

**Hsin Kuang Steel Company Limited and  
Subsidiaries**

**Consolidated Financial Statements for the  
Nine Months Ended September 30, 2024 and 2023 and  
Independent Auditors' Review Report**

## **INDEPENDENT AUDITORS' REVIEW REPORT**

The Board of Directors and Shareholders  
Hsin Kuang Steel Company Limited

### **Introduction**

We have reviewed the accompanying consolidated balance sheets of Hsin Kuang Steel Company Limited and its subsidiaries (collectively, the “Group”) as of September 30, 2024 and 2023, and the consolidated statements of comprehensive income for the three months ended September 30, 2024 and 2023 and for the nine months ended September 30, 2024 and 2023, the consolidated statements of changes in equity and cash flows for the nine 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 Group as of September 30, 2024 and 2023, and of its consolidated financial performance for the three months ended September 30, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the nine months ended September 30, 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 auditors' review report are Sheng-Hsiung Yao and Shu-Ju Lin.

Deloitte & Touche  
Taipei, Taiwan  
Republic of China

November 5, 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.*

# HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

|   | September 30, 2024 |     | December 31, 2023 |     | September 30, 2023 |     |
|---|--------------------|-----|-------------------|-----|--------------------|-----|
| ASSETS  | Amount             | %   | Amount            | %   | Amount             | %   |
| CURRENT ASSETS  |                    |     |                   |     |                    |     |
| Cash and cash equivalents (Notes 4 and 6)   | \$ 1,147,173       | 4   | \$ 953,579        | 3   | \$ 1,166,960       | 4   |
| Financial assets at fair value through profit or loss - current (Notes 4 and 7)                 | 3,609,469          | 12  | 2,987,779         | 11  | 2,868,750          | 10  |
| Financial assets at amortized cost - current (Notes 4, 9 and 30)                                | 173,313            | -   | 151,500           | -   | 80,521             | -   |
| Contract assets - current (Note 22)   | 290,353            | 1   | 240,360           | 1   | 229,634            | 1   |
| Notes receivable from unrelated parties (Notes 4, 5, 10 and 30)                                 | 1,722,264          | 6   | 2,168,059         | 8   | 2,079,898          | 7   |
| Trade receivables from unrelated parties (Notes 4 and 10)                                       | 2,341,807          | 8   | 3,244,113         | 11  | 3,574,407          | 13  |
| Current tax assets  | 46,031             | -   | 5,149             | -   | 5,336              | -   |
| Prepayments   | 209,130            | 1   | 163,210           | 1   | 209,768            | 1   |
| Inventories (Notes 4, 5 and 11)   | 7,088,631          | 23  | 6,157,480         | 22  | 6,394,190          | 22  |
| Other current assets (Notes 16 and 24)  | 22,729             | -   | 8,839             | -   | 15,220             | -   |
| Total current assets  | 16,650,900         | 55  | 16,080,068        | 57  | 16,624,684         | 58  |
| NON-CURRENT ASSETS  |                    |     |                   |     |                    |     |
| Financial assets at fair value through profit or loss - non-current (Notes 4 and 7)             | 774,149            | 3   | 297,484           | 1   | 283,638            | 1   |
| Financial assets at fair value through other comprehensive income - non-current (Notes 4 and 8) | 2,775,456          | 9   | 2,778,841         | 10  | 2,535,226          | 9   |
| Investments accounted for using the equity method (Notes 4, 12 and 30)                          | 991,305            | 3   | 938,005           | 3   | 818,374            | 3   |
| Property, plant and equipment (Notes 4, 13 and 30)  | 4,874,039          | 16  | 4,576,840         | 16  | 4,506,085          | 16  |
| Right-of-use assets (Note 4)  | 4,789              | -   | 1,487             | -   | 1,965              | -   |
| Investment properties (Notes 4, 14 and 30)  | 3,487,077          | 12  | 3,156,680         | 11  | 3,158,281          | 11  |
| Intangible assets (Notes 4 and 15)  | 40,583             | -   | 41,756            | -   | 43,241             | -   |
| Deferred tax assets (Notes 4 and 24)  | 95,117             | -   | 97,968            | -   | 107,891            | -   |
| Other non-current assets (Notes 10 and 16)  | 502,211            | 2   | 384,201           | 2   | 443,864            | 2   |
| Total non-current assets  | 13,544,726         | 45  | 12,273,262        | 43  | 11,898,565         | 42  |
| TOTAL   | \$ 30,195,626      | 100 | \$ 28,353,330     | 100 | \$ 28,523,249      | 100 |
| LIABILITIES AND EQUITY  |                    |     |                   |     |                    |     |
| CURRENT LIABILITIES   |                    |     |                   |     |                    |     |
| Short-term borrowings (Notes 4 and 17)  | \$ 7,627,703       | 25  | \$ 6,679,741      | 23  | \$ 7,775,961       | 27  |
| Short-term bills payable (Notes 4 and 17)   | 579,079            | 2   | 798,599           | 3   | 728,876            | 3   |
| Contract liabilities - current (Note 22)  | 542,671            | 2   | 1,416,282         | 5   | 1,347,077          | 5   |
| Notes payable to unrelated parties (Notes 4 and 18)   | 314,804            | 1   | 288,156           | 1   | 249,882            | 1   |
| Trade payables to unrelated parties (Notes 4 and 18)  | 375,689            | 1   | 238,449           | 1   | 282,088            | 1   |
| Other payables (Note 19)  | 447,481            | 2   | 413,316           | 1   | 409,440            | 1   |
| Current tax liabilities (Notes 4 and 24)  | 20,907             | -   | 171,819           | 1   | 146,663            | -   |
| Current portion of long-term liabilities (Notes 4 and 17)                                       | 119,621            | -   | 232,814           | 1   | 232,814            | 1   |
| Other current liabilities   | 7,584              | -   | 11,774            | -   | 12,464             | -   |
| Total current liabilities   | 10,035,539         | 33  | 10,250,950        | 36  | 11,185,265         | 39  |
| NON-CURRENT LIABILITIES   |                    |     |                   |     |                    |     |
| Contract liabilities - non-current (Note 22)  | 950,684            | 3   | -                 | -   | -                  | -   |
| Long-term borrowings (Notes 4 and 17)   | 6,167,735          | 21  | 5,847,573         | 21  | 5,883,687          | 21  |
| Provisions - non-current (Note 4)   | 8,762              | -   | 2,702             | -   | 2,702              | -   |
| Deferred tax liabilities (Notes 4 and 24)   | 123,791            | -   | 117,961           | -   | 126,012            | 1   |
| Net defined benefit liabilities - non-current (Notes 4 and 20)                                  | 20,456             | -   | 33,626            | -   | 30,946             | -   |
| Other non-current liabilities   | 46,659             | -   | 37,165            | -   | 37,253             | -   |
| Total non-current liabilities   | 7,318,087          | 24  | 6,039,027         | 21  | 6,080,600          | 22  |
| Total liabilities   | 17,353,626         | 57  | 16,289,977        | 57  | 17,265,865         | 61  |
| EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 21)                                   |                    |     |                   |     |                    |     |
| Share capital   | 3,211,463          | 11  | 3,211,463         | 11  | 3,211,463          | 11  |
| Capital surplus   | 943,445            | 3   | 943,445           | 4   | 943,451            | 3   |
| Retained earnings   |                    |     |                   |     |                    |     |
| Legal reserve   | 1,456,003          | 5   | 1,275,497         | 4   | 1,275,497          | 5   |
| Unappropriated earnings   | 5,215,995          | 17  | 4,741,810         | 17  | 4,350,264          | 15  |
| Total retained earnings   | 6,671,998          | 22  | 6,017,307         | 21  | 5,625,761          | 20  |
| Other equity  | 1,317,260          | 4   | 1,166,350         | 4   | 772,461            | 3   |
| Total equity attributable to owners of the Company  | 12,144,166         | 40  | 11,338,565        | 40  | 10,553,136         | 37  |
| NON-CONTROLLING INTERESTS   | 697,834            | 3   | 724,788           | 3   | 704,248            | 2   |
| Total equity  | 12,842,000         | 43  | 12,063,353        | 43  | 11,257,384         | 39  |
| TOTAL   | \$ 30,195,626      | 100 | \$ 28,353,330     | 100 | \$ 28,523,249      | 100 |

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

# HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|  | For the Three Months Ended September 30 |             |                    |             | For the Nine Months Ended September 30 |             |                     |             |
|--|---|-------------|--------------------|-------------|--|-------------|---------------------|-------------|
|  | 2024                                    |             | 2023               |             | 2024                                   |             | 2023                |             |
|  | Amount                                  | %           | Amount             | %           | Amount                                 | %           | Amount              | %           |
| OPERATING REVENUE<br>(Notes 4 and 22)  |   |             |                    |             |  |             |                     |             |
| Sales  | \$ 3,037,952                            | 90          | \$ 4,117,088       | 93          | \$ 9,620,112                           | 92          | \$ 10,961,774       | 92          |
| Other operating revenue  | <u>324,961</u>                          | <u>10</u>   | <u>327,045</u>     | <u>7</u>    | <u>878,960</u>                         | <u>8</u>    | <u>984,501</u>      | <u>8</u>    |
| Total operating revenue  | <u>3,362,913</u>                        | <u>100</u>  | <u>4,444,133</u>   | <u>100</u>  | <u>10,499,072</u>                      | <u>100</u>  | <u>11,946,275</u>   | <u>100</u>  |
| OPERATING COSTS  |   |             |                    |             |  |             |                     |             |
| Cost of goods sold (Notes 4, 11 and 23)  | (2,951,112)                             | (88)        | (3,958,631)        | (89)        | (9,077,623)                            | (86)        | (10,328,714)        | (86)        |
| Other operating costs  | <u>(233,626)</u>                        | <u>(7)</u>  | <u>(157,746)</u>   | <u>(4)</u>  | <u>(595,236)</u>                       | <u>(6)</u>  | <u>(537,344)</u>    | <u>(5)</u>  |
| Total operating costs  | <u>(3,184,738)</u>                      | <u>(95)</u> | <u>(4,116,377)</u> | <u>(93)</u> | <u>(9,672,859)</u>                     | <u>(92)</u> | <u>(10,866,058)</u> | <u>(91)</u> |
| GROSS PROFIT   | <u>178,175</u>                          | <u>5</u>    | <u>327,756</u>     | <u>7</u>    | <u>826,213</u>                         | <u>8</u>    | <u>1,080,217</u>    | <u>9</u>    |
| OPERATING EXPENSES   |   |             |                    |             |  |             |                     |             |
| Selling and marketing expenses (Note 23)   | (53,004)                                | (1)         | (78,068)           | (2)         | (244,778)                              | (2)         | (232,055)           | (2)         |
| General and administrative expenses (Notes 23 and 30)  | 5,062                                   | -           | (60,540)           | (1)         | (198,352)                              | (2)         | (175,742)           | (2)         |
| Expected credit gain/(loss) (Note 10)  | <u>5,868</u>                            | <u>-</u>    | <u>(1,967)</u>     | <u>-</u>    | <u>762</u>                             | <u>-</u>    | <u>(1,751)</u>      | <u>-</u>    |
| Total operating expenses   | <u>(42,074)</u>                         | <u>(1)</u>  | <u>(140,575)</u>   | <u>(3)</u>  | <u>(442,368)</u>                       | <u>(4)</u>  | <u>(409,548)</u>    | <u>(4)</u>  |
| PROFIT FROM OPERATIONS   | <u>136,101</u>                          | <u>4</u>    | <u>187,181</u>     | <u>4</u>    | <u>383,845</u>                         | <u>4</u>    | <u>670,669</u>      | <u>5</u>    |
| NON-OPERATING INCOME AND EXPENSES (Notes 4 and 23)   |   |             |                    |             |  |             |                     |             |
| Interest income  | 260                                     | -           | 382                | -           | 2,936                                  | -           | 2,086               | -           |
| Other income   | 74,257                                  | 2           | 70,849             | 1           | 105,592                                | 1           | 106,268             | 1           |
| Other gains and losses   | (774,348)                               | (23)        | 299,757            | 7           | 1,371,090                              | 13          | 974,709             | 8           |
| Finance costs  | (120,359)                               | (3)         | (101,178)          | (2)         | (291,436)                              | (3)         | (292,787)           | (2)         |
| Share of profit or loss of associates and joint ventures accounted for using the equity method | <u>28,007</u>                           | <u>1</u>    | <u>5,998</u>       | <u>-</u>    | <u>55,372</u>                          | <u>1</u>    | <u>4,478</u>        | <u>-</u>    |
| Total non-operating income and expenses  | <u>(792,183)</u>                        | <u>(23)</u> | <u>275,808</u>     | <u>6</u>    | <u>1,243,554</u>                       | <u>12</u>   | <u>794,754</u>      | <u>7</u>    |
| PROFIT/(LOSS) BEFORE INCOME TAX  | (656,082)                               | (19)        | 462,989            | 10          | 1,627,399                              | 16          | 1,465,423           | 12          |
| INCOME TAX EXPENSE (Note 24)   | <u>(20,742)</u>                         | <u>(1)</u>  | <u>(13,565)</u>    | <u>-</u>    | <u>(71,084)</u>                        | <u>(1)</u>  | <u>(97,173)</u>     | <u>(1)</u>  |
| NET PROFIT/(LOSS) FOR THE PERIOD   | <u>(676,824)</u>                        | <u>(20)</u> | <u>449,424</u>     | <u>10</u>   | <u>1,556,315</u>                       | <u>15</u>   | <u>1,368,250</u>    | <u>11</u>   |

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# HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

|   | For the Three Months Ended September 30 |             |                   |           | For the Nine Months Ended September 30 |           |                     |           |
|---|---|-------------|-------------------|-----------|--|-----------|---------------------|-----------|
|   | 2024                                    |             | 2023              |           | 2024                                   |           | 2023                |           |
|   | Amount                                  | %           | Amount            | %         | Amount                                 | %         | Amount              | %         |
| OTHER COMPREHENSIVE INCOME  |   |             |                   |           |  |           |                     |           |
| Items that will not be reclassified subsequently to profit or loss:   |   |             |                   |           |  |           |                     |           |
| Unrealized gain/(loss) on investments in equity instruments at fair value through other comprehensive income      | \$ (416,816)                            | (13)        | \$ 27,568         | 1         | \$ 241,673                             | 2         | \$ 244,729          | 2         |
| Share of other comprehensive income/(loss) of associates and joint ventures accounted for using the equity method | <u>(416,816)</u>                        | <u>(13)</u> | <u>27,568</u>     | <u>1</u>  | <u>241,673</u>                         | <u>2</u>  | <u>(44,269)</u>     | <u>-</u>  |
|   |   |             |                   |           |  |           | <u>200,460</u>      | <u>2</u>  |
| Items that may be reclassified subsequently to profit or loss:  |   |             |                   |           |  |           |                     |           |
| Exchange differences on translation of the financial statements of foreign operations                             | <u>(1,347)</u>                          | <u>-</u>    | <u>2,527</u>      | <u>-</u>  | <u>2,244</u>                           | <u>-</u>  | <u>2,981</u>        | <u>-</u>  |
| Other comprehensive income/(loss) for the period, net of income tax   | <u>(418,163)</u>                        | <u>(13)</u> | <u>30,095</u>     | <u>1</u>  | <u>243,917</u>                         | <u>2</u>  | <u>203,441</u>      | <u>2</u>  |
| TOTAL COMPREHENSIVE INCOME/(LOSS) FOR THE PERIOD  | <u>\$ (1,094,987)</u>                   | <u>(33)</u> | <u>\$ 479,519</u> | <u>11</u> | <u>\$ 1,800,232</u>                    | <u>17</u> | <u>\$ 1,571,691</u> | <u>13</u> |
| NET PROFIT/(LOSS) ATTRIBUTABLE TO:  |   |             |                   |           |  |           |                     |           |
| Owners of the Company   | \$ (669,617)                            | (20)        | \$ 428,077        | 10        | \$ 1,525,092                           | 15        | \$ 1,308,127        | 11        |
| Non-controlling interests   | <u>(7,207)</u>                          | <u>-</u>    | <u>21,347</u>     | <u>-</u>  | <u>31,223</u>                          | <u>-</u>  | <u>60,123</u>       | <u>-</u>  |
|   | <u>\$ (676,824)</u>                     | <u>(20)</u> | <u>\$ 449,424</u> | <u>10</u> | <u>\$ 1,556,315</u>                    | <u>15</u> | <u>\$ 1,368,250</u> | <u>11</u> |
| TOTAL COMPREHENSIVE INCOME/(LOSS) ATTRIBUTABLE TO:  |   |             |                   |           |  |           |                     |           |
| Owners of the Company   | \$ (1,087,736)                          | (33)        | \$ 458,167        | 10        | \$ 1,769,040                           | 17        | \$ 1,511,561        | 13        |
| Non-controlling interests   | <u>(7,251)</u>                          | <u>-</u>    | <u>21,352</u>     | <u>1</u>  | <u>31,192</u>                          | <u>-</u>  | <u>60,130</u>       | <u>-</u>  |
|   | <u>\$ (1,094,987)</u>                   | <u>(33)</u> | <u>\$ 479,519</u> | <u>11</u> | <u>\$ 1,800,232</u>                    | <u>17</u> | <u>\$ 1,571,691</u> | <u>13</u> |
| EARNINGS/(LOSS) PER SHARE (Note 25)   |   |             |                   |           |  |           |                     |           |
| From continuing operations  |   |             |                   |           |  |           |                     |           |
| Basic   | <u>\$ (2.09)</u>                        |             | <u>\$ 1.33</u>    |           | <u>\$ 4.75</u>                         |           | <u>\$ 4.07</u>      |           |
| Diluted   | <u>\$ (2.09)</u>                        |             | <u>\$ 1.33</u>    |           | <u>\$ 4.74</u>                         |           | <u>\$ 4.06</u>      |           |

