures include import and export transportation fees, export agency fees, rent expenses, remuneration and transportation allowances of directors.

	For the Three Months Ended March 31	
	2024	2023
a) Other expenditures		
Parent entity	\$ 16,173	\$ 25,282
Other related parties	27,109	26,821
Fellow subsidiaries related to others	<u>25,593</u>	<u>18,918</u>
	<u>\$ 68,875</u>	<u>\$ 71,021</u>

	For the Three Months Ended March 31	
	2024	2023
b) Capital expenditure		
Fellow subsidiaries related to others		
CSMC	\$ 14,000	\$ 2,400
Others	<u>1,300</u>	<u>-</u>
	<u>\$ 15,300</u>	<u>\$ 2,400</u>

4) Income from selling supplies and scrap (included in deductions of cost of goods sold)

	For the Three Months Ended March 31	
	2024	2023
Fellow subsidiaries related to others		
CHC	<u>\$ 89,738</u>	<u>\$ 98,111</u>

h. Compensation of key management personnel

The remuneration of directors and other members of key management personnel were as follows:

	For the Three Months Ended March 31	
	2024	2023
Short-term employee benefits	\$ 5,090	\$ 11,548
Post-employment benefits	<u>187</u>	<u>444</u>
	<u>\$ 5,277</u>	<u>\$ 11,992</u>

31. ASSETS PLEDGED AS COLLATERAL OR SECURITY

The Group's assets mortgaged or pledged as collateral for bank overdrafts was as follows (listed based on their carrying amounts):

	March 31, 2024	December 31, 2023	March 31, 2023
Time deposits (included in other financial assets - current)	\$ 800,000	\$ 500,000	\$ 800,000
Demand deposits (included in other financial assets - current)	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>
	<u>\$ 1,100,000</u>	<u>\$ 800,000</u>	<u>\$ 1,100,000</u>

32. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of March 31, 2024 were as follows:

- a. Unused letters of credit for purchases of raw materials and machinery and equipment amounted to about NT\$3,085,671 thousand.
- b. The Group had signed agreements to buy equipment for NT\$467,880 thousand, of which NT\$234,624 thousand had been paid (included in construction-in-progress and prepayments for equipment).
- c. The Group provided letters of credits for NT\$60,364 thousand guaranteed by financial institutions for purchase agreements and importing and exporting goods. Guarantee notes for NT\$174,500 thousand were provided for purchases of raw materials.

33. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

	Foreign Currencies (In Thousands)	Exchange Rate		Carrying Amount (In Thousands of New Taiwan Dollars)
<hr/> March 31, 2024 <hr/>				
Monetary financial assets USD	\$ 29,702	32.000	(USD:NTD)	\$ 950,462
Monetary financial liabilities USD	30,965	32.000	(USD:NTD)	990,867
<hr/> December 31, 2023 <hr/>				
Monetary financial assets USD	28,486	30.710	(USD:NTD)	874,649
Monetary financial liabilities USD	14,385	30.710	(USD:NTD)	441,694
<hr/> March 31, 2023 <hr/>				
Monetary financial assets USD	17,382	30.45	(USD:NTD)	529,286
Monetary financial liabilities USD	7,041	30.45	(USD:NTD)	214,395

For the three months ended March 31, 2024 and 2023, realized and unrealized net foreign exchange gain or loss were gain of NT\$17,222 thousand and NT\$861 thousand, 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.

34. SEPARATELY DISCLOSED ITEMS

- a. For the three months ended March 31, 2024, information about significant transactions and b. investees:
- 1) Financing provided to others (None)
 - 2) Endorsements/guarantees provided (None)
 - 3) Marketable securities held (excluding investments in subsidiaries and associates) (Table 1)
 - 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital (None)
 - 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital (None)
 - 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital (Table 2)
 - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital (None)
 - 9) Trading in derivative instruments (None)
 - 10) Intercompany relationships and significant intercompany transactions (None)
 - 11) Information on investees (Table 3)
- c. Information on investments in mainland China (None)
- d. Information of major shareholders (Table 4)

35. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purposes of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Reportable segments of the Group were as follows:

- The Corporation - manufacture, process and sell steel products.
- Other corporations - Hung Kao Investment Corporation engaged in general investment.

Segment revenues and operating results

The following is an analysis of the Group's revenues and results of operations by reportable segment.

	The Corporation	Others	Adjustment and Elimination	Total
<u>For the three months ended March 31, 2024</u>				
Revenues from external customers	<u>\$ 9,148,182</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ 9,148,184</u>
Segment profit	\$ 51,412	\$ (80)	\$ 60	\$ 51,392
Interest income	7,564	14	-	7,578
Other income	37,417	-	(60)	37,357
Other gains and losses	13,821	-	-	13,821
Finance costs	(49,648)	-	-	(49,648)
Share of the profit of associates	<u>(264)</u>	<u>-</u>	<u>66</u>	<u>(198)</u>
Profit before income tax for the period	60,302	(66)	66	60,302
Income tax expense	<u>377</u>	<u>-</u>	<u>-</u>	<u>377</u>
Net profit for the period	<u>\$ 59,925</u>	<u>\$ (66)</u>	<u>\$ 66</u>	<u>\$ 59,925</u>
Identifiable assets	\$ 30,301,427	\$ 29,349	\$ -	\$ 30,330,776
Investments accounted for using equity method	<u>3,156,004</u>	<u>-</u>	<u>(29,014)</u>	<u>3,126,990</u>
Total assets	<u>\$ 33,457,431</u>	<u>\$ 29,349</u>	<u>(29,014)</u>	<u>\$ 33,457,766</u>
Total liabilities	<u>\$ 17,577,884</u>	<u>\$ 335</u>	<u>\$ -</u>	<u>\$ 17,578,219</u>
<u>For the three months ended March 31, 2023</u>				
Revenues from external customers	<u>\$ 9,523,353</u>	<u>\$ 381</u>	<u>\$ -</u>	<u>\$ 9,523,734</u>
Segment profit	\$ 470,753	\$ 4	\$ 60	\$ 470,817
Interest income	12,037	10	-	12,047
Other income	55,351	-	(60)	55,291
Other gains and losses	(3,308)	-	-	(3,308)
Finance costs	(51,380)	-	-	(51,380)
Share of the profit of associates	<u>267</u>	<u>-</u>	<u>(11)</u>	<u>256</u>
Profit before income tax for the period	483,720	14	(11)	483,723
Income tax expense	<u>88,879</u>	<u>3</u>	<u>-</u>	<u>88,882</u>
Net profit for the period	<u>\$ 394,841</u>	<u>\$ 11</u>	<u>\$ (11)</u>	<u>\$ 394,841</u>