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

(Concluded)

# HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars)

|  | Equity Attributable to Owners of the Company |              |                   |               |                         |   |   |               |                           |               |
|--|--|--------------|-------------------|---------------|-------------------------|---|---|---------------|---------------------------|---------------|
|  |  |              |                   |               |                         | Other Equity  |   | Total         | Non-controlling Interests | Total Equity  |
|  |  |              |                   |               |                         | Exchange Differences on Translation of the Financial Statements of Foreign Operations | Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income |               |                           |               |
|  | Share Capital                                |              | Retained Earnings |               |                         |   |   |               |                           |               |
|  | Number of Shares (In Thousands)              | Amount       | Capital Surplus   | Legal Reserve | Unappropriated Earnings |   |   |               |                           |               |
| BALANCE AT JANUARY 1, 2023   | 321,146                                      | \$ 3,211,463 | \$ 943,451        | \$ 1,229,590  | \$ 3,303,800            | \$ 1,969  | \$ 672,449  | \$ 9,362,722  | \$ 712,638                | \$ 10,075,360 |
| Appropriation of 2022 earnings   |  |              |                   |               |                         |   |   |               |                           |               |
| Legal reserve  | -  | -            | -                 | 45,907        | (45,907)                | -   | -   | -             | -                         | -             |
| Cash dividends distributed by the Company  | -  | -            | -                 | -             | (321,147)               | -   | -   | (321,147)     | -                         | (321,147)     |
| Cash dividends distributed by subsidiaries   | -  | -            | -                 | -             | -                       | -   | -   | -             | (67,911)                  | (67,911)      |
| Disposal of investments in equity instruments at fair value through other comprehensive income | -  | -            | -                 | -             | 105,391                 | -   | (105,391)   | -             | -                         | -             |
| Net profit for the nine months ended September 30, 2023  | -  | -            | -                 | -             | 1,308,127               | -   | -   | 1,308,127     | 60,123                    | 1,368,250     |
| Other comprehensive income for the nine months ended September 30, 2023, net of income tax     | -  | -            | -                 | -             | -                       | 2,974   | 200,460   | 203,434       | 7                         | 203,441       |
| Total comprehensive income for the nine months ended September 30, 2023                        | -  | -            | -                 | -             | 1,308,127               | 2,974   | 200,460   | 1,511,561     | 60,130                    | 1,571,691     |
| Changes of non-controlling interests   | -  | -            | -                 | -             | -                       | -   | -   | -             | (609)                     | (609)         |
| BALANCE AT SEPTEMBER 30, 2023  | 321,146                                      | \$ 3,211,463 | \$ 943,451        | \$ 1,275,497  | \$ 4,350,264            | \$ 4,943  | \$ 767,518  | \$ 10,553,136 | \$ 704,248                | \$ 11,257,384 |
| BALANCE AT JANUARY 1, 2024   | 321,146                                      | \$ 3,211,463 | \$ 943,445        | \$ 1,275,497  | \$ 4,741,810            | \$ 1,943  | \$ 1,164,407  | \$ 11,338,565 | \$ 724,788                | \$ 12,063,353 |
| Appropriation of 2023 earnings   |  |              |                   |               |                         |   |   |               |                           |               |
| Legal reserve  | -  | -            | -                 | 180,506       | (180,506)               | -   | -   | -             | -                         | -             |
| Cash dividends distributed by the Company  | -  | -            | -                 | -             | (963,439)               | -   | -   | (963,439)     | -                         | (963,439)     |
| Cash dividends distributed by subsidiaries   | -  | -            | -                 | -             | -                       | -   | -   | -             | (56,691)                  | (56,691)      |
| Disposal of investments in equity instruments at fair value through other comprehensive income | -  | -            | -                 | -             | 93,038                  | -   | (93,038)  | -             | -                         | -             |
| Net profit for the nine months ended September 30, 2024  | -  | -            | -                 | -             | 1,525,092               | -   | -   | 1,525,092     | 31,223                    | 1,556,315     |
| Other comprehensive income for the nine months ended September 30, 2024, net of income tax     | -  | -            | -                 | -             | -                       | 2,275   | 241,673   | 243,948       | (31)                      | 243,917       |
| Total comprehensive income for the nine months ended September 30, 2024                        | -  | -            | -                 | -             | 1,525,092               | 2,275   | 241,673   | 1,769,040     | 31,192                    | 1,800,232     |
| Changes of non-controlling interests   | -  | -            | -                 | -             | -                       | -   | -   | -             | (1,455)                   | (1,455)       |
| BALANCE AT SEPTEMBER 30, 2024  | 321,146                                      | \$ 3,211,463 | \$ 943,445        | \$ 1,456,003  | \$ 5,215,995            | \$ 4,218  | \$ 1,313,042  | \$ 12,144,166 | \$ 697,834                | \$ 12,842,000 |

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

# HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

|   | For the Nine Months Ended<br>September 30 |                  |
|---|---|------------------|
|   | 2024                                      | 2023             |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>   |   |                  |
| Income before income tax  | \$ 1,627,399                              | \$ 1,465,423     |
| Adjustments for:  |   |                  |
| Depreciation expense  | 183,586                                   | 170,856          |
| Amortization expense  | 8,619                                     | 8,483            |
| Expected credit loss (reversed)/recognized on trade receivables   | (762)                                     | 1,751            |
| Net gain on fair value changes of financial assets and liabilities at fair value through profit or loss | (1,327,536)                               | (815,109)        |
| Finance costs   | 291,436                                   | 292,787          |
| Interest income   | (2,936)                                   | (2,086)          |
| Dividend income   | (90,994)                                  | (89,287)         |
| (Gain)/loss on disposal of property, plant and equipment  | (69)                                      | 5,115            |
| Share of profit of associates and joint ventures  | (55,372)                                  | (4,478)          |
| Reversal of write-downs of inventories  | (17,833)                                  | (51,575)         |
| Net (gain)/loss on foreign currency exchange  | (36,262)                                  | 70,977           |
| Changes in operating assets and liabilities   |   |                  |
| Financial assets mandatorily classified as at fair value through profit or loss                         | 323,150                                   | (303,661)        |
| Contract assets   | (49,994)                                  | (201,865)        |
| Notes receivable  | 445,795                                   | (339,081)        |
| Trade receivables   | 842,170                                   | (572,837)        |
| Other receivables   | 3,813                                     | 14,882           |
| Inventories   | (913,318)                                 | (999,090)        |
| Prepayments   | (89,982)                                  | (86,531)         |
| Other current assets  | (1,912)                                   | (499)            |
| Notes payable   | 26,649                                    | (142,956)        |
| Trade payables  | 137,241                                   | 31,523           |
| Other payables  | (6,089)                                   | 84,015           |
| Provisions  | 6,061                                     | 440              |
| Contract liabilities  | 77,073                                    | 1,035,733        |
| Other current liabilities   | (11,656)                                  | (792)            |
| Net defined benefit liabilities   | (13,170)                                  | (2,214)          |
| Cash generated from/(used in) operations  | 1,355,107                                 | (430,076)        |
| Interest received   | 2,936                                     | 2,086            |
| Dividends received  | 73,434                                    | 89,287           |
| Income tax paid   | (252,932)                                 | (219,294)        |
| Net cash generated from/(used in) operating activities  | <u>1,178,545</u>                          | <u>(557,997)</u> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>   |   |                  |
| Purchase of financial assets at fair value through profit or loss                                       | (93,969)                                  | -                |
| Proceeds from sale of financial assets at fair value through other comprehensive income                 | 246,285                                   | 166,015          |
| Purchase of financial assets at amortized cost  | (21,813)                                  | (57,998)         |

(Continued)



# HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

## CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

|   | For the Nine Months Ended<br>September 30 |              |
|---|---|--------------|
|   | 2024                                      | 2023         |
| Acquisition of investments accounted for using the equity method  | \$ -                                      | \$ (300,000) |
| Payments for property, plant and equipment  | (84,024)                                  | (208,698)    |
| Proceeds from disposal of property, plant and equipment   | 162                                       | 7,571        |
| Payments for investment properties  | -   | (523)        |
| Payments for intangible assets  | -   | (35,317)     |
| Increase in other non-current assets  | (882)                                     | (1,447)      |
| Increase in prepayments for equipment   | (679,186)                                 | (155,607)    |
| Dividends received from investees   | 7,982                                     | 5,944        |
| Increase in refundable deposits   | (64,362)                                  | (4,814)      |
| Net cash used in investing activities   | (689,807)                                 | (584,874)    |
| CASH FLOWS FROM FINANCING ACTIVITIES  |   |              |
| Increase in short-term borrowings   | 17,110,301                                | 16,467,381   |
| Decrease in short-term borrowings   | (16,128,513)                              | (15,971,467) |
| (Decrease)/increase in short-term bills payable   | (220,000)                                 | 180,000      |
| Proceeds from long-term borrowings  | 723,460                                   | 5,529,167    |
| Repayments of long-term borrowings  | (518,708)                                 | (1,918,444)  |
| Decrease in long-term bills payable   | -   | (2,400,000)  |
| Increase in guarantee deposits received   | 6,298                                     | 1,637        |
| Interest paid   | (247,919)                                 | (289,135)    |
| Dividends paid to owners of the Company   | (963,439)                                 | (321,147)    |
| Dividends paid to non-controlling interests   | (56,691)                                  | (67,911)     |
| Changes in non-controlling interests  | (1,455)                                   | (609)        |
| Net cash (used in)/generated from financing activities  | (296,666)                                 | 1,209,472    |
| EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE<br>OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN<br>CURRENCIES | 1,522                                     | 1,693        |
| NET INCREASE IN CASH AND CASH EQUIVALENTS   | 193,594                                   | 68,294       |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE<br>PERIOD   | 953,579                                   | 1,098,666    |
| CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD  | \$ 1,147,173                              | \$ 1,166,960 |

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

(Concluded)

# HSIN KUANG STEEL COMPANY LIMITED AND SUBSIDIARIES

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2024 AND 2023 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

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### 1. GENERAL INFORMATION

Hsin Kuang Steel Company Limited (the “Company”) was incorporated in January 1967. The original paid-in-capital was NT\$200 thousand, and ordinary shares were issued subsequently for promoting business expansion and a sound financial structure. The Company’s share was approved to be listed on the Taipei Exchange (TPEX) in April 1997 and was approved to transfer to the Taiwan Stock Exchange (TWSE) in August 2000. The Company’s shares have been listed on the TWSE since September 2000 under the approval of the Financial Supervisory Commission (FSC) of the Republic of China. The Company and its subsidiaries (collectively referred to as the “Group”) mainly engages in the cutting, stamping and sale of various steel products, including steel coils, steel plates, round steel bar, stainless steel, alloy steel, special steel and SuperDyma. For the principal operating activities of the Company’s subsidiaries, please refer to Note 4.

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

### 2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on November 5, 2024.

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

- a. Initial application of 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 FSC

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

- b. The IFRS Accounting Standards endorsed by the FSC for application starting from 2025

| <b>New, Amended and Revised Standards and Interpretations</b> | <b>Effective Date<br/>Announced by IASB</b> |
|---|---|
| Amendments to IAS 21 “Lack of Exchangeability”                | January 1, 2025 (Note)                      |

Note: 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 Group 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.

### Amendments to IAS 21 “Lack of Exchangeability”

The amendments stipulate that a currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations. An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions. In this situation, the Group shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, its financial performance, financial position and cash flows.

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

| <b>New, Amended and Revised Standards and Interpretations</b>  | <b>Effective Date<br/>Announced by IASB (Note)</b> |
|--|--|
| Annual Improvements to IFRS Accounting Standards - Volume 11   | January 1, 2026                                    |
| Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”              | January 1, 2026                                    |
| Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture” | To be determined by IASB                           |
| IFRS 17 “Insurance Contracts”  | January 1, 2023                                    |
| Amendments to IFRS 17  | January 1, 2023                                    |
| Amendments to IFRS 17 “Initial Application of IFRS 17 and IFRS 9 - Comparative Information”                              | January 1, 2023                                    |
| IFRS 18 “Presentation and Disclosure in Financial Statements”  | January 1, 2027                                    |
| IFRS 19 “Subsidiaries without Public Accountability: Disclosures”  | January 1, 2027                                    |

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

- 1) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulate that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control over an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the Group’s interest as an unrelated investor in the associate or joint venture, i.e., the Group’s share of the gain or loss is eliminated.

## 2) IFRS 18 “Presentation and Disclosure 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 discontinued 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.

## 3) Amendments to IFRS 9 and IFRS 7 “Amendments to the Classification and Measurement of Financial Instruments”

The amendments mainly amend the requirements for the classification of financial assets, including if a financial asset contains a contingent feature that could change the timing or amount of contractual cash flows and the contingent event itself does not relate directly to changes in basic lending risks and costs (e.g., whether the debtor achieves a contractually specified reduction in carbon emissions), the financial asset has contractual cash flows that are solely payments of principal and interest on the principal amount outstanding if, and only if:

- In all possible scenarios (before and after the occurrence of a contingent event), the contractual cash flows are solely payments of principal and interest on the principal amount outstanding; and
- In all possible scenarios, the contractual cash flows would not be significantly different from the contractual cash flows on a financial instrument with identical contractual terms, but without such a contingent feature.

The amendments also stipulate that, when settling a financial liability in cash using an electronic payment system, an entity can choose to derecognize the financial liability before the settlement date if, and only if, the entity has initiated a payment instruction that resulted in:

- The entity having no practical ability to withdraw, stop or cancel the payment instruction;
- The entity having no practical ability to access the cash to be used for settlement as a result of the payment instruction; and
- The settlement risk associated with the electronic payment system being insignificant.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing other impacts of the above amended standards and interpretations on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

#### 4. SUMMARY OF MATERIAL ACCOUNTING POLICY INFORMATION

##### a. Statement of compliance

These interim 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. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual consolidated financial statements.

##### b. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Entities included in the Group's consolidated financial statements were as follows:

| Investor                       | Investee  | Main Businesses  | % of Ownership        |                      |                       |
|--------------------------------|---|--|-----------------------|----------------------|-----------------------|
|                                |   |  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
| Hsin Kuang Steel Corporation   | Hsin Yuan Investment Co., Ltd.                          | Investment   | 100.00                | 100.00               | 100.00                |
| Hsin Kuang Steel Corporation   | Hsin Ho Fa Metal Co., Ltd.                              | Sale of metal products for architecture  | 83.37                 | 83.37                | 83.37                 |
| Hsin Kuang Steel Corporation   | Sinpao Investment Co., Ltd.                             | Investment   | 100.00                | 99.42                | 99.82                 |
| Hsin Kuang Steel Corporation   | APEX Wind Power Equipment Manufacturing Company Limited | Manufacture of metal structures, architectural components and energy related equipment   | 66.14                 | 66.14                | 66.71                 |
| Hsin Kuang Steel Corporation   | Hsin Ching International Co., Ltd.                      | Leasing and warehousing  | 60.00                 | 60.00                | 60.00                 |
| Hsin Kuang Steel Corporation   | Hsin Cheng Logistics Development Co., Ltd.              | Leasing and warehousing  | 100.00                | 100.00               | 100.00                |
| Hsin Kuang Steel Corporation   | Mason Metal Industry Co., Ltd.                          | Cutting and processing of automobile steel plate   | 80.00                 | 80.00                | 80.00                 |
| Hsin Yuan Investment Co., Ltd. | APEX Wind Power Equipment Manufacturing Company Limited | Manufacture of metal structures, architectural components and energy related equipment   | 1.00                  | 1.00                 | 1.00                  |
| Hsin Yuan Investment Co., Ltd. | Hsin Hua Steel Industry Co., Ltd.                       | Process and manufacture of metal structures, architectural components and steel products | 100.00                | 100.00               | 100.00                |
| Hsin Yuan Investment Co., Ltd. | Hsin Yuan Hsin Industrial Co., Ltd.                     | Process and manufacture of steel products  | 100.00                | -                    | -                     |
| Hsin Ho Fa Metal Co., Ltd.     | APEX Wind Power Equipment Manufacturing Company Limited | Manufacture of metal structures, architectural components and energy related equipment   | 2.73                  | 2.73                 | 2.73                  |
| Sinpao Investment Co., Ltd.    | Mason Metal Industry Co., Ltd.                          | Cutting and processing of automobile steel plate   | 1.00                  | 1.00                 | 1.00                  |

##### c. Other material accounting policies

Except for the following, please refer to the consolidated financial statements for the year ended December 31, 2023.

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

Current assets include:

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

- Liabilities held primarily for the purpose of trading;
- 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
- Liabilities for which the Group does 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.

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

## 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.

## 5. MATERIAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

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

## 6. CASH AND CASH EQUIVALENTS

|                                       | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---------------------------------------|-----------------------|----------------------|-----------------------|
| Cash on hand                          | \$ 1,543              | \$ 1,260             | \$ 1,265              |
| Checking accounts and demand deposits | <u>1,145,630</u>      | <u>952,319</u>       | <u>1,165,695</u>      |
|                                       | <u>\$ 1,147,173</u>   | <u>\$ 953,579</u>    | <u>\$ 1,166,960</u>   |

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

|              | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--------------|-----------------------|----------------------|-----------------------|
| Bank balance | 0.001%-1.45%          | 0.001%-1.45%         | 0.001%-1.45%          |

As of September 30, 2024, December 31, 2023 and September 30, 2023, pledged time deposits and restricted demand deposits were NT\$173,313 thousand, NT\$151,500 thousand and NT\$80,521 thousand, respectively, and were classified as financial assets at amortized cost (refer to Note 9).

## 7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| <u>Financial assets - current</u>                   |                       |                      |                       |
| Financial assets mandatorily classified as at FVTPL |                       |                      |                       |
| Non-derivative financial assets                     |                       |                      |                       |
| Domestic listed shares                              | \$ 3,471,245          | \$ 2,896,943         | \$ 2,644,428          |
| Mutual funds  | 132,738               | 75,752               | 143,705               |
| Derivative instruments (not under hedge accounting) |                       |                      |                       |
| Foreign exchange forward contracts*                 | <u>5,486</u>          | <u>15,084</u>        | <u>80,617</u>         |
|   | <u>\$ 3,609,469</u>   | <u>\$ 2,987,779</u>  | <u>\$ 2,868,750</u>   |
| <u>Financial assets - non-current</u>               |                       |                      |                       |
| Financial assets mandatorily classified as at FVTPL |                       |                      |                       |
| Non-derivative financial assets                     |                       |                      |                       |
| Domestic unlisted shares                            | \$ 186,214            | \$ 297,484           | \$ 283,638            |
| Domestic emerging market shares                     | <u>587,935</u>        | <u>-</u>             | <u>-</u>              |
|   | <u>\$ 774,149</u>     | <u>\$ 297,484</u>    | <u>\$ 283,638</u>     |

\* At the end of the reporting period, outstanding foreign exchange forward contracts not under hedge accounting were as follows:

|                           | Currency | Maturity Date   | Notional Amounts<br>(In Thousands) |
|---------------------------|----------|-----------------|------------------------------------|
| <u>September 30, 2024</u> |          |                 |                                    |
| Buy                       | NTD/USD  | 2024.10-2025.10 | NTD2,321,016/USD75,700             |
| Sell                      | USD/NTD  | 2025.03         | NTD61,007/USD1,984                 |
| <u>December 31, 2023</u>  |          |                 |                                    |
| Buy                       | NTD/USD  | 2024.01-2024.12 | NTD1,051,715/USD35,616             |
| Sell                      | USD/NTD  | 2024.03         | NTD60,579/USD1,984                 |
| <u>September 30, 2023</u> |          |                 |                                    |
| Buy                       | NTD/USD  | 2023.11-2024.03 | NTD887,957/USD30,325               |
| Sell                      | USD/NTD  | 2024.03         | NTD59,417/USD1,984                 |

The Group entered into foreign exchange forward contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities.

## 8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
| <u>Non-current</u>   |                       |                      |                       |
| Investments in equity instruments                                    | <u>\$ 2,775,456</u>   | <u>\$ 2,778,841</u>  | <u>\$ 2,535,226</u>   |
| <u>Investments in equity instruments at FVTOCI</u>                   |                       |                      |                       |
|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
| <u>Non-current</u>   |                       |                      |                       |
| Domestic investments   |                       |                      |                       |
| Listed shares and emerging market shares                             |                       |                      |                       |
| Ordinary shares - China Steel Corporation                            | \$ 748,922            | \$ 1,031,422         | \$ 1,116,071          |
| Ordinary shares - Century Wind Power Co., Ltd.                       | 1,672,085             | 1,350,623            | 1,033,235             |
| Unlisted shares  |                       |                      |                       |
| Ordinary shares - Envirolink Corporation                             | 56,525                | 56,525               | 51,800                |
| Ordinary shares - Linkou Entertainment Corporation                   | 4,518                 | 4,518                | 4,491                 |
| Ordinary shares - Shin Ji Technology Corporation                     | 4,761                 | 4,761                | 4,899                 |
| Ordinary shares - Hua Mian Corporation                               | <u>1,073</u>          | <u>1,073</u>         | <u>1,075</u>          |
|  | <u>2,487,884</u>      | <u>2,448,922</u>     | <u>2,211,571</u>      |
| Foreign investments  |                       |                      |                       |
| Unlisted shares  |                       |                      |                       |
| Ordinary shares - China Steel and Nippon Steel Vietnam Stock Company | 246,487               | 290,061              | 273,760               |
| Ordinary shares - Century International Co., Ltd.                    | <u>41,085</u>         | <u>39,858</u>        | <u>49,895</u>         |
|  | <u>287,572</u>        | <u>329,919</u>       | <u>323,655</u>        |
|  | <u>\$ 2,775,456</u>   | <u>\$ 2,778,841</u>  | <u>\$ 2,535,226</u>   |

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

## 9. FINANCIAL ASSETS AT AMORTIZED COST

|                            | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|----------------------------|-----------------------|----------------------|-----------------------|
| <u>Current</u>             |                       |                      |                       |
| Domestic investments       |                       |                      |                       |
| Pledged time deposits      | \$ 48,382             | \$ 58,357            | \$ 58,348             |
| Restricted demand deposits | <u>124,931</u>        | <u>93,143</u>        | <u>22,173</u>         |
|                            | <u>\$ 173,313</u>     | <u>\$ 151,500</u>    | <u>\$ 80,521</u>      |



- a. The ranges of interest rates for pledged time deposits and restricted demand deposits were 0.2%-1.31%, 0.2%-1.31% and 0.20%-1.25% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- b. Refer to Note 30 for information relating to investments in financial assets at amortized cost pledged as security.

# **10. NOTES RECEIVABLE, TRADE RECEIVABLES AND OVERDUE RECEIVABLES**

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| <u>Notes receivable</u>   |                       |                      |                       |
| Operating - unrelated parties   | \$ 1,722,264          | \$ 2,185,736         | \$ 2,079,898          |
| Less: Allowance for impairment loss                                   | <u>-</u>              | <u>(17,677)</u>      | <u>-</u>              |
|   | <u>\$ 1,722,264</u>   | <u>\$ 2,168,059</u>  | <u>\$ 2,079,898</u>   |
| <u>Trade receivables</u>  |                       |                      |                       |
| At amortized cost - unrelated parties                                 | \$ 2,356,154          | \$ 3,263,011         | \$ 3,579,332          |
| Less: Allowance for impairment loss                                   | <u>(14,347)</u>       | <u>(18,898)</u>      | <u>(4,925)</u>        |
|   | <u>\$ 2,341,807</u>   | <u>\$ 3,244,113</u>  | <u>\$ 3,574,407</u>   |
| <u>Overdue receivables (presented under other non-current assets)</u> |                       |                      |                       |
| Overdue receivables   | \$ 87,401             | \$ 7,903             | \$ 42,156             |
| Less: Allowance for impairment loss                                   | <u>(24,623)</u>       | <u>(7,903)</u>       | <u>(42,156)</u>       |
|   | <u>\$ 62,778</u>      | <u>\$ -</u>          | <u>\$ -</u>           |

## **a. Notes receivable and trade receivables**

The average credit period for sales of goods is 90-150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit rating information is obtained from other publicly available financial source or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored, and the aggregate value of transactions concluded is spread amongst approved counterparties.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime ECLs. The expected credit losses on trade receivables are estimated using a provision matrix considering the past default records of the debtor, an analysis of the debtor's current financial position, any credit insurance and recoverable amount as well as the GDP forecasts and industry outlook. As the Company's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

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

The following table details the loss allowance of notes receivable and trade receivables based on the Group's provision matrix.

#### September 30, 2024

|                                | Not Past Due        | 1 to 30 Days Past Due | 31 Days to 1 Year Past Due | 1 to 2 Years Past Due | Over 2 Years Past Due | Total               |
|--------------------------------|---------------------|-----------------------|----------------------------|-----------------------|-----------------------|---------------------|
| Expected credit loss rate      | 0.00%               | 0.00%                 | 49.34%                     | 0.00%                 | 0.00%                 |                     |
| Gross carrying amount          | \$ 3,989,408        | \$ 59,933             | \$ 29,077                  | \$ -                  | \$ -                  | \$ 4,078,418        |
| Loss allowance (Lifetime ECLs) | -                   | -                     | (14,347)                   | -                     | -                     | (14,347)            |
| Amortized cost                 | <u>\$ 3,989,408</u> | <u>\$ 59,933</u>      | <u>\$ 14,730</u>           | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 4,064,071</u> |

#### December 31, 2023

|                                | Not Past Due        | 1 to 30 Days Past Due | 31 Days to 1 Year Past Due | 1 to 2 Years Past Due | Over 2 Years Past Due | Total               |
|--------------------------------|---------------------|-----------------------|----------------------------|-----------------------|-----------------------|---------------------|
| Expected credit loss rate      | 0.63%               | 0.00%                 | 100.00%                    | 0.00%                 | 0.00%                 |                     |
| Gross carrying amount          | \$ 5,446,678        | \$ -                  | \$ 2,069                   | \$ -                  | \$ -                  | \$ 5,448,747        |
| Loss allowance (Lifetime ECLs) | (34,506)            | -                     | (2,069)                    | -                     | -                     | (36,575)            |
| Amortized cost                 | <u>\$ 5,412,172</u> | <u>\$ -</u>           | <u>\$ -</u>                | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 5,412,172</u> |

#### September 30, 2023

|                                | Not Past Due        | 1 to 30 Days Past Due | 31 Days to 1 Year Past Due | 1 to 2 Years Past Due | Over 2 Years Past Due | Total               |
|--------------------------------|---------------------|-----------------------|----------------------------|-----------------------|-----------------------|---------------------|
| Expected credit loss rate      | 0.00%               | 65.03%                | 100.00%                    | 0.00%                 | 0.00%                 |                     |
| Gross carrying amount          | \$ 5,652,474        | \$ 5,236              | \$ 1,520                   | \$ -                  | \$ -                  | \$ 5,659,230        |
| Loss allowance (Lifetime ECLs) | -                   | (3,405)               | (1,520)                    | -                     | -                     | (4,925)             |
| Amortized cost                 | <u>\$ 5,652,474</u> | <u>\$ 1,831</u>       | <u>\$ -</u>                | <u>\$ -</u>           | <u>\$ -</u>           | <u>\$ 5,654,305</u> |

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

|   | <b>For the Nine Months Ended<br/>September 30</b> |                 |
|---|---|-----------------|
|   | <b>2024</b>                                       | <b>2023</b>     |
| Balance at January 1                      | \$ 36,575   | \$ 5,639        |
| Add: Net remeasurement of loss allowance  | 15,842  | -               |
| Less: Net remeasurement of loss allowance | (535)   | -               |
| Less: Reclassification                    | <u>(37,535)</u>                                   | <u>(714)</u>    |
| Balance at September 30                   | <u>\$ 14,347</u>                                  | <u>\$ 4,925</u> |

Compared to January 1, 2024 and 2023, the decrease in loss allowance of NT\$5,508 thousand and NT\$714 thousand on September 30, 2024 and 2023, respectively, resulted from the changes in the gross carrying amounts of notes receivable and trade receivables, which decreased by NT\$1,370,329 thousand and increased by NT\$915,407 thousand, respectively. The collection performance of accounts receivable was continuously favorable.

Refer to Note 30 for information relating to notes receivable pledged as security for borrowings.

b. Overdue receivables

Overdue receivable balances that were past due but for which no allowance for impairment loss was recognized were NT\$62,778 thousand, NT\$0 thousand and NT\$0 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively, which are disclosed in the aging analysis below. The Group did not recognize an allowance for impairment loss, because there was no significant change in the credit quality and the amounts were still considered recoverable. In addition, the Group did not have the legal right to offset the overdue receivables with trade payables from the same counterparty.

The aging of overdue receivables that were past due but not impaired was as follows:

|             | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------|-----------------------|----------------------|-----------------------|
| Over 1 year | <u>\$ 62,778</u>      | <u>\$ -</u>          | <u>\$ -</u>           |

The above aging schedule was based on the number of days from the invoice date.

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

|   | For the Nine Months Ended<br>September 30 |                  |
|---|---|------------------|
|   | 2024                                      | 2023             |
| Balance at January 1                      | \$ 7,903                                  | \$ 38,649        |
| Add: Reclassification                     | 37,535                                    | 714              |
| Add: Net remeasurement of loss allowance  | -   | 3,108            |
| Add: Amounts recovered                    | -   | 1,042            |
| Less: Net remeasurement of loss allowance | (16,069)                                  | (1,357)          |
| Less: Amounts written off                 | <u>(4,746)</u>                            | <u>-</u>         |
| Balance at September 30                   | <u>\$ 24,623</u>                          | <u>\$ 42,156</u> |

The Group recognized an impairment loss on overdue receivables amounting to NT\$24,623 thousand, NT\$7,903 thousand and NT\$42,156 thousand as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively. These amounts were mainly related to customers for whom the Group was pursuing legal claims. The net remeasurement amount was calculated as the difference between the overdue receivables' carrying amount and the present value of expected recoverable amount.

## 11. INVENTORIES

|                          | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--------------------------|-----------------------|----------------------|-----------------------|
| Raw materials            | \$ 5,746,244          | \$ 5,233,372         | \$ 5,628,216          |
| Finished goods           | 716,973               | 573,294              | 565,073               |
| Work in process          | 493,875               | 195,592              | 178,657               |
| Raw materials in transit | <u>131,539</u>        | <u>155,222</u>       | <u>22,244</u>         |
|                          | <u>\$ 7,088,631</u>   | <u>\$ 6,157,480</u>  | <u>\$ 6,394,190</u>   |

The nature of the cost of goods sold is as follows:

|                                   | For the Nine Months Ended<br>September 30 |                      |
|-----------------------------------|---|----------------------|
|                                   | 2024                                      | 2023                 |
| Cost of inventories sold          | \$ 9,095,456                              | \$ 10,380,289        |
| Reversal of inventory write-downs | <u>(17,833)</u>                           | <u>(51,575)</u>      |
|                                   | <u>\$ 9,077,623</u>                       | <u>\$ 10,328,714</u> |

As of September 30, 2024, December 31, 2023 and September 30, 2023, the allowance for inventory write-downs were NT\$85,639 thousand, NT\$103,472 thousand and NT\$68,726 thousand, respectively.

Inventory write-downs were reversed as a result of the fluctuation in the market price of the steel market.