(Continued)

	The Corporation	Others	Adjustment and Elimination	Total
Identifiable assets	\$ 30,370,419	\$ 38,887	\$ -	\$ 30,409,306
Investments accounted for using equity method	<u>3,879,332</u>	<u>-</u>	<u>(37,361)</u>	<u>3,841,971</u>
Total assets	<u>\$ 34,249,751</u>	<u>\$ 38,887</u>	<u>(37,361)</u>	<u>\$ 34,251,277</u>
Total liabilities	<u>\$ 16,599,607</u>	<u>\$ 1,526</u>	<u>\$ -</u>	<u>\$ 16,601,133</u> (Concluded)

Segment profit represented the profit before tax earned by each segment without allocation of central administration costs and directors' salaries, rental revenue, interest income, gain or loss on disposal of property, plant and equipment, exchange gain or loss, finance costs 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.

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2024

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

Held Company Name	Type and Name of Marketable Securities	Relationship with The Company	Financial Statement Account	MARCH 31, 2024				Note
				Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
Chung Hung Steel Corporation	Ordinary Shares China Steel Corporation	Parent company	Financial assets at fair value through other comprehensive income – current	34,359,239	<u>\$ 821,186</u>	-	<u>\$ 821,186</u>	
	Ordinary Shares Taiwan Ves-Power Co., Ltd.	-	Financial assets at fair value through other comprehensive income - noncurrent	134,167	\$ 38,868	2	\$ 38,868	2023.11.30 net value
	Pacific Harbour Stevedoring Corp.	The company as its supervisor	Financial assets at fair value through other comprehensive income - noncurrent	250,000	6,830	5	6,830	2023.12.31 net value
					<u>\$ 45,698</u>		<u>\$ 45,698</u>	
Hung Kao Investment Corporation	Ordinary Shares China Steel Corporation	The ultimate parent of the Company	Financial assets at fair value through other comprehensive income - noncurrent	1,003,980	<u>\$ 23,995</u>	-	<u>\$ 23,995</u>	

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE PERIOD ENDED MARCH 31, 2024
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer (Seller)	Related Party	Relationship	Relationship				Abnormal Transaction		Notes/Accounts Receivable (Payable)		Note
			Purchase/Sale	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total	
Chung Hung Steel Corporation	China Steel Corporation	Parent company	Purchase of goods	\$ 2,421,265	27	Letter of credit at sight/Payment after final acceptance	\$ -		\$ (276,176)	(33)	
	Dragon Steel Corporation	Fellow subsidiary	Purchase of goods	3,306,855	37	Letter of credit at sight	-		-	-	
	CSC Steel Sdn. Bhd.	Fellow subsidiary	Revenue from sale of goods	(275,286)	(3)	T/T within 7 business days after lading date (not included)	-		-	-	

CHUNG HUNG STEEL CORPORATION AND SUBSIDIARIES

**INFORMATION ON INVESTEEES
FOR THE PERIOD ENDED MARCH 31, 2024**

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

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		As of March 31, 2024			Net Income (Loss) of the Investee	Share of Profit (Loss)	Note
				March 31, 2024	December 31, 2023	Number of Shares	%	Carrying Amount			
				Chung Hung Steel Corporation	Hung Kao Investment Corporation	Taiwan	General investment	\$ 26,000			
Chung Hung Steel Corporation	Transglory Investment Corporation	Taiwan	General investment	2,001,152	2,001,152	329,802,616	39.59	2,889,596	863	342	Associates
Chung Hung Steel Corporation	Pro-Ascentek Investment Corporation	Taiwan	General investment	200,000	200,000	20,000,000	16.67	237,394	(3,238)	(540)	Associates

Note: Amount was eliminated in the consolidated financial statements.

CHUNG HUNG STEEL CORPORATION

INFORMATION OF MAJOR SHAREHOLDERS
MARCH 31, 2024

Name of The Shareholder	Shares	
	Number of Shares Held	Shareholding (%)
China Steel Corporation	582,673,153	40.58

Note 1: Major shareholders in the Table above are shareholders owning 5% or more of the Corporation's ordinary shares (only ones that have completed dematerialized registration and delivery, and round down to two decimal places) based on calculations performed by the Taiwan Depository & Clearing Corporation using data as of the last business date at the end of each quarter. The share capital recorded in the company's consolidated financial report and the actual number of shares delivered without physical registration may be different due to different calculation bases.

Note 2: In the case of the above information, if the shareholder delivers the shares to the trust, it is disclosed in the individual accounts of the trustee who opened the trust account by the trustee. As for the shareholder's declaration of insider's equity holding more than 10% of the shares in accordance with the Securities and Exchange Act, his shareholding includes his own shareholding and the shares delivered to the trust which has the decision rights over trust property, etc. Please refer to the public information for information on Market Observation Post System website of the Taiwan Stock Exchange.