## 12. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

|                           | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---------------------------|-----------------------|----------------------|-----------------------|
| Investments in associates | <u>\$ 991,305</u>     | <u>\$ 938,005</u>    | <u>\$ 818,374</u>     |

\* Investments in associates

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| Material associate                            | \$ 876,613            | \$ 827,386           | \$ 706,112            |
| Associates that are not individually material | <u>114,692</u>        | <u>110,619</u>       | <u>112,262</u>        |
|   | <u>\$ 991,305</u>     | <u>\$ 938,005</u>    | <u>\$ 818,374</u>     |

a. Material associate

| Name of Associate                             | Nature of Business                                  | Proportion of Ownership and Voting Rights |                      |                       |
|---|---|---|----------------------|-----------------------|
|   |   | September 30,<br>2024                     | December 31,<br>2023 | September 30,<br>2023 |
| SunnyRich Multifunction Solar Power Co., Ltd. | Renewable energy private power generation equipment | 20.00%                                    | 20.00%               | 20.00%                |

In 2023, the Group acquired 42,000 thousand ordinary shares of SunnyRich Multifunction Solar Power Co., Ltd. in cash for a total amount of NT\$420,000 thousand. The proportion of the Group's ownership after the acquisition was 20.00% (refer to Note 30).

The Company pledged 86,000 thousand shares of SunnyRich Multifunction Solar Power Co., Ltd. as collateral for bank borrowings (refer to Note 30 and Table 1).

SunnyRich Multifunction Solar Power Corporation

|   | <b>September 30</b> |                     |
|---|---------------------|---------------------|
|   | <b>2024</b>         | <b>2023</b>         |
| Current assets                                | \$ 1,763,813        | \$ 1,497,355        |
| Non-current assets                            | 12,898,297          | 8,260,834           |
| Current liabilities                           | (1,370,204)         | (598,541)           |
| Non-current liabilities                       | <u>(8,927,741)</u>  | <u>(5,628,355)</u>  |
| Equity  | <u>\$ 4,364,165</u> | <u>\$ 3,531,293</u> |
| Proportion of the Company's ownership         | 20%                 | 20%                 |
| Equity attributable to the Company            | <u>\$ 872,833</u>   | <u>\$ 706,259</u>   |
| Carrying amount                               | <u>\$ 876,613</u>   | <u>\$ 706,112</u>   |
| <b>For the Nine Months Ended September 30</b> |                     |                     |
|   | <b>2024</b>         | <b>2023</b>         |
| Operating revenue                             | <u>\$ 812,278</u>   | <u>\$ 223,486</u>   |
| Net income/(loss)                             | <u>\$ 228,624</u>   | <u>\$ (31,838)</u>  |
| Total comprehensive income/(loss)             | <u>\$ 228,624</u>   | <u>\$ (31,838)</u>  |

- b. Aggregate information of associates that are not individually material is as follows:

|                            | <b>For the Nine Months Ended September 30</b> |                  |
|----------------------------|---|------------------|
|                            | <b>2024</b>                                   | <b>2023</b>      |
| The Group's share of:      |   |                  |
| Net income                 | <u>\$ 12,055</u>                              | <u>\$ 11,042</u> |
| Total comprehensive income | <u>\$ 12,055</u>                              | <u>\$ 11,042</u> |

### 13. PROPERTY, PLANT AND EQUIPMENT

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
| Assets used by the Group   | <u>\$ 4,874,039</u>   | <u>\$ 4,576,840</u>  | <u>\$ 4,506,085</u>   |
| <u>Carrying amount per category</u>                              |                       |                      |                       |
| Freehold land  | \$ 3,156,782          | \$ 2,544,389         | \$ 2,544,388          |
| Buildings  | 948,128               | 960,403              | 894,284               |
| Equipment  | 607,192               | 656,970              | 617,309               |
| Transportation equipment   | 67,194                | 72,010               | 70,973                |
| Miscellaneous equipment  | 57,500                | 63,994               | 58,191                |
| Leasehold improvements   | 33,467                | 34,778               | 34,683                |
| Property under construction and equipment<br>awaiting inspection | <u>3,776</u>          | <u>244,296</u>       | <u>286,257</u>        |
|  | <u>\$ 4,874,039</u>   | <u>\$ 4,576,840</u>  | <u>\$ 4,506,085</u>   |

Except for depreciation recognized, property, plant and equipment of the Group increased for the nine months ended September 30, 2024 primarily due to land acquired by the subsidiary for production facility in the Lukang area of the Changhua Coastal Industrial Park. There was no significant addition, disposal or impairment for the nine months ended September 30, 2023. The above items of property, plant and equipment are depreciated on a straight-line basis over the estimated useful lives as follows:

|                                   |             |
|-----------------------------------|-------------|
| Buildings                         |             |
| Main buildings                    | 10-55 years |
| Building construction             | 3-20 years  |
| Equipment                         |             |
| Main equipment                    | 5-20 years  |
| Equipment maintenance             | 3-8 years   |
| Transportation equipment          |             |
| Trucks and automotive             | 5-8 years   |
| Stackers                          | 5-9 years   |
| Automotive accessories            | 3-5 years   |
| Miscellaneous equipment           |             |
| Computer equipment                | 3-10 years  |
| Office equipment and construction | 3-10 years  |
| Leasehold improvements            | 3-15 years  |

The Group purchased land located in Guanyin for operational use from 2005 to 2020. As of September 30, 2024, the total land space purchased was 50,004.07 square meters, with a carrying amount of NT\$227,268 thousand. The law stipulates that an entity may not have ownership of land which is registered for agricultural purposes. Therefore, the Group held the land through the signing of the real estate trust agreement with an individual. As a protective measure, the Group signed a contract with the landowner who held the land ownership certificate and registered the ownership certificate, which stated that all the rights and obligations of the land belong to the Group.

Property, plant and equipment pledged as collateral for bank borrowings are set out in Note 30.

#### 14. INVESTMENT PROPERTIES

|                                 | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---------------------------------|-----------------------|----------------------|-----------------------|
| Completed investment properties | <u>\$ 3,487,077</u>   | <u>\$ 3,156,680</u>  | <u>\$ 3,158,281</u>   |

The investment properties were leased out for 2 to 10 years, without an option to extend. The lease contracts contain market review clauses to adjust the lease expense in the event that the lessees exercise their options to renew the lease. The lessees do not have bargain purchase options to acquire the investment properties at the expiry of the lease periods.

In addition to the fixed lease payments, the lease contracts also indicate that the lease payments should be adjusted every 2 or 3 years on the basis of the increase in Price Index.

The maturity analysis of lease payments receivable under operating leases of investment properties was as follows:

|                | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|----------------|-----------------------|----------------------|-----------------------|
| Year 1         | \$ 364,495            | \$ 327,562           | \$ 313,452            |
| Year 2         | 340,736               | 328,870              | 292,382               |
| Year 3         | 306,441               | 292,389              | 269,999               |
| Year 4         | 278,042               | 265,016              | 240,132               |
| Year 5         | 227,370               | 231,153              | 235,972               |
| Year 6 onwards | <u>302,085</u>        | <u>459,559</u>       | <u>512,050</u>        |
|                | <u>\$ 1,819,169</u>   | <u>\$ 1,904,549</u>  | <u>\$ 1,863,987</u>   |

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

|                        |             |
|------------------------|-------------|
| Main buildings         | 25-55 years |
| Building construction  | 6-15 years  |
| Leasehold improvements | 5-15 years  |

The determination of fair value was performed by independent qualified professional appraisers at the end of each reporting period. The fair value was measured by using Level 3 inputs. The valuation was arrived at by reference to market evidence of transaction prices for similar properties.

|            | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|------------|-----------------------|----------------------|-----------------------|
| Fair value | <u>\$ 7,155,749</u>   | <u>\$ 6,786,131</u>  | <u>\$ 6,562,956</u>   |

The investment properties pledged as collateral for bank borrowings are set out in Note 30.

## 15. OTHER INTANGIBLE ASSETS

|                   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------|-----------------------|----------------------|-----------------------|
| Computer software | \$ <u>40,583</u>      | \$ <u>41,756</u>     | \$ <u>43,241</u>      |

The additions in other intangible assets of the Group for the nine months ended September 30, 2024 and 2023 were mainly due to the external purchase of information systems and software. Other intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

|                   |            |
|-------------------|------------|
| Computer software | 1-10 years |
|-------------------|------------|

## 16. OTHER ASSETS

|                              | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|------------------------------|-----------------------|----------------------|-----------------------|
| <u>Current</u>               |                       |                      |                       |
| Other receivables            | \$ 21,771             | \$ 8,023             | \$ 14,091             |
| Payments on behalf of others | <u>958</u>            | <u>816</u>           | <u>1,129</u>          |
|                              | \$ <u>22,729</u>      | \$ <u>8,839</u>      | \$ <u>15,220</u>      |
| <u>Non-current</u>           |                       |                      |                       |
| Prepayments for equipment    | \$ 321,482            | \$ 373,707           | \$ 432,476            |
| Refundable deposits          | 73,145                | 8,783                | 8,863                 |
| Overdue receivables          | 62,778                | -                    | -                     |
| Others                       | <u>44,806</u>         | <u>1,711</u>         | <u>2,525</u>          |
|                              | \$ <u>502,211</u>     | \$ <u>384,201</u>    | \$ <u>443,864</u>     |

## 17. BORROWINGS

### a. Short-term borrowings

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| <u>Secured borrowings (Notes 28 and 30)</u> |                       |                      |                       |
| Bank loans                                  | \$ 72,000             | \$ 60,000            | \$ 45,000             |
| Issuance credit payable                     | <u>980,250</u>        | <u>825,133</u>       | <u>997,088</u>        |
|   | <u>1,052,250</u>      | <u>885,133</u>       | <u>1,042,088</u>      |
| <u>Unsecured borrowings</u>                 |                       |                      |                       |
| Line of credit borrowings (Note 28)         | 1,750,000             | 1,180,000            | 1,410,000             |
| Issuance credit payable                     | <u>4,825,453</u>      | <u>4,614,608</u>     | <u>5,323,873</u>      |
|   | <u>6,575,453</u>      | <u>5,794,608</u>     | <u>6,733,873</u>      |
|   | \$ <u>7,627,703</u>   | \$ <u>6,679,741</u>  | \$ <u>7,775,961</u>   |



The range of weighted average effective interest rates on bank loans was 1.9%-6.71%, 1.8%-6.8% and 1.8%-6.96% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

b. Short-term bills payable

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
| Commercial paper (Notes 28 and 30)         | \$ 580,000            | \$ 800,000           | \$ 730,000            |
| Less: Discount on short-term bills payable | <u>(921)</u>          | <u>(1,401)</u>       | <u>(1,124)</u>        |
|  | <u>\$ 579,079</u>     | <u>\$ 798,599</u>    | <u>\$ 728,876</u>     |

Outstanding short-term bills payable were as follows:

September 30, 2024

| Promissory<br>Institution | Nominal<br>Amount | Discount<br>Amount | Carrying<br>Amount | Interest Rate | Collateral  | Carrying<br>Amount of<br>Collateral |
|---------------------------|-------------------|--------------------|--------------------|---------------|-------------|-------------------------------------|
| <u>Commercial paper</u>   |                   |                    |                    |               |             |                                     |
| A bank                    | \$ 100,000        | \$ 224             | \$ 99,776          | 2.17%         | Head office | \$ 18,508                           |
| B bank                    | 180,000           | 147                | 179,853            | 2.16%-2.23%   | -           | -                                   |
| C bank                    | 150,000           | 396                | 149,604            | 2.17%-2.23%   | -           | -                                   |
| D bank                    | <u>150,000</u>    | <u>154</u>         | <u>149,846</u>     | 2.17%         | -           | <u>-</u>                            |
|                           | <u>\$ 580,000</u> | <u>\$ 921</u>      | <u>\$ 579,079</u>  |               |             |                                     |

December 31, 2023

| Promissory<br>Institution | Nominal<br>Amount | Discount<br>Amount | Carrying<br>Amount | Interest Rate | Collateral  | Carrying<br>Amount of<br>Collateral |
|---------------------------|-------------------|--------------------|--------------------|---------------|-------------|-------------------------------------|
| <u>Commercial paper</u>   |                   |                    |                    |               |             |                                     |
| A bank                    | \$ 100,000        | \$ 166             | \$ 99,834          | 2.02%         | Head office | \$ 19,048                           |
| B bank                    | 200,000           | 254                | 199,746            | 2.02%-2.07%   | -           | -                                   |
| C bank                    | 150,000           | 216                | 149,784            | 2.02%-2.07%   | -           | -                                   |
| E bank                    | <u>350,000</u>    | <u>765</u>         | <u>349,235</u>     | 2.05%         | -           | <u>-</u>                            |
|                           | <u>\$ 800,000</u> | <u>\$ 1,401</u>    | <u>\$ 798,599</u>  |               |             |                                     |

September 30, 2023

| Promissory<br>Institution | Nominal<br>Amount | Discount<br>Amount | Carrying<br>Amount | Interest Rate | Collateral  | Carrying<br>Amount of<br>Collateral |
|---------------------------|-------------------|--------------------|--------------------|---------------|-------------|-------------------------------------|
| <u>Commercial paper</u>   |                   |                    |                    |               |             |                                     |
| A bank                    | \$ 100,000        | \$ 74              | \$ 99,926          | 2.03%         | Head office | \$ 19,228                           |
| B bank                    | 130,000           | 97                 | 129,903            | 2.04%-2.09%   | -           | -                                   |
| C bank                    | 150,000           | 199                | 149,801            | 2.02%-2.06%   | -           | -                                   |
| E bank                    | <u>350,000</u>    | <u>754</u>         | <u>349,246</u>     | 1.98%         | -           | <u>-</u>                            |
|                           | <u>\$ 730,000</u> | <u>\$ 1,124</u>    | <u>\$ 728,876</u>  |               |             |                                     |

c. Long-term borrowings

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| <u>Secured borrowings (Note 30)</u>                                 |                       |                      |                       |
| Syndicated bank loans - Mega Bank (1)                               | \$ 5,200,000          | \$ 5,400,000         | \$ 5,400,000          |
| Bank loans - Banking Division of Mega Bank (2)                      | -                     | 86,842               | 89,474                |
| Bank loans - Chang Hwa Bank Sanchungpu Branch (3)                   | 203,125               | 218,750              | 223,958               |
| Bank loans - Land Bank of Taiwan (4)                                | -                     | 86,000               | 86,000                |
| Bank loans - Land Bank of Taiwan (5)                                | 537,700               | -                    | -                     |
| Bank loans - Mega International Commercial Bank (6)                 | 180,000               | 229,091              | 245,455               |
| Bank loans - Banking Division of Far Eastern International Bank (7) | 33,333                | 70,833               | 83,333                |
| Bank loans - First Commercial Bank (8)                              | 142,110               | -                    | -                     |
|   | <u>6,296,268</u>      | <u>6,091,516</u>     | <u>6,128,220</u>      |
| Less: Current portions  | (119,621)             | (232,814)            | (232,814)             |
| Syndicated loan fees  | <u>(8,912)</u>        | <u>(11,129)</u>      | <u>(11,719)</u>       |
|   | <u>(128,533)</u>      | <u>(243,943)</u>     | <u>(244,533)</u>      |
| Long-term borrowings  | <u>\$ 6,167,735</u>   | <u>\$ 5,847,573</u>  | <u>\$ 5,883,687</u>   |

- 1) The Company signed a joint credit line contract with Mega Bank, and such syndicated loan was collateralized by the Company's freehold land and plant (refer to Note 30). The credit line of loan item A-1 is NT\$3,500,000 thousand, A-2 is NT\$4,500,000 thousand, B is NT\$5,000,000 thousand and the total credit line of loan items A and B is not more than NT\$8,000,000 thousand, which is a revolving credit line within 5 years from the date of first use. When the credit line of the loan is used for the first time, the entire outstanding balance of the syndicated bank loan - Yushan Bank, which was signed in 2018, will be paid off in advance. The first period is 36 months after the date of first use. Thereafter, every 12 months is considered one period, and the total credit line will decrease within 3 periods. The revolving credit line will be reduced by 10% at the end of the first period, reduced by 20% at the end of the second period, and the remaining credit line will be totally cancelled upon the expiry of the credit period.

During the loan period, the current ratio, debt ratio and interest earned ratio, which are calculated based on the audited annual consolidated financial report, should comply with the criteria in the credit line contract. If the financial ratio do not comply with the criteria in the contract, the Group should remedy it from the date of submission of the annual consolidated financial statements to the next review date. It will not be considered a breach of the contract if the financial ratio are remedied and comply with the contract within the remediation period. The weighted average effective interest rates were 2.14%-2.20%, 2.04%-2.09% and 2.04%-2.09% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

- 2) In January 2017, the Company acquired NT\$150,000 thousand of bank loans from the Banking Division of Mega Bank, secured by the Company's freehold land (refer to Note 30), which will mature in January 2032. Starting from January 2018, the repayment of principal is divided into 56 installments of every 3 months, with NT\$2,632 thousand per installment. The loan was repaid in advance in one lump sum in August 2024. The weighted average effective interest rates were 2.23% and 2.23% per annum as of December 31, 2023 and September 30, 2023, respectively.

- 3) In April 2019, Hsin Ho Fa Metal Co., Ltd. acquired NT\$250,000 thousand of bank loans from Chang Hwa Bank Sanchungpu Branch, secured by the freehold land (refer to Note 30), which mature in April 2034. The grace period is 3 years, during which interest shall be paid by the 26th of each month. Starting from April 26, 2022, the repayment of principal is divided into 48 equal installments of every 3 months, and the principal as well as interest calculated on the outstanding principal shall be paid by the 26th of each month. The weighted average effective interest rates were 2.19%, 2.06% and 2.06% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- 4) In September 2021, APEX Wind Power Equipment Manufacturing Company Limited acquired NT\$86,000 thousand of bank loans from the Land Bank of Taiwan, secured by machinery and equipment (refer to Note 30), which will mature in September 2024. Starting from the borrowing date, interest will be paid once a month, and the principal should be repaid on the maturity date. The principal of the loan was repaid in advance in one lump sum in July 2024. The weighted average effective interest rates were 2.15% and 2.15% per annum as of December 31, 2023 and September 30, 2023, respectively.
- 5) In July 2024, APEX Wind Power Equipment Manufacturing Company Limited acquired NT\$537,700 thousand of bank loans from the Land Bank of Taiwan, secured by machinery and equipment (refer to Note 30), which will mature in July 2027. The principal of the loan is repayable in one lump sum upon maturity, where interest is repayable on a monthly basis starting from the date of the initial drawdown. The weighted average effective interest rate was 2.13% per annum as of September 30, 2024.
- 6) In June 2022, Mason Metal Industry Co., Ltd. acquired NT\$300,000 thousand of bank loans from Mega International Commercial Bank, secured by the freehold land and buildings (refer to Note 30), which will mature in June 2027. Starting from the borrowing date, interest will be paid once a month, and the principal will be repaid in installments. The weighted average effective interest rates were 2.36%, 2.23% and 2.23% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- 7) In May 2023, Hsin Ching International Co., Ltd. acquired NT\$100,000 thousand of unsecured bank loans from Far Eastern International Bank, which will mature in May 2025. The principal shall be repaid in 24 equal installments on the 5th of each month, and interest is calculated on the outstanding principal which shall be paid on the 5th of each month. The weighted average effective interest rates were 2.42%, 2.28% and 2.28% per annum as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.
- 8) Xinhua Steel Company entered into an unsecured medium-term loan agreement with First Commercial Bank, and borrowed in installments. The principal of the loan is repayable over a period of 2 years starting from the date of the initial drawdown. The weighted average effective interest rate was 2.23% as of September 30, 2024.

## 18. NOTES PAYABLE AND TRADE PAYABLES

|                               | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-------------------------------|-----------------------|----------------------|-----------------------|
| <u>Notes payable</u>          |                       |                      |                       |
| Operating - unrelated parties | <u>\$ 314,804</u>     | <u>\$ 288,156</u>    | <u>\$ 249,882</u>     |
| <u>Trade payables</u>         |                       |                      |                       |
| Operating - unrelated parties | <u>\$ 375,689</u>     | <u>\$ 238,449</u>    | <u>\$ 282,088</u>     |

## 19. OTHER PAYABLES

|                                   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-----------------------------------|-----------------------|----------------------|-----------------------|
| Payables for salaries and bonuses | \$ 191,753            | \$ 236,557           | \$ 186,811            |
| Other accrued expenses            | 90,609                | 60,331               | 83,788                |
| Other payables                    | 88,900                | 90,463               | 101,134               |
| Interest payable                  | 66,219                | 25,965               | 37,707                |
| Dividends payable                 | <u>10,000</u>         | <u>-</u>             | <u>-</u>              |
|                                   | <u>\$ 447,481</u>     | <u>\$ 413,316</u>    | <u>\$ 409,440</u>     |

## 20. RETIREMENT BENEFIT PLANS

For the nine months ended September 30, 2024 and 2023, the pension expenses of defined benefit plans were NT\$548 thousand and NT\$667 thousand, respectively, which were calculated based on the pension cost rate determined by the actuarial calculation on December 31, 2023 and 2022, respectively.

## 21. EQUITY

### a. Share capital

#### Ordinary shares

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| Number of shares authorized (in thousands)            | <u>360,000</u>        | <u>360,000</u>       | <u>360,000</u>        |
| Shares authorized                                     | <u>\$ 3,600,000</u>   | <u>\$ 3,600,000</u>  | <u>\$ 3,600,000</u>   |
| Number of shares issued and fully paid (in thousands) | <u>321,146</u>        | <u>321,146</u>       | <u>321,146</u>        |
| Shares issued   | <u>\$ 3,211,463</u>   | <u>\$ 3,211,463</u>  | <u>\$ 3,211,463</u>   |

The shares issued had a par value of NT\$10. Each share entitles the rights to dividends and to vote.

b. Capital surplus

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1) |                       |                      |                       |
| Share premiums  | \$ 906,797            | \$ 906,797           | \$ 906,797            |
| <u>May only be used to offset a deficit (2)</u>   |                       |                      |                       |
| Changes in percentage of ownership interests in subsidiaries  | -                     | -                    | 6                     |
| <u>May not be used for any purpose (3)</u>  |                       |                      |                       |
| Employee share options  | <u>36,648</u>         | <u>36,648</u>        | <u>36,648</u>         |
|   | <u>\$ 943,445</u>     | <u>\$ 943,445</u>    | <u>\$ 943,451</u>     |

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interests in subsidiaries resulting from changes in capital surplus of subsidiaries accounted for using the equity method.
- 3) Such capital surplus is used primarily for subsequent matters related to the transaction and may not be used for any purpose.

c. Retained earnings and dividends policy

Under the dividends policy as set forth in the Company's Articles of Incorporation, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit until the legal reserve equals the Company's paid-in capital, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for the distribution of dividends and bonuses to shareholders. If the aforementioned dividends, legal reserve and capital surplus are to be distributed in cash, the board of directors may be authorized to pass the resolution with more than two-thirds of the directors' attendance and more than half of the votes of attending directors, which shall be reported in the board of directors. For the policies on the distribution of compensation of employees and remuneration of directors and supervisors, refer to compensation of employees and remuneration of directors and supervisors in Note 23-g.

To ensure the interests of shareholders and the Company's sustainable development, the Company adopts a balanced dividends policy. The dividends payment principle shall be determined on the basis of the current and forthcoming development plan, considering the investing environment, demanding for funds, domestic and foreign competition, and shareholders' interests. The Company shall, in accordance with the capital budget plan for the following year, determine the most appropriate dividend policy. After the board of directors resolve the distribution plan, such plan will be subject to the resolution in the shareholders' meeting.

Dividends may be distributed in cash or shares. Among the dividends payment, no less than 30% shall be distributed in cash.

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

The appropriations of earnings for the years ended December 31, 2023 and 2022, which was approved in shareholder's meeting on June 14, 2024 and June 15, 2023, respectively, were as follows:

|                                 | <b>Appropriation of Earnings</b>      |             |
|---------------------------------|---------------------------------------|-------------|
|                                 | <b>For the Year Ended December 31</b> |             |
|                                 | <b>2023</b>                           | <b>2022</b> |
| Legal reserve                   | \$ 180,506                            | \$ 45,907   |
| Cash dividends                  | \$ 963,439                            | \$ 321,147  |
| Cash dividends per share (NT\$) | \$ 3.0                                | \$ 1.0      |

d. Other equity items

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

|  | <b>For the Nine Months Ended</b> |             |
|--|----------------------------------|-------------|
|  | <b>September 30</b>              |             |
|  | <b>2024</b>                      | <b>2023</b> |
| Balance at January 1   | \$ 1,943                         | \$ 1,969    |
| Exchange differences on translating the financial statements of foreign operations | 2,275                            | 2,974       |
| Balance at September 30  | \$ 4,218                         | \$ 4,943    |

2) Unrealized valuation gain/(loss) on financial assets at FVTOCI

|  | <b>For the Nine Months Ended</b> |             |
|--|----------------------------------|-------------|
|  | <b>September 30</b>              |             |
|  | <b>2024</b>                      | <b>2023</b> |
| Balance at January 1   | \$ 1,164,407                     | \$ 672,449  |
| Recognized for the period  |                                  |             |
| Unrealized gain/(loss) - equity instruments  | 241,673                          | 244,729     |
| Share of other comprehensive income/(loss) of associates accounted for using equity method | -                                | (44,269)    |
| Reclassification adjustments   |                                  |             |
| Disposals of investments in equity instruments at FVTOCI                                   | (93,038)                         | (105,391)   |
| Balance at September 30  | \$ 1,313,042                     | \$ 767,518  |

e. Non-controlling interests

|  | <b>For the Nine Months Ended<br/>September 30</b> |                   |
|--|---|-------------------|
|  | <b>2024</b>                                       | <b>2023</b>       |
| Balance at January 1   | \$ 724,788  | \$ 712,638        |
| Share of profit for the period   | 31,223  | 60,123            |
| Dividends distributed by subsidiaries  | (56,691)  | (67,911)          |
| Other comprehensive income/(loss) for the period   |   |                   |
| Exchange differences on translation of the financial statements<br>of foreign operations | (31)  | 7                 |
| Non-controlling interests  | <u>(1,455)</u>                                    | <u>(609)</u>      |
| Balance at September 30  | <u>\$ 697,834</u>                                 | <u>\$ 704,248</u> |

## 22. REVENUE

|                                       | <b>For the Three Months Ended<br/>September 30</b> |                     | <b>For the Nine Months Ended<br/>September 30</b> |                      |
|---------------------------------------|--|---------------------|---|----------------------|
|                                       | <b>2024</b>  | <b>2023</b>         | <b>2024</b>                                       | <b>2023</b>          |
| Revenue from contracts with customers |  |                     |   |                      |
| Revenue from sales of goods           | \$ 3,037,952                                       | \$ 4,117,088        | \$ 9,620,112                                      | \$ 10,961,774        |
| Revenue from processing               | 28,699   | 128,120             | 122,893   | 272,023              |
| Construction contract revenue         | 199,175  | 120,088             | 495,105   | 479,719              |
| Rental income                         | <u>97,087</u>                                      | <u>78,837</u>       | <u>260,962</u>                                    | <u>232,759</u>       |
|                                       | <u>\$ 3,362,913</u>                                | <u>\$ 4,444,133</u> | <u>\$ 10,499,072</u>                              | <u>\$ 11,946,275</u> |

a. Contract balances

|                                | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>September 30,<br/>2023</b> |
|--------------------------------|-------------------------------|------------------------------|-------------------------------|
| Trade receivables (Note 10)    | <u>\$ 2,341,807</u>           | <u>\$ 3,244,113</u>          | <u>\$ 3,574,407</u>           |
| Contract assets - current      |                               |                              |                               |
| Construction of properties     | <u>\$ 290,353</u>             | <u>\$ 240,360</u>            | <u>\$ 229,634</u>             |
| Contract liabilities - current |                               |                              |                               |
| Sales of goods                 | \$ 537,610                    | \$ 1,409,193                 | \$ 1,341,624                  |
| Construction of properties     | <u>5,061</u>                  | <u>7,089</u>                 | <u>5,453</u>                  |
|                                | <u>\$ 542,671</u>             | <u>\$ 1,416,282</u>          | <u>\$ 1,347,077</u>           |

b. Refer to Note 36 for details of revenue.

## 23. NET (LOSS)/PROFIT AND OTHER COMPREHENSIVE INCOME FROM CONTINUING OPERATIONS

### a. Other income

|                            | For the Three Months Ended<br>September 30 |                  | For the Nine Months Ended<br>September 30 |                   |
|----------------------------|--|------------------|---|-------------------|
|                            | 2024                                       | 2023             | 2024                                      | 2023              |
| Dividend income            |  |                  |   |                   |
| Financial assets at FVTPL  | \$ 40,746                                  | \$ 21,251        | \$ 62,003                                 | \$ 40,425         |
| Financial assets at FVTOCI | 26,659                                     | 44,487           | 28,991                                    | 48,862            |
| Others                     | <u>6,852</u>                               | <u>5,111</u>     | <u>14,598</u>                             | <u>16,981</u>     |
|                            | <u>\$ 74,257</u>                           | <u>\$ 70,849</u> | <u>\$ 105,592</u>                         | <u>\$ 106,268</u> |

### b. Other gains/(losses)

|   | For the Three Months Ended<br>September 30 |                   | For the Nine Months Ended<br>September 30 |                   |
|---|--|-------------------|---|-------------------|
|   | 2024                                       | 2023              | 2024                                      | 2023              |
| (Gain)/loss on disposal of<br>property, plant and<br>equipment      | \$ 69                                      | \$ (4,830)        | \$ 69                                     | \$ (5,115)        |
| Net (losses)/gains on financial<br>assets and financial liabilities |  |                   |   |                   |
| Financial assets mandatorily<br>classified as at FVTPL              | (858,762)                                  | 334,059           | 1,327,536                                 | 815,109           |
| Net foreign exchange (losses)/<br>gains                             | 84,345                                     | (29,593)          | 43,485                                    | 164,717           |
| Other gains/(losses)  | <u>-</u>                                   | <u>121</u>        | <u>-</u>                                  | <u>(2)</u>        |
|   | <u>\$ (774,348)</u>                        | <u>\$ 299,757</u> | <u>\$ 1,371,090</u>                       | <u>\$ 974,709</u> |

### c. Finance costs

|  | For the Three Months Ended<br>September 30 |                   | For the Nine Months Ended<br>September 30 |                   |
|--|--|-------------------|---|-------------------|
|  | 2024                                       | 2023              | 2024                                      | 2023              |
| Interest on bank loans                                     | \$ 120,847                                 | \$ 102,847        | \$ 294,106                                | \$ 297,191        |
| Interest on lease liabilities                              | 1  | 9                 | 10  | 32                |
| Less: Amounts included in the<br>cost of qualifying assets | <u>(489)</u>                               | <u>(1,678)</u>    | <u>(2,680)</u>                            | <u>(4,436)</u>    |
|  | <u>\$ 120,359</u>                          | <u>\$ 101,178</u> | <u>\$ 291,436</u>                         | <u>\$ 292,787</u> |



Information about capitalized interest was as follows:

|                      | <b>For the Three Months Ended<br/>September 30</b> |             | <b>For the Nine Months Ended<br/>September 30</b> |             |
|----------------------|--|-------------|---|-------------|
|                      | <b>2024</b>  | <b>2023</b> | <b>2024</b>                                       | <b>2023</b> |
| Capitalized interest | \$ 489   | \$ 1,678    | \$ 2,680  | \$ 4,436    |
| Capitalization rate  | 2.5%   | 2.5%        | 2.5%  | 2.5%        |

d. Operating expenses directly related to investment properties

|   | <b>For the Three Months Ended<br/>September 30</b> |                  | <b>For the Nine Months Ended<br/>September 30</b> |                  |
|---|--|------------------|---|------------------|
|   | <b>2024</b>  | <b>2023</b>      | <b>2024</b>                                       | <b>2023</b>      |
| Direct operating expenses of<br>investment properties<br>generating rental income | <u>\$ 25,089</u>                                   | <u>\$ 22,253</u> | <u>\$ 92,072</u>                                  | <u>\$ 85,000</u> |

e. Depreciation and amortization

|  | <b>For the Three Months Ended<br/>September 30</b> |                  | <b>For the Nine Months Ended<br/>September 30</b> |                   |
|--|--|------------------|---|-------------------|
|  | <b>2024</b>  | <b>2023</b>      | <b>2024</b>                                       | <b>2023</b>       |
| Property, plant and equipment              | \$ 48,332  | \$ 43,399        | \$ 138,663  | \$ 128,898        |
| Investment properties                      | 13,031   | 13,082           | 43,488  | 40,522            |
| Right-of-use assets                        | 479  | 479              | 1,435   | 1,435             |
| Intangible assets                          | 2,179  | 1,910            | 6,767   | 5,595             |
| Long-term prepayments                      | <u>522</u>   | <u>1,191</u>     | <u>1,852</u>                                      | <u>2,889</u>      |
|  | <u>\$ 64,543</u>                                   | <u>\$ 60,061</u> | <u>\$ 192,205</u>                                 | <u>\$ 179,339</u> |
| An analysis of depreciation by<br>function |  |                  |   |                   |
| Operating costs                            | \$ 55,459  | \$ 51,353        | \$ 165,178  | \$ 155,227        |
| Operating expenses                         | <u>6,383</u>                                       | <u>5,608</u>     | <u>18,408</u>                                     | <u>15,629</u>     |
|  | <u>\$ 61,842</u>                                   | <u>\$ 56,961</u> | <u>\$ 183,586</u>                                 | <u>\$ 170,856</u> |
| An analysis of amortization by<br>function |  |                  |   |                   |
| Operating costs                            | \$ 1,396   | \$ 1,726         | \$ 4,603  | \$ 5,156          |
| Operating expenses                         | <u>1,305</u>                                       | <u>1,374</u>     | <u>4,016</u>                                      | <u>3,327</u>      |
|  | <u>\$ 2,701</u>                                    | <u>\$ 3,100</u>  | <u>\$ 8,619</u>                                   | <u>\$ 8,483</u>   |

f. Employee benefits expense

|   | For the Three Months Ended<br>September 30 |                   | For the Nine Months Ended<br>September 30 |                   |
|---|--|-------------------|---|-------------------|
|   | 2024                                       | 2023              | 2024                                      | 2023              |
| Short-term employee benefits                            | \$ 62,847                                  | \$ 146,177        | \$ 466,289                                | \$ 456,238        |
| Post-employment benefits<br>(Note 20)                   |  |                   |   |                   |
| Defined contribution plans                              | 2,587                                      | 3,359             | 9,279                                     | 9,619             |
| Defined benefit plans                                   | <u>183</u>                                 | <u>222</u>        | <u>548</u>                                | <u>667</u>        |
|   | <u>\$ 65,617</u>                           | <u>\$ 149,758</u> | <u>\$ 476,116</u>                         | <u>\$ 466,524</u> |
| An analysis of employee<br>benefits expense by function |  |                   |   |                   |
| Operating costs   | \$ 69,444                                  | \$ 68,337         | \$ 207,945                                | \$ 217,547        |
| Operating expenses                                      | <u>(3,827)</u>                             | <u>81,421</u>     | <u>268,171</u>                            | <u>248,977</u>    |
|   | <u>\$ 65,617</u>                           | <u>\$ 149,758</u> | <u>\$ 476,116</u>                         | <u>\$ 466,524</u> |

g. Compensation of employees and remuneration of directors and supervisors

The Company accrued compensation of employees and remuneration of directors and supervisors at the rates of no less than 3% and no higher than 3%, respectively, of net profit before income tax, compensation of employees and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the nine months ended September 30, 2024 and 2023 were as follows:

Accrual rate

|  | For the Three Months Ended<br>September 30 |      | For the Nine Months Ended<br>September 30 |      |
|--|--|------|---|------|
|  | 2024                                       | 2023 | 2024                                      | 2023 |
| Compensation of employees                    | 3%   | 3%   | 3%  | 3%   |
| Remuneration of directors and<br>supervisors | 3%   | 3%   | 3%  | 3%   |

Amount

|  | For the Three Months Ended<br>September 30 |                  | For the Nine Months Ended<br>September 30 |                  |
|--|--|------------------|---|------------------|
|  | 2024                                       | 2023             | 2024                                      | 2023             |
| Compensation of employees                    | <u>\$ (21,034)</u>                         | <u>\$ 13,744</u> | <u>\$ 50,040</u>                          | <u>\$ 43,713</u> |
| Remuneration of directors and<br>supervisors | <u>\$ (21,034)</u>                         | <u>\$ 13,744</u> | <u>\$ 50,040</u>                          | <u>\$ 43,713</u> |

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

The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2023 and 2022, which were approved by the Company's board of directors on March 12, 2024 and March 17, 2023, respectively, were as follows:

|   | <b>For the Year Ended December 31</b> |                  |
|---|---------------------------------------|------------------|
|   | <b>2023</b>                           | <b>2022</b>      |
|   | <b>Cash</b>                           | <b>Cash</b>      |
| Compensation of employees                 | <u>\$ 55,254</u>                      | <u>\$ 18,388</u> |
| Remuneration of directors and supervisors | <u>\$ 55,254</u>                      | <u>\$ 18,388</u> |

There was no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2023 and 2022.

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

h. Gains or losses on foreign currency exchange

|                         | <b>For the Three Months Ended<br/>September 30</b> |                    | <b>For the Nine Months Ended<br/>September 30</b> |                   |
|-------------------------|--|--------------------|---|-------------------|
|                         | <b>2024</b>  | <b>2023</b>        | <b>2024</b>                                       | <b>2023</b>       |
| Foreign exchange gains  | \$ 131,613   | \$ 34,192          | \$ 182,954  | \$ 383,406        |
| Foreign exchange losses | <u>(47,268)</u>                                    | <u>(63,785)</u>    | <u>(139,469)</u>                                  | <u>(218,689)</u>  |
| Net gains/(losses)      | <u>\$ 84,345</u>                                   | <u>\$ (29,593)</u> | <u>\$ 43,485</u>                                  | <u>\$ 164,717</u> |

## 24. INCOME TAXES

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

Major components of income tax expense are as follows:

|   | <b>For the Three Months Ended<br/>September 30</b> |                  | <b>For the Nine Months Ended<br/>September 30</b> |                  |
|---|--|------------------|---|------------------|
|   | <b>2024</b>  | <b>2023</b>      | <b>2024</b>                                       | <b>2023</b>      |
| Current tax                                     |  |                  |   |                  |
| In respect of the current period                | \$ 5,680   | \$ 1,064         | \$ 32,617   | \$ 154,397       |
| Income tax on unappropriated earnings           | 2,222  | (506)            | 36,993  | 5,075            |
| Adjustments for prior years                     | <u>-</u>   | <u>50</u>        | <u>(6,700)</u>                                    | <u>3,138</u>     |
|   | 7,902  | 608              | 62,910  | 162,610          |
| Deferred tax                                    |  |                  |   |                  |
| In respect of the current period                | <u>12,840</u>                                      | <u>12,957</u>    | <u>8,174</u>                                      | <u>(65,437)</u>  |
| Income tax expense recognized in profit or loss | <u>\$ 20,742</u>                                   | <u>\$ 13,565</u> | <u>\$ 71,084</u>                                  | <u>\$ 97,173</u> |

b. Income tax recognized in other comprehensive income

|  | For the Three Months Ended<br>September 30 |                 | For the Nine Months Ended<br>September 30 |                 |
|--|--|-----------------|---|-----------------|
|  | 2024                                       | 2023            | 2024                                      | 2023            |
| <u>Deferred tax</u>  |  |                 |   |                 |
| In respect of the current period:  |  |                 |   |                 |
| Translation of foreign operations  | \$ (326)                                   | \$ (630)        | \$ 569                                    | \$ (743)        |
| Total income tax (benefit)/<br>expense recognized in other<br>comprehensive income | <u>\$ (326)</u>                            | <u>\$ (630)</u> | <u>\$ 569</u>                             | <u>\$ (743)</u> |

c. Income tax assessments

The income tax returns through 2022 and income tax returns on unappropriated earnings through 2021 of the Company and its subsidiaries have been assessed by the tax authorities.

## 25. EARNINGS/(LOSS) PER SHARE

|                                   | For the Three Months Ended<br>September 30 |                | For the Nine Months Ended<br>September 30 |                |
|-----------------------------------|--|----------------|---|----------------|
|                                   | 2024                                       | 2023           | 2024                                      | 2023           |
| Basic earnings/(loss) per share   |  |                |   |                |
| From continuing operations        | <u>\$ (2.09)</u>                           | <u>\$ 1.33</u> | <u>\$ 4.75</u>                            | <u>\$ 4.07</u> |
| Diluted earnings/(loss) per share |  |                |   |                |
| From continuing operations        | <u>\$ (2.09)</u>                           | <u>\$ 1.33</u> | <u>\$ 4.74</u>                            | <u>\$ 4.06</u> |

The earnings and weighted average number of ordinary shares outstanding used in the computation of earnings/(loss) per share from continuing operations are as follows:

Net profit/(loss) for the period

|   | For the Three Months Ended<br>September 30 |                   | For the Nine Months Ended<br>September 30 |                     |
|---|--|-------------------|---|---------------------|
|   | 2024                                       | 2023              | 2024                                      | 2023                |
| Earnings/(loss) used in the<br>computation of basic earnings<br>per share   | <u>\$ (669,617)</u>                        | <u>\$ 428,077</u> | <u>\$ 1,525,092</u>                       | <u>\$ 1,308,127</u> |
| Earnings/(loss) used in the<br>computation of diluted earnings<br>per share | <u>\$ (669,617)</u>                        | <u>\$ 428,077</u> | <u>\$ 1,525,092</u>                       | <u>\$ 1,308,127</u> |

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

|  | <b>For the Three Months Ended<br/>September 30</b> |                | <b>For the Nine Months Ended<br/>September 30</b> |                |
|--|--|----------------|---|----------------|
|  | <b>2024</b>  | <b>2023</b>    | <b>2024</b>                                       | <b>2023</b>    |
| Weighted average number of ordinary shares used in the computation of basic earnings per share   | 321,146  | 321,146        | 321,146   | 321,146        |
| Effect of potentially dilutive ordinary shares:  |  |                |   |                |
| Compensation of employees  | <u>(348)</u>                                       | <u>294</u>     | <u>828</u>  | <u>935</u>     |
| Weighted average number of ordinary shares used in the computation of diluted earnings per share | <u>320,798</u>                                     | <u>321,440</u> | <u>321,974</u>                                    | <u>322,081</u> |

## **26. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS**

The Group's proportion of ownership in APEX Wind Power Equipment Manufacturing Company Limited decreased from 70.44% to 69.87% in the fourth quarter of 2023. The Group's proportion of ownership in Sinpao Investment Co., Ltd. increased from 99.42% to 100.00% in the third quarter of 2024.

The above transactions were accounted for as equity transactions since there was no impact on the Group's control over the subsidiary.

## **27. CAPITAL MANAGEMENT**

The Group manages its capital to ensure that the Group will be able to continue as a going concern while maximizing the return to shareholders through the optimization of the debt and equity balance. The Group's overall strategy remains unchanged over the past 5 years.

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

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

The key management personnel of the Group review the Group's capital structure on a quarterly basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders, the number of new shares issued or repurchased, and/or the amount of new debt issued or existing debt redeemed.

## 28. FINANCIAL INSTRUMENTS

### a. Fair value of financial instruments not measured at fair value

The management believes that the carrying amounts of financial assets and liabilities that are not measured at fair value approximate their fair values:

September 30, 2024

|  | <b>Carrying<br/>Amount</b> | <b>Fair Value</b> |
|--|----------------------------|-------------------|
| <u>Financial assets</u>  |                            |                   |
| Financial assets at amortized cost:  |                            |                   |
| Pledged time deposits  | \$ 48,382                  | \$ 48,382         |
| Restricted demand deposits   | 124,931                    | 124,931           |
| Notes receivable (including related parties)                                 | 1,722,264                  | 1,722,264         |
| Trade receivables (including related parties)                                | 2,341,807                  | 2,341,807         |
| Overdue receivables  | 62,778                     | 62,778            |
| Cash and cash equivalents  | 1,147,173                  | 1,147,173         |
| Refundable deposits  | 73,145                     | 73,145            |
| <u>Financial liabilities</u>   |                            |                   |
| Financial liabilities at amortized cost:                                     |                            |                   |
| Bank borrowings  | 13,915,059                 | 13,915,059        |
| Short-term bills payable   | 579,079                    | 579,079           |
| Notes payable, trade payables and other payables (including related parties) | 1,137,974                  | 1,137,974         |

December 31, 2023

|  | <b>Carrying<br/>Amount</b> | <b>Fair Value</b> |
|--|----------------------------|-------------------|
| <u>Financial assets</u>  |                            |                   |
| Financial assets at amortized cost:  |                            |                   |
| Pledged time deposits  | \$ 58,357                  | \$ 58,357         |
| Restricted demand deposits   | 93,143                     | 93,143            |
| Notes receivable (including related parties)                                 | 2,168,059                  | 2,168,059         |
| Trade receivables (including related parties)                                | 3,244,113                  | 3,244,113         |
| Cash and cash equivalents  | 953,579                    | 953,579           |
| Refundable deposits  | 8,783                      | 8,783             |
| <u>Financial liabilities</u>   |                            |                   |
| Financial liabilities at amortized cost:                                     |                            |                   |
| Bank borrowings  | 12,760,128                 | 12,760,128        |
| Short-term bills payable   | 798,599                    | 798,599           |
| Notes payable, trade payables and other payables (including related parties) | 939,921                    | 939,921           |

September 30, 2023

|   | <b>Carrying<br/>Amount</b> | <b>Fair Value</b> |
|---|----------------------------|-------------------|
| <u>Financial assets</u>                       |                            |                   |
| Financial assets at amortized cost:           |                            |                   |
| Pledged time deposits                         | \$ 58,348                  | \$ 58,348         |
| Restricted demand deposits                    | 22,173                     | 22,173            |
| Notes receivable (including related parties)  | 2,079,898                  | 2,079,898         |
| Trade receivables (including related parties) | 3,574,407                  | 3,574,407         |
| Cash and cash equivalents                     | 1,166,960                  | 1,166,960         |
| Refundable deposits                           | 8,863                      | 8,863             |

Financial liabilities

|  |            |            |
|--|------------|------------|
| Financial liabilities at amortized cost:                                     |            |            |
| Bank borrowings  | 13,892,462 | 13,892,462 |
| Short-term bills payable   | 728,876    | 728,876    |
| Notes payable, trade payables and other payables (including related parties) | 941,410    | 941,410    |

The methods and assumptions used by the Group for estimating financial instruments not measured at fair value are as follows:

- 1) The fair value of financial instruments, including cash and cash equivalents, trade receivables, overdue receivables, trade payables, pledged time deposits, refundable deposits, short-term bank borrowings, short-term bills payable and long-term bills payable is estimated as the carrying amount at the end of the reporting period, because the maturity date is close or the payment amount is close to its carrying amount.
- 2) The fair value of long-term bank borrowings is determined using the discounted cash flow approach. Future cash flows are discounted at a long-term borrowing rate of the Group. The Group estimated the carrying amount of the long-term loans at the end of the reporting period as their fair values.

b. Financial instruments measured at fair value on a recurring basis

1) Fair value hierarchy

September 30, 2024

|                                  | <b>Level 1</b>      | <b>Level 2</b>  | <b>Level 3</b>    | <b>Total</b>        |
|----------------------------------|---------------------|-----------------|-------------------|---------------------|
| <u>Financial assets at FVTPL</u> |                     |                 |                   |                     |
| Domestic listed shares           | \$ 3,471,245        | \$ -            | \$ -              | \$ 3,471,245        |
| Domestic emerging market shares  | 587,935             | -               | -                 | 587,935             |
| Domestic unlisted shares         | -                   | -               | 186,214           | 186,214             |
| Mutual funds                     | 132,738             | -               | -                 | 132,738             |
| Derivative instruments           | -                   | 5,486           | -                 | 5,486               |
|                                  | <u>\$ 4,191,918</u> | <u>\$ 5,486</u> | <u>\$ 186,214</u> | <u>\$ 4,383,618</u> |

(Continued)

|   | Level 1             | Level 2     | Level 3           | Total               |
|---|---------------------|-------------|-------------------|---------------------|
| <u>Financial assets at FVTOCI</u>                 |                     |             |                   |                     |
| Investments in equity instruments                 |                     |             |                   |                     |
| Domestic listed shares and emerging market shares | \$ 2,421,007        | \$ -        | \$ -              | \$ 2,421,007        |
| Domestic unlisted shares                          | -                   | -           | 66,877            | 66,877              |
| Foreign unlisted shares                           | -                   | -           | 287,572           | 287,572             |
|   | <u>\$ 2,421,007</u> | <u>\$ -</u> | <u>\$ 354,449</u> | <u>\$ 2,775,456</u> |
|   |                     |             |                   | (Concluded)         |

December 31, 2023

|   | Level 1             | Level 2          | Level 3           | Total               |
|---|---------------------|------------------|-------------------|---------------------|
| <u>Financial assets at FVTPL</u>                  |                     |                  |                   |                     |
| Domestic listed shares and emerging market shares | \$ 2,896,943        | \$ -             | \$ -              | \$ 2,896,943        |
| Domestic unlisted shares                          | -                   | -                | 297,484           | 297,484             |
| Mutual funds                                      | 75,752              | -                | -                 | 75,752              |
| Derivative instruments                            | -                   | 15,084           | -                 | 15,084              |
|   | <u>\$ 2,972,695</u> | <u>\$ 15,084</u> | <u>\$ 297,484</u> | <u>\$ 3,285,263</u> |

Financial assets at FVTOCI

|   |                     |             |                   |                     |
|---|---------------------|-------------|-------------------|---------------------|
| Investments in equity instruments                 |                     |             |                   |                     |
| Domestic listed shares and emerging market shares | \$ 2,382,045        | \$ -        | \$ -              | \$ 2,382,045        |
| Domestic unlisted shares                          | -                   | -           | 66,877            | 66,877              |
| Foreign unlisted shares                           | -                   | -           | 329,919           | 329,919             |
|   | <u>\$ 2,382,045</u> | <u>\$ -</u> | <u>\$ 396,796</u> | <u>\$ 2,778,841</u> |

September 30, 2023

|   | Level 1             | Level 2          | Level 3           | Total               |
|---|---------------------|------------------|-------------------|---------------------|
| <u>Financial assets at FVTPL</u>                  |                     |                  |                   |                     |
| Domestic listed shares and emerging market shares | \$ 2,644,428        | \$ -             | \$ -              | \$ 2,644,428        |
| Domestic unlisted shares                          | -                   | -                | 283,638           | 283,638             |
| Mutual funds                                      | 143,705             | -                | -                 | 143,705             |
| Derivative instruments                            | -                   | 80,617           | -                 | 80,617              |
|   | <u>\$ 2,788,133</u> | <u>\$ 80,617</u> | <u>\$ 283,638</u> | <u>\$ 3,152,388</u> |
|   |                     |                  |                   | (Continued)         |



|                                   | Level 1             | Level 2     | Level 3           | Total               |
|-----------------------------------|---------------------|-------------|-------------------|---------------------|
| <u>Financial assets at FVTOCI</u> |                     |             |                   |                     |
| Investments in equity instruments |                     |             |                   |                     |
| Domestic listed shares            | \$ 2,149,306        | \$ -        | \$ -              | \$ 2,149,306        |
| Domestic unlisted shares          | -                   | -           | 62,265            | 62,265              |
| Foreign unlisted shares           | -                   | -           | 323,655           | 323,655             |
|                                   | <u>\$ 2,149,306</u> | <u>\$ -</u> | <u>\$ 385,920</u> | <u>\$ 2,535,226</u> |
|                                   |                     |             |                   | (Concluded)         |

There were no transfers between Levels 1 and 2 for the nine months ended September 30, 2024 and 2023.

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

For the nine months ended September 30, 2024

| Financial Assets   | At FVTPL<br>Equity<br>Instruments | At FVTOCI<br>Equity<br>Instruments | Total             |
|--|-----------------------------------|------------------------------------|-------------------|
| Balance at January 1   | \$ 297,484                        | \$ 396,796                         | \$ 694,280        |
| Recognized in profit or loss (included in gain/(loss) on financial assets at FVTPL)  | 8,357                             | -                                  | 8,357             |
| Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)                      | -                                 | (43,574)                           | (43,574)          |
| Recognized in other comprehensive income (exchange differences on translation of the financial statements of foreign operations) | -                                 | 1,227                              | 1,227             |
| Purchases  | 93,969                            | -                                  | 93,969            |
| Reclassified   | <u>(213,596)</u>                  | <u>-</u>                           | <u>(213,596)</u>  |
| Balance at September 30  | <u>\$ 186,214</u>                 | <u>\$ 354,449</u>                  | <u>\$ 540,663</u> |

For the nine months ended September 30, 2023

| <b>Financial Assets</b>  | <b>At FVTPL<br/>Equity<br/>Instruments</b> | <b>At FVTOCI<br/>Equity<br/>Instruments</b> | <b>Total</b>      |
|--|--|---|-------------------|
| Balance at January 1   | \$ 272,687                                 | \$ 400,418                                  | \$ 673,105        |
| Recognized in profit or loss (included in gain/(loss) on financial assets at FVTPL)  | 10,951                                     | -   | 10,951            |
| Recognized in other comprehensive income (included in unrealized gain/(loss) on financial assets at FVTOCI)                      | -  | (16,532)                                    | (16,532)          |
| Recognized in other comprehensive income (exchange differences on translation of the financial statements of foreign operations) | -  | 2,034                                       | 2,034             |
| Balance at September 30  | <u>\$ 283,638</u>                          | <u>\$ 385,920</u>                           | <u>\$ 669,558</u> |

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

| <b>Financial Instruments</b>                     | <b>Valuation Techniques and Inputs</b>   |
|--|--|
| Derivatives - foreign currency forward contracts | Discounted cash flow: Future cash flows are estimated based on observable forward exchange rates at the end of the reporting period and contract forward rates discounted at a rate that reflects the credit risk of various counterparties. |

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

The fair values of domestic unlisted equity instruments were determined using the market approach. In this approach, the fair value is appraised based on the market selling price of similar items, such as assets, liabilities, or the groups of assets and liabilities. The significant unobservable factors used are described below, an increase in long-term revenue growth rates, long-term pre-tax operating margin, a decrease in the weighted average cost of capital, or the discount for lack of marketability used in isolation would result in increases in the fair values.

c. Categories of financial instruments

|   | <b>September 30,<br/>2024</b> | <b>December 31,<br/>2023</b> | <b>September 30,<br/>2023</b> |
|---|-------------------------------|------------------------------|-------------------------------|
| <u>Financial assets</u>                     |                               |                              |                               |
| Financial assets at FVTPL                   |                               |                              |                               |
| Mandatorily classified as at FVTPL          | \$ 4,383,618                  | \$ 3,285,263                 | \$ 3,152,388                  |
| Financial assets at amortized cost (1)      | 5,520,480                     | 6,526,034                    | 6,910,649                     |
| Financial assets at FVTOCI                  |                               |                              |                               |
| Equity instruments                          | 2,775,456                     | 2,778,841                    | 2,535,226                     |
| <u>Financial liabilities</u>                |                               |                              |                               |
| Financial liabilities at amortized cost (2) | 15,632,112                    | 14,498,648                   | 15,562,748                    |

- 1) The balances include financial assets at amortized cost, which comprise cash and cash equivalents, notes receivable, trade receivables, overdue receivables, refundable deposits, pledged time deposits and restricted demand deposits.
- 2) The balances include financial liabilities at amortized cost, which comprise short-term and long-term loans, short-term bills payable, notes payable, trade payables and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, derivative financial instruments, notes receivable, trade receivables, overdue receivables, short-term bills payable, notes payable, trade payables, other payables, and borrowings. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Group 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 Group's activities exposed them primarily to the financial risks of changes in foreign currency exchange rates (see "a. foreign currency risk" below) and interest rates (see "b. interest rate risk" below). The Group entered into a variety of derivative financial instruments to manage their exposure to foreign currency risk and interest rate risk, including:

- a) Foreign exchange forward contracts to hedge the exchange rate risk arising on the import and export of steel plates;
- b) Interest rate swaps to mitigate the risk of rising interest rates.

There has 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

Several subsidiaries of the Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Exchange rate exposures were managed within approved policy parameters utilizing foreign exchange forward contracts.

The carrying amounts of the Group's foreign currency denominated monetary assets, monetary liabilities (including those eliminated on consolidation) and the derivatives exposed to foreign currency risk at the end of reporting period are set out in Note 35.

### Sensitivity analysis

The Group was mainly exposed to USD, RMB, and EUR.

The following table details the Group's sensitivity to a 1% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 1%. The sensitivity analysis included only outstanding foreign currency denominated monetary items and their adjusted translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit. For a 1% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit below would be negative.

|                | <b>USD Impact</b>                |               |
|----------------|----------------------------------|---------------|
|                | <b>For the Nine Months Ended</b> |               |
|                | <b>September 30</b>              |               |
|                | <b>2024</b>                      | <b>2023</b>   |
| Profit or loss | \$ 34,495 (i)                    | \$ 25,647 (i) |
|                |                                  |               |
|                | <b>JPY Impact</b>                |               |
|                | <b>For the Nine Months Ended</b> |               |
|                | <b>September 30</b>              |               |
|                | <b>2024</b>                      | <b>2023</b>   |
| Profit or loss | \$ (113) (ii)                    | \$ - (ii)     |
|                |                                  |               |
|                | <b>EUR Impact</b>                |               |
|                | <b>For the Nine Months Ended</b> |               |
|                | <b>September 30</b>              |               |
|                | <b>2024</b>                      | <b>2023</b>   |
| Profit or loss | \$ (91) (iii)                    | \$ - (iii)    |

- i. This was mainly attributable to the exposure on outstanding USD letters of credit, trade payables, other payables, trade receivables and bank deposits, which were not hedged at the end of the reporting period.
- ii. This was mainly attributable to the exposure on outstanding JPY bank deposits, which were not hedged at the end of the reporting period.
- iii. This was mainly attributable to the exposure on outstanding EUR bank deposits, which were not hedged at the end of the reporting period.

The Group's sensitivity to foreign currency increased during the current year mainly due to the increase in purchases which resulted in an increase in USD letters of credit.

In management's opinion, sensitivity analysis was unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period did not reflect the exposure during the period.

b) Interest rate risk

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

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

|                              | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|------------------------------|-----------------------|----------------------|-----------------------|
| Cash flow interest rate risk |                       |                      |                       |
| Financial assets             | \$ 811,428            | \$ 771,318           | \$ 934,858            |
| Financial liabilities        | 14,494,139            | 13,558,727           | 14,621,337            |

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivatives and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 100-basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100-basis point higher/lower and all other variables were held constant, the Group's pre-tax profit for the nine months ended September 30, 2024 and 2023 would have decreased/increased by NT\$94,202 thousand and NT\$92,207 thousand, respectively, which was mainly a result of the changes in the variable interest rate bank deposits and loans.

c) Other price risk

The Group was exposed to equity price risk through their investments in listed equity securities. The Group have appointed a special team to monitor the price risk and will consider hedging the risk exposure should the need arise.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 1% higher/lower, pre-tax profit for the nine months ended September 30, 2024 and 2023 would have increased/decreased by NT\$43,878 thousand and NT\$30,765 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTPL, and the pre-tax other comprehensive income for the nine months ended September 30, 2024 and 2023 would have increased/decreased by NT\$201,616 thousand and NT\$25,276 thousand, respectively, as a result of the changes in the fair value of financial assets at FVTOCI.

The Group's sensitivity to investments in equity securities has not changed significantly from the prior year.

## 2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. At the end of the reporting period, the Group's maximum exposure to credit risk, which may cause a financial loss to the Group due to the carrying amount of the respective recognized financial assets as stated in the balance sheets.

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

The Group's trade receivables are from a large number of customers. Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

The Group did not have significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The Group defines counterparties as having similar characteristics if they are related entities. The concentration of credit risk to any other counterparty did not exceed 10% of the gross monetary assets of the Group at any time for the nine months ended September 30, 2024 and 2023.

The Group's concentration of credit risk by geographical locations was mainly in Taiwan, which accounted for 98%, 98% and 99% of the total trade receivables as of September 30, 2024, December 31, 2023 and September 30, 2023, respectively.

The credit risk on derivatives was limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

## 3) Liquidity risk

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

The Group relies on bank borrowings as a significant source of liquidity. The Group had available unutilized bank loan facilities set out in (b) below.

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

The following table details the Group's remaining contractual maturities for its non-derivative financial liabilities with agreed upon repayment periods. The table has been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay. The table includes both interest and principal cash flows. Specifically, bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed upon repayment dates.

To the extent that interest cash flows are at floating rates, the undiscounted amount was derived from the interest rate curve at the end of the reporting period.

#### September 30, 2024

|   | On Demand or<br>Less Than<br>1 Month | 1-3 Months          | 3 Months to<br>1 Year | 1-5 Years           | 5+ Years         |
|---|--------------------------------------|---------------------|-----------------------|---------------------|------------------|
| <u>Non-derivative financial liabilities</u> |                                      |                     |                       |                     |                  |
| Non-interest bearing                        | \$ 644,437                           | \$ 189,185          | \$ 301,016            | \$ 46,305           | \$ -             |
| Variable interest rate liabilities          | <u>1,917,242</u>                     | <u>2,299,593</u>    | <u>4,109,569</u>      | <u>6,068,776</u>    | <u>98,958</u>    |
|   | <u>\$ 2,561,679</u>                  | <u>\$ 2,488,778</u> | <u>\$ 4,410,585</u>   | <u>\$ 6,115,081</u> | <u>\$ 98,958</u> |

#### December 31, 2023

|   | On Demand or<br>Less Than<br>1 Month | 1-3 Months          | 3 Months to<br>1 Year | 1-5 Years           | 5+ Years          |
|---|--------------------------------------|---------------------|-----------------------|---------------------|-------------------|
| <u>Non-derivative financial liabilities</u> |                                      |                     |                       |                     |                   |
| Non-interest bearing                        | \$ 332,772                           | \$ 294,470          | \$ 304,225            | \$ 35,050           | \$ -              |
| Variable interest rate liabilities          | <u>1,329,779</u>                     | <u>2,494,024</u>    | <u>3,887,351</u>      | <u>5,698,779</u>    | <u>148,794</u>    |
|   | <u>\$ 1,662,551</u>                  | <u>\$ 2,788,494</u> | <u>\$ 4,191,576</u>   | <u>\$ 5,733,829</u> | <u>\$ 148,794</u> |

#### September 30, 2023

|   | On Demand or<br>Less Than<br>1 Month | 1-3 Months          | 3 Months to<br>1 Year | 1-5 Years           | 5+ Years          |
|---|--------------------------------------|---------------------|-----------------------|---------------------|-------------------|
| <u>Non-derivative financial liabilities</u> |                                      |                     |                       |                     |                   |
| Non-interest bearing                        | \$ 269,274                           | \$ 274,621          | \$ 377,619            | \$ 33,999           | \$ 8,910          |
| Variable interest rate liabilities          | <u>1,667,627</u>                     | <u>2,689,720</u>    | <u>4,380,304</u>      | <u>5,727,053</u>    | <u>156,633</u>    |
|   | <u>\$ 1,936,901</u>                  | <u>\$ 2,964,341</u> | <u>\$ 4,757,923</u>   | <u>\$ 5,761,052</u> | <u>\$ 165,543</u> |

#### b) Financing facilities

|   | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|---|-----------------------|----------------------|-----------------------|
| Secured bank loan facilities which<br>may be extended by mutual<br>agreement: |                       |                      |                       |
| Amount used   | \$ 5,435,180          | \$ 5,375,090         | \$ 5,511,578          |
| Amount unused   | <u>1,299,940</u>      | <u>198,000</u>       | <u>1,510,162</u>      |
|   | <u>\$ 6,735,120</u>   | <u>\$ 5,573,090</u>  | <u>\$ 7,021,740</u>   |
| Unsecured bank loan facilities:   |                       |                      |                       |
| Amount used   | \$ 10,402,845         | \$ 9,685,882         | \$ 10,661,176         |
| Amount unused   | <u>8,856,156</u>      | <u>10,508,428</u>    | <u>7,733,324</u>      |
|   | <u>\$ 19,259,001</u>  | <u>\$ 20,194,310</u> | <u>\$ 18,394,500</u>  |

## 29. TRANSACTIONS WITH RELATED PARTIES

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

### a. Related parties and their relationship with the Company:

| <u>Related Party</u>   | <u>Relationship with the Company</u>   |
|--|--|
| Hsin Kuang Steel Tian-Cheng Charity Foundation   | The Foundation's Chairman is the representative of the corporate director of the Company   |
| SunnyRich Multifunction Solar Power Co., Ltd.  | Associate  |
| Hsin Yuan Hsin Industrial Co., Ltd. (formerly known as Hsin Yuan Hsin Industrial Ltd.) | Related party in substance (as a wholly owned sub-subsidiary included in the consolidated financial statements from August 20, 2024) |

### b. Processing cost

| <u>Related Party Category/Name</u>  | <u>For the Three Months Ended<br/>September 30</u> |             | <u>For the Nine Months Ended<br/>September 30</u> |             |
|-------------------------------------|--|-------------|---|-------------|
|                                     | <u>2024</u>  | <u>2023</u> | <u>2024</u>                                       | <u>2023</u> |
| <u>Related party in substance</u>   |  |             |   |             |
| Hsin Yuan Hsin Industrial Co., Ltd. | \$ <u>2,531</u>                                    | \$ <u>-</u> | \$ <u>4,303</u>                                   | \$ <u>-</u> |

### c. Logistics management expense

| <u>Related Party Category/Name</u>  | <u>For the Three Months Ended<br/>September 30</u> |             | <u>For the Nine Months Ended<br/>September 30</u> |             |
|-------------------------------------|--|-------------|---|-------------|
|                                     | <u>2024</u>  | <u>2023</u> | <u>2024</u>                                       | <u>2023</u> |
| <u>Related party in substance</u>   |  |             |   |             |
| Hsin Yuan Hsin Industrial Co., Ltd. | \$ <u>-</u>  | \$ <u>-</u> | \$ <u>2,732</u>                                   | \$ <u>-</u> |

### d. Other revenue

| <u>Related Party Category/Name</u>  | <u>For the Three Months Ended<br/>September 30</u> |             | <u>For the Nine Months Ended<br/>September 30</u> |             |
|-------------------------------------|--|-------------|---|-------------|
|                                     | <u>2024</u>  | <u>2023</u> | <u>2024</u>                                       | <u>2023</u> |
| <u>Related party in substance</u>   |  |             |   |             |
| Hsin Yuan Hsin Industrial Co., Ltd. | \$ <u>-</u>  | \$ <u>-</u> | \$ <u>1,077</u>                                   | \$ <u>-</u> |



- e. Lease arrangements - the Group is lessor

Future lease payments receivable are as follows:

| <b>Related Party Category/Name</b>  | <b>September 30,<br/>2024</b> |
|-------------------------------------|-------------------------------|
| <u>Related party in substance</u>   |                               |
| Hsin Yuan Hsin Industrial Co., Ltd. | <u>\$ 63,081</u>              |

Lease income was as follows:

| <b>Related Party Category/Name</b>     | <b>For the Three Months Ended<br/>September 30</b> |             | <b>For the Nine Months Ended<br/>September 30</b> |             |
|--|--|-------------|---|-------------|
|  | <b>2024</b>  | <b>2023</b> | <b>2024</b>                                       | <b>2023</b> |
| <u>Related party in substance</u>      |  |             |   |             |
| Hsin Yuan Hsin Industrial Co.,<br>Ltd. | <u>\$ 1,772</u>                                    | <u>\$ -</u> | <u>\$ 3,544</u>                                   | <u>\$ -</u> |

In May 2024, the Company rented out factories to its related party in substance, Hsin Yuan Hsin Industrial Co., Ltd. The contract period was for 6 years. The monthly rent is NT\$930 thousand, and adjustments to the monthly rent for land and buildings will be made at the end of the third year.

- f. Endorsements and guarantees

Please refer to Table 1 about the endorsements/guarantees by the Company for SunnyRich Multifunction Solar Power Co., Ltd.

- g. Other transactions with related parties

| <b>Line Item</b> | <b>Related Party<br/>Category/Name</b>                | <b>For the Three Months<br/>Ended September 30</b> |                 | <b>For the Nine Months<br/>Ended September 30</b> |                 |
|------------------|---|--|-----------------|---|-----------------|
|                  |   | <b>2024</b>  | <b>2023</b>     | <b>2024</b>                                       | <b>2023</b>     |
| Donations        | Hsin Kuang Steel Tian-<br>Cheng Charity<br>Foundation | <u>\$ -</u>  | <u>\$ 4,000</u> | <u>\$ 12,000</u>                                  | <u>\$ 8,000</u> |

- h. Remuneration of key management personnel

The amount of the remuneration of directors and key management personnel were as follows:

|                              | <b>For the Three Months Ended<br/>September 30</b> |                  | <b>For the Nine Months Ended<br/>September 30</b> |                   |
|------------------------------|--|------------------|---|-------------------|
|                              | <b>2024</b>  | <b>2023</b>      | <b>2024</b>                                       | <b>2023</b>       |
| Short-term employee benefits | <u>\$ (29,394)</u>                                 | <u>\$ 32,721</u> | <u>\$ 109,905</u>                                 | <u>\$ 109,759</u> |

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

### 30. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings, construction contracts and rental guarantee deposits:

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
| Notes receivable   | \$ 444,493            | \$ 424,223           | \$ 422,836            |
| Restricted assets (classified as financial assets at amortized cost)     | 124,931               | 93,143               | 22,173                |
| Pledged time deposits (classified as financial assets at amortized cost) | 48,382                | 58,357               | 58,348                |
| Investments accounted for using the equity method                        | 876,613               | 481,038              | 477,103               |
| Freehold land  | 2,245,327             | 1,562,194            | 1,562,194             |
| Buildings, net   | 690,008               | 713,573              | 735,579               |
| Investment properties - land   | 135,528               | 135,528              | 135,528               |
| Investment properties - buildings  | 588,109               | 597,898              | 586,820               |
| Machinery and equipment  | <u>133,952</u>        | <u>150,358</u>       | <u>155,827</u>        |
|  | <u>\$ 5,287,343</u>   | <u>\$ 4,216,312</u>  | <u>\$ 4,156,408</u>   |

### 31. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group at the end of the reporting period were as follows:

#### Significant Commitments

- a. As of September 30, 2024, December 31, 2023 and September 30, 2023, unused letters of credit for purchases of raw materials and machinery and equipment were as follows:

|     | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|-----|-----------------------|----------------------|-----------------------|
| NTD | \$ 300,531            | \$ 505,409           | \$ 364,699            |
| USD | 34,905                | 21,460               | 30,303                |
| JPY | -                     | 293                  | -                     |

- b. Unrecognized commitments were as follows:

|  | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--|-----------------------|----------------------|-----------------------|
| Acquisition of property, plant and equipment | <u>\$ 854,997</u>     | <u>\$ 1,450,046</u>  | <u>\$ 679,392</u>     |

### 32. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

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

September 30, 2024

|                         | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> |                             |                      |                            |
| Monetary items          |                             |                      |                            |
| USD                     | \$ 3,272                    | 31.65 (USD:NTD)      | \$ 103,561                 |
| EUR                     | 261                         | 35.36 (EUR:NTD)      | 9,229                      |
| JPY                     | 58,079                      | 0.22 (JPY:NTD)       | <u>12,890</u>              |
|                         |                             |                      | <u>\$ 125,680</u>          |

Financial liabilities

|                |         |                 |                     |
|----------------|---------|-----------------|---------------------|
| Monetary items |         |                 |                     |
| USD            | 111,068 | 31.65 (USD:NTD) | <u>\$ 3,515,293</u> |

December 31, 2023

|                         | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> |                             |                      |                            |
| Monetary items          |                             |                      |                            |
| USD                     | \$ 4,311                    | 30.71 (USD:NTD)      | \$ 132,380                 |
| EUR                     | 260                         | 33.97 (EUR:NTD)      | 8,833                      |
| JPY                     | 716                         | 0.22 (JPY:NTD)       | <u>156</u>                 |
|                         |                             |                      | <u>\$ 141,369</u>          |

Financial liabilities

|                |        |                 |                     |
|----------------|--------|-----------------|---------------------|
| Monetary items |        |                 |                     |
| USD            | 39,404 | 30.71 (USD:NTD) | <u>\$ 1,209,888</u> |

September 30, 2023

|                         | <b>Foreign<br/>Currency</b> | <b>Exchange Rate</b> | <b>Carrying<br/>Amount</b> |
|-------------------------|-----------------------------|----------------------|----------------------------|
| <u>Financial assets</u> |                             |                      |                            |
| Monetary items          |                             |                      |                            |
| USD                     | \$ 3,588                    | 32.27 (USD:NTD)      | \$ 115,775                 |
| EUR                     | 262                         | 33.93 (EUR:NTD)      | <u>8,890</u>               |
|                         |                             |                      | <u>\$ 124,665</u>          |

Financial liabilities

|                |        |                 |                     |
|----------------|--------|-----------------|---------------------|
| Monetary items |        |                 |                     |
| USD            | 84,599 | 32.27 (USD:NTD) | <u>\$ 2,730,022</u> |

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

| <b>For the Three Months Ended September 30</b> |                      |  |                      |  |
|--|----------------------|--|----------------------|--|
|  | <b>2024</b>          |  | <b>2023</b>          |  |
| <b>Foreign<br/>Currency</b>                    | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange<br/>Gains/(Losses)</b> | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange<br/>Gains/(Losses)</b> |
| USD  | 31.32 (USD:NTD)      | \$ 84,080  | 30.78 (USD:NTD)      | \$ (27,023)  |

  

| <b>For the Nine Months Ended September 30</b> |                      |  |                      |  |
|---|----------------------|--|----------------------|--|
|   | <b>2024</b>          |  | <b>2023</b>          |  |
| <b>Foreign<br/>Currency</b>                   | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange<br/>Gains/(Losses)</b> | <b>Exchange Rate</b> | <b>Net Foreign<br/>Exchange<br/>Gains/(Losses)</b> |
| USD   | 31.17 (USD:NTD)      | \$ 43,127  | 29.8 (USD:NTD)       | \$ 168,545   |

### 33. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions:

- 1) Financing provided to others: (N/A)
- 2) Endorsements/guarantees provided: (Table 1)
- 3) Marketable securities held (excluding investments in subsidiaries, associates and joint ventures) (Table 2)
- 4) Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: (Table 3)
- 5) Acquisition of individual real estate at costs of at least NT\$300 million or 20% of the paid-in capital: (N/A)
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: (N/A)

- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (N/A)
  - 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: (N/A)
  - 9) Trading in derivative instruments: (Note 6)
  - 10) Other: Intercompany relationships and significant intercompany transactions (Table 4)
- b. Information on investees (Table 5)
- c. Information on investments in mainland China
- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: (N/A)
  - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: (N/A)
    - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the reporting period
    - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the reporting period
    - c) The amount of property transactions and the amount of the resultant gains or losses
    - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the reporting period and the purposes
    - e) The highest balance, the ending balance, the interest rate range, and total current period interest with respect to the financing of funds
    - f) Other transactions that have a material effect on the profit or loss for the year or on the financial position, such as the rendering or receipt of services
- d. Information of major shareholders: List all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder (Table 6)

### 34. SEGMENT INFORMATION

Information reported to the chief operating decision-maker for the purpose of resource allocation and assessment of segment performance focuses on the types of goods or services delivered or provided. Specifically, the Group's reportable segments were as follows:

- Steel:
  - Direct sales
  - Manufacturing sales

- Construction projects

- Leases

a. Segments revenue and results

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

|  | Steel - Direct<br>Sales | Steel -<br>Manufacturing<br>Sales | Construction<br>Projects | Leases            | Total                |
|--|-------------------------|-----------------------------------|--------------------------|-------------------|----------------------|
| For the nine months ended<br>September 30, 2024                                  |                         |                                   |                          |                   |                      |
| Revenue from external customers  | \$ 4,969,761            | \$ 4,773,245                      | \$ 495,105               | \$ 260,961        | \$ 10,499,072        |
| Inter-segment revenue  | <u>127,662</u>          | <u>19,403</u>                     | <u>192,933</u>           | <u>54,407</u>     | <u>394,405</u>       |
| Segment revenue  | 5,097,423               | 4,792,648                         | 688,038                  | 315,368           | 10,893,477           |
| Eliminations   | <u>(127,662)</u>        | <u>(19,403)</u>                   | <u>(192,933)</u>         | <u>(54,407)</u>   | <u>(394,405)</u>     |
| Consolidated revenue   | <u>\$ 4,969,761</u>     | <u>\$ 4,773,245</u>               | <u>\$ 495,105</u>        | <u>\$ 260,961</u> | <u>\$ 10,499,072</u> |
| Segment income   | <u>\$ 305,646</u>       | <u>\$ 253,253</u>                 | <u>\$ 98,424</u>         | <u>\$ 168,890</u> | <u>\$ 826,213</u>    |
| Share of profits/(losses) of associates<br>accounted for using the equity method |                         |                                   |                          |                   | \$ 55,372            |
| Interest income  |                         |                                   |                          |                   | 2,936                |
| Other income   |                         |                                   |                          |                   | 14,598               |
| Gain on disposal of property, plant and<br>equipment                             |                         |                                   |                          |                   | 69                   |
| Net foreign exchange gains   |                         |                                   |                          |                   | 43,485               |
| Gain on re-valuation of financial<br>instruments                                 |                         |                                   |                          |                   | 1,327,536            |
| Allocation of headquarter administration<br>costs and directors' remunerations   |                         |                                   |                          |                   | (442,368)            |
| Finance costs  |                         |                                   |                          |                   | (291,436)            |
| Dividend income  |                         |                                   |                          |                   | <u>90,994</u>        |
| Profit before tax  |                         |                                   |                          |                   | <u>\$ 1,627,399</u>  |
| For the nine months ended<br>September 30, 2023                                  |                         |                                   |                          |                   |                      |
| Revenue from external customers  | \$ 6,302,637            | \$ 4,931,160                      | \$ 479,719               | \$ 232,759        | \$ 11,946,275        |
| Inter-segment revenue  | <u>1,434,389</u>        | <u>12,910</u>                     | <u>149,281</u>           | <u>52,148</u>     | <u>1,648,728</u>     |
| Segment revenue  | 7,737,026               | 4,944,070                         | 629,000                  | 284,907           | 13,595,003           |
| Eliminations   | <u>(1,434,389)</u>      | <u>(12,910)</u>                   | <u>(149,281)</u>         | <u>(52,148)</u>   | <u>(1,648,728)</u>   |
| Consolidated revenue   | <u>\$ 6,302,637</u>     | <u>\$ 4,931,160</u>               | <u>\$ 479,719</u>        | <u>\$ 232,759</u> | <u>\$ 11,946,275</u> |
| Segment income   | <u>\$ 467,796</u>       | <u>\$ 305,630</u>                 | <u>\$ 159,033</u>        | <u>\$ 147,758</u> | <u>\$ 1,080,217</u>  |
| Share of profits/(losses) of associates<br>accounted for using the equity method |                         |                                   |                          |                   | 4,478                |
| Interest income  |                         |                                   |                          |                   | 2,086                |
| Other income   |                         |                                   |                          |                   | 16,981               |
| Loss on disposal of property, plant and<br>equipment                             |                         |                                   |                          |                   | (4,992)              |
| Gain on re-valuation of financial<br>instruments                                 |                         |                                   |                          |                   | 815,109              |
| Net foreign exchange gains   |                         |                                   |                          |                   | 164,717              |
| Allocation of headquarter administration<br>costs and directors' remunerations   |                         |                                   |                          |                   | (409,548)            |
| Finance costs  |                         |                                   |                          |                   | (292,787)            |
| Dividend income  |                         |                                   |                          |                   | 89,287               |
| Other losses   |                         |                                   |                          |                   | <u>(125)</u>         |
| Profit before tax  |                         |                                   |                          |                   | <u>\$ 1,465,423</u>  |

Segment profit represents the profit before tax earned by each segment without allocation of headquarter administration costs and directors' remunerations, share of profits/(losses) of associates accounted for using the equity method, gains or losses recognized on disposal of interests in associates, lease income, interest income, gains or losses on disposal of property, plant and equipment, gains or losses on disposal of investments, foreign exchange gains/(losses), re-valuation gains or losses on financial instruments, 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.

b. Segment total assets and liabilities

|                                | September 30,<br>2024 | December 31,<br>2023 | September 30,<br>2023 |
|--------------------------------|-----------------------|----------------------|-----------------------|
| <u>Segment assets</u>          |                       |                      |                       |
| From continuing operations     |                       |                      |                       |
| Steel - direct sales           | \$ 7,266,861          | \$ 8,710,181         | \$ 9,385,054          |
| Steel - manufacturing sales    | 9,498,132             | 7,664,121            | 7,689,897             |
| Construction projects          | 405,759               | 612,231              | 575,083               |
| Leases                         | <u>3,533,099</u>      | <u>3,744,482</u>     | <u>3,671,066</u>      |
| Total segment assets           | 20,703,851            | 20,731,015           | 21,321,100            |
| Unallocated                    | <u>9,491,775</u>      | <u>7,622,315</u>     | <u>7,202,149</u>      |
| Consolidated total assets      | <u>\$ 30,195,626</u>  | <u>\$ 28,353,330</u> | <u>\$ 28,523,249</u>  |
| <u>Segment liabilities</u>     |                       |                      |                       |
| From continuing operations     |                       |                      |                       |
| Steel - direct sales           | \$ 3,820,096          | \$ 4,688,562         | \$ 5,438,575          |
| Steel - manufacturing sales    | 5,583,817             | 4,505,645            | 4,820,823             |
| Construction projects          | 85,571                | 59,891               | 64,665                |
| Leases                         | <u>5,873</u>          | <u>97,743</u>        | <u>110,625</u>        |
| Total segment liabilities      | 9,495,357             | 9,351,841            | 10,434,688            |
| Unallocated                    | <u>7,858,269</u>      | <u>6,938,136</u>     | <u>6,831,177</u>      |
| Consolidated total liabilities | <u>\$ 17,353,626</u>  | <u>\$ 16,289,977</u> | <u>\$ 17,265,865</u>  